

## Appendix A

Appendix A to the 2026 Tax Policy and Other Revenue Matters report provides additional data on the 2025 growth at the ward level and provides a history on the various tax policy related matters, such as tax ratios, optional tax classes and discounts, tax rebates and the capping program.

### Tax Levy Growth by Ward

The following chart details the amount of property tax levy growth, per ward, that was recorded during 2025. For the second year in a row, Ward 21 (Rideau-Jock) saw the highest increase in property tax levy growth, reflecting ongoing development and a growing assessment base in the area. Several other wards, including 6,12,22 and 15 also recorded strong increases and together made up a significant share of the overall growth across the city. Although Wards 9, 14, and 2 experienced small decreases, the reason for these changes differed. Ward 14's decrease was driven by assessment reductions resulting from appeals. In contrast, Wards 9 and 2 saw decreases due the loss of taxable assessment from several properties becoming exempt, which outweighed new growth within those wards.

Ward	Ward Name	Final 2025 Levy	Base 2026 Levy before Budget Increase	Levy Growth	Growth %
		(\$ millions)	(\$ millions)	(\$ millions)	
1	Orléans East-Cumberland	82.58	82.95	0.37	0.45%
2	Orléans West-Innes	70.15	70.09	-0.06	-0.09%
3	Barrhaven West	103.65	105.66	2.00	1.93%
4	Kanata North	110.59	113.50	2.92	2.64%
5	West Carleton-March	45.08	45.71	0.63	1.40%
6	Stittsville	97.87	103.46	5.59	5.71%
7	Bay	95.33	95.50	0.18	0.19%
8	College	98.20	99.72	1.53	1.56%
9	Knoxdale-Merivale	89.02	88.30	-0.71	-0.80%
10	Gloucester-Southgate	87.16	87.27	0.11	0.12%
11	Beacon Hill-Cyrville	71.16	72.67	1.51	2.12%
12	Rideau-Vanier	121.63	126.56	4.93	4.05%
13	Rideau-Rockcliffe	87.15	88.59	1.45	1.66%
14	Somerset	211.67	211.01	-0.66	-0.31%
15	Kitchissippi	107.96	110.99	3.03	2.80%
16	River	84.98	85.19	0.21	0.24%

17	Capital	101.34	102.59	1.25	1.24%
18	Alta Vista	99.50	101.01	1.52	1.52%
19	Orléans South-Navan	95.99	98.37	2.38	2.48%
20	Osgoode	54.70	55.85	1.15	2.11%
21	Rideau-Jock	58.90	62.50	3.60	6.11%
22	Riverside South-Findlay Creek	74.64	77.77	3.12	4.18%
23	Kanata South	82.69	83.38	0.69	0.84%
24	Barrhaven East	72.91	73.36	0.46	0.62%
	<b>Grand Total</b>	<b>2,204.82</b>	<b>2,242.00</b>	<b>37.18</b>	<b>1.69%</b>

### Tax Ratio History

In 1998, as part of the *Fair Municipal Finance Act* and the *Fairness for Property Taxpayers Act*, Ontario municipalities inherited transition ratios for tax distribution between property classes. These transition ratios were implemented as part of the property tax reform that emerged from the Province's review of the property tax and assessment system. Typically, Multi-Residential, Commercial, and Industrial (ICI) properties paid higher taxes than the residential properties. The transition ratios were based on the pre-existing relationship of the ICI properties taxes compared to the residential tax class. Tax ratios are the relationship between the tax rate of each property tax class compared to the tax rate of the residential class. The residential ratio is always set at 1.00, and if a property has a ratio set at 2.00, it will pay twice the amount of property taxes than a residential property with the same assessment would pay.

The goal of transition ratios was for tax ratios to reach the level of 1.0 for all classes except Farm and Managed Forest, aiming to align their tax rates with residential rates. Two key regulations impacted this: the Range of Fairness, which determines how they compare to the residential class, and the municipal levy restriction thresholds, which limit how much tax increase can be passed on to certain property classes.

