

Report To:	Regional Chair and Members of Regional Council
From:	Cyndy Winslow, Commissioner, Finance and Regional Treasurer
Date:	April 17, 2024
Report No.:	FN-11-24
Re:	2024 Tax Policy

Recommendation

1. THAT the following tax ratios be adopted for the 2024 taxation year:

Residential	1.0000
Multi-Residential	2.0000
New Multi-Residential	1.0000
Commercial	1.4565
Industrial	2.0907
Pipe Line	1.0617
Farm	0.2000
Managed Forests	0.2500
Landfill	1.4565

2. THAT the 2024 taxation rates for Regional services as set out in Attachment #1 to Report No. FN-11-24 re: "2024 Tax Policy" be adopted.
3. THAT Halton Region continues to provide the following rebates and deferrals to be funded through the Council-approved 2024 Non-Program operating budget:
 - a. Provide a tax rebate for Registered Charitable Organizations under Section 361 of the Municipal Act, 2001 at a rate of 40% of the current year's taxes applicable to the space occupied as set out in By-Law No. 120-98, as amended;
 - b. Provide a property tax increase deferral on residential properties to low income older adults and low income persons with disabilities under Section 319 of the Municipal Act, 2001;

- c. Provide a full property tax deferral to low income older adults under the Older Adults Property Tax Deferral Program as set out in By-law No. 20-16, as amended;
 - d. Cost-share with the local municipalities for the property tax rebate program for low income older adults in the same proportion as their share of the total current year taxes subject to the rebate being established by a by-law under Section 365 of the Municipal Act, 2001;
 - e. Provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by the local municipalities' by-laws established under Section 365.2 of the Municipal Act, 2001.
4. THAT the Director of Legal Services be authorized to prepare all necessary by-laws to establish the aforesaid 2024 taxation rates, taxation policies, and property tax relief programs.
 5. THAT the Regional Clerk forward a copy of Report No. FN-11-24 and the related by-laws to the City of Burlington, the Town of Halton Hills, the Town of Milton and the Town of Oakville.

Report

Executive Summary

- Under the *Municipal Act, 2001*, Regional Council must annually approve tax policies to set the upper-tier rating by-laws, tax ratios, and tax relief programs.
- Policy options are outlined in this report and the “2024 Current Value Assessment (CVA) and Tax Policy Reference Manual” is provided under separate cover to this report.
- The combined total assessment change for the 2024 taxation year is 1.80% which is comprised solely of the net in-year assessment growth. There is no phase-in valuation impact due to the Province’s continued postponement of the reassessment update.
- The Region’s tax impact, including Police, is 5.1%.

- It is recommended that the Region continues to provide the following rebates and deferrals to be funded through the Council-approved 2024 operating budget from Non-Program:
 - Provide a tax rebate for Registered Charitable Organizations at a rate of 40% of the current year's taxes applicable to the space occupied; the 2024 budget is \$148,000;
 - Provide a property tax increase deferral on residential properties to low income older adults and low income persons with disabilities; the 2024 budget is \$200,000 and is combined with the full property tax deferral program below;
 - Provide a full property tax deferral to low income older adults under the Older Adults Property Tax Deferral Program; the 2024 budget is \$200,000 and is combined with the property tax increase deferral program above;
 - Cost-share with the local municipalities for the property tax rebate program for low income older adults in the same proportion as their share of the total current year taxes; the 2024 budget is \$150,000;
 - Provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by the local municipalities' by-laws; the 2024 budget is \$50,000.

Background

The purpose of this report is to provide Regional Council with recommendations regarding property taxation for 2024 and to obtain approval for the 2024 Regional property tax rates.

In accordance with the Municipal Act, 2001, the Region is required to pass by-laws and/or implement programs as follows:

- Upper-tier tax ratio setting
- Upper-tier rating by-law(s)
- Relief program for low income older adults and low income persons with disabilities
- Rebate program for charitable organizations

Further, under separate cover to this report is the "2024 Current Value Assessment (CVA) and Tax Policy Reference Manual" to assist members of Regional Council and the public in understanding assessment and property tax in Ontario, and specifically in Halton Region. This manual is also available to the public through Halton's website (www.halton.ca).

Discussion

The final Regional tax rates are calculated by taking the assessment information from the Municipal Property Assessment Corporation (MPAC), weighting the assessment based on the tax ratios and dividing the 2024 Regional levy requirement by the weighted assessment. The following section provides information on each of these components.

