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Harmonization of the Park Tax for All Montréal's Boroughs

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The City of Montréal (City) recently published a draft bylaw titled *By-law concerning the transfer for the purposes of establishing, maintaining and improving parks and playgrounds, and of preserving natural areas, on the territory of the City of Montréal* [our translation] (draft bylaw) whose purpose is to harmonize the regulations respecting the contribution for parks (commonly referred to as the "park tax") in all of the City's boroughs.

The Proposed Regime

Each of the City's 19 boroughs currently has its own bylaw governing the tax on parks. The tax for parks will from now on be required in the following circumstances (subject to several exceptions):

- a subdivision permit application for a cadastral operation to parcel out a lot;
- a building permit application for a new principal building on land for which no subdivision permit has been issued under registration as a separate lot on the cadastral renewal of the land register; and
- a building permit application for a redevelopment project to add three or more dwellings within a period of five years, whether the building is a new construction or an existing construction that is being altered.

Imposing a park tax for redevelopment projects with a residential component is a key aspect of the draft bylaw.

Furthermore, the draft bylaw provides that the value of the land (which is the basis on which the park tax is calculated) will henceforth be determined on the basis of the market value as established by a chartered appraiser at the landowner's expense. This is a major change because most of the City boroughs use the value on the property assessment roll instead, which is generally lower. In its public file in support of the draft bylaw, the City has further specified that it expects a City-wide average annual increase of 61% for the park tax.

If a park tax has already been paid for certain land, the landowner will be taxed on the increase in the value of the land, provided that the owner can prove to the City that such payment was previously made. A total exemption of payment will be granted if a contribution in kind of land was made for the entire site.

Transition Period

The City intends to hold a public consultation meeting on May 24, at 7 p.m., as part of a session of the City's Committee on Economic and Urban Development and Housing. The City expects to adopt the final bylaw in June 2017 and the bylaw to come into force that same month.

Between the adoption of the bylaw and its entry into force, the City will suspend all permit applications requiring a park tax but that would not have been subject to the tax in accordance with the current bylaws to date.

The draft bylaw provides for a six-month transition period after the bylaw comes into force, during which time the value of the land will continue to be determined on the basis of the value on the property assessment roll rather than the market value.

Comments

The harmonization of the regulations relating to the City's territory is a commendable effort. However, we find that the six-month transition period pertaining to the land valuation method is too short. The new regime for the park tax will result in higher real estate development costs, which will ultimately be reflected in the price of dwellings in Montréal.

We also recommend that the City set up a public register of the payments and transfers made as contributions for parks. Under the draft bylaw, landowners bear the burden of proving the payment or land transfer from their predecessors in order to benefit from total or partial exemption from the contribution.

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