The Range of Fairness, under section 308 of the *Municipal Act, 2001* and Ontario Regulation 386/98, speaks to the fact that municipalities cannot increase ratios that are above their respective range of fairness. Ratios can only increase naturally due to assessment changes. Changes in tax ratios affect the relative tax burden between property classes. Municipalities have the flexibility to reduce tax ratios to bring them within the Range of Fairness. If a ratio is shifted downwards towards the residential

level, it would shift the burden of taxes onto other classes. Any forced reduction in taxes to one class is funded by increasing the taxes on the other classes.

The Province filed Ontario Regulation 73/03 that prescribes the municipal levy restriction thresholds for property tax ratios. If a tax ratio is above the municipal levy restriction threshold, then Council can only pass on 50 per cent of the budgetary increase to the property tax class group. Levy restrictions directly impact a municipality's ability to achieve the full budgetary tax increase. In 2017, Council directed staff to reduce the commercial class ratio below the 1.98 restriction, and it has been below since then. This means, annually since 2017, Council has been passing on the full budget increase to all property tax classes.

In Table 1 below, the Provincial Ranges of Fairness and Levy Restricted ratios are shown in comparison to Ottawa's approved 2023 tax ratios.

**Table 1 - Provincial Ratio Mandates vs 2025 approved and 2026 proposed ratios for Ottawa**

<b>Tax Class</b>	<b>Range of Fairness (1998) Tax Ratio</b>	<b>Municipal Levy Restriction Thresholds</b>	<b>2025 Final Ratios</b>	<b>2026 Proposed Ratios</b>
Residential	1	N/A	1.0000	1.0000
New Multi-Residential	1.00-1.10	N/A	1.0000	1.0000
Multi-Residential	1.00-1.10	2.00	1.3000	1.3000
Commercial Broad Class	0.6-1.1	1.98	1.9711	1.9707
Landfill	0.6-1.1	25.00	2.7622	2.7621
Industrial Broad Class	0.6-1.1	2.63	2.2663	2.2663
Pipeline	0.06-0.07	N/A	1.7198	1.7198
Aggregate Extraction	0.6-1.1	2.63	2.0959	2.0956
Farmlands	0.01-0.25	N/A	0.2000	0.2000
Managed Forest	0.25	N/A	0.2500	0.2500

### **Property Assessment History**

Under the *Assessment Act, 1990*, all property in Ontario is assessed for value, based on land and improvements. As of 1999, the Ontario Property Assessment Corporation (OPAC), an independent assessment authority took over the responsibility for property assessment functions. OPAC was changed to what we now all know as the Municipal Property Assessment Corporation, MPAC.

MPAC is responsible to assess all properties in Ontario, to assign the property tax class to each property, deliver the annual assessment roll and to determine which properties are exempt from taxation. The Province sets out the regulations for taxation and assessment that MPAC must adhere to. Properties are assessed based on their current value assessment (CVA). Current value as defined in the *Assessment Act*, “means, in relation to land, the amount of money the fee simple, if unencumbered, would realize if sold at arm’s length by a willing seller to a willing buyer.”

Generally, there are three approaches used to determine the CVA of a property. There is the income approach, the cost approach, and the direct comparison approach. MPAC uses these approaches to assess each property in Ontario.

MPAC has completed a general province-wide reassessment in the following years, as listed in Table 2 below. Up to, and including 2008, when a reassessment occurred the new value, whether it was an increase or decrease, was updated, and used on the tax roll immediately. Effective in 2009, to mitigate property tax shifts and increases, properties with an assessment increase had the increase phased-in equally over four years while those with decreases will see the reduced assessment immediately.