Assessment Changes

As shown in Table 1 below, the combined total assessment change for the 2024 taxation year is 1.80%, which is the change in the weighted taxable assessment from the tax roll used for the 2023 taxation year to the tax roll used for the 2024 taxation year.

Table 1: 2024 Combined Total Assessment Change

Taxable Weighted Assessment						
Class	2023 Tax Year	2023 Year End	% Change for In-Year Growth	2024 Tax Year	% Change related to Phase In Valuation	Total % Change
Residential	\$ 132,232,840,121	\$ 134,465,513,565	1.69%	\$ 134,465,513,565	0.00%	1.69%
Multi-Residential	6,432,838,096	6,472,627,096	0.62%	6,472,627,096	0.00%	0.62%
New Multi-Residential	244,449,676	344,450,476	40.91%	344,450,476	0.00%	40.91%
Commercial	25,915,661,628	26,680,470,029	2.95%	26,680,470,029	0.00%	2.95%
Industrial	6,568,634,154	6,527,492,990	-0.63%	6,527,492,990	0.00%	-0.63%
Pipe Line	325,614,896	327,205,323	0.49%	327,205,323	0.00%	0.49%
Farm	194,421,212	195,388,955	0.50%	195,388,955	0.00%	0.50%
Managed Forests	15,952,685	18,996,996	19.08%	18,996,996	0.00%	19.08%
Total	\$ 171,930,412,468	\$ 175,032,145,429	1.80%	\$ 175,032,145,429	0.00%	1.80%
Taxable Weighted Assessment						
Municipality	2023 Tax Year	2023 Year End	% Change for In-Year Growth	2024 Tax Year	% Change related to Phase In Valuation	Total % Change
Burlington	\$ 52,262,960,900	\$ 52,795,160,053	1.02%	\$ 52,795,160,053	0.00%	1.02%
Halton Hills	15,605,922,292	15,823,799,407	1.40%	15,823,799,407	0.00%	1.40%
Milton	29,967,540,163	30,732,897,008	2.55%	30,732,897,008	0.00%	2.55%
Oakville	74,093,989,113	75,680,288,961	2.14%	75,680,288,961	0.00%	2.14%
Total	\$ 171,930,412,468	\$ 175,032,145,429	1.80%	\$ 175,032,145,429	0.00%	1.80%

Notes: The % change columns in both tables do not total 1.80% due to the use of different bases in each calculation

The 1.80% increase solely relates to the net in-year growth in assessment in 2023. The phase-in valuation change of 0.0% is due to the assessments reaching full value in 2020 and the postponement of the 2021 reassessment for the 2021, 2022, 2023 and 2024 tax years. This means that assessments used for the 2024 taxation year will continue to be based on the same valuation date that was in effect for the 2023 taxation year of January 1, 2016.

The net in-year assessment growth of 1.80% for 2023 incorporates all additional assessment generated from new development that has been valued by MPAC during the year. The increase in assessment is offset by reduced assessment values resulting from Assessment

Review Board appeal settlements and Requests for Reconsideration settlements. The net in-year assessment growth results in a reduction to the tax impact as per the 2024 Budget and Business Plan, which supports the costs of maintaining levels of service in a growing community.

In contrast, valuation changes based on MPAC's reassessment do not generate any additional tax revenue but rather result in a redistribution of the relative tax share among the property classes. As noted above, there are no valuation changes in 2024.

Postponement of the Reassessment

Property taxation is based on the assessed value of properties, and in Ontario those assessments are reviewed and updated every four years by MPAC. The next property valuation update, known as a reassessment, was scheduled to be completed by MPAC in 2020 for the 2021 taxation year. However, due to the unique and unforeseen challenges of the COVID-19 pandemic that all municipalities, residents, and businesses faced during 2020, the Province announced in the March 2020 Economic and Fiscal Update that it was postponing the reassessment to maintain stability in the context of the emerging pandemic.

On August 16, 2023, the Province filed Ontario Regulation 261/23 which officially extended the January 1, 2016 current value assessment base year to apply to the 2024 taxation year, and reaffirmed that the property tax reassessments would continue to be postponed for the 2024 tax year. With the postponement of the reassessment in 2024, the valuation date of a property's current value assessment remains as at January 1, 2016 and, excluding any in-year changes to a property, the current value assessment used for 2024 taxation is the same as what was used for 2023 taxation.

