TORONTO

REPORT FOR ACTION

2022 Property Tax Rates and Related Matters

Date: January 14, 2022
To: Budget Committee
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report recommends the 2022 municipal tax ratios and tax rates arising from the concurrent adoption of the City of Toronto's 2022 tax supported Operating and Capital Budgets.

For 2022, staff recommend an overall average budgetary tax rate increase of 2.11 per cent as shown below in Table 1, which includes an inflationary increase of 2.90 per cent for residential properties, a 1.45 per cent increase for commercial properties, and a 0.97 per cent increase for industrial properties. In compliance with provincial regulations, there is no increase recommended for multi-residential properties. The report also recommends the adoption of an incremental increase of 1.5 per cent to the City Building Fund Levy, as approved by City Council in 2019.

Table 1: 2022 Recommended Property Tax Increases

Property Class	2022 Tax Rate Increase for Operating Budget	2022 City Building Fund Tax Rate Increase	2022 Total Tax Rate Increase
Residential, New Multi-Residential, Farmland, Managed Forest, and Pipelines	2.9%	1.50%	4.40%
Multi-Residential	0%	0.00%	0.00%
Commercial	1.45%	0.75%	2.20%
Industrial	0.97%	0.50%	1.47%
Total Tax Rate Increase	**2.11%**	**1.09%**	**3.20%**

As the next property value reassessment date has been postponed by the Province, property assessments in 2022 will reflect the same assessment value as 2020 and 2021.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. In respect of calculations to establish 2022 tax rates and tax ratios, City Council elect the following in order to determine the notional tax rates to raise the previous year's levies:

    (a) to adjust the total assessment for property in a property class so that the assessment excludes changes to the tax roll for the previous year resulting from eligible assessment-related losses from prior years, in accordance with an election under subsection 19 (4) of O. Reg. 121/07 to make subsections 19 (4.2), (4.3) and (4.4) apply.

2. City Council adopt the 2022 tax ratios shown in Column II for each of the property classes set out below in Column I:

Column	Column II (to be adopted)	Column III (for information only)
Property Class	2022 Recommended Tax Ratios	2022 Ending Ratios (after Levy and CBF Increases)
Residential	1.000000	1.000000
Multi-Residential	2.049891	1.963498
New Multi-Residential	1.000000	1.000000
Commercial	2.637413	2.581835
Industrial	2.585658	2.513009
Pipeline	1.923561	1.923561
Farmlands	0.250000	0.250000
Managed Forests	0.250000	0.250000

3. City Council elect to raise the tax rates as follows

    (a) On the restricted property classes:

        (i) On the Commercial Property Classes, by one-half of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class,

        (iii) On the Multi-Residential Property Classes, no tax increase.

(b) On the Industrial Property Classes, by one-third of the percentage tax rate increase on the residential (and new multi-residential, pipelines, farmlands, and managed forests) property class.

4. City Council adopt:

(a) The tax rates set out below in Column IV, which will raise a general local municipal tax levy for 2022 of $4,827,200,581 inclusive of a 2.9% residential, new multi-residential, pipeline, farmlands and managed forest tax rate increase, a 1.45% commercial tax rate increase, and a 0.97% industrial tax rate increase.

(b) The additional tax rates set out below in Column V, which will raise an additional special general tax levy of $51,599,014 dedicated for priority transit and housing capital projects (the "City's Building Fund levy"), in accordance with Council adopted Recommendation 6 of Executive Committee Report EX22.2 (February 15, 2017) and Item EX11.26 (December 17, 2019).

Column I	Column II	Column III	Column IV	Column V	Column VI
Property Class	2022 Tax Rate for General Local Municipal Levy	2022 Additional Tax Rate to Fund Budgetary Levy Increase	2022 Municipal Tax Rate (excluding Charity rebates) (Column II+III)	2022 Additional Tax Rate to Fund City Building	2022 Municipal Tax Rate Inclusive of City Building Fund Rate (excluding Charity rebates) (Column IV+V)
Residential	0.458748%	0.013304%	0.472052%	0.006881%	0.478933%
Multi-Residential	0.940384%	0.000000%	0.940384%	0.000000%	0.940384%
New Multi-Residential	0.458748%	0.013304%	0.472052%	0.006881%	0.478933%
Commercial	1.209909%	0.017544%	1.227452%	0.009074%	1.236526%
Industrial	1.186166%	0.011466%	1.197632%	0.005931%	1.203563%
Pipelines	0.882430%	0.025590%	0.908021%	0.013236%	0.921257%
Farmlands	0.114687%	0.003326%	0.118013%	0.001720%	0.119733%
Managed Forests	0.114687%	0.003326%	0.118013%	0.001720%	0.119733%

5. City Council elect to have the subclasses set out in Column II for each of the property classes set out in Column I apply for the 2022 taxation year, and to apply the respective tax rate reductions set out in Column III below.

