



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

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

Existing Base

Determined by Council budget approval

$$\text{Total Property Tax Revenue Required} = (\text{Existing Base} \times \text{Tax Rate}) + (\text{Physical Change} \times \text{Tax Rate})$$

Growth Property Tax Revenue

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