2018 Ontario Budget

Some Items of Interest to Resident Associations

The main thrust of the Budget is expansion of several social and health programs such as child care, mental health, hospitals, social assistance, etc. offset partially by an increase in personal income tax for higher income persons, and increased tobacco taxes.

We do not pursue these broad program changes, but instead below list Items which we feel are specifically of interest to resident associations, many of which are “place-based”.

Chapter II: Growing the Economy and Creating Good Jobs

Fair Housing Plan (FHP)

This Plan, which was announced on April 20, 2017, includes a package of measures to help more people to find affordable homes, increase the supply of housing (including purpose built rental housing, protect renters and real estate consumers, and bring stability to the housing market.

The measures announced as part of the FHP include:

- Implementing the Non-Resident Speculation Tax to help make housing more affordable in the Greater Golden Horseshoe Region;
- Enhancing consumer protection by supporting stronger rules and professional standards for the real estate sector;
- Updating the Growth Plan for the GGH 2017 to include a new requirement for municipalities to consider the range of available tools to require that multi-unit buildings incorporate a range of unit sizes to accommodate a diverse range of household sizes and incomes; and
- Working with municipalities and stakeholders to provide municipalities with additional tools to increase the housing supply (including new rental development), such as the flexibility to apply a vacancy tax to unoccupied residential units.

Chapter IV: Fairness and Opportunity through Partnerships

Section B: Working with Federal, Provincial, Territorial and Municipal Partners

Investing in Infrastructure

Ontario is taking the lead in strategic infrastructure investments. This builds on previous budget commitments to invest in infrastructure — resulting in about $230 billion over 14 years, beginning in 2014–15. This is the largest infrastructure investment in schools, colleges, universities, hospitals, public transit, roads and bridges in the province's history. The next 10 years of investments will help create strong, stable communities across Ontario that improve the lives of Ontarians and will support about 140,000 jobs, on average, each year. See Chapter II: *Growing the Economy and Creating Good Jobs* for more details.

Infrastructure Updates: Federal–Provincial Negotiations

The government of Ontario continues to work collaboratively with the federal government to make long-term infrastructure investments that will create economic growth, sustain well-paying jobs, build inclusive communities and support a low-carbon, green economy leading to a higher quality of life for all Canadians.

On March 14, 2018, Canada and Ontario announced the signing of a bilateral agreement that will provide more than $11.8 billion over the next decade in federal funding dedicated to infrastructure projects through the Investing in Canada Plan. The projects supported through this agreement will have a total value of over $31 billion, including $10 billion committed by the Ontario government. These projects will be cost-shared with the Ontario government, municipalities and other partners. It will provide municipalities and First Nation communities with stable, long-term funding that will build liveable communities and enhance the quality of life for Ontario families.

This new funding will see the Government of Canada and the Province of Ontario make significant investments in public transit, green infrastructure, and recreational and cultural infrastructure.
For the Community, Culture and Recreation Stream, the Province will work with municipalities and not-for-profits to identify projects that could be nominated for federal funding, such as the Bridletowne Neighbourhood Hub in Scarborough, William Baker Neighbourhood Community Centre in Downsview and Lawrence Heights Community Centre in Toronto.

Increased and longer term federal funding should support shared priorities in infrastructure investments. Ontario continues to work with its federal partner to ensure that the people of Ontario benefit from collaboration in this critical area with a fair share of federal funding.

Port Lands Flood Protection

Ontario is partnering with the federal government on key infrastructure initiatives. The Province is contributing up to $417 million towards the $1.25 billion Don Mouth Naturalization and Port Lands Flood Protection project.

This project will help create a vibrant and resilient neighbourhood with a high quality of life for people of all ages and incomes by protecting southeastern portions of downtown Toronto from flooding and unlocking the area's potential for development.

