

Subject: 2026 Tax Policy and Other Revenue Matters

File Number: ACS2026-FCS-REV-0001

Report to Finance and Corporate Services Committee on 7 April 2026

and Council 8 April 2026

**Submitted on March 25, 2026 by Joseph Muhuni, Deputy City Treasurer, Revenue,
Finance and Corporate Services Department**

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Ward: Citywide

Objet : Coefficients fiscaux et autres politiques d'imposition de 2026

Numéro de dossier : ACS2026-FCS-REV-0001

**Rapport présenté au Comité des finances et des services organisationnels le 7
avril 2026**

et au Conseil le 8 avril 2026

**Soumis le 25 mars 2026 par Joseph Muhuni, Trésorier municipal adjoint,
Recettes, Direction générale des finances et des services organisationnels**

**Personne ressource : Krista O'Brien, Gestionnaire de programme, Évaluations
foncières et paiements tenant lieu d'impôts, Direction générale des finances et
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Finance and Corporate Services Committee recommend that Council:

- 1. Adopt the following optional property tax classes in 2026:**

- a. **Shopping Centre property class**
 - b. **Office Building property class**
 - c. **Large Industrial property class**
 - d. **Professional Sports Facility property class**
 - e. **Small Business property subclass**
 - f. **Small-scale business on farm subclass I & II**
2. **Approve second year reduction of the four-year plan to reduce the Multi-Residential tax ratio to 1.0000**
 3. **Adopt the 2026 recommended tax ratios as outlined in Table 6 of this report.**
 4. **Adopt the recommended tax reductions for the 2026 tax year**
 - **Small business subclass: 15 per cent**
 - **Farm land awaiting development subclass I: 25 per cent**
 - **Farm land awaiting development subclass II: No discount**
 - **Small-scale business on farm subclass I: 75 per cent**
 - **Small-scale business on farm subclass II: 75 per cent**
 - **Commercial (including office and shopping classes) and Industrial excess and vacant land: No discount**
 5. **Approve that the municipal tax rates for 2026 be established based on the ratios adopted herein.**
 6. **Approve the final year of the capping clawback program to and exit the program in 2026.**
 7. **Approve the property tax and water mitigation programs previously approved by Council, and outlined in the report, including the changes for 2026 as follows:**

- **Low-Income Seniors and Persons with Disabilities Tax and/or Water Deferral Programs and set the income threshold for 2026 applicants to \$59,398.**
- 8. Adopt the notional tax rate adjustment for the City of Ottawa as prescribed in the property tax-related regulations made under the Municipal Act, 2001.**
- 9. Approve that \$1.4 million in additional tax revenue from additional growth identified through the application of the notional tax rate adjustment be contributed to the tax stabilization reserve.**
- 10. Approve that the 2027 property tax and due date provisions be as follows:**
- **That the interim 2027 property tax bills be set at 50 per cent of the 2026 adjusted/annualized taxes as permitted by legislation.**
 - **That the following tax due dates be approved for 2027:**
 - i. **Interim: March 18, 2027**
 - ii. **Final: June 17, 2027.**
 - **That the penalty and interest percentage charged on overdue and unpaid tax arrears remain at 1.25 per cent per month (15 per cent per year) for 2027, unchanged from 2026.**
 - **That Council enact a by-law to establish the 2027 interim taxes, tax due dates, penalty and interest charges.**
- 11. Adopt an annual levy on eligible institutions pursuant to Section 323 of the Municipal Act, 2001, and Ontario Regulation 384/98 as follows:**
- a. **\$75 per full-time student in attendance at universities and colleges, pursuant to Section 323 (1)**
 - b. **\$75 per resident placed in correctional institutions, pursuant to Section 323 (2)**
 - c. **\$75 per rated bed in public hospitals, pursuant to Section 323 (3)**
 - d. **\$75 per place in provincial educational institutions, pursuant to Section 323 (5).**

- 12. Direct that the report be submitted to Council for consideration at its meeting of April 8, 2026, to allow time for the enactment the required by-laws in advance of when tax bills are issued in May.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil d'adopter les propositions suivantes :

- 1. Adopter pour 2026 les catégories de biens facultatives suivantes :**
 - a. Centres commerciaux;**
 - b. Immeubles de bureaux;**
 - c. Grands biens-fonds industriels;**
 - d. Installations sportives professionnelles;**
 - e. Sous-catégorie de biens visant les petites entreprises;**
 - f. Entreprises de petite envergure sur terrain agricole, sous-catégories I et II.**
- 2. Approuver pour la deuxième année consécutive la réduction du coefficient fiscal de la catégorie des immeubles à logements multiples à 1,000 0 dans le cadre du plan quadriennal.**
- 3. Adopter pour 2026 les coefficients fiscaux recommandés, comme il est indiqué dans le tableau 6 du présent rapport.**
- 4. Adopter les réductions d'impôts recommandées pour l'année d'imposition 2026 :**
 - Sous-catégorie visant les petites entreprises : 15 pour cent**
 - Terres agricoles en attente d'aménagement, sous-catégorie I : 25 pour cent**
 - Terres agricoles en attente d'aménagement, sous-catégorie II : Pas de remise**
 - Entreprises de petite envergure sur terrain agricole, sous-catégorie I : 75 pour cent**
 - Entreprises de petite envergure sur terrain agricole, sous-catégorie II : 75 pour cent**

- **Biens-fonds commerciaux (incluant les catégories des immeubles de bureaux et des centres commerciaux) et industriels excédentaires ainsi que les terrains vacants : Pas de remise.**
5. **Approuver l'établissement des taux d'imposition municipaux de 2026 d'après les coefficients fiscaux adoptés dans le présent rapport.**
 6. **Approuver la dernière année du programme de plafonnement et mettre fin à ce programme en 2026.**
 7. **Approuver les programmes d'allègement de l'impôt foncier et de la taxe d'eau approuvés précédemment par le Conseil et décrits dans le rapport, y compris les modifications pour 2026 comme suit :**
 - **Programmes de report des taxes foncières pour les personnes âgées et les personnes en situation de handicap ayant un faible revenu et établir le seuil de faible revenu pour les demandeurs de 2026 à 59 398 dollars.**
 8. **Adopter pour la Ville d'Ottawa le redressement du taux d'imposition théorique prescrit par les règlements sur l'impôt foncier pris en application de la *Loi de 2001 sur les municipalités*.**
 9. **Approuver que les 1,4 million de dollars en recettes fiscales supplémentaires découlant de la croissance générée par l'application du rajustement du taux d'imposition théorique soient affectés au fonds de réserve pour la stabilisation des taxes.**
 10. **Approuver pour 2027 les dispositions du relevé d'imposition foncière et des dates d'exigibilité suivantes :**
 - **Que le montant d'impôts fonciers provisoire de 2027 soit établi à 50 pour cent du montant annualisé ou rajusté de 2026 comme l'autorise la loi.**
 - **Que soient approuvées pour 2027 les dates d'exigibilité suivantes :**
 - i. **relevé provisoire : 18 mars 2027**
 - ii. **relevé définitif : 17 juin 2027.**
 - **Que le taux de pénalité et d'intérêt applicable aux montants en souffrance et aux arriérés d'impôts demeure à 1,25 pour cent par mois (15 pour cent par année) pour 2027, comme en 2026.**
 - **Que le Conseil adopte un règlement établissant l'impôt provisoire, les dates d'exigibilité, les pénalités et les intérêts pour 2027.**

- 11. Adopter un prélèvement annuel auprès des établissements admissibles aux termes de l'article 323 de la *Loi de 2001 sur les municipalités* et du *Règlement de l'Ontario 384/98*, selon les modalités suivantes :**
- a. 75 dollars par étudiant à temps plein inscrit dans les universités et collèges, conformément au paragraphe 323(1);
 - b. 75 dollars par résident pouvant être accueilli dans les établissements correctionnels, conformément au paragraphe 323(2);
 - c. 75 dollars par lit reconnu dans les hôpitaux publics, conformément au paragraphe 323(3);
 - d. 75 dollars par place dans les établissements d'enseignement provinciaux, conformément au paragraphe 323(5).
- 12. Demander que le rapport soit soumis au Conseil pour examen au cours de sa réunion du 8 avril 2026, afin de laisser le temps nécessaire à l'adoption des règlements requis avant la délivrance des relevés d'impôt en mai.**

EXECUTIVE SUMMARY

This report presents recommendations regarding property taxes that the *Municipal Act, 2001* requires Council to address each year. These decisions determine the how the tax levy is distributed among the various tax classes for the 2026 taxation year.

