TO:	**CHAIR AND MEMBERS COPORATE SERVICES COMMITTEE MEETING ON JANUARY19, 2016**
FROM:	**MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER**
SUBJECT:	**FUTURE TAX POLICY – POSSIBLE DIRECTIONS**

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following report **BE RECEIVED** for information:

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Finance and Administration Committee Report September 28, 2011 – Future Tax Policy

REPORT INDEX

A. EXPLANATION OF TERMS

1. What is a tax ratio?
2. What are the provincial thresholds for tax ratios?
3. What are the Provincial Targets/Allowable Ranges?
4. How do London's Tax Ratios compare to Provincial Thresholds and other municipalities?

B. TAX RATIOS AND DIFFERENT PROPERTY CLASSES

1. Why are tax ratios different for different property classes and why does each municipality have different tax ratios?
2. Is there any justification for tax ratios being different in different property classes?
3. Is there any justification for industrial and multi-residential tax ratios being higher than the commercial tax ratio as was the pattern in many municipalities?

C. POSSIBLE DIRECTIONS FOR FUTURE TAX POLICY

1. Maintain the status quo with respect to tax ratios now that the objectives identified in 2011 have been achieved.
2. Reduce the tax ratio in all the non-residential property classes to lower levels but keep them equal as the process proceeds.
3. Focus on lowering the multi-residential class only or in priority to other non-residential classes.
4. Consider creating a new multi-residential class for newly constructed buildings with a much lower tax ratio than the existing non-residential property classes.

BACKGROUND

A. EXPLANATION OF TERMS

1. What is a tax ratio?

Tax ratios compare the tax rate for municipal purposes in a particular property class to the residential class. The ratio for the residential class is deemed to be 1.00. A tax ratio of 1.95 for the commercial class would therefore indicate a municipal tax rate 1.95 times the residential municipal tax rate. (Education tax rates are set by the Province and are not dependent on tax ratios approved by municipal councils.)

2. What are the provincial thresholds for tax ratios?

Beginning in the year 2001, the Province established threshold tax ratios for three property classes - commercial, industrial, and multi-residential. At the time, the Province indicated that these threshold ratios represented the Provincial average in each class. Under provisions of the Municipal Act and related regulations, municipalities were not permitted for the year 2001 or subsequent years to impose a general municipal levy increase on a property class which had a ratio exceeding the Provincial threshold or average. Beginning in 2004, this restriction was modified somewhat to permit levy increases at half the residential rate in property classes with tax ratios above Provincial thresholds. The Province has permitted this flexibility every year since 2004. The general principle however continues that property tax increases cannot be spread evenly over all property classes if any tax ratio exceeds the provincial thresholds.

3. What are the Provincial Targets/Allowable Ranges?

The allowable ranges for tax ratios are set out in Ontario Regulation 386/98. These were theoretically the long term targets for tax ratios set by the government of Premier Mike Harris during the major property tax reform in Ontario which began in 1998. The concept of tax reform was that municipalities could not move their tax ratios away from these targets/ranges. They would only be allowed to move their ratios towards these targets/ranges.

As long as a municipality maintains its tax ratios below the provincial thresholds and above the provincial targets/allowable ranges, the provincial legislation does not require any levy restriction on any non-residential class. London's non-residential tax ratios are all below provincial thresholds and above the "provincial targets/allowable ranges". As can be seen on Schedule A, virtually all municipalities in Ontario have tax ratios that, like London, are above the "provincial targets/allowable ranges.

4. How do London's Tax Ratios compare to Provincial Thresholds, and other municipalities?

None of the property classes in the City of London have tax ratios that are above the Provincial thresholds. The only property class in London that was ever above the Provincial threshold was the industrial class. Council moved the industrial ratio down to the threshold for 2001 taxation. At the time of the last reassessments in 2006 and 2009, Council maintained the policy of not permitting tax ratios in any property class to exceed Provincial thresholds.

Schedule A attached, summarizes the tax ratios for all municipalities with populations greater than 100,000 included in the 2015 Municipal Study prepared by BMA Management Consulting Inc. London and the Region of Waterloo have uniform tax ratios for all non-residential classes of 1.95. London has a commercial tax ratio that is at the median for the group and 9.5% above the average. The Multi-Residential and Industrial tax ratios are both below the median and averages for the group.

