

## **Municipality of Chatham-Kent**

### **Finance, Budget, Information Technology & Transformation**

#### **Financial Services**

**To:** Mayor and Members of Council

**From:** Matt Torrance, MBA, CPA, CGA  
Director, Financial Services

**Date:** April 14, 2021

**Subject:** Tax Policy 2021

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#### **Recommendations**

It is recommended that:

1. A by-law to establish capping policies for certain Commercial, Industrial and Multi-Residential properties for the 2021 taxation year be approved.
2. A by-law to establish capping policies for New Construction Floor on Commercial, Industrial and Multi-Residential properties for the 2021 taxation year be approved.
3. A reallocation from tax claw back to allowance for doubtful accounts, in the amount of \$25,000, be approved.
4. The Broad Class Tax Transition Ratio for Landfill be set at 7.8564 as prescribed by the Province of Ontario.
5. All other 2021 Tax Ratio policies remain unchanged from 2020.
6. A by-law to set tax ratios for prescribed property classes for Municipal purposes for the 2021 taxation year be approved.

#### **Background**

This report is intended to establish tax policy for 2021.

Assessment values were last updated by MPAC with a valuation date of January 1, 2016. These assessments were implemented on January 1, 2017. Increased assessments were phased over 2017-2020 while decreases were implemented immediately. As a result of the COVID-19 pandemic, the Province of Ontario announced in March 2020 that the reassessment scheduled to take effect January 1, 2021 was postponed. The Province has recently announced that the new reassessment is further postponed and will not take effect in 2022. Property assessments for the 2021 and 2022 tax years will continue to be based on January 1, 2016 values.

## **Comments**

As at January 2021, weighted assessment increased 0.48% over 2020 (see Table 9, column 5). This increase in assessment is primarily due to the assessments on new construction, and decreases from recent Assessment Review Board (ARB) decisions. While reassessment is revenue neutral to the Municipality as a whole, it does shift the burden of taxation between classes. Since the Municipality does not profit from Current Value Assessment (CVA) increases, the overall tax rate lowers to compensate for the increase in total assessment.

There are several tax policy implications that determine the final tax bill of each property. Provincial regulations dictate some of the shifts in taxation and Council direction dictate others. Table 1 reflects the recommendations of this report on each class. It begins with the 2020 billed tax levy, illustrates the effect of each policy, and totals to the proposed 2021 tax levy.

| <b>Table 1</b>     |                    |                   |                   |                  |                    |                    |
|--------------------|--------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| <b>2021</b>        |                    |                   |                   |                  |                    |                    |
| <b>Class</b>       | <b>2020</b>        | <b>2021</b>       | <b>2021</b>       | <b>2021</b>      | <b>7.374</b>       | <b>Municipal</b>   |
|                    | <b>Levy</b>        | <b>Assessment</b> | <b>Assessment</b> | <b>Budget</b>    | <b>Landfill</b>    |                    |
|                    | <b>Restated</b>    | <b>Change</b>     | <b>Growth</b>     | <b>Change</b>    | <b>Ratio</b>       | <b>2021</b>        |
|                    |                    |                   |                   |                  | <b>Increase to</b> | <b>Levy</b>        |
|                    |                    |                   |                   |                  | <b>7.8564</b>      |                    |
| <b>COMMERCIAL</b>  | 29,206,503         | (517,607)         | 164,701           | 645,360          | (2,305)            | 29,496,652         |
| <b>INDUSTRIAL</b>  | 6,079,094          | (67,382)          | 170,156           | 150,920          | (635)              | 6,332,153          |
| <b>Land Fill</b>   | 232,903            | 1,745             | -                 | 6,497            | 15,698             | 256,843            |
| <b>MULTI RES</b>   | 6,113,751          | 27,775            | 2,403             | 132,476          | (440)              | 6,275,966          |
| <b>PIPELINE</b>    | 2,538,079          | (203,449)         | 269,353           | 69,156           | (334)              | 2,672,804          |
| <b>RESIDENTIAL</b> | 102,126,075        | 573,134           | 1,079,218         | 2,439,851        | (9,727)            | 106,208,550        |
| <b>FARM</b>        | 16,150,732         | 185,785           | 14,169            | 450,333          | (2,257)            | 16,798,762         |
| <b>Total</b>       | <b>162,447,136</b> | <b>0</b>          | <b>1,700,000</b>  | <b>3,894,595</b> | <b>0</b>           | <b>168,041,731</b> |

| Class       | % Change After Assessment Growth | Education Change | 2021 Net Impact | Total % Change After Assessment Growth |
|-------------|----------------------------------|------------------|-----------------|--|
| COMMERCIAL  | 0.43%                            | (3,143,596)      | 26,353,056      | (10.33%)                               |
| INDUSTRIAL  | 1.36%                            | (531,184)        | 5,800,969       | (7.37%)                                |
| Land Fill   | 10.28%                           | (69,451)         | 187,392         | (19.54%)                               |
| MULTI RES   | 2.61%                            | 87               | 6,276,053       | 2.62%                                  |
| PIPELINE    | -5.30%                           | (531,461)        | 2,141,343       | (26.24%)                               |
| RESIDENTIAL | 2.94%                            | 100,362          | 106,308,912     | 3.04%                                  |
| FARM        | 3.92%                            | 11,203           | 16,809,965      | 3.99%                                  |
| Total       | 2.40%                            | (4,164,040)      | 163,877,691     | (0.17%)                                |

As demonstrated above, there has been a decrease in taxes collected due to the Province lowering the business education tax. The assessment growth and the 2.4% budget increase make up the tax increases in the other classes.