In a letter to the Minister of Finance dated January 24, 2024, the Municipal Finance Officers' Association of Ontario (MFOA) has expressed strong support for a timely return to the assessment cycle.

Through the *2024 Ontario Budget* released on March 26, 2024, the Province provided an update that it is undertaking a review of the property assessment and taxation system. Consultations have commenced to seek input on the scope and priority areas of the review and will continue with broader engagement from across the province starting early spring. The Province confirmed that the provincewide reassessment will continue to be deferred until this review is complete.

2024 Regional Levy Requirement

Regional Council approved the net Regional levy requirement of \$525,222,767 through Report No. FN-43-23 re: “2024 Budget and Business Plan and Disposition of 2023 Surplus”, which assumed 2023 in-year assessment growth of 1.70%.

The final assessment information from MPAC was finalized in December 2023, the day before Council was scheduled to approve the 2024 Budget and Business Plan. As a result of this timing, there is a variance between the budgeted and actual assessment growth. The actual 2023 in-year assessment growth was 1.80%, which is 0.10% higher than the budgeted assessment growth of 1.70%. To reflect the higher than budgeted assessment, an adjustment to the net levy requirement is required from \$525,222,767 to \$525,734,316 in 2024, an increase of \$511,549 as shown in Table 2 below, and a transfer to the Tax Stabilization reserve of \$511,549, approved through Report No. FN-43-23, will be made for this surplus. The 2024 Regional Levy By-law accompanies Report No. FN-11-24 for approval.

Table 2: 2024 Actual Assessment Growth

	2024 Budget	2024 Levy	Difference
Assessment Growth	1.70%	1.80%	0.10%
Tax Increase	5.1%	5.1%	0.0%
Net Levy Requirement	\$525,222,767	\$525,734,316	\$511,549

Tax Ratios

One of the limited tools provided by the Province to municipalities in setting tax rates is the ability to adjust tax ratios to address tax shifts created through reassessments.

The *2024 Ontario Budget*, released on March 26, 2024, announced that effective immediately, the Province is providing municipalities with the flexibility to offer a reduced municipal property tax rate on new multi-residential properties to further encourage the development of purpose-built rental properties. Ontario Regulations 140/24 and 141/24 were released on March 27, 2024 related to the new multi-residential property municipal reduction.

Since 2017, Halton Region’s tax ratio for the New Multi-Residential class has been 1.0, which is aligned with the tax ratio of the Residential class. It is important to note that any reduction in tax ratios will shift the tax burden onto the other property classes, primarily the residential class. Regional staff, together with the Local Municipalities, will review the options and impacts of offering a reduced property tax rate on new multi-

residential properties and bring forward the analysis and a recommendation as part of the 2025 Tax Policy process.

Regional staff are proposing no changes to the 2024 tax ratios as shown in Table 3 below. The 2024 Regional Tax Ratio By-law accompanies this report for approval.

Table 3: 2024 Tax Ratios

Property Class	Ranges of Fairness (O. Reg. 386/98)	Halton Region Tax Ratios		Threshold Ratios (O. Reg. 73/03)
		2023	2024	
Residential	1.00*	1.0000	1.0000	2.0000
Multi-Residential	1.00 - 1.10	2.0000	2.0000	
New Multi-Residential	1.00 - 1.10	1.0000	1.0000	
Commercial	0.60 - 1.10	1.4565	1.4565	1.9800
Industrial	0.60 - 1.10	2.0907	2.0907	2.6300
Pipe Line	0.60 - 0.70	1.0617	1.0617	
Farm	0.0 - 0.25**	0.2000	0.2000	
Managed Forests	0.25***	0.2500	0.2500	
Landfill	0.60 - 1.10	1.4565	1.4565	25.0000

*Section 308 of the *Municipal Act, 2001* sets the tax ratio for Residential as 1.0

**Section 308.1 of the *Municipal Act, 2001* restricts the tax ratio for Farm to be 0.25 or lower

***Section 308.1 of the *Municipal Act, 2001* sets the tax ratio for Managed Forests as 0.25

2024 Tax Rate

As shown in Table 4 below, the 2024 final tax rates are calculated based on the assessment changes, 2024 levy requirements, and the tax ratios noted above. The blended Regional residential urban tax rate is 0.00300470.

