

BUDGET REFERRAL:

What are the impacts of stormwater on non-residential properties?

RECOMMENDATIONS:

- That the information be received.

KEY FACTS:

- The 30-year stormwater infrastructure need is estimated at \$732 million, requiring an average of \$24.4 million annually.
- On September 29, 2025, Council approved the stormwater fee structure, a by-law to impose Stormwater Management Fees and Charges, and a Stormwater Fee Policy.
- Appendix K of the October 21, 2025, Budget Committee agenda included a summary of considerations of the stormwater fee if it were to be implemented in 2026 including:
 - A three-year phase in of the stormwater fee for residential properties starting at a 50% discount in 2026.
 - A four-year phase in of the stormwater fee for non-residential properties starting at 75% discount in 2026, to help mitigate the impact on businesses.
 - The stormwater capital projects identified as part of the existing 10-year base state of good repair capital forecast that would be funded by the stormwater fee (no longer funded by capital reserve/levy).
 - The capital projects identified as “resiliency improvements”, currently unfunded, that would be added to the 10-year capital forecast and funded by the stormwater fee, increasing the total average capital program to \$20 million.
 - That the budget request including 7 FTE and materials and supplies totaling \$716,000 in 2026, be included in the 2026 budget, funded by the stormwater fee (not the tax levy).
- Implications of removing the existing stormwater base costs from the tax levy are also being considered as part of the overall 2026 property tax increase.
- Information illustrating what the overall “bill” to property owners of the combined impact of the property tax increase and stormwater fee has been requested.
- The average residential property owner would pay between \$13 to \$59 less overall in 2026 if stormwater costs were to be switched to a fee.
- The average non-residential property would pay less overall in 2026 if stormwater costs were to be switched to a fee; however, this would vary depending on the property.

COMMENTS/OPTIONS:

On September 29, 2025, Council approved a stormwater fee structure as the Town’s current stormwater program needs more funding to improve resiliency to handle more frequent and intense storms as well as to make investments in the existing infrastructure, which is aging and approaching end of life.

A dedicated stormwater fee provides a sustainable source of revenue which would not be in competition for general tax funds spread across various other Town services and improves transparency on the use of funds. Also, the approved stormwater fee method of distributing stormwater costs is based on estimated runoff as opposed to property values which reflects a user pay model for collecting funds for stormwater. The approved fee structure is a flat fee for residential properties and a variable fee for non-residential properties:

2026 Proposed Fee

The recommendation in the September 29, 2025, report is to phase in the new stormwater fees over three years to reduce the immediate financial impact and to gradually increase it to the required annual funding level of \$24.4 Million. To do this, the fee in year 1 (2026) will have a 50% discount, year 2 will have a 25% discount, and the full fee will take effect in year 3.

An alternative option to phase in the non-residential fees over 4 years has also been proposed, as illustrated in Chart 2. This alternative would be to start the non-residential fees at a 75% discount in in 2026, this would result in a similar amount of revenue to be collected in 2026 through the stormwater fee as was previously collected through property taxes. Year 2 will have a 50% discount, year 3 will have a 25% discount, and the full fee will take effect in year 4. As a result of the 75% discount in 2026, staff would also suggest delay in applying fee reductions as part of the credit program until 2027.

Chart 1 below illustrates the 3-year phase in of Residential fees and 4-year phase in of non-residential fees by property type.

Chart 1 – Phase in of Stormwater Fees

Property Type Category	2026	2027	2028	2029	Billing Unit
Residential Fee Discount	50%	25%	0%	0%	
Low Density Residential	\$ 137	\$ 205	\$ 273	\$ 273	per unit
Medium Density Residential	\$ 64	\$ 96	\$ 128	\$ 128	per unit
High Density Residential	\$ 30	\$ 45	\$ 60	\$ 60	per unit
Non-residential Fee Discount	75%	50%	25%	0%	
Commercial/Industrial	\$ 13	\$ 26	\$ 38	\$ 51	per 100m2
Institutional/Mixed Use	\$ 11	\$ 21	\$ 32	\$ 42	per 100m2
Special	\$ 2	\$ 3	\$ 5	\$ 6	per 100m2

This combined phase in approach will balance the importance of implementing a fee soon, so the Town can begin to tackle the important capital projects that are required, with an option to reduce the financial impact on property owners and provide non-residential property owners time to explore options for the credit program.

