

Subject: 2025 Property Tax Policy, Ratios, and Rates

Report to: Corporate Services Committee

Report date: Wednesday, February 5, 2025

Recommendations

1. That Regional Council **APPROVE** the following tax ratios and sub-class reductions for the 2025 taxation year:

Property Classification	Tax Ratio	Sub-Class Reduction
Residential	1.000000	
New Multi-Residential	1.000000	
Multi-Residential	1.970000	
Commercial	1.734900	
Commercial – Excess Land	1.734900	
Commercial – Vacant Land	1.734900	
Industrial	2.630000	
Industrial – Excess Land	2.630000	
Industrial – Vacant Land	2.630000	
Aggregate Extraction	2.140048	
Pipeline	1.702100	
Farmland	0.250000	
Managed Forest	0.250000	
Farmland Awaiting Development 1	1.000000	25.00%

Farmland Awaiting Development 2	Class Ratio	
Landfill Sites	2.940261	

2. That the interim and final Regional levy amounts and dates **BE APPROVED** in accordance with Appendix 5 to Report CSD 6-2025;
3. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration and **BE CIRCULATED** to the Councils of the Local Area Municipalities for information; and
4. That Report CSD 6-2025 **BE CIRCULATED** to the Councils of the Local Area Municipalities for information.

Key Facts

- The purpose of this report is to set the tax policy for 2025 which includes tax ratios, and other policy considerations which are required to set tax rates. Tax policy accounts for property assessment changes and affects the distribution of the actual taxes paid by property owners or classes.
- A new stand-alone mandatory Aggregate Extraction property class was introduced by Ministry of Finance for 2025 taxation year with transition ratios for municipalities approved through O. Reg. 510/24 on December 10, 2024.
- A new optional Multi-Residential Subclass, which allows municipalities to provide a further reduction to newly built or substantially renovated multi-residential properties, beyond that already conveyed under the New Multi-Residential property class was also introduced by Ministry of Finance. The introduction of the optional new Multi-Residential Subclass is not supported at this time by Regional staff and Area Treasurers.
- In order for the Area Municipalities to complete 2025 final tax billings in June, which includes Regional taxes, the Regional tax bylaw, following the approval of this report, needs to be established no later than April 2025.
- The analysis in Appendix 1 to Report CSD 6-2025, is based on the actual Region's General Tax Levy for 2024 being \$483 million and for 2025 being \$537 million. The assessment growth dollars for the 2025 Budget is \$7.8 million or 1.62% over approved 2024 General Tax Levy. The tax policy decisions also apply to the Special Tax Levies for Waste Management and Transit.

- The proposed 2025 tax policy and approved 2025 Regional General Tax Levy will result in an increase of approximately \$186 for the typical residential property with a current value assessment (CVA) of \$298,000 for an annual regional property tax of \$2,171 in 2025. The amount differs from the \$191 disclosed in the 2025 budget as a result of the residential class having a higher share of assessment growth (1.65%) and tax class shifts.
- The 2025 interim levy amounts and due dates are included in Appendix 5. The proposed 2025 interim levy dates are consistent with the prior years. The local area municipalities were consulted, and no alternative dates were considered.

Financial Considerations

There are no direct costs to the Region as a result of setting 2025 tax policy. There are however, taxpayer impacts as a result of tax shifts between property classes due to assessment growth, creation of new property class(s), and tax ratio/discount decisions. Detailed analysis of these impacts are included in the Tax Policy Study attached as Appendix 1 of Report CSD 6-2025.

Analysis

The *Municipal Act, 2001*, provides the Region with the responsibility to establish tax policy to raise tax levy requirements. Reassessment impacts, assessment growth and Provincial legislation can create tax shifts in burden across all property classes. These factors are outside the control of Niagara Regional Council and the budget process. The only opportunity to affect these is through a thorough analysis of options available for ratios and resulting impacts.

Regional staff engaged the Area Treasurers in the review of the 2025 Tax Policy Study as completed by the Region's external tax consultant as well as discussed potential scenarios for 2025. Based on the feedback provided, both Regional staff and Area Treasurers are recommending to maintain the status quo tax ratios (i.e. to not implement the optional new Mul-Residential Subclass, and to only implement the mandatory new Aggregate Extraction class) in 2025.