Working in Partnership with Municipalities

All 444 of Ontario's municipalities work hard to provide high-quality, critical services to their residents. The Province continues to increase financial support to municipalities across Ontario, in recognition of the important role that they play.

In 2018, the Province will provide municipalities with ongoing support of more than $4.2 billion — nearly four times the level of support provided in 2003. This means municipalities will have more financial flexibility to invest in local priorities.

This increased support has helped to place municipalities on a financially sustainable footing. Appreciating that infrastructure investments are critical to ensuring Ontario's long-term sustainability and prosperity, moving forward, the government will continue to focus on investing in infrastructure that will benefit communities across Ontario. Provincial support to municipalities includes:

- Making major investments in transit infrastructure, including transforming the GO rail network from a commuter service to a regional transit system through GO Regional Express Rail (RER), as well as investing in other rapid transit projects across the province, including projects in the cities of London, Ottawa and Toronto.
- Providing a predictable source of funding from the Province's Gasoline Tax for municipalities to improve and expand transit services. The Province has committed to doubling the municipal share of the Gasoline Tax revenue from the current two cents per litre to four cents per litre by 2021–22.
- Providing funding to small, rural and northern communities through the Ontario Community Infrastructure Fund (OCIF). The OCIF funding will increase to $300 million per year by 2018–19 to support the construction and renewal of critical road, bridge, water and wastewater infrastructure.
- Launching a new Community Transportation Grant Program that will provide $40 million over five years to help municipalities, Indigenous communities, Indigenous-led organizations and not-for-profits improve travel options in areas that are not served or are underserved by public transit and intercommunity bus service.
- Providing up to $25 million over five years for tools and supports to help municipalities improve their asset planning capacity and promote infrastructure sustainability.
- Providing unconditional funding under the Ontario Municipal Partnership Fund (OMPF). In 2018, the Province is providing an additional $5 million through the Northern Communities Grant component, increasing the total OMPF envelope to $510 million.

- Investing up to $26 million in the Main Street Revitalization Initiative to help communities attract investment and tourism, create jobs and enhance regional economic growth as part of a $40 million provincial investment in main streets across Ontario.

- Removing more than $2 billion in costs from the municipal property tax base in 2018 by uploading social assistance benefit costs, as well as court security and prisoner transportation costs, for a total benefit to municipalities of $13.5 billion since the uploads began in 2008.
- Extending to municipalities a new authority to levy a hotel tax.
- Providing municipalities with new tools to help increase the supply of housing, including a Vacant Homes Property Tax to encourage property owners to sell unoccupied units or make them available to be rented.
- Increasing municipal flexibility to more effectively manage business property taxes.
- Investing up to $150 million of proceeds from the Provincial carbon market into a new Municipal Greenhouse Gas (GHG) Challenge Fund. The Fund aims to support municipal projects that reduce GHG emissions, including buildings, energy supply, transportation, water and waste. Selected projects will be announced in 2018.
- Working with the federal government to invest in infrastructure programs, such as the Clean Water and Wastewater Fund (CWWF), which will result in over $1.1 billion in cost-shared water, wastewater and storm water projects in municipalities and First Nation communities across Ontario.
- Working with municipalities as critical partners in preparing for the legalization of cannabis, including providing $40 million over the first two years of legalization to help municipalities address incremental implementation costs. See the section *Implementing Legalization of Cannabis* earlier in this chapter for more details.
- Investing more than $70 million over 10 years to support new priority municipal infrastructure projects such as the Stratford Grand Trunk Community Hub and the Peterborough Arena Complex.

Chapter V, Section B: Property Tax

Modernizing Railway Right-of-Way Property Taxation

In response to municipal requests, the Province initiated a review of the property taxation of railway rights-of-way in 2016. As part of the review, the Province held consultations with municipalities and representatives of the railway industry.
The consultations identified concerns related to three key issues: indexation of rates, variation in rates and implications for shortline railways. The Province announced in the *2017 Budget* that it would be taking action to address these concerns by adjusting railway right-of-way property tax rates. For 2018, the government will make further rate

adjustments as part of its commitment to modernizing the property taxation of railway rights-of-way.