Column I	Column II	Column III
Property Class	Tax Subclass	Applicable Tax Rate Reduction
Commercial	Creative Facilities Enterprise subclass (Creative Co-location Facilities Subclass)	50% of Commercial rate
	Small Business subclass	15% of Commercial rate
	Excess Land	30% of Commercial rate
	Vacant Land	30% of Commercial rate
	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	30% of Commercial rate
Industrial	Creative Facilities Enterprise subclass (Creative Co-location Facilities Subclass)	50% of Industrial rate
	Excess Land	35% of Industrial rate
	Vacant Land	35% of Industrial rate
	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	35% of Industrial rate
Residential	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	0% of Residential/Farm rate
Multi-residential	Farmland Awaiting Development (First subclass)	60% of Residential/Farm rate
	Farmland Awaiting Development (Second subclass)	0% of Residential/Farm rate

6. City Council determine that the 2022 Non-Program Tax Account for Rebates to Charities in the Commercial and Industrial Property Classes be set in the amount of $6,822,690 to fund the mandatory 2022 property tax rebates to registered charities in the commercial and industrial property classes, which provision is to be funded, for a net impact on the 2022 operating budget of zero, by the following:

(a) An additional tax rate of 0.005482% be levied as part of the general local municipal levy on the commercial class to raise a further additional local municipal tax levy of $6,729,454 to fund the total estimated rebates to registered charities for properties in the commercial class in 2022.

(b) An additional tax rate of 0.001118% be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of $93,236 to fund the total estimated rebates to registered charities for properties in the industrial class in 2022.

7. Allocate $4,992,011 to the SmartTrack Funding Reserve Fund (XR1731), in accordance with Council adopted Recommendation 19 (e) of Executive Committee Report EX33.1 (April 24, 2018), which is comprised of the accumulated base of $2,725,393 plus $2,266,618, equivalent to 15 percent of all incremental municipal tax revenue arising from commercial and residential assessment growth in the Tax Increment Financing Zones for 2021, net of any Imagination, Manufacturing, Innovation and Technology (IMIT) Grants attributable to this assessment growth.

8. City Council direct the Chief Financial Officer and Treasurer to report to Executive Committee, or directly to Council or a special meeting of Council if necessary, on the 2022 tax rates for school purposes, and the 2022 percentage of the tax decreases required to recover the revenues foregone as a result of the cap limit on properties in the commercial, industrial and multi-residential property classes (the 2022 ‘clawback’ rates).

9. City Council determine that:

(a) The instalment dates for the 2022 final tax bills be set as follows:

(i) The regular instalment dates be July 4, August 2, and September 1 of 2022.

(ii) For taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be July 15, August 15, September 15, October 17, November 15 and December 15 of 2022.

(iii) For taxpayers who are enrolled in the two installment program, the final instalment date be July 4, 2022.

(b) The collection of taxes for 2022, other than those levied under the interim levy By-law 1086-2021, be *authorized.*

10. City Council temporarily suspend the following eligibility criteria requirements for the Creative Co-Location Facilities Subclasses in the Toronto Municipal Code, Chapter 767, Taxation, Property Tax, in 2022, in order to continue to assist creative enterprises to remain in the subclass while the COVID-19 pandemic and public health emergency orders are obstructing them from meeting these criteria:

(a) For the Tenant-Based Model

(i) That a minimum of 51 percent of the tenants of the property be tenant creative enterprises;

(ii) That tenant creative enterprises must occupy at least 51 percent of the property's net rentable area; and

(iii) That a minimum of 12 cultural programs be offered free of charge to the public at the property over a minimum of 10 months in each calendar year.