More information outlining the phase-in options and capital program implications and staffing implications was provided in appendix K of the October 21, 2025 Budget Committee agenda which can be found here: [Appendix K October 21 2025](#)

2026 Budget Impact

The 2026 budget has been prepared in line with the Mayoral Direction to prepare an operating budget with spending levels predicated on an overall tax levy increase of up to 3.50%.

Also being considered as part of the 2026 budget is the introduction of the Stormwater fee which would shift the cost of the stormwater operating and capital program off the tax levy to the new Stormwater fee. This shift has implications on the tax levy as currently included in the 3.5% tax increase is \$2.3 million in operating costs to support stormwater maintenance activities and approximately \$10 million of the capital levy (on average) is being used to support stormwater capital state of good repair and renewal needs. Lastly, the town will be responsible for paying their share of stormwater fees for properties owned by the town such as fire stations and community centre facilities, which is estimated at \$600,000 for 2026 (as based on the original 50% phase-in).

When all these changes are considered, the overall property tax increase would be reduced to 1.70% from the proposed 3.50%. These impacts were outlined in the 2026 Budget Overview Presentations at the October 21st Budget Committee meeting and have been summarized in Table 1 below:

Table 1 – Stormwater Fee impacts on the budget

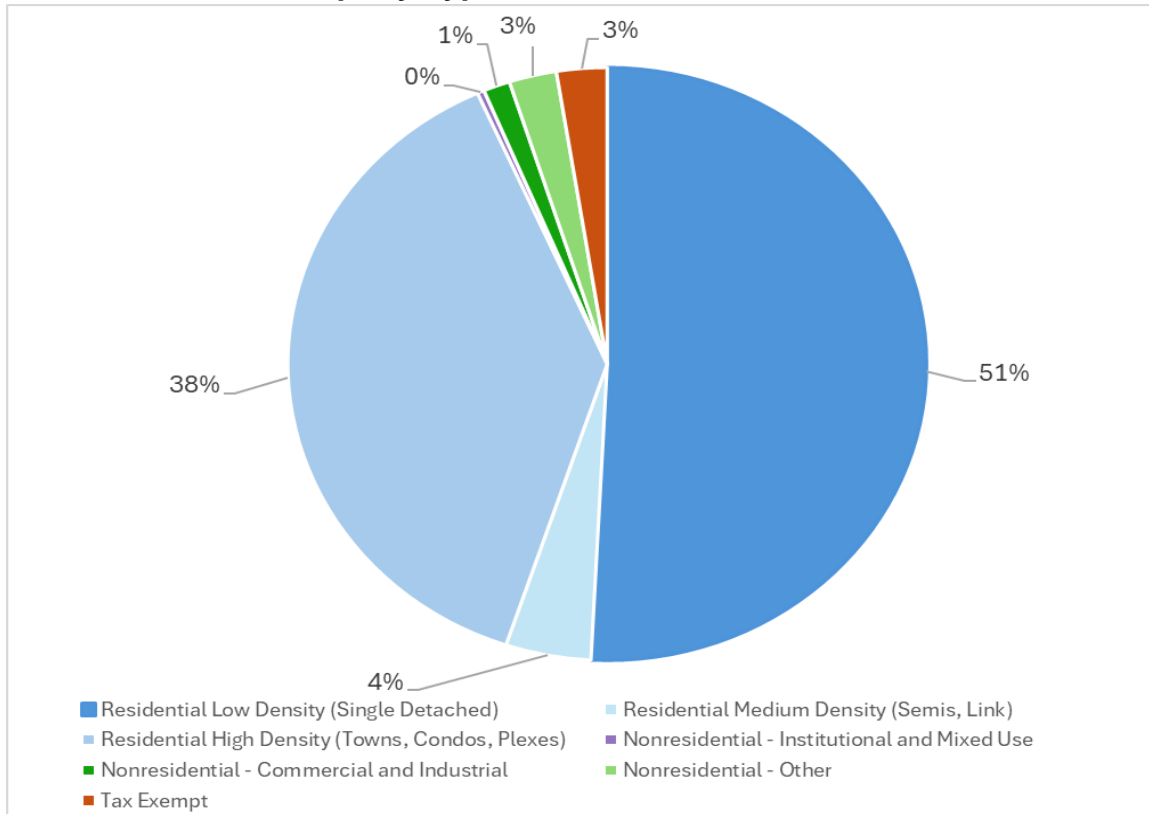
Staff prepared budget tax levy increase		3.50%
Stormwater operating costs – Removed from levy	(\$2.3M)	(0.35%)
Stormwater capital costs – Removed from levy	(\$10.0M)	(1.54%)
Stormwater Fee Payment for Town Properties – added in	\$0.6M	0.09%
Tax Levy Increase – adjusted for Stormwater		1.70%

