

A Prosperous City

2017 Economic Resiliency Grant Program for Non-Residential Property Owners

Description

In consideration of the current economic environment, Administration has been exploring options to benefit non-residential property owners that may be impacted by the 2017 non-residential property tax redistribution. As a result of reviewing various options, Administration is recommending a grant program for eligible non-residential property owners with:

- A 2017 property assessment equal to or less than \$12M; and
- A municipal property tax increase that is greater than or equal to 5% (2017 over 2016).

Additional eligibility requirements are shown under the heading "How Proposal Meets Emerging Needs".

Funding Request

Lead Business Unit: Assessment

Program Number:

Funding Request for 2017: up to \$15 Million, plus \$500,000 (for administration costs)

Source: Fiscal Stability Reserve

Beneficiaries of the Investment

Based on preliminary 2017 property assessment information, approximately 4,200 non-residential property accounts would be eligible for the grant program. These would consist of non-residential properties with:

- A 2017 property assessment equal to or less than \$12M; and
- A municipal property tax increase that is greater than or equal to 5% (2017 over 2016).

It is expected that the average grant per account will be approximately \$3,500.

Emerging Need(s) Addressed

The property owners that may be impacted by the 2017 non-residential property tax redistribution.

Previous Council Direction

Council had expressed a desire to respond to the current economic downturn and provide property or business tax relief for small businesses.

Population Indicator Affected

Number of business bankruptcies.

How Proposal Meets Emerging Needs

Based on preliminary 2017 assessment information, dated 2016 November 21, approximately 4,200 non-residential property accounts would be eligible for the grant program. This would consist of non-residential properties with:

- A 2017 property assessment equal to or less than \$12M; and
- A municipal property tax increase that is greater than or equal to 5% (2017 over 2016).

In addition to the two main criteria listed above, the eligibility requirements will include:

- Accounts with a total grant payable of under \$25 are not included.
- Improved properties only.
- 2017 municipal property taxes must be greater than \$50.
- Properties that had physical changes that affected the 2017 assessment relative to the 2016 assessment are not included.
- Farmland and linear properties not included.
- For properties assessed under more than one assessment class, only those where the non-residential component is 50% or higher are eligible.
- Property accounts must have existed in 2016.
- Only properties that have a tax status of "taxable" included

A non-residential property owner will be eligible to apply for a grant at any time before there is final determination of the 2017 non-residential property tax for that property.

It is The City's expectation that the property owner will pass the grant on to their tenants.

Legal matters associated with this proposal should be considered in camera.

A Prosperous City

2017 Economic Resiliency Grant Program for Non-Residential Property Owners

Examples of Program Implementation

2016 Assessment	2017 Assessment	2016 Municipal taxes	2017 Estimated Municipal taxes	Estimated Tax increase from 2016	2017 Estimated Grant	2017 Estimated Net Effect including Grant
2,000,000	2,400,000	\$24,310	\$30,960	\$6,650	\$5,435	\$25,525

Partnerships for Success

Externally: The City would be delivering a grant to certain non-residential property owners impacted by the 2017 non-residential property tax redistribution.

Internally: A non-residential property owner will be eligible to apply for a grant at any time before there is final determination of the 2017 non-residential property tax for that property.

Council: Administration needs clear direction on how Council would like to proceed.

How Success Will Be Measured

The effects of the economic downturn may take their toll on the business community as some non-residential properties generally outside of the downtown take on the property tax burden usually held by large, downtown office buildings, due to the redistributive effect of the 2017 assessment. The grant may contribute increased resiliency in the business community to weather the effects of the current economic environment.

Short- and Long-Term Risks of Not Approving Proposal

This proposal provides benefit to non-residential property owners that may be impacted by the redistributive effect of the 2017 assessment. If the proposal is not approved, these property owners will not be provided with this opportunity to improve their economic resiliency.

