CITY OF VANCOUVER

**ADMINISTRATIVE REPORT**

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| Report Date: | April 21, 2015 |
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| Meeting Date: | April 29, 2015 |

TO: Standing Committee on Planning, Transportation & Environment

FROM: Director of Finance

SUBJECT: 2015 Property Taxation - Distribution of Property Tax Levy

## *RECOMMENDATION*

THAT Council instruct the Director of Finance to calculate the 2015 general purpose tax rates for all property classes to achieve a tax distribution of approximately 54.1% residential and 45.9% 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 2015 tax rates.

In 2007, the Property Tax Policy Review Commission (“PTPRC”) recommended shifting $23.8 million 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 April 2013, Council reconvened the PTPRC to update its work on i) tax stability and predictability and ii) tax distribution. 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 made the following recommendations:

- *THAT Council leave the Class 5 and 6 tax shares unchanged at this point in time.*

- *THAT Council endorse and use the eight metrics identified[1] to guide future decisions on the distribution of the municipal property tax burden among tax classes.*

Six of the eight metrics are presented in this report. No tax shift is recommended for 2015.

### *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 by market value changes. This policy was reaffirmed by Council in April 2005, and endorsed by the "PTPRC" in its final recommendations to Council in September 2007.

In 2007, the PTPRC provided a thorough review of the City's property tax policy and made recommendations on tax redistribution from commercial to residential property classes and *across-the-board* 5-year land assessment averaging. After completing the 5-year, $23.8 million tax shift program in 2012, Council reconvened the PTPRC in 2013 to provide an updated assessment of the tax share and assessment volatility issues, and recommend further actions for Council's consideration. The intent was to ensure that the City's tax policies continue to be progressive and current in meeting the needs of businesses and residents, and align with the broader public policies and long-term goals.

In February 2014, Council received the report from the PTPRC. In July 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.

- Incorporate the eight metrics recommended by the PTPRC into the City's economic performance evaluation framework to help guide future tax distribution decisions.

In March 2015, Council approved the 2015 Operating Budget of $1.2 billion of which $656.5 million is to be funded from general purpose tax levy. In addition, Council adopted the *2015 Land Assessment Averaging By-law* that authorized the use of targeted 3-year land assessment

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[1] Eight metrics recommended by the PTPRC: i) Class 6 tax share ii) Class 6 tax rates iii) Class 6 taxes per sq. ft. iv) Class 6 taxes per capita v) tax rate ratio (Class 6 to Class 1) vi) change in Class 6 building permits vii) change in Class 6 assessment viii) change in Class 6 vacancy rates

averaging for the purpose of calculating property taxes for Residential (Class 1), Light Industrial (Class 5), and Business & Other (Class 6) properties.

### *CITY MANAGER'S/GENERAL MANAGER'S COMMENTS*

The City Manager and General Manager RECOMMEND approval of the foregoing.

Leading global authorities have consistently ranked Vancouver as one of the most livable cities in the world, and in 2014 KPMG ranked the City as having one of the best business tax environments. To continue to capitalize on this competitive advantage, the City needs to maintain an affordable environment for businesses and residents.

While the City's property tax regime generally functions well, every tax system has inherent limitations and challenges. Over the years, tax share and assessment volatility have been top of mind 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 business investment moving to neighboring municipalities. This suggests that the $23.8 million tax shift program completed in 2012 was effective in bringing the City's business tax share in line with our peers, and so no additional tax shift is currently contemplated. Staff has incorporated the majority of the metrics recommended by the PTPRC in this report, and will work to integrate these into the City's economic performance evaluation framework currently being developed to help guide future tax distribution decisions.

Apart from the significant progress made on the City's property tax policy and lowering the business tax share and tax rate ratio to 46% and 4.3 respectively (both at historical lows), Council has taken a number of proactive steps to enhance affordability and support economic development in Vancouver:

- keeping property tax increases and tax rates competitive among Metro Vancouver municipalities;
- bringing transformative changes to streamline City operations for greater efficiencies, reduced duplication, and improved oversight and accountability;
- implementing the Vancouver Economic Action Strategy launched in 2011;
- implementing Transportation 2040 to enable a sustainable, efficient transportation system; and
- adopting land use policies that preserve commercial and industrial space job space and promote affordable housing and childcare, and accessible recreational facilities to attract and retain workforce talent.

The result of these actions is significant, as there has been significant job growth in the city and commercial and office development activities have been robust in recent years. Vancouver continues to enjoy one of the lowest vacancy rates in Metro Vancouver.

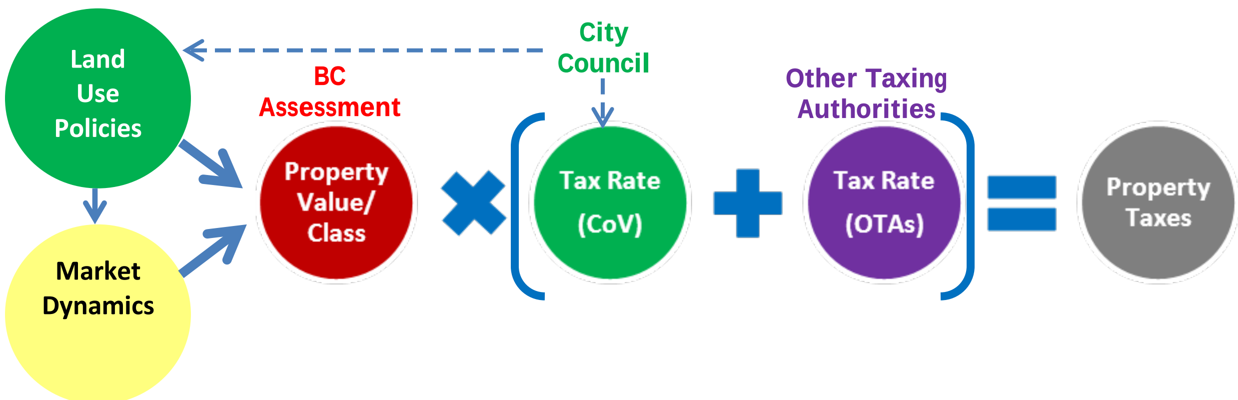
***REPORT***

***Background/Context***

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 ensures 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, tax rate calculation, and mitigation measures is presented in Appendix A. The history of Council-directed tax redistribution between residential and non-residential property classes and tax distribution is presented in Appendix B and C.

### *Strategic Analysis*

In March 2015, Council approved the 2015 Operating Budget of $1.2 billion of which $656.5 million is to be funded from general purpose tax levy and $566.9 million from other revenue sources.

### I. 2015 Revised Roll

Key facts relating to the *2015 Revised Roll* are as follows. Reconciliation of the assessment base and overall tax levy between 2014 and 2015 is presented in Appendix E.

(i) The taxable assessment base has increased by $22 billion (9.9%).

(ii) The overall increase in general purpose tax levy for the City is $26.3 million (4.2%), which is comprised of the following:

| | |
|---|---|
| *2014 -* | |
| Assessment appeals & other adjustments | +$0.8 million |
| *2015 -* | |
| New construction, class transfers & other non-market changes | +$9.7 million |
| Tax increase | +$15.8 million |
| Increase in general purpose tax levy | +$26.3 million |

(iii) Four business (Class 6) properties have been converted to recreational (Class 8) properties (e.g. parks & gardens) totalling $26.2 million in assessed value, resulting in approximately $140,400 in forgone general purpose tax that has to be borne by all taxpayers.

(iv) 15 properties (22 folios) totaling $134.8 million in assessed value are eligible for heritage tax exemptions, resulting in approximately $0.8 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, 95 property folios have been designated as Class 3 - Supportive Housing[2] (3 folios added in 2015), resulting in approximately $1.4 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 contribution 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-

[2] 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.

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 approximately $1.2 million of net forgone general purpose tax levy.

**II. PTPRC Recommendations**

In 2007, the PTPRC provided a thorough review of the City's property tax policy and made recommendations on tax redistribution from commercial to residential property classes and *across-the-board* 5-year land assessment averaging. After completing the 5-year, $23.8 million tax shift program in 2012, Council reconvened the PTPRC in 2013 to provide an updated assessment of the tax share and assessment volatility issues, and recommend further actions for Council's consideration. The intent was to ensure that the City's tax policies continue to be progressive and current in meeting the needs of businesses and residents, and align with the broader public policies and long-term goals.