Table 4: 2024 Final Tax Rates

2024 Regional Residential Tax Rates		
Regional Services	2024 Levy	Urban Residential Tax Rate
General	\$ 318,326,764	0.00181868
Police	203,786,630	0.00116428
Waste Management		
Burlington	1,327,743	0.00002586
Halton Hills	409,264	0.00003466
Milton	407,753	0.00001470
Oakville	1,476,161	0.00001951
Total *	\$ 525,734,316	0.00300470

Schedule may not add due to rounding

*Total Tax Rate based on combined Waste Mgmt rate

There are three components to the Regional Levy: Regional General Services, Police Services and Waste Management Services. For the 2024 taxation year, Regional General Services now includes basic waste, recycling and organics, and these services as well as Police Services are funded by the entire assessment base. The balance of Waste Management Services, which is the Enhanced Waste (collection of yard waste, Christmas trees etc.), is calculated on an area rating specific to each local municipal assessment base under Section 326 of the *Municipal Act, 2001* as service levels vary by local municipality. In Halton Region, Enhanced Waste services are provided to urban properties in the City of Burlington, the Town of Halton Hills, the Town of Milton, and the Town of Oakville. Rural properties do not receive these services.

Rural Halton Hills Waste Collection

As reported and approved by Regional Council through Report No. PW-34-23 re: "Rural Halton Hills Waste Collection" the collection of garbage, bulk waste, metal and appliances will commence the week of April 1, 2024 for households in rural Halton Hills. The additional cost to provide this service has been included in the 2024 Budget. As there is now a consistent level of service across Halton Region for Basic Waste services, the tax rate will be harmonized in 2024. Starting in 2024, all urban and rural residents in Halton Region will pay \$16.59 per \$100,000 current value assessment (CVA) for Basic Waste Services. Changing from area-specific basic waste rates to a harmonized rate across the Region has caused a one-time shift in the 2024 Regional tax impacts between local municipalities, however the overall Regional tax impact remains at 5.1%.

Regional staff continue to review the Enhanced Waste service for harmonization opportunities to move toward a Region-wide waste management tax rate in future years. Attachment #1 to this report contains the Regional tax rates for 2024 for all property classes, and are included in the 2024 Regional Levy By-law, which accompanies this report for approval.

Education Tax Rates

The Region received the final Education tax rates for 2024 from the Ministry of Finance through O. Reg. 5/24 which amended O. Reg. 400/98 of the *Education Act*. The education property tax rates for 2024 remain unchanged from the previous year as assessments continue to be based on January 1 2016, which is the same valuation date used for 2023. Table 5 below summarizes the 2024 education rates by property class applicable for the Region.

Table 5: Final Business Education Tax Rates

Final Education Rates	
Property Class	2024 Tax Year
Residential	0.00153000
Multi-Residential	0.00153000
New Multi-Residential	0.00153000
Commercial	0.00770552
Commercial - Small-Scale On-Farm Business	0.00220000
Industrial	0.00880000
Industrial - Small-Scale On-Farm Business	0.00220000
Pipe Line	0.00880000
Farm	0.00038250
Managed Forests	0.00038250
Landfill	0.00864766

2024 Tax Impact

The Region’s tax increase for 2024 is 5.1%. Table 6 provides a summary of the combined Regional tax impact by municipality for an urban residential property per \$100,000 of CVA.

Table 6: Combined Regional Tax Impact

Residential Tax Impacts per \$100,000 CVA					
2024 Taxes	Combined				Blended Regional Tax Only
	Burlington	Halton Hills	Milton	Oakville	
Regional Services:					
General & Waste Management	\$ 184.45	\$ 185.33	\$ 183.34	\$ 183.82	\$ 184.04
Police	116.43	116.43	116.43	116.43	116.43
Sub-total	\$ 300.88	\$ 301.76	\$ 299.77	\$ 300.25	\$ 300.47
Local Municipal Services:					
General	464.27	442.17	322.72	342.57	
Education	153.00	153.00	153.00	153.00	
Total	\$ 918.15	\$ 896.93	\$ 775.48	\$ 795.82	\$ 300.47
2023 Taxes	Burlington	Halton Hills	Milton	Oakville	Blended Regional Tax Only
Regional Services:					
General & Waste Management	\$ 178.99	\$ 180.21	\$ 179.97	\$ 175.64	\$ 177.81
Police	108.21	108.21	108.21	108.21	108.21
Sub-total	\$ 287.20	\$ 288.41	\$ 288.18	\$ 283.85	\$ 286.01
Local Municipal Services:					
General	421.24	405.53	293.69	323.59	
Education	153.00	153.00	153.00	153.00	
Total	\$ 861.44	\$ 846.95	\$ 734.87	\$ 760.44	\$ 286.01
Dollar Impact of Total Taxes	\$ 56.71	\$ 49.99	\$ 40.62	\$ 35.38	\$ 14.46
Percentage Impact of Total Taxes	6.6%	5.9%	5.5%	4.7%	5.1%