The tax ratios in effect for the year 2015 and their proximity to the Provincial thresholds or averages established in 2001, as well as the Provincial targets or allowable ranges can be summarized as follows:

	City of London 2015 Tax Ratio	Provincial Threshold/Average (O.Reg. 73/03)	Provincial Targets/Allowable Ranges (O.Reg. 386/98)
Commercial	1.950000	1.98	0.6 to 1.1
Industrial	1.950000	2.63	0.6 to 1.1
Multi-Residential	1.950000	2.74	1.0 to 1.1
Pipeline	1.713000	N/A	0.6 to 0.7
Farm	0.187600	N/A	N/A
Residential	1.000000	N/A	N/A

Schedule B attached, provides comparative information on how different municipalities tax the various different major property classes. The information from Schedule B comes from the 2015 BMA Municipal Study and includes all municipalities with populations greater than 100,000. The last column of Schedule B is a theoretical calculation that shows the tax increase that would be required in the residential property class in each municipality if all property classes had a tax ratio of 1. The Schedule indicates that the theoretical adjustment for the City of London would be close to the middle of the group without giving special weighting to Toronto to reflect its much larger size. Schedule B suggests that the City of London's tax ratios are in the average range and not unusual when compared to other major centres in the Province.

B. TAX RATIOS AND DIFFERENT PROPERTY CLASSES

1. *Why are tax ratios different for different property classes and why does each municipality have different tax ratios?*

Prior to 1970 the assessment of property for property taxation purposes was under the jurisdiction of each individual municipality in the Province. One result of this highly decentralized system was that the assessment valuation system was inconsistent from one municipality to another within the Province. Another result was the difference in the treatment of different property classes developed within municipalities. In 1970 after a report by the Ontario Committee on Taxation, the Provincial Government assumed responsibility for property assessment from all the municipalities in the Province. The new system started in 1970 was a market value system, however, adopting a pure market value system was offered to municipal governments on a voluntary basis.

Since the adoption of a pure market value assessment system in 1970 would have resulted in major shifts in taxation between property classes, virtually all municipalities did not adopt a pure market value assessment system. Instead municipalities adopted a factored market value system where taxation shifts between property classes did not occur. Under a factored market value system each property within a property class was given:

a) an assessment value (calculated as its market value); multiplied by,
b) a specific factor expressed as a decimal. This specific factor was a uniform decimal number for each property class.

By this method taxes were allocated based on market value within each property class. At the same time, however, taxes did not shift between property class and the classes maintained the same tax burden that they had before the change to market value assessment.

In preparation for major property tax reform to begin implementation in 1998, the Province passed the *Fair Municipal Finance Act, 1997*. This legislation required the entire Province to be reassessed based on market value and brought an end to factored assessments. Beginning in 1998 all properties were required to be assessed at market value rather than a factored market value and this un-factored market value was to be the taxable amount shown on tax bills.

At the same time the Province recognized that they could not cause huge tax shifts between property classes as a result of the new system. To prevent tax shifts the Province permitted property classes to have different tax rates as determined by the municipalities. The concept of tax ratios was then created in the new legislation so that the Province could set the rules as to what would be permissible with respect to tax rate differences between property classes. These are the rules we live with today, some of which have been briefly described earlier in this report.

2. Is there any justification for tax ratios being different in different property classes?

When the Province introduced the *Fair Municipal Finance Act, 1997*, the implied assumption in the legislation appeared to be that all property classes should have a tax ratio of 1 and there was no logical justification for tax ratios in different classes greater than one. This thinking was demonstrated in the rules adopted in the legislation with respect to changing tax ratios, the establishment of thresholds for certain classes, and the allowable ranges/targets established with Ontario Regulation 386/98 (see previous table in this report).

At the same time however, the Province recognized in the legislation that immediately moving to tax ratios of 1 for all major property classes was not realistic or practical. History since 1998 has also shown that moving quickly to tax ratios of one for all property classes was not realistic or practical as a result of the impact on the residential class. Schedule B of this report shows the impact of a pure market value system with tax ratios of one for a large sample of municipalities in the Province.

In addition to possible concerns about the simple impact on the residential class of a uniform tax ratio of one, there are significant issues relating to logic of such an approach. These are as follows:

a) historical tax ratios are built into the present system and competitive environment;
b) property taxes in certain property classes are tax deductible;
c) market value has a different meaning in different property classes; and,
d) the principle of taxation incidence (who is really paying the tax) indicates that a commercial entity has some ability to pass a tax onto its customers depending on the market environment.