In its report to Council in February 2014, the PTPRC found no evidence of an increasing business tax differential or of business investment moving to neighboring municipalities. In particular, the PTPRC recommended the following with regards to tax share:

- Maintain the current tax distribution for the time being.

- Adopt eight 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: i) Class 6 tax share ii) Class 6 tax rates iii) Class 6 taxes per sq. ft. iv) Class 6 taxes per capita v) tax rate ratio (Class 6 to Class 1) vi) change in Class 6 building permits vii) change in Class 6 assessment and viii) change in Class 6 vacancy rates.

**III. Distribution of General Purpose Tax Levy – No Shift for 2015**

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 *2015 Revised Roll* available at the time of the report. 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 2015 for adoption.

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

**Table 1: 2015 Tax Levy Distribution**

| | Residential | Utilities | Supportive Housing | Major Industry | Light Industry | Business & Other | Recreational & Non-profit | Farm | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Class 6 | Class 8 | Class 9 | |
| Taxable Value | $202,593,205,987 | $199,164,946 | $98 | $195,391,500 | $980,989,400 | $39,575,649,179 | $358,248,300 | $219,261 | $243,902,868,671 |
| Base Tax Levy | $347,310,229 | $6,532,824 | $0 | $6,423,672 | **in Class 6** | $281,637,677 | **in Class 1** | **in Class 1** | $641,904,402 |
| Tax Increase | $8,543,832 | $160,707 | $0 | $158,022 | **in Class 6** | $6,928,287 | **in Class 1** | **in Class 1** | $15,790,848 |
| Final Tax Levy | $355,225,527 | $6,693,532 | $0 | $6,581,695 | $6,979,679 | $281,586,284 | $628,149 | $384 | $657,695,250 |
| *Share of Tax Levy* | *54.01%* | *1.02%* | | *1.00%* | *1.06%* | *42.81%* | *0.10%* | *0.00%* | *100.00%* |
| **UNAVERAGED TAX RATES** | **1.75339** | **33.60798** | **0.00000** | **33.68465** | **7.11514** | **7.11514** | **1.75339** | **1.75339** | |

| | Residential (Class 1, 3, 8 & 9) | Non-Residential (Class 2, 4, 5 & 6) |
|---|---|---|
| Taxable Value | 83.21% | 16.79% |
| Tax Levy Distribution | 54.11% | 45.89% |

Note: Total tax levy $657.7 million – Forgone taxes on eligible Port properties $1.2 million = Council-approved tax levy $656.5 million

Table 2 below summarizes the property tax on a residential (Class 1) property and a business (Class 6) property valued at $1 million.

**Table 2: 2015 Property Tax - Residential vs. Business**

| | Property valued @ $1 million | |
|---|---|---|
| | **Residential** | **Business** |
| General Purpose Tax Levy[3] | | |
| 2014 Base | $1,711 | $6,944 |
| Tax Increase | $42 | $171 |
| **Total[4]** | **$1,753** | **$7,115** |

While the Council-directed tax increase applies to the overall tax levy, the extent of change in an individual 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. Properties with a higher increase in values relative to the class average change could experience a much higher increase in property taxes beyond the Council-directed increase, while properties with a lower increase in values would experience no change or a reduction in property taxes. This applies to both residential and non-residential property classes.

The following **Provincial tax relief measures** are available to residential property owners which can be applied independently or in combination to alleviate some taxation impact.

***Assessment Act s19(8)*** - available to property owners who have continuously occupied their principal residence for at least 10 years; the land will be assessed based on current zoning rather than anticipated zoning and development potential. (2015: 517 properties)

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[3] Taxes levied by other taxing authorities – Provincial School, Translink, BC Assessment, Metro Vancouver, and Municipal Finance Authority – are not included. Council has no control over the amounts collected by these taxing authorities.

[4] Impact on individual properties may vary depending on the relative change in value of a property compared to other properties in the same class, and impact that the City's targeted 3-year land assessment averaging program has on the value of a property for tax calculation purposes.

***Property Tax Deferment*** - available to property owners 55 years of age or older who occupy their principal residence and families with children under 18 years of age. (2014: 3,900 properties; 2015 applications in progress)

***Home Owner Grant*** - available to property owners who occupy their principal residence of which the value falls within the qualifying range. (2014: 94,452 properties; 2015 applications in progress)

Since 1993, it has been Council policy to use *across-the-board* land assessment averaging to phase in property tax impacts arising from volatility in land values. **Land assessment averaging** is an optional tool available to Council under the *Vancouver Charter*, which complements the abovementioned provincial measures in alleviating tax impact on eligible properties. To-date, Vancouver is the only municipality in British Columbia that uses land assessment averaging to phase in property tax impacts arising from assessment volatility at a city-wide level.

In March 2015, Council approved the implementation of *targeted* averaging (recommended by the PTPRC), a transition from *across-the-board* averaging, for the purpose of calculating property taxes for residential (Class 1), light industrial (Class 5), and business (Class 6) properties. Unlike *across-the-board* averaging, which is applied to the vast majority of properties, whether or not the properties have experienced significant year-over-year increases in property values, *targeted* averaging applies only to "hot" properties (defined as those that have experienced significant year-over-year increases in property values above the "threshold" set by Council). The intent of the policy is to reduce the level of tax increases on the targeted properties until such time as the property is no longer "hot".

Table 3 below summarizes the general purpose tax rates (per $1,000 assessed value), tax levy and utility charges on an average single family (detached) unit in selected Metro Vancouver municipalities. As some municipalities have not established their 2015 tax rates, the comparison is based on 2014 data.

**Table 3: 2014 Municipal Tax Levy & Utility Charges**
**Average Single Family Detached Property in Selected Metro Vancouver Municipalities**

| | General Purpose Tax Rate (per $1,000 Assessed Value) | Avg Property $ (Single Family Detached) | General Purpose Tax Levy | Utility Fees | Total Charges (Tax + Utility Fees) | Total Charges (Tax + Utility Fees) (per $1,000 Assessed Value) |
|---|---|---|---|---|---|---|
| Langley, City | 3.8857 | 462,400 | 1,797 | $933 | $2,730 | $5.90 |
| Surrey | 2.4709 | 647,900 | 1,601 | $1,134 | $2,735 | $4.22 |
| Abbotsford | 5.1729 | 398,500 | 2,061 | $699 | $2,760 | $6.93 |
| Langley, Township | 3.3473 | 524,000 | 1,754 | $1,126 | $2,880 | $5.50 |
| Pitt Meadows | 4.0100 | 457,600 | 1,835 | $1,060 | $2,895 | $6.33 |
| Port Coquitlam | 3.8827 | 527,400 | 2,048 | $909 | $2,957 | $5.61 |
| Delta | 3.4387 | 603,100 | 2,074 | $960 | $3,034 | $5.03 |
| Maple Ridge | 4.4625 | 457,300 | 2,041 | $1,006 | $3,047 | $6.66 |
| North Vancouver, City | 2.4960 | 902,200 | 2,252 | $954 | $3,206 | $3.55 |
| Coquitlam | 3.2021 | 700,700 | 2,244 | $1,093 | $3,337 | $4.76 |
| Richmond | 2.2496 | 939,300 | 2,113 | $1,379 | $3,492 | $3.72 |
| Burnaby | 2.3443 | 931,500 | 2,184 | $1,389 | $3,573 | $3.84 |
| Port Moody | 3.5220 | 759,300 | 2,674 | $964 | $3,638 | $4.79 |
| ***Vancouver*** | ***1.8473*** | ***1,375,500*** | ***2,541*** | ***$1,098*** | ***$3,639*** | ***$2.65*** |
| New Westminster | 3.7535 | 675,200 | 2,534 | $1,196 | $3,731 | $5.53 |
| White Rock | 3.6787 | 890,500 | 3,276 | $502 | $3,777 | $4.24 |
| North Vancouver, District | 2.4411 | 1,018,000 | 2,485 | $1,473 | $3,958 | $3.89 |
| West Vancouver | 1.7730 | 2,121,100 | 3,761 | $1,567 | $5,328 | $2.51 |
| **Metro Vancouver Average** | **2.8680** | **799,500** | **2,293** | **$1,080** | **$3,373** | **$4.22** |

Source data: http://www.cscd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2014.htm

In 2014, Vancouver's residential general purpose tax rate ranked the second lowest among the selected Metro Vancouver municipalities. Including utility fees, total charges per $1,000 assessed value are also the second lowest within Metro Vancouver. Further details on the assessment base, tax rates and levy of selected municipalities are presented in Appendix D.

