Supports Item No. 1
CS&B Committee Agenda
March 4, 2010

CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date:	March 3, 2010
Contact:	Grace Cheng
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RTS No.:	08594
VanRIMS No.:	08-2000-20
Meeting Date:	March 4, 2010

TO: City Services and Budgets

FROM: Director of Finance

SUBJECT: 2010 Property Taxation: Land Assessment Averaging Program

RECOMMENDATION

A. THAT Council approve in principle the continuation of the three-year land assessment averaging program in 2010 for the purpose of property tax calculations for Residential (Class 1) properties.

B. THAT Council approve in principle the continuation of the three-year land assessment averaging program in 2010 for the purpose of property tax calculations for Light Industrial (Class 5) and Business & Other (Class 6) properties, with the exception of those properties that are impacted by the Downtown Official Development Plan Amendments and relevant zoning changes initiated by the Director of Planning in relation to the Metro Core Jobs and Economy Land Use Plan as outlined in the report.

C. THAT Council instruct the Director of Legal Services, in consultation with the Director of Finance, to prepare a by-law authorizing the use of three-year land assessment averaging that reflects Council decision on Recommendations A and B, and bring it forward to Council for consideration on March 25, 2010.

D. THAT, subject to adoption of the by-law on March 25, 2010, Council instruct the Director of Finance to make appropriate arrangements with the BC Assessment Authority for the production of an Averaged 2010 Assessment Roll at an estimated cost of $22,000; source of fund to be 2010 Operating Budget.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Section 374.4 of the *Vancouver Charter* requires that Council consider the continuation of the three-year land assessment averaging program each year and, if Council decides to proceed, a by-law be adopted, before March 31, authorizing the use of such a mechanism.

Since 1993, it has been Council policy to apply three-year land assessment averaging for the purpose of property tax calculations for Residential (Class 1) and Business & Other (Class 6) properties; in 2007, Council extended the same to Light Industrial (Class 5) properties.

PURPOSE

The purpose of this report is to seek Council approval in principle to continue application of three-year land assessment averaging for the calculation of 2010 property taxes for the Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) property classes, with the exception of those properties that are impacted by the Downtown Official Development Plan Amendments and relevant zoning changes initiated by the Director of Planning in relation to the Metro Core Jobs and Economy Land Use Plan.

BACKGROUND

In the late 1980's, a very active real estate market resulted in uneven property value increases among properties in both residential and business property classes and, consequently, significant shifts in the property tax burden among individual properties within these classes. The trend continued into the early 1990's when some residential properties faced up to 100% tax increases and some business properties up to 300% tax increases.

Since 1989, Council has taken various means of intervention in the market value-based taxation system each year to mitigate the impacts of large shifts in property tax burden within the residential and business property classes. In 1992, the provincial government enacted legislation which provided Council with two options to mitigate the impacts of uneven year-over-year assessment changes on property taxes and to improve the year-over-year stability and predictability of property taxes. The two options are:

> *Three-year Land Assessment Averaging* – This mechanism smoothes the property tax impact of changes, both increases and decreases, in assessed land values. It entails using the average land value of the current year and that of the two prior years plus the current assessed value of property improvements for calculation of property taxes.
>
> *Land Assessment Phasing* – This is a "peak shaving" mechanism that applies to current year's assessed land value based on a formula established by the provincial legislation. Council has discretion in deciding the amount of land value to be sheltered from property taxation, which ranges from 50% to 66% of an individual property's land value increase in excess of the average change in land value for the entire class. The current assessed improvement value is then added to the adjusted land value for calculation of property taxes.

Both land assessment averaging and land assessment phasing are revenue neutral to the City in that total tax levies collected from each property class are the same with or without application of any of these mechanisms.

Since the enactment of the legislation, staff have undertaken statistical analyses to demonstrate property tax impacts using both options. In 1993, Council implemented three-year land assessment averaging for the calculation of annual property taxes for Residential (Class 1) and Business & Other (Class 6) properties. Over the years, staff's analyses consistently demonstrated that land assessment averaging is more effective than land assessment phasing in mitigating the property tax impacts of uneven year-over-year assessment changes. In 1998, Council stopped considering land assessment phasing as a taxation option. In 2007, Council extended the use of three-year land assessment averaging to Light Industrial (Class 5) properties. A history of Council's interventions in the market value-based taxation system since 1989 can be found in Appendix A.

Over the years, various studies were conducted to address property tax distribution, volatility, and other taxation issues:

- In 1993, Council established the Vancouver Task Force on Property Taxation which, in their April 1994 report (*Property Tax Task Force Report*), recommended that "Council support the ongoing use of three-year land value averaging as a tool to buffer the impacts of large assessed value changes."
- In 2006, Council established the Property Tax Policy Review Commission which provided their final recommendations to Council in September 2007 (*PTPRC Final Report*). Based on staff's analysis and comments (*RTS#6947*), Council instructed staff to seek an amendment to the *Vancouver Charter* to allow the City to use up to five years of assessed land values in the averaging formula. A request for the amendment was submitted to the provincial government but not granted in time for the 2010 tax year.

DISCUSSION

Relationship between Assessed Value and Property Tax Volatility

Property assessment and property taxation is a two-part process. First, BC Assessment assesses the market value of all properties on an annual basis and reports these to the City. Second, the City sets a tax rate for each property class which is applied to the assessed values to generate a fixed property tax levy in order to meet the City's operating budget needs as approved by Council. While changes in assessed values do not impact on the ability of the City to generate property tax revenue, differential changes among properties within classes can result in significant shifts in taxes paid by individual property owners from year to year.

Table 1 below indicates how volatility in a property's assessed value impacts its property taxes in general terms and before accounting for the impact of non-market changes (e.g. new construction, class transfers) and Council-approved tax increases and redistribution of taxes among property classes.

Table 1: Relationship between Assessed Value and Property Tax Volatility

If a property's assessed value has increased…	its property tax…
…*at the same rate* as the property class average change,	…will increase *at the same rate* as the property class average increase.
…*more* than the property class average change,	…will increase *more* than the property class average increase.
…*less* than the property class average change,	…will increase *less* than the property class average increase.

As a general rule, the extent of change in a property's taxes from year to year is determined primarily by how that property's assessed value has changed relative to the average change in value of its property class.

Land Assessment Averaging Methodology

Land assessment averaging is intended to provide temporary relief to property owners by phasing-in the year-over-year tax impact of large increases and decreases in land value. It does not provide permanent reduction in property taxes for individual properties. Averaging is a "zero-sum" mechanism: Any tax savings benefited by some properties in a given year are redistributed among other properties such that some taxpayers will pay more tax than they otherwise would without the application of averaging while some will pay less. For the City, the total amount of property tax collected remains the same.

Table 2 below compares the calculation of property taxes under the market value approach and under the averaged value approach.

Table 2: Property Tax Calculation
Market Value Option vs. Three-Year Land Assessment Averaging Option

Market Value Option		Land Assessment Averaging Option	
	2010 Land Value		Average of 2008/09/10 Land Value
+	2010 Improvement Value	+	2010 Improvement Value
=	2010 Taxable Value $_{Market}$	=	2010 Taxable Value $_{Averaged}$
x	2010 Tax Rate $_{Market}$	x	2010 Tax Rate $_{Averaged}$
=	2010 Total General Purpose Taxes	=	2010 Total General Purpose Taxes

NOTE: The 2010 Total General Purpose Taxes amount is the same under both options.

As shown in Table 2, application of land assessment averaging affects two components in the property tax calculation:

Taxable Value $_{Averaged}$ – The taxable value of a property is calculated using the average land value of the current year and that of the two prior years plus the current improvement value. In any given year, the averaged taxable value could be higher, lower, or the same when compared to the market value of that property.

Tax Rate $_{Averaged}$ – For those property classes eligible for averaging, tax rates are recalculated based on the total averaged taxable value in each class in order to generate the same amount of property tax levies. Therefore, if averaging *reduces* the total taxable value of a property class, the tax rate will be *higher*. If averaging *increases* the total taxable value of a property class, the tax rate will be *lower*.