More detailed information is provided below for each issue noted above.

a) Historical tax ratios are built into the present system

Historical ratios are built into the economic environment and reflected in prices, wages, and profits in the local economy. When looking at this issue, one has to consider the larger economy of the Province and beyond as well as the local economic environment of the City. For some commercial enterprises their primary competitors will be other enterprises in the City. For others, the primary competitors will be in the greater region, elsewhere in the Province, in other provinces, or in other countries. The tax ratios applicable to other competitors will be a factor in the competitive equation for doing business in the City.

The City will want to ensure that tax ratios faced by London businesses are at least competitive with tax ratios applicable to their competition. If the tax ratios in London are competitive then it may not be advisable to significantly alter taxes in the residential class. It should always be kept in mind that maintaining competitive tax ratios in all classes, including the residential class, are a requirement for robust economic development. The availability of a productive labour force may be a more significant factor for economic development than the level of property taxation in a particular non-residential class. Schedule B indicates the significant adjustment that would result in the residential class if all tax ratios were immediately equalized to the residential class.

The general trend in recent years for municipalities, since property tax reform in 1998, has been to decrease tax ratios in non-residential classes as a result of the requirements of provincial legislation and deliberate decisions by municipal councils. Schedule A shows the tax ratios for municipalities with populations greater than 100,000 which were included in the BMA study. The average tax ratios for all the non-residential property classes shown on that schedule (i.e. Multi-residential, Commercial, and Industrial) have declined in recent years. Since 2006, the Multi-residential class average tax ratio for the group has declined by about 10.14%, the commercial tax ratio has declined by about 6.10% and the industrial tax ratio has declined by about 9.2%.

b) Property taxes in certain property classes are tax deductible

Property taxes in the commercial, industrial, and multi-residential classes are deductible in computing income for tax purposes. Residential property taxes, for the most part, are paid from after tax income. Depending on the marginal tax rates, there can be large differences when expenditures are viewed from a pre-income tax or an after-income tax perspective.

c) Market value has a different meaning in different property classes

Properties are valued by very different methods in residential versus non-residential property classes. There are basically three methods of valuation:

i. **Sale of property**
Residential class properties are valued based on the actual sale of similar individual properties. There are usually numerous similar individual sales on which to base the determination. Properties sell in a market where houses are sold one at a time.

ii. **Income Method (future cash flow to property)**
In the commercial and multi-residential classes, a property's market value is determined based on the income approach. This means that the income that the property generates is determined and then that income stream is capitalized using an applicable multiple based on an appropriate interest rate. This valuation method illustrates that the only consideration in value determination in these kinds of properties is income generating capabilities. Other types of factors will go into the valuation of a residential property.

iii. **Construction Cost**
In the Industrial property class, properties are generally valued based on construction costs. Buildings in this class are often built to suit and there is not a large volume of transactions involving generic types of buildings.

In addition, multi-residential properties although they may be residential in nature, sell in a completely different kind of market from a single unit residential property. Multi-residential properties sell in large unit volumes between large commercial enterprises whereas single unit residential properties sell one at a time and involve individuals. The differences in the market places can be viewed like the differences between a wholesale market and a retail market. The result is that properties that are physically very similar can sell at substantially different prices in the two market places. In many large Cities a residential condominium unit will have a much higher market value than a physically similar multi-residential rental apartment unit.

d) Taxation Incidence – who is really paying the property tax

Taxation incidence focuses on the ability of a commercial entity to pass any tax imposed on to its customers. In the case of an owner occupied residential property, taxation incidence is not an issue. The owner of the house must pay the tax and the owner has no ability to pass the tax onto any other person. In the case of a commercial entity, however, the situation is quite different and the commercial entity may have some ability to pass the tax onto its customer. The ability will depend on the competitiveness of the market place that the commercial entity is operating in and the level of demand for the service or product the commercial entity provides.

For non-residential property classes in the City of London, the market place will be determined to some extent by the market within the City boundaries and to some extent the market beyond the City's boundaries – i.e. the province, the country, and foreign countries. For this reason it is always important for any taxing jurisdiction to ensure that its tax policies are competitive.

It would probably be a reasonable assumption that the average rate of tax in the market is built into the price of products and services in such a way that commercial entities can make a reasonable rate of return to justify investments. The result of tax policy may be:

- When a tax authority deviates significantly from the average in the form of lower taxes, it is creating an incentive situation that may attract a certain type of investment or alternatively a windfall for investors in a particular sector.
- When a taxing authority deviates significantly from the average in the form of higher taxes, it is creating a disincentive situation that may discourage a certain type of investment and ultimately lead to fewer employment opportunities for citizens.

