CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date:	March 20, 2017
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Meeting Date:	April 11, 2017

TO: Vancouver City Council

FROM: Director of Finance

SUBJECT: 2017 Property Taxation – Distribution of Property Tax Levy

RECOMMENDATION

THAT Council instruct the Director of Finance to calculate the 2017 general purpose tax rates for all property classes to achieve a tax distribution of approximately 54.2% residential and 45.8% non-residential.

REPORT SUMMARY

The purpose of this report is to seek Council approval of the distribution of the general purpose tax levy across property classes for the purpose of calculating the 2017 tax rates.

In 2007, the Property Tax Policy Review Commission ("PTPRC") recommended shifting $23.8 million in property taxes from non-residential to residential property classes at a rate of 1% of tax levy per year to achieve a target distribution of 52% residential and 48% non-residential; and holding the target tax share for five years unless the business tax differential between the City and its neighboring municipalities widened considerably, or the balance of business investment tilted away from Vancouver to other parts of Metro Vancouver. The program was completed in 2012.

In May 2013, Council reconvened the PTPRC to provide an updated assessment of the City's property tax policy. With regards to tax distribution, in its report to Council in February 2014, the PTPRC affirmed that there was no evidence of an increasing business tax differential or business investment moving to neighboring municipalities, and recommended no change to the tax share for Classes 5 and 6. The PTPRC further recommended the use of metrics to help guide future tax distribution decisions.

Based on the metrics presented in this report, no tax shift is recommended for 2017.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 219 of the *Vancouver Charter* requires that, by April 30, the Director of Finance submits to Council a report that sets out the distribution of the general purpose tax levy across property classes for that year.

It has been Council policy that the tax rates for Class 1, 8 and 9 and for Class 5 and 6 be calculated on a blended basis, which means the classes within these two groups are taxed at the same rate before application of land assessment averaging.

Since 1983, it has been Council policy to distribute the general purpose tax levy across property classes through a "tax share" approach under which the share of the levy collected from each property class remains constant over time, subject to adjustments arising from non-market changes on the *Assessment Roll* (e.g. transfer of properties among classes, new construction within each class) and Council decisions to adjust the tax share for each class. This approach ensures that tax share is set by Council policy, not driven by market forces. This policy was reaffirmed by Council in April 2005, and endorsed by the PTPRC in its 2007 review.

In 2007, the PTPRC provided a thorough review of the City's property tax policy. With regards to tax distribution, the PTPRC recommended shifting $23.8 million from commercial to residential property classes. The tax shift program was completed in 2012.

In 2013, Council reconvened the PTPRC to provide an updated assessment of the City's property tax policy. In 2014, Council adopted the majority of the PTPRC recommendations. In particular, Council instructed staff to implement the following with regards to tax share:

- maintain the current tax distribution; and
- incorporate the metrics recommended by the PTPRC into the City's economic performance evaluation framework to help guide future tax distribution decisions.

In December 2016, Council approved the 2017 Operating Budget of $1.32 billion of which $716.8 million is to be funded from general purpose tax levy.

In March 2017, Council adopted the *2017 Land Assessment Averaging By-law* that authorized the use of targeted 3-year land assessment averaging for the purpose of calculating property taxes for residential (Class 1), light industrial (Class 5), and business (Class 6) properties for the 2017 tax year.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City plays a leading role in enabling a thriving business environment and building a world-class, sustainable community for its residents. Vancouver is consistently ranked as one of the most livable cities in the world, and in 2016, the global accounting firm KPMG ranked the city as the second-most tax competitive in the world. In 2017 to 2020, Metro Vancouver is expected to lead the nation in economic growth (according to Conference Board of Canada information). The City has received AAA credit ratings from both Moody's and Standard & Poor's, which is the strongest credit rating for a Canadian city. To build on this economic strength and sustain its competitiveness, the City works to maintain an affordable environment for businesses and residents.

While the City's property tax regime generally functions as intended, every tax system has inherent limitations and challenges. Over the years, tax share and assessment volatility have been key issues within the business community. The challenge of assessment volatility is more prevalent on "hot" properties with triple net leases, where landlords transfer the entire tax burden to small business tenants while benefiting from the increase in property value upon sale or redevelopment.

In its report to Council in February 2014, the PTPRC found no evidence of an increasing business tax differential between Vancouver and other parts of the region, or of business investment moving to neighboring municipalities. This suggests that the 5-year tax shift program (completed in 2012) was effective in bringing the City's business tax share in line with its peers, and no additional tax shift is currently contemplated. Staff continues to collect and refine the metrics recommended by the PTPRC, and has started incorporating these as part of the annual Budget Report (December) and Tax Distribution Report (April). The metrics would help guide future property tax policy decisions.

With regards to property tax predictability and stability, the City transitioned from *across-the-board averaging* to *targeted averaging* in 2015, as recommended by the PTPRC. *Targeted averaging* is one of the few mitigating measures available for residential properties; but is the only tool for commercial properties at this point. The program provides short-term, multi-year tax relief to businesses to enable market adjustments and/or lease renegotiation.

As well, in response to the Council motion – Action to Protect Taxpayers from Soaring Assessments (February 2016), staff is working closely with the Province and BC Assessment, in consultation with representatives from the Urban Development Institute, Board of Trade, Business Improvement Areas and other key stakeholders, to evaluate how split assessment, value-in-use assessment and other policy tools could complement the City's targeted land assessment averaging program in alleviating unanticipated property tax increases arising from assessment volatility.

Beside property tax policies, in recent years, Council has taken a number of proactive steps to enhance affordability and support economic development in Vancouver. These include the following:

- keeping property taxes and user fees competitive
- lowering the business property tax share and improving the business tax rate ratio (business tax rate divided by residential tax rate) significantly over the last decade
- bringing transformative changes to enhance customer service, efficiencies and accountability
- implementing the Vancouver Economic Strategy to attract global talent, companies and investment
- implementing the Housing and Homelessness Strategy to increase the availability and range of affordable housing choices for all residents
- implementing the Transportation 2040 Plan to enable a sustainable, efficient transportation system

- implementing the Greenest City 2020 Action Plan and Renewable City Strategy, which is positioning Vancouver as a global leader in urban sustainability and incubator of green technology
- adopting land use policies that preserve commercial, industrial and job space, promote affordable housing and childcare, and allow for accessible recreational facilities to attract and retain top talent

Through these actions, the City is well positioned to support continuous strong population growth, job creation and robust commercial and office development activities in Vancouver.