Table 2 below illustrates the average impact of the recommendations on a typical residential property.

| Table 2 Average Municipal Tax Change Impact on a Typical Home |          |
|---|----------|
| 2020 Municipal Tax ( house value 168,383) <sup>1</sup>        | 2,974.96 |
| Effect of Re-Assessment <sup>2</sup>                          | 16.70    |
| Budget Change <sup>3</sup>                                    | 71.07    |
| Landfill Ratio increase to 7.8564 <sup>4</sup>                | (0.28)   |
|   |          |
|   |          |
|   |          |
|   |          |
| 2021 Municipal Tax ( house value 171,027)                     | 3,062.45 |
| Education Change  | 2.92     |
| 2021 Total tax  | 3,065.37 |

- <sup>1</sup> An average house valued at \$168,383 in 2020 paid \$2,975 in Municipal Tax
- <sup>2</sup> The impact of re-assessment shifts was an increase in taxes on the average property of \$16.70
- <sup>3</sup> The budget increase approved by Council was 2.4 %. When applied to the weighted assessment, the impact on an average house was an increase of \$71.07
- <sup>4</sup> As a result of the significant change in assessment methodology for Landfill sites, the Provincial government has provided Chatham-kent with transition ratio flexibility to ensure Chatham-Kent receives continued increases of taxes collected for the Landfill class over 2020 taxes collected

Note that an average house went up in value \$2,644 and is billed \$90.41 more in taxes. With all the recommendations, assessment, and education rate changes taken into account, this is an approximate 3.04% increase and is more than the 2.4% budget increase approved by Council.

The following tax policy considerations each have a bearing on how much taxes an individual class pays:

### 1. Transition Ratios

Transition ratios are used as a tax policy tool by Council to weight assessment. The higher the transition ratio, the higher the assessment weight and the greater the relative tax burden. The Residential class is weighted at 1.0 by Provincial policy. Commercial pays 1.9404 times the tax of Residential on the same value of property. Farmland is currently taxed at 22% of the Residential rate. It has historically been the goal of Council to continue to lower the Industrial ratios down to the Commercial ratio as attracting new Industrial employers will provide the most effective tax incentive to attract jobs and total assessment. Administration is not recommending further decreases to the Industrial ratio in 2021.

In 2021, administration is recommending that all ratios remain the same as they were in 2020. As we get through the COVID-19 pandemic and we receive a clear timeline on MPAC reassessments, administration plans to return to Council in 2022 with longer term targets for tax policy.

| <b>Table 3: 2020 Class Ratio Comparison</b> |                   |                   |                  |
|---|-------------------|-------------------|------------------|
| <b>Municipality</b>                         | <b>Commercial</b> | <b>Industrial</b> | <b>Multi-Res</b> |
| Chatham-Kent                                | 1.9404            | 2.0350            | 1.9404           |
| Lambton                                     | 1.6271            | 2.0476            | 2.0000           |
| London                                      | 1.9100            | 1.9100            | 1.7119           |
| St. Thomas                                  | 1.7926            | 2.2546            | 2.1485           |
| Windsor                                     | 2.0178            | 2.3200            | 2.0000           |

Table 4 is included to demonstrate the impact of tax policy decisions for Commercial and Industrial on the Residential class. For example, a 1% shift to Residential taxes raises enough funds to lower Commercial taxes by 3.60%, or would lower Industrial taxes by 16.78%, or would enable a combined Commercial and Industrial reduction of 2.96%. The second section of Table 4 illustrates the dollar effect on properties in each class per \$100,000 of assessment.

| <b>Table 4: %Tax Effect of Residential Tax Burden Increase On Other Classes</b> |             |             |             |             |             |  |
|---|-------------|-------------|-------------|-------------|-------------|--|
| <b>Class</b>  | <b>0.5%</b> | <b>1.0%</b> | <b>1.5%</b> | <b>2.0%</b> | <b>2.5%</b> |  |
| <b>Commercial</b>   | -1.80%      | -3.60%      | -5.40%      | -7.19%      | -8.99%      |  |
| <b>Industrial</b>   | -8.39%      | -16.78%     | -25.18%     | -33.57%     | -41.96%     |  |
| <b>Combined</b>   | -1.48%      | -2.96%      | -4.44%      | -5.92%      | -7.41%      |  |