Taxation incidence is a complex issue. The marketplace ultimately determines who pays a tax regardless of who writes the cheque *(Wikipedia introductory article)*. To assume that the customer of a commercial entity is paying all the tax imposed on a commercial entity is probably equally as false as assuming that the commercial entity is paying all the tax imposed. Simple concepts of economics, namely supply and demand curves provide the theoretical model; where the slope (elasticity) of the demand curve and the supply curve are equal, then an imposed tax should be shared equally between the seller and the buyer (*Wikipedia*).

3. Is there any justification for industrial and multi-residential tax ratios being higher than the commercial tax ratio as was the pattern in many municipalities?

The simple short answer to this question would seem to be “no”. All three property classes, industrial, multi-residential and commercial are similar as they:

- represent commercial activity;
- can deduct property taxes paid from income taxes; and
- trade in commercial markets where value is determined by cash flow or construction cost.

Taxation incidence is a relevant consideration in all three property classes suggesting the tax is probably shared between the buyer and the seller as determined in the market place.

The general advice of economists to governments is to keep a level playing field and not try to pick winners and losers in the determination of tax policy. There would appear to be little justification for keeping any kind of tax ratio differential for these three property classes. In 2011, the equalization of tax ratios in the three main non-residential property classes was identified as a tax policy objective to be pursued in future years. Full equalization was achieved in 2015 when Council approved a ratio of 1.95 for the three main non-residential property classes.

C. POSSIBLE DIRECTIONS FOR FUTURE TAX POLICY

There are several possible directions for future tax policy that Council may want to consider. Possible directions include the following:

1. Maintain the status quo with respect to tax ratios now that the objectives identified in 2011 have been achieved.

2. Reduce the tax ratio in all the non-residential property classes to lower levels but keep them equal as this process proceeds.

3. Focus on lowering the multi-residential class only or in priority to other non-residential classes

4. Consider creating a new multi-residential class for newly constructed buildings with a much lower tax ratio than the existing non-residential property classes.

Each of these possible directions is reviewed in more detail below and outlines for each alternative the possible impacts that would be intended as a result.

1. Maintain the status quo with respect to tax ratios now that the objectives identified in 2011 have been achieved.

The main argument for this approach to future tax policy would be that the City has attained a situation where its tax ratios are reasonably competitive with other jurisdictions in Ontario and has removed biases in its system that may have had a negative effect on potential industrial and multi-residential development. Under this approach, when future reassessments occur, existing tax ratios would be maintained and taxes would shift between property classes based on how market values in the various classes had changed. This approach would, however, still involve close monitoring of the City’s competitiveness with respect to tax ratios in other Cities and could require adjustment of ratios as would be indicated in the annual review of tax policy.

2. Reduce the tax ratio in all the non-residential property classes to lower levels but keep them equal as the process proceeds.

The commercial tax ratio in London is still somewhat above the average for large population municipalities in Ontario by about 9.5% as shown on Schedule A. Schedule A also shows that both the Multi-residential and Industrial ratios are below the average for large population municipalities in Ontario. Council could consider adopting a tax policy objective to attain a uniform non-residential tax ratio that is at or slightly below the average commercial level for the large population group identified on Schedule A.

The purpose of such a policy objective would be to improve the competitiveness of the City and enhance economic development and employment opportunities in the City. The implementation of such a policy objective would necessarily be gradual and would have to take into consideration the following:

- future province wide reassessments;
- provincially established education tax rates; and,
- the effect of tax ratio changes on the residential property class.

All these factors would have to be considered each year as part of the annual tax policy review and tax ratio setting process.

3. *Focus on lowering the multi-residential class only or in priority to other non-residential classes*

There seems to be some political support for this approach across the Province. Support for this position appears to be based on the assumption that all of any reduction in property taxes will flow through to tenants. This would seem, however, to be a questionable assumption based on the principle of taxation incidence. The *Residential Tenancies Act, 2006* does require that decreases in property taxes be transferred onto the current tenant where the decrease exceeds 2.49%, but there are significant limitations and qualifications to this requirement.

If Council wished to consider this direction further, it would seem that an in depth review of the current status of the rental housing sector in London would be advisable. Such an analysis could include as part of the review information such as age, assessment, taxes, taxes per unit, and rents.