## IV. Metrics to Guide Future Tax Distribution

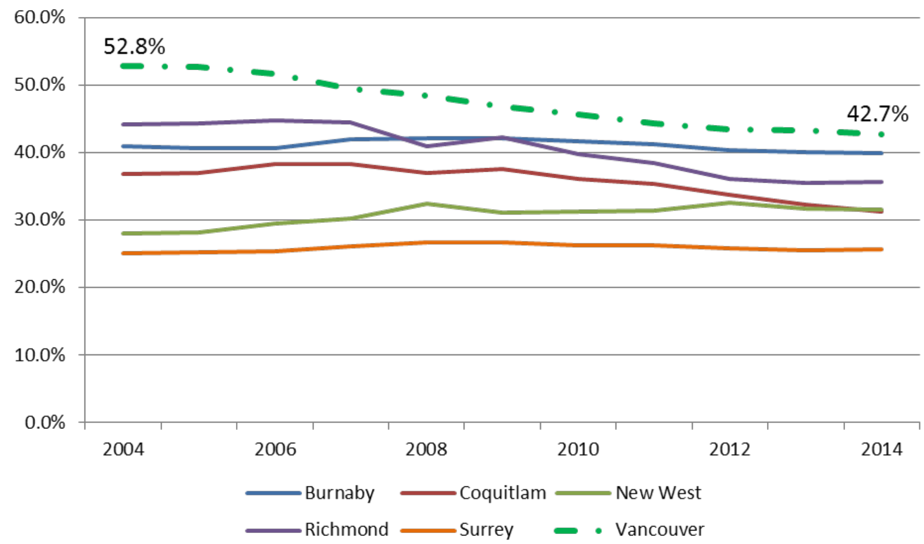
In its report to Council in February 2014, the PTPRC reiterated that there is no single definition of the "correct", most appropriate tax share that should be borne by the commercial sector. The task of allocating taxes across property classes requires a degree of judgment. It recommended the use of eight metrics to monitor Vancouver's commercial property tax situation and ability to retain and attract business investments relative to other major Metro Vancouver municipalities and to inform future decisions on the tax share. The eight metrics are: i) Class 6 tax share ii) Class 6 tax rates iii) Class 6 taxes per sq. ft. iv) Class 6 taxes per capita v) tax rate ratio (Class 6 to Class 1) vi) change in Class 6 building permits vii) change in Class 6 assessment and viii) change in Class 6 vacancy rates.

The PTPRC emphasized that these metrics are not meant to be prescriptive; they are considerations for Council when determining tax share in the future. Going forward, these metrics will be incorporated into the City's economic performance evaluation framework to help gauge Vancouver's business climate over the long-term. If the metrics suggest that the property tax situation for the commercial sector is worsening in Vancouver relative to other 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 competitive with that in Metro Vancouver, 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 Metro Vancouver municipalities with substantial commercial sectors - Burnaby, Coquitlam, New Westminster, Richmond and Surrey on the PTPRC-recommended business (Class 6) metrics. As it is not uncommon for commercial properties to have both light industrial (Class 5) and business (Class 6) uses, and that Council has a policy for harmonizing the tax rates for Classes 5 & 6, staff have therefore included light industrial (Class 5) in some of the analyses where applicable. (Note: Due to data quality issues, staff is working on refining the metrics on Class 6 taxes per sq. ft. and Class 6 vacancy rates. To better understand these metrics within the broader context of the commercial property market in Metro Vancouver (supply, demand, lease rates, etc.), staff will continue to work with BC Assessment, Vancouver Economic Commission and key stakeholders to collect relevant data on comparable commercial properties in the five benchmark Metro Vancouver municipalities and report back as part of the 2016 Tax Distribution Report.)

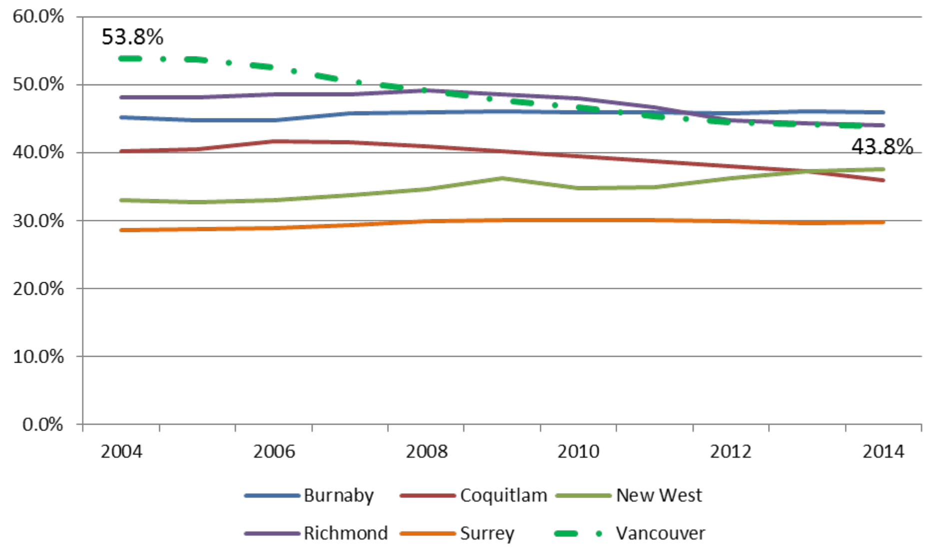
Figures 2 & 3 below compare the ***Commercial Tax Share*** trends in Vancouver versus the five benchmark Metro Vancouver municipalities over the last decade.

**Figure 2: Business (Class 6) Tax Share**




As a result of the tax shift decisions made by consecutive Councils over the last decade, Vancouver's business (Class 6) tax share has substantially reduced from 52.8% in 2004 to 42.7% in 2014. This represents a 10.1% reduction, which is the most substantial enhancement among the five benchmark Metro Vancouver municipalities.

**Figure 3: Light Industrial & Business (Classes 5&6) Tax Share**




Vancouver's light industrial and business (Classes 5&6) combined tax share was the highest in 2004 at 53.8%, and has since reduced substantially by 10% to 43.8% in 2014, the 3rd highest among the five benchmark Metro Municipalities

Figures 4 & 5 below compare the ***Commercial Tax Rate*** trends in Vancouver versus the five benchmark Metro Vancouver municipalities over the last decade.