1. **Optional Property Tax Classes:** The report recommends that Council approve the use of various optional property classes and subclasses permitted by the Assessment Act and outlined in this report.
2. **Multi-Residential Tax Ratio:** The City is in the second year of its multi-year strategy to reduce the Multi-Residential tax ratio to 1.0 over a four-year period, subject to further review once a provincewide reassessment occurs. For the 2026 tax year, the report recommends the reduction of the Multi-Residential from 1.3 to 1.2, representing the second step in this planned phase-down.
3. **Tax Ratios:** Council must approve tax ratios for various tax classes each year. These ratios establish the distribution of the tax levy across different property classes. The report recommends that Council adopt the ratios proposed to

mitigate inter-class tax shifts.

4. **Mandatory and Optional Subclass Discounts:** The report recommends that Council adopt the tax rate discounts for the mandatory and optional subclasses. The recommended discounts are consistent with the previous year or prior Council direction.
5. **Municipal Tax Rate:** The report recommends establishing tax rates based on the ratios and discounts recommended and the overall budgetary tax increase approved by Council with the associated by-laws.
6. **Capping Regulations:** The report recommends that Council exit the program. 2026 is the final year after which all commercial and industrial properties will have fully exited the provincial capping program and will be taxed at their full Current Value Assessment.
7. **Tax Mitigation Programs:** The report recommends Council continue the following tax mitigation programs for 2026 and with proposed changes to the income threshold for the deferral program:
 - Charitable Rebate Program
 - Farm Grant Program
 - Full Property Tax Deferral for low-income seniors and persons with disabilities and the eligibility criteria updates to the program outlined in this report.
 - Full Water Utility Bill Deferral Program for low-income seniors and persons with disabilities and the eligibility criteria updates to the program outlined in this report.
8. **Notional Tax Rate Adjustment:** The report recommends that Council adopt the notional tax rate adjustment prescribed in the property tax-related regulations made under the *Municipal Act, 2001*.
9. **Allocation to the Operating Budget:** This report recommends that the \$1.4 million of additional growth identified from the application of the notional tax rate adjustment be contributed to the tax stabilization reserve, used to stabilize tax rates and protect the City against unforeseen operating expenses.
10. **Property Taxes and Due Dates:** For the collection of property taxes, the

Municipal Act, 2001 requires that Council approve by by-law an interim tax billing up to 50 per cent, tax due dates, alternative instalments, due dates to allow taxpayers to spread the payment of taxes more evenly over the year, and penalty and interest percentage charges. This report recommends the 2027 property tax and due date provisions.

- 11. Annual Levy Payments from Eligible Institutions:** This report recommends the adoption of annual levies on eligible institutions pursuant to section 323(1), (2), (3) and (5) of the *Municipal Act, 2001*, and Ontario Regulation 384/98 "Tax Matters - Universities and Other Institutions," where municipalities are entitled to levy \$75 per full-time student in attendance at universities and colleges, \$75 per resident place in correctional institutions, \$75 per bed in public hospitals, and \$75 per place in provincial educational institutions. The levies are established based on the appropriate capacities.

After the adoption of this report, by-laws establishing the 2026 tax rates incorporating the overall budgetary increase will be prepared for Council approval. The residential tax impact for an average urban home assessed at 415,000 is approximately \$184, with variations depending on services received and individual property assessments.

RÉSUMÉ

Le présent rapport fait état des recommandations sur l'impôt foncier que le Conseil municipal doit examiner chaque année en application de la *Loi de 2001 sur les municipalités*. Les décisions qui en découlent détermineront comment les prélèvements sont répartis entre les différentes catégories de biens pour l'année d'imposition 2026.

1. **Catégories d'impôt foncier facultatives** : Le rapport recommande que le Conseil approuve l'utilisation des diverses catégories et sous-catégories d'impôt foncier facultatives permises par la Loi sur l'évaluation foncière et décrites dans le présent rapport.
2. **Coefficient fiscal pour les immeubles à logements** : La Ville en est à la deuxième année de sa stratégie pluriannuelle visant à faire passer le coefficient fiscal des immeubles à logements à 1,0, dans le cadre d'un plan quadriennal. La Ville devra passer sa stratégie en revue à la suite d'une réévaluation effectuée à l'échelle de la province. Pour l'année d'imposition 2026, il est recommandé de réduire le coefficient fiscal pour les immeubles à logements de 1,3 à 1,2, ce qui représente la deuxième étape de cette réduction planifiée.

3. **Coefficients fiscaux** : Le Conseil doit chaque année approuver des coefficients fiscaux pour les différentes catégories de biens. Ces coefficients déterminent la répartition des prélèvements entre les différentes catégories d'impôt foncier. Il est recommandé au Conseil d'adopter les coefficients proposés afin d'atténuer le transfert de la charge fiscale entre les catégories de biens.
4. **Réductions dans les sous-catégories obligatoires et facultatives** : Le rapport recommande que le Conseil adopte les réductions de taux d'imposition pour les sous-catégories obligatoires et facultatives. Les réductions recommandées cadrent avec celles de l'année dernière ou avec les directives données antérieurement par le Conseil.
5. **Taux d'imposition municipal** : Il est recommandé d'établir les taux d'imposition en fonction des coefficients et des réductions proposés et de la hausse d'impôt globale figurant au budget approuvée par le Conseil dans le respect des règlements correspondants.
6. **Règlements de plafonnement** : Le rapport recommande que le Conseil se retire du programme. L'année 2026 est la dernière année à l'issue de laquelle tous les biens-fonds commerciaux et industriels auront pleinement bénéficié du programme provincial de plafonnement et seront imposés selon leur valeur actuelle totale.
7. **Programmes d'allègement de la charge fiscale** : Il est recommandé au Conseil de reconduire pour 2026 les programmes d'allègement de la charge fiscale suivants, accompagnés des changements proposés aux seuils de revenu du programme de report d'impôts fonciers :
 - le Programme de remboursements offerts aux organismes de bienfaisance;
 - le Programme de subventions pour les terres agricoles;
 - le Programme de report total des taxes foncières pour personnes âgées et personnes en situation de handicap à faible revenu, et les modifications apportées aux critères d'admissibilité décrites dans le présent rapport;
 - le Programme de report total du paiement de la facture d'eau pour les personnes âgées et les personnes en situation de handicap à faible

revenu, et les modifications apportées aux critères d'admissibilité décrites dans le présent rapport.