Schedule may not add due to rounding

2024 Tax Allocation

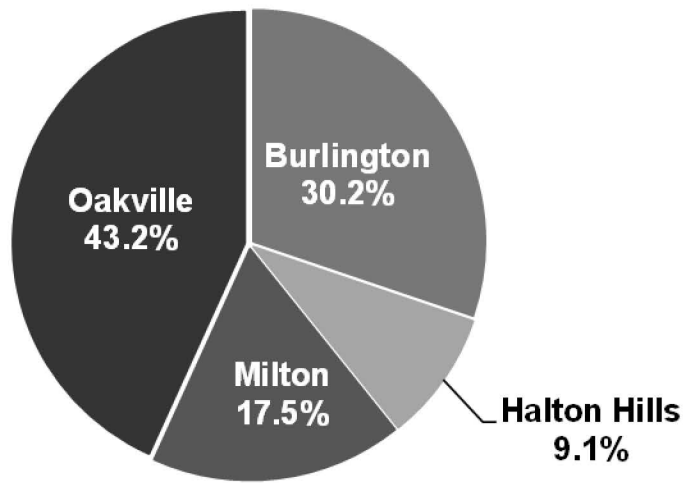
The percentage breakdown of the final 2024 taxes for Regional, Local and Education taxes for an urban residential property in each local municipality is shown in Table 7 below.

Table 7: Share of Residential Taxes by Municipality

Percentage Share of Residential Taxes by Municipality				
	Burlington	Halton Hills	Milton	Oakville
Region	32.8%	33.6%	38.7%	37.7%
Local	50.6%	49.3%	41.6%	43.0%
Education	16.7%	17.1%	19.7%	19.2%
	100.0%	100.0%	100.0%	100.0%

Chart 1 below illustrates the percentage share of the Regional levy by each local municipality.

Chart 1: Local Municipal Share of Region Levy



Small-Scale On-Farm Business Subclass

In 2018, the Province amended O. Reg. 282/98 under the *Assessment Act* to create optional subclasses for small-scale on-farm business for each of the industrial and commercial property classes. Starting in 2018, municipalities would have the option to adopt the new subclass, which would provide a 75% reduction on municipal taxes for the first \$50,000 of assessment. The Region adopted the subclass in 2020 through Report No. FN-12-20 re: “2020 Tax Policy”.

Starting in 2022, municipalities have the option to adopt a second subclass that would increase the eligible assessment amount to \$100,000. Offering a second subclass with a property tax reduction based on a higher threshold would require shifting the tax burden to other properties. The Province will apply a reduced business education tax rate to this increased \$100,000 threshold for all eligible properties, regardless of whether or not municipalities adopt the subclass.

Based on the returned roll for the 2024 tax year, there are no properties that have been identified as eligible for this additional subclass in Halton Region. Staff will continue to monitor the assessment roll annually and report back with an update, including potential impacts and recommendations, as part of the 2025 Tax Policy Report.

Optional Vacant Homes Tax

On November 22, 2023, through Report No. FN-41-23 re: “Optional Vacant Homes Tax in Halton Region Update”, staff provided Council with an update on the work undertaken to date to develop a proposed VHT Program Framework for Halton Region, including the results from the public engagement. The design and implementation study is dependent on the Provincial Policy Framework as Halton Region’s proposed VHT Program Framework will include a vacancy definition, eligible property types, the tax rate and exemptions. Without the Provincial Policy Framework, there is a risk of designing a Regional program that is not consistent with the Provincial framework. At the November 22, 2023 Regional Council meeting, Council passed a motion and directed staff to pause work on the program and for staff to report back to Regional Council once the related Provincial framework is released, or as part of the 2024 Tax Policy report, whichever comes first.

