

Calgary



C2016-0893
Attachment
ISC: Unrestricted

Assessment

Preliminary 2017 Assessment Roll

Nov. 21, 2016

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CITY OF CALGARY
RECEIVED
IN COUNCIL CHAMBER

NOV 21 2016

ITEM: Distribution 4.1.1
C2016-0863

DEPARTMENT



Key Topics

- I. 2017 preliminary roll results as of **November 16, 2016**
- II. Preliminary tax redistribution
- III. Business tax
- IV. Tax Instalment Payment Plan

Introduction

- 2017 property and business assessments
 - **July 1, 2016** valuation date
 - Market value (property)
 - Typical net annual rental value (business)
 - Advance Consultation Period
 - Oct. 3 - Nov. 3, 2016
 - Notices to be mailed Jan. 5, 2017
 - **Customer Review Period**
 - **Jan. 5 - March 6, 2017**



Preliminary property results as of November 16, 2016

I. Residential: Preliminary results

- **Overall Average:** -4%

II. Non-residential: Preliminary results

- **Overall Average :** -6%
 - Retail +2%
 - Industrial -1%
 - Office: -14%

Residential results

- **96%** of residential properties' taxes will stay within $\pm 10\%$ of last year's taxes.
- **97%** of single residential and condominium property taxes will stay within $\pm 10\%$ of last year's taxes.
- **99%** of single residential/condominiums communities will see a median tax change within $\pm 5\%$ of last year's taxes.
 - Greater assessment roll stability for 2017.
 - This is an improvement over 2016 results and means smaller year-to-year changes for residential property owners.

****Does not include any 2017 tax rate changes made by the Province or Council***

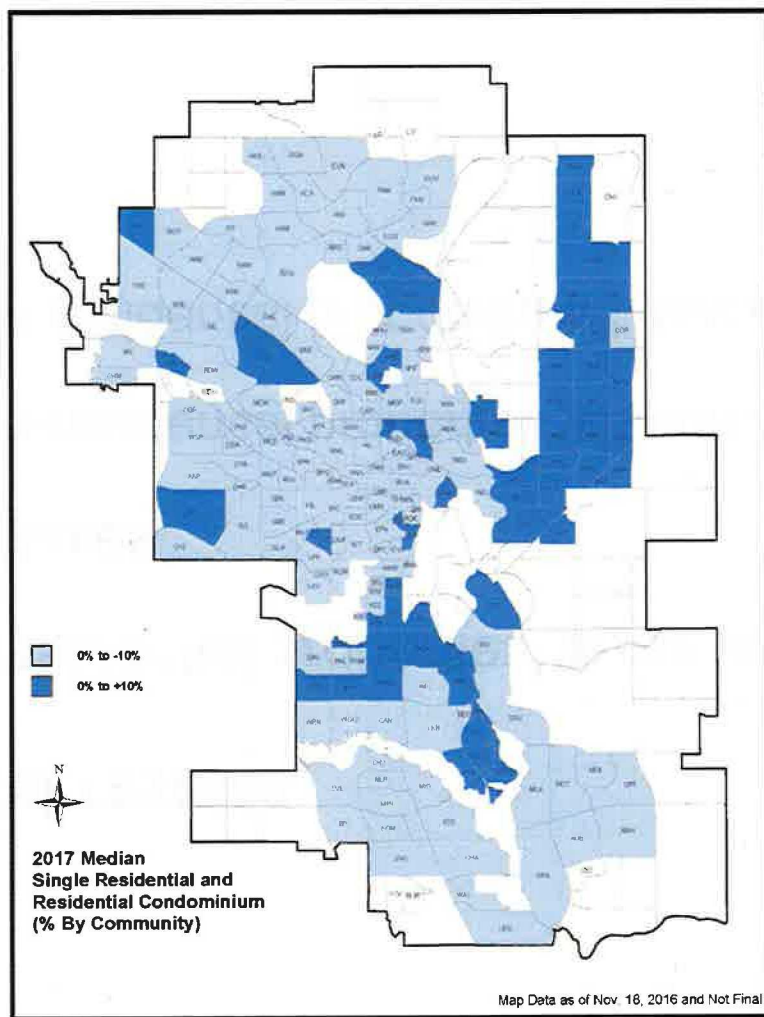


Residential property median comparison: 2013-2016

	2013	2014	2015	2016	2017
Single residential median value	410,000	430,000	475,000	480,000	460,000
Total property tax on single residential median assessment	\$2,592	\$2,624	\$2,733	\$2,963	\$2,944*

**based on 2017 revenue neutral tax rate*

Residential single family and condominium map





Non-residential results

- 64% of non-residential properties' taxes will be within $\pm 10\%$ of last year's taxes.
 - 27% of non-residential properties will see a tax decrease*
 - 73% of non-residential properties will see a tax increase*