8. **Redressement du taux d'imposition théorique** : Le rapport recommande au Conseil d'approuver le redressement du taux d'imposition théorique prescrit dans les règlements sur l'impôt foncier pris en application de la Loi de 2001 sur les municipalités.
9. **Affectation au budget de fonctionnement** : Dans ce rapport, il est recommandé d'affecter les 1,4 million de dollars en recettes supplémentaires issues du redressement du taux d'imposition théorique au fonds de réserve pour la stabilisation des taxes, lequel sert à assurer la stabilité des taux d'imposition et à protéger la Ville en cas de coûts de fonctionnement imprévus.
10. **Relevé d'imposition foncière et dates d'exigibilité** : Concernant la perception de l'impôt foncier, la *Loi de 2001 sur les municipalités* oblige le Conseil à approuver, par règlement, un relevé d'imposition provisoire (jusqu'à concurrence de 50 %), des dates d'exigibilité des impôts, des versements échelonnés et des dates d'exigibilité permettant aux contribuables d'échelonner leurs paiements plus uniformément dans l'année, ainsi que des pénalités et des taux d'intérêt exprimés en pourcentage. Le présent rapport recommande les dispositions du relevé d'imposition foncière et des dates d'exigibilité de 2027.
11. **Prélèvement annuel auprès des établissements admissibles** : Le présent rapport recommande l'adoption de prélèvements annuels sur les établissements admissibles conformément à l'article 323(1), (2), (3) et (5) de la *Loi de 2001 sur les municipalités* et du Règlement de l'Ontario 384/98 (Questions fiscales – Universités et autres établissements), où les municipalités ont le droit de prélever une somme de 75 \$ par étudiant à temps plein inscrit dans les universités et les collèges, de 75 \$ par résident pouvant être accueilli dans les établissements correctionnels, de 75 \$ par lit dans les hôpitaux publics et de 75 \$ par place dans les établissements provinciaux d'enseignement. Les montants sont établis d'après la capacité des établissements.

Une fois le présent rapport adopté, les règlements fixant les taux d'imposition de 2026 en fonction de la hausse budgétaire globale seront préparés et soumis à l'approbation du Conseil. L'incidence sur l'impôt foncier en milieu urbain pour une habitation moyenne d'une valeur de 415 000 \$ s'élève à environ 184 \$. Elle variera en fonction des services reçus et de l'évaluation foncière.

BACKGROUND

Property taxation is the primary way that municipalities raise funds to provide City services. Municipalities in Ontario have the authority to apply differential tax rates to different property classes through tax class ratios. A tax ratio is the proportion by which a class or sub-class tax rate compares to the residential class tax rate, which has a base ratio of 1.0. For example, if a property has a tax ratio of 2.0, it means that the tax rate for that property would be twice as much as the residential property tax rate. Tax ratios allow municipalities to adjust the tax levy distribution between different property classes within the limits set in the *Municipal Act, 2001*.

Annually, municipalities can maintain prior-year ratios, adopt revenue-neutral ratios, or adopt alternate ratios guided by their overall objectives and provincial regulations. Neutral ratios mitigate tax shifts between tax classes resulting from reassessment or tax appeals. Property taxation history in Ontario reflects the complex interplay between provincial regulations, municipal tax policies, and property class dynamics in achieving tax ratio parity. Historically, Council has adopted neutral ratios. Please refer to Document 1 - Appendix A for detailed history of tax ratio policies, capping parameters and other tax related policies.

Reassessment

Ontario's last provincewide property reassessment was completed in 2016, with updated Current Value Assessments phased into the tax base from 2017 to 2020. Since then, reassessment has been repeatedly deferred by the province. As a result, municipalities will continue to rely on 2016 assessment values for the 2026 tax year. No timeline or announcement has been provided regarding when the next reassessment will occur. The continued use of outdated assessments limits the alignment between assessed values, current market conditions and the fair distribution of property taxes, and reinforces the importance of tax ratios and policy tools to maintain equity across property classes

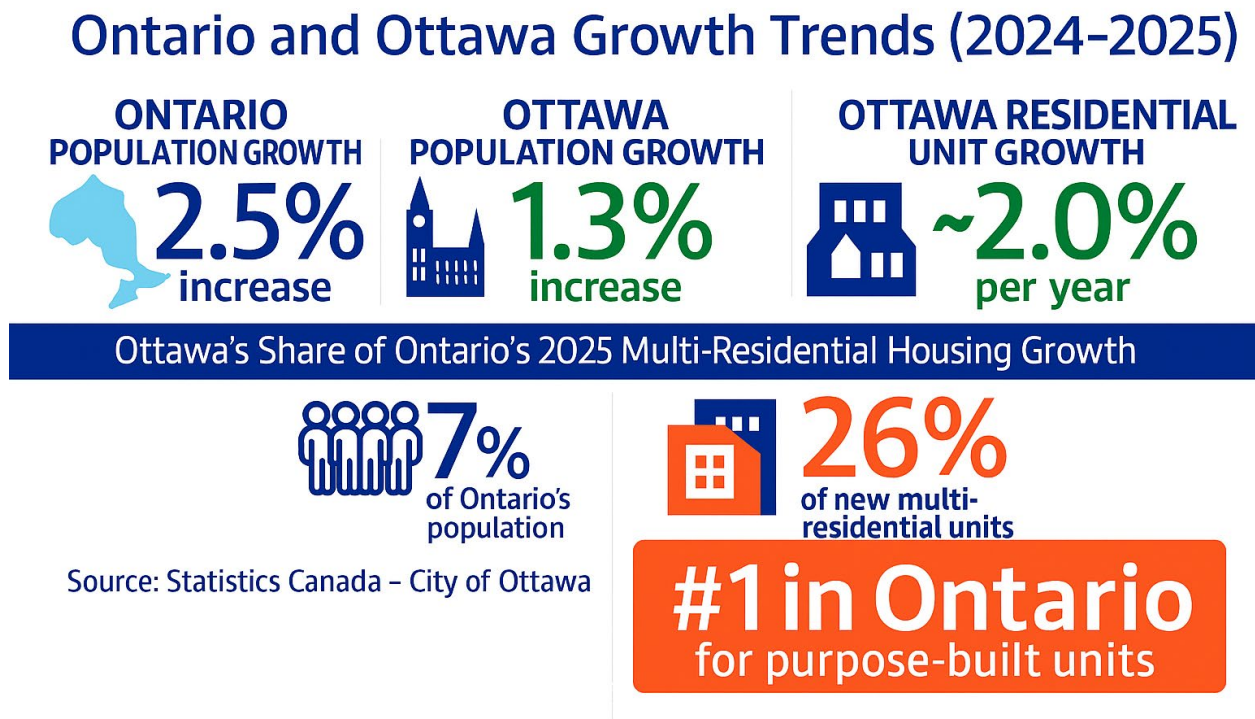
Growth

The City continues to benefit from property tax growth driven by new construction, major redevelopment, and changes in property use, net of any reductions from assessment appeals. For the 2026 tax year, the City achieved tax levy growth of \$37.67 million, which was lowered due to increases in exempt properties, resulting in an overall growth of 1.69 per cent, exceeding the growth recorded in both 2025 and 2024 and reflecting sustained development momentum.

Ottawa’s residential sector continues to set a remarkable pace, reinforcing the city’s reputation as a leader in housing development. In 2026, the residential class remained the largest contributor to tax levy growth, generating \$22.2 million, an increase of 1.49 percent, driven by the addition of 4,000 new residential units. This growth is underscored by Ottawa’s steady population increase of 1.3 percent in 2024, even as Ontario’s overall population grew by 2.5 percent. Despite a more moderate rate of population growth, Ottawa has demonstrated exceptional momentum in building new homes, with MPAC recording 8,657 new residential and purpose-built units in 2024 and an impressive 9,308 units in 2025. These numbers highlight the city’s ongoing commitment to expanding its housing supply and supporting the needs of its residents.

Figure 1 Below shows how Ottawa compares to Ontario in growth and population.

