Business Improvement Area (BIA) Expansion

Mike Bureau (Economic Development Officer, City of Ottawa)

What is a BIA?

- Made-in-Ontario innovation that allows local business people and commercial property owners and tenants to join together and, with the support of the municipality, to organize, finance, and carry out physical improvements and promote economic development in their district.
- General functions of a BIA:
  - Oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally.
  - Promote the area as a business or shopping area.
  - Activities include beautification, revitalization & maintenance, marketing & promotion, special events, business recruitment, communication.
- Once a BIA is approved by municipal Council, businesses within its boundaries become members and pay the BIA levy along with their property taxes.
- Resources:
  - What is a BIA? (OBIAA)
  - BIA Handbook (Province of Ontario)
  - Ontario Municipal Act, 2001 (Section 204)
  - Ottawa's BIAs
  - City of Ottawa – BIA Governance report (June 9, 2021)
  - OCOBIA – Value of Ottawa's BIAs

MPAC – How property assessment works

- Municipal Property Assessment Corporation (MPAC)
- Created by Province of Ontario in 1998 as a not-for-profit
- Responsible for property assessment and delivers broad range of assessment services to municipalities
- Values are provided to municipalities on annual assessment rolls
- Municipalities and Province use these values when calculating property taxes and education taxes
- For more information on property tax and assessment information – ottawa.ca



Notices

Did you receive a notice from us? Learn more about your Property Assessment Notice.



Assessment Cycle

Due to the COVID-19 pandemic, the Ontario government has postponed the 2020 Assessment Update.



Approaches to Value

Depending on the type of property, we use one of three approaches to assess your property's value.



Property Taxes and Assessed Value

Learn how your property's assessed value relates to your property taxes.



Request for Reconsideration

If you disagree with your assessment, you can file a Request for Reconsideration.

How does the BIA levy work?

- Different property tax classes & rates assigned to each class (32 property classes that would be subject to a BIA levy in the City of Ottawa).
  - Property tax classes are assigned to properties or portions of a property based on the property's use as defined in Section 3 of the Assessment Act (Province of Ontario).
- BIA budgets are prepared by the BIA Boards of Management and approved by the BIA members by vote every year at the Annual General Meeting.
- City Council ultimately approves BIA budgets (Reference: 2022 Budgets & Special Levies for BIAs & Sparks Street Mall Authority report)
- Multiple factors go into the final levy calculation:
  - MPAC property assessment (individual property owner)
  - MPAC assessment of total BIA area (all properties within BIA boundary)
  - BIA approved annual budget (2022 Heart of Orléans = $249,306.00 total levy)
  - City Council approved tax ratios
    - General information: ottawa.ca
    - 2022 Tax Ratios & Other Tax Policies report
  - All these factors produce the tax rate for each property class

Tax ratios

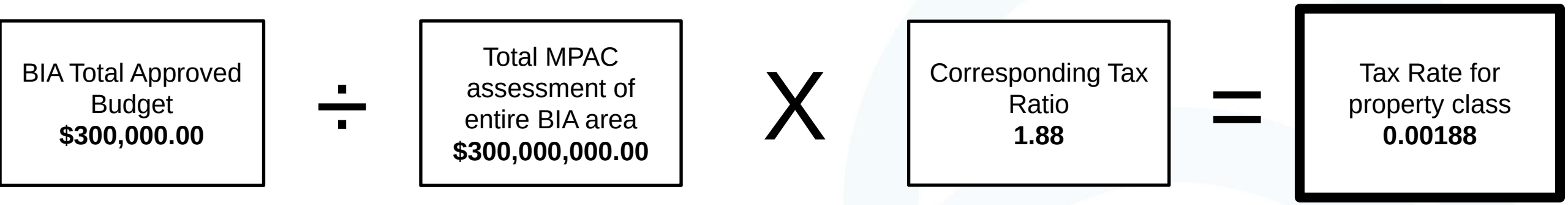
- Municipalities apply differential taxation rates to different property classes through tax class ratios.
- Tax ratio is proportion by which a class or sub-class tax rate compares to the residential class tax rate, which has base ratio of 1.0.
- Example: a property with a tax ratio of 2 would pay twice the municipal tax amount as a similarly valued residential property.
- References:
  - ottawa.ca
  - 2022 Tax Ratios & Other Tax Policies report