REPORT

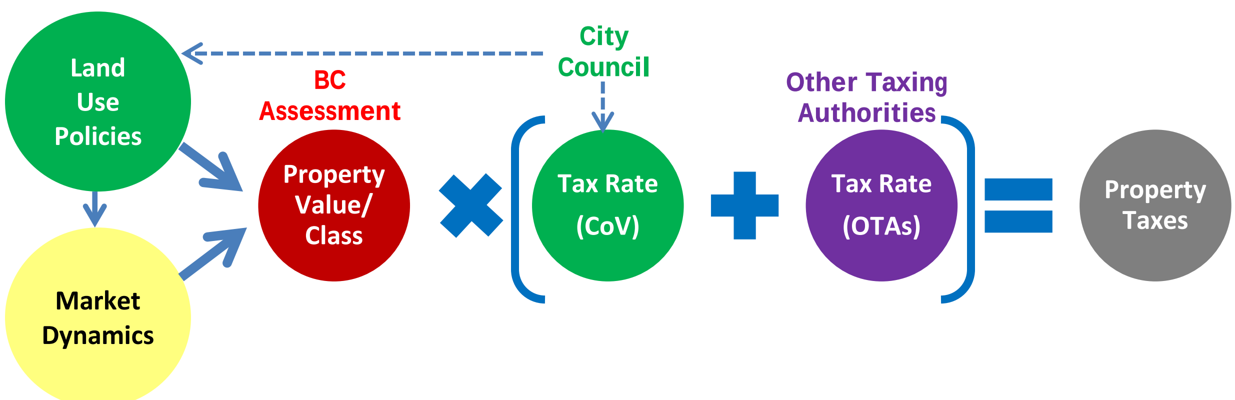
Background/Context

<u>Property Taxation Framework</u>

British Columbia's property taxation framework has been recognized as one of the best in class due mainly to the segregation of assessment and taxation functions that ensure objectivity and credibility; and the annual market valuation approach that ensures currency, equity and transparency.

Figure 1 below shows the key drivers and stakeholders within the property taxation framework.

Figure 1: Property Taxation Framework



Property taxes are levied by taxing authorities based on real property values, which are driven by zoning as defined in **land use policies** and by **market dynamics**.

BC Assessment determines the value of all real properties in BC based on their "highest and best use" as defined by zoning and market evidence, and assigns them to appropriate property class(es) based on their "actual use" in accordance with the *Assessment Act*. An *Assessment Roll* is produced annually for municipalities and other taxing authorities (OTAs) such as Provincial schools, Translink, Metro Vancouver, Municipal Finance Authority and BC Assessment to levy property taxes.

City Council sets land use policies that define zoning; determines the amount of general purpose tax levy required to support City operations; sets residential and business tax share and tax rates; and levies property taxes using the *Assessment Roll*. Council may also decide whether to apply mitigation tools such as land assessment averaging in any given year. The City's general purpose tax portion accounts for ~50% of the overall tax rate.

OTAs set tax share and tax rate for each property class, and levy property taxes using the *Assessment Roll*. If land assessment averaging is applied, the tax rates for the impacted property classes will be adjusted to ensure revenue neutrality. OTAs accounts for ~50% of the overall tax rate.

A discussion on various tax distribution approaches and tax rate calculation is presented in Appendix A. The history of Council-directed tax redistribution between residential and non-residential property classes is presented in Appendix B.

Strategic Analysis

In December 2016, Council approved the 2017 Operating Budget of $1.32 billion of which $716.8 million is to be funded from general purpose tax levy.

I. 2017 Revised Roll

Key facts relating to the *2017 Revised Roll* are as follows. Reconciliation of the assessment base and overall tax levy between 2016 and 2017 is presented in Appendix D.

(i) The taxable assessment base has increased by $90.2 billion (31.3%).

(ii) The overall increase in general purpose tax levy for the City is $34.7 million (5.1%), which is comprised of the following:

2016 -	
Assessment appeals & other adjustments	-$0.1 million
2017 -	
New construction, class transfers & other non-market changes	+$8.0 million
Tax increase	+$26.8 million
Increase in general purpose tax levy	+$34.7 million

(iii) 15 properties totaling $191.7 million in assessed value have converted from business (Class 6) to recreation (Class 8) (e.g. parks & gardens), resulting in overall tax loss of ~$1.5 million (City ~$0.9 million & other taxing authorities ~$0.6 million).

(iv) 20 properties totaling $151.8 million in assessed value are eligible for heritage tax exemptions, resulting in ~$0.9 million of forgone general purpose tax levy which is shared by taxable properties in the course of balancing the annual operating budget.

(v) To-date, 103 property folios have been designated as Class 3 - Supportive Housing[1] (1 folio removed in 2017), resulting in over $2 million of forgone general purpose tax levy and payment-in-lieu of taxes. This represents additional subsidies from Vancouver beyond the City's land and capital funding contributions towards the development of supportive housing, as the forgone tax has to be borne by all taxpayers.

(vi) As part of the Ports Competitiveness Initiative that took effect in 2004 and extended through 2018, the Province has legislated municipal tax rate caps to eligible tenant-occupied port properties: $27.50 (per $1,000 taxable value) on existing properties and $22.50 (per $1,000 taxable value) on new investments. Seven folios are eligible under this provision, resulting in ~$1.4 million of net forgone general purpose tax levy.

II. Distribution of General Purpose Tax Levy – No Shift Recommended for 2017

Over the last decade, Council twice engaged the PTPRC to review the impact of property tax on businesses. The 2007 review resulted in a five-year program to shift $23.8 million in property taxes from non-residential to residential property classes; this shift was completed in 2012. In 2013, Council reconvened the PTPRC to reassess the situation. In 2014, the PTPRC concluded there was no evidence of an increasing business tax differential between Vancouver and other Metro Vancouver municipalities, or business investment moving from Vancouver to neighboring municipalities. This suggests the tax shift program was effective in bringing Vancouver's business tax share in line with its peers. As a result, the PTPRC recommended the following:

- maintain the current tax distribution for the time being; and
- adopt metrics to compare the commercial property tax situation in Vancouver to that in other Metro Vancouver municipalities, and gauge Vancouver's ability to retain and attract business investment relative to its neighbors.

Consistent with Council policy of distributing the general purpose tax levy through a "tax share" approach, staff have calculated the following tax distribution and resulting tax rates using the 2017 *Revised Roll*. Applying the *Average Assessment Roll* will change the taxable values and the applicable tax rates for Classes 1, 5 and 6, but the overall tax levy and the tax distribution across property classes will be the same. The final tax rates, including those levied by other taxing authorities (Provincial School, Translink, BC Assessment, Metro Vancouver, and Municipal Finance Authority), will be reported to Council in May 2017 for adoption.

Table 1 below summarizes the distribution of tax levy across property classes and the tax rate for each class.

[1] Designated properties, in whole or in part, are subject to special valuation rules that reduce the assessed value of the Class 3 portion of the property to a nominal amount and therefore effectively exempt the property from property taxes.

