

Re: Item No. 6.1

HALIFAX

2024/25 Budget & Assessment Update

Budget Committee

January 24, 2024

Budget Update

Key Budget Changes

Since Budget Direction in November the following reductions were made:

- \$900K Assessment Roll lift
- \$200K Halifax Airport Tax Agreement
- \$400K in Finance & Asset Management
- \$500K in Property, Fleet & Environment
- \$1.0M in vacancy management
- \$1.0M increase in investment income
- \$1.7M in Public Works for solid waste changes

Changes result in a total increase of 8.9% tax increase and a total budget of \$1.2B

Revenue Update

Residential Property Taxation

- In an 8.9% average tax bill increase scenario
 - Municipal tax rate would increase by 2.0%, or 0.015
 - Average residential tax bill would increase by \$205

Average Residential Tax Bill

	2023/24 Approved	2024/25 Proposed	% Change
Assessment	\$ 302,700	\$ 323,300	6.8%
Mun. Tax Rate	0.760	0.775	2.0%
Average Tax Bill	\$2,301	\$2,506	
Increase \$		\$205	
Increase %		8.9%	

% figures may differ slightly due to rounding

Assessment Roll vs. November Forecast

- Reception of the 2024 assessment roll in December did not provide any material change to the forecasted property taxation revenue total provided in November.
- Lower than forecasted revenue pick-up from less new growth properties was offset by higher commercial tax revenue.

8.9% Avg Tax Bill Increase	2024/25 Pre-Roll Forecast	2024/25 Final Roll Actuals	\$ Change	% Change
Total Property Taxation Revenue (M)	\$ 722.5	\$ 723.4	\$ 0.9	0.1%

Assessment Update

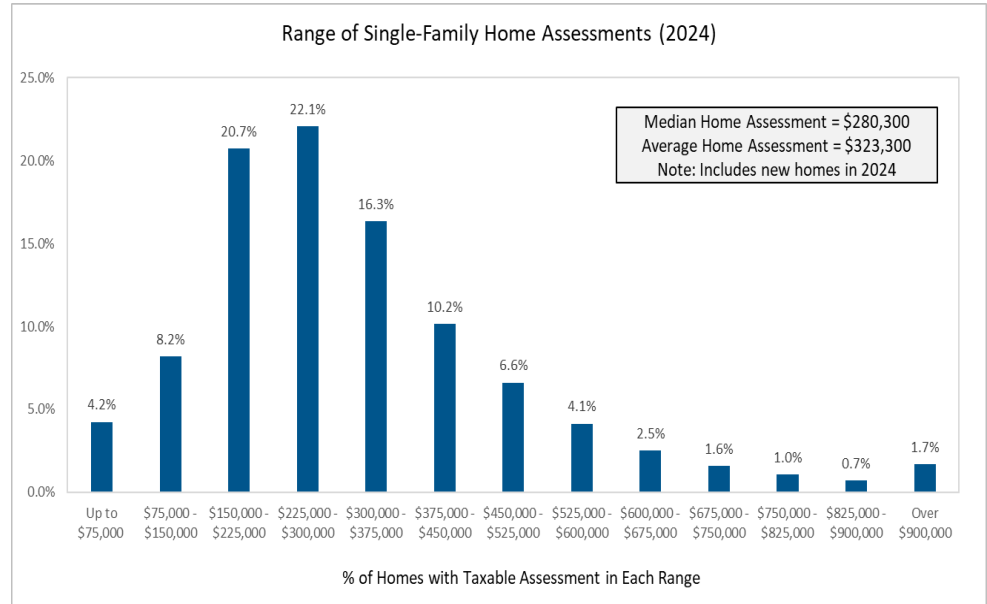
2024 Residential Assessment Roll

- Increased lending rates in response to heightened inflation have caused a decline in housing sales, housing prices, and the annual assessment cap.
- Total residential taxable assessment increase declined from 12.8% to 8.5%
- Assessment cap declined from 7.7% to 3.2%