New Mandatory Aggregate Extraction Property Class

The Aggregate Extraction (AE) class captures the active industrial portions of aggregate-producing properties including gravel pits and quarries (previously under Industrial class).

The implementation of the new AE class results in increased notional tax rates (revenue neutral year-over-year) of 0.02% for all other property classes in 2025. Staff are proposing to maintain the 2024 tax ratios in 2025 for all property classes, except the new AE class. Properties under the AE class were under the Industrial class in 2024 at 2.630000. For 2025 the province has regulated a new, lower transition ratio at 2.140048, which creates tax shifts of 0.02% to other property classes.

Table 1 below illustrates:

1. The CVA assessment shifts in the Industrial and AE classes in 2024
2. The tax revenue based on the original 2024 treatment and classification.
3. The 2025 starting regional tax revenue.

Table 1 – Regional Tax Impacts of Aggregate Extraction Class

CVA Assessment¹	2024 As Returned	2024 As Revised / 2025 As Returned	Change \$	Change %
Industrial	980,165,768	966,686,842	-13,478,926	-1.38%
Aggregate Extraction	0	30,502,100	30,502,100	100.00%
Region General Levy²	2024 Yearend Levy	2025 Notional Levy	Change \$	Change %
Industrial	\$16,935,112	\$16,938,550	\$3,438	0.02%
Aggregate Extraction	\$534,358	\$434,899	-\$99,459	-18.61%

¹ Table 1 in Appendix 1 2025 Tax Policy Study

² Table 9 in Appendix 1 2025 Tax Policy Study

New Optional Multi-Residential Subclass

The new Multi-Residential property class includes properties that:

- Are a building or complex containing seven or more self-contained residential units, all captured under a single roll number; or
- Vacant land zoned for multi-unit residential use improvements.

Currently there are two (2) Multi-Residential properties classes at the Region: Multi-Residential class (tax ratio 1.970000) and the original New Multi-Residential class (tax ratio 1.000000). The original New Multi-Residential class was established in 2002 for the 2003 taxation year at Niagara Region. The new optional New Multi-Residential subclass introduced in 2024 is functionally similar to the New Multi-Residential class.

Municipalities that choose to adopt this subclass may set a discount of **up to 35%** of the New Multi-Residential class. Properties within the new subclass (as part of the broader New Multi-Residential class) would revert to the Multi-Residential class after 35 years.

Both Regional staff and Area Treasurers recommend that the new subclass is not adopted for 2025 taxation year due to the following main considerations.

1. Further Differentiation of Tax Treatment for Multi-Residential Properties

The only factor that distinguishes buildings classified as Multi-Residential, New Multi-Residential, or the New Multi-Residential Subclass (if the Region were to opt in) is the timing of the original building permit under which the building was built or converted to a multi-residential property. Table 2 below illustrates the three (3) multi-residential property taxes and associated dates of building permits.

Table 2 – Class/Subclass Inclusion Based Solely on Building Permit Date

Class/Subclass	Building Permit Issued
Multi-Residential	Before the date of passing the 2003 Tax Ratios By-law No. 37-2003
New Multi-Residential	After the date of passing the 2003 Tax Ratios By-law No. 37-2003
New Multi-Res. Subclass	After: Municipal Opt-In Date (adoption of the optional New Multi-Res. Subclass)

Theoretically, three (3) identical buildings adjacent to one another could be classified and taxed differently based on the timing of their respective building permits. Differential tax treatment based solely on the date a building permit is issued could raise questions about fairness. Additionally, it would add administrative burden as municipalities would need to track when each individual property starts and stops to receive the discount.

2. Financial Impact

Due to the definition and eligibility of the new subclass, it would be difficult to quantify the financial and tax impact should the Region implement the new subclass as the building permits have not been issued for the subject properties at this time.

Assuming that a new discounted Multi-Residential subclass had been adopted in 2024 with all of the assessment from the existing New Multi-Residential Class, The “foregone” regional tax revenues are estimated to range from \$252,592 to \$884,065 annually for up to 35 years, based on discount range from 10% to 35%.

Any reductions to the Multi-Residential rates will result in increases to other property classes, with the largest impact being on the residential class.

Based on the above considerations, and in consultation with the area treasurers’ group, staff are recommending that the optional discounted New Multi-Residential Tax subclass is not implemented for 2025.