  

| <b>\$ Effect of Residential Tax Burden Increase Based on \$100,000 Assessment</b> |                                       |             |             |             |             |             |
|---|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Class</b>  | <b>Original<br/>Municipal<br/>Tax</b> | <b>0.5%</b> | <b>1.0%</b> | <b>1.5%</b> | <b>2.0%</b> | <b>2.5%</b> |
| <b>Residential</b>  | 1,711.21                              | 8.56        | 17.11       | 25.67       | 34.22       | 42.78       |
| <b>Commercial</b>   | 3,340.63                              | - 60.09     | - 120.17    | - 180.26    | - 240.34    | - 300.43    |
| <b>Industrial</b>   | 3,482.32                              | - 292.24    | - 584.48    | - 876.72    | - 1,168.96  | - 1,461.20  |
| <b>Combined</b>   | 3,411.48                              | - 50.53     | - 101.06    | - 151.59    | - 202.12    | - 252.65    |

**Assumptions:**

- \* Includes only the Municipal component of Tax
- \* All tax calculations are based on Broad Class Transition Ratios
- \* All Calculations based on Chatham Tax Rates and Tax Classes
- \* All other tax classes including Farmland are not effected
- \* Optional tax class ratios move in direct proportion with the broad class ratio
- \* Capped class transition ratios can be lowered but may not be raised without the consent of the province.

Any reduction in either the Industrial or Commercial ratio will result in an immediate upward effect on the Residential, Multi-residential and Farm tax base.

Administration obtains Farm tax rate information from bordering rural municipalities. Table 5 illustrates that a hypothetical farm property with an assessment of \$500,000 would generate the following municipal taxes (excluding Education):

| <b>Table 5 : Farm Taxes based on \$500,000 Assessment (2020 taxation)</b> |       |   |              |   |            |
|---|-------|---|--------------|---|------------|
|   |       |   | Chatham-Kent |   | Difference |
| St Clair Township   | 1,121 | } |              | } | 274        |
| Dawn-Euphemia   | 1,247 |   |              |   | 148        |
| Southwest Middlesex   | 1,565 |   | 1,395        |   | (170)      |
| West Elgin  | 1,375 |   |              |   | 20         |
| Leamington  | 1,887 |   |              |   | (492)      |
| Lakeshore   | 1,374 |   |              |   | 21         |

Based on the above survey, Chatham-Kent farm tax rates are somewhere in the middle when compared to surrounding jurisdictions. Farms in the south of Chatham-Kent generally pay less in taxation than the neighbouring municipalities to the east and west. Farms in the north of Chatham-Kent pay more than their neighbouring municipalities to the north.

Table 6 shows the effect of a 1% rise in the Farm transition ratio on municipal taxpayers as a whole, as well as the impact on the Residential and Commercial classes per \$100,000 of assessment. A 1% reduction in the ratio to 21% would have a similar opposite effect.

| <b>Table 6: Impact on tax burden from an increase in the farm class transition ratio<br/>from 22% to 23% on residential rate</b> |             |             |                        |  |  |
|--|-------------|-------------|------------------------|--|--|
|  | Farm at 23% | Farm at 22% | Tax Shift<br>Farm Cost | Impact per \$100,000<br>Residential Assessment | Impact on \$100,000<br>Commercial Assessment |
| Aggregate  | 17,069,080  | 16,432,370  | 636,710                |  |  |
| Farm property assessed at<br>\$500,000   | 1,694       | 1,628       | 66                     | (7)  | (13)   |
| * Calculation Based on 2021 budget and 2021 assessment   |             |             |                        |  |  |
| * Municipal Levy only  |             |             |                        |  |  |

In March 2021, administration brought forward a recommendation to Council to consider increasing the Farm tax ratio to 25%, phasing in 1% per year for the tax years 2021 to 2023. Council chose not to adopt these recommendations and as a result it is recommended that the Farm tax ratio remain at 22%.

Table 7 illustrates the transition ratios recommended by administration for 2021.

| <b>Table 7 Ratios Recommended for 2021</b> |  |  |  |
|--|--|--|--|
| <b>Class</b>                               | <b>2000<br/>Municipal<br/>Transition<br/>Ratio</b> | <b>2020<br/>Municipal<br/>Transition<br/>Ratio</b> | <b>2021<br/>Municipal<br/>Recommended<br/>Transition<br/>Ratio</b> |
| Residential                                | 1.0000   | 1.0000   | 1.0000   |
| Pipelines                                  | 1.2742   | 1.2742   | 1.2742   |
| Farm Land                                  | 0.2500   | 0.2200   | 0.2200   |
| Landfill                                   |  | 7.3740   | 7.8564   |
| Multi-Res                                  | 2.1488   | 1.9404   | 1.9404   |
| Commercial                                 | 2.0106   | 1.9404   | 1.9404   |
| Residual                                   |  |  |  |
| Office Space                               | 1.6204   | 1.5638   | 1.5638   |
| Shopping<br>Centre                         | 2.3207   | 2.2397   | 2.2397   |
| Parking Lots                               | 1.3455   | 1.2985   | 1.2985   |
| Industrial                                 | 3.2018   | 2.0350   | 2.0350   |
| Large<br>Industrial                        | 3.8480   | 2.0350   | 2.0350   |

## 2. Maximum CVA-Related Tax Increases Be Set At 10%

Industrial, Commercial and Multi-Residential (capped classes) properties are protected from significant swings in taxation under section 329.1 of the Municipal Act, 2001. Under the Act, assessment related increases are limited to 10% unless a higher percentage is chosen by Council and specified by by-law. Under the same section, Council may elect to eliminate the cap on any property that is within \$500 of its “correct” levy (tax rate x assessment = correct levy).