Consequently, application of land assessment averaging may have a different, even opposite, impact on the year-over-year change in property tax for an individual property when compared to the impacts of staying with the market value option.

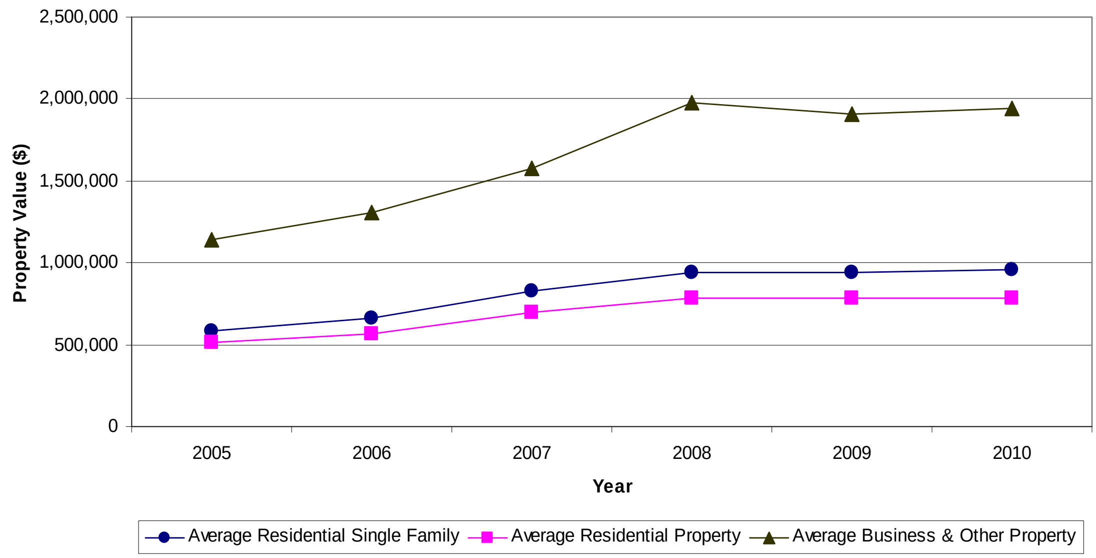
Below are general rules with regards to land assessment averaging:

- Properties with significant volatility in land values (both increases and decreases) in the past one, two or three years will be most affected by averaging because it mitigates the impact arising from these changes.
- As land values increase, averaging may slow the rate of increase in property taxes on individual properties over time; as land values decrease, averaging may slow the rate of decrease in property taxes on individual properties over time.
- Properties with current land values higher than their past values are "averaged down" and may pay lower taxes relative to other properties as a result of averaging; properties with current land values lower than their past values are "averaged up" and may pay higher taxes relative to other properties as a result of averaging.
- Averaging applies to all properties that meet the eligibility requirements outlined in the *Land Assessment Averaging By-law*; not just properties that experience large increase in land values.

In deciding whether to continue with land assessment averaging, Council must weigh the relative impacts of intra-class tax shifts created by averaging against the benefit of mitigating extreme year-over-year volatility within a property class.

Table 3 below shows the trend of the value of an average residential single family property, an average Class 1 property, and an average Class 6 property in Vancouver from 2005 to 2010.

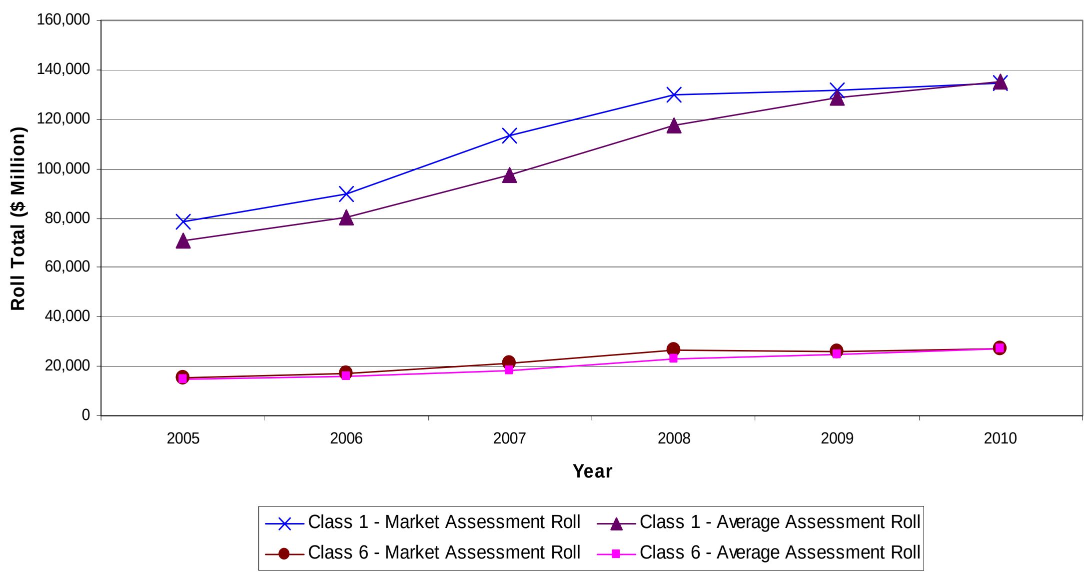
Table 3: Trend Analysis - Value of an Average Property (2005-2010)



NOTE: For the 2009 tax year, the provincial government passed the Economic Incentive and Stabilization Statutes Amendment Act (Bill 45) which stipulated that on the 2009 Assessment Roll, properties be valued at the actual value calculated using either a July 1, 2007 or July 1, 2008 valuation date, whichever is lower.

Table 4 below compares the market assessment roll total and the average assessment roll total for Class 1 and Class 6 from 2005 to 2010.

Table 4: Trend Analysis - Assessment Roll Total (2005-2010)



Land Assessment Averaging Program Implementation

Section 374.4 of the *Vancouver Charter* stipulates the legislative and administrative requirements for the implementation of three-year land assessment averaging. Key elements include:

Eligible Property Classes – Averaging is currently applied to Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) properties. It does not apply to Class 8 (Seasonal & Non-Profit) and other property classes valued at special rates – Class 2 (Utilities), Class 4 (Major Industry), and Class 9 (Farm).

Eligible Properties – Eligibility criteria for individual properties are outlined in the *Land Assessment Averaging By-law* adopted by Council each year. Generally speaking, in cases where there is a substantial change in the characteristics and/or use of a property from one year to the next and where such changes tend to enhance the value of the property to the benefit of the owner, the property will not be eligible for the tax-smoothing benefits that the program offers. Once a property is excluded from the program, it must regain its eligibility over time.

Below are sample properties that are not eligible for averaging:

- A property that carries no improvement value (i.e. vacant land)
- A property that has undergone a change in assessment class and/or zoning district
- A property of which the physical characteristics have been changed as a result of consolidation or subdivision

As Council can establish only one tax rate for each class, even properties not eligible for averaging are impacted because they pay a different tax rate than if averaging were not applied.

Calculation of All Tax Levies - Averaging is applicable to the calculation of tax levies for the City and other taxing authorities on a revenue neutral basis. Because averaging affects the taxable values used for all tax levy calculations, a decision to average a property class requires that Council approve a resolution adjusting the tax rates of all taxing authorities to ensure revenue neutrality. Any tax levy losses arising from assessment appeals on properties that are averaged are borne by the City.

Land Assessment Averaging By-law – The by-law must be adopted by Council before March 31 each year.

Notification to the Public - Property taxpayers must be notified of Council's intent to consider the application of three-year land assessment averaging and the resulting tax impacts on sample properties. The notice must be published in two consecutive issues of a newspaper at least two weeks in advance of the adoption of the *Land Assessment Averaging By-law*.

Appeal Process – Council is required to provide a process for property taxpayers to appeal the application of the *Land Assessment Averaging By-law*. The by-law provides for a municipal Court of Revision after the tax billing date for appeals that cannot be resolved within the administrative processes provided for in the *Vancouver Charter*. To-date, only one appeal has been referred to the Court of Revision (2009) as staff have been able to resolve all other appeals administratively. Any tax levy losses arising from the averaging appeal process are borne by the City.