Analysis of Current State

1. Assessment Growth

The overall real assessment growth that occurred in 2024 for the Region was 1.62%, equivalent to \$7.8 million in General Tax Levy dollars from new taxpayers. When the 2025 Tax Levy Budget was presented to Council in December prior to the tax ratio for the AE class was announced, the growth was reported as 1.51% which was due the assessment for the AE class was not picked in the 2024 revised roll of CVA. The overall assessment growth is net of reduction in assessment due to property assessment appeals.

Table 3 summarizes the overall assessment growth that occurred in 2024 (see Assessment Growth Impacts column) as well as the impacts affecting each of the tax

classes based on maintaining the status quo tax ratios with the implementation of new AE property class.

The residential increase in Table 3 below of 9.51% (which is above the 2025 Regional total levy impact of 9.49%) is net of the tax shift due the implementation of the new AE class (See Appendix 1, Table 9).

Table 3 – 2025 General Tax Levy Impacts by Property Class

Property Class	2024 Approved General Tax Levy	Assessment Growth (AG) Impacts	Inter-class Shift*	2025 General Tax Levy Impacts (net of AG)	2025 Approved General Tax Levy	Avg. General Tax % Increase
Residential	\$354,217,202	\$5,834,033	\$72,974	\$33,616,503	\$393,740,720	9.51%
New Multi-Res	2,259,947	265,441	514	235,785	2,761,686	10.46%
Multi-Residential	17,955,968	80,208	3,654	1,683,945	19,723,776	9.40%
Farm	4,224,068	3,638	862	394,697	4,623,265	9.36%
Managed Forest	27,018	913	5	2,608	30,544	9.67%
Commercial	84,198,711	1,331,762	17,321	7,985,556	93,533,351	9.50%
Industrial	17,171,248	-236,136	3,438	1,581,152	18,519,700	9.23%
Aggregate Extraction	0	534,358	-99,459	40,596	475,494	100.00%
Pipelines	2,922,508	20,888	592	274,807	3,218,797	9.42%
Landfill	61,743	0	12	5,765	67,520	9.36%
Total	\$483,038,413	\$7,835,105	-\$87	\$45,821,413	\$536,694,853	9.49%
% Increase		1.62%	0.00%	9.49%	11.11%	

Note: Includes tax shifts due to the new AE class.

2. Re-Assessment Phase-In and Tax Shift

Reassessments of all properties is mandated by the Province every four years, however, as a result of COVID-19, the 2020 re-assessment has been delayed and the Province has not provided any guidance as to when the next assessment cycle will take place. Therefore, the assessment values for the 2025 tax year will remain the same based on the 2016 valuation date resulting in no tax shift impacts caused by assessment phase-in changes.

Table 4 shows the relative tax share of each tax class from 2024 to 2025. The 2025 amounts are based on the recommended tax policy.

Table 4 – Multi-Year Tax Distribution by Tax Class

Property Class	2024 Levy	% Share	2025 Levy	% Share
Residential	\$354,217,202	73.33%	\$393,740,720	73.36%
New Multi-Residential	2,259,947	0.47%	2,761,686	0.51%
Multi-Residential	17,955,968	3.72%	19,723,776	3.68%
Farm	4,224,068	0.87%	4,623,265	0.86%
Managed Forest	27,018	0.01%	30,544	0.01%
Commercial	84,198,711	17.43%	2,761,686	17.43%
Industrial	17,171,248	3.55%	18,519,700	3.45%
Aggregate Extraction	0	0.00%	475,494	0.09%
Pipelines	2,922,508	0.61%	3,218,797	0.60%
Landfill	61,743	0.01%	67,520	0.01%
Total	\$483,038,413	100%	\$536,694,853	100%

3. Education Rates

The education tax rates are established by the Province to meet their revenue targets for the year. Typically, the education tax rates decrease from one year to the next as the Provincial policy is to maintain revenue neutrality. In prior years, this Provincial policy has created savings in Niagara which generally assist in offsetting municipal increases. Similar to 2024, the Province has maintained the education tax rates in 2025 for most of the classes. What this means is that with no changes in property assessment due to reassessment, most properties will typically pay the same dollars in education taxes as in the prior year.

The education rate for the new AE class has been set at 0.00511 for 2025 taxation year, which results in an education tax increase of over 1,000% for captured properties in comparison to their 2024 final, adjusted levy (at 0.000440 education rate).