**Figure 4: Business (Class 6) Tax Rate per $1,000 Assessed Value**

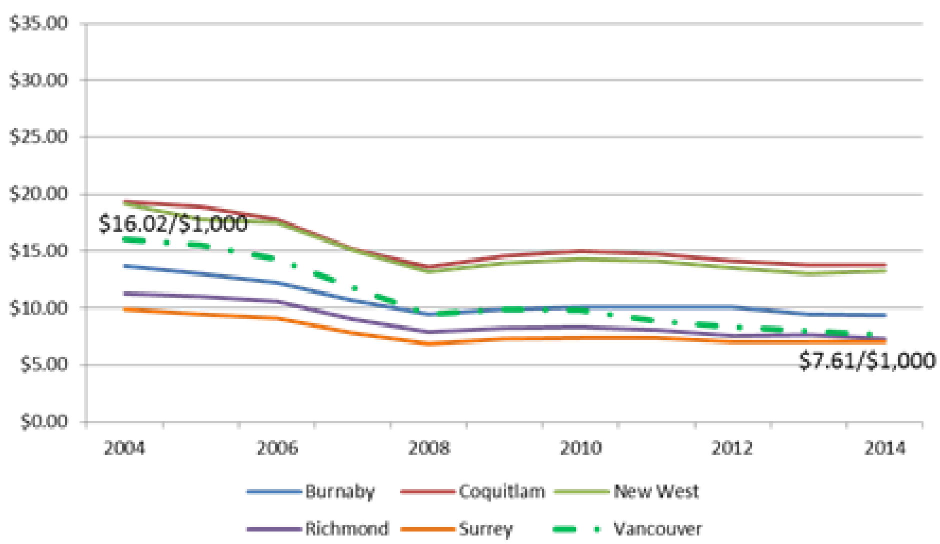
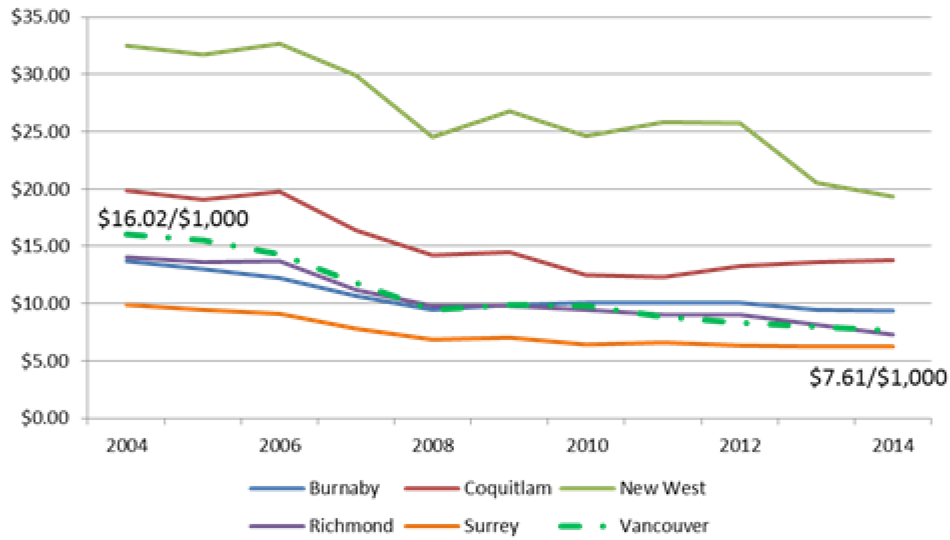


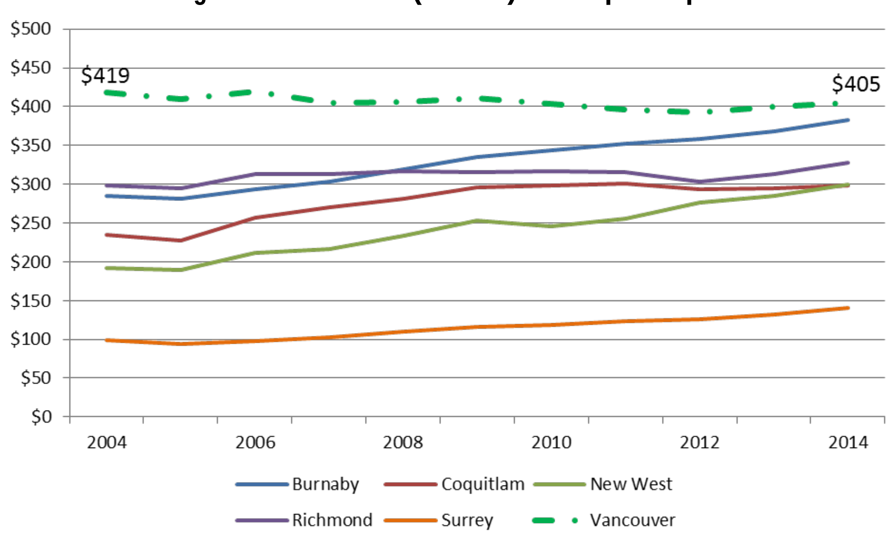
**Figure 5: Light Industrial (Class 5) Tax Rate per $1,000 Assessed Value**




Vancouver's light industrial (Class 5) and business (Class 6) tax rates were the 3rd highest in 2004 at $16.02/$1,000 assessed value, and have since reduced substantially by 52.5 % to $7.61/$1,000 assessed value in 2014, the 3rd lowest among the five benchmark Metro Vancouver municipalities.

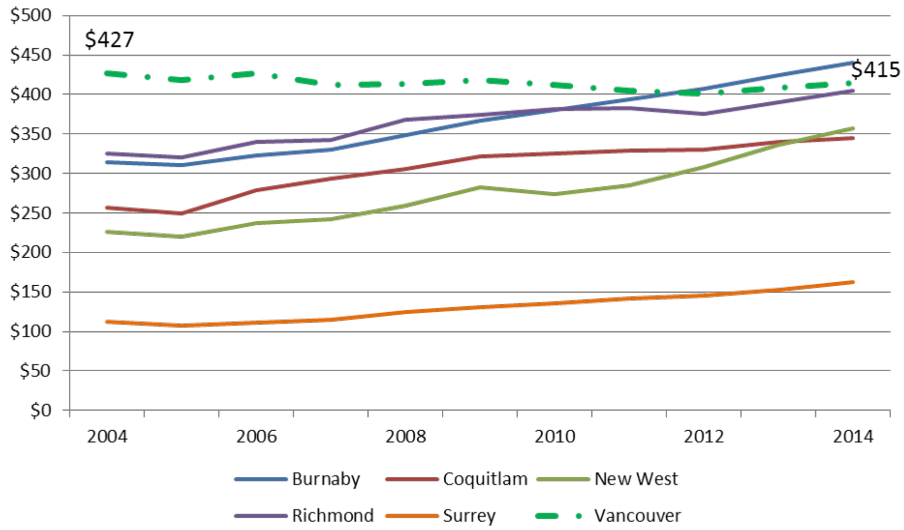
Figures 6 & 7 below compare the ***Commercial Taxes per Capita*** trends in Vancouver versus the five benchmark Metro Vancouver municipalities over the last decade.

**Figure 6: Business (Class 6) Taxes per Capita**




While business (Class 6) taxes per capita have increased between 10.1% and 56.2% in the five benchmark Metro Vancouver municipalities, Vancouver's has reduced 3.3% from $419 in 2004 to $405 in 2014, or -3.8% after adjusting for CPI.

**Figure 7: Light Industrial & Business (Classes 5&6) Taxes per Capita**




Similarly, while the light industrial and business (Classes 5&6) combined taxes per capita have increased between 24.5% to 57.4% in the five benchmark Metro Vancouver municipalities, Vancouver's has reduced 2.7% from $427 in 2004 to $415 in 2014, or -3.2% after adjusting for CPI.

Figures 8 & 9 below compare the ***Tax Rate Ratio*** trends in Vancouver versus the five benchmark Metro Vancouver municipalities over the last decade.

**Figure 8: Business Tax Rate Ratio**
**(Business (Class 6) Tax Rate / Residential (Class 1) Tax Rate)**

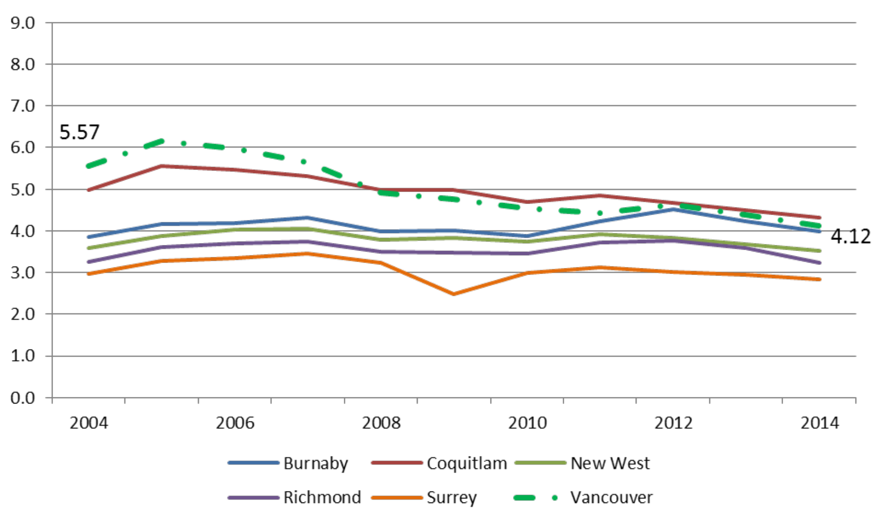
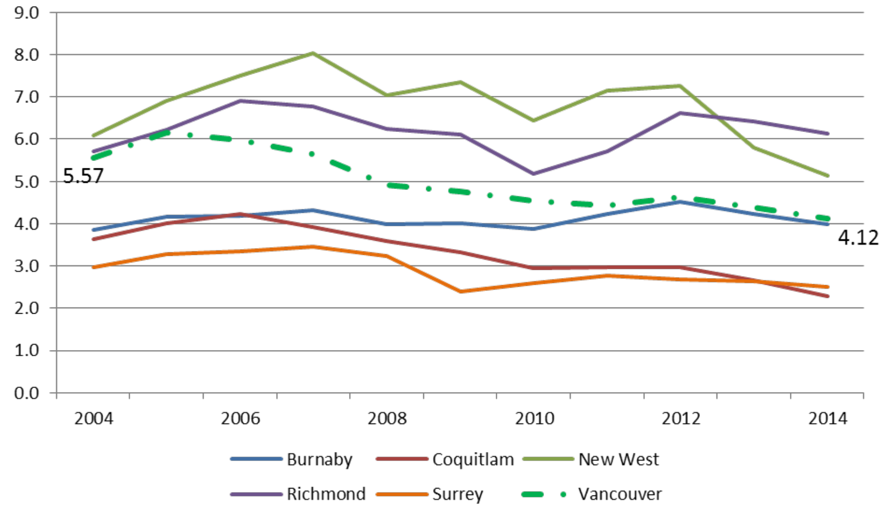


