



ADMINISTRATIVE REPORT

Report Date: November 17, 2010
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VanRIMS No.: 08-2000-20
Meeting Date: November 30, 2010

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2011 Land Assessment Averaging Program: Notice to BC Assessment Authority

RECOMMENDATION

A. THAT, pursuant to Section 374.4 (4b) of the Vancouver Charter, the City Clerk be instructed to notify the BC Assessment Authority, before January 1, 2011, of Vancouver City Council's intent to consider the adoption of land assessment averaging for the purpose of property tax calculations for 2011.

It should be noted that this notice of intent is revocable should Council, at a later date, decide not to proceed with this mechanism.

B. THAT the Director of Finance be instructed to provide the required two weeks' notice to the public in advance of Council's consideration of the use of land assessment averaging and, before March 31, 2011, report on the projected taxation impacts of the land assessment averaging program based on the assessed values provided by the BC Assessment Authority in the 2011 Completed Roll.

C. THAT the Area Assessor for Vancouver be invited to address Council on the assessment trends in the 2011 Completed Roll.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

COUNCIL POLICY

In 1993, Council implemented three-year land assessment averaging for the purpose of calculating annual property taxes for Residential (Class 1) and Business & Other (Class 6) properties; and in 2007, Council extended the same to Light Industrial (Class 5) properties.

PURPOSE

The purpose of this report is to recommend that the BC Assessment Authority be notified of Council's intent to consider the adoption of land assessment averaging for the purpose of property tax calculations for 2011. This notification is a statutory requirement for Council to consider the use of land assessment averaging but does not commit Council to the implementation of this mechanism.

BACKGROUND

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 and land assessment phasing. 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; and in 2007, Council extended the same to Light Industrial (Class 5) properties.

In 2008, Council instructed staff to seek an amendment to the *Vancouver Charter* to allow the City to use up to five years of land assessments in the land assessment averaging formula for property tax calculations. The request was submitted to the provincial government but to-date, the amendment has not been granted. If and when the amendment is enacted, staff will report back with an analysis that compares the use of up to five years of land assessments to the use of three years of land assessments in the land averaging formula with respect to their respective efficacy in mitigating year-over-year volatility in property taxes for individual properties.

DISCUSSION

Section 374.4 (4b) of the *Vancouver Charter* requires that Council notify the President and Chief Executive Officer of the BC Assessment Authority, before January 1, 2011, of its intent to consider the adoption of land assessment averaging and/or land assessment phasing for the purpose of property tax calculations for 2011. This notice of intent does not commit Council to the implementation of either of these mechanisms.

Existing process requires that Council consider the adoption of the land assessment averaging program each year. In advance of Council's consideration, staff will complete an analysis of the projected taxation impacts of the land assessment averaging program and provide the required two weeks' notice to the public of Council's intent to consider the program. Should Council decide to proceed, Section 374.4 (4d) of the *Vancouver Charter* requires that Council adopt a by-law, before March 31, 2011, authorizing the use of this mechanism.

Once the *2011 Completed Roll* is available in January 2011, Council may wish to invite the Area Assessor for Vancouver to make a presentation on the 2011 assessment trends.

FINANCIAL IMPLICATIONS

There are no financial implications.

CONCLUSION

This report seeks Council authority to notify the BC Assessment Authority of its intent to consider the adoption of land assessment averaging for the purpose of property tax calculations for 2011. This notification does not commit Council to the implementation of this mechanism.

Staff will report back in March 2011 on the projected taxation impacts of the land assessment averaging program based on the assessed values provided by the BC Assessment Authority in the *2011 Completed Roll*, at which time Council will decide whether to adopt this mechanism for the purpose of property tax calculations for 2011.

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