(b) For the Membership-Based Model

(i) That the operator must provide members access to and use of the following shared resources for a minimum of 8 hours per day, 5 days per week:
- work space consisting of office or production space;
- meeting or conference space;
- high-speed wireless internet access that meets minimum standards established by the Canadian Radio-Television and Telecommunication (CRTC); and
- office equipment

(ii) That a minimum of 25 professional development programs, services or events must be offered to members, in the calendar year.

11. City Council amend City of Toronto Municipal Code Chapter 767-5.4, to update the Tax Cancellation program eligibility for 2022 to increase the household income threshold for eligible persons to $46,305, and the assessed value for eligible property to $975,000.

12. City Council authorize the appropriate officials to take the necessary actions to give effect to Council's decision and authorize the introduction of the necessary bills in Council.

FINANCIAL IMPACT

The tax ratios and rates recommended in this report reflect tax policy decisions previously adopted by City Council as permitted and/or mandated by recent or pending Provincial regulatory changes, including:

- allowing one-half of the tax rate increase on the Residential property class to be applied to the Commercial property class;
- continuing to apply one-third of the tax rate increase on the Residential property class to the Industrial property class;
- freezing of the tax burden on the Multi-Residential property class for 2022, as mandated by the Province
- making a property tax rate calculation adjustment to reflect the year-end assessment used in the notional property tax rate calculation to offset changes resulting from certain in-year assessment-related changes (i.e. adjustment for appeals)

The recommended total municipal tax levy for 2022 is summarized as follows:

Table 2: 2022 Municipal Tax Levy

	Property Tax Levy ($ millions)
2021 Levy	**4,671.2**
Traditional Assessment Growth during 2021	49.41
Adjustment for Appeals	6.8
2022 General Levy	**4,727.4**
2022 Budgetary Levy Increase (2.9%)	99.76
2022 Municipal Levy before CBF	**4,827.2**
2022 City Building Fund (1.5%)	51.60
2022 Total Municipal Tax Levy	**4,878.8**

As a result of the postponement of the planned property tax reassessment by the Province, assessments for the 2022 taxation year continue to be based on the same current assessment value that was in effect for the 2021 and 2020 taxation years, unless there was a change to the assessed value or tax classification. The average residential property value for tax assessment purposes for 2022 is $697,185.

A summary of the 2022 tax impacts on the average residential property, with the above noted adjustments and budgetary tax increases is as follows:

Table 3: Impact of budgetary levy and city building fund increases in 2022 (home assessed at $697,185)

	Impact on Average Residential Household	
2022 Starting Municipal Tax*	**$3,198**	**% Impact**
Budgetary Levy Increase	$93	2.9%
City Building Fund	$48	1.5%
2022 Municipal Tax	**$ 3,339**	**4.4%**

* The 2022 starting municipal tax amount includes a cumulative appeal assessment and policy impact adjustment of 0.17%.

The average 2022 impact on the various property classes are as follows:

Table 4: 2022 average tax impact by property class

	Assessment Appeal Adjustment	**Average Policy Impact**	**Total Impacts of Policy Adjustments**	**Budgetary Levy Increase**	**City Building Fund**	**Recommended Property Tax Increases**
Residential	0.15%	0.02%	**0.17%**	2.90%	1.50%	**4.40%**
Multi-Residential	0.15%	-0.15%	**0.00%**	0.00%	0.00%	**0.00%**
Commercial	0.15%	1.01%*	**1.16%**	1.45%	0.75%	**2.20%**
Industrial	0.15%	0.02%	**0.17%**	0.97%	0.50%	**1.47%**
City Average	**0.15%**	**0.00%**	**0.15%**	**2.11%**	**1.09%**	**3.20%**

*includes 0.99% impact of funding small business subclass

DECISION HISTORY

Each year, Council must pass a by-law for the purposes of raising the general local municipal levy in an amount Council decides to raise in its budget for that year. The by-law shall establish the tax ratios for that year for the City, and shall specify a separate tax rate on the assessment in each property class in the City rateable for municipal purposes, determined in accordance with legislation and regulations.

