

## Staff Report

---

**Report To:** City Council  
**Report From:** Kate Allan, Director of Corporate Services  
**Meeting Date:** April 13, 2026  
**Report Code:** CR-26-028  
**Subject:** 2026 Multi-Residential Tax Rate Reduction – Final Phase

---

### Recommendations:

THAT in consideration of Staff Report CR-26-028 respecting the 2026 Multi-Residential Tax Rate Reduction, City Council directs staff to:

1. Reduce the multi-residential tax ratio to 1.0, representing the final increment in the City's four-year phased approach; and
2. Bring forward a by-law to authorize the collection of 2026 property taxes based on the approved tax ratios and rates.

### Highlights:

- This represents the final phase in Council's multi-year plan to reduce the multi-residential tax ratio to 1.0, completing the transition to full alignment with the residential class and Grey County.
- Aligning the multi-residential ratio eliminates structural inequities where similar properties may be taxed differently and brings the City in line with emerging provincial practices.
- The change does not increase the overall tax levy but redistributes the tax burden across property classes, reducing taxes for multi-residential properties while shifting a portion to other classes.

## **Vision 2050 - Strategic Plan Alignment:**

[Strategic Plan](#) Priority: Prosperous City – Supporting initiatives that increase competitive economic advantages for current and new businesses and their employees.

## **Previous Report/Authority:**

[CR-25-027 2025 Multi-Residential Tax Rate Reduction – Third Phase of a Four-Year Plan – March 24, 2025](#)

## **Background:**

The City of Owen Sound is entering the final phase of a multi-year strategy to align the multi-residential tax ratio with the residential class at 1.0. This reflects a structured approach to improving equity and transparency in the distribution of the municipal tax burden.

Following municipal restructuring in 2001, Owen Sound transitioned from a single-tier to a lower-tier municipality within Grey County but retained authority to set its own tax ratios – authority typically held by upper-tier or single-tier municipalities. At that time, there was an expectation that the City would work toward alignment with the County’s tax policy framework. This report represents the completion of that commitment.

## **Maintaining a multi-residential tax ratio above 1.0 creates inequities within the housing system.**

Tax ratios determine how the municipal tax burden is shared across property classes. A ratio above 1.0 results in a disproportionate burden on that class. In Owen Sound, newer multi-residential properties are already taxed at a ratio of 1.0, while existing buildings remain at a higher rate, creating situations where similar apartment buildings may be taxed differently based solely on the year of construction. This undermines fairness and consistency. Provincial trends also support greater parity between residential and multi-residential taxation

Several municipalities and regions, including York, Simcoe, Perth, Muskoka, Leeds and Grenville, Bruce, and Barrie, have already achieved this alignment, reflecting an emerging standard across Ontario.

Grey County will be considering a corresponding adjustment in advance of the City's decision. Alignment between the two tiers ensures consistent application and intended outcomes.

Advancing to a multi-residential tax ratio of 1.0 completes Council's previously approved strategy, fulfills a long-standing commitment to alignment with Grey County, and positions the City within a more equitable, consistent, and provincially aligned taxation framework.

### **Analysis and Options:**

Ontario's property tax system is based on a multi-class structure where taxes are distributed according to each property class's share of weighted Current Value Assessment (CVA). Tax ratios are applied to adjust that weighting. As a result, tax ratios do not impact the total levy collected by the municipality; rather, they redistribute the tax burden between property classes.

Historically, higher tax ratios for certain classes, particularly multi-residential, commercial, and industrial, were introduced during the transition to the current property tax system in Ontario to manage reassessment-related shifts and maintain stability in municipal revenues. Over time, however, these ratios have resulted in tax burdens that do not align with the underlying distribution of assessment.

### **The proposed change represents the final step in equalizing residential tax treatment.**

The reduction of the multi-residential ratio from 1.169475 to 1.0 represents a 14.49 per cent decrease in the weighting applied to that class, bringing it into alignment with both the residential and new multi-residential classes.

**Table 5  
Tax Ratio Summary**

<b>Property Class</b>	<b>Status Quo Ratios</b>	<b>Alternate Ratios</b>	<b>Change %</b>
Residential	1.000000	1.000000	0.00%
Farm	0.250000	0.250000	0.00%
Managed Forest	0.250000	0.250000	0.00%
New Multi-Residential	1.000000	1.000000	0.00%
Multi-Residential	1.169475	1.000000	-14.49%
Commercial	1.715420	1.715420	0.00%
Industrial	1.831000	1.831000	0.00%
Pipeline	2.959825	2.959825	0.00%

*Source: Frise Policy & Finance Inc., 2026 Property Tax Levy Model – City of Owen Sound (March 18, 2026)*

As demonstrated above, the change does not impact other tax ratios but removes the remaining differential applied to legacy multi-residential properties.

**The ratio reduction results in a redistribution of tax burden across property classes.**

At the time the Mayor’s Budget was adopted, the City’s levy increase of 5.5 per cent was estimated to result in a total combined tax bill increase of approximately 4.72 per cent when accounting for growth, County, and education impacts.