Figure 1 – Growth Trends Ottawa and Ontario



Ottawa’s leadership is most evident in the multi-residential development sector. The new multi-residential class achieved another outstanding year, recording a substantial 24.14 percent increase over the previous year and contributing \$13.81 million in tax levy growth. This surge was fueled by the addition of 5,248 new purpose-built rental units in 2025, accounting for 26 percent of all new purpose-built units in Ontario. Ottawa’s

sustained momentum is reflected in its consistent annual increases, moving from building an average of 1,800 new units per year until 2020 to the current 5,248 units in 2025, outpacing other municipalities across the province. By capturing a disproportionate share of Ontario’s multi-residential construction, Ottawa is not only meeting local demand but also driving broader provincial housing trends. The city’s positive trajectory in residential and multi-residential development underscores its role as a provincial leader, shaping the future of housing in Ontario with confidence and authority.

Detailed multi-residential growth by units for Ottawa over the past 6 years is shown in Figure 2, demonstrating that strong development is occurring without further tax incentives.

Figure 2 - Ottawa Multi-Residential Units by Year Built

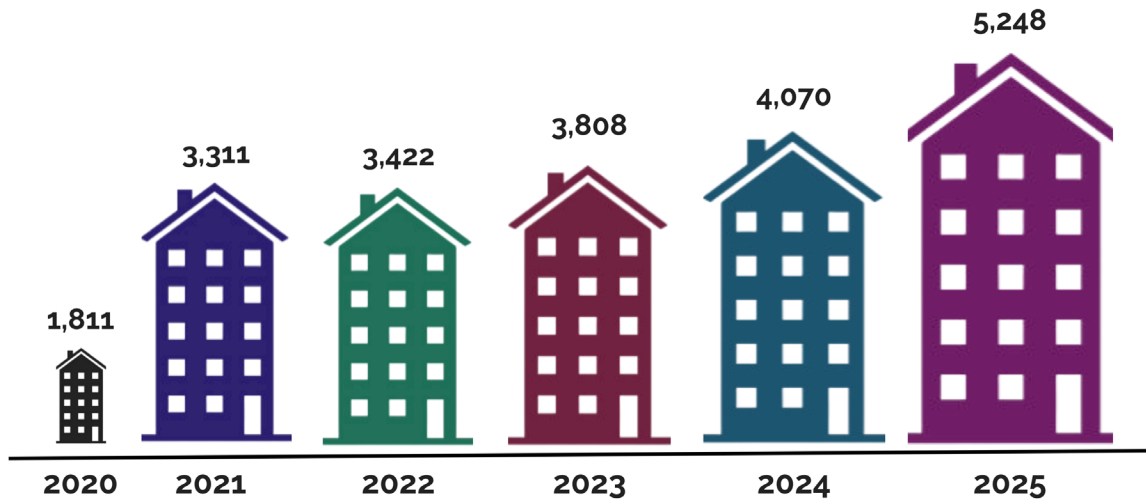


Table 1 illustrates the tax levy growth from 2025 by class, and Table 2 shows the tax levy growth by zone. Please refer to Document 1 - Appendix A for additional details on levy growth by ward.

Table 1 – Tax Levy Growth by Class

Class	Final 2025 Levy	Base 2026 Levy before	Levy Growth	Growth %
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		Budget Increase		
	(\$ millions)	(\$ millions)	(\$ millions)	
Residential	1,486.08	1,508.29	22.21	1.49%
Commercial	504.23	505.79	1.57	0.31%
Multi-Residential	110.46	109.67	-0.79	-0.71%
New Multi-Residential	57.23	71.04	13.81	24.14%
Industrial	37.10	37.46	0.36	0.97%
Farm and Managed Forests	3.27	3.25	-0.02	-0.67%
Other	6.46	6.68	0.23	3.56%
Growth Total	2,204.83	2,242.18	37.37	1.695%
Exempt	0	-0.187	-0.187	-0.005%
Actual Growth	2,204.83	2,241.99	37.18	1.69%

As illustrated in the table below, Ottawa experienced 47 per cent of the total 2025 levy growth in the wards classified as suburban, 39 per cent in urban and 14 per cent in rural.

Table 2 – Tax Levy Growth by Zone

Zone	Final 2025 Levy	Base 2026 Levy before Budget Increase	Levy Growth	Growth %
	(\$ millions)	(\$ millions)	(\$ millions)	
Urban	1,255.07	1,269.40	14.33	1.14%
Suburban	791.07	808.54	17.47	2.21%
Rural	158.68	164.06	5.38	3.39%
Grand Total	2,204.82	2,242.00	37.19	1.69%

Affordable and Competitive Taxes

Ottawa continues to have one of the lowest property taxes compared to some of the larger municipalities in Ontario, ensuring that our City remains affordable and economically competitive in attracting investment. Table 3 provides benchmarking of residential taxes levied in 2025 in Ontario's top 10 large municipalities. In each municipality listed below, taxes are based on the average 2-storey single detached 3-bedroom home with 2.5 bathrooms and a 2-car garage.

Table 3- 2024 and 2025 Average Municipal Taxes for Residential 2-storey House

Municipality	2024 Property Taxes	2025 Property Taxes	% Change
Toronto (average)	7,068	7,467	5.6%
Mississauga	6,781	7,406	9.2%
Windsor	6,633	6,837	3.1%
Hamilton	6,469	6,802	5.1%
Brampton	6,195	6,720	8.5%
Markham	5,983	6,158	2.9%
Vaughan	5,729	5,881	2.7%
Kitchener	5,568	5,935	6.6%
Kingston	5,535	5,810	5.0%
London	5,405	5,760	6.6%
Ottawa	5,349	5,490	2.6%

For additional benchmarking information please refer to the [2025 BMA Municipal Study](#).

In summary, assessment changes to the tax base occur yearly to account for growth and reassessment. Assessment growth provides new taxes for the City. Reassessment changes do not provide any new taxes to the City. Instead, reassessment changes cause tax shifts between the tax classes unless mitigated.

City Council approved the 2026 Budget on December 10, 2025 ([ACS2025-FCS-FSP-0013](#)), with 1.65 per cent increase coming from tax-related growth and a 3.75 percent overall increase on municipal taxes.

DISCUSSION

This report outlines the tax policy and related decisions that Council is required to address annually under the *Municipal Act, 2001*, to establish tax ratios for property

classes and tax mitigation programs. The report also addresses other tax and revenue-related policies.

1. Optional Property Tax Classes

Revenue Services recommends that the adoption of optional tax classes continue in 2026. Specifically, the Shopping Centre property class, the Office Building property class and the Large Industrial property class.

2. Reducing the Multi-Residential Ratio

There are two provincially legislated property tax classes for multi-unit residential buildings, distinguished by the year of construction. Multi-Residential properties built before 2001 fall under the Multi-Residential tax class, which is subject to a tax ratio of 1.3000. Properties constructed in 2001 or later are placed in the New Multi-Residential tax class, which has a tax ratio of 1.0000, aligned with the residential tax ratio.

This structure results in older multi-residential properties being taxed at a 30 per cent higher rate than newer purpose-built rental buildings. Consequently, buildings in the pre-2001 Multi-Residential class often face higher levels of taxation and typically have lower rents, while post-2001 buildings benefit from the lower, residential-level tax ratio. The table below shows Ottawa's Multi-Residential Tax ratio in comparison to 10 of Ontario's large municipalities.