Overall Impact to Property owners

Information illustrating what the overall “bill” to property owners for the combined impact of the property tax increase and stormwater fee has been requested. When analyzing property tax impacts, it is important to understand the make up of the different types of properties in Oakville and the distribution. Based on 2024 MPAC data there are approximately 64,000 properties in the Town of Oakville and when you consider some

properties have multiple units within a property (i.e. condo building/townhome) there are over 87,500 individual property units or “bills” generated. Of the 87,500 units 93% are Residential and 4% are non-residential. It should also be noted that 2,200 properties (3%) are tax exempt.

Chart 2 – Oakville Property Type Unit



Residential Properties

Table 2 below shows what the overall combined property tax and stormwater fee impact would be for different Residential property types based on average assessment values. The blue column indicates what the 2026 tax increase at 1.7% would be with stormwater costs removed. The green column indicates the stormwater flat fee amount at the 50% phase in discount as proposed above. The last two columns illustrate the combined increase (1.7% plus stormwater fee) and difference compared to the initial 3.5% tax increase. This information was presented to the Budget Committee meeting on October 23,2025.

Table 2 – Overall Tax Impact on Residential Properties

Unit Type:	Average Assessment	Tax Increase @ 3.50%	Removal of Stormwater costs from Tax Levy	New Tax Increase @ 1.70%	Stormwater Fee (50%)	Total Combined increase for 2026	Difference
Single Detached	\$1,000,000	\$292	\$(151)	\$142	\$137	\$279	\$(13)
Semi Detached	\$590,000	\$172	\$(89)	\$83	\$64	\$147	\$(25)
Townhomes	\$590,000	\$172	\$(89)	\$83	\$30	\$113	\$(59)
Condos	\$416,000	\$122	\$(63)	\$59	\$30	\$89	\$(33)

Based on the table above, the average residential property would pay between \$13 to \$59 less overall in 2026 if stormwater costs were to be switched to a fee. Based on the distribution of property types, this means that the overall increase would be between 5% and 34% less for over 81,600 residential homeowners in 2026.

Non-Residential Properties

Comparing the combined property tax and stormwater fee impact is more difficult with non-residential properties because of the variation in assessment values and because a variable fee is used to calculate the stormwater fees. Non-residential properties have much larger variation both in size and assessment values, even within one property code type there can be a significant range. For example, the assessment value for a small retail store can range from \$8.6 million to \$420,000. Table 3 below contains examples of the range in assessment value for different property categories.