Table 1: 2017 Tax Levy Distribution

	Residential Class 1	Utilities Class 2	Supportive Housing Class 3	Major Industry Class 4	Light Industry Class 5	Business & Other Class 6	Recreational & Non-profit Class 8	Farm Class 9	Total
Taxable Value	$318,185,641,214	$247,027,440	$106	$210,936,000	$1,609,850,900	$57,674,373,332	$596,084,000	$198,689	$378,524,111,681
Base Tax Levy	$374,004,707	$6,750,356	$0	$7,008,894	$6,617,968	$296,346,088	$671,978	$304	$691,400,296
Tax Increase	$14,444,323	$261,239	$0	$271,244	$1,927,346	$9,797,364	$55,739	($62)	$26,757,191
Final Tax Levy	$388,449,029	$7,011,595	$0	$7,280,138	$8,545,314	$306,143,452	$727,717	$243	$718,157,487
Share of Tax Levy	*54.09%*	*0.98%*	*0.00%*	*1.01%*	*1.19%*	*42.63%*	*0.10%*	*0.00%*	*100.00%*
UNAVERAGED TAX RATES	**1.22083**	**28.38387**	**0.00000**	**34.51349**	**5.30814**	**5.30814**	**1.22083**	**1.22083**	

	Residential (Class 1, 3, 8 & 9)	Non-Residential (Class 2, 4, 5 & 6)
Taxable Value	84.22%	15.78%
Tax Levy Distribution	54.19%	45.81%

Note: Total tax levy $718.2M – Forgone taxes on eligible Port properties $1.4M = Council-approved tax levy $716.8M

III. PTPRC Recommendation - Metrics to Guide Tax Distribution

In its report to Council in February 2014, the PTPRC reiterated that there is no single definition of the “correct”, most appropriate tax share that should be borne by the commercial sector. The task of allocating taxes across property classes requires a degree of judgment. It recommended a number of metrics to gauge Vancouver’s commercial property tax situation and ability to retain and attract business investments relative to other comparable Metro Vancouver municipalities, and to inform future decisions on tax share.

The PTPRC emphasized that these metrics are not meant to be prescriptive; they help gauge Vancouver’s business climate over the long-term and are considerations for Council when determining tax share in the future. If the metrics suggest that the property tax situation for the commercial sector is worsening in Vancouver relative to other comparable Metro Vancouver municipalities, Council may consider shifting more taxes from commercial to residential properties. Conversely, if the metrics indicate that the tax situation for the commercial sector in Vancouver is relatively competitive, and that there is little evidence that Vancouver is losing its ability to attract and retain business investments, a further tax shift from commercial to residential properties may not be warranted.

The following charts show how Vancouver compares with five comparable Metro Vancouver municipalities with substantial commercial sectors - Burnaby, Coquitlam, New Westminster, Richmond and Surrey on the PTPRC-recommended metrics.

Figure 2 below compares ***Business Tax Share*** trends. As a result of tax shift decisions made by consecutive Councils over the last decade, Vancouver’s business tax share has reduced substantially from 51.6% to 43.2% — the second most substantial improvement among comparable Metro Vancouver municipalities.

Figure 2: Business Tax Share

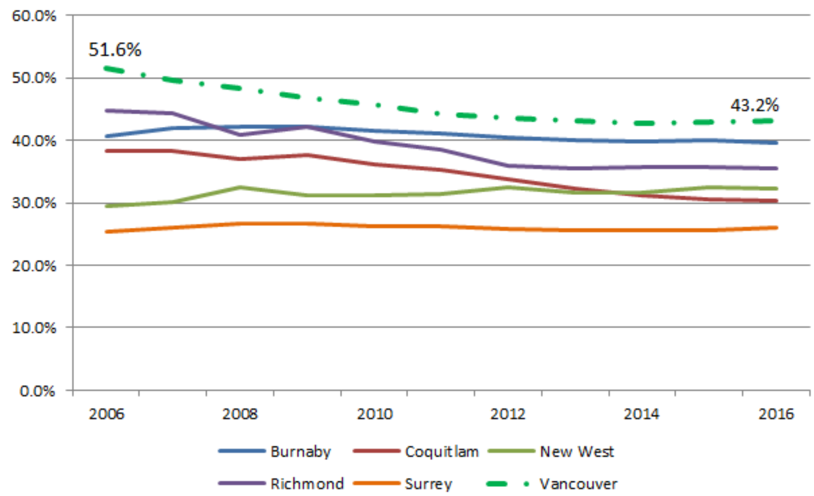


Figure 3 below compares ***Business Tax Rate*** trends. Over the last decade, Vancouver's business tax rate has reduced substantially from $14.29 to $6.94/$1,000 assessed value — one of the lowest among comparable Metro Vancouver municipalities.

Figure 3: Business Tax Rate per $1,000 Assessed Value

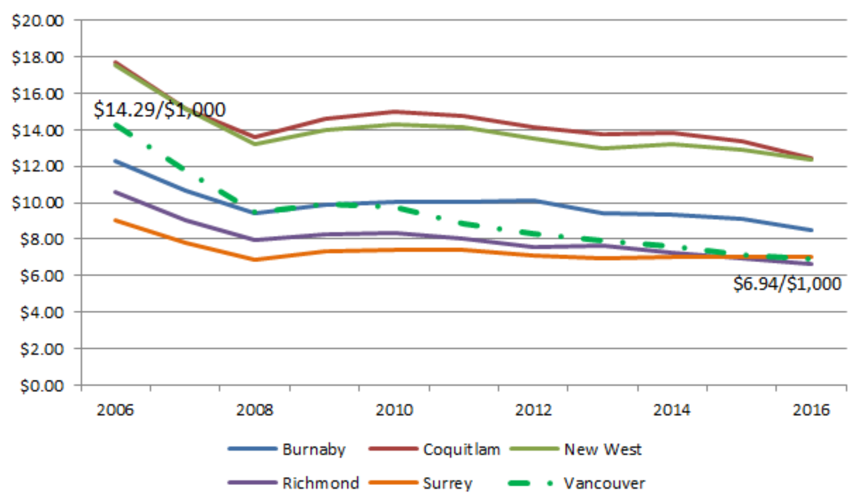


Figure 4 below compares ***Business Taxes per Capita*** trends. Over the last decade, Vancouver has experienced modest increase in business taxes per capita relative to comparable Metro Vancouver municipalities.