The "2021 Property Tax Rates and Related Matters" Report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.1

On November 9, 2021 City Council adopted a small business tax subclass for the commercial property tax class, approved the subclass eligibility criteria, the process to approve the inclusion of properties in the subclass, as well as a tax rate reduction for the subclass of 15 percent of the commercial property tax rate.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX27.7

On December 17, 2019 City Council adopted an increase to the City Building Levy by adding 1 percent in 2020 and 2021 to the existing 0.5 percent increment, and an additional 1.5 percent annually from 2022-2025, inclusively (Item EX11.26).
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.26

COMMENTS

This report presents, on a preliminary basis as a result of the 2022 Operating Budget recommended to Budget Committee at its meeting of January 13, 2022, the City's 2022 Tax Ratios, Tax Rates and Levy for municipal purposes.

Council will be considering the City's 2022 Operating Budget and 2022 Tax Levy at a Special Meeting of Council scheduled to be held on February 17, 2022. Upon conclusion of that meeting and adoption of the City's 2022 Operating Budget, the City Solicitor will introduce a Bill in Council to enact the City's 2022 Tax Ratios, Tax Rates and Levy for City purposes.

The Province has indicated that it will maintain the freeze in municipal tax burden on the Multi-Residential property class for the 2022 tax year, for municipalities whose tax ratio for that class is above 2.0. Toronto's 2020 tax ratio for multi-residential is 2.05, therefore the freeze on multi-residential tax burden will apply in 2022.

The tax ratios and tax rates recommended in this report incorporate the permissible property tax rate calculation adjustments, an increase in the commercial tax rate of one-half of the residential tax rate increase, an increase in the industrial tax rate of one-third of the residential tax rate increase, and a freezing of the multi-residential tax burden. All of these measures still require amendments to provincial regulations to allow the City to implement them, as is the case with all other municipalities in Ontario. Accordingly, this Report recommends that these measures be approved subject to receiving the necessary regulatory amendments.

Assessment Cycle and Changes

The assessment of all property in Ontario is carried out by the Municipal Property Assessment Corporation (MPAC), under the Province's Assessment Act. Reassessments are conducted on a four-year cycle with Current Value Assessment (CVA) increases being phased-in in equal increments in each year of the four year phase-in period. The current reassessment cycle, reflecting a January 1, 2016 valuation date, was intended to apply for the period 2017 - 2020, with increases phased-in over each year of the four-year cycle. 2020 was the last year of the phase-in, and prior to COVID-19, 2021 was intended to be the first year of the new reassessment cycle.

In view of the unique and unforeseen challenges that all municipalities, residents, and businesses faced during as a result of the COVID-19 pandemic, the Provincial government postponed the 2021 reassessment. Given the uncertainty due to COVID-19, the Province has not yet announced the timing for the next reassessment cycle or the effective valuation date.

Since the reassessment was postponed by the Province, property assessments in 2022 reflect the same assessment values as 2020, based on the January 1, 2016 valuation date, unless the property experienced changes that affected the assessed value (e.g. renovations, improvements, or demolitions), with no assessment related changes and corresponding tax shifts in 2022.

Table 5 below provides the valuation dates used for each taxation year since the four-year cycle was introduced in 2008.

Table 5: Assessment Cycle

<table>
<tr><th>Taxation Year</th><th>Valuation Date</th><th></th><th></th></tr>
<tr><td>2009, 2010, 2011, 2012</td><td>January 1, 2008</td><td></td><td rowspan="3">Increases phased in over 4 years</td></tr>
<tr><td>2013, 2014, 2015, 2016</td><td>January 1, 2012</td><td></td></tr>
<tr><td>2017, 2018, 2019, 2020, 2021, 2022</td><td>January 1, 2016</td><td>✓</td></tr>
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2022 Multi-Residential Tax Burden Freeze

As part of the 2016 Economic Outlook and Fiscal Review, the Province of Ontario announced that they were undertaking a review of the taxation of multi-residential properties in response to concerns over the property tax burden borne by multi-residential apartment buildings and the potential effects on rental housing affordability.

The Province has been working in consultation with municipalities and other stakeholders to examine issues related to the tax inequity between multi-residential and other residential properties. As a result of the review, the Province has mandated a continuation of the freeze on property tax burdens on the multi-residential class where the multi-residential tax ratio is greater than 2.0. Since the multi-residential tax ratio in Toronto is 2.05, the full levy restriction applies. As such, the recommended 2022 tax rates and ratios for the multi-residential tax class will generate a total 2022 multi-residential tax levy equal to the 2021 year-end municipal tax levy on that class.