The Residential Tenancies Act

The requirement to pass on a property tax decrease in the Act only applies to buildings which were in existence and used for residential purposes prior to November 1st, 1991. The rent reduction requirement, therefore, has no application to any building constructed after that date. More importantly the rent reduction requirement in the *Residential Tenancies Act* has no application in the long term to any building regardless of when it was constructed. This is because the rent reduction does not apply to any new tenant who arrives after the year the tax decrease has occurred.

The lack of a significant long term effect from the rent reduction provisions of the *Residential Tenancies Act* would explain why there appears to be no empirical evidence to suggest that lower tax ratios in the multi-residential class has the effect of lowering market rents in municipalities. The City of Hamilton did a study on the Multi-Residential class in February 2009 that attempted to look into this issue. Excerpts from that study indicating the conclusion that they reached are included on Schedule D. Another factor in the impact of the *Residential Tenancies Act* would be that gradual declines in a multi-residential ratio may not cause a minimum 2.49% decrease and therefore not invoke application of the Act.

Tax Ratio Comparisons

A general review of tax ratios for large population municipalities in Ontario would appear to suggest that there is probably not a need to focus on the multi-residential property class in priority to other non-residential classes in London. Schedule A indicates that the multi-residential ratio is lower than both the median and the average of the large population municipalities – 4.4 % lower than the median and 3.7% lower than the average. The commercial class in London is 9.5% higher than the average and at the median level.

The Condominium Conversion Option

It could also be argued that in the case of London there is no need to lower the tax ratios for a multi-residential property because any multi-residential property in the City can be moved by the owner into the residential class by doing a condominium conversion on the property. After the conversion the property is classed in the residential class. This means that in the future, the property is valued as a residential property and subject to the residential tax rate. This involves a significant increase in the valuation of the property and a significant decrease in the tax rate on the property. The amount of the valuation change is highly variable from property to property. The Municipal Property Assessment Corporation (MPAC) provided a small sample of condominium conversions in the Waterloo region where the value increases on conversion ranged from 14% to 99%. Schedule 'H' attached illustrates the potential variation in valuations that can occur from one property to another in a condominium conversion with three examples in London.

In a condo conversion:

- The tax rate change from multi-residential to residential will be uniform.
- The value change is not (highly variable).

Property Tax = Tax Rate x Assessed Value

Obviously only property owners who perceive that the valuation change may reduce their total property taxes will consider doing the conversion. Our understanding is that a typical property owner would do an analysis of the potential valuation change prior to implementing a conversion. If the value change offsets or more than offsets the tax rate change, they would presumably not proceed with the conversion.

The condominium conversion process could have a possible short term benefit for an existing tenant in that any tax change occurs all at once instead of gradually as would occur with a gradual reduction in a tax ratio. This could mean that the tax change would more likely exceed the 2.49% threshold in the legislation to invoke the requirement to pass a tax decrease on to a current tenant. As mentioned previously, a gradual tax ratio decrease that did not cause a minimum 2.49% tax decrease would mean none of the provisions of the *Residential Tenancies Act* would apply to a current tenant.

Prior to 1998, there was no incentive for a rental property owner to consider a condominium conversion because subsection 60(4) of the *Assessment Act* prevented a condominium being classified in the residential property class unless it had at some point in time been owner occupied. In 1997 the government of Mike Harris repealed subsection 60(4) so that all condominiums would be classified in the residential property class. This timing coincided with the major reform of the property tax system that took place beginning on January 1st 1998. This major tax reform by the provincial government included the creation of the concept of tax ratios and all their related rules as well as the identification of targets or “ranges of fairness” for tax ratios as described earlier in this report.

In the last decade the value increases in the Multi-Residential class have exceeded increases in the Residential class by a significant amount in the City of London. Between the reassessment for 2006 taxation and the reassessment for 2013 -2016 taxation years, market values provided by MPAC for the City of London have increased at a rate 26.5% greater in the Multi-Residential class than in the Residential class. This has increased interest in the consideration of condominium conversions in the multi-residential sector. The long term trend of increasing rental property valuations is related to long term trends in interest rates, demographics, and investor interest in the rental sector.

Restrictions on Increasing Tax Ratios in Non-Residential Classes

An important point to keep in mind when decreasing tax ratios in any non-residential property class including the multi-residential class is that, although provincial legislation gives municipal councils the discretion to lower tax ratios in non-residential classes, the same discretion does not apply to increases in tax ratios. This means that a municipal council cannot lower a tax ratio in a non-residential class in one year and then increase it or return it to its previous level in a subsequent year.