Table 4 - Multi-Residential Tax Ratio Comparison

Municipality	2024 Multi-Residential Tax Ratio	2025 Multi-Residential Tax Ratio
Markham ¹	1.0000	1.0000
Vaughan ²	1.0000	1.0000
Mississauga	1.2656	1.2656
Ottawa³	1.4091	1.3000
Kingston	1.7000	1.7000
Brampton	1.7050	1.7050
London	1.7037	1.6991

¹ All ratios with the exception of those identified are sourced from the [2025 BMA Municipal Study](#)

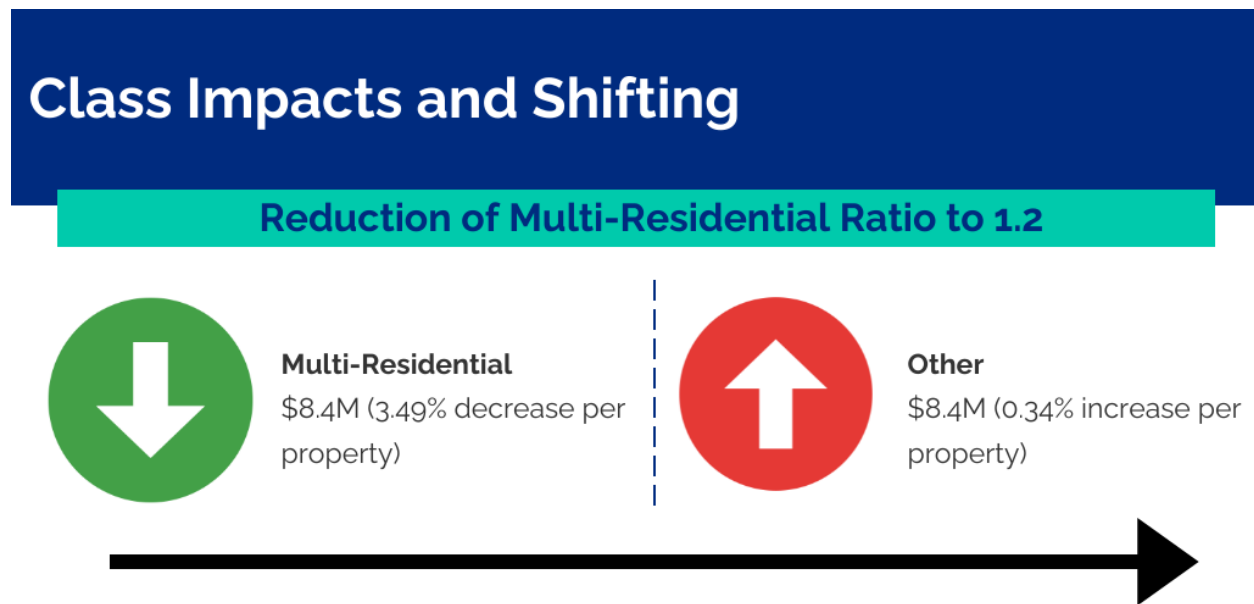
² [About Your Tax Bill | City of Markham](#)

³ [Property Tax and Assessment | City of Vaughan](#)

Kitchener ⁴	1.9500	1.9500
Toronto	1.8993	1.7953
Windsor	2.0000	2.0000
Hamilton	2.0658	2.0000

Housing affordability remains one of Council's four strategic priorities, and to support this goal Council approved a four-year plan in 2024 to gradually reduce the Multi-Residential tax ratio to 1.0, subject to annual reapproval through the tax policy report. To balance affordability benefits with manageable impacts on other taxpayers, staff recommend continuing the gradual reduction strategy and reducing the ratio to 1.2 in 2026 to align with the approved phase in plan. Reducing the ratio to 1.2 will permanently decrease municipal taxes paid by the Multi-Residential class by an estimated \$8.4 million, representing a 3.49 per cent reduction for each property, offset by a 0.34 per cent increase for all other classes. The average residential property assessed at \$415,000 would see an annual increase of approximately \$18.

Figure 1 – Property Tax Shifts from the reduction for the Multi-Residential ratio



This property tax reduction is expected to trigger a provincially mandated automatic rent reduction under the *Residential Tenancies Act, (RTA)* which requires such reductions when a landlord's municipal property taxes decrease by 2.49 per cent or more from the

⁴ [Understanding your property taxes - City of Kitchener](#)

previous year. These reductions are set and enforced by the Province under the Landlord and Tenant Board.

Provincial rules require municipalities to notify

- Landlords of eligible buildings between June 1 and September 15, and
- Tenants between October 1 and December 15,

With all rent reductions taking effect on December 31 of the year in which property taxes decreased.

In accordance with these requirements, landlord notices will be issued in July, after final tax bills are due and tenant notices will follow in early October. For 2026, it is estimated that approximately 1000 landlord notices will be issued, proving rent reductions to roughly 57,000 tenants. A 3.49 per cent tax reduction results in a 0.70% rent reduction. This would lower an average monthly rent of \$2,000 by \$13.90. The following table shows the potential estimated annual savings over the four-year plan to reduce the ratio to 1.00.

Table 5 - Four Year Tenant Rent Reduction Impact

	2025	2026	2027*	2028*	Total Savings/Cost over 4 years
Tax Reduction	4.50%	3.49%	4.07%	4.75%	41%
Rent Reduction %	0.9%	0.7%	0.81%	0.95%	8%
Annual savings for monthly rent of 1500	\$162	\$126	\$145	\$171	\$1,487
Annual savings for monthly rent of 2000	\$216	\$168	\$194	\$228	\$1,984
Annual savings for monthly rent of 2500	\$270	\$210	\$243	\$285	\$2,481
Annual Residential Impact.	\$19	\$18	\$19	\$20	\$188

*Assuming a 3.75 per cent budget increase for 2027 and 2028

Automatic rent reductions do not apply to commercial, industrial, recreational, or certain residential properties such as public housing, non-profit housing projects, co-operatives, vacation homes, and some housing owned by educational institutions.

The City's role is administrative only and is limited to calculating the reduction and issuing the prescribed notices. The City does not determine rent amounts, interpret legislation, or resolve landlord tenant disputes. These matters are administered by the Province through the Landlord and Tenant Board. Only municipal property taxes are included in the reduction calculation and additional charges such as solid waste fees, local improvement charges, or other user fees are excluded.

Due to changes in solid waste charges in 2025, some residential complexes received municipal tax reductions while seeing an increase in solid waste fees. However, changes to municipal fees are not, according to the legislation, included in the calculation for the rent reduction. Landlords may choose to appeal to the Landlord and Tenant Board to request that solid waste charges be included in the calculation.

3. Tax Ratio

Within the limits of the *Municipal Act, 2001*, municipalities in Ontario have the authority to apply different tax rates to the property classes through tax class ratios. Property taxes in Ontario are calculated based on assessment values determined by the Municipal Property Assessment Corporation (MPAC) and multiplied by the City and Province's tax rates. Municipalities can:

- Decrease tax ratios provided they do not go below the Range of Fairness thresholds set by the Province.
- Increase tax ratios by adopting neutral ratios that prevent tax shifting between classes.

Tax Ratios and Reassessment

While the City does not benefit from any reassessment changes, annual tax shifts between classes would occur if the City did not mitigate the shifts with neutral ratios. The tax levy shifts naturally happen based on how the various class increases differ from the residential class. Individual properties would also experience tax shifts within the class depending on the differential from the class's overall change. Given that the Province has postponed the next four-year reassessment cycle that was scheduled to happen in 2021 and has held the 2020 assessment values to date, there is no year-over-year reassessment change in 2026.

Tax Ratio Parity

With the Provincial Range of Fairness ratios still in place, the goal is for municipalities to reach ratio parity with the residential ratio of 1.00. Parity means that all classes, except for Farm and Managed Forest, would have a tax rate equal to that of the Residential class. It is estimated that implementing ratio parity would result in a \$676 tax increase (12.8 per cent) for the average residential property or \$227.4 million added to the Residential class in Ottawa. The average commercial property would see a savings of \$32,800 (29 per cent). Older apartment buildings in the Multi-Residential class would see an average decrease of \$4,600 (4 per cent); however, apartments in the New Multi-Residential class would see the same percentage increase as the Residential property class.

