



**Date 3 April 2012**

## **City Council Committee Report**

**To: Mayor Canfield & Members of Council**

**Fr: Melissa Shaw**

**Re: New Construction and New to Class Properties**

### **Recommendation:**

**That** Council hereby approves the implementation of the minimum tax level of 100% for new construction / new to class properties for 2012; and

**That** Council hereby give three readings to a By-law to adopt optional tools for the purposes of administering limits for eligible properties within the meaning of Section 331 (new construction) for the commercial, industrial and multi-residential property classes for 2012.

### **Background:**

Under the current property taxation system, there is a requirement relating to either new construction or new to class properties. New construction represents properties that are either new, or have performed changes to the property that resulted in an increase in their assessment in excess 50% of the existing assessment. New to class represents properties that were transferred from another property class, for example a residential property that was transferred to the commercial class.

Under this provision, municipalities are required to obtain roll numbers from the Municipal Property Assessment Corporation (MPAC) on up to six properties that are considered to be comparable to each new construction / new to class property. The City then takes this information to review the individual accounts to determine whether each of the comparable properties receive capping adjustments, either capping or claw backs, and to what extent these adjustments are. The City then takes an overall average of these properties to determine whether or not, on average, this type of property is in a capped position. If the average is capped, the City is required to provide capping at the same level to the new construction / new to class property. If the average is either not capped or in a claw back position, the property is billed at CVA taxation.

The City has the ability to reduce or eliminate this requirement by passing a by-law requiring property taxes to be based on 100% of their Current Value Assessment (CVA). The City adopted this provision in 2008. The City is required to continue to pass this by-law every year for it to remain in effect.

**Budget:**

There is no cost related to the implementation of this new tool. Commencing in 2008, the offset resulted in the elimination of capping related to properties that are classified as new construction / new to class.

**Communication Plan/Notice By-law Requirements:**

This by-law is housekeeping in nature. Council must pass the appropriate By-law related to the implementation of this new tool on an annual basis, despite having already adopted the 100% restriction annually since 2008.

Cc: Karen Brown  
Melissa Shaw