**Table 2 - Property Reassessment Dates**

<b>Tax Year</b>	<b>Valuation Date</b>	<b>Phase-In</b>
1998 to 2000	June 30 1996	No
2001, 2002	June 30 1999	No
2003	June 30 2001	No
2004, 2005	June 30 2003	No
2006, 2007, 2008	January 1 2005	No
2009 to 2012	January 1 2008	Yes - increase phased in over 4 years
2013 to 2016	January 1 2012	Yes - increase phased in over 4 years
2017 to 2020	January 1 2016	Yes - increase phased in over 4 years
2021 to 2026*	January 1 2019*	Postponed due to Covid-19

*\*Still based on January 1, 2016 CVA*

Property assessment changes have a direct impact on the tax ratios. Council has typically adopted revenue neutral ratios to help mitigate tax shifts between classes. The tables below show the history of the broad class tax ratios that correspond to a reassessment year.

**Table 3 - Ratios from previous reassessment years**

<b>CLASS</b>	<b>Actual 2002</b>	<b>Actual 2003</b>	<b>Actual 2004</b>	<b>Actual 2006</b>	<b>Actual 2009</b>	<b>Actual 2013</b>
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	2.1780	2.1780	2.1520	1.8000	1.7000	1.6068
New Multi-Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Farm	0.2500	0.2500	0.2500	0.2000	0.2000	0.2000
Managed Forest	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Pipeline	1.1326	1.1326	1.3960	1.5438	1.5413	1.6130
Commercial Broad Class	2.0055	1.9800	2.2831	2.2900	2.1640	1.9724
Commercial	1.9288	1.8846	2.1695	2.1754	2.0567	1.8903
Office Building	2.3309	2.2775	2.6210	2.6281	2.4848	2.2837
Parking Lots and Vacant Land	1.2639	1.2349	1.4215	1.4235	1.3476	1.2385
Shopping Centre	1.6044	1.5676	1.8046	1.8095	1.7108	1.5723
Professional Sports Facility	N/A	N/A	N/A	N/A	N/A	1.8903
Industrial Broad Class	2.0925	2.0775	2.4032	2.5719	2.5410	2.4944
Industrial	2.2439	2.2439	2.5705	2.7468	2.7000	2.6199
Large Industrial	1.9269	1.9269	2.2074	2.3588	2.3186	2.2499
Landfill	N/A	N/A	N/A	N/A	N/A	N/A

**Table 4 - Ratios from current cycle (based on 2016 CVA)**

<b>CLASS</b>	<b>Actual 2017</b>	<b>Actual 2020</b>	<b>Actual 2021</b>	<b>Actual 2022</b>	<b>Actual 2023</b>	<b>Actual 2024</b>	<b>Actual 2025</b>
Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-Residential	1.4530	1.3867	1.3867	1.3960	1.4032	1.4091	1.3000
New Multi-Residential	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Farm	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Managed Forest	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Pipeline	1.7747	1.7207	1.7202	1.7200	1.7200	1.7192	1.7190
Commercial Broad Class	1.9800	1.8304	1.8603	1.9065	1.9487	1.9604	1.9711
Commercial	1.9260	1.8064	1.8353	1.8766	1.9231	1.9384	1.9237
Office Building	2.3900	2.2415	2.2774	2.3287	2.3867	2.4053	2.3872
Parking Lots and Vacant Land	1.3000	1.2192	1.2388	1.2667	1.2980	1.3083	1.9237
Shopping Centre	1.5500	1.4537	1.4770	1.5103	1.5476	1.5599	1.5481
Professional Sports Facility	1.9260	1.8064	1.8353	1.8766	1.9231	1.9384	1.9237
Industrial Broad Class	2.5822	2.3906	2.4057	2.4174	2.4429	2.4676	2.2663

<b>CLASS</b>	<b>Actual 2017</b>	<b>Actual 2020</b>	<b>Actual 2021</b>	<b>Actual 2022</b>	<b>Actual 2023</b>	<b>Actual 2024</b>	<b>Actual 2025</b>
Industrial	2.7054	2.5023	2.5203	2.5426	2.5586	2.5759	2.3589
Large Industrial	2.3232	2.1488	2.1643	2.1834	2.1972	2.2120	2.0257
Landfill	2.0712	2.7651	2.7641	2.7637	2.7634	2.7626	2.7622
Aggregate Extraction	N/A	N/A	N/A	N/A	N/A	N/A	2.0959