Administration is recommending the maximum assessment-related tax increase on capped classes, being 10% permitted by legislation, be maintained, as well as maintaining eliminating the cap on any property that is within \$500 of its “correct” levy. Administration is also recommending the phasing out of the capping program by utilizing a limit of 10% of the previous year’s annualized CVA taxes. If an entire capped class has all properties at a level of at least 50% of their CVA value, those capped properties will have their capping protection phased out over a period of four years, at which time the class will be at its full CVA value. Administration is also recommending to exclude reassessment related changes from the application of part IX of the Act, thereby limiting capping protection to the assessed value of properties prior to 2019.

These decisions do not change the amount of revenue collected by the Municipality. It moves the tax burden more quickly from those properties that are overpaying to those that are not paying enough as determined by their current assessment. There are only seven properties remaining under capping protection.

Maintaining the cap at 10% for 2021 meets the following objectives:

- moves properties more quickly toward their correct tax contribution
- maintains the phase-in and capping option to be applied in future as required to deal with future tax changes
- reduces the number of properties paying taxes in excess of those normally owing on the basis of assessment
- improves the transparency and equity of the tax system

In 2021, administration is recommending the adoption of a by-law limiting new construction within the Industrial, Commercial and Multi-Residential properties from entering the capping program in the same manner as 2020. Instead, these properties will be taxed at their assessed value and do not have the ability to enter the capping program.

## 3. Specific Property Tax Protection and Assessment Issues

| <b>Table 8: Tax Protection and Assessment Issues</b> |                 |                 |
|--|-----------------|-----------------|
|  | <b>2020</b>     | <b>2021</b>     |
| Tax Claw Back  | \$75,000        | \$50,000        |
| <b>Total</b>   | <b>\$75,000</b> | <b>\$50,000</b> |

### Claw Back Level

As a consequence of capping increases to protected classes, there is a deficiency within each property class. Council can recover costs from within the same class, or recover costs from the general levy, or both as was done in 2020. Administration is recommending continuing this funding program for 2021 similar to 2020 and it is expected that 100% of the claw backs will be funded at a cost of \$50,000 to the general levy. In 2021, administration continues to propose that any property within \$500 of its “correct” CVA tax will be moved to that level immediately.

No changes are being recommended to the capping program in 2021; the program has been reduced to \$50,000 for the 2021 tax year from \$75,000 in 2020. Administration is recommending that the budget amount continue to remain unchanged at \$125,000 and the remaining \$50,000 in funds be reallocated to increase the allowance for doubtful accounts budget. The Municipality has seen a large number of assessment appeals from large commercial and industrial properties resulting in significant write-offs. The number of appeals in 2021 has not decreased, and therefore it is expected that the deficit in allowance for doubtful accounts will continue moving forward.

### Previous Non Taxable Commercial Capping – Unique Case

Chatham-Kent had a single commercial property that had a 2008 assessment that increased to \$60M and a subsequent 2012 assessment which decreased it to \$45M, with a further decrease in 2016 to \$6.2M as a result of a new assessment methodology. During the 2016 assessment cycle, the Province created a new Landfill class for this property. The Province has also provided Chatham-Kent with the flexibility for yearly tax increases within the Landfill property class as to not cause a property tax burden shift to other classes.

## 4. 2021 Assessment Roll

The assessment roll, delivered in December 2020, is for 2021 taxation. New construction increases the assessment value of the roll. Assessment Review Board decisions and Reconsiderations lower the value of assessment on the roll. New assessment minus assessment reductions, results in an increase of taxable weighted assessment for 2021 of 0.48% as illustrated in Table 9.

Administration estimates that taxation from building activities increased by approximately \$1.7M in 2020. This \$1.7M was included in the 2021 budget as new tax revenue.

Chatham-Kent has always treated CVA adjustments as revenue neutral. CVA related tax revenue increases are offset by the tax rate decreases so that the total revenue collected from properties remains constant. Increased revenues occur when new buildings are constructed or improved and when Council increases its budget requirements.

The treatment of this issue is consistent with past years and is in line with the current budget process.



| <b>Table 9 Weighted Assessment Changes</b>                             |                       |                       |                   |              |
|--|-----------------------|-----------------------|-------------------|--------------|
| <b>Average Class-Wide Weighted Assessment Changes From 2020 - 2021</b> | <b>Phased In 2020</b> | <b>Phased in 2021</b> | <b>Change</b>     |              |
| Commercial   | 1,610,491,878         | 1,550,682,176         | (59,809,702)      | -3.71%       |
| Office   | 35,699,521            | 34,721,051            | (978,470)         | -2.74%       |
| Parking Lots   | 3,192,362             | 2,754,119             | (438,244)         | -13.73%      |
| Land Fill  | 18,439,424            | 18,439,424            | -                 | 0.00%        |
| Industrial   | 343,344,107           | 355,431,026           | 12,086,919        | 3.52%        |
| Large Industrial   | 80,433,344            | 72,895,379            | (7,537,966)       | -9.37%       |
| Shopping Centre  | 210,176,897           | 243,431,448           | 33,254,550        | 15.82%       |
| Multi Residential  | 375,869,839           | 375,979,472           | 109,633           | 0.03%        |
| Pipelines  | 192,522,701           | 196,267,574           | 3,744,874         | 1.95%        |
| Farmland   | 1,271,585,995         | 1,278,035,982         | 6,449,987         | 0.51%        |
| Residential  | 6,858,939,221         | 6,924,535,723         | 65,596,502        | 0.96%        |
| <b>Average</b>   | <b>11,000,695,291</b> | <b>11,053,173,375</b> | <b>52,478,084</b> | <b>0.48%</b> |