4. Waste Management Special Levy Rates

Waste Management Special Levy tax rates are also set based on the Regional tax ratios. The 2025 waste management requisition by municipality was approved through 2025 Waste Management Budget By-law (Bill 2024-73); however, the by-law setting for the waste management special levy tax rates for the 2025 requisitions are brought forward with the 2025 general tax levy by-law as the rates are based on each municipality's assessment and are dependent on the tax ratios (with the exception of Niagara-on-the-Lake). The household impacts reported in the budget will vary based on the tax policy being approved in this report in addition to variations in final assessment growth.

5. Niagara Transit Commission Special Levy Rates

Similar to Waste Management, Niagara Transit Commission Special Levy tax rates are also set based on the Regional tax ratios. The 2025 Transit requisition by municipality was approved through 2025 Niagara Transit Commission Budget By-law (Bill 2024-74); however, the by-law setting for transit special levy tax rates for the 2025 requisitions are also brought forward with the 2025 general tax levy by-law as the rates are based on each municipality's assessment and are dependent on the tax ratios. The household impacts reported in the budget will vary based on the tax policy being approved in this report in addition to variations in final assessment growth.

Tax Policy Considerations

The Region considers council priorities, the current environment, as well as utilizing several BMA tax related performance metrics as seen in Appendix 3 of Report CSD 6-2025 to assess policy options.

- Residential taxpayer - The residential class is responsible for 73.36% of the overall tax levy. As identified in the most recent BMA study, Niagara's average residential property taxes (including water and wastewater) payable as a percentage of household income is above the BMA study average (2024 - Niagara 5.35% versus BMA average 4.90%). This gap between Niagara and the survey average has remained roughly the same from 2023 (Niagara 5.24% versus BMA average 4.80%).
- Multi-Residential Tax Class - the multi-residential tax category consists of two property tax classes. The multi-residential class is responsible for 3.68% of the overall tax levy while the new-multi-residential category (which includes multi-residential structures constructed after 2003) is responsible for 0.51%. It is important to note that new construction of purpose-built rental would be in the new multi-residential class, which is taxed at the same rate as residential. BMA metrics related to two multi-residential structure types (Walk-up and Mid/High-Rise). The walk-up style structure was identified as above the survey average by \$364 and the high-rise structure types are also above the average by \$37 for 2024.
- Industrial Tax Class - The relative tax burden averages for standard industrial for the Region is higher than the BMA survey average as provided in Appendix 3 (Niagara is taxing \$2.09/square foot, while the BMA average is \$1.68/square foot). However, this is partially offset by the many incentive programs currently offered by the Region including tax increment and development charge related grants, specifically under the Employment and Brownfield pillars, that reduce the actual tax burden experienced by some industrial properties in Niagara.
- Commercial Tax Class - These properties pay the second largest share (after residential) of Regional taxes at 17.43%. Appendix 3 illustrates that Niagara taxation of office buildings and motels are lower than the BMA average (\$3.22 tax/square foot vs. \$3.30 tax/square foot and \$1,265 tax/unit vs. \$1,309 tax/unit respectively) while Niagara's taxation of shopping centres and hotels (\$4.55 tax/square foot vs. \$3.99 tax/square foot and \$2,132 tax/unit vs. \$1,742 tax/unit respectively) are above the BMA averages. Tax appeals in this class are significant and the property class has benefited from significant reduction due to assessment appeals such that it has generated the lowest assessment growth percentage. The impact of reduced assessment further increases the overall burden experienced by properties in other classes. This property class is also eligible for Employment and Brownfield related tax increment grant programs.

2025 Property Tax Impacts

Table 5 – Regional General Tax Increases for Proposed Tax Policy

Property Class	2024 Avg. CVA	2024 Regional General Tax	2025 Avg. CVA	2025 Regional General Tax*	\$ Increase
Residential	\$298,000	\$1,985	\$298,000	\$2,171	\$186
Multi-Residential	2,517,300	33,033	2,517,300	36,124	3,091
Commercial – Occupied	846,692	9,784	846,692	10,700	916
Industrial – Occupied	1,095,946	19,200	1,095,946	20,996	1,796
Farmland	411,679	686	411,679	750	64

Note: Based on draft rates utilizing the recommended 2025 tax policy.