## **Property Tax Classes**

### **Farm Tax Class**

Provincial legislation limits the Farm Tax Ratio to a maximum of 0.25. In 2004 the City of Ottawa became the first municipality in Ontario to reduce its Farm class tax ratio to 0.20. This lower ratio was introduced to support farmers who were experiencing significant financial hardship as a result of the impact of mad cow disease. Council has maintained the 0.20 ratio every year since. Maintaining this reduced ratio continues to provide meaningful tax savings to farm property owners and supports the long-term sustainability of the agricultural sector. The reduction from 0.25 to 0.20 equates to approximately \$739,500 in annual savings for the Farm class or \$212.00 for Ottawa's average farm property. There are slightly fewer than 3,500 farm properties in the City of Ottawa. In 2026, the average Farm class property will have a municipal property tax burden of approximately \$851.00.

### **Multi-Residential Tax Class**

Beginning in the 2025 tax year, the City implemented a phased approach to lowering the Multi-residential tax ratio in order to bring it closer to the provincially established range of fairness. The purpose is to increase fairness across the tax base by gradually reducing the relative tax burden on classes that have historically faced higher ratios. As these ratios decline taxpayers within the affected classes experience gradual and ongoing savings.

As part of this initiative, the multi-residential tax ratio is set at 1.2 for the 2026 tax year. Setting the ratio at this level advances the City's long-term goal of aligning the multi-residential ratio with the residential ratio. Moving toward parity increases equity across property classes while reducing the relative tax burden on the multi-residential sector.

### **Professional Sports Facility Optional Tax Class**

On December 8, 1999, the former Ottawa-Carleton Regional Council approved the [2000 Budget Directions](#) report which recommended the use of the Professional Sports Facility class along with the “tax rate approach” to reduce the total municipal and education property tax burden on the Corel Centre. This property class was taxed a reduced amount based on agreements between Council and the owners of the hockey stadium and team. In 2012, the agreement ended and the tax ratio for the professional sports facility became the same as the ratio for the commercial residual class and the discounts were no longer provided.

### **The New Multi-Residential Tax Class**

The New Multi-Residential property tax class was introduced to encourage the development of additional rental housing. Ottawa-Carleton first adopted the class in 2000 for use beginning in the 2001 tax year. It applies to newly constructed or newly converted rental buildings that contain more than seven units and allows municipalities to set a lower tax ratio to support rental housing development. Properties remain in this class for 35 years, after which they shift to the standard multi-residential class and may be subject to a higher tax rate. In 2017, the New Multi-Residential class became mandatory across Ontario, replacing the earlier optional framework. Landfill Tax Class

In December 2016, the Minister of Finance released a regulation, Ontario Regulation 449/16, to overhaul the way landfill properties are assessed and taxed in the province. The creation of a property class for landfills recognized the complex nature of the ownership of landfills and the importance of providing municipalities with flexibility to manage the local level of taxation. The creation of a separate property class for landfills provides municipalities with the tools necessary to tailor the impacts locally and to deal with specific circumstances. The separate property class for landfills also provides municipalities with flexibility to ensure they receive an adequate level of revenue and that other taxpayers don't see a disproportionate impact as a result of assessment changes for landfills.

The provincially mandated temporary target tax ratio range was implemented for the 2017 tax year. The Ministry of Finance set the target tax ratio range based on detailed impact analysis and a short, focused round of consultations with municipalities and property owners. The range ensures that municipalities have the flexibility to generate a fair level of taxation from landfills.

### **Commercial and Industrial Optional Classes**

Within the overall commercial and some industrial classes, properties may fall within what are referred to as optional classes. After the change to the CVA process in 1998, the Minister of Finance announced provisions for the protection for small business including allowing the use of new commercial optional property classes that would consist of office buildings, shopping centres, parking lots and vacant land, and new industrial optional property classes for large industrial properties and vacant properties. The selection of optional classes in 1998 was to ensure that the total tax burden of various property types was retained within their class and not transferred to small commercial properties. These optional property tax classes have been adopted within the City of Ottawa since amalgamation. In 2025, Council chose to discontinue the parking lot and vacant land optional classes, resulting in those properties now being taxed at the same rate as standard commercial properties.