## 5. Small-Scale On-Farm Business Subclasses

On May 3, 2018, the Government of Ontario established two new optional subclasses for small-scale on-farm businesses to promote and support local farms across Ontario. The commercial and industrial subclasses were created to provide a tax rate that is 75% lower than the existing commercial and industrial tax rates. The reduced tax rate will apply to the first \$50,000 of eligible commercial or industrial assessment.

To qualify, the commercial and/or industrial facility must be an extension of the farming operation. In addition, 51% of the facility must be used to sell, process or manufacture something from a product produced on the farmland. If the commercial and/or industrial operation has an assessed value equal to or greater than \$1M, it is not eligible for the small-scale on-farm business subclass. In Chatham-Kent, there are currently eight properties which are eligible for this new subclass. To support Chatham-Kent's agricultural community, administration is recommending no changes to the existing two optional subclasses.

## Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- ☐ Economic Prosperity:  
Chatham-Kent is an innovative and thriving community with a diversified economy
- ☐ A Healthy and Safe Community:  
Chatham-Kent is a healthy and safe community with sustainable population growth
- ☐ People and Culture:  
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

- ☐ Environmental Sustainability:  
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- ☐ Financial Sustainability:  
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- ☐ Open, Transparent and Effective Governance:  
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- ☒ Has the potential to support all areas of strategic focus & critical success factors
- ☐ Neutral issues (does not support negatively or positively)

### **Consultation**

Economic Development Services was consulted in relation to Industrial tax ratios, and supports the recommendation not to change the Industrial, Commercial and Multi-Residential ratios from 2020. MPAC provided assessment data. All calculations are done in-house.

### **Financial Implications**

Tax policy is an integral part of the annual municipal taxation process. It determines which property classes fund what portion of the overall tax levy.

The tax policy by-laws require Council approval in order to establish the tax rates necessary for budgetary requirements of Chatham-Kent and its boards, commissions and agencies.

Prepared by:

Reviewed by:

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Matt Torrance, MBA, CPA, CGA  
Director, Financial Services

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Gord Quinton, MBA, CPA, CGA  
Chief Financial Officer, Treasurer

Attachment(s):      By-law – 2021 Tax Ratios  
                              By-law – Maximum Tax Increases  
                              By-law – New Construction Limits

c.      Stuart McFadden, Director, Economic Development Services  
         MPAC  
         Ministry of Municipal Affairs and Housing

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**CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT**

**BY-LAW NO. -2021**

**“A by-law to Set Tax Ratios for Prescribed  
Property Classes for Municipal Purposes  
for the 2021 Taxation Year”**

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WHEREAS it is necessary for the Council of The Corporation of The Municipality Of Chatham-Kent, pursuant to Section 308 of the Municipal Act, 2001, to establish the tax ratios for the Municipality;

AND WHEREAS the tax ratios determine the relative amount of taxation to be borne by each property class and are a component of tax policy;

AND WHEREAS the property classes have been prescribed by the Minister of Finance pursuant to Section 7 of the Assessment Act, R.S.O. 1990, c. A.31, as amended (hereinafter referred to as the “Assessment Act”);

NOW THEREFORE the Council of The Corporation of the Municipality of Chatham-Kent hereby enacts the following:

| Assessment Type | Description                                       | Tax Ratio | Vacancy Factor |
|-----------------|---|-----------|----------------|
| C1              | Comm Farmland Awaiting Development 1              | 1.0000    | 0.25           |
| C4              | Comm Farmland Awaiting Development 11             | 1.9404    | 0.25           |
| C7              | Small Scale Value Added Farm                      | 1.9404    | 0.25           |
| X7              | Comm New Value Added Farm                         | 1.9404    | 0.25           |
| CH              | Comm Occupied/Hydro                               | 1.9404    | 1              |
| CT              | Comm Occupied                                     | 1.9404    | 1              |
| XT              | Comm ( New Construction )                         | 1.9404    | 1              |
| CK              | Comm Vacant Units & Excess Land/ Hydro            | 1.9404    | 0.7            |
| CU              | Comm Vacant Units & Excess Land                   | 1.9404    | 0.7            |
| XU              | Comm ( New Construction ) Excess Land             | 1.9404    | 0.7            |
| CJ              | Comm Vacant Land\Hydro                            | 1.2985    | 1              |
| CX              | Comm Vacant Land                                  | 1.2985    | 1              |
| XX              | Comm ( New Construction ) Vacant Land             | 1.2985    | 1              |
| DH              | Office Buildings Occupied/ Hydro                  | 1.5638    | 1              |
| DT              | Office Buildings Occupied                         | 1.5638    | 1              |
| YT              | Office Buildings ( New Construction )             | 1.5638    | 1              |
| DU              | Office Buildings Vacant                           | 1.5638    | 0.7            |
| YU              | Office Buildings ( New Construction ) Excess Land | 1.5638    | 0.7            |
| FT              | Farmlands   | 0.2200    | 1              |
| HT              | Land Fill   | 7.8564    | 1              |
| GT              | Parking Lot                                       | 1.2985    | 1              |
| I1              | Industrial Farmland Awaiting Development 1        | 1.0000    | 0.25           |
| I4              | Industrial Farmland Awaiting Development 11       | 2.0350    | 0.25           |
| I7              | Small Scale Value Added Farm                      | 2.0350    | 0.25           |
| IH              | Industrial Occupied/ Hydro                        | 2.0350    | 1              |
| IT              | Industrial Occupied                               | 2.0350    | 1              |
| J7              | Industrial New Value Added Farm                   | 2.0350    | 0.25           |
| JT              | Industrial ( New Construction )                   | 2.0350    | 1              |
| IK              | Industrial Vacant Units & Excess Land/Hydro       | 2.0350    | 0.65           |
| IU              | Industrial Vacant Units & Excess Land             | 2.0350    | 0.65           |
| JU              | Industrial ( New Construction ) Excess Land       | 2.0350    | 0.65           |
| IX              | Industrial Vacant Land                            | 2.0350    | 0.65           |
| IJ              | Industrial Vacant Land\Hydro                      | 2.0350    | 0.65           |
| JX              | Industrial ( New Construction ) Vacant Land       | 2.0350    | 0.65           |
| LT              | Large Industrial Occupied                         | 2.0350    | 1              |
| KT              | Large Industrial ( New Construction )             | 2.0350    | 1              |
| LU              | Large Industrial Vacant Units & Excess Land       | 2.0350    | 0.65           |
| KU              | Large Industrial ( New Construction ) Excess Land | 2.0350    | 0.65           |
| MT              | Multi-Residential                                 | 1.9404    | 1              |
| NT              | New Multi-Residential                             | 1.1000    | 1              |
| PT              | Pipelines   | 1.2742    | 1              |
| R1              | Residential Farmland Awaiting Development 1       | 1.0000    | 0.25           |
| R4              | Residential Farmland Awaiting Development 11      | 1.0000    | 0.25           |
| RH              | Residential & Farm/Hydro                          | 1.0000    | 1              |
| RT              | Residential & Farm                                | 1.0000    | 1              |
| ST              | Shopping Centre Occupied                          | 2.2397    | 1              |
| ZT              | Shopping Centre ( New Construction )              | 2.2397    | 1              |
| SU              | Shopping Centre Vacant & Excess Land              | 2.2397    | 0.7            |
| ZU              | Shopping Centre ( New Construction ) Excess Land  | 2.2397    | 0.7            |
| TT              | Managed Forests                                   | 0.2500    | 1              |

1. This By-law shall come into force and take effect upon finally being passed.  
FINALLY PASSED this 26<sup>th</sup> day of April, 2021.

SIGNED

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MAYOR-Darrin Canniff

SIGNED

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CLERK-Judy Smith

**CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT**

**BY-LAW NO                   -2021**

**“A by-law to establish maximum tax increases for certain  
Commercial, Industrial & Multi-Residential properties  
for the 2021 taxation year”**

---

WHEREAS Part IX of the Municipal Act, 2001, places limitations on taxes for certain property classes.

AND WHEREAS property in the commercial classes, the industrial classes and the multi-residential classes apply to this part, said classes referred to hereinafter as capped classes.

AND WHEREAS under section 330(1) of the Municipal Act Council may establish a percentage by which tax decreases are limited for a taxation year to recover all or part of the revenues forgone by placing limitations on tax increases for certain property classes.

AND WHEREAS municipalities may pass a by-law to limit capping protection to only reassessment related changes prior to 2021 and exclude 2021 changes from the application of Part IX of the Act;

NOW THEREFORE the Council of the Corporation of the Municipality of Chatham-Kent hereby enacts the following:

1. All reassessment related tax increases and decreases be put in place for 2021 to a maximum increase, in the case of capped classes, utilize a limit of 10% of the previous year's capped taxes and 10% of the previous year's annualized CVA (uncapped) taxes of 10% as calculated in accordance with the Act.
2. That, after the application of the 10% in #1 above, those properties with a remaining tax cap of \$500 or less, have the tax cap removed.
3. Where a property has a tax reduction withheld of \$500 or less after the application of calculations established under #5 below, that the tax reduction withheld be reduced to zero.
4. That once a property pays tax based on its full CVA value, it is deemed ineligible for future capping protection.
5. That Part IX of the Municipal Act, 2001 (limitation on taxes for certain property classes) does not now and hereafter does not apply to valuation changes for any property in the commercial, industrial or multi-residential classes that could be subject to capping as a result of the increase or decrease in value effective January 1, 2018 for 2021 taxation.
6. That capping increases above 10% be financed first by limiting tax decreases to all properties within the same capped class and then from all property classes, as part of the general tax rate, through the application of a single percentage such as the effect on each property class and on the Municipality as a whole does not exceed \$50,000.
7. That Business Improvement Area levies are separate and apart from commercial and industrial levies and are not subject to the tax limits in this bylaw.
8. That any area-rated levy, local improvement, water, drainage or other charge being increased or decreased in 2021 shall be a budgetary change and not subject to the taxation limits in this bylaw.