In the *2024 Ontario Budget*, released on March 26, 2024, the Province announced the release of the new Provincial Policy Framework to support municipalities by setting out best practices for implementing a Vacant Homes Tax. The Province also announced that it is extending authority broadly to all single- and upper-tier municipalities to impose a municipal tax on vacant homes. Effective March 27, 2024, municipalities will not be required to seek approval from the Minister of Finance prior to introducing Vacant Home Taxes.

On March 27, 2024, the Provincial Policy Framework was released, which provides guidelines and recommendations for municipal Vacant Home Taxes. For municipalities that choose to implement a Vacant Home Tax, the Province expects that they follow the policy intent and recommendations as a measure to increase the supply of housing available in their respective jurisdictions. The framework does not introduce any new

requirements related to municipal Vacant Home Taxes. Further information on the Provincial Policy Framework can be found in Report No. FN-12-24 re: “Update on the Optional Vacant Homes Tax in Halton Region – Provincial Policy Framework released”, which is on the April 17, 2024 agenda for Regional Council’s consideration.

2024 Provincial Property Tax Decisions

In January 2024, the Ministry of Finance released the 2024 Property Tax Decisions letter to establish the business education and railway rights-of-way property tax rates for the 2024 taxation year, and to confirm the continuation of a number of other property tax policies, including:

- Optional Small Business Property Subclass
- Municipal Property Tax Flexibility – Levy Restriction

These are discussed in more detail below.

Business Education & Railway Rights-of-Way Tax Rates

In 2021, the Province limited the Business Education Tax (BET) rates for commercial and industrial properties to 0.88%. Within Halton Region, this reduction benefited the Industrial Property Class which previously had a BET rate of 1.098184%. Commercial properties are at 0.770552%, which is already below 0.88%. The Province will continue to provide the reduction for the 2024 taxation year.

The Province will also maintain the BET rates at the 2023 rate for properties whose payments- in-lieu of education taxes the lower- and single-tier municipalities are permitted to retain. The reduction in BET rates does not impact the Region.

Property tax rates for railway rights-of-way remain unchanged at 2023 levels.

Optional Small Business Property Subclass

The Province will continue to automatically match municipal property tax reductions with a reduction on the education tax portion within any municipality that adopts the optional small business property tax subclass. Through Report No. FN-28-22 re: “Optional Small Business Property Tax Subclass in Halton Region”, Council approved the recommendation that the subclass not be adopted since it would not be an effective tool to provide relief to small businesses in Halton.

Municipal Property Tax Flexibility – Levy Restriction

Municipalities with property classes subject to the levy restriction will continue to have the flexibility to apply a municipal tax increase to those classes of up to 50% of any increase applied to the residential class. A full levy restriction applies to multi-residential properties

with a tax ratio greater than 2.0. The Region does not have any levy restricted classes, therefore this has no impact for the 2024 taxation year.

Tax Relief Programs in Halton Region

Rebates for Charitable Organizations

A rebate program for registered charitable organizations occupying (owned or rented) commercial or industrial properties has been provincially mandated under s. 361 of the *Municipal Act, 2001* since 1998 with the introduction of CVA, and was approved and implemented through By-law No. 120-98, as amended. The mandatory program includes the following discretionary options:

- May provide rebates to organizations that are similar to eligible charities
- May include eligible organizations occupying property in other property classes
- May provide rebates between 40% and 100% and
- May have different rebates for different organizations or charities.

The current program offered in Halton Region provides a rebate of 40% of the current year's taxes for eligible organizations. This level has remained constant since the introduction of the program. This program is administered by the four local municipalities through an annual application process. The deadline to apply for charity rebates is the end of February in the following year.

Staff recommend that Regional Council continue the existing program of providing rebates for charitable organizations, as outlined in By-law No. 120-98, as amended.

The Regional cost of the charity rebate program was \$163,300 in 2023. The 2024 budget is \$148,000.

Older Adults Property Tax Deferral Programs

Deferral of Property Tax Increase

A mandatory tax relief program for low-income older adults and low-income persons with disabilities was introduced as part of the 1998 property tax reform under s. 319 of the *Municipal Act, 2001*. The eligibility criteria for this program are established by upper-tier municipalities and are administered by the local municipalities. The Region established the eligibility criteria which are reviewed as part of the annual tax policy process. The program allows for an interest-free deferral of all annual property tax increases for eligible low-income older adults and low-income persons with disabilities, and all four local municipalities participate in this program. For 2024, Regional staff recommend that Council continue with the existing program. The 2024 Regional By-law for the Property

Tax Increase Deferral Program for Low Income Older Adults and Low-Income Persons with Disabilities accompanies this report for approval.