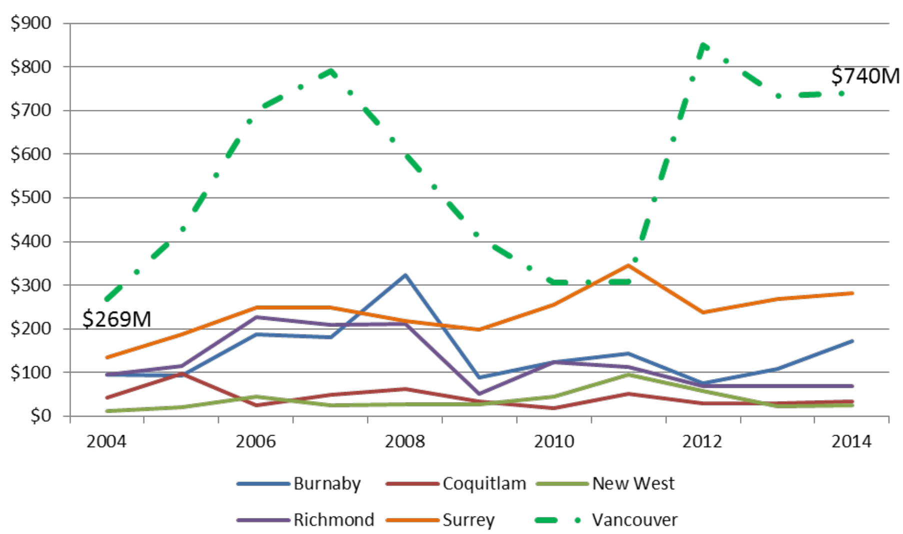
**Figure 9: Light Industrial Tax Rate Ratio**
**(Light Industrial (Class 5) Tax Rate / Residential (Class 1) Tax Rate)**




As a result of the tax shift decisions made by consecutive Councils over the last decade, Vancouver's light industrial (Class 5) and business (Class 6) tax rate ratios have improved substantially from 5.6 in 2004 to 4.1 in 2014. This represents a 25.9% reduction in Vancouver, compared to a change between +3.8% and -13.3% for the business (Class 6) tax rate ratio and +7.4% and -37.2% for the light industrial (Class 5) tax rate ratio in the five benchmark Metro Vancouver municipalities.

Figure 10 below compares the ***Commercial Building Permits*** trends in Vancouver versus the five benchmark Metro Vancouver municipalities over the last decade.

**Figure 10: Commercial Building Permits ($M)**




In recent years, Council has taken a number of proactive steps to support economic development in Vancouver:

- keeping property tax increases and tax rates competitive among Metro Vancouver municipalities;
- implementing the Vancouver Economic Action Strategy launched in 2011;
- implementing Transportation 2040 to enable a sustainable, efficient transportation system; and
- adopting land use policies that preserve commercial and industrial space job space and promote affordable housing and childcare, and accessible recreational facilities to attract and retain workforce talent.

These policies have led to significant job growth and robust commercial and office development activities in the City. While the value of commercial building permits has changed between -28% and 125% in the five benchmark Metro Vancouver municipalities, Vancouver's has increased 175% from $269 million in 2004 to $740 million in 2014.

Figures 11 & 12 below compare the ***Commercial Property Market Assessment*** trends in Vancouver versus the five benchmark Metro Vancouver municipalities over the last six years.

**Figure 11: Business (Class 6) Market Assessment**

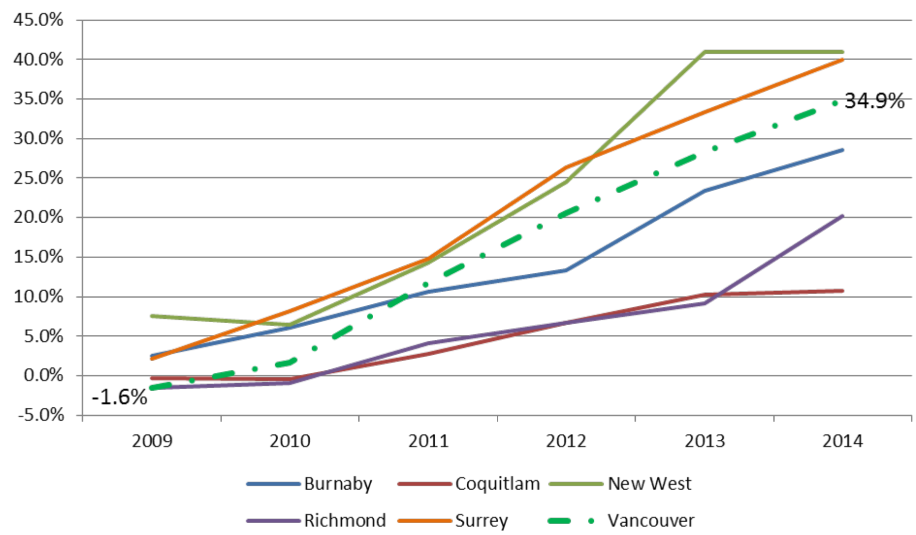
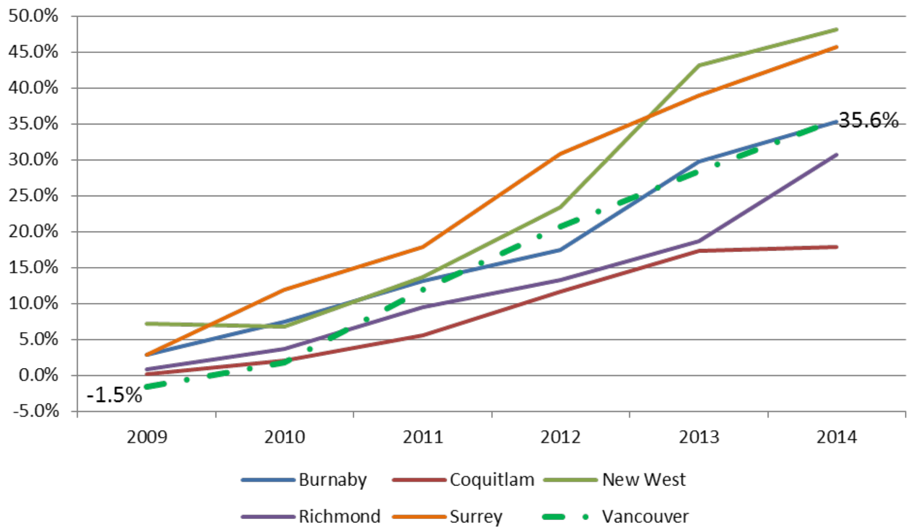


**Figure 12: Light Industrial & Business (Classes 5&6) Market Assessment**




The total taxable commercial property assessment (net of new construction) in Vancouver has increased 37% from 2009 to 2014, the 3rd highest among the five benchmark Metro Vancouver municipalities. This indicates that the market demand for commercial space in Vancouver has been strong in recent years.

