

## **Tax Fairness for All: An Equitable Approach to the Residential Property Tax Rate on Toronto Island**

**Date:** February 8, 2024  
**To:** Executive Committee  
**From:** City Council  
**Wards:** Ward: All

### **CITY COUNCIL DECISION**

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City Council on February 6 and 7, 2024, referred Motion MM14.4 to the Executive Committee for consideration.

### **RECOMMENDATIONS**

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Councillor Jon Burnside, seconded by Councillor James Pasternak, recommends that:

1. City Council direct the Chief Financial Officer and Treasurer to report back to City Council by the end of the second quarter in 2024 on the feasibility of applying Area Rating to the residential property tax rate for Toronto Island residential properties.

### **SUMMARY**

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Toronto Island home owners enjoy a beautiful setting, low crime rates, full municipal services and a year-round ferry. Additionally, this exclusive enclave has some of the lowest residential property tax bills in the City.

Home ownership on Toronto Island is different from the rest of the City. Residents own the house but not the land it sits on, which is leased from the City. Consequently, residential property taxes are extremely low as they are based solely on the house value, not the land and house value like the rest of the Toronto.

Due to these unique circumstances, Toronto Island residents pay significantly lower residential property taxes than everyone else. For example, the average Toronto Island home owner pays approximately \$1,530 per year, whereas the average Flemingdon Park tenant pays \$4,320 of property tax annually in their rent.

However, given the island setting the cost of providing municipal services there is approximately three times the cost for the rest of the City.

With the current residential property tax rate, Toronto Island residents are not paying their fair share. In fact, the provision of their municipal services is heavily subsidized by taxpayers across the rest of Toronto.

Area Rating is a tool that allows a municipality to consider unique circumstances to apply a tax rate that is reflective of those circumstances. The employment of Area Rating for Toronto Island may be an appropriate measure for determining appropriate residential property tax rates for these special properties.

### **Communications (City Council)**

(February 2, 2024) E-mail from Anthony French (MM.Supp)