Figure 4: Business Taxes per Capita

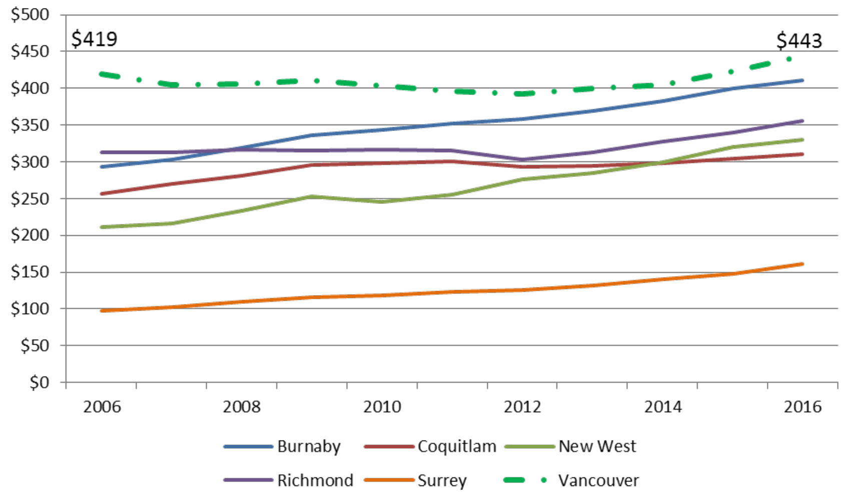
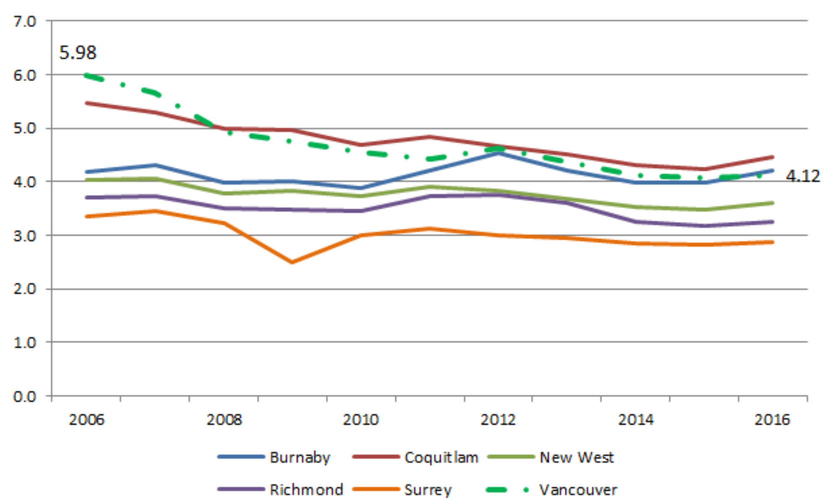


Figure 5 below compares ***Tax Rate Ratio*** (business tax rate/residential tax rate) trends. As a result of tax shift decisions made by consecutive Councils over the last decade, Vancouver's business tax rate ratio has improved substantially from 5.98 to 4.12 — the most improved among comparable Metro Vancouver municipalities.

Figure 5: Tax Rate Ratio
(Business Tax Rate / Residential Tax Rate)



It is important to note that the tax rate ratio is impacted by market forces that are beyond Council's control. For instance, if the value of residential property continues to appreciate at a much faster pace than non-residential property, the tax rate ratio will naturally increase even though the business tax share is decreasing. As such, relying on just the tax rate ratio to gauge tax equity among property classes without considering other complementary metrics could be misleading.

Figure 6 below compares ***Commercial Building Permits*** trends. Over the last two decades, Vancouver's permits have increased 150% — the highest among comparable Metro Vancouver municipalities.

Figure 6: Commercial Building Permits ($M)

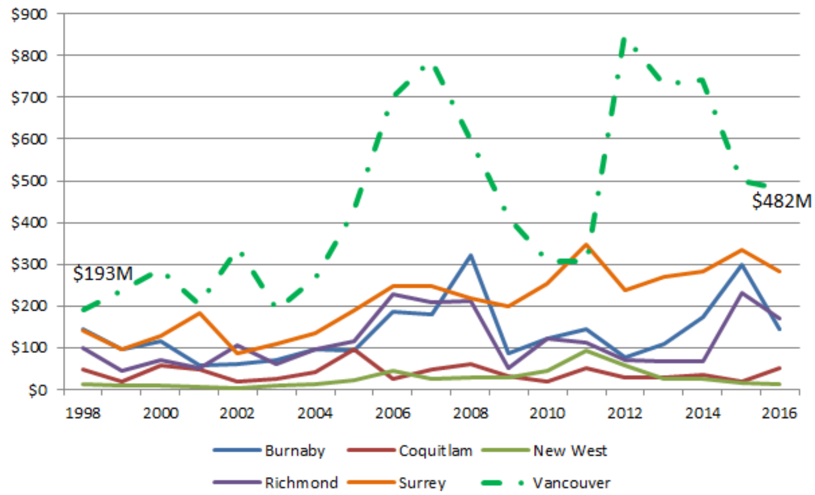


Figure 7 below compares ***Business Property Market Assessment*** trends. Over the last decade, the total taxable commercial property assessment in Vancouver (net of new construction) has increased ~78% — the highest among comparable Metro Vancouver municipalities. This indicates market demand for commercial space in Vancouver has been strong in recent years.

Figure 7: Business Property Market Assessment

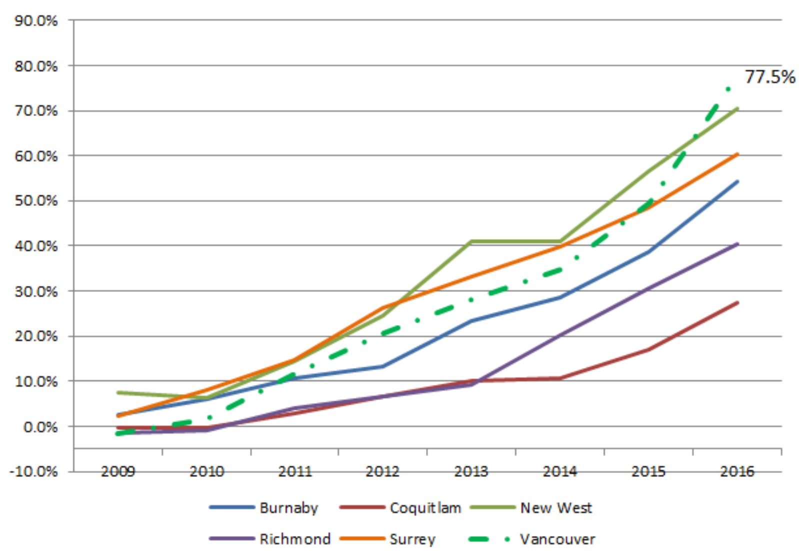
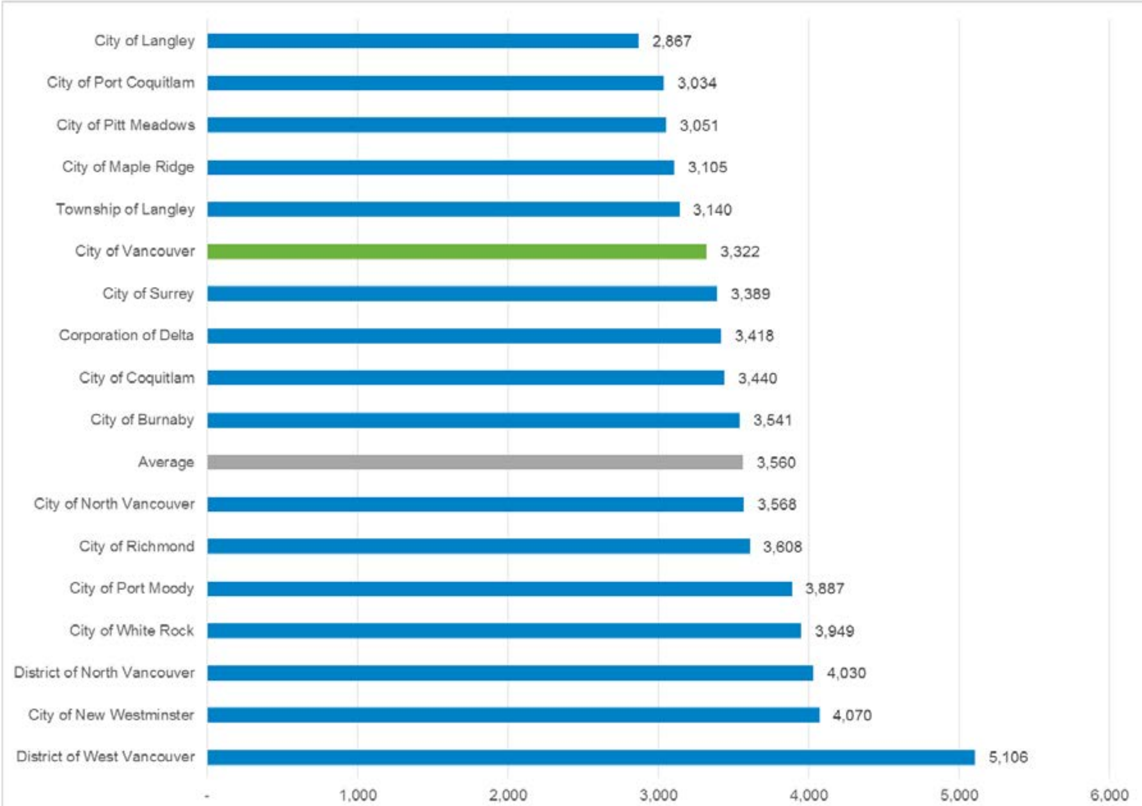


