

REGION OF OTTAWA-CARLETON  
RÉGION D'OTTAWA-CARLETON

REPORT  
RAPPORT

Our File/N/Réf.  
 Your File/V/Réf.

DATE 27 July 2000

TO/DEST. Co-ordinator  
 Corporate Services and Economic Development Committee

FROM/EXP. Acting Finance Commissioner  
 Acting Director, Social Housing Group

SUBJECT/OBJET **PROPERTY TAX- NEW MULTI-RESIDENTIAL OPTIONAL  
 PROPERTY TAX CLASS**

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**DEPARTMENTAL RECOMMENDATION**

**That the Corporate Services and Economic Development Committee recommend Council:**

- 1. Approve that the Region adopt the new multi-residential optional property tax class.**
- 2. Enact and pass the by-law adopting the new multi-residential optional property tax class.**

**BACKGROUND**

The Region has received a request from Claridge Homes for exemption from regional development charges in respect on an 11 storey, 175 unit rental apartment building to be constructed at 840 Montreal Road in the City of Ottawa.

The need for more rental housing is urgent, with Ottawa-Carleton experiencing the lowest vacancy rate in Canada at 0.7%. The cancellation in 1995 of the provincial social housing programs has generated a five to eight year wait for existing social housing, with more than 15,000 households on the waiting list. New rental construction has generated an average only 85 starts for the past four years, compared to an average of 1200 rental starts between 1991 and 1994.

## DISCUSSION

### Development Charges

The *Development Charges Act* does not permit a municipality to exempt a development from development charges on an ad hoc basis. Rather, unless an exemption already exists in the by-law, an exemption can only be granted through an amendment to the public, including the requisite notice and statutory public hearing.

The *Municipal Act*, section 111 prohibits a municipality from granting a bonus, which includes a reduced rate otherwise applicable, to a business or commercial enterprise such as Claridge Homes. It is the opinion of the Legal Department that an exemption to Claridge Homes in respect of this development, even were it to be created through a formal amendment to the by-law, would be in violation of section 111.

### Property Taxes

Within the optional property classes that might be adopted by the Region is the new multi-residential property class. If adopted, this class includes units which meet both of the following characteristics:

- (a) Units on land which have been built or converted from a non-residential use pursuant to a building permit issued after the by-law adopting the new multi-residential property class was passed.
- (b) Units which were ready for occupation on or before the day as of which the land is classified for the taxation year (i.e. 31 October of the prior taxation year).

The regulations under the *Assessment Act* also provide that land within the new multi-residential property class ceases to be in such class after it has been classified as such for eight taxation years. After such point the land would come within the multi-residential property class.

Any new multi-residential units constructed presently come within the multi-residential tax class. Currently the tax ratio for the multi-residential class as established by the Province is 2.3359. In order for tax relief to be available for new multi-residential units, two steps have to be taken:

1. The Region must adopt, as an optional property tax class, the new multi-residential property class.
2. A tax ratio must be established for the new multi-residential property class.

In order to be effective for 2001, a property class must be adopted by 15 October 2000. However, the tax ratio need not be established until 15 March 2001. Therefore, by adopting at this time the new multi-residential property class, the Region can create the possibility of providing tax relief for such development while at the same time leaving to the new Council of the City of Ottawa the actual decision

over the tax relief, if any, to be granted. Given the requirement that the building permit for such new multi-residential units be issued after the by-law adopted the class is enacted and the requirement that the units be ready for occupation by 31 October of the year prior to which the new property class is to be applicable to such units, the earliest year for which tax relief could be provided is 2002.

With the continuing shortage of rental units, it is recommended that the new multi-residential property class be adopted at this time with the decision with respect to the applicable tax ratio being left to the Council of the new City of Ottawa.

*Approved by Lloyd Russell,  
Acting Finance Commissioner*

*Approved by Marni Cappe,  
Acting Director, Social Housing Group*

**THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON**

**BY-LAW NO.            OF 2000**

FINANCE: ( F.1.4...)

BEING a by-law to adopt an optional property class for 2000

WHEREAS the *Assessment Act*, R.S.O. 1990, c. A.31, subsection 2( 3.1) authorizes the passage of a regulation which regulation being Regulation 282/98 which permits The Regional Municipality of Ottawa-Carleton to establish, by by-law, optional property classes for 2000 for the Regional Municipality and its lower-tier municipalities;

AND WHEREAS the Regional Municipality of Ottawa-Carleton deems it desirable to exercise this option;

**NOW THEREFORE the Council of The Regional Municipality of Ottawa-Carleton ENACTS AS FOLLOWS:**

1. **ESTABLISHMENT OF OPTIONAL PROPERTY CLASS**

For the taxation year 2000, the following optional property class is established for property within the Regional Municipality of Ottawa-Carleton:

- a. New Multi-residential Property Class

2. **EFFECTIVE DATE**

This by-law shall come into force and take effect on the date of its final passing.

**ENACTED AND PASSED in Open Council this 9th day of August, 2000.**

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Regional Chair

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Regional Clerk