Analysis of Land Assessment Averaging in 2010

Similar to prior years, staff have undertaken a statistical analysis comparing the application of the market value option versus the land assessment averaging option for the Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) property classes.

Data Source – The analysis uses the assessed values on the *2010 Completed Roll* available at the time of this report, which should be close to those in the *2010 Revised Roll* to be published in early April which incorporates updates from the Property Assessment Review Panel decisions.

Averaging Eligibility Criteria – The analysis adopts a set of eligibility criteria similar to those in the *Land Assessment Averaging By-law,* which excludes new construction, class transfers, and other properties that are not eligible for land assessment averaging.

Municipal General Purpose Tax Levies – While averaging is applicable to the calculation of tax levies for the City and other taxing authorities, the analysis considers only the City's general purpose taxes as data from other taxing authorities is not available at the time of this report. However, the results should present a reasonable indication of the impacts of averaging as the same pattern would apply to other tax levies.

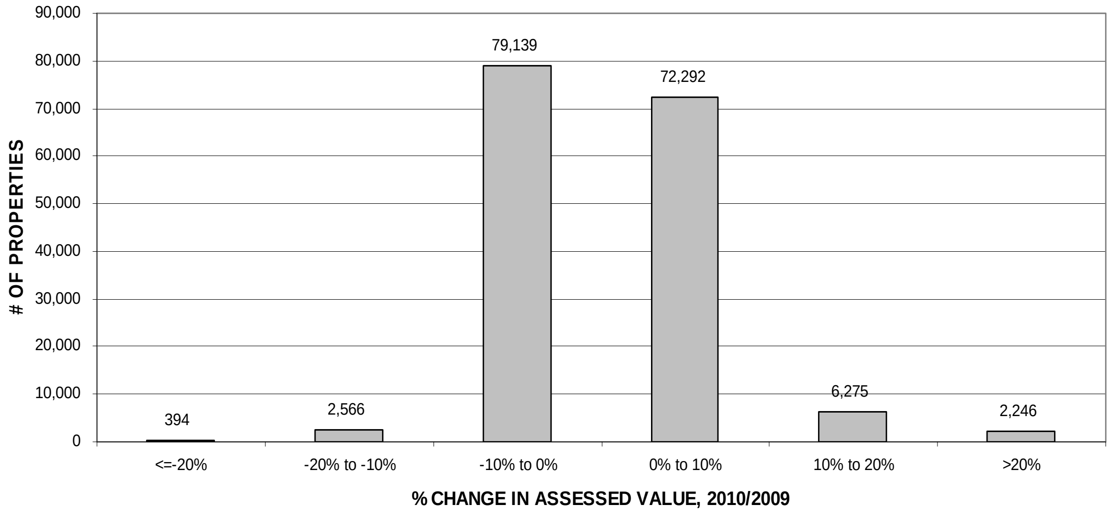
Key Assumptions – The analysis incorporates a property tax increase of 2.26% as approved by Council in December 2009 and assumes the continuation of 1% tax redistribution from non-residential to residential properties. Depending on Council's final decision on the distribution of tax levies in April 2010 and the change in assessed values on the *2010 Revised Roll*, the property tax impact resulting from averaging may be different.

<u>Class 1 – Residential</u>

The *2010 Completed Roll* indicates an overall increase of $2.92 billion (2.2%) in assessed value for Class 1 (Residential), of which $1.65 billion (1.2%) represents an increase in market values and $1.27 billion (1%) non-market changes which include new construction and class transfers that are not eligible for land assessment averaging.

Table 5 below shows the distribution of changes in assessed values between 2009 and 2010.

Table 5: Distribution of Changes in Assessed Value between 2009 and 2010
Class 1 - Residential (Sample Size = 162,912)



For the 2010 tax year, Council approved a property tax increase of 2.26% to collect $567.2 million of general purpose tax levy. Assuming the continuation of 1% tax redistribution from non-residential to residential properties, the total levy to be collected from Class 1 would be $290.2 million.

Tax rates are calculated based on the total taxable value on the assessment roll. To generate the target levy, if averaging *reduces* the total taxable value of a property class, the tax rate will be *higher*. If averaging *increases* the total taxable value of a property class, the tax rate will be *lower*.

Based on the analysis, applying land assessment averaging to the residential property class increases the overall taxable value of the class and hence decreases the tax rate over what it would be without averaging. As illustrated in Table 6 below, the 2010 total taxable value of Class 1 is 0.2% higher with averaging than what it would be without averaging, and the tax rate is reduced from $2.15175 to $2.14626 per $1,000 taxable value.

Table 6: Land Assessment Averaging Impacts
Class 1 - Residential

	2009 Actuals Averaged	2010 Estimates Market	2010 Estimates Averaged
Taxable Value	$128.9 billion	$134.9 billion	$135.2 billion
Tax Rate (per $1,000 Taxable Value)	$2.13692	$2.15175	$2.14626

Impact of land assessment averaging on Class 1 properties in 2010:

> *Fewer Class 1 properties face significant tax increases with averaging* – Without averaging, approximately 11,607 (7%) of Class 1 properties would experience a tax increase in excess of 12% compared to the standard increase of 4.26%. Applying averaging reduces that number to approximately 6,206 (4%).

60% of Class 1 properties pay the same or lower taxes with averaging – Of 162,912 Class 1 properties, 49,619 (30%) would pay lower taxes with averaging; 49,106 (30%) would pay approximately the same amount of taxes (within $12 differential) with or without averaging; and 64,187 (40%) would pay higher taxes with averaging.

More Class 1 properties face a property tax increase closer to 4.26% with averaging – Compared to the standard increase of 4.26%, the application of averaging increases the number of Class 1 properties that fall within 0% to +8% tax increase bracket from 91,974 (56%) to 117,476 (72)%.

Results of the analysis for Class 1 (Residential) can be found in Appendices B and C.

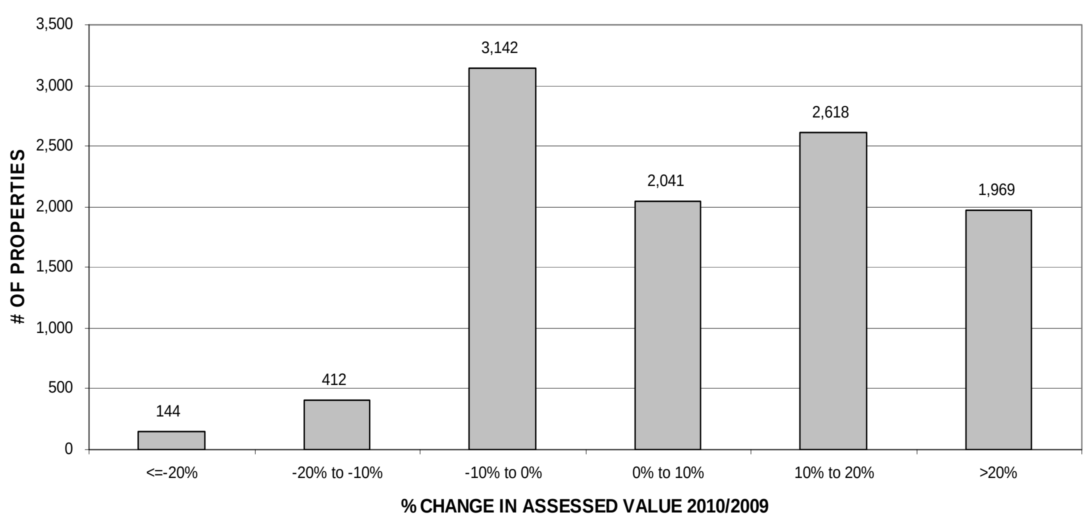
Class 5 and 6 – Light Industry and Business & Other

Since 2000, Class 5 (Light Industry) and Class 6 (Business & Other) have been "blended" for the purpose of calculating property taxes. This means the tax rates for these classes are the same.

The 2010 Completed Roll indicates a combined increase of $0.99 billion (3.7%) in assessed value for Class 5 and 6, of which $0.73 billion (2.7%) represents an increase in market values and $0.26 billion (1%) non-market changes which include new construction and class transfers that are not eligible for land assessment averaging.