Figure 8 below compares the 2016 municipal property tax and utility fees for a median single family home relative to other Metro Vancouver municipalities. As many municipalities have not established their 2017 tax rates, the comparison is based on 2016 data. Vancouver sits below the Metro Vancouver average.

Figure 8: 2016 Municipal Property Tax & Utility Fees
Median Single Family Home in Selected Metro Vancouver Municipalities



Source data: BC Assessment, MCSCD Local Government Statistics and Municipal websites

Further details on the assessment base, tax rates and levy of selected municipalities are presented in Appendix C.

Implications/Related Issues/Risk

Financial

In December 2016, Council approved the 2017 Operating Budget of $1.32 billion, of which $716.8 million is to be funded from general purpose tax levy. Consistent with prior years, the final property tax increase has been adjusted based on the 2017 *Revised Roll* to generate the Council-approved tax levy – from the earlier estimate of 3.9% (Fall 2016 prior to assessment roll close) to 3.87% (April 2017).

Subject to Council approval, the tax distribution between residential and non-residential property classes would be 54.2%/45.8%.

CONCLUSION

Property taxation has been, and will continue to be, the primary, stable funding source for City services and programs. In 2017, ~54% of the Operating Budget is funded from general purpose tax levy. Given the variety of approaches to sharing the costs of tax-supported City services and programs among property classes, tax distribution continues to be one of the most complex and difficult decisions Council has to make.

In 2012, Council completed the 5-year, $23.8 million tax shift program recommended by the PTPRC in 2007. In its update report to Council in February 2014, the PTPRC affirmed that there was no evidence of an increasing business tax differential or of business investment moving to neighboring municipalities, and recommended no further tax shift.

* * * * *

TAX DISTRIBUTION

Distribution of the general purpose tax levy across property classes has been a subject of discussion since the mid-1970s when market value assessments were introduced in British Columbia. There are two common approaches to tax distribution:

(i) "Tax Rate Ratio" Approach
"Class multiples" are used to fix the ratio between the Class 1 Residential tax rate and the tax rates of all other property classes. This often leads to significant year-over-year tax shifts between residential and non-residential property classes arising from differential market value changes among those classes.

(ii) "Tax Share" Approach
Distribution of the tax levy across property classes is determined by Council, subject to non-market changes within the classes (e.g. property transfers between classes, new construction) and/or Council decisions to adjust the share for each class. This means differential market value changes will not impact the tax share for each class.

In the late 1970s and early 1980s, the Province established the tax rate ratios for municipal governments annually. This resulted in significant year-over-year inter-class tax shifts arising from differential market value changes. At the request of Council and the Union of British Columbia Municipalities, the Province granted municipal governments the authority to determine their own tax distribution approach beginning in 1983. Since then, it has been Council policy to use the "tax share" approach.

There are different approaches for distributing the costs of tax-supported City services and programs among property classes. The following guiding principles are typically used to evaluate taxation policies; how they fit together is primarily a subjective consideration by Council.

- Equal treatment of equals
- Fairness, based on benefits received
- Fairness, based on ability to pay
- Economic behavior
- Accountability
- Stability and predictability
- Simplicity and ease of administration
- Regional and national competitiveness

When comparing tax share across municipalities, it is important to note that a number of factors may contribute to such differences:

- Different Council priorities and public policy objectives
- Different programs and services levels
- Different revenue strategies: property tax, utility charges and user fees
- Different mix of residential and non-residential properties on the *Assessment Roll*
- Different funding mechanisms for public transit, tourism and other programs:

- public transit - the federal gas tax is allocated directly to Translink for all Metro Vancouver municipalities, while such funding flows through other municipalities (e.g. Abbotsford)
- tourism – some municipalities retain the hotel room tax (up to 2% of sales of accommodation); in Vancouver, such funding has been directed by the Province to Tourism Vancouver

Since the early 1990s, representatives of the business community have been advocating that distribution of tax levy be based on "consumption" of tax-supported City services and programs by each property class. Council did not support the use of "consumption" studies as the basis for tax distribution in 1995 and again in 2007. One of the key reasons is that consumption models in general focus on properties that receive immediate and direct benefits, though fall short on identifying those that receive secondary and/or ultimate benefits from city services and programs. Furthermore, determining benefits received is only one of the several aforementioned guiding principles to be considered in setting tax distribution. Nevertheless, to address the impacts of tax distribution on businesses, Council agreed to gradually shift the tax levy from non-residential property classes to residential property classes.

In November 2006, Council established the PTPRC to address two key issues concerning the impact the City's taxation policies have on Vancouver's economy:

> ***Tax Share*** – Recommend a long-term policy that will define and achieve a "fair" tax distribution for commercial property taxpayers, addressing the perceived inequity in the share of the City's general purpose tax levy that is paid by the non-residential property classes.
>
> ***Volatility*** – Recommend a strategy to enhance the stability and predictability of property taxes for individual properties in the face of sudden, large year-over-year increases in market value.