Refined modeling indicates that:

- Under status quo tax ratios, the combined levy increase is approximately **4.47 per cent**.
- With the County reducing its multi-residential ratio, the combined increase decreases slightly to **4.35 per cent**.

While the overall levy impact is modestly reduced, the distribution of that impact is not uniform across property classes.

**Table 11**  
**Total Combined Levy: Net Year-Over-Year Change**  
 (City, County and Provincial School Tax Portions)

<b>Property Class</b>	<b>Total Year-End Levy</b>	<b>Year-Over-Year Status Quo Policy</b>		<b>Year-Over-Year Multi-Res. At 1.00</b>	
Residential	\$31,726,700	\$1,483,705	4.68%	\$1,770,353	5.58%
Farm	\$16,566	\$774	4.67%	\$924	5.58%
Managed Forest	\$350	\$16	4.57%	\$20	5.71%
New Multi-Residential	\$975,313	\$45,610	4.68%	\$54,422	5.58%
Multi-Residential	\$3,529,494	\$166,932	4.73%	-\$306,846	-8.69%
Commercial	\$13,745,662	\$543,599	3.95%	\$648,626	4.72%
Industrial	\$1,296,138	\$51,982	4.01%	\$62,025	4.79%
Pipeline	\$388,176	\$16,915	4.36%	\$20,183	5.20%
<b>Subtotal Tax</b>	<b>\$51,678,399</b>	<b>\$2,309,533</b>	<b>4.47%</b>	<b>\$2,249,707</b>	<b>4.35%</b>
Residential	\$120	\$6	5.00%	\$7	5.83%
Multi-Residential	\$45,887	\$2,171	4.73%	-\$3,990	-8.70%
Commercial	\$733,710	\$31,649	4.31%	\$37,764	5.15%
Industrial	\$29,755	\$1,098	3.69%	\$1,310	4.40%
<b>Subtotal PIL</b>	<b>\$809,472</b>	<b>\$34,924</b>	<b>4.31%</b>	<b>\$35,091</b>	<b>4.34%</b>
<b>Total</b>	<b>\$52,487,871</b>	<b>\$2,344,457</b>	<b>4.47%</b>	<b>\$2,284,798</b>	<b>4.35%</b>

*Source: Frise Policy & Finance Inc., 2026 Property Tax Levy Model – City of Owen Sound (March 18, 2026)*

As illustrated above:

- Multi-residential properties will experience an average decrease of approximately 8.69 per cent.
- Residential properties will experience an average increase of approximately 5.58 per cent.

This reflects the removal of the historical tax burden carried by the multi-residential class and its redistribution across other property classes.

Detailed modeling also demonstrates that, while the City levy remains revenue neutral, the reduction in the County’s multi-residential ratio reduces Owen Sound’s share of the County requisition, further moderating the overall levy impact within the municipality.

The decision before Council is not whether to increase taxes, but how to distribute the approved levy across property classes. Maintaining the current ratio structure would continue to impose a disproportionate burden on the multi-residential class, while moving to a ratio of 1.0 aligns taxation more closely with assessment and with provincial practice.

This shift results in increased impacts for residential and other property classes; however, it eliminates a structural inequity within the tax system and completes Council's previously approved phased approach.

## **Resource Alignment:**

### **Financial Resources**

The proposed reduction of the multi-residential tax ratio to 1.0 does not impact the total municipal levy or the City's ability to fund the approved Mayor's Budget, as the full amount required to support municipal operations and service delivery will still be collected. This decision affects the distribution of taxation rather than the amount collected, reallocating how the approved levy is shared across property classes. Specifically, reducing the multi-residential ratio decreases the proportion of taxes paid by that class, with a corresponding redistribution of the tax burden to other property classes, primarily the residential class, consistent with Council's previously approved phased approach and the objective of aligning taxation more closely with property assessment values and provincial practice.

### **Human Resources**

Implementing changes to tax ratios is part of the core service delivery of the City's tax function and can be accommodated within existing staff resources; no additional human resources are required as a result of this decision.

### **Time and Scheduling**

Council must first approve the tax ratios, after which staff will bring forward the corresponding tax rate by-law for approval. This sequencing is required to ensure that final tax rates can be established and tax bills generated and issued in advance of the scheduled due dates.

### **Technology and Infrastructure**

N/A.

## **Climate and Environmental Impacts:**

There are no anticipated climate or environmental impacts.

## **Communication and Engagement:**

This report has been posted to the City's website with the agenda in advance of the meeting. A media release will be issued highlighting this initiative.

Any required communication to impacted rental units will be made in accordance with the *Residential Tenancies Act, 2006*.

## **Report Developed in Consultation With:**

County of Grey and local Treasurers

Peter Frise, Frise Policy & Finance Inc.

## **Attachments:**

Levy Sensitivity Model prepared by Peter Frise

## **Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan, Director of Corporate Services at [kallan@owensound.ca](mailto:kallan@owensound.ca) or 519-376-4440 ext. 1238.