This By-law shall come into force and take effect upon finally being passed.

FINALLY PASSED this 26th day of April, 2021.

SIGNED

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MAYOR-Darrin Canniff

SIGNED

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CLERK-Judy Smith

**CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT**

**BY-LAW NO. -2021**

**"A By-Law to Adopt Optional Tools for the  
Purposes of Administering Limits for Eligible  
Properties within the Meaning of Section 331  
(New Construction) of the *Municipal Act, 2001*  
Regarding the Commercial, Industrial and  
Multi-Residential Property Classes"**

---

**WHEREAS** the Municipality may, in accordance with s. 329.1 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended ("*the Act*") modify the provisions and limits set out in s. 331 of the Act, with respect to the calculation of taxes for municipal and school purposes payable in respect of property in the Commercial, Industrial and Multi-Residential property classes;

**AND WHEREAS** the Municipality may enact a By-Law to adopt the provisions of s. 329.1 of the Act whereby a "floor" or minimum uncapped tax percentage applies to eligible properties in one or more of the capped classes;

**AND WHEREAS** this By-Law shall only apply to properties in the Commercial, Industrial and Multi-Residential property classes, as defined by the *Assessment Act*, R.S.O. 1990, c. A.31 to which Part IX of the Act applies;

**AND WHEREAS** in this By-Law, "uncapped taxes" means the taxes for municipal and school purposes that would be levied for the taxation year but for the application of Part IX of the Act;

**AND WHEREAS** the Municipality relies upon sections 329.1 and 331 of the Act, and hereby deems it necessary and appropriate to adopt optional tools for the purpose of providing minimum amounts of taxes payable for the Commercial, Industrial and Multi-Residential property classes;

**NOW THEREFORE** the Council of the Corporation of the Municipality of Chatham-Kent hereby enacts as follows:

1. That s. 329.1(1)(8) of the Act shall apply to the Commercial, Industrial and Multi-Residential property classes for 2021.
2. That for all properties that become eligible within the meaning of s. 331(20) of the Act, the taxes for municipal and school purposes for the year or portion of the year shall be the greater of:
  - (i) The amount of the taxes determined for the property for 2021 under s. 331(2); and,
  - (ii) The amount of the uncapped taxes for the property for 2021 multiplied by one-hundred per cent (100%).

This By-law shall come into force and take effect upon finally being passed.

FINALLY PASSED this 26<sup>th</sup> day of April, 2021.

SIGNED

SIGNED

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MAYOR-Darrin Canniff

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CLERK-Judy Smith

**CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT**

**BY-LAW NO. -2021**

**“A by-law to Set Tax Ratios for Prescribed  
Property Classes for Municipal Purposes  
for the 2021 Taxation Year”**

WHEREAS it is necessary for the Council of The Corporation of The Municipality Of Chatham-Kent, pursuant to Section 308 of the Municipal Act, 2001, to establish the tax ratios for the Municipality;

AND WHEREAS the tax ratios determine the relative amount of taxation to be borne by each property class and are a component of tax policy;

AND WHEREAS the property classes have been prescribed by the Minister of Finance pursuant to Section 7 of the Assessment Act, R.S.O. 1990, c. A.31, as amended (hereinafter referred to as the “Assessment Act”);

NOW THEREFORE the Council of The Corporation of the Municipality of Chatham-Kent hereby enacts the following:

| Assessment Type | Description                                       | Tax Ratio | Vacancy Factor |
|-----------------|---|-----------|----------------|
| C1              | Comm Farmland Awaiting Development 1              | 1.0000    | 0.25           |
| C4              | Comm Farmland Awaiting Development 11             | 1.9404    | 0.25           |
| C7              | Small Scale Value Added Farm                      | 1.9404    | 0.25           |
| X7              | Comm New Value Added Farm                         | 1.9404    | 0.25           |
| CH              | Comm Occupied/Hydro                               | 1.9404    | 1              |
| CT              | Comm Occupied                                     | 1.9404    | 1              |
| XT              | Comm ( New Construction )                         | 1.9404    | 1              |
| CK              | Comm Vacant Units & Excess Land/ Hydro            | 1.9404    | 0.7            |
| CU              | Comm Vacant Units & Excess Land                   | 1.9404    | 0.7            |
| XU              | Comm ( New Construction ) Excess Land             | 1.9404    | 0.7            |
| CJ              | Comm Vacant Land\Hydro                            | 1.2985    | 1              |
| CX              | Comm Vacant Land                                  | 1.2985    | 1              |
| XX              | Comm ( New Construction ) Vacant Land             | 1.2985    | 1              |
| DH              | Office Buildings Occupied/ Hydro                  | 1.5638    | 1              |
| DT              | Office Buildings Occupied                         | 1.5638    | 1              |
| YT              | Office Buildings ( New Construction )             | 1.5638    | 1              |
| DU              | Office Buildings Vacant                           | 1.5638    | 0.7            |
| YU              | Office Buildings ( New Construction ) Excess Land | 1.5638    | 0.7            |
| FT              | Farmlands   | 0.2200    | 1              |
| HT              | Land Fill   | 7.8564    | 1              |
| GT              | Parking Lot                                       | 1.2985    | 1              |
| I1              | Industrial Farmland Awaiting Development 1        | 1.0000    | 0.25           |
| I4              | Industrial Farmland Awaiting Development 11       | 2.0350    | 0.25           |
| I7              | Small Scale Value Added Farm                      | 2.0350    | 0.25           |
| IH              | Industrial Occupied/ Hydro                        | 2.0350    | 1              |
| IT              | Industrial Occupied                               | 2.0350    | 1              |
| J7              | Industrial New Value Added Farm                   | 2.0350    | 0.25           |
| JT              | Industrial ( New Construction )                   | 2.0350    | 1              |
| IK              | Industrial Vacant Units & Excess Land/Hydro       | 2.0350    | 0.65           |
| IU              | Industrial Vacant Units & Excess Land             | 2.0350    | 0.65           |
| JU              | Industrial ( New Construction ) Excess Land       | 2.0350    | 0.65           |
| IX              | Industrial Vacant Land                            | 2.0350    | 0.65           |
| IJ              | Industrial Vacant Land\Hydro                      | 2.0350    | 0.65           |
| JX              | Industrial ( New Construction ) Vacant Land       | 2.0350    | 0.65           |
| LT              | Large Industrial Occupied                         | 2.0350    | 1              |
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| LU              | Large Industrial Vacant Units & Excess Land       | 2.0350    | 0.65           |
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| MT              | Multi-Residential                                 | 1.9404    | 1              |
| NT              | New Multi-Residential                             | 1.1000    | 1              |
| PT              | Pipelines   | 1.2742    | 1              |
| R1              | Residential Farmland Awaiting Development 1       | 1.0000    | 0.25           |
| R4              | Residential Farmland Awaiting Development 11      | 1.0000    | 0.25           |
| RH              | Residential & Farm/Hydro                          | 1.0000    | 1              |
| RT              | Residential & Farm                                | 1.0000    | 1              |
| ST              | Shopping Centre Occupied                          | 2.2397    | 1              |
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| ZU              | Shopping Centre ( New Construction ) Excess Land  | 2.2397    | 0.7            |
| TT              | Managed Forests                                   | 0.2500    | 1              |



1. This By-law shall come into force and take effect upon finally being passed.  
FINALLY PASSED this 26<sup>th</sup> day of April, 2021.

SIGNED

\_\_\_\_\_  
MAYOR-Darrin Canniff

SIGNED

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CLERK-Judy Smith

**CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT**

**BY-LAW NO                   -2021**

**“A by-law to establish maximum tax increases for certain  
Commercial, Industrial & Multi-Residential properties  
for the 2021 taxation year”**

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WHEREAS Part IX of the Municipal Act, 2001, places limitations on taxes for certain property classes.

AND WHEREAS property in the commercial classes, the industrial classes and the multi-residential classes apply to this part, said classes referred to hereinafter as capped classes.

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NOW THEREFORE the Council of the Corporation of the Municipality of Chatham-Kent hereby enacts the following:

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2. That, after the application of the 10% in #1 above, those properties with a remaining tax cap of \$500 or less, have the tax cap removed.
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5. That Part IX of the Municipal Act, 2001 (limitation on taxes for certain property classes) does not now and hereafter does not apply to valuation changes for any property in the commercial, industrial or multi-residential classes that could be subject to capping as a result of the increase or decrease in value effective January 1, 2018 for 2021 taxation.
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This By-law shall come into force and take effect upon finally being passed.

FINALLY PASSED this 26th day of April, 2021.

SIGNED

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MAYOR-Darrin Canniff

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CLERK-Judy Smith

**CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT**

**BY-LAW NO. -2021**

**"A By-Law to Adopt Optional Tools for the  
Purposes of Administering Limits for Eligible  
Properties within the Meaning of Section 331  
(New Construction) of the *Municipal Act, 2001*  
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Multi-Residential Property Classes"**

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**AND WHEREAS** in this By-Law, "uncapped taxes" means the taxes for municipal and school purposes that would be levied for the taxation year but for the application of Part IX of the Act;

**AND WHEREAS** the Municipality relies upon sections 329.1 and 331 of the Act, and hereby deems it necessary and appropriate to adopt optional tools for the purpose of providing minimum amounts of taxes payable for the Commercial, Industrial and Multi-Residential property classes;

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  - (ii) The amount of the uncapped taxes for the property for 2021 multiplied by one-hundred per cent (100%).

This By-law shall come into force and take effect upon finally being passed.

FINALLY PASSED this 26<sup>th</sup> day of April, 2021.

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MAYOR-Darrin Canniff

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CLERK-Judy Smith