The Need for Neutral Ratios

Neutral ratios can help mitigate tax shifts caused by reassessment or adjustments to the notional tax rate for lost growth due to assessment appeals. In 2026, neutral ratios are required to mitigate tax shifts resulting from the notional tax rate adjustment. As explained above, in 2026, the Multi-Residential ratio is being manually reduced and, thus, is no longer a neutral ratio. Table 6, compares the 2025 ratios to the recommended 2026 ratios.

Table 6 - 2025 versus 2026 Ratios

Class	Actual Ratio 2025	Proposed Ratio 2026
Residential	1.0000	1.0000
Multi-Residential	1.3000	1.2000
New Multi-Residential	1.0000	1.0000
Farm	0.2000	0.2000
Managed Forest	0.2500	0.2500
Pipeline	1.7190	1.7189
Commercial Broad Class	1.9711	1.9704
- Commercial	1.9238	1.9245
- Office Building	2.3872	2.3881
- Shopping Centre	1.5482	1.5488
Professional Sports Facility	1.9238	1.9245
Industrial Broad Class	2.2664	2.2629
- Industrial	2.3590	2.3616
- Large Industrial	2.0258	2.0280
Landfill	2.7623	2.7622
Aggregate Extraction	2.0960	2.0960

Commercial Tax Ratio: The recommended tax ratio for the broad Commercial class remains below the levy restriction threshold since 2017, allowing the full budgetary increase to be passed on.

Multi-Residential Tax Ratio: The recommended multi-residential tax ratio is 1.2 to accelerate the City's goal of achieving ratio parity with the residential tax class.

New Multi-Residential Tax Ratio: Properties in this class pay the same tax rate as residential properties to encourage the construction of rental buildings.

Industrial Tax Ratio: The recommended ratio for the broad Industrial class remains below the levy restriction threshold, allowing for full budgetary increases to be passed on.

Managed Forest Tax Ratio: Legislation limits this ratio to a maximum 0.25, in 2026 it will continue to be 0.25.

Farm Tax Ratio Savings to Farm Owners: Provincial legislation limits the Farm ratio to a maximum of 0.25. In 2004, the City of Ottawa became the first municipality in Ontario to drop its Farm class tax ratio to 0.20.

In 2026 it is recommended that council approve that the ratio remain at 0.20.

Aggregate Extraction Tax Ratio

In 2025, the Province established a new Aggregate Extraction Property Class under O. Reg. 282/98 and established the mandatory ratio as outlined in Table 5. Document 1 - Appendix A further outlines the legislation surrounding tax ratios, Ottawa's previous tax ratio history by class, and the proposed ratios for 2026.

Revenue Services recommends adopting the ratios outlined in the report that maintain the proportion of property taxes paid in each property class. The ratios support the City's need to support the multi-residential community. The proposed ratios in the recommendations are subject to final minor revisions upon the Ontario Property Tax Analysis system close-off.

4. Mandatory and Optional Subclass Discounts

Municipalities in Ontario are required under provincial legislation to establish both mandatory and optional property tax subclasses, each providing the ability to apply discounted tax rates relative to the full municipal tax ratio. These subclasses allow

municipalities to tailor tax treatment to specific property types and support broader fiscal and economic objectives.

The following section discusses in greater detail the two new optional subclasses for multi-residential properties and summarizes the other key subclasses that the City adopts annually. For additional detail on the regulatory framework and historical evolution of these subclasses, please refer to Document 1 - Appendix A.

New Multi-Residential Subclass

Ottawa's residential rental construction market is already performing exceptionally well, reducing the need for additional incentives. As part of the 2024 Ontario Budget, the Province introduced an optional tax subclass that would allow municipalities to reduce property taxes for new or converted multi-residential units after Council adopts a by-law.

While this subclass would allow for a municipal tax reduction of up to 35 per cent, it does not require affordable rents and would widen tax disparities among similar buildings.

Additionally, lower tax rates for newer buildings have not translated into lower rents; newer units typically charge higher rents despite paying the same tax rate as residential properties. Council already has more effective affordability tools in place, including the Affordable Housing CIP, the Affordable Housing Municipal Capital Facilities by-law and the Affordable Housing Subclass discussed in the next section.

Given the city's strong development momentum and the subclass's limited impact on affordability, staff do not recommend adopting the new tax subclass.

Affordable Housing Subclass

In 2025, Council adopted the new Affordable Rental Housing property tax subclass established under Section 22.1.1 of Ontario Regulation 282/98, as amended by Ontario Regulation 73/25. Council adopted the subclass in September 2025 ([ACS2025-FCS-REV-0005](#)) to preserve access to this tax policy tool for the 2026 taxation year and beyond. The new subclass provides the regulatory authority for Council to set a discount between 0 per cent and 35 per cent.

Adoption prior to the provincial deadline of September 30, 2025, was required to enable the City of Ottawa to maintain eligibility to use this tax policy tool in future years. The subclass applies to both the multi-residential and new multi-residential property classes, but its adoption does not commit the City to a specific tax reduction.

The new provincial multi-residential tax subclass applies only to self-contained units in multi-residential buildings that are legally required to provide affordable housing and have rents at or below affordability thresholds set by the Ministry of Municipal Affairs and Housing, based on the lower of income-based affordable rents or average market rents.

The Municipal Property Assessment Corporation (MPAC) is responsible for determining eligibility and assigning the subclass to qualifying properties. While the Province announced the new subclass in May and the City adopted the Subclass in September, MPAC has yet to identify properties to be included in the class. Without any properties assessed in the new subclasses, staff cannot do the analysis to determine any financial implications regarding a recommended tax ratio discount. Therefore, for 2026 no discount is being recommended. MPAC has confirmed that they will start gathering information from property owners in the spring to determine eligibility. They are still working on refining their process. MPAC anticipates the first round of assessment notices to be issued to property owners in the fall of 2026.

Throughout 2026, the City will continue collaborating closely with MPAC to finalize the identification and verification processes, clarify notification procedures for property owners, and confirm documentation requirements needed to establish eligibility.

Implementation of the subclass provides an opportunity to support affordable rental housing in Ottawa through targeted property tax relief. A detailed financial analysis will be possible once MPAC supplies a comprehensive list of eligible properties.

At that time, Revenue Services will:

- Evaluate the financial and administrative implications of discount options between 0 per cent and 35 per cent
- Review alignment with existing municipal housing programs including potential interactions with the Affordable Housing Community Improvement Plan and the Municipal Capital Housing Facilities
- Develop a recommended discount rate for Council's consideration as part of the 2027 tax policy report

Mandatory and Optional Subclasses

Table 7- Summary of Existing Mandatory and Optional Property Tax Subclasses

Subclass	Details and Discount	Estimated 2026 Tax Savings
Small Business	Optional subclass where eligible commercial and industrial properties receive a 15% property tax reduction under the Small Business Subclass.	\$12,594,137
Industrial and Commercial Vacant Land	Mandatory subclass with an optional discount. No discount recommended.	\$0
Industrial and Commercial Excess Land	Mandatory subclass with an optional discount. No discount recommended.	\$0
Farm Land Awaiting Development I	Mandatory subclass with an optional discount. Properties receive a 25% property tax reduction	\$9,778
Farm Land Awaiting Development II	Mandatory subclass with an optional discount. No discount recommended	\$0
Small-scale Business on Farm I	Optional subclass where qualifying small-scale-on farm business activities receive a 75% property tax reduction under Subclass I.	\$1,487
Small-scale Business on Farm II	Optional subclass where qualifying small-scale-on farm business activities receive a receive a 75% property tax reduction under Subclass II.	\$836

Staff recommend that Council adopt the recommended subclasses and discounts for 2026.