Assessment Adjustments

Assessment Appeal Loss Adjustments

In 2016, the Province introduced regulatory amendments that allowed municipalities to include an adjustment for assessment appeal losses from the prior year in the determination of assessment that is used as a starting point to establish the annual maximum property tax levy amount (allowable revenue limit) for the following taxation year.

By recognizing increases in assessment growth occurring over the course of a year (from new construction, building improvements, etc.) plus actual assessment appeal losses during the year that reduce taxation revenues, the City more accurately captures the full effect of assessment changes that occurred during the year. Those assessment changes are used in calculating the notional rates and determining a municipality's allowable revenue limit for the following year.

Toronto City Council has elected to apply the adjustment for assessment appeal losses for the every year starting in the 2017 taxation year. For 2022, the total assessment value attributable to assessment appeal changes is $659.9 million, which, when factored in to the calculation of notional tax rates, will result in an adjustment totalling $6.81 million in the allowable starting revenue limit for 2022. This equates to an impact of approximately $5 for the average home in 2022, a value lower than 2021 due to less assessment appeal losses.

In order to use the assessment appeal loss adjustment in the calculation of Toronto's notional and final tax rates for 2022, Toronto Council must approve by resolution their intention to have the appeal loss adjustment apply, and the Minister of Finance must be notified. This report recommends that Council approve the inclusion of an assessment appeal loss adjustment in the determination of the final tax rates for 2022.

Commercial Tax Class and Small Business Subclass

On November 9, 2021 City Council adopted the recommendations in Item EX27.7: Implementing a Small Business Property Tax Subclass which included the discontinuation of the commercial residual tax class and graduated tax rates, and the implementation of a small business tax subclass for the commercial property tax class with a rate reduction of 15 percent of the commercial property tax rate.

Following the above Council direction, there will be one commercial tax class with four subclasses including small business, creative co-location, vacant and excess land for the 2022 taxation year. The commercial subclass rates are set based on the following Council adopted percentage reductions from the commercial tax rates.

Table 6: Commercial tax class and subclasses rates

	Subclass Reduction %	Municipal Tax Rate, including City building Fund
Commercial Tax Class		**1.236526%**
Small business subclass	15%	1.051047%
Creative co-location subclass	50%	0.618263%
Vacant Land subclass	30%	0.865568%
Excess Land subclass	30%	0.865568%

Approximately 29,000 commercial properties, an increase over the preliminary estimate, have been identified as meeting the eligibility criteria for the small business subclass, as approved by City Council, and will receive a 15% reduction as compared to the commercial general rate. The City has requested the Province provide a corresponding rate reduction in the education tax rate for these properties. The small business subclass municipal rate reduction is funded by a 0.99% increase on the rest of the commercial tax class, based on the number of eligible small businesses.

Property Tax Ratio Policy for Multi-Residential and Business Tax Classes

In 2005, Council adopted a policy under the 'Enhancing Toronto's Business Climate' initiative to reduce the tax ratios for the commercial, industrial and multi-residential tax classes to 2.5-times the residential tax rate by 2020 (a 15-year plan). The plan also provided for an accelerated reduction in tax rates for small businesses, with a ratio target of 2.5-times the residential rate by 2015.

Between 2006 and 2016, the ratio reduction policy was accomplished by: (i) limiting the annual budget-related tax increases on the business classes to 1/3 of that for the residential class (below the 1/2 mandated through Provincial legislation); and (ii) actively shifting part of the tax burden from these classes onto the residential class (i.e., a policy shift).

The small business target tax ratio of 2.5 was achieved in 2015 through graduated tax rates, according to the plan, and has further decreased since then.

In 2017, the Province announced a freeze of municipal tax burdens for the multi-residential property tax class, where the tax ratio is above 2.0 in a municipality. This freeze has subsequently been extended to apply for each following year, including 2022, resulting in a shift of tax burden to the rest of the tax classes.

Since 2017, City Council has adopted a commercial class tax rate increase of one-half of the residential tax rate increase (vs one-third in previous years). These actions resulted in slowing down the City's tax ratio reduction plan for the commercial and industrial property classes, with an estimated revised target date of 2023.