Below are the 2022 tax ratios as approved by Council:

Property class	Tax ratio
Residential	1.00
Multi-Residential	1.40
New Multi-Residential	1.00
Farm	0.20
Managed Forest	0.25
Pipeline	1.72
Commercial	1.88
Office Building	2.33
Parking Lots and Commercial Vacant Land	1.26
Shopping Centre	1.51
Professional Sports Facility	1.88
Industrial	2.54
Large Industrial	2.18

How is the levy calculated?

- Step 1/2 (fictional scenario)



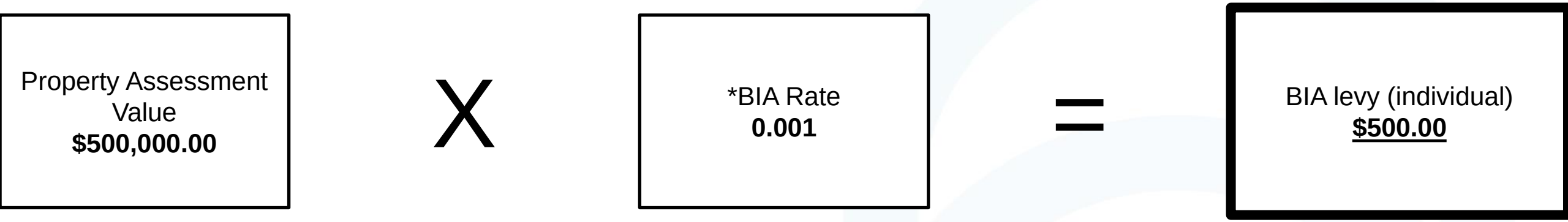
How is the levy calculated?

- Step 2/2 (fictional scenario)

Tax Rate for individual property **0.00188**	X	MPAC assessment for individual property **$500,000.00**	=	Individual contribution to BIA levy **$940.00**

How is the levy calculated?

- Not 100% accurate - easier to follow
- *BIA Rate = BIA Budget ($300,000.000) ÷ Total BIA Assessment ($300,000,000.00) = 0.001
- Resource: Ontario BIA Association (OBIAA)



Summary of BIA funding & levy

1. BIA Board of Management prepares an annual budget (operations, programming, beautification, marketing)
2. Annual budget is voted on and approved by the BIA membership at Annual General Meeting
3. City Council approves the BIA budget
   - Reference: 2022 Budgets & Special Levies for BIAs & Sparks Street Mall Authority report
4. BIA levy is calculated by City of Ottawa (multiple factors):
5. BIA tax is collected & transferred (City of Ottawa collects BIA taxes from property owners and businesses and transfers full amount back to the BIA)
6. BIA delivers services & programs for their members using funds from the BIA levy

BIA Expansion

- Ontario Municipal Act, 2001 (section 209):
  - Notice would be sent by mail to current BIA members and to prospective BIA members (property owners) of where the expansion would be created.
  - Within 30 days after notice is mailed, a person who receives notice of the expansion must give a copy to each tenant and give the Clerk of the municipality a list of every tenant that pays a share of the taxes.
- Objections:
  - Written objections must be sent to the Clerk within 60 days after the last day of mailing notices.
  - 1/3 of voting members would need to object and they would need to represent 1/3 of total assessment for the BIA.
  - Voting is for current BIA members and prospective BIA members.
  - Eligible voters are property owners and tenants – 1 vote each.
  - If objection threshold is not met (1/3), then the BIA by-law would be amended to reflect the new and expanded BIA boundary.
- Resource: Wellington West Business Improvement Area Boundary Adjustment (September 9, 2020)

City of Ottawa – Assistance with BIA Expansion

- Finance Services staff can review budget possibilities and modifications and how the levy would be impacted.
- Formation & Expansion Funding Program
  - $7,500.00 to BIAs (or business groups) wishing to expand their boundary.
  - Purpose of grant is to conduct research in their respective business area to gauge the level of interest in the business community in forming a BIA or supporting an expansion of an existing BIA.
  - Examples of possible activities include performing individual interviews with property owners of eligible business property classes and tenants of such properties within the subject area, plus coordinating one or more public meetings, etc.