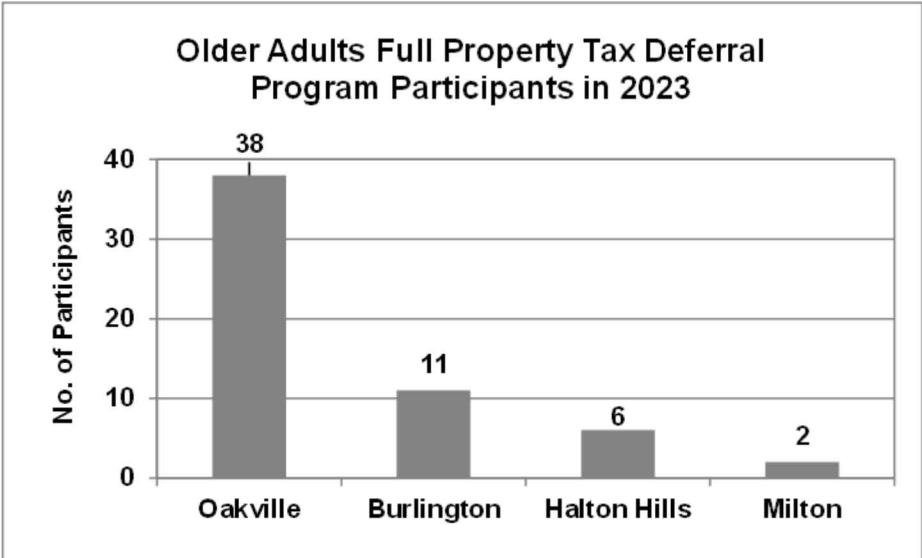
Deferral of Full Property Tax

In March 2016, Regional Council approved Report No. FN-06-16 re: “Implementation of Older Adults Property Tax Deferral Program”, and passed By-law No. 20-16, as amended. This program provides a full property tax deferral program, interest-free to the homeowner, for low-income older adults who own real property in Halton Region. Section 107 of the *Municipal Act, 2001*, permits a municipality to make grants for any purpose that Regional Council considers to be in the interest of the municipality, subject to certain restrictions. The Region provides grants to the local municipalities to fund the interest cost of the deferral. This program was adopted by the four local municipalities and commenced on July 1, 2016.

The program was designed to assist eligible low-income older adults remain in their homes by deferring full property taxes, with the interest paid by the Region. The program is offered in addition to, and mutually exclusive of, the existing property tax increase deferral discussed above for low-income older adults (s. 319 of the *Municipal Act, 2001*), and the local tax rebate programs for low-income older adults under s. 365 of the *Municipal Act, 2001*, as set out below. For example, if an older adult is accepted for the full tax deferral program, then the same person is not eligible for a local tax rebate program or the tax deferral for the property tax increase for low-income older adults.

In 2023, a total of 57 households participated in the full property tax deferral program Region-wide as shown in Chart 2 below.

Chart 2: Older Adults Full Property Tax Deferral Program Participation



The program is reviewed annually and any changes to the program are brought forward to Council for consideration as part of the annual tax policy report. For 2024, Regional staff recommend that Council continue with the existing program.

The cost of the deferral of property tax increase and deferral of full property tax programs was \$219,000 in 2023. The combined 2024 budget for both programs is \$200,000.

Local Tax Rebate for Low Income Older Adults

Tax rebate programs for low-income older adults are offered by the City of Burlington, the Town of Halton Hills and the Town of Oakville through s.365 of the *Municipal Act, 2001*. This section allows lower-tier municipalities to provide for the cancellation, reduction, or refund of taxes for municipal and school purposes for an eligible property of any person whose taxes are considered to be unduly burdensome. The Council of the lower-tier municipality defines “unduly burdensome” and the rebate criteria. Upper-tier municipalities may cost share in the rebate programs in the same proportional share as the tax revenues. A by-law is required to establish the cost-sharing by the upper-tier municipality. If the upper-tier does not cost share in the program, then the lower-tier is responsible for the portion of the costs relating to the upper-tier municipality.

Halton Region has participated in cost-sharing the low-income older adults’ tax rebates since 2008. The proportion of the rebate for education taxes is automatically shared with the school boards. Older adults apply annually through an application form which is available from the local tax office or the websites in each participating municipality.