Dwelling Unit Group	# Properties	Total Dwellings	Total Taxable Assessment Base	Increase in Units from 2023	Value Increase per Unit	Base Increase
Vacant Land	15,481	-	\$ 2,226,053,400	n/a	n/a	33.7%
SFHs	125,630	125,630	\$ 40,616,600,400	0.5%	6.8%	7.3%
2-3 Units	7,737	16,537	\$ 3,128,725,300	2.6%	8.4%	11.2%
Apartments	2,416	69,982	\$ 11,287,511,300	1.3%	6.6%	8.0%
All Residential	151,264	212,149	\$ 57,258,890,400	0.9%	7.5%	8.5%

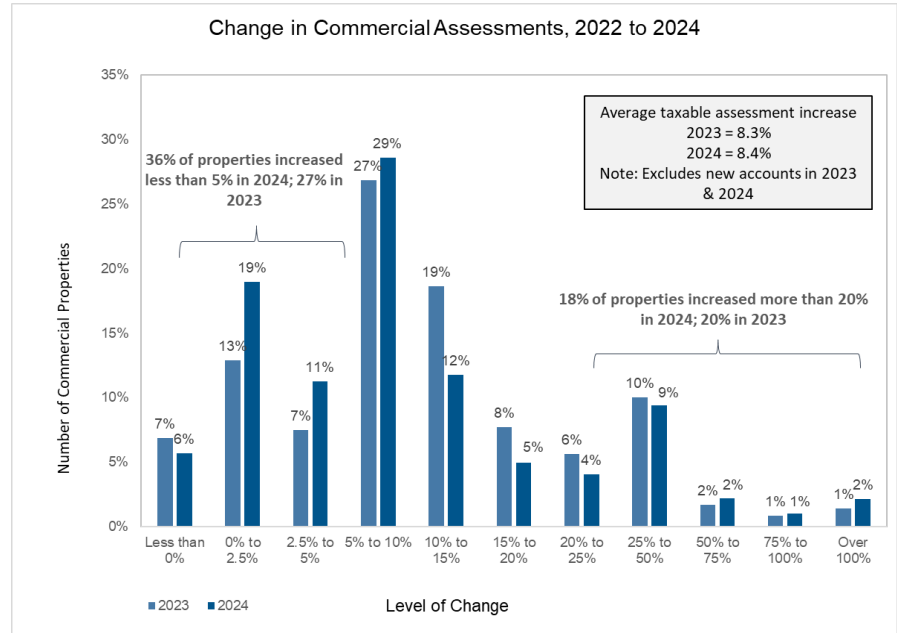
2024 Residential Assessment Roll

- Single-family households under the cap increased to 90%
- 88% of single-family household taxable assessments increased between 3%-5%
- Average single-family household taxable assessed value increased 6.8% from \$302,700 to \$323,300



2024 Commercial Assessment Roll

- Total taxable value growth declined slightly from 8.5% to 8.1%
- Business sectors such as hotels, restaurants, retail space, manufacturing, and warehouse all saw particularly strong assessment growth.
- Commercial tax area assessment change breakdown:
 - Business Park Area – 7.8%
 - Community Area – 24.2%
 - Downtown/Community Area – 5.7%
 - Industrial Area – 16.4%
 - Rural Area – 12.3%



Dwelling Units & New Growth

- Dwelling unit growth in HRM has slowed significantly in 2023.
- There were fewer completed and taxable new dwelling units than the prior year. There is a significant amount of new dwellings approved for future development (est. 25,000).
- The downward growth trend is evident in single-family households as well as 4+ unit buildings.
- New commercial growth has also come in lower-than-expected, increasing by just 0.3% through 2023.
- Lower new growth in both residential and commercial is likely a result of the extremely high cost of borrowing, and construction capacity challenges.

