



# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	February 1, 2017
<b>SUBJECT/REPORT NO:</b>	Property Tax Blend of Properties within the Proposed Revised Ward Boundaries (FCS17019) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gloria Rojas (905) 546-2424 Ext. 6247
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager Finance and Corporate Services Department
<b>SIGNATURE:</b>	

## **Council Direction:**

At the GIC meeting held on October 27, 2016, the following Motion was approved:

### **(ii) Costs of Increasing the Composition of Council by One (1) Member (Item 6.2)**

The General Manager of Finance and Corporate Services was directed to review what the capital and operating costs of increasing the composition of Council by one (1) member, and report back to the General Issues Committee.

### **(iii) Blend of Properties within the Proposed Revised Ward Boundaries (Item 6.3)**

The General Manager of Finance and Corporate Services was directed to review the blend of properties within the proposed revised Ward boundaries, with respect to the current area rating policies and report back to the General Issues Committee.

## **Information:**

Watson & Associates Economists Ltd. presented their report on the Hamilton Ward Boundary Review to the General Issues Committee (GIC) on October 27, 2016. Council direction included the additional suggestions for an alternative ward boundary and a request for information on the blend of properties within the proposed ward boundary options.

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

Staff have received the data from the consultant for the following three options:

1. Option 1: Modified version of existing ward structure
2. Option 2: A 15-ward option
3. Option 3: A 16-ward option

The information presented in Report FCS17019 will provide an overall understanding of the changes from the existing ward structure. A detailed spatial analysis will have to be performed on the final boundaries, which may result in slight variations from the results in this Report.

While the various ward boundary options have an impact on the mix of properties within a ward that receive various tax rates (urban, rural, urban with rural fire, rural with urban fire), that does not impact individual properties unless Council changes how it area rates a service.

One issue that will need to be addressed is the area rating for the area rated Capital Reinvestment Levy. This levy only impacts Wards 1 to 8, which currently aligns with the former municipality of Hamilton. In all of the options, the alignment of Wards 1 to 8 and the former Hamilton no longer exists. Another implication for Option 2 and 3 is the addition of a ward within the special levy area. This would reduce the amount allocated to each ward.

A number of options exist including:

- Extending the infrastructure levy to properties within a ward that has former Hamilton and other former municipalities.
- Maintaining the levy for only former Hamilton. This would mean some wards would only be able to spend their infrastructure levy in part of their ward.
- Revising the infrastructure levy (e.g. one rate for all the urban areas).
- Eliminating or expanding the levy.

Appendix “A” to this Report provides information about the property mix for each ward as it relates to taxation. It provides the percentage of properties within each urban / rural tax scenario and the percentage of properties within each former municipality. The information is provided for each Ward Boundary Option.

### Existing Ward Structure

Currently, the City of Hamilton is divided in 15 wards. Some wards cross the boundaries of the former municipalities.

When a ward includes more than one former municipality, that ward will then have properties with different tax rates since some services are area-rated based on former municipality (transit, parkland purchases, Capital Reinvestment Levy and sidewalk snow removal). Details of the current area-rated levies can be found in Report "2016 Tax Policies and Area Rating (FCS1632)".

Currently, two wards have areas that cross former municipal boundaries. Ward 11 includes properties in Stoney Creek and Glanbrook. Ward 14 includes properties in Flamborough and Ancaster.

Also, within the existing structure, wards can have a mix of tax rates: urban, rural, urban with rural fire, rural with urban fire.

Currently, properties within Wards 1 to 8 and Ward 10 are fully urban and Ward 14 is fully rural. All the other wards have a combination of Urban, Urban with Rural Fire, Rural and Rural with Urban Fire.

The average city-wide residential assessment is \$295,300. However, the average assessment varies amongst wards ranging from \$159,300 in Ward 3 to \$446,600 in Ward 12.

The wards with the highest percentage of the City's residential assessment are Ward 7 (10%), Ward 11 (11%) and Ward 12 (12%). Ward 2 has the lowest proportion of the City's residential assessment with 3%.

#### Option 1: Modified Version of Existing Ward Structure

Option 1 follows closely the existing ward boundaries. There are no significant changes in the distribution of urban/rural properties under this option. Similarly, the average residential assessment and the percentage of residential assessment by ward do not have any significant changes under this option.

Wards 5 and 8, however, will have a number of properties outside the boundaries of the former municipality of Hamilton. This would have implications on the capital reinvestment levy currently charged only to the former City of Hamilton. Under the existing policy, capital dollars can only be invested in the part of the ward where funds are levied. A review of this policy will have to consider each of the options in this Report.

Option 2: A 15-Ward Option

Under this option, seven wards will cross the boundaries of the former municipalities. Wards 5 and 6 will have a number of properties outside of the boundary of the former City of Hamilton, with the implications previously discussed on the capital reinvestment levy (area rating).

This option also results in a significant variation in the proportion of properties in each of the wards within the capital reinvestment levy. For example, Ward 14 has no ties to the existing structure and would be fully urban largely within the former City of Hamilton boundary. The levy would now be shared among nine wards.

In terms of the residential property class, the average residential assessment between wards has a slightly less variation than the existing structure, but the change from the existing average could be significant in some wards. For example, Ward 14 changes from an average residential assessment of \$407,700 to \$319,000. In most cases, the change in average assessment is the result of a higher mix of urban and rural properties.

The percentage of residential assessment also is more evenly distributed under this option, with only Ward 12 (13%) significantly higher than the other wards. This results from the objective of this option, which strives to optimize population parity.

Option 3: A 16-Ward Option

This option creates a new ward within the boundary of the former City of Hamilton. This new ward could potentially cross 3 former municipalities (Hamilton, Ancaster and Glanbrook).

A new ward within the boundary of the former City of Hamilton would also require possible changes to the capital reinvestment levy. If the levy is maintained at the same amount, then the amount received by each ward would be reduced as it would be shared among nine wards. Other options could be developed for Council's consideration.

Overall, there would be a significant redistribution of urban/rural properties and as with the previous options, most wards will cross more than one municipality.

In addition, the cost of increasing the composition of Council by one (1) member is a one-time capital cost of approximately \$90,000 for office renovation expenses.

Appendices

Appendix "A" – Percentage of Properties by Area Rate and Former Municipality

Appendix "B" – 2016 Average Residential Assessment and Percentage of Residential Assessment by Ward

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