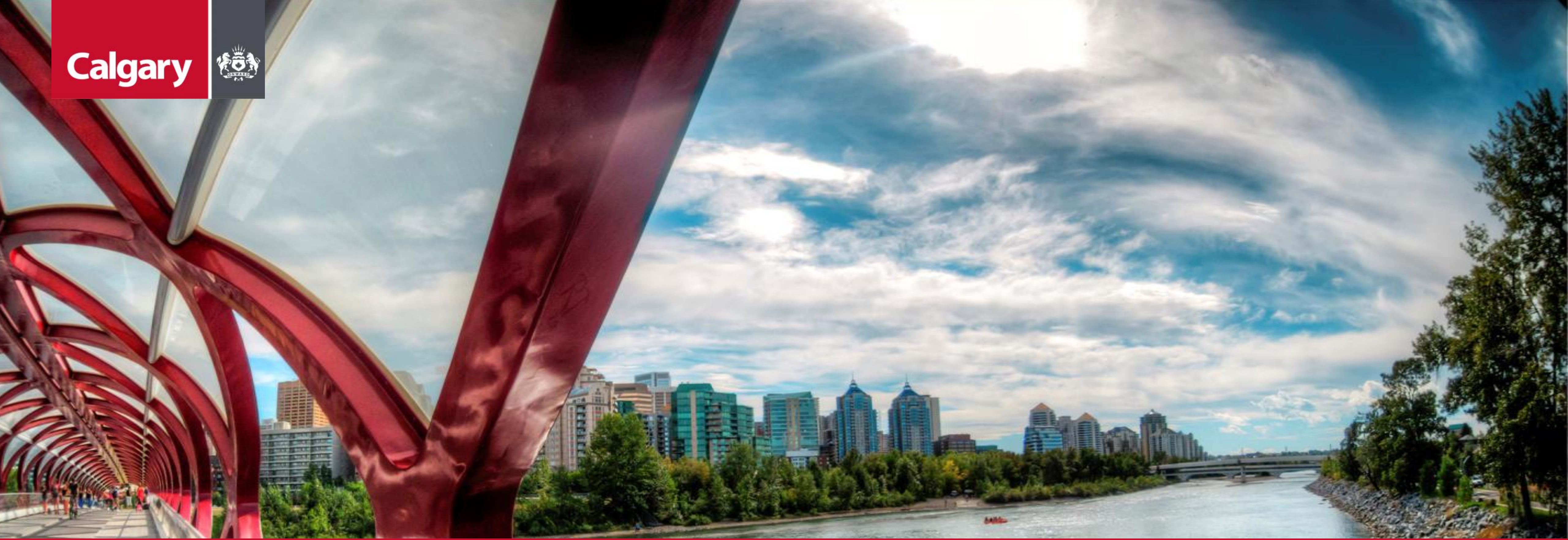

Response to Motion Arising – How redevelopment impacts property tax revenue and revenue neutral calculation EC2022-0647

Executive Committee

2022 September 29

Recommendation

That Executive Committee recommends that Council receive this report for the Corporate Record.

Highlights

- Properties pay fair share of property tax
- Revenue neutral calculation ensures no new revenue due to market conditions
- Physical changes in property results in increased property tax revenue
- Incremental revenues are included in Service Plans and Budgets

Development and Redevelopment

- Creation of new units, uses or lots on previously developed land in established communities

- Considered as physical vs. market value changes as it changes the physical characteristics of a property

- The annual reassessment process captures changes in a property's assessed value

- **Example** - Existing house demolished and redeveloped in the same year

Item	Amount
Assessment Value in Prior Year	$550,000
Assessment Value in Current Year – After Redevelopment	$1,000,000
Physical Change Assessment Value [1]	$450,000

Revenue Neutral Tax Rate Formula

$$\text{Revenue Neutral Tax Rate} = \frac{\text{Prior Year's Tax Revenue Budget}}{\underbrace{\text{Current Year's Assessment} - \text{Physical Change}}_{\text{Existing Base}}}$$

Determined by Council budget approval

$$\text{Total Property Tax Revenue Required} =$$

$$(\text{Existing Base x Tax Rate}) + \underbrace{(\text{Physical Change x Tax Rate})}_{\text{Growth Property Tax Revenue}}$$

Recommendation

That Executive Committee recommends that Council receive this report for the Corporate Record.