In 2021, City Council adopted the implementation of a small business tax subclass with a 15% rate reduction to be funded by the rest of the commercial class for the 2022 taxation year. The introduction of the small business subclass further reduces the subclass ratio to 2.19. Funding the 15% reduction through the rest of the commercial class has the effect of slowing down the reduction of the class tax ratio, and moving the target date of achieving 2.5 ratio to 2024.

The rest of the business classes are ahead of schedule to meet the target 2.5 ratio in 2023. The industrial ratio is slightly above the 2.5 target in 2022 and will be at 2.5 in 2023 as initially projected and shown in Table 7. The multi-residential tax freeze policy since 2017 resulted in an accelerated ratio reduction for the multi-residential tax class from 2.9 in 2016 to 1.96 in 2022, well below the 2.5 target.

Table 7: Tax Ratio Projections

Tax Class	Actual								Projected	Projected and Target	
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Commercial	3.07	3.00	2.90	2.85	2.81	2.74	2.65	2.61	2.58	2.55	2.50
Industrial				2.83	2.76	2.71	2.62	2.59	2.51	2.5	
Multi-Residential				2.66	2.46	2.28	2.10	2.05	1.96		
Small Business	2.63	2.50	2.50	2.49	2.44	2.43	2.43	2.43	2.19		

Property Tax Assistance for Low-Income Seniors and People with Disabilities

The City provides both a Tax Increase Cancellation Program and a Tax Increase Deferral Program for low-income seniors and low-income homeowners with disabilities that meet certain eligibility criteria. Under the Tax Increase Cancellation program, eligible homeowners can have their annual tax increases cancelled. Under the Tax Increase Deferral program, eligible homeowners can have their tax increases deferred without interest, and only repayable once they are no longer the homeowner. Table 8 provides a summary of the eligibility criteria for these programs.

In 2015, City Council adopted a motion enhancing the tax relief programs for seniors and people with disabilities by adopting an automatic adjustment of the income criteria in future years based on the Consumer Price Index (CPI) annual change for all items for Toronto.

In addition, in June, 2020, City Council adopted an increase of the household income threshold from $41,228 to $45,000 for the Property Tax Increase Cancellation Program for 2020 and 2021. The projected CPI change for 2022 for all items for Toronto is 2.9%, and the household income is correspondingly adjusted to $46,305 for the cancellation program. The threshold for household income for the deferral program remains at $50,000.

In February, 2017, City Council adopted the household CVA value threshold for 2017 and 2018 for the Tax Increase Cancellation Program to be $850,000, and to be $975,000 for 2019 and 2020. Since the 2022 taxation year is based on the assessment values of 2020, the household CVA threshold will remain at $975,000. There is no household CVA value threshold for the Deferral Program.

Table 7: Property Tax Assistance for Low-Income Seniors and Low-Income Persons with Disabilities

	Tax Increase Deferral Program	**Tax Increase Cancellation Program**
Seniors	Age 65 years or older; or aged 60-64 years and receiving a Guaranteed Income Supplement (GIS) and/or Spousal Allowance; or aged 50 years or older and receiving either a registered pension or pension annuity. Household income $50,000 or less.	Aged 65 years or older; or 60-64 years and receiving a Guaranteed Income Supplement(GIS) and/or Spousal Allowance Household income $46,305 or less Property CVA equal to or less than $975,000 for 2022.
Persons With Disabilities	No age requirement Receiving support from one or more specified disability programs Household income $50,000 or less.	No age requirement Receiving support from one or more specified disability programs Household income $46,305 or less Property CVA equal to or less than $975,000 for 2022.

Since the inception of these programs, the City has funded over $22.65 million from its operating budget for the Tax Increase Cancellation Program for the City portion of taxes (an additional $8.52 million in provincial education taxes were also cancelled), and deferred over $7.72 million in tax increases, of which the current receivable to the City is $3.55 million. There is no interest charged under the Deferral Program.

It should also be noted that low-income seniors and low-income people with disabilities who are eligible for either of the above property tax assistance programs are also eligible for a 30% rebate on their water bill, so long as their water consumption is less than 400 m3 annually. Since April 1, 2019, eligible homeowners also receive the benefit of a higher rebate adjustment on the solid waste management component of their utility bill.