### **Aggregate Extraction Tax Class**

The Aggregate Extraction property class is a tax class in Ontario designed specifically for lands used in activities such as sand, gravel, and stone extraction. It took effect for the 2025 taxation year following provincial changes introduced through Ontario Regulation 370/24. This classification ensures that properties engaged in aggregate extraction are taxed distinctly from other industrial or land-based uses, reflecting the unique nature of extraction operations. This new class applies to 98 properties in Ottawa and carries a provincially mandated municipal tax ratio of 2.095990. Creating a separate class ensures aggregate extraction properties are assessed and taxed in a manner that reflects their unique use, while maintaining fairness and stability across the broader municipal tax base. The Province has indicated that the objective of this new property class is “to support a principled and sustainable approach to the taxation of aggregate sites for the long term.”

### **Mandatory and Optional Subclass Discounts**

#### **Small Business Subclass**

In 2021, Council approved the adoption of a new optional small business subclass. This optional subclass offers eligible small businesses a discount on commercial and industrial property taxes. The discount was phased in over 2022 and 2023, with a total of a 15 per cent discount by 2024 and again in 2026, providing significant municipal tax savings, which is matched with the same discount for the education rate.

The 15 per cent discount will provide the small business community with \$12.54 million in municipal tax savings and \$36.24 million savings in education taxes for small businesses in 2025. In 2026, the average small business property will continue to see a \$2,401.00 discount in municipal taxes and a \$1,225.00 discount in education taxes for a total of \$3,626.00 in savings.

### **Commercial and Industrial Vacant and Excess Land**

In 2021, to support the implementation of the Small Business Subclass and to align with the Province's elimination of the education tax discount for commercial and industrial excess land, Council approved the removal of the municipal discount for commercial and industrial excess land. These subclasses are mandatory, although municipalities are permitted to offer an optional discount. In 2025, when Council eliminated the parking lot and vacant land optional classes, it also removed the discounted rate for the industrial vacant land class. These changes brought Ottawa's tax policy in line with practices in most large Ontario municipalities. Currently, Toronto is the only major municipality that continues to offer discounted tax rates for these property types.

### **Farm Land Awaiting Development I and II**

Farm Land Awaiting Development I and II are mandatory subclasses established under Ontario Regulation 383/98 and allow for tax rate reductions on farm lands awaiting development. The subclasses can exist in the Residential, Multi-Residential, Commercial, and Industrial tax classes. The reduction ranges from 25 per cent to 75 per cent for subclass I and 25 per cent to 100 per cent for subclass II, depending on specific criteria.

Farm land awaiting development subclass I is farm land used solely for farming where there is no registered subdivision plan on the lands and no building permit for non-farm use construction. A reduction of 25 per cent to 75 per cent of the residential tax rate is allowed for the first subclass.

Farm land Awaiting Development II subclass is land in subclass I, except there is a building permit for non-farm use construction on the land. While it is a mandatory subclass, Ottawa does not have properties in this category. A tax rate reduction between 25 per cent and 100 per cent on the residential rate is allowed for the second subclass.

## **Small-scale Business on Farm Subclass I and II**

In 2018, the Province enacted a new regulation, O. Reg 363/18, to create an optional subclass that reduces the tax rate on qualifying value-added activities on farms as part of the farming business. The regulation enables municipalities and the Province to reduce the tax rate for the first \$50,000 of assessment by 75 per cent of the commercial or industrial rate, where properties are assessed under \$1 million. In 2022, the Province expanded the existing Small-Scale On-Farm Business subclasses. Municipalities are now permitted to adopt a second optional subclass to reduce the tax rate for the next \$50,000 in eligible assessments for these same properties and provide a discount of up to 75 per cent of the commercial or industrial rate.