In March 2008, Council approved the following recommendations brought forward by the PTPRC:

> ***Tax Share*** – Redistribute $23.8 million of tax levy proportionately from Classes 2, 4, 5 and 6 to Classes 1, 8 and 9 over five years, at a rate of 1% of the overall tax levy per year, in order to achieve the PTPRC's recommended tax levy distribution of 52% residential and 48% non-residential *(based on 2007 Assessment Roll)* and to avoid the significant impact of the shift in one year.
>
> ***Volatility*** - Seek an amendment to the *Vancouver Charter* to enable the City to use up to five years of assessed land values, as opposed to three years currently allowable, in the land assessment averaging formula for calculating property taxes. A request for the amendment was submitted to the Province and enacted in 2013.

It should also be noted that the use of "consumption" studies within the context of property taxation policies was also considered by the PTPRC and was not recommended due largely to the reasons cited above.

CALCULATION OF TAX RATES

Under the “tax share” approach, Council determines the share of tax levy for each property class, but not for each individual property within the class. Section 374.2 (1) of *Vancouver Charter* further stipulates that Council determines and imposes a single tax rate for each property class, but not for each individual property within the class. To generate the Council-approved tax levy, when the total assessed value of a property class increases, the tax rate for the class is adjusted down; when the total assessed value decreases, the tax rate is adjusted up.

While changes in assessed values will not change the total general purpose tax levy generated from each property class, differential changes among properties within the same class will result in differential shifts in taxes paid by individual property owners from year to year. This situation is particularly prevalent in neighbourhoods with significant growth opportunities and/or development potential where property values could experience a much higher increase relative to other areas in the City and, as a result, experience higher tax increases. This applies to both residential and non-residential property classes.

In general terms, the extent of change in a property’s taxes year-over-year is determined primarily by how that property’s assessed value has changed relative to the average change within its property class:

- If a property’s value increases at the same rate as the property class average change, its property tax will increase at the same rate as the property class average increase.
- If a property’s value increases more than the property class average change, its property tax will increase more than the property class average increase.
- If a property’s value increases less than the property class average change, its property tax will increase less than the property class average increase (or even a reduction in some cases).

YEAR	
1994	▪ Shifted $3.0 million from Class 6 to Class 1
1995	▪ Shifted $3.0 million from non-residential classes to Class 1
1996	▪ No shift
1997	▪ Shifted $2.9 million from non-residential classes to Class 1
1998	▪ No shift
1999	▪ No shift
2000	▪ Shifted $3.7 million from non-residential classes to residential classes
2001	▪ No shift
2002	▪ No shift
2003	▪ Shifted $2.1 million from non-residential classes to residential classes
2004	▪ No shift
2005	▪ No shift
2006	▪ Shifted $4.8 million from non-residential classes to residential classes
2007	▪ Allocated the entire 3.98% tax increase to residential classes, which is equivalent to a shift of $10 million
2008	▪ Shifted $5.2 million from non-residential classes to residential classes
2009	▪ Shifted $5.5 million from non-residential classes to residential classes
2010	▪ Shifted $5.7 million from non-residential classes to residential classes
2011	▪ Shifted $5.8 million from non-residential classes to residential classes
2012	▪ Shifted $1.6 million from non-residential classes to residential classes
2013	▪ No shift
2014	▪ No shift
2015	▪ No shift
2016	▪ No shift
2017	▪ No shift (subject to Council approval on April 11, 2017)

Note: Tax shifts between 2008 and 2012 were effected as part of the multi-year tax redistribution program recommended by the PTPRC. The target was to shift $23.8 million proportionately from non-residential property classes (2, 4, 5 & 6) to residential property classes (1, 8 & 9) at a rate of 1% of the overall tax levy per year.

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
Vancouver	Residential	235,141,313,259	83%	1.56168	1.00	367,215,486	54%
(Averaged)	Utilities	223,716,679	0%	30.88604	19.78	6,909,722	1%
	Supportive Housing	106	0%	0.00000	0.00	0	0%
	Major Industry	200,202,800	0%	33.90142	21.71	6,787,159	1%
	Light Industry	995,203,056	0%	6.61254	4.23	6,580,820	1%
	Business/Other	44,665,577,141	16%	6.61254	4.23	295,352,915	43%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	426,743,100	0%	1.53245	0.98	653,962	0%
	Farm	187,539	0%	1.53245	0.98	287	0%
	Totals	**281,652,943,680**	**100%**			**683,500,353**	**100%**
Abbotsford	Residential	15,743,783,546	81%	5.01204	1.00	78,908,473	63%
	Utilities	90,009,624	0%	40.00000	7.98	3,600,385	3%
	Supportive Housing	2	0%	5.01204	1.00	0	0%
	Major Industry	0	0%	0.00000	0.00	0	0%
	Light Industry	541,511,064	3%	10.01954	2.00	5,425,692	4%
	Business/Other	3,016,014,107	15%	11.61393	2.32	35,027,777	28%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	16,119,100	0%	8.29407	1.65	133,693	0%
	Farm	141,133,762	1%	18.85498	3.76	2,661,074	2%
	Totals	**19,548,571,205**	**100%**			**125,757,094**	**100%**
Burnaby	Residential	58,711,128,977	82%	2.01190	1.00	118,120,920	49%
	Utilities	170,689,794	0%	33.15480	16.48	5,659,186	2%
	Supportive Housing	6	0%	2.01190	1.00	0	0%
	Major Industry	157,812,100	0%	44.94800	22.34	7,093,338	3%
	Light Industry	1,645,755,600	2%	8.46530	4.21	13,931,815	6%
	Business/Other	11,260,795,360	16%	8.46530	4.21	95,326,011	40%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	67,817,800	0%	1.30880	0.65	88,760	0%
	Farm	1,292,418	0%	8.46530	4.21	10,941	0%
	Totals	**72,015,292,055**	**100%**			**240,230,971**	**100%**
Coquitlam	Residential	30,738,573,935	89%	2.79790	1.00	86,003,456	65%
	Utilities	24,434,170	0%	40.00000	14.30	977,367	1%
	Supportive Housing	2	0%	2.79790	1.00	0	0%
	Major Industry	0	0%	28.85070	10.31	0	0%
	Light Industry	419,549,700	1%	12.68730	4.53	5,322,953	4%
	Business/Other	3,236,061,601	9%	12.46530	4.46	40,338,479	30%
	Managed Forest	0	0%	9.40530	3.36	0	0%
	Recreation	29,353,100	0%	12.79090	4.57	375,453	0%
	Farm	1,197,362	0%	16.23930	5.80	19,444	0%
	Totals	**34,449,169,870**	**100%**			**133,037,151**	**100%**
Delta	Residential	20,817,125,509	80%	3.23760	1.00	67,397,526	54%
	Utilities	30,805,095	0%	39.99670	12.35	1,232,102	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	290,378,500	1%	30.74700	9.50	8,928,268	7%
	Light Industry	1,815,161,100	7%	9.76770	3.02	17,729,949	14%
	Business/Other	2,842,513,060	11%	10.19820	3.15	28,988,517	23%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	38,579,600	0%	7.72800	2.39	298,143	0%
	Farm	44,311,361	0%	18.84580	5.82	835,083	1%
	Totals	**25,878,874,225**	**100%**			**125,409,587**	**100%**