4. Consider creating a new multi-residential class for newly constructed buildings with a much lower tax ratio than the existing non-residential property classes

In accordance with the *Assessment Act* and related regulations, a municipality has the option to create a new multi-residential class. A number of municipalities in Ontario have exercised this option and created a new class. Most municipalities in the BMA study that have created this class have assigned a tax ratio of 1 to the class (i.e. the same as residential). One municipality assigned a ratio of 2. The effect of assigning a ratio of 1 is that any newly constructed multi-residential building will receive both a lower multi-residential valuation and a lower residential tax rate. The purpose of this extremely beneficial tax situation would appear to be to encourage the development of new multi-residential properties in the municipality. Schedule G attached, shows the use of this optional property class by municipalities in the BMA study with populations greater than 100,000.

The new multi-residential class can only apply to land where the units on the land have been built or converted from a non-residential use pursuant to a building permit issued after the by-law adopting the new multi-residential property class was passed. Land that is in the new multi-residential class will cease to be in the class after 35 years. At that point in time, the land will go back to the regular multi-residential class. A municipal council can pass a by-law to have the new multi-residential property class cease to apply at any time. However, such a by-law would not affect the classification of any land for which a building permit had been issued prior to the by-law coming into force.

Special Provision for Affordable Housing

In the case of London, it would appear to be questionable whether the creation of a new multi-residential property class would be advisable. The City already has very similar tax treatment in place for Affordable Housing Projects utilizing section 110 of the *Municipal Act, 2001*. The special beneficial tax treatment is considered as the City's contribution to the projects. If such tax treatment were expanded to all new residential construction by means of a new multi-residential property class, then any new property including the construction of luxury apartment buildings would qualify for the same property tax benefit currently provided only to affordable housing. In addition, such a by-law would seem to create an "un-level playing field" in the multi-residential sector in the municipality. This would seem to violate the basic principle of equity in the development of property tax policy.

Is there a Need in London?

The other issue in reference to the new multi-residential property class is its potential effect on the existing rental market. It would seem the incentive to create this type of class should be strongest in municipalities where the rental market is tight with low vacancy rates and high market rents. Based on available rental market data from Canadian Mortgage and Housing Corporation, this does not appear to be the case in the City of London. Vacancy rates in London are higher than the provincial average and average rents are lower. The total vacancy rate and averaged apartment rents as reported by CMHC for April 2015 (Schedules E and F) for Ontario and the City of London is summarized in the table below.

	Vacancy Rates	Average Rent
City of London	**3.8%**	**$884**
Provincial Average	**2.5%**	**$1,039**

Source: Canada Mortgage and Housing Corporation: Rental Market Report, Ontario Highlights Spring 2015

If Council wished to consider this direction further it would seem that an in depth review of the current status of the rental housing sector in London would be advisable.

Other information attached to this report

The following schedules not previously reference in this report have been attached to this report to provide additional information and context regarding tax policy. All Provincial tax legislation is based on tax ratios because they are reliable and directly comparable from one municipality to another.

Schedule C – 2015 Net Municipal Levy per Capita in BMA Study for Populations over 100,000
(This report provides comparative property tax data without reference to possible problems of sampling, property valuations, differential property class treatments, and education taxes.)

Schedule I – Excerpt from Policy Overview and Economic Update – 2014 Financial Report – Property Taxation Policy in the City of London
(This report provides historical context for tax policy development in the City of London since the commencement of the major tax reform in 1998.)

SUMMARY

The purpose of this report is to identify possible directions for future tax policy for Council's consideration and to provide historical context going forward.

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RECOMMENDED BY:	
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Attachments

LIST OF ATTACHMENTS

FUTURE TAX POLICY – POSSIBLE DIRECTIONS

Schedule A **Tax Ratios for Municipalities in BMA Study with Populations Over 100,000**

Schedule B **Shift in Tax Burden Un-weighted to Weighted Residential Assessment for Municipalities in BMA Study with Populations Over 100,000**

Schedule C **2015 Net Municipal Levy per Capita in BMA study for Municipalities with Populations Over 100,000**

Schedule D **Excerpts from City of Hamilton report on Multi-residential tax ratios in February 2009**

Schedule E **CMHC Vacancy Rates**

Schedule F **CMHC Average Rents**

Schedule G **Use of New Multi-Residential Property Class in BMA Study with Populations over 100,000**

Schedule H **Condominium Conversion Examples**

Schedule I **Excerpt from Policy Overview and Economic Update – 2014 Financial Report – Property Tax Policy in the City of London**