## **Special Area Levies**

Pursuant to sections 312 and 326 of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, the City may establish one or more special services areas and levy one or more special services area levies. The City currently administers tax levies for the special service area levies listed below:

### **Stonebridge Community Area Special Area Levy**

The Stonebridge Levy is a City of Ottawa special levy paid by Stonebridge residents from 2021 to 2029. It funds the future purchase of the Stonebridge golf course to preserve it as greenspace and prevent development. The levy began in 2021 and will conclude in 2029.

### **Mosquito Nuisance Control Program Special Area Levy**

The Kanata North Nuisance Mosquito Control Program targets mosquito larva found in wetlands to prevent hatching. The small, localized, program was originally approved for four years from 2016 to 2019, renewed in 2020 for four years and again in 2024 with the final year in 2027.

### **Britannia Village Ottawa River Flood Protection Works Special Area Levy**

The Britannia Special Levy funds the construction, maintenance, and repair of the Britannia Village flood protection berm, which safeguards the neighbourhood from Ottawa River flooding. The berm was built in 2015 to protect the community from rising water levels, and it proved effective during the significant flood events of 2017 and

2019, keeping Britannia Village safe throughout both emergencies. Residents in the area contribute to the costs of the berm and its ongoing upkeep through this special levy. The levy is scheduled to conclude in 2027.

### **Capping History**

Since 1998, the Province has required municipalities to limit large assessment related tax increases for commercial, industrial and multi residential properties. This system, known as tax capping, prevented properties from paying their full CVA based taxes if the increase exceeded a set annual limit. Any taxes not collected from capped properties created a shortfall, which had to be recovered from other properties in the same class through a clawback of tax decreases.

Over time, the Province introduced options to help municipalities move properties more quickly to their full CVA tax level. Ottawa has adopted these measures each year, including:

#### **Ten per cent of annualized tax**

Council has consistently approved increasing the annual limit from five to ten per cent to help capped properties transition sooner.

#### **Increase to ten per cent of CVA tax**

Council also approved increasing taxes on capped properties by up to ten per cent of their CVA level, further accelerating the move to full taxation.

#### **Five hundred dollar threshold**

If the difference between capped taxes and full CVA taxes is less than five hundred dollars, the property is moved directly to its CVA level.

Even with these tools, the system required clawbacks from a larger number of properties receiving tax decreases to fund protections provided to a smaller number of capped properties.

In 2023, Council approved the accelerated four-year exit strategy for the capping program, including refined parameters to help remaining capped properties transition more quickly to full CVA based taxation. As part of this approach, the City also adopted measures to exclude properties that had already reached their CVA tax level or had moved between capped and clawed back categories.

The 2026 taxation year marks the final year of this accelerated framework. As a result, no capping or clawback adjustments are required for 2026, and the capping program is now fully concluded. All commercial, multi-residential and industrial properties in Ottawa have fully exited the program and are taxed at their full Current Value Assessment, with no further capping measures needed.

### **Property Tax Mitigation Programs:**

#### **Charitable Rebate Program**

In Ontario, charitable organizations are not exempt from property taxation. However, as required by the Municipal Act, 2001, Section 361 Rebates for Charities, the City of Ottawa must have a program to provide property tax rebates of 40 per cent or more to eligible charities. To be eligible, an organization must occupy space in the Commercial or Industrial tax class and be a registered charity under the federal Income Tax Act.

Revenue Services administers the Charitable Rebate Program under its Charitable Rebate Program Policy. Highlights of the policy include:

- Rebates to eligible charities of at least 40 per cent of their property taxes for the space they occupy.
- The property tax rebate is calculated based on the square footage occupied by an eligible charity or, if available, on the CVA of the space occupied as determined by MPAC.
- Calculation details are provided to the charity.
- The rebate payment is within the Municipal Act, 2001 timeframes (at least 50 per cent within 60 days of receipt of the application; the balance within 120 days).
- Interest is paid, as required by the Municipal Act, 2001 if the City fails to rebate within the mandated timelines.
- Upon assessment changes, charity rebates are recalculated. Funds owing or due to charities are recovered or remitted depending on the actual change in the taxes paid.