Additional information regarding the subclass is included in Document 1 – Appendix A

5. Municipal Tax Rates

Municipal Tax rates for 2026 are set based on the 2026 budget property tax levy requirement, the total property assessment value by class and the tax ratios recommended within this report. Final tax rates for all classes will be presented to Council in May for approval through by-laws.

The by-laws establishing the 2026 tax rates result in a net municipal property tax increase of \$184 for the average single-family home, comprised of a municipal budget increase of \$166 (3.75 per cent) and a \$18 increase from the reduction of the Multi-Residential tax ratio policy changes described in this report. Residents can view their property-specific budgetary tax increase, any change due to policies/reassessment, and the tax distribution by services listed at the back of the final tax bill issued in May.

The following figure displays the estimated tax levy distribution by Property Broad Class using the ratios and discounts as recommended in this report.

Figure 3 - 2026 Tax Levy Distribution by Broad Class



The City has the legislative authority to establish special services areas and impose corresponding Special Area Levies pursuant to sections 312 and 326 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended. These provisions permit municipalities to designate one or more areas within their boundaries that receive enhanced or specialized services, and to levy additional taxes on those areas to fund the associated costs. The continuation of Special Area Levies is therefore consistent with the City of Ottawa's statutory powers to ensure that taxpayers benefiting from unique or elevated service levels contribute appropriately to their provision.

For 2026, the City will continue the Stonebridge Community Area Special Area Levy, the Mosquito Nuisance Control Program Special Area Levy, and the Britannia Village Ottawa River Flood Protection Works Special Area Levy under this authority.

For more details regarding Special Area Levies and the process, please refer to Document 1 –Appendix A.

Revenue Services recommends that the municipal tax rates for 2026 be established based on the ratios adopted herein.

Education Taxes

The Ontario Government reduced the Business Education Tax (BET) rates in 2021 for taxable properties, but not for the provincial or federal PILTs. The education rates remain unchanged for 2026. As a result, there is no change to education taxes for property owners in 2026. While the BET reduction provides savings to taxpayers, it results in an annual revenue loss to the City of approximately 11.5 million dollars per year due to loss in Payments in lieu of Taxes. To date this loss adds up to 70 million dollars offset by a one-time 35-million-dollar mitigation payment provided by the province in 2023. The City has adjusted its budget to account for the remaining ongoing shortfall of about 35 million dollars.

The City challenged the use of the reduced rates, but both the Federal Court and the Federal Court of Appeal ruled in favour of the Federal Government and they will continue to pay on the reduced rates.

6. Capping Regulations

Tax capping was originally introduced by the Province of Ontario as a temporary mechanism to protect commercial and industrial properties from sudden and significant tax increases resulting from the transition to Current Value Assessment (CVA) taxation. As reassessment cycles progressed, most properties naturally exited the capping and clawback program as their taxes aligned with full CVA levels.

In 2023, Council adopted the accelerated four-year exit option, including refined capping parameters, to expedite the transition of the remaining capped properties to full CVA taxation.

The 2026 taxation year represents the final year of this accelerated exit framework, and the final year of the capping program. Consequently, no capping or clawback adjustments are required for 2026, and the capping program is now fully concluded, with all affected properties taxed at their full assessed CVA. As the program has ended, no new capping parameters are required for adoption.

Staff recommend that Council confirm the City's complete exit from the tax capping program.

Refer to Document 1 - Appendix A for additional information regarding the history, rules associated with this program and recommendations outlined in this report.

7. Program Tax Mitigation Programs

Several tax mitigation programs allowed under the *Municipal Act, 2001* have been adopted by Ottawa in previous years. These programs include:

Table 8 - Overview of Existing Tax Mitigation Programs

Program	Program Designed For	Program Benefit
<p>Charitable Rebate Program</p> <ul style="list-style-type: none"> ○ Sub-program: Church-Leased Space for Houses of Refuge ○ Sub-program: Non-Profit Licensed Childcare Centres ○ Sub-program: Polish Combatant's Association of Canada 	<p>Registered charitable organizations</p> <p>Churches leasing space to houses of refuge and similar purpose-registered charities</p> <p>Non-profit, non-home-based licensed childcare centres</p> <p>Properties used and occupied by the Polish Combatant's Association of Canada (By-law 2017-318, as amended)</p>	<p>40 per cent tax rebate to eligible charitable organizations.</p> <p>100 per cent rebate.</p> <p>100 per cent rebate for space occupied for childcare purposes.</p> <p>100 per cent rebate of the education portion of taxes, effective until 2027.</p>
<p>Farm Grant Program</p>	<p>Non-commercial farm owners</p>	<p>Ability to defer the due date for annual taxes from June to December.</p>

Tax Deferral Program	Low-income seniors; persons with disabilities	Provision of partial tax deferral relating to the increase in assessment and a complete tax deferral program for low-income seniors and persons with disabilities.
Water Deferral Program	Low-income seniors; persons with disabilities	Provision of a complete water deferral program for low-income seniors and persons with disabilities.

It is recommended that Council approve the continuation of these mitigation programs in 2026, along with an the annual update to the income threshold for applicants to the City's deferral programs. By adjusting the annual low-income indexing formula, the current 2025 income threshold of \$56,556 would increase to \$59,398 for 2026 applicants, based on the Ottawa-specific Consumer Price Index (CPI) for shelter.

Refer to Document 1 – Appendix A for additional information regarding the history, rules associated with these tax mitigation programs, and the recommendations outlined in this report.

8. Notional Tax Rate Adjustment

The Ontario government introduced a regulatory amendment in 2016 that allowed municipalities to include an adjustment for assessment appeal losses from previous years to determine the current year's base tax rate. The amendments allow municipalities to recover the levy portion that would have otherwise been permanently lost from the tax base in perpetuity due to prior year appeal losses. The Minister of Finance requires municipalities to annually confirm the adoption of the notional tax rate adjustment through a by-law.

Revenue Services recommends the adoption of the notional tax rate adjustment in 2026 for the City of Ottawa through a by-law, as prescribed in the property tax-related regulations made under the *Municipal Act, 2001*.

9. Allocation to the Operating Budget

As part of the annual budget exercise, the City estimates assessment growth and its associated revenue because the final roll return data is not available to staff around the budget tabling and approval timelines. For the 2026 Budget, staff forecasted annual

assessment growth of 1.65 per cent. Staff have completed the analysis of the 2025 year-end assessment data and confirmed an additional \$1.4 million in revenue for 2026 due to the additional growth and application of the technical adjustment. The notional tax rate adjustment restores appeal losses related to the prior taxation year that would otherwise have been permanently eroded from the tax base.

Revenue Services recommends \$1.4 million in additional growth identified from the application of the notional tax rate be contributed to the tax stabilization reserve. The purpose of the Reserve is to maintain stable tax rates and protect the City against unforeseen operating costs.

10. Interim Property Taxes and Due Dates (2027)

Revenue Services recommend setting the 2027 interim tax billing at 50 per cent of the 2026 adjusted/annualized taxation. Fifty per cent is consistent with previous years.

Revenue Services recommends setting the 2027 tax due dates as March 18, 2027, for the interim and June 17, 2027, for the final. These dates fall on the third Thursday of the month, as has been the City's practice for many years. The predictability of these dates benefits many taxpayers and eases the City's administrative planning. These fixed due dates do not apply to registered pre-authorized debit tax accounts or those registered under the Full Tax Deferral Program for low-income seniors and low-income persons with disabilities.