BIA Expansion – BIA steps

1. Map out expansion area
2. Express interest of expansion to Economic Development (City of Ottawa)
3. Obtain letters of support from elected officials (City Councillors) and BIA Board
4. Apply for Formation & Expansion Funding Program (Due: March 31, 2023)
5. Conduct Research
   - Analysis of Commercial Property Tax Roll for Existing and Expansion Boundaries
   - Door-to-door and floor-to-floor census of expansion businesses
   - Impact of expansion on levies
   - Analysis of impact of planned and active development
6. Develop marketing material (kits that include FAQs, benefits, infographic on levy calculation, etc.)
7. Host Town Hall
8. Host information sessions e.g. 5 à 7s
9. Obtain Letters of Support
10. Submit report to Economic Development (City of Ottawa)

BIA Expansion – City of Ottawa steps

1. Confirm if BIA is successful recipient of the Formation & Expansion Funding Program application from BIA
2. Impact analysis on levy (work with Finance Services)
3. Prepare report for relevant City committee (Finance & Corporate Services Committee)
   - This would only happen after the BIA submits a formal request to the City of Ottawa to expand the BIA boundary and adopt an updated By-law
   - BIA should be getting approval to expand from their members at their AGM and also from prospective members who would be impacted by expansion
4. Committee & Council approve BIA expansion [Resource: Wellington West Business Improvement Area Boundary Adjustment (September 9, 2020)]
5. City Clerk sends Notice of Intention to all property owners in existing BIA and proposed BIA expansion area
6. Property owner must, within 30 days after the Notice of Intention is mailed, give a copy of the notice to each tenant of the property who is required to pay all or part of the property taxes.
7. 60-day objection period after notices are mailed out. Council shall not enact a By-law if written objections are received by the City Clerk:
   - 1/3 of voting members need to object and they would need to represent 1/3 of total assessment for the BIA
8. If objections are not met, By-law would be amended to show to new BIA boundary

Additional Resources

- City of Ottawa – BIA Governance report (June 9, 2021)
  - Effective Date of New or Expanded BIA Boundary:
    - To facilitate the required work to ensure the proper calculation and collection of BIA levies, any new BIA formation or existing area expansion shall take effect on January 1 of the following year once approved by Council.
    - As BIAs review and consider changes to their boundary and other areas within Ottawa consider forming a BIA, establishing a January 1 effective date will facilitate a smooth financial and reporting transition for the City and the new or expanded BIA.

Q&A

- Who assigns the property class and tax rate to my individual property?
  - A: The property class (Commercial Taxable: Full) is assigned by MPAC and the corresponding tax rate (0.00123294) is approved by City Council.
- What will my tax rate be for next year?
  - A: This is almost next to impossible to know and predict, as many factors go into the final tax rate. MPAC is frequently changing property assessments, so this makes it difficult to anticipate your tax rate.
- How do we get more information and definitions regarding different property classes (Commercial Taxable: Full, Commercial Taxable: Excess Land, etc.)?
  - A: This is a question for MPAC, and you can find their contact information here.

Q&A

- How does the final vote work once the City Clerk mails out a Notice of Intention to formally expand the BIA area?
  - A: The City Clerk mails out the Notice of Intention to all existing members in the BIA area as well as prospective members in the proposed BIA expansion area.
  - The property owner must, within 30 days after the notice is mailed, give a copy of the notice to each tenant of the property who is required to pay all or party of the property taxes.
  - Council shall not enact an updated BIA By-law (approving the expansion) if written objections are received by the City Clerk within 60 days, and the objectors represent (threshold):
    - 1/3 of the total number of persons entitled to notice (eligible voters)
    - At least 1/3 of the taxes in all prescribed business property classes in the BIA (existing BIA area and proposed expansion area)
    - Resource: Ontario Municipal Act (sections 209-210)