The Town of Halton Hills has offered a rebate program based on participants receiving a monthly guaranteed income supplement under Part II of the *Old Age Security Act*. The Town’s rebate is \$500 as set out in the Town’s By-law No. 2018-0015.

For 2023, the Town of Oakville’s rebate was \$500 for older adults with a maximum combined household income of \$34,259. The Town’s By-law to approve their 2024 rebate program is expected to be presented to Town Council on April 29, 2024.

Staff recommend that the Region continue to cost-share in the local rebate programs for low income older adults with the Town of Halton Hills and the Town of Oakville for the 2024 taxation year. The 2024 Regional By-law to authorize the cost sharing of Tax Rebates to eligible owners of real property in the Town of Halton Hills accompanies Report No. FN-11-24 for approval. The Regional By-law to authorize the cost sharing of Tax Rebates to eligible owners of real property in the Town of Oakville will be provided for Council’s approval in May following approval of the Town’s By-law which is expected on April 29, 2024.

As set out through the City of Burlington's By-law No. 102-2020, the City's Senior low-income rebate program offered a rebate of \$550 in 2023 based on participants receiving a monthly guaranteed income supplement under Part II of the *Old Age Security Act*. The City is currently reviewing its program based on direction from City Council. On November 21, 2023, City staff presented Report No. F-47-23 (re: Property tax relief program update to City Council), and staff were directed to report back to City Council in 2024 with a proposed low-income property tax rebate program, an amended income threshold, and rebate amount of \$575, effective for the 2024 taxation year. Should the program be approved, it is anticipated that the City will request the Region to cost-share in its revised program.

Staff recommend that the Region continue to cost-share in the City of Burlington's Senior low income rebate program as set out through City By-law No. 102-2020 for the 2024 taxation year. The 2024 Regional By-law to authorize the cost sharing of Tax Rebates to eligible owners of real property in the City of Burlington accompanies Report No. FN-11-24 for approval. Any changes to the City's program will be brought forward through the Region's 2025 budget process for Council's consideration.

The total Regional cost of the older adults rebate program was \$142,800 in 2023. The 2024 budget is \$150,000.

Local Tax Rebate for Eligible Heritage Property

Pursuant to section 365.2 of the *Municipal Act, 2001*, a local municipality may establish a program to provide tax reductions or refunds to eligible heritage properties. Currently, the City of Burlington and the Town of Halton Hills have established local programs.

In 2015, Regional Council approved cost share in the Local Municipal Heritage Property Tax Rebate programs for eligible properties through Report No. FN-45-15 re: "Heritage Properties Tax Rebate Program" and Report No. FN-52-15 re: "2016 Budget and Business Plan and Disposition of the 2015 Surplus", and passed By-law No. 133-15, as amended.

Under the Heritage Property Tax Rebate program, the Region provides a reduction or refund of the Regional portion of property taxes for an eligible heritage property that is the same as that provided by the lower-tier by-law.

In addition to the 40% rebate offered to residential properties, the City of Burlington offers a 20% rebate to commercial properties.

For 2024, the following rebates will be provided by the Region:

- In the City of Burlington, a total rebate of 40% for eligible residential properties, and 20% for eligible commercial properties of taxes levied for upper-tier purposes.
- In the Town of Halton Hills, a total rebate of 20% of taxes levied for upper-tier purposes for eligible properties.

Staff recommend that the Region continue to provide a reduction or refund of the Regional portion of property taxes for eligible Heritage Property in the same proportion as that provided for by the local municipalities for the 2024 taxation year as outlined above.

The Regional cost of the Heritage Property Tax Rebate program was \$57,500 in 2023. The 2024 budget is \$50,000.

Financial/Program Implications

The financial impacts of this report are in accordance with the Region's 2024 Budget and Business Plan.

Respectfully submitted by,

Debbie Symons
Director, Budgets and Tax Policy

Cyndy Winslow
Commissioner, Finance and
Regional Treasurer

Approved by,

Jane MacCaskill
Chief Administrative Officer

If you have any questions about the content of this report, please contact:
Debbie Symons, Director, Budgets and Tax Policy

Attachments:

Attachment # 1 - 2024 Regional Tax Rates

Attachment # 2 - 2024 Current Value Assessment (CVA) and Tax Policy Reference Manual

Additional Information:

The sources listed below are for supplemental information and reference only. Halton Region is not responsible for the currency, accuracy, or legality of the content from any external links.

N/A