In addition, beginning in 2018, the Province will also respond to municipalities' concerns regarding the property tax revenue they receive in respect of high-tonnage rail lines. A number of municipalities in regions with lower rates have noted that, under the current tax rate schedule, property taxes that apply to high-tonnage rail lines in their communities are significantly lower than for less active lines elsewhere in the province. These municipalities have requested that the property taxation of railway rights-of-way reflect tonnage as a measure of property value.

Table 5.6 Proposed Measures to Modernize Railway Right-of-Way Taxation

Key Issues	Proposed Measures for 2018
1. **Indexation of Rates:** Municipalities have expressed concerns that, prior to 2017, property tax rates on railway rights-of-way had not been updated since the late 1990s.	Building on progress made in 2017, railway right-of-way property tax rates for 2018 will continue to be updated to reflect average annual commercial property tax changes. This means that municipal property tax rates will increase by approximately $7 per acre for 2018.
2. **Variation in Rates:** Municipalities have also expressed concerns about the significant variation in railway right-of-way property tax rates across the province.	The Province will further reduce rate inequities by increasing the lowest property tax rates on mainline railway rights-of-way to a minimum of $110 per acre in 2018. The lowest mainline rate in 2016 was approximately $35 per acre.
3. **High-Tonnage Railway Rights-of-Way:** Some municipalities in regions with lower rates have expressed concerns that low property taxes that apply to high-tonnage rail lines located in their communities do not reflect the relative value of these properties.	Municipalities will have the option to increase rates per acre on high-tonnage rail lines based on a new adjusted tax rate schedule. This will ensure that property taxes better reflect the level of tonnage transported on railway rights-of-way. Details of the tax rate schedule will be communicated to municipalities and the rail industry in the spring.
4. **Shortline Railways:** The railway industry expressed concerns about the impacts of potential property tax increases on shortline railways.	The Province will continue to freeze shortline railway property tax rates at 2016 levels in recognition of the challenges faced by this sector of the railway industry.

For 2019 and future years, the government will continue to adjust rates and, in consultation with stakeholders, review additional options to reflect tonnage in railway right-of-way property taxation. To support the ongoing review, legislative amendments will be proposed to facilitate the collection of tonnage data and other information. The Province is committed to modernizing the property taxation of railway rights-of-way and remains open to stakeholder input.

Non-Profit Child Care Services in Schools

Child care facilities are often housed in tax-exempt spaces, such as public schools, places of worship, municipal town halls or local YMCAs.

These community spaces play an important role in helping to provide child care services that are accessible and close to the communities they serve. To ensure that non-profit child care services do not alter the tax-exempt status of these community properties, an amendment will be proposed to the *Assessment Act* to provide a tax exemption to non-profit child care facilities that lease space in otherwise tax-exempt properties.

The proposed amendment would be consistent with the Municipal Property Assessment Corporation's historic treatment of these facilities.

Assisting Toronto in Supporting Cultural Spaces
401 Richmond is an industrial building turned arts and culture space in downtown Toronto. The Province recognizes that vibrant communities are made stronger when affordable spaces are available for the arts and culture community. The Province shares the City of Toronto's interest in supporting the viability of existing cultural spaces and encouraging the development of artistic and creative enterprises. The Province will provide the City of Toronto with the authority to design and administer a new program to provide property tax reductions of up to 50 per cent to qualifying facilities that offer affordable spaces for the arts and culture sector. The City will have full discretion to determine which specific cultural facilities will be eligible under this new program.

This program will operate in addition to a number of existing property tax relief programs that are available to eligible property owners and tenants, including the property tax rebate for charities and similar organizations, the property tax rebate for heritage buildings, and tax exemptions through municipal capital facility agreements.