The *Municipal Act, 2001*, requires that Council set interest and penalty rates. Revenue Services recommend that the penalty and interest charges remain at 1.25 per cent per month, which is consistent with previous years.

Refer to Document 1 – Appendix A for additional information on the legislation, the history of interim property taxes and due dates, and further details supporting the recommendations outlined in this report.

11. Annual Levy Payments from Eligible Public Institutions

Revenue Services recommends that, according to Section 323(1), (2), (3) and (5) of the *Municipal Act, 2001*, Council enact a by-law to establish the 2026 tax levy amounts once the Ministry of Municipal Affairs and Housing sends the City the capacities.

Table 9 - Levy from eligible public institutions

Category	2023	2024	2025
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Universities and colleges	\$6,518,775	\$6,811,950	\$6,954,075
Correctional institutions	\$38,700	\$35,925	\$36,300
Public hospitals or provincial mental health facilities	\$272,250	\$272,250	\$272,250
Provincial education institutions	\$5,250	\$5,325	\$6,825
Total	\$6,834,975	\$7,125,450	\$7,269,450

Refer to Document 1 – Appendix A for additional information on the legislation, the history of annual levy payments from eligible public institutions, and further details supporting the recommendations outlined in this report.

FINANCIAL IMPLICATIONS

All tax ratio, class and subclass recommendations are revenue neutral to the City's levy requirement budget and all tax mitigation programs are provided for within existing budgets. The additional growth of \$1.4 million identified through the notional tax rate adjustment will increase the 2026 budgeted levy requirement and be assigned to the tax stabilization reserve.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

CONSULTATION

In preparing this report, Revenue Services staff have consulted with internal and external stakeholders over the last year, including Legal Services, Economic Development, the Office of the City Clerk, the Municipal Property Assessment Corporation, and the Eastern Ontario Landlords Organization, among others. In addition, staff have received feedback from the budget consultations related to tax rates.

ACCESSIBILITY IMPACTS

The City of Ottawa is committed to ensuring accessibility for persons with disabilities and older adults. The City of Ottawa's programs, services and facilities follow the City's Accessibility Policy, the Accessible Formats and Communication Supports Procedure, and the Integrated Accessibility Standards Regulation, O.Reg. 191/11 of the Accessibility for Ontarians with Disabilities Act (2005).

Revenue Services actively offers disability-related initiatives to help older adults and people with disabilities on low-income, including both the Full Property Tax Deferral Program and the Water Deferral Program. These programs allow eligible homeowners to apply for a full or partial deferral of their annual property taxes and/or water billing. These programs' eligibility requirements and annual statistics are outlined under recommendation 8 of this report. They are also available on the City of Ottawa's website and reported annually in the City of Ottawa Municipal Accessibility Plan Update Report, presented to Committee and Council.

Since the launch of the Full Property Tax Deferral for low-income seniors and low-income persons with disabilities program in 2007, the amount of property taxes deferred increases slightly year over year. The increase in the number of applications for this program has been gradual. Revenue services will continue to monitor the use of these programs and services for trends and review the programs periodically to ensure they meet the needs of low-income older adults and residents with disabilities.

There are several recommendations being presented to Council through this report regarding the water and tax deferral programs that will benefit both people with disabilities and older adults who have low-income for increased entry considerations for these programs. The recommendations include Council approval of indexing the annual low-income threshold to be reflective of the local area, increasing the arrears threshold to allow for up to 20 per cent of property tax arrears compared to the current value assessment (CVA), excluding properties with Liens or WRITS and implement a current value assessment cap, while exempting existing clients from the new requirements.

In addition to these programs, residents with disabilities can receive their water and sewer bill or tax bill in an accessible format (e-text, large print or Braille) upon request by contacting Revenue Services by phone or through email. Tax bills are sent in a prescribed format by Provincial legislation; however, the City works with an external vendor to offer the bills in accessible formats. In 2025, Revenue Services issued 8 accessible bills at the interim tax bill and again at the final tax bill, in addition to one accessible statements for client on the pre-authorized installment payment plan. Additionally, there was one request for bills in Braille, two requests for e-text bills and 6

requests for large font bills at each billing.

DELEGATION OF AUTHORITY IMPLICATIONS

In accordance with the Delegation of Authority By-law 2025-69, Schedule "B", sections 19-21, Revenue Services has delegated authority to administer the tax mitigation programs outlined in this report. Any usage of this delegated authority is reported to the Finance and Corporate Services Committee annually.

ECONOMIC IMPLICATIONS

According to an Ontario benchmarking 2025 BMA Municipal Study completed by BMA consulting, the property tax burden as a percentage of income for municipalities in Ontario ranges from 2.0 per cent to 5.1 per cent, with an Ontario average of 3.8 per cent. Ottawa's property tax burden as a percentage of income is 3.5 per cent. It aligns with the provincial average making Ottawa a competitive market for new residents and businesses.

While the annual tax savings that will accrue to small businesses through the Small Business Tax Subclass is unlikely to be a significant factor in job creation, the savings demonstrates the City's recognition of the contribution of small businesses to employment, neighbourhood vibrancy and quality of life. Deliberate City support of Ottawa's business-friendly brand increases the business community's confidence and support toward further growth and investment.

ENVIRONMENTAL IMPLICATIONS

The City of Ottawa currently has 290 properties classified as Managed Forest. These are properties of environmental significance as they contain forested land with an approved forest plan from the Provincial Ministry of Natural Resources and Forestry. To protect these lands and keep maintenance costs affordable, the Province offers a 75 per cent discount on the residential rate. Property owners must apply under the Managed Forest Tax Incentive Program to be eligible for the classification and corresponding discount. In addition, they need to submit a five-year progress report and update their management plan every ten years to remain in the program.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

The City sets tax rates and ratios per *the Municipal Act, 2001*, and related prescribed regulations. The City recognizes that tax rates and ratios may impact equity-denied groups, including equity-seeking women and gender-diverse individuals in the City. However, the municipal taxation process is currently the same across the City for each ward and neighbourhood. Tax ratios differ with each tax class and subclass regardless of ownership. A property with a higher assessment value than another in the same class would pay a proportionally higher amount of taxes and vice versa.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications to approving the recommendations in this report

RURAL IMPLICATIONS

The City of Ottawa has 3,600 properties that have a Farm Property tax classification. For a farm to be considered in the Farm Property class, a property owner must apply for the Farm Property Tax Class Rate Program with Agricorp. Farm properties that meet the eligibility requirements for the Farm Property Tax Class are taxed at 20 per cent of the residential tax rate.

In addition to the Farm Tax Rate discount, the City offers the annual Farm Grant Program to provide seasonal financial relief to working farmers. The grant program assists eligible farm property owners by deferring the June final property tax instalment to December. In 2025, while 3,351 properties qualified for the Farm Grant Program, about 462 properties took advantage of the deferral option. The discount and deferral options are not limited to rural properties. However, most farm-classified properties are in rural areas.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitment to financial sustainability and transparency.

It supports all of the 2023-2026 Term of Council Priorities:

- A city that has affordable housing and is more liveable for all
- A city that is more connected with reliable, safe and accessible mobility options
- A city that is green and resilient
- A city with a diversified and prosperous economy

SUPPORTING DOCUMENTATION

Document 1 – Appendix A

DISPOSITION

Revenue Services will use the tax ratios and rates to calculate and issue the 2026 final tax bills.

Revenue Services will invoice designated institutions to levy the 2026 annual amounts payable to the City of Ottawa on or after July 1, 2026.

The Office of the City Clerk and the Revenue Services will work together with Legal Services to prepare all applicable by-laws to be placed on Council's agenda for enactment.