Table 7 below shows the distribution of changes in assessed values between 2009 and 2010.

Table 7: Distribution of Changes in Assessed Values between 2009 and 2010
Class 5 - Light Industry and Class 6 - Business & Other (Sample Size = 10,326)



For the 2010 tax year, assuming the continuation of 1% tax redistribution from non-residential to residential properties, the total levy to be collected from Class 5 and 6 would be $265.3 million.

Based on the analysis, applying land assessment averaging to the light industrial and business & other property classes increases the overall taxable value of the class and hence decreases the tax rate over what it would be without averaging. As illustrated in Table 8 below, the 2010 total taxable value of Class 5 and 6 is 1.1% higher with averaging than what it would be without averaging, and the tax rate is reduced from $9.67846 to $9.57886 per $1,000 taxable value.

Table 8: Land Assessment Averaging Impacts
Class 5 - Light Industry and Class 6 - Business & Other

	2009 Actuals Averaged	2010 Estimates Market	2010 Estimates Averaged
Taxable Value	$25.4 billion	$27.4 billion	$27.7 billion
Tax Rate (per $1,000 Taxable Value)	$10.34798	$9.67846	$9.57886

Impact of land assessment averaging on Class 5 and 6 properties in 2010:

Fewer Class 5 & 6 properties face significant tax increases with averaging – Without averaging, approximately 2,444 (24%) of Class 5 and 6 properties would experience a tax increase in excess of 12% compared to the standard increase of 0.26%. Applying averaging reduces that number to approximately 1,811 (17%).

75% of Class 5 & 6 properties pay the same or lower taxes with averaging – Of 10,326 Class 5 and 6 properties, 6,115 (59%) would pay lower taxes with averaging; 1,629 (16%) would pay approximately the same amount of taxes (within $60 differential) with or without averaging; and 2,582 (25%) would pay higher taxes with averaging.

More Class 5 & 6 properties face a property tax increase closer to 0.26% with averaging – Compared to the standard increase of 0.26%, the application of averaging increases the number of Class 5 and 6 properties that fall within -4% to +4% tax increase bracket from 2,229 (21%) to 3,008 (29%).

Results of the analysis for Class 5 (Light Industry) and Class 6 (Business & Other) can be found in Appendices D and E.

Director of Planning-initiated Zoning District Changes

I. Downtown Official Development Plan (ODP) Amendments – Metro Core Jobs and Economy Land Use Plan

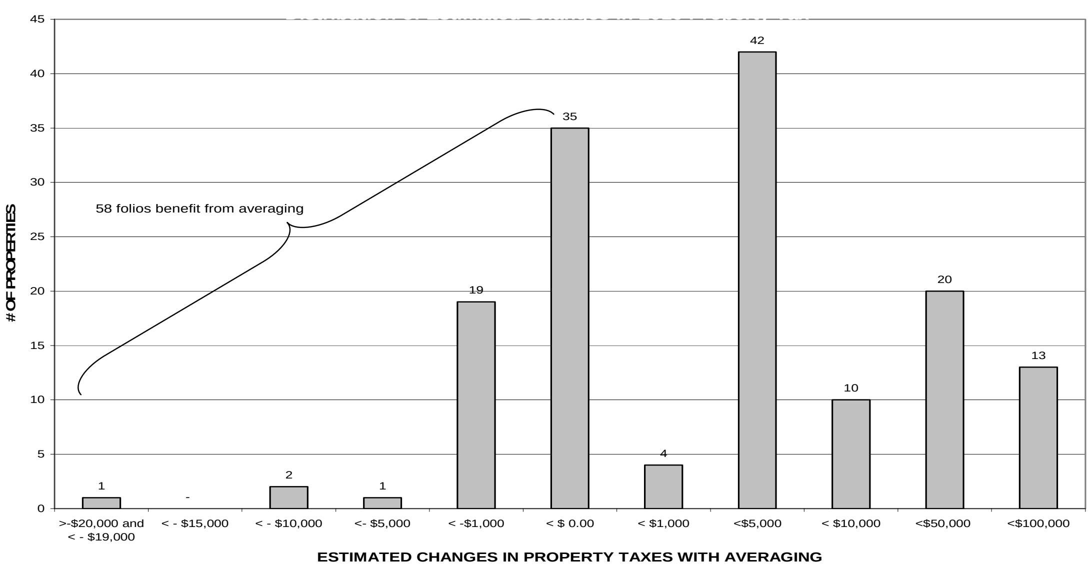
In Summer 2009, Council approved the Downtown ODP Amendments and relevant zoning changes to provide sufficient job space potential in Downtown to meet future demand, to strengthen and intensify commercial uses in the Central Business District, and to maintain the commercial mix of historical Yaletown. These amendments were initiated by the Director of Planning and are summarized as follows:

- Increasing the maximum permitted density for non-residential uses in area A from 9.0 FSR to 11.0 FSR; area B from 7.0 FSR to 9.0 FSR; area C1 from 5.0 FSR to 7.0 FSR; and area F from 7.0 FSR to 9.0 FSR

- Maintain restriction of residential in areas A and B
- Removing residential as a permitted use in areas C1 and F
- Requiring a minimum of 2.0 FSR for non-residential uses in areas C3 and H
- Increasing permitted non-residential uses to a maximum of 5.0 FSR and requiring a minimum of 1.5 FSR of non-residential uses in all developments in area HA-3 (Yaletown Historical Area)

The above changes in allowable density in the affected zoning districts resulted in BC Assessment adjusting the value between land and improvements for these properties. Approximately 147 property folios in the Downtown area, mostly in Class 6 - Business & Other, are impacted by these amendments. As the majority of these properties are built to their “highest and best use”, their overall assessed value is determined based on their net market rental income stream. As such, a change in the allowable residential and/or commercial density will likely not have a material impact on their overall assessed value; however, there could be a shift from the land value to the improvement value, which may result in a higher overall taxable value, and possibly higher taxes, if averaging is applied. Table 9 below shows the distribution of tax impact on these properties with averaging.

Table 9: Distribution of Tax Impact with Averaging
Metro Core Properties (Sample Size = 147)



Of 147 impacted properties, it is estimated that 58 (39%) properties would benefit from averaging while 89 (61%) would pay higher taxes with averaging.

II. Hastings North Rezoning

In Spring 2009, Council approved the rezoning of a portion of the industrial area between Victoria Drive and Semlin Drive from M-2 heavy industrial zoning to I-2 light industrial zoning to improve the residential/industrial interface while meeting the intent of the City’s Industrial Land Policy to retain this area for industrial uses. These amendments were initiated by the Director of Planning.

There are approximately 31 property folios, mostly in Class 5 – Light Industry and Class 6 – Business & Other, in this area. Land values, however, have not materially changed as a result of these amendments.

It has been the practice of Council to mitigate the impact of zoning district changes initiated by the Director of Planning in the averaging process, especially in circumstances where there has been no physical change to the property and no action by the property owner to change the physical characteristics or zoning on the site. For example, properties transferring between RS1 and RS1-S are not excluded from averaging and in 2007, Council included approximately 1,500 properties in the Knight-Kingsway area in the averaging program despite a change in zoning district that would otherwise have exempted them and resulted in significant tax increases.

With respect to the above zoning changes initiated by the Director of Planning, staff recommend the following for 2010:

- All affected properties in the Hastings North area not be excluded from averaging due to the rezoning changes; and
- All properties affected by the Downtown ODP Amendments and relevant zoning changes as referenced in this report be excluded from averaging.

As illustrated in Table 10 below, the proposed exclusion would increase the Class 5 & 6 tax rate by approximately $0.07, from $9.57886 to $9.64781, per $1,000 taxable value.