Late applications may be accepted due to extenuating circumstances, as authorized by the Municipal Act, 2001 and directed by Council in October 2010.

The Charitable Rebate Program also includes the following sub-programs:

- A 100 per cent rebate to any church leasing space to houses of refuge and similar purpose-registered charities.
- A 100 per cent rebate for non-profit, non-home-based licensed childcare centres for space occupied for childcare purposes.
- A 100 per cent rebate of the education portion of taxes for properties used and occupied by the Polish Combatant's Association of Canada identified in By-law 2017-318, as amended, which is effective until 2027.

Rebate applications are received until the last day of February of the year following the taxation year for which the application is made. Applications for the 2025 tax year were accepted until the end of February 2026 and have yet to be processed and finalized. For the 2024 taxation year, 166 charitable rebate applications totaling approximately \$1,684,970.01 million for the municipal portion were processed.

### **Farm Grant Program**

In 2006, Council approved a tax mitigation program for farmers to aid economic challenges relating to the timing of the harvest of their crops. The Farm Grant Program allows eligible farmers to defer their final tax bill due in June to December. The grant, administration, printing and mailing costs are estimated to be \$37,000 annually. The program has 3,351 eligible properties, with 462 participating in 2025.

### **Deferral Programs**

The City has two deferral programs that allow eligible low-income seniors and low-income people with disabilities to defer their annual property taxes, and their water utility bills at a reduced interest rate of five per cent instead of 15 per cent. The application deadline for new applicants is December 31 annually. The renewal deadline for the programs is September 30 of the relevant year for those already on the program.

### **Tax Deferral Program**

Since the full Property Tax Deferral program launched 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.

As of December 31, 2025, there were 128 taxpayers in the program. On average, the annual deferral is approximately \$4,540. Taxes deferred through the program in 2025 amounted to \$581,383.93. The total amount of deferred taxes in this program is \$4,382,701.13.

### **Water Deferral Program**

In 2019, the City of Ottawa launched the full Water Utility Bill Deferral program. As of December 31, 2025, 32 water utility ratepayers were on the program. On average, the annual deferral is about \$1,310. The amount of water utility charges deferred for those water utility ratepayers in 2025 was approximately \$41,968.11.

### **Deferral Program Income Threshold**

The income threshold for applicants to the City's deferral programs is adjusted annually using the low-income indexing formula. Currently, the annual income threshold for 2025 applicants is \$56,556. Using the Ottawa-specific Consumer Price Index (CPI) for shelter would increase the threshold for 2026 applicants from \$56,556 to \$59,398.

### **Cancellation, reduction or refund of taxes under Section 357**

In Ontario, residents may apply for a cancellation, reduction or refund of all or part of their property taxes. As required by the Municipal Act 2001, the City of Ottawa provides the ability to apply for such a reduction under Section 357. Section 357(1) notes that upon application to the Treasurer, the City may cancel, reduce or refund all or part of the taxes levied on land in the year in respect of which the application is made, for the following reasons:

- Change in use
- Land has become vacant or excess
- Land has become exempt
- A building was razed by fire, demolition or otherwise
- A building was damaged, rendering it substantially unusable
- Removal of mobile unit

- Unable to pay due to sickness or extreme poverty
- Gross or manifest error that is factual in nature
- Repairs and renovations

Revenue Services administers the Section 357 Program under its Section 357 policy. Highlights of the policy include:

- Applications are submitted to the Municipal Property Assessment Corporation (MPAC)
- Tax adjustments are based on assessment recommendations provided to the City by MPAC
- Adjustments are prorated based on the date a change or event occurs
- Adjustment details are provided to the applicant
- Upon assessment changes, tax adjustments are recalculated

In 2025, Revenue Services introduced a new approach to administering applications under Section 357 in response to changes in MPAC's assessment practices and the City's review of internal procedures. MPAC informed municipalities that it will no longer provide assessment recommendations for applications involving buildings that are damaged and substantially unusable or for properties undergoing repairs and renovations. To maintain transparency, fairness, and timely processing, the City adopted a by-law that sets fixed percentage reductions for these types of applications.