Funding Rebates for Registered Charities

Provincial legislation requires that the City must adopt a tax rebate program for charities located in properties in the commercial or industrial property classes. The tax rebate must be not less than 40%. Regulation also provides that the tax rates and tax ratios for the commercial and industrial classes may be greater than would be allowed in order to fund rebates to charities from within the commercial and industrial classes. The Province funds the education share of the rebates.

For 2022, the estimated City funding requirement based on 1,050 applications received in 2021 is $6,729,454 from the commercial class and $93,236 from the industrial class.

City Building Fund

At its meeting on February 15, 2017, City Council approved a special dedicated property tax levy for priority transit and housing capital projects equal to a 0.5 percent residential property tax increase in 2017, with additional 0.5 percent increases in each year from 2018 to 2021 (Item EX22.1).

On December 17, 2019 City Council adopted a further increase to the City Building Levy of an additional 1 percent in both 2020 and 2021, followed by an additional 1.5 percent annually from 2022-2025, inclusively (Item EX11.26).

The incremental increase of 1.5% to the City Building Fund levy will raise an additional $51.6 million in 2022, as shown in Table 9, and is projected to raise approximately $352 million annually in the last year (2025) and thereafter.

Table 8: City Building Fund Revenue

	Actual					Projected			
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Annual Increase, %	0.5%	0.5%	0.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Annual Increase, $ million	14.05	14.63	15.21	47.57	49.82	51.60	51.33	52.38	53.17
Cumulative Annual Revenue, $ million	14.05	28.68	43.89	91.46	141.29	192.89	245.27	298.44	352.40

Creative Co-location Facilities subclasses

Since 2018, City Council has adopted Creative Co-location Facilities (CCLF) subclasses within each of the Commercial, Commercial Residual and Industrial property classes, providing a 50% reduction in tax rates for properties meeting certain eligibility criteria, to support the sustainability and growth of creative enterprises and live music venues in Toronto. Applications are processed on an annual basis, and approved by the General Manager, Economic Development and Culture. The City Solicitor must submit a bill to Council for approval to formally designate the properties approved by the General Manager for inclusion in the subclass each year.

Some of the eligibility criteria for the CCLF subclass are related to public access, such as providing a minimum number of cultural programs or live performances, and regular access to certain facilities and shared amenities. COVID-19 and public health restrictions since March 2020 has made it extremely challenging for creative businesses to meet the eligibility criteria related to public access. In other cases, closure of non-profit operations or business vacancies may also prevent CCLF from meeting their required 51% of not-for-profit tenants.

Since the City's intention is to support the retention of cultural space as the pandemic continues to impact the sector, this report continues to recommend changes to the eligibility criteria that would otherwise prevent businesses that were already within the

CCLF subclasses to maintain their tax classification during the pandemic. It is proposed that these eligibility requirements continue to be temporarily suspended or waived to December 2022.

This way, if a business that otherwise qualified to be included in the class as at March, 2020 (i.e., all eligibility requirements had been met at that time), but subsequent events, closures, and circumstances caused the business to be unable to meet all of the eligibility requirements, the business would continue to be included within the class for 2022, unless they physically ceased to be a CCLF or live music venue. This would ensure that businesses that intend to continue as a CCLF or live music venue are not eliminated from the class, and that they continue to receive the tax reduction in 2022.

Tax Increment Financing Allocation

At its meeting on April 24, 2018 Council adopted a funding strategy for a Smart Track Station Program (EX33.1). The strategy includes funding from Federal Government contributions, Development Charges, the City Building Fund, and Tax Increment Funding (TIF).

With respect to TIF, Council directed that, commencing in 2019, 15% of all commercial and residential tax revenue from assessment growth in the SmartTrack Zones in each year be allocated to the SmartTrack Funding Reserve Fund, less any reduction for tax increment grants attributable to the growth, for a period of 25 years.

In 2021, the municipal revenue from assessment growth for the SmartTrack Zones was $15,110,786, net of any IMIT grants attributable to this growth, resulting in a 15% incremental TIF allocation of $2,266,618, which is added to the accumulated base of $2,725,393 for a total 2022 reserve fund allocation of $4,992,011.

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