Table 10: Land Assessment Averaging Impacts (Excl. Metro Core Properties)
Class 5 – Light Industry and Class 6 – Business & Other

	2010 Estimates Market	Incl. Metro Core Properties 2010 Estimates Averaged	Excl. Metro Core Properties 2010 Estimates Averaged
Taxable Value	$27.4 billion	$27.7 billion	$27.5 billion
Tax Rate (per $1,000 Taxable Value)	$9.67846	$9.57886	$9.64781

Summary

It has been Council policy to apply three-year land assessment averaging in the calculation of property taxes for Residential (Class 1) and Business & Other (Class 6) properties since 1993; and for Light Industrial (Class 5) properties since 2007. The program is intended to be a long-term policy; as such, short-term market conditions should not be the only consideration when determining whether or not to continue with the program in any given year. Furthermore, selective application of the program in some years but not in others would result in inconsistency and reduce predictability in tax planning and budgeting for property owners.

The statistical analysis contained in this report demonstrates a sound justification for the continuation of land assessment averaging. The program continues to function as intended; that is, to mitigate significant property tax impact resulting from volatility in assessed land values and reduce the number of properties that experience extreme year-over-year property tax increases. Over time, the program helps ease property tax increases resulting from land value increases, and delays property tax decreases resulting from land value decreases.

In 2010, the majority of properties would benefit from the program. Staff therefore recommend that Council approve the continuation of three-year land assessment averaging for the calculation of 2010 property taxes for Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) properties, with the exception of those properties that are impacted by the Downtown ODP Amendments and relevant zoning changes initiated by the Director of Planning.

<u>Notification to Property Owners</u>

In accordance with the notification requirements set out in the *Vancouver Charter*, a notice to inform property owners on Council's intent to consider the application of three-year land assessment averaging in 2010 has been placed in the Province on February 26 and 28, in the Courier on Feb 26, and on the City's website since February 26. A copy of the notice can be found in Appendix G.

FINANCIAL IMPLICATIONS

Should Council approve the continuation of three-year land assessment averaging in 2010, the City will require an *Averaged Assessment Roll* for the calculation of property tax levies. Since 1993, BC Assessment has offered to produce an averaged or phased assessment roll to any municipal jurisdiction on a user-fee basis. The cost of engaging BC Assessment to produce an *Averaged 2010 Assessment Roll* is estimated at $22,000; source of fund to be the 2010 Operating Budget.

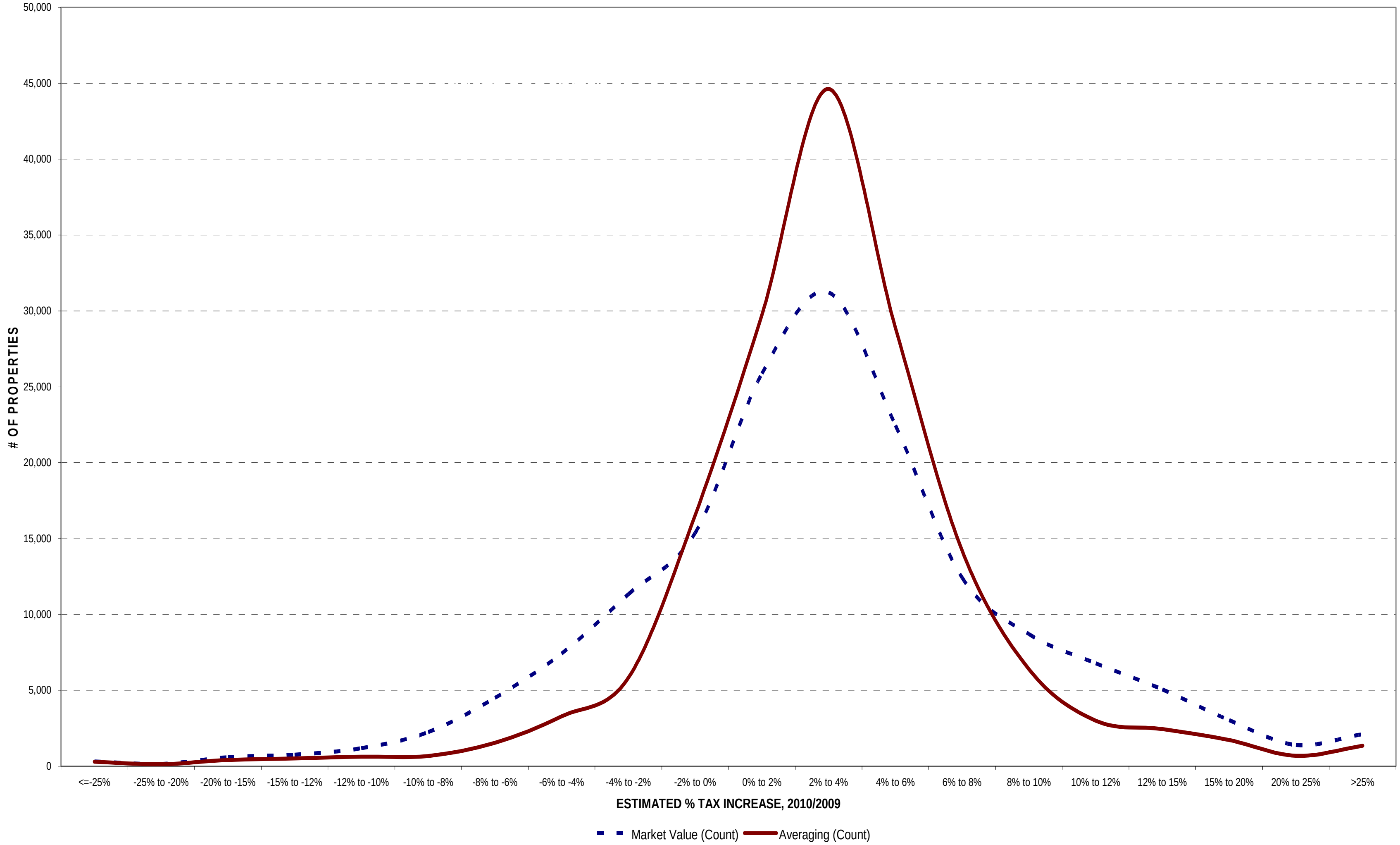
CONCLUSION

Staff recommend that Council approve in principle the continuation of three-year land assessment averaging for the calculation of 2010 property taxes for Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) properties, with the exception of those properties that are impacted by the Downtown ODP Amendments and relevant zoning changes initiated by the Director of Planning.

* * * * *

Year	Class 1 - Residential	Class 6 - Business & Other
1989	▪ Capped land value increases at 61%	▪ Capped tax increases at 40%
1990	▪ No adjustments	▪ Capped tax increases at 10.1%
1991	▪ Capped tax increases at 5.5% ▪ No limit on tax credit	▪ Capped tax increases at 7.5% ▪ $400,000 limit on tax credit
1992	▪ Capped tax increases at 6.0% ▪ $5,000 limit on tax credit	▪ Capped tax increases at 10.0% ▪ $100,000 limit on tax credit
1993	▪ Implemented three-year land averaging ▪ Capped tax increases at 25% for select properties	▪ Implemented three-year land averaging ▪ Capped tax increases at 25% for select properties
1994	▪ Continued three-year land averaging ▪ Capped tax increases at 10% for select properties ▪ $500 limit on tax credit	▪ Continued three-year land averaging ▪ Capped tax increases at 10% for select properties ▪ $15,000 limit on tax credit
1995	▪ Continued three-year land averaging ▪ No tax capping	▪ Continued three-year land averaging ▪ Capped tax increases at 15% for select properties under a phasing out methodology ▪ $10,000 limit on tax credit
1996	▪ Continued three-year land averaging ▪ No tax capping	▪ Continued three-year land averaging ▪ Capped tax increases at 20% for select properties under a phasing out methodology ▪ $7,500 limit on tax credit
1997	▪ Continued three-year land averaging ▪ No tax capping	▪ Continued three-year land averaging ▪ Capped tax increases at 25% for select properties under a phasing out methodology ▪ $5,000 limit on tax credit ▪ Last year of tax increase capping
1998	▪ Continued three-year land averaging ▪ Implemented solid waste utility	▪ Continued three-year land averaging
1999-2009	▪ Continued three-year land averaging	▪ Continued three-year land averaging

NOTE: Since 2007, land assessment averaging has been extended to Class 5 (Light Industry).