### **Building on the land damaged by fire, demolition or otherwise under section 357(1)(d)(ii)**

For applications where a building has been damaged to the point of being substantially unusable, Revenue Services applies a percentage-based reduction. Staff determine the affected square footage and calculate the proportion it represents of the gross area. A 35 per cent reduction is applied to the property taxes attributed to the affected area. Under Ontario Regulation 282/98, a property containing a building that is substantially unusable is considered vacant land. A 35 per cent reduction aligns with the reduction applied to vacant land in the industrial tax class.

### **Repairs and renovation under section 357(1)(g)**

For applications where repairs or renovations have affected the normal use of a property for at least three months, Revenue Services uses the same square footage

methodology. A 25 per cent reduction is applied to the property taxes attributed to the affected area. This amount is consistent with the unfinished allowance MPAC applies to unfinished or vacant commercial units.

Following an application under Section 357, taxpayers are instructed to file a request for reconsideration with MPAC to ensure that the assessment for the year after the event properly reflects any permanent changes to the property.

Tax adjustment applications under Section 357 are received until the last day of February of the year following the taxation year for which the application is made. During the 2025 taxation year, 569 applications totaling approximately \$2.2 million for the municipal portion were processed.

### **Interim Property Taxes and Due Dates (2027)**

Sections 342, 343, and 345 of the *Municipal Act, 2001* require Council to approve tax due dates, penalty and interest charges. The interim and final due dates do not apply to those taxpayers registered in the City's Pre-Authorized Debit Plan or those registered under the Full Tax Deferral Program for low-income seniors and low-income persons with disabilities.

Section 317 of the *Municipal Act, 2001* requires Council to establish a by-law that sets interim tax billing for uncapped classes such as residential and pipeline and capped classes that include Commercial, Industrial and Multi-Residential. The amount raised by the interim bill cannot exceed 50 per cent of the previous year's adjusted annualized taxation. The City's standard practice is to issue interim and final tax bills on the Third Thursday in March and June, which aligns with established schedules for printing, mailing and revenue forecasting. Any change to these dates may introduce additional operational costs and resource impacts, including adjustments to vendor timelines, staff workloads and cash flow planning.

The *Municipal Act, 2001*, requires that Council set interest and penalty rates. The rate of 1.25 per cent per month is the maximum permitted by the *Municipal Act, 2001* and is used by most Ontario municipalities. These rates are consistent with previous years and are set to encourage prompt payment to ensure that the City has the funds required to deliver services. The penalty and interest charges are recommended to remain at 1.25 per cent per month, which is consistent with previous years.

### **Annual Levy Payments from Eligible Institutions**

Under Section 323(1), (2), (3) and (5) of the *Municipal Act, 2001*, and Ontario Regulation 384/98, "Tax Matters - Universities and Other Institutions," municipalities are authorized to levy a fixed annual amount of \$75 for each of the following:

- full-time student in attendance at universities and colleges
- resident place in correctional institutions
- bed in public hospitals
- place in provincial educational institutions

This annual payment is commonly known as the "Heads and Beds" levy. It serves as a payment in lieu of property taxes because these public institutions are not subject to regular taxation like other properties. Instead, their payments are based on the number of students, resident places and beds. The Heads and Beds rate has remained unchanged at \$75 since 1987, despite repeated requests from municipalities and municipal associations to increase it.

Every June, the Ministry of Municipal Affairs and Housing provides each municipality with a letter confirming the number of eligible students, resident places and beds for all applicable institutions located within their boundaries. This annual statement is used to calculate the levy payable under Section 323 of the *Municipal Act, 2001* for the upcoming tax year.