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
Langley, City	Residential	3,352,259,703	71%	3.60280	1.00	12,077,521	49%
	Utilities	2,311,670	0%	40.00000	11.10	92,467	0%
	Supportive Housing	2	0%	3.60280	1.00	0	0%
	Major Industry	0	0%	0.00000	0.00	0	0%
	Light Industry	145,885,600	3%	9.91490	2.75	1,446,441	6%
	Business/Other	1,221,523,304	26%	8.95290	2.48	10,936,176	44%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	7,178,000	0%	8.95290	2.48	64,264	0%
	Farm	11,936	0%	3.60280	1.00	43	0%
	Totals	**4,729,170,215**	**100%**			**24,616,912**	**100%**
Langley, Township	Residential	22,390,609,422	83%	3.23260	1.00	72,379,884	62%
	Utilities	42,312,283	0%	28.65640	8.86	1,212,518	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	27,019,100	0%	9.30400	2.88	251,386	0%
	Light Industry	1,319,165,700	5%	8.98390	2.78	11,851,253	10%
	Business/Other	3,171,885,711	12%	9.69840	3.00	30,762,216	26%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	49,252,400	0%	4.91830	1.52	242,238	0%
	Farm	65,984,823	0%	10.66810	3.30	703,933	1%
	Totals	**27,066,229,439**	**100%**			**117,403,427**	**100%**
Maple Ridge	Residential	12,918,297,207	91%	4.37610	1.00	56,531,760	78%
	Utilities	13,516,466	0%	40.00000	9.14	540,659	1%
	Supportive Housing	4	0%	0.00000	0.00	0	0%
	Major Industry	17,291,000	0%	34.19520	7.81	591,269	1%
	Light Industry	232,322,700	2%	11.88010	2.71	2,760,017	4%
	Business/Other	973,520,478	7%	11.88010	2.71	11,565,521	16%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	2,576,601	0%	15.27830	3.49	39,366	0%
	Farm	4,851,810	0%	33.70820	7.70	163,546	0%
	Totals	**14,162,376,266**	**100%**			**72,192,138**	**100%**
New Westminster	Residential	12,490,530,848	86%	3.41820	1.00	42,695,133	61%
	Utilities	9,371,800	0%	28.17670	8.24	264,066	0%
	Supportive Housing	12	0%	3.41820	1.00	0	0%
	Major Industry	43,345,800	0%	30.19100	8.83	1,308,653	2%
	Light Industry	200,708,700	1%	16.75500	4.90	3,362,874	5%
	Business/Other	1,834,102,904	13%	12.34260	3.61	22,637,599	32%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	13,238,082	0%	3.41820	1.00	45,250	0%
	Farm	13,715	0%	3.41820	1.00	47	0%
	Totals	**14,591,311,861**	**100%**			**70,313,622**	**100%**
North Vancouver	Residential	13,429,477,927	84%	2.34364	1.00	31,473,862	56%
(City)	Utilities	9,307,280	0%	40.00000	17.07	372,291	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	167,983,000	1%	27.50000	11.73	4,619,533	8%
	Light Industry	57,101,300	0%	8.20134	3.50	468,307	1%
	Business/Other	2,371,824,300	15%	8.20134	3.50	19,452,138	34%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	7,623,300	0%	2.53644	1.08	19,336	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**16,043,317,107**	**100%**			**56,405,466**	**100%**

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
North Vancouver	Residential	30,241,253,446	93%	2.11337	1.00	63,910,958	71%
(District)	Utilities	2,500,132	0%	40.00000	18.93	100,005	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	301,102,500	1%	28.40825	13.44	8,553,795	10%
	Light Industry	73,569,400	0%	12.14158	5.75	893,249	1%
	Business/Other	1,950,831,816	6%	8.14620	3.85	15,891,866	18%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	37,230,400	0%	5.32007	2.52	198,068	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**32,606,487,694**	**100%**			**89,547,941**	**100%**
Pitt Meadows	Residential	2,956,680,802	84%	3.78890	1.00	11,202,568	61%
	Utilities	6,673,480	0%	37.28770	9.84	248,839	1%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	3,567,000	0%	38.68840	10.21	138,002	1%
	Light Industry	51,933,700	1%	16.38670	4.32	851,022	5%
	Business/Other	473,447,378	13%	11.15130	2.94	5,279,554	29%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	23,634,500	1%	10.25900	2.71	242,466	1%
	Farm	17,236,417	0%	30.47880	8.04	525,345	3%
	Totals	**3,533,173,277**	**100%**			**18,487,795**	**100%**
Port Coquitlam	Residential	10,018,383,481	82%	3.46490	1.00	34,712,697	58%
	Utilities	11,152,397	0%	40.00000	11.54	446,096	1%
	Supportive Housing	6	0%	3.46490	1.00	0	0%
	Major Industry	0	0%	12.69880	3.66	0	0%
	Light Industry	492,404,200	4%	12.69880	3.66	6,252,942	10%
	Business/Other	1,635,379,101	13%	11.09920	3.20	18,151,400	30%
	Managed Forest	0	0%	40.00000	11.54	0	0%
	Recreation	6,830,000	0%	14.76290	4.26	100,831	0%
	Farm	870,363	0%	23.77020	6.86	20,689	0%
	Totals	**12,165,019,548**	**100%**			**59,684,654**	**100%**
Port Moody	Residential	7,667,247,622	91%	3.21360	1.00	24,639,467	65%
	Utilities	3,169,585	0%	36.72290	11.43	116,396	0%
	Supportive Housing	0	0%	3.21360	1.00	0	0%
	Major Industry	105,750,200	1%	72.69800	22.62	7,687,828	20%
	Light Industry	36,752,600	0%	16.56660	5.16	608,866	2%
	Business/Other	578,788,906	7%	8.69510	2.71	5,032,627	13%
	Managed Forest	0	0%	9.64080	3.00	0	0%
	Recreation	14,630,600	0%	2.34260	0.73	34,274	0%
	Farm	0	0%	3.21360	1.00	0	0%
	Totals	**8,406,339,513**	**100%**			**38,119,458**	**100%**
Richmond	Residential	53,427,310,470	80%	2.05383	1.00	109,730,613	55%
	Utilities	22,181,408	0%	38.64765	18.82	857,259	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	139,615,700	0%	13.50329	6.57	1,885,271	1%
	Light Industry	2,338,871,400	4%	6.66368	3.24	15,585,491	8%
	Business/Other	10,669,182,553	16%	6.66368	3.24	71,096,018	36%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	126,429,900	0%	1.95275	0.95	246,886	0%
	Farm	26,650,139	0%	12.84412	6.25	342,298	0%
	Totals	**66,750,241,570**	**100%**			**199,743,836**	**100%**