Notes:
Assessment class = 1
Sample size = 162,912
2.26% Council-directed tax increase
1% tax shift from non-residential to residential properties

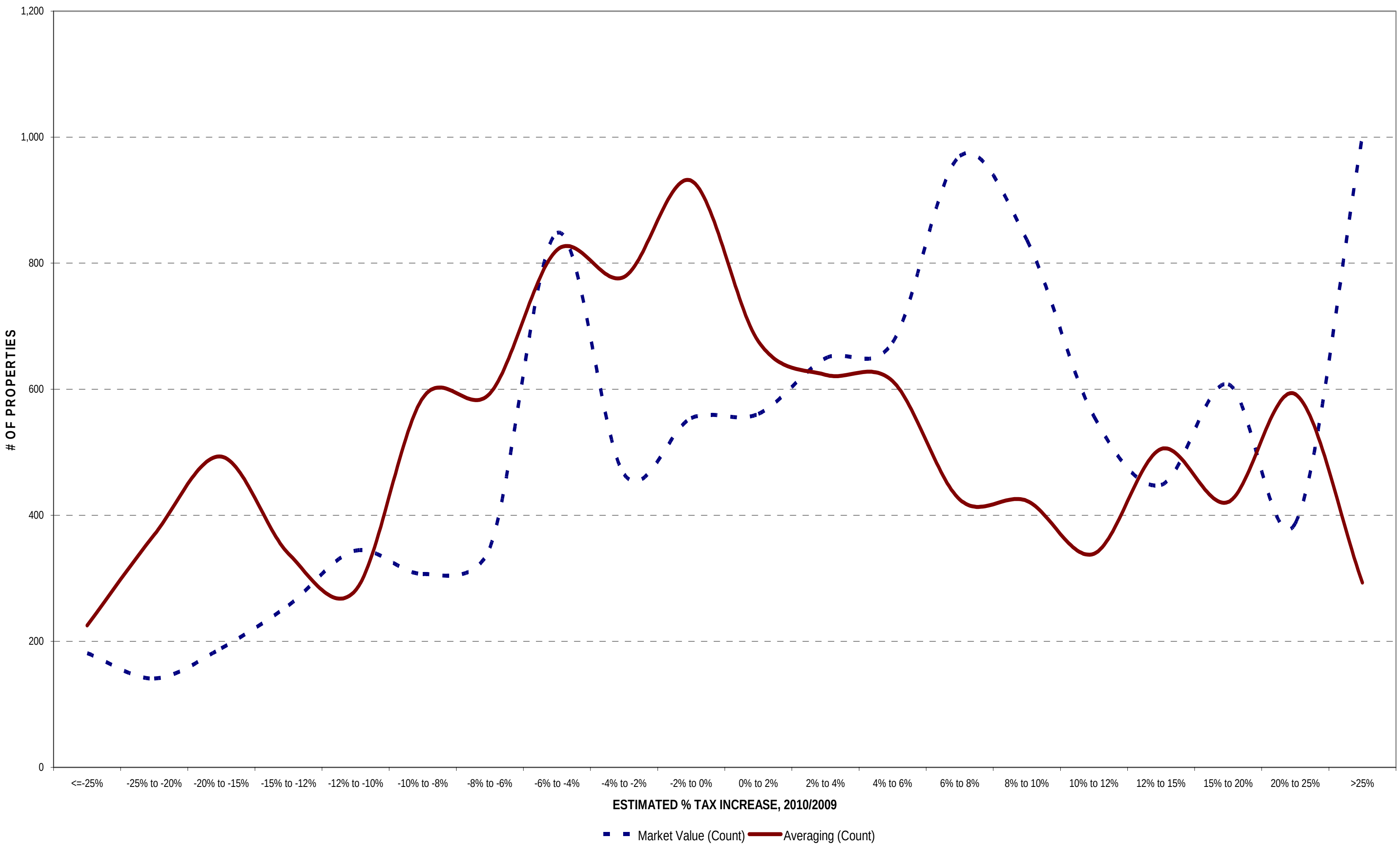
PROPERTY TAX IMPACTS OF LAND ASSESSMENT AVERAGING ON MEDIAN PROPERTIES
CLASS 1 RESIDENTIAL

APPENDIX C

This table shows how the application of land averaging in 2010 would affect the median property in each neighborhood.

	TAXABLE VALUES			GENERAL TAXES			$ CHANGE IN TAXES 2010 Estimated vs 2009 Actuals		% CHANGE IN TAXES 2010 Estimated vs 2009 Actuals	
NEIGHBOURHOOD (SEE BCAA MAP)	2009 Averaged	2010 Market	2010 Averaged	2009 Actuals	2010 Market	2010 Estimated Averaged	Using 2010 Market	Using 2010 Averaged	Using 2010 Market	Using 2010 Averaged
001 - POINT GREY	$1,323,000	$1,324,200	$1,364,200	$2,827	$2,849	$2,928	$22	$101	0.8%	3.6%
002 - KITSILANO	$579,267	$595,200	$609,867	$1,238	$1,281	$1,309	$43	$71	3.5%	5.7%
003 - DUNBAR	$1,190,000	$1,202,000	$1,256,000	$2,543	$2,586	$2,696	$43	$153	1.7%	6.0%
004 - ARBUTUS	$1,102,400	$1,226,100	$1,195,433	$2,356	$2,638	$2,566	$283	$210	12.0%	8.9%
005 - KERRISDALE	$1,153,000	$1,214,000	$1,233,333	$2,464	$2,612	$2,647	$148	$183	6.0%	7.4%
006 - SOUTHLANDS	$1,141,100	$1,354,100	$1,264,767	$2,438	$2,914	$2,715	$475	$276	19.5%	11.3%
007 - FAIRVIEW	$489,667	$452,000	$437,333	$1,046	$973	$939	-$74	-$108	-7.1%	-10.3%
008 - SHAUGHNESSY	$1,755,000	$1,969,000	$1,928,333	$3,750	$4,237	$4,139	$487	$388	13.0%	10.4%
009 - CAMBIE	$953,433	$995,600	$995,600	$2,037	$2,142	$2,137	$105	$99	5.1%	4.9%
010 - SOUTH GRANVILLE	$1,581,000	$1,659,000	$1,690,333	$3,378	$3,570	$3,628	$191	$249	5.7%	7.4%
011 - OAKRIDGE	$915,333	$968,000	$937,333	$1,956	$2,083	$2,012	$127	$56	6.5%	2.9%
012 - MARPOLE	$749,667	$746,100	$766,100	$1,602	$1,605	$1,644	$3	$42	0.2%	2.6%
013 - MT PLEASANT	$364,433	$406,400	$382,400	$779	$874	$821	$96	$42	12.3%	5.4%
014 - GRANDVIEW	$503,400	$545,200	$542,533	$1,076	$1,173	$1,164	$97	$89	9.1%	8.2%
015 - CEDAR COTTAGE	$578,000	$616,000	$600,667	$1,235	$1,325	$1,289	$90	$54	7.3%	4.4%
016 - MAIN/FRASER	$577,000	$641,600	$612,267	$1,233	$1,381	$1,314	$148	$81	12.0%	6.6%
017 - SOUTH VANCOUVER	$604,967	$628,000	$625,333	$1,293	$1,351	$1,342	$59	$49	4.5%	3.8%
018 - MARINE DRIVE	$338,333	$361,000	$352,333	$723	$777	$756	$54	$33	7.4%	4.6%
019 - KNIGHT	$598,367	$625,500	$621,500	$1,279	$1,346	$1,334	$67	$55	5.3%	4.3%
020 - HASTINGS EAST	$604,833	$583,000	$593,000	$1,292	$1,254	$1,273	-$38	-$20	-2.9%	-1.5%
021 - RENFREW	$583,767	$606,400	$613,733	$1,247	$1,305	$1,317	$57	$70	4.6%	5.6%
022 - RENFREW HEIGHTS	$622,667	$633,000	$638,333	$1,331	$1,362	$1,370	$31	$39	2.4%	3.0%
023 - COLLINGWOOD	$507,667	$507,100	$516,433	$1,085	$1,091	$1,108	$6	$24	0.6%	2.2%
024 - KILLARNEY	$670,733	$683,200	$685,867	$1,433	$1,470	$1,472	$37	$39	2.6%	2.7%
025 - FRASERVIEW	$584,467	$631,400	$631,400	$1,249	$1,359	$1,355	$110	$106	8.8%	8.5%
026 - DOWNTOWN	$363,333	$376,000	$364,667	$776	$809	$783	$33	$6	4.2%	0.8%
027 - WEST END	$445,333	$399,000	$437,667	$952	$859	$939	-$93	-$12	-9.8%	-1.3%
028 - HARBOUR	$1,429,333	$1,204,000	$1,329,667	$3,054	$2,591	$2,854	-$464	-$201	-15.2%	-6.6%
029 - DOWNTOWN SOUTH	$369,000	$351,000	$367,000	$789	$755	$788	-$33	-$1	-4.2%	-0.1%
030 - FALSE CREEK NORTH	$557,667	$544,000	$553,333	$1,192	$1,171	$1,188	-$21	-$4	-1.8%	-0.3%