****Before BTC, Council increase or Provincial increase***



Non-residential properties tax change summary

Revenue Neutral Tax Change Summary By Assessment Class

Assessment Class	% of Properties Changing \pm 10% in RN Taxes	% of Properties Decreasing in RN Taxes
Non-Residential	64%	27%
Office	48%	35%
Retail	44%	25%
Industrial	73%	26%



2017 roll preview – tax implications

- **Assessment is a distribution system**
 - **Residential**
 - Very minimal tax shifting
 - **Non-residential**
 - Tax shifting
 - Non-residential market change is causing redistribution in taxes
 - The “tax” weight that is not being picked up from the downtown office will go to other property types/areas

2010/2011 assessment roll comparison to 2016/2017

Non Residential Category	2011	2017
% of properties changing \pm 10 %	44%	64%

Assessment change by non-residential category	2011	2017
Office	-18%	-14%
Retail	10%	2%
Industrial	-4%	-1%



How property assessment relates to taxes

- The assessment values for all properties determine the **distribution** of municipal taxes.
- An increase or decrease in a property's assessed value does not mean taxes will go up or down by the same amount.
- As assessment values decrease overall, in order for The City to collect the budget required through municipal taxes, the tax rate will increase.

Information regarding 2017 property taxes

- On June 27, 2016, Council approved a motion to **maintain municipal property tax revenue at the same level as 2016.**
- This will be achieved through a 1.5 per cent property tax rate increase for 2017 and **one-time property tax rebate of 1.5 per cent** funded from the Fiscal Stability Reserve (FSR). This will apply to both residential and non-residential property tax payers.
- The property tax rebate will be applied at the time of the property tax billing in May 2017. No action on the part of the property taxpayer is required.



What does this mean for 2017?

I. 2017 property assessment

Will change from the 2016 assessment to reflect market changes as of the July 1, 2016 valuation date.

II. Assessment process

The legislated, annual market value assessment process will continue (market value as of the July 1, 2016 valuation date).



How does this affect the property owner?




- If a property assessment decreases **more than** the overall market change from 2016 in that specific assessment class – that property's taxes will decrease.
- If a property assessment decreases about **the same** as the overall market change from 2016 in that specific assessment class – that property's taxes will stay about the same.
- If a property assessment didn't decrease **as much as** the overall market change, **remained the same** or **increased** from 2016 in that specific assessment class – that property's taxes will increase.

****Excludes BTC, Council increase, or Provincial increase***






Residential property assessment change examples

*If overall market change is -4 per cent.

Property	Property Assessment Change from 2016	Effect on Taxes
	-6%	Taxes will decrease
	-4%	Taxes will stay about the same
	-1%	Taxes will increase

Non-residential property assessment change examples

*If overall market change is -6 per cent.

Property	Property Assessment Change from 2016	Effect on Taxes
	-12%	Taxes will decrease
	-6%	Taxes will stay about the same
	0%	Taxes will increase



Business assessment roll

	2016	2017
Accounts	26,824	26,760
Value (billions)	\$3.34	\$3.1

Business assessment roll

Business assessment and tax applies to businesses operating within the city of Calgary, 26,760 accounts.

Example: A coffee shop that operates within a mall pays business tax, the mall owner pays non-residential property tax.

- 41% of business taxes will stay within $\pm 10\%$ of last year's taxes.
 - 21% of business will see a tax decrease.
 - 79% of business will see a tax increase.



Business Tax Consolidation

- In 2017, an additional 20% of business tax revenues will be transferred to and collected through the non-residential property tax resulting in:
 - A cumulative 60% decline in the business tax rate from 2013 levels (adjusted for business growth and contingencies).
 - An estimated additional 5% increase to the non-residential municipal property tax rate for 2017.
 - While each business will pay less business tax, their portion of the non-residential property tax, paid to their landlord will increase.
- Incremental revenue transfers will occur annually until 2019, culminating with the elimination of the business tax.

Tools and resources available at calgary.ca/btc

Summary

- **Residential**
 - Minimal shifting and greater roll stability for 2017.
- **Non-residential**
 - Non-residential market change is causing redistribution in taxes
 - The “tax” weight that is not being picked up from the downtown office will go to other property types/areas

For detailed current assessment information...

- Go to **Assessment Search** at calgary.ca/assessment.
- Once logged in, customers can:
 - view current and last year's property and/or business assessed values.
 - view sales and community reports.
 - search properties to compare
 - 2017 information available on Jan. 5, 2017

Tax Instalment Payment Plan

- I. In November each year, TIPP installment amounts are reviewed for the up-coming tax year, based on the most recent levy (per the current TIPP bylaw).
- II. Any revised installment amount comes into effect Jan 1 and becomes the monthly payment from Jan 1 to June 1.
- III. The taxpayer is notified by letter at the end of November of any revised installment amounts resulting from this review.
- IV. Additional information can be found at calgary.ca and by contacting 311

Recommendation

- I. That Council receive this report for information