Table 3: Examples of variation in non-residential properties

Property Type	Highest Assessment Value	Lowest Assessment Value
Small Retail Store (one story, under 10,00 s.f.)	8,662,000	420,000
Neighbourhood shopping centre - less than 150,000 s.f.	58,546,000	2,202,000
Big box shopping/power centre greater than 100,000 s.f.	143,052,000	27,577,000
Large office building (over 7,500 s.f.)	63,702,000	1,411,000

Table 4 below is an example of two similar size properties (34,000 m²) but differ significantly in assessment. The stormwater fee is relative to the size of the property, aligning the revenue collected to approximate runoff area; however, the difference in tax impact is proportionate to the assessment value, therefore the combined increase for 2026 is quite different. Also shown is an example of where two large office building properties can differ in both size and assessment resulting in a different overall combined impact.

Table 4 – Overall Tax Impact for Sample Non-Residential Properties

Unit Type	Assessment Value	Property Area	Tax Increase @3.50%	Removal of Stormwater costs from Tax Levy	Tax Increase @ 1.7%	Stormwater Fee (25%)	Total Combined Increase for 2026	Difference
Retail - one storey	8,662,000	34,300	\$ 5,000	\$ (2,600)	\$ 2,400	\$ 4,300	\$ 6,700	\$ 1,700
Large office building - multi - tenanted	28,763,000	34,900	\$ 17,800	\$ (9,200)	\$ 8,600	\$ 4,400	\$ 13,000	\$ (4,800)
Large office building - multi - tenanted	19,323,000	17,200	\$ 11,900	\$ (6,100)	\$ 5,800	\$ 2,200	\$ 8,000	\$ (3,900)

Table 5 below provides an overview for different non-residential property types using the average assessment values and average property size for each category. Based on the table, the average non-residential property would pay less overall in 2026 if stormwater costs were to be switched to a fee; however, this would vary depending on the property as illustrated in Table 4.

Table 5 – Overall Tax Impact on Non-Residential Properties Based on Averages

Unit Type:	Average Assessment Value	Property Size (m ²)	Tax Increase @ 3.50%	Removal of Stormwater costs from Tax Levy	New Tax Increase @ 1.70%	Stormwater Fee (25%)	Total Combined increase for 2026	Difference
Small Office building - single tenant or owner occupied	\$1,400,000	960	\$ 740	\$ (380)	\$ 360	\$ 120	\$ 480	\$ (260)
Retail - one storey	\$1,800,000	1,800	\$ 900	\$ (460)	\$ 440	\$ 230	\$ 670	\$ (230)
Specialty automotive shop/auto repair/ collision service or truck wash	\$1,900,000	3,900	\$ 1,000	\$ (500)	\$ 500	\$ 500	\$ 1,000	\$ -
Neighbourhood shopping centre - more than 2 stores, under one ownership, no anchor	\$7,300,000	9,000	\$ 3,800	\$ (1,900)	\$ 1,900	\$ 1,200	\$ 3,100	\$ (700)
Small box shopping centre - minimum 3 box stores with one anchor	\$48,700,000	68,400	\$ 25,100	\$ (12,900)	\$ 12,200	\$ 9,200	\$ 21,400	\$ (3,700)
Big box shopping - with 2 or more main anchors	\$100,000,000	116,600	\$ 51,400	\$ (26,500)	\$ 24,900	\$ 18,700	\$ 43,600	\$ (7,800)

Conclusion/Next Steps

The 3-year phase in for residential and 4-year phase in for non-residential strategies would allow the proposed 10-year capital program (average \$22M / year) to proceed which include both state of good repairs as well as needed resiliency improvements recommended as part of various studies and maintain a positive reserve balance at the end of the 10-year period.

Any further reduction or phasing of the fee would result in a negative reserve balance at the end of the 10-year forecast and therefore would require adjustments to defer projects out of the 10-year capital program.

Should the stormwater fee be implemented in 2026, staff will continue to work on the education and communication plan, as well as implementation details, with an expected implementation of the Stormwater fee in Summer 2026.