2025 Interim Levy Dates and Amounts

The authority to incur expenditures by Regional departments, boards and agencies is granted by Regional Council through the annual approved operating budget as prescribed by the Municipal Act, 2001. Additionally, O.Reg 75/01 prescribes the information to be contained on property tax bills. Prior to the annual budget being adopted by Regional Council, bylaw 2017-63 as approved by Regional Council provides that Regional departments, boards and agencies may incur expenses up to 50% of their prior year’s operating budget in order to maintain business as usual for Regional services.

Further to this, Section 316 of the Municipal Act, 2001, authorizes Council through a by-law to provide an interim levy equivalent to 50% of the prior year’s approved estimates (subject to certain adjustments) before the adoption of budget estimates for the year. It has been the Region’s past practice to levy an interim amount in order to fund Regional services prior to the approval of the annual budget and final levy amounts. The Region’s 2025 General Tax Levy budget was approved in December 2024. Staff recommend that

50% of 2024 approve budget is levied as interim tax in first two quarters of 2025 to remain consistent and allow sufficient time for the lower-tier municipalities to adopt their 2025 levy budgets.

As such, Appendix 5 to Report CSD 6-2025 includes the proposed 2025 interim and final levy dates and amounts by Local Area Municipality. The proposed levy dates have been communicated to the Treasurers of all twelve Local Area Municipalities who have supported these dates.

The 2025 levy amounts to be requisitioned from local area municipalities total \$644,935,164 with following breakdown by levy type (details in Appendix 5):

- \$536,694,853 for the General Levy
- \$45,584,715 for the Waste Management Special Levy, and
- \$62,655,596 for the Transit Special Levy

Alternatives Reviewed

Regional staff considered alternatives to the recommendations proposed in this report. After engaging with the Area Treasurers and reviewing the tax study and historical Regional tax ratios, it was determined to maintain the status quo tax ratios (with exception of the new AE class) for the 2025 taxation year. Alternative thresholds were not considered as the interim levy of 50% permitted by the Municipal Act, 2001 will generally ensure cash inflows in the shorter term are able to accommodate the level of expenditures. The Municipal Act, 2001 does not have a requirement to approve a spending limit in advance of the budget approval however the practice has been adopted by the Region through bylaw 2017-63.

Relationship to Council Strategic Priorities

This tax policy report is aligned to Effective Region, Delivery of fiscally responsible and sustainable core services.

Other Pertinent Reports

[CSD 64-2024 2025 Consolidated General Levy Budget](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=0281408c-b40e-404a-b9b0-5cdd3582ac52&Agenda=Merged&lang=English&Item=19&Tab=attachments>)

[BRC-C 25-2024 2025 Consolidated General Levy Budget Update Memo](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=6fe248c3-7e32-435a-8ffc-103cabcc703d&Agenda=Agenda&lang=English&Item=12&Tab=attachments>)

[Bill 2024-83 2025 Operating Budget and Tax Levy](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=33c65e0b-de4c-497b-98a4-2daa68f1e117&Agenda=Merged&lang=English>)

[CSD 44-2024 Waste Management 2025 Operating Budget and Requisition](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=6ed594dd-1cef-4a22-92e7-186d204662a7&Agenda=Agenda&lang=English>)

[Bill 2024-73 2025 Waste Management Budget](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=2b9412ea-0101-4985-871d-53d5e48fe506&Agenda=Merged&lang=English>)

[BRC-C 2-2024 2025 Proposed Operating Budget and Special Levy Requisition –
Niagara Transit Commission](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=93252d78-80cf-4c36-9b0f-2f9cb97010a3&Agenda=Merged&lang=English>)

[BRC-C 3-2024 Niagara Transit Commission Additional Budget Information](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=93252d78-80cf-4c36-9b0f-2f9cb97010a3&Agenda=Merged&lang=English>)

[Bill 2024-74 2025 Niagara Transit Commission Budget and Requisition for Niagara
Region Special Levy tax for Transit](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=2b9412ea-0101-4985-871d-53d5e48fe506&Agenda=Merged&lang=English>)

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Appendices

Appendix 1	Niagara Region 2025 Tax Policy Study
Appendix 2	History of Regional Tax Ratios
Appendix 3	Performance Measures
Appendix 4	Subclass Property Tax Rate Reductions Program Summary
Appendix 5	2025 Interim and Final Levy Payments and Dates