Municipality	Property Class	General Taxable Values $	Assessment Base %	Municipal General Purpose Tax Rates (per $1,000)	Class Multiples	Municipal General Purpose Tax Levy $	Tax Distribution %
Surrey	Residential	83,576,366,785	86%	2.44195	1.00	204,089,309	69%
	Utilities	61,659,088	0%	34.53564	14.14	2,129,436	1%
	Supportive Housing	12	0%	0.00000	0.00	0	0%
	Major Industry	114,949,600	0%	11.23883	4.60	1,291,899	0%
	Light Industry	1,973,296,800	2%	6.20882	2.54	12,251,845	4%
	Business/Other	11,085,025,492	11%	7.00586	2.87	77,660,137	26%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	148,243,100	0%	2.46432	1.01	365,318	0%
	Farm	35,236,303	0%	2.83149	1.16	99,771	0%
	Totals	**96,994,777,180**	**100%**			**297,887,715**	**100%**
West Vancouver	Residential	37,970,064,730	97%	1.55440	1.00	59,020,669	93%
	Utilities	11,392,082	0%	9.43940	6.07	107,534	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	2,354,000	0%	16.82040	10.82	39,595	0%
	Light Industry	0	0%	16.82040	10.82	0	0%
	Business/Other	937,858,500	2%	4.36470	2.81	4,093,471	6%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	43,930,900	0%	4.72090	3.04	207,393	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**38,965,600,212**	**100%**			**63,468,663**	**100%**
White Rock	Residential	6,038,319,112	95%	3.02056	1.00	18,239,105	90%
	Utilities	2,202,910	0%	19.61803	6.49	43,217	0%
	Supportive Housing	0	0%	0.00000	0.00	0	0%
	Major Industry	0	0%	0.00000	0.00	0	0%
	Light Industry	0	0%	0.00000	0.00	0	0%
	Business/Other	301,065,002	5%	6.90138	2.28	2,077,764	10%
	Managed Forest	0	0%	0.00000	0.00	0	0%
	Recreation	2,655,100	0%	2.26271	0.75	6,008	0%
	Farm	0	0%	0.00000	0.00	0	0%
	Totals	**6,344,242,124**	**100%**			**20,366,094**	**100%**

Source data: http://www.cscd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2016.htm

IMPACT OF ASSESSMENT CHANGES (MARKET & NON-MARKET) ON TAX DISTRIBUTION BEFORE TAX INCREASE

APPENDIX D

	Residential Class 1	Utilities Class 2	Supportive Housing Class 3	Major Industry Class 4	Light Industry Class 5	Business & Other Class 6	Recreational & Non-profit Class 8	Farm Class 9	Total
ASSESSMENT BASE									
2016 Revised Roll	239,626,229,695	223,716,679	106	200,202,800	1,069,058,700	46,808,663,824	426,743,100	187,539	288,354,802,443
2016 Adjustments	372,588,704	0	0	0	(12,068,900)	(103,292,830)	19,880,000	0	277,106,974
2016 Supplementary Roll	239,998,818,399	223,716,679	106	200,202,800	1,056,989,800	46,705,370,994	446,623,100	187,539	288,631,909,417
Share of Assessment Base	*83.15%*	*0.08%*	*0.00%*	*0.07%*	*0.37%*	*16.18%*	*0.15%*	*0.00%*	*100.00%*
2017 Market Change	72,896,400,353	29,142,726	0	4,060,000	564,483,600	10,617,585,505	160,504,000	0	84,272,176,184
	312,895,218,752	252,859,405	106	204,262,800	1,621,473,400	57,322,956,499	607,127,100	187,539	372,904,085,601
Share of Assessment Base	*83.91%*	*0.07%*	*0.00%*	*0.05%*	*0.43%*	*15.37%*	*0.16%*	*0.00%*	*100.00%*
2017 Non-market Change									
Class Transfers	756,172,200	143,600	(2)	0	(5,339,900)	(71,156,350)	(10,938,700)	11,150	668,891,998
Other	1,737,772,400	(64,295)	2	0	(8,676,100)	18,101,600	0	0	1,747,133,607
New Construction	2,796,477,862	(5,911,270)	0	6,673,200	2,393,500	404,471,583	(104,400)	0	3,204,000,475
	5,290,422,462	(5,831,965)	0	6,673,200	(11,622,500)	351,416,833	(11,043,100)	11,150	5,620,026,080
2017 Assessment Base for Tax Rate Calculation	**318,185,641,214**	**247,027,440**	**106**	**210,936,000**	**1,609,850,900**	**57,674,373,332**	**596,084,000**	**198,689**	**378,524,111,681**
Share of Assessment Base	*84.06%*	*0.07%*	*0.00%*	*0.06%*	*0.43%*	*15.24%*	*0.16%*	*0.00%*	*100.00%*
GENERAL PURPOSE TAX LEVY									
2016 Opening Tax Levy	367,215,216	6,909,722	0	6,787,159	6,741,858	295,191,817	653,962	287	683,500,022
2016 Roll Adjustments	570,974	0	0	0	(76,111)	(651,401)	30,465	0	(126,073)
2016 Adjusted Tax Levy	367,786,189	6,909,722	0	6,787,159	6,665,748	294,540,416	684,428	287	683,373,950
Share of Tax Levy	*53.82%*	*1.01%*	*0.00%*	*0.99%*	*0.98%*	*43.10%*	*0.10%*	*0.00%*	*100.00%*
2017 Non-market Change	2,931,455	2,167	0	0	(57,619)	(272,609)	(12,331)	17	2,591,080
2017 New Construction	3,287,062	(161,533)	0	221,734	9,839	2,078,281	(118)	0	5,435,266
	6,218,517	(159,366)	0	221,734	(47,779)	1,805,672	(12,449)	17	8,026,346
2017 Base Tax Levy (before tax increase)	**374,004,707**	**6,750,356**	**0**	**7,008,894**	**6,617,968**	**296,346,088**	**671,978**	**304**	**691,400,296**
Share of Tax Levy	*54.09%*	*0.98%*	*0.00%*	*1.01%*	*0.96%*	*42.86%*	*0.10%*	*0.00%*	*100.00%*
2017 Tax Increase	14,444,323	261,239	0	271,244	1,927,346	9,797,364	55,739	(62)	26,757,191
2017 Final Tax Levy (after tax increase)	**388,449,029**	**7,011,595**	**0**	**7,280,138**	**8,545,314**	**306,143,452**	**727,717**	**243**	**718,157,487**
Share of Tax Levy	*54.09%*	*0.98%*	*0.00%*	*1.01%*	*1.19%*	*42.63%*	*0.10%*	*0.00%*	*100.00%*

Note: Total tax levy $718.2 million – Forgone taxes on eligible Port properties $1.4million = Council-approved tax levy $716.8 million