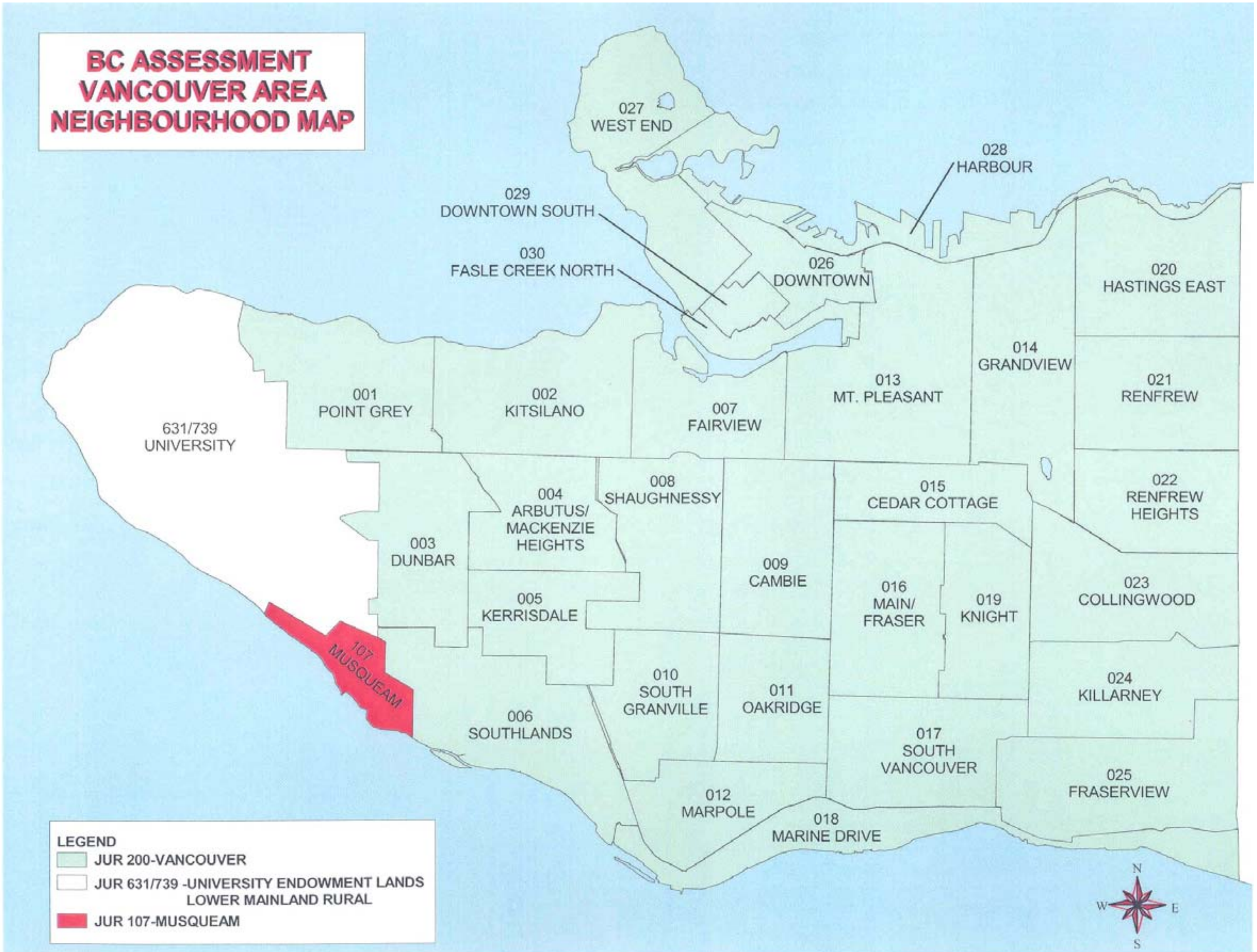
DISTRIBUTION OF ESTIMATED CHANGES IN 2010 PROPERTY TAXES WITH AND WITHOUT AVERAGING
CLASS 5 LIGHT INDUSTRY AND CLASS 6 BUSINESS & OTHER (INCLUDING METRO CORE)



Notes:
Assessment class = 5 and 6
Sample size = 10,326
2.26% Council-directed tax increase
1% tax shift from non-residential to residential properties

This table shows how the application of land averaging in 2010 would affect the median property in each neighbourhood.

	TAXABLE VALUES			GENERAL TAXES			$ CHANGE IN TAXES 2010 Estimated vs 2009 Actuals		% CHANGE IN TAXES 2010 Estimated vs 2009 Actuals	
NEIGHBOURHOOD (SEE BCAA MAP)	2009 Averaged	2010 Market	2010 Averaged	2009 Actuals	2010 Market	2010 Estimated Averaged	Using 2010 Market	Using 2010 Averaged	Using 2010 Market	Using 2010 Averaged
001 - POINT GREY	$444,667	$568,000	$486,667	$4,601	$5,497	$4,662	$896	$60	19.5%	1.3%
002 - KITSILANO	$1,018,100	$1,100,000	$1,076,667	$10,535	$10,646	$10,313	$111	-$222	1.1%	-2.1%
003 - DUNBAR	$446,967	$492,900	$475,567	$4,625	$4,771	$4,555	$145	-$70	3.1%	-1.5%
004 - ARBUTUS	$1,043,000	$1,111,000	$1,111,000	$10,793	$10,753	$10,642	-$40	-$151	-0.4%	-1.4%
005 - KERRISDALE	$994,000	$1,093,000	$1,068,333	$10,286	$10,579	$10,233	$293	-$52	2.8%	-0.5%
006 - SOUTHLANDS	$474,367	$535,700	$533,367	$4,909	$5,185	$5,109	$276	$200	5.6%	4.1%
007 - FAIRVIEW	$473,000	$628,000	$530,000	$4,895	$6,078	$5,077	$1,183	$182	24.2%	3.7%
008 - SHAUGHNESSY	$295,667	$379,000	$316,333	$3,060	$3,668	$3,030	$609	-$29	19.9%	-1.0%
009 - CAMBIE	$1,030,333	$1,186,000	$1,070,667	$10,662	$11,479	$10,256	$817	-$406	7.7%	-3.8%
010 - SOUTH GRANVILLE	$3,302,000	$3,569,000	$3,591,667	$34,169	$34,542	$34,404	$373	$235	1.1%	0.7%
011 - OAKRIDGE	$8,830,834	$9,153,000	$9,775,333	$91,381	$88,587	$93,637	-$2,794	$2,255	-3.1%	2.5%
012 - MARPOLE	$889,667	$1,049,000	$991,667	$9,206	$10,153	$9,499	$946	$293	10.3%	3.2%
013 - MT PLEASANT	$816,667	$893,000	$795,667	$8,451	$8,643	$7,622	$192	-$829	2.3%	-9.8%
014 - GRANDVIEW	$735,067	$811,600	$797,600	$7,606	$7,855	$7,640	$249	$34	3.3%	0.4%
015 - CEDAR COTTAGE	$559,700	$598,900	$595,567	$5,792	$5,796	$5,705	$5	-$87	0.1%	-1.5%
016 - MAIN/FRASER	$840,733	$818,700	$881,033	$8,700	$7,924	$8,439	-$776	-$261	-8.9%	-3.0%
017 - SOUTH VANCOUVER	$639,267	$719,300	$758,633	$6,615	$6,962	$7,267	$347	$652	5.2%	9.9%
018 - MARINE DRIVE	$314,733	$395,000	$298,733	$3,257	$3,823	$2,862	$566	-$395	17.4%	-12.1%
019 - KNIGHT	$762,133	$705,600	$755,600	$7,887	$6,829	$7,238	-$1,057	-$649	-13.4%	-8.2%
020 - HASTINGS EAST	$815,667	$805,500	$885,500	$8,441	$7,796	$8,482	-$645	$42	-7.6%	0.5%
021 - RENFREW	$1,882,000	$2,181,000	$2,122,333	$19,475	$21,109	$20,330	$1,634	$855	8.4%	4.4%
022 - RENFREW HEIGHTS	$326,000	$693,000	$541,667	$3,373	$6,707	$5,189	$3,334	$1,815	98.8%	53.8%
023 - COLLINGWOOD	$427,333	$490,000	$478,000	$4,422	$4,742	$4,579	$320	$157	7.2%	3.5%
024 - KILLARNEY	$287,000	$341,700	$296,367	$2,970	$3,307	$2,839	$337	-$131	11.4%	-4.4%
025 - FRASERVIEW	$569,067	$535,000	$469,267	$5,889	$5,178	$4,495	-$711	-$1,394	-12.1%	-23.7%
026 - DOWNTOWN	$114,967	$158,900	$152,233	$1,190	$1,538	$1,458	$348	$269	29.3%	22.6%
027 - WEST END	$1,835,000	$2,083,000	$2,083,000	$18,989	$20,160	$19,953	$1,172	$964	6.2%	5.1%
028 - HARBOUR	$1,066,000	$1,115,000	$1,015,000	$11,031	$10,791	$9,723	-$239	-$1,308	-2.2%	-11.9%
029 - DOWNTOWN SOUTH	$266,333	$309,000	$293,667	$2,756	$2,991	$2,813	$235	$57	8.5%	2.1%
030 - FALSE CREEK NORTH	$564,000	$637,000	$563,000	$5,836	$6,165	$5,393	$329	-$443	5.6%	-7.6%


BC ASSESSMENT
VANCOUVER AREA
NEIGHBOURHOOD MAP
027
WEST END
028
HARBOUR
029
DOWNTOWN SOUTH
030
FASLE CREEK NORTH
026
DOWNTOWN
020
HASTINGS EAST
014
GRANDVIEW
021
RENFREW
013
MT. PLEASANT
001
POINT GREY
002
KITSILANO
007
FAIRVIEW
631/739
UNIVERSITY
008
SHAUGHNESSY
004
ARBUTUS/
MACKENZIE
HEIGHTS
015
CEDAR COTTAGE
022
RENFREW
HEIGHTS
003
DUNBAR
009
CAMBIE
016
MAIN/
FRASER
019
KNIGHT
023
COLLINGWOOD
005
KERRISDALE
107
MUSQUEAM
010
SOUTH
GRANVILLE
011
OAKRIDGE
024
KILLARNEY
006
SOUTHLANDS
017
SOUTH
VANCOUVER
025
FRASERVIEW
012
MARPOLE
018
MARINE DRIVE
LEGEND
JUR 200-VANCOUVER
JUR 631/739 -UNIVERSITY ENDOWMENT LANDS
LOWER MAINLAND RURAL
JUR 107-MUSQUEAM
N
W
E
S

Property Owners: Important Notice on Land Assessment Averaging

On March 4, 2010, Vancouver City Council will consider whether to continue using land assessment averaging to calculate property taxes for properties in: Class 1 Residential, Class 5 Light Industry and Class 6 Business and Other. If Council intends to continue with the program, a by-law will be brought forward to Council for consideration on March 25.

For eligible properties, the averaging program calculates tax levies for the City and other taxing authorities using an average of your assessed land value of the current and prior two years, plus your current assessed property improvement value. The City has used land assessment averaging since 1993. The program is revenue neutral to the City but could affect the amount of tax paid by individual properties.

The report which details the program and how it could impact property taxes is available on our website at: **vancouver.ca/averaging**

FOR INFORMATION: Contact the Property Tax Office at 604.871.6893

COMMENTS: Write to Mayor and Council at 453 West 12th Avenue, Vancouver, BC V5Y 1V4 or e-mail: mayorandcouncil@vancouver.ca.

SPEAK TO COUNCIL: Prior to adoption of the by-law, you may also speak to Council in person at the City Services and Budgets Committee meeting on March 4 and March 25 by calling 604.871.6399 to register.

Examples of Averaging Impact on Typical Vancouver Properties*

	RESIDENTIAL CLASS ($)			BUSINESS AND OTHER CLASS ($)		
NEIGHBOURHOOD	2010 TAXABLE VALUE	TAXES AVERAGED	TAXES NOT AVERAGED	2010 TAXABLE VALUE	TAXES AVERAGED	TAXES NOT AVERAGED
Arbutus	1,226,100	2,566	2,638	1,111,000	10,642	10,753
Cambie	995,600	2,137	2,142	1,186,000	10,256	11,479
Cedar Cottage	616,000	1,289	1,325	598,900	5,705	5,796
Collingwood	507,100	1,108	1,091	490,000	4,579	4,742
Downtown	376,000	783	809	158,900	1,458	1,538
Downtown South	351,000	788	755	309,000	2,813	2,991
Dunbar	1,202,000	2,696	2,586	492,900	4,555	4,771
Fairview	452,000	939	973	628,000	5,077	6,078
False Creek North	544,000	1,188	1,171	637,000	5,393	6,165
Fraserview	631,400	1,355	1,359	535,000	4,495	5,178
Grandview	545,200	1,164	1,173	811,600	7,640	7,855
Harbour	1,204,000	2,854	2,591	1,115,000	9,723	10,791
Hastings East	583,000	1,273	1,254	805,500	8,482	7,796
Kerrisdale	1,214,000	2,647	2,612	1,093,000	10,233	10,579
Killarney	683,200	1,472	1,470	341,700	2,839	3,307
Kitsilano	595,200	1,309	1,281	1,100,000	10,313	10,646
Knight	625,500	1,334	1,346	705,600	7,238	6,829
Main/Fraser	641,600	1,314	1,381	818,700	8,439	7,924
Marine Drive	361,000	756	777	395,000	2,862	3,823
Marpole	746,100	1,644	1,605	1,049,000	9,499	10,153
Mt Pleasant	406,400	821	874	893,000	7,622	8,643
Oakridge	968,000	2,012	2,083	9,153,000	93,637	88,587
Point Grey	1,324,200	2,928	2,849	568,000	4,662	5,497
Renfrew	606,400	1,317	1,305	2,181,000	20,330	21,109
Renfrew Heights	633,000	1,370	1,362	693,000	5,189	6,707
Shaughnessy	1,969,000	4,139	4,237	379,000	3,030	3,668
South Granville	1,659,000	3,628	3,570	3,569,000	34,404	34,542
South Vancouver	628,000	1,342	1,351	719,300	7,267	6,962
Southlands	1,354,100	2,715	2,914	535,700	5,109	5,185
West End	399,000	939	859	2,083,000	19,953	20,160

** General purpose taxes only; table does not reflect impact of averaging on taxes levied by other taxing authorities.*

	LIGHT INDUSTRY CLASS ($)		
NEIGHBOURHOOD	2010 TAXABLE VALUE	TAXES AVERAGED	TAXES NOT AVERAGED
Cedar Cottage	702,000	6,686	6,794
Fairview	298,200	2,658	2,886
Grandview	619,100	6,288	5,992
Harbour	3,670,000	34,497	35,520
Hastings East	992,000	9,528	9,601
Marine Drive	863,900	7,809	8,361
Mt Pleasant	1,177,000	11,281	11,392
Renfrew	3,974,750	31,255	38,469

FOR MORE INFORMATION:
vancouver.ca/averaging

CITY OF VANCOUVER