### *Implications/Related Issues/Risk (if applicable)*

### *Financial*

In March 2015, Council approved the 2015 Operating Budget of $1.2 billion of which $656.5 million is to be funded from general purpose tax levy and $566.9 million from other revenue sources. Based on the *2015 Revised Roll* in April 2015, the general purpose tax levy requires a tax increase of 2.46% compared to the earlier estimate of 2.4%, which was determined based on the *2015 Completed Roll* available at the time. The anticipated tax revenue from new construction, class transfers and other non-market changes was $0.3 million lower than earlier estimates due to a number of assessment appeals which are reflected in the Revised Roll. Consistent with prior years, the final tax increase has been adjusted based on the *Revised Roll* to generate the Council-approved tax levy.

Should Council approve Recommendation A, the tax distribution between residential and non-residential property classes would be 54.1%/45.9%.

## *CONCLUSION*

Property taxation has been, and will continue to be, the primary, stable funding source for City services and programs. In 2015, over 53% 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 at this point in time.

* * * * *

## 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.

Between 1994 and 2013, $53.3 million of tax levy was redistributed from non-residential to residential property classes, reducing the business tax share from 60% to 46%. Although the relative tax burden on non-residential property classes has been declining, the rate at which they are levied (per $1,000 taxable value) has been increasing relative to the rate at which residential properties are levied. This is primarily the result of the differential escalation in property values: non-residential property values have not appreciated as fast as residential values. As such, it is important to note that a higher tax rate ratio between the non-residential property classes and Class 1 - Residential is not always an indicator of increasing tax burden on non-residential properties and that the tax rate ratio by itself is a misleading index of tax equity.

## 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.

As a general rule, 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. 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 neighborhoods 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.

Table 7 below outlines how volatility in a property's assessed value impacts its property taxes in general terms. It does not, however, reflect the impact of non-market changes (e.g. new construction, class transfers) and redistribution of taxes among property classes.

**Table 7: Impact of Assessed Value on Property Taxes**

| If a property's 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. |

## MITIGATING MEASURES

Over the last few decades, Vancouver has experienced cycles of a very active real estate market, particularly residential, from neighborhood to neighborhood which has resulted in uneven property value increases and taxation impacts across the City. There are a number of provincial and municipal mechanisms available for property owners which, when applied independently or in combination, could mitigate the taxation impact.

**PROVINCIAL MITIGATING MEASURES** (RESIDENTIAL PROPERTIES ONLY)

**(i) *Assessment Act* s19(8)** (property value reduction)
This option applies to properties within an area where there is a change in the land use policy involving "upzoning" and additional development potential which significantly increases the underlying land value. Under s19(8), residential property owners who have continuously owned and occupied the property as their principal residence for at least 10 years are eligible for a reduced property assessment. For eligible properties, the land portion of the assessed value will be based on current zoning rather than on anticipated future zoning and development potential. BC Assessment has been proactive in notifying potentially eligible property owners of this option. Any reduction in assessed values could shift tax burden among property owners, but the total general purpose tax levy remains the same; City revenue is not impacted.

**(ii) Property Tax Deferment** (tax deferral)
Eligible residential property owners who occupy their principal residence may defer all or a portion of the taxes owing net of home owner grant, if applicable. The Province finances the property tax payments at prescribed low interest rates and puts a charge against the property. Repayment is not required until ownership is transferred. Property tax deferment is available to individuals who are 55 years of age or older and, effective 2010, to families with children under 18 years of age. Financing is provided by the Province; City revenue is not impacted.

**(iii) Home Owner Grant** (tax reduction)
Residential property owners who occupy their principal residence are eligible for the Home Owner Grant if the value of their home falls within the qualifying range. The grant is applied first to offset school taxes, and any residual grant is then applied to reduce the general purpose tax levy. Effective 2006, individuals who are 65 years of age or older who fall within the lower income levels are able to claim the full senior home owner grant irrespective of the value of their property. Grants are funded by the Province; City revenue is not impacted.

**CITY OF VANCOUVER MITIGATING MEASURE – LAND ASSESSMENT AVERAGING**
(RESIDENTIAL & BUSINESS PROPERTIES)

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

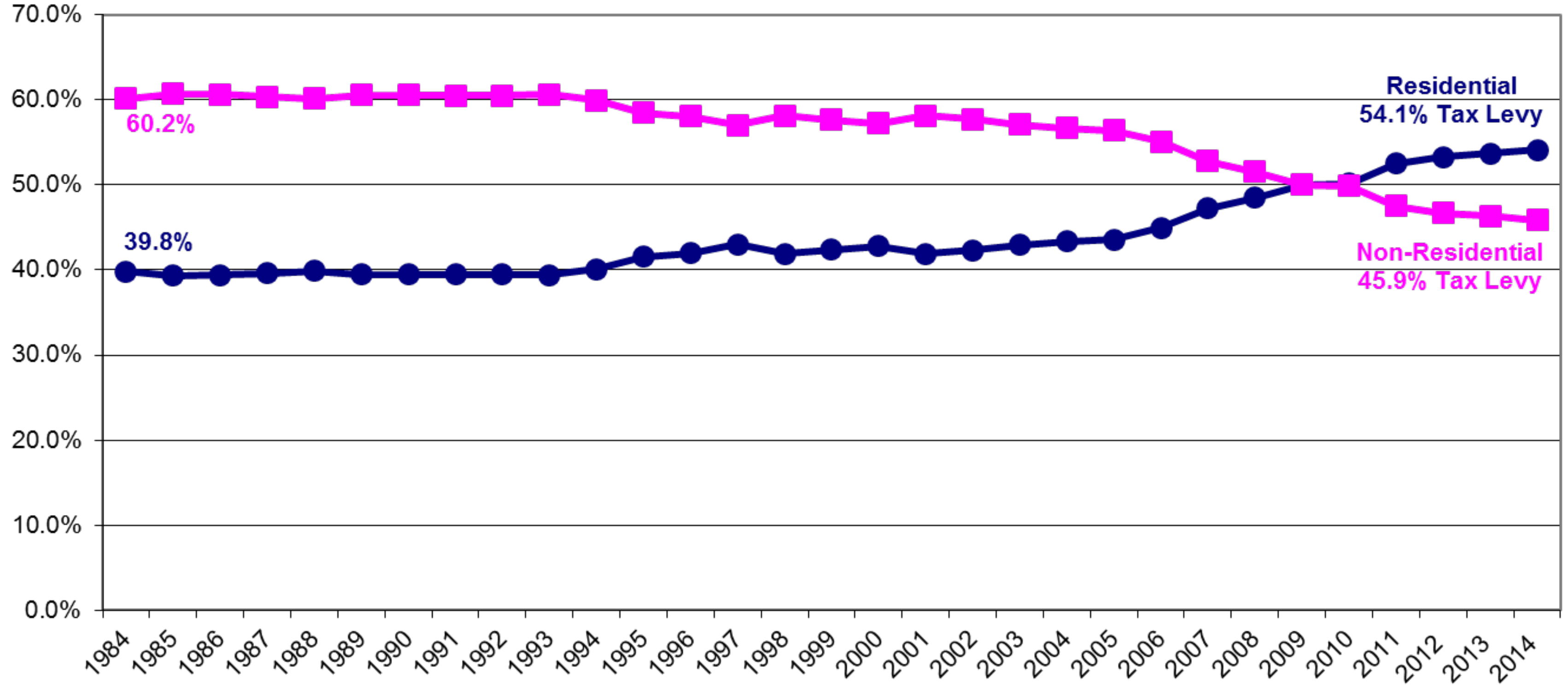
This mechanism entails averaging three years of land value (current year and two prior years) to phase in year-over-year property tax impacts arising from land value changes and to reduce the number of properties that experience extreme volatility in property taxes driven by significant increases and decreases in land values. The current assessed improvement value is then added to the adjusted land value for calculating property taxes. Vancouver is the only municipality in British Columbia that applies land assessment averaging.

In 2007, the PTPRC recommended using up to five years of assessed land values (instead of the current three years) in the averaging formula to enhance property tax stability and predictability. In Spring 2013, the Province enacted the necessary amendments to the *Vancouver Charter* to enable this approach.

Land assessment averaging is revenue neutral to the City as the total general purpose tax levy collected from each property class is the same with or without application of this mechanism.

| 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 (subject to Council approval on April 29, 2015) |

Note: Tax shifts between 2008 and 2012 were effected as part of the multi-year tax redistribution program recommended by the Property Tax Policy Review Commission. 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.




Note: Over the years, Council has been proactive in addressing the impact of property tax on the business climate. Between 1994 and 2014, $53.3 million of tax levy was redistributed from non-residential to residential property classes, reducing the business tax share from 60% to 46%.

| 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 | 184,672,813,616 | 84% | 1.84728 | 1.00 | 341,142,395 | 54% |
| **(Averaged)** | Utilities | 189,366,920 | 0% | 35.21383 | 19.06 | 6,668,335 | 1% |
| | Supportive Housing | 96 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 190,192,400 | 0% | 33.77460 | 18.28 | 6,423,672 | 1% |
| | Light Industry | 855,281,230 | 0% | 7.88427 | 4.27 | 6,743,268 | 1% |
| | Business/Other | 34,227,317,134 | 16% | 7.88427 | 4.27 | 269,857,410 | 43% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 290,905,600 | 0% | 1.84548 | 1.00 | 536,860 | 0% |
| | Farm | 195,040 | 0% | 1.84548 | 1.00 | 360 | 0% |
| | **Totals** | **220,426,072,036** | **100%** | | | **631,372,300** | **100%** |
| **Abbotsford** | Residential | 14,576,763,778 | 81% | 5.17289 | 1.00 | 75,403,996 | 63% |
| | Utilities | 88,860,643 | 0% | 37.98195 | 7.34 | 3,375,100 | 3% |
| | Supportive Housing | 2 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Light Industry | 480,804,126 | 3% | 10.73513 | 2.08 | 5,161,495 | 4% |
| | Business/Other | 2,604,508,850 | 15% | 12.68594 | 2.45 | 33,040,643 | 28% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 12,026,500 | 0% | 8.71777 | 1.69 | 104,844 | 0% |
| | Farm | 137,933,704 | 1% | 19.00413 | 3.67 | 2,621,310 | 2% |
| | **Totals** | **17,900,897,603** | **100%** | | | **119,707,388** | **100%** |
| **Burnaby** | Residential | 45,986,194,731 | 80% | 2.34430 | 1.00 | 107,805,436 | 49% |
| | Utilities | 157,986,140 | 0% | 34.87410 | 14.88 | 5,509,624 | 2% |
| | Supportive Housing | 6 | 0% | 2.34430 | 1.00 | 0 | 0% |
| | Major Industry | 142,180,600 | 0% | 47.10730 | 20.09 | 6,697,744 | 3% |
| | Light Industry | 1,437,447,900 | 3% | 9.35700 | 3.99 | 13,450,200 | 6% |
| | Business/Other | 9,472,185,594 | 17% | 9.35700 | 3.99 | 88,631,241 | 40% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 48,596,800 | 0% | 1.54870 | 0.66 | 75,262 | 0% |
| | Farm | 1,257,066 | 0% | 9.35700 | 3.99 | 11,762 | 0% |
| | **Totals** | **57,245,848,837** | **100%** | | | **222,181,270** | **100%** |
| **Coquitlam** | Residential | 24,379,594,937 | 88% | 3.20210 | 1.00 | 78,065,901 | 63% |
| | Utilities | 23,195,410 | 0% | 39.99980 | 12.49 | 927,812 | 1% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 0 | 0% | 28.85520 | 9.01 | 0 | 0% |
| | Light Industry | 428,983,000 | 2% | 13.81010 | 4.31 | 5,924,298 | 5% |
| | Business/Other | 2,803,838,101 | 10% | 13.81270 | 4.31 | 38,728,575 | 31% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 30,207,000 | 0% | 15.25570 | 4.76 | 460,829 | 0% |
| | Farm | 884,557 | 0% | 17.75530 | 5.54 | 15,706 | 0% |
| | **Totals** | **27,666,703,005** | **100%** | | | **124,123,120** | **100%** |
| **Delta** | Residential | 17,721,237,234 | 80% | 3.43870 | 1.00 | 60,938,018 | 54% |
| | Utilities | 23,976,487 | 0% | 39.99890 | 11.63 | 959,033 | 1% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 233,802,900 | 1% | 34.04320 | 9.90 | 7,959,399 | 7% |
| | Light Industry | 1,566,987,000 | 7% | 10.46390 | 3.04 | 16,396,795 | 14% |
| | Business/Other | 2,483,655,202 | 11% | 10.47080 | 3.04 | 26,005,857 | 23% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 36,569,500 | 0% | 7.37940 | 2.15 | 269,861 | 0% |
| | Farm | 43,015,458 | 0% | 17.97410 | 5.23 | 773,164 | 1% |
| | **Totals** | **22,109,243,781** | **100%** | | | **113,302,128** | **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 | 3,022,887,403 | 71% | 3.88570 | 1.00 | 11,746,034 | 52% |
| | Utilities | 2,176,140 | 0% | 40.00000 | 10.29 | 87,046 | 0% |
| | Supportive Housing | 2 | 0% | 3.88570 | 1.00 | 0 | 0% |
| | Major Industry | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Light Industry | 140,159,600 | 3% | 9.81140 | 2.53 | 1,375,162 | 6% |
| | Business/Other | 1,064,703,903 | 25% | 8.88270 | 2.29 | 9,457,445 | 42% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 7,604,700 | 0% | 8.88270 | 2.29 | 67,550 | 0% |
| | Farm | 11,936 | 0% | 3.88570 | 1.00 | 46 | 0% |
| | **Totals** | **4,237,543,684** | **100%** | | | **22,733,283** | **100%** |
| **Langley, Township** | Residential | 19,251,386,198 | 83% | 3.34730 | 1.00 | 64,440,165 | 61% |
| | Utilities | 41,353,027 | 0% | 27.51920 | 8.22 | 1,138,002 | 1% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 28,883,200 | 0% | 8.76410 | 2.62 | 253,135 | 0% |
| | Light Industry | 1,137,563,800 | 5% | 9.64690 | 2.88 | 10,973,964 | 10% |
| | Business/Other | 2,762,296,141 | 12% | 9.94960 | 2.97 | 27,483,742 | 26% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 47,156,100 | 0% | 5.08510 | 1.52 | 239,793 | 0% |
| | Farm | 63,884,128 | 0% | 10.24750 | 3.06 | 654,653 | 1% |
| | **Totals** | **23,332,522,594** | **100%** | | | **105,183,454** | **100%** |
| **Maple Ridge** | Residential | 11,553,748,331 | 91% | 4.46250 | 1.00 | 51,558,602 | 78% |
| | Utilities | 12,910,996 | 0% | 40.00000 | 8.96 | 516,440 | 1% |
| | Supportive Housing | 2 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 17,774,100 | 0% | 34.91630 | 7.82 | 620,606 | 1% |
| | Light Industry | 207,624,200 | 2% | 12.73140 | 2.85 | 2,643,347 | 4% |
| | Business/Other | 840,213,548 | 7% | 12.73140 | 2.85 | 10,697,095 | 16% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 2,893,800 | 0% | 12.80800 | 2.87 | 37,064 | 0% |
| | Farm | 4,982,922 | 0% | 30.34830 | 6.80 | 151,223 | 0% |
| | **Totals** | **12,640,147,899** | **100%** | | | **66,224,376** | **100%** |
| **New Westminster** | Residential | 10,405,912,943 | 85% | 3.75350 | 1.00 | 39,058,594 | 60% |
| | Utilities | 7,808,705 | 0% | 31.41260 | 8.37 | 245,292 | 0% |
| | Supportive Housing | 10 | 0% | 3.75350 | 1.00 | 0 | 0% |
| | Major Industry | 42,427,200 | 0% | 29.51880 | 7.86 | 1,252,400 | 2% |
| | Light Industry | 203,130,400 | 2% | 19.29950 | 5.14 | 3,920,315 | 6% |
| | Business/Other | 1,552,988,929 | 13% | 13.22830 | 3.52 | 20,543,403 | 32% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 10,284,180 | 0% | 3.75350 | 1.00 | 38,602 | 0% |
| | Farm | 27,463 | 0% | 3.75350 | 1.00 | 103 | 0% |
| | **Totals** | **12,222,579,830** | **100%** | | | **65,058,709** | **100%** |
| **North Vancouver** | Residential | 11,170,128,027 | 82% | 2.49602 | 1.00 | 27,880,863 | 54% |
| **(City)** | Utilities | 9,351,005 | 0% | 40.00000 | 16.03 | 374,040 | 1% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 138,714,000 | 1% | 27.50000 | 11.02 | 3,814,635 | 7% |
| | Light Industry | 48,019,400 | 0% | 8.57249 | 3.43 | 411,646 | 1% |
| | Business/Other | 2,181,377,400 | 16% | 8.57249 | 3.43 | 18,699,836 | 37% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 7,128,300 | 0% | 2.95492 | 1.18 | 21,064 | 0% |
| | Farm | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | **Totals** | **13,554,718,132** | **100%** | | | **51,202,083** | **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 (District)** | Residential | 24,284,012,917 | 92% | 2.44107 | 1.00 | 59,278,975 | 72% |
| | Utilities | 2,507,755 | 0% | 40.00000 | 16.39 | 100,310 | 0% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 271,179,200 | 1% | 29.33316 | 12.02 | 7,954,543 | 10% |
| | Light Industry | 71,194,200 | 0% | 11.12193 | 4.56 | 791,817 | 1% |
| | Business/Other | 1,709,383,800 | 6% | 8.47875 | 3.47 | 14,493,438 | 18% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 33,695,200 | 0% | 5.74810 | 2.35 | 193,683 | 0% |
| | Farm | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | **Totals** | **26,371,973,072** | **100%** | | | **82,812,767** | **100%** |
| **Pitt Meadows** | Residential | 2,593,230,388 | 85% | 4.01000 | 1.00 | 10,398,854 | 62% |
| | Utilities | 6,271,380 | 0% | 38.07180 | 9.49 | 238,763 | 1% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 3,282,800 | 0% | 40.27550 | 10.04 | 132,216 | 1% |
| | Light Industry | 46,091,400 | 2% | 17.63240 | 4.40 | 812,702 | 5% |
| | Business/Other | 360,863,300 | 12% | 12.48220 | 3.11 | 4,504,368 | 27% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 21,854,600 | 1% | 10.63890 | 2.65 | 232,509 | 1% |
| | Farm | 15,542,662 | 1% | 30.83620 | 7.69 | 479,277 | 3% |
| | **Totals** | **3,047,136,530** | **100%** | | | **16,798,688** | **100%** |
| **Port Coquitlam** | Residential | 8,306,232,429 | 82% | 3.88270 | 1.00 | 32,250,609 | 59% |
| | Utilities | 9,199,684 | 0% | 40.00000 | 10.30 | 367,987 | 1% |
| | Supportive Housing | 4 | 0% | 3.88270 | 1.00 | 0 | 0% |
| | Major Industry | 0 | 0% | 13.50470 | 3.48 | 0 | 0% |
| | Light Industry | 452,588,500 | 4% | 13.50470 | 3.48 | 6,112,072 | 11% |
| | Business/Other | 1,378,733,401 | 14% | 11.74160 | 3.02 | 16,188,536 | 29% |
| | Managed Forest | 0 | 0% | 40.00000 | 10.30 | 0 | 0% |
| | Recreation | 6,501,200 | 0% | 14.95280 | 3.85 | 97,211 | 0% |
| | Farm | 864,615 | 0% | 23.13770 | 5.96 | 20,005 | 0% |
| | **Totals** | **10,154,119,833** | **100%** | | | **55,036,420** | **100%** |
| **Port Moody** | Residential | 6,413,598,522 | 92% | 3.52200 | 1.00 | 22,588,694 | 66% |
| | Utilities | 2,671,390 | 0% | 38.86910 | 11.04 | 103,835 | 0% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 90,454,400 | 1% | 68.54770 | 19.46 | 6,200,441 | 18% |
| | Light Industry | 31,617,200 | 0% | 18.61260 | 5.28 | 588,478 | 2% |
| | Business/Other | 448,508,406 | 6% | 10.19280 | 2.89 | 4,571,556 | 13% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 10,016,900 | 0% | 2.84250 | 0.81 | 28,473 | 0% |
| | Farm | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | **Totals** | **6,996,866,818** | **100%** | | | **34,081,477** | **100%** |
| **Richmond** | Residential | 44,464,212,240 | 80% | 2.24956 | 1.00 | 100,024,913 | 54% |
| | Utilities | 20,887,585 | 0% | 39.91245 | 17.74 | 833,675 | 0% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 125,715,900 | 0% | 13.71527 | 6.10 | 1,724,228 | 1% |
| | Light Industry | 2,100,088,500 | 4% | 7.28682 | 3.24 | 15,302,967 | 8% |
| | Business/Other | 9,001,342,413 | 16% | 7.28682 | 3.24 | 65,591,162 | 36% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 97,337,700 | 0% | 2.16069 | 0.96 | 210,317 | 0% |
| | Farm | 26,112,095 | 0% | 12.60253 | 5.60 | 329,078 | 0% |
| | **Totals** | **55,835,696,433** | **100%** | | | **184,016,339** | **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 | 73,428,064,000 | 86% | 2.47085 | 1.00 | 181,429,732 | 69% |
| | Utilities | 59,962,753 | 0% | 32.67298 | 13.22 | 1,959,162 | 1% |
| | Supportive Housing | 14 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 104,307,200 | 0% | 11.56272 | 4.68 | 1,206,075 | 0% |
| | Light Industry | 1,776,437,600 | 2% | 6.21119 | 2.51 | 11,033,791 | 4% |
| | Business/Other | 9,631,564,427 | 11% | 7.01681 | 2.84 | 67,582,858 | 26% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 129,168,700 | 0% | 2.41055 | 0.98 | 311,368 | 0% |
| | Farm | 32,982,281 | 0% | 2.67121 | 1.08 | 88,103 | 0% |
| | **Totals** | **85,162,486,975** | **100%** | | | **263,611,088** | **100%** |
| **West Vancouver** | Residential | 29,504,449,532 | 97% | 1.77300 | 1.00 | 52,311,389 | 93% |
| | Utilities | 10,965,755 | 0% | 9.18590 | 5.18 | 100,730 | 0% |
| | Supportive Housing | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Major Industry | 2,364,000 | 0% | 15.26860 | 8.61 | 36,095 | 0% |
| | Light Industry | 0 | 0% | 15.26860 | 8.61 | 0 | 0% |
| | Business/Other | 886,837,361 | 3% | 4.24510 | 2.39 | 3,764,713 | 7% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 38,458,200 | 0% | 7.22540 | 4.08 | 277,876 | 0% |
| | Farm | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | **Totals** | **30,443,074,848** | **100%** | | | **56,490,803** | **100%** |
| **White Rock** | Residential | 5,125,906,812 | 95% | 3.67869 | 1.00 | 18,856,622 | 89% |
| | Utilities | 6,668,470 | 0% | 22.79315 | 6.20 | 151,995 | 1% |
| | 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 | 240,023,802 | 4% | 8.72798 | 2.37 | 2,094,923 | 10% |
| | Managed Forest | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | Recreation | 4,525,800 | 0% | 3.46255 | 0.94 | 15,671 | 0% |
| | Farm | 0 | 0% | 0.00000 | 0.00 | 0 | 0% |
| | **Totals** | **5,377,124,884** | **100%** | | | **21,119,211** | **100%** |

Source data: http://www.cscd.gov.bc.ca/lgd/infra/tax_rates/tax_rates2014.htm

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



| | 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** | | | | | | | | | |
| 2014 Revised Roll | 184,853,304,652 | 189,366,920 | 96 | 190,192,400 | 955,616,800 | 35,396,533,691 | 290,905,600 | 195,040 | 221,876,115,199 |
| 2014 Adjustments | 190,473,611 | 0 | 0 | 0 | (14,082,500) | 77,442,226 | 7,083,200 | 0 | 260,916,537 |
| 2014 Supplementary Roll | 185,043,778,263 | 189,366,920 | 96 | 190,192,400 | 941,534,300 | 35,473,975,917 | 297,988,800 | 195,040 | 222,137,031,736 |
| *Share of Assessment Base* | *83.30%* | *0.09%* | *0.00%* | *0.09%* | *0.42%* | *15.97%* | *0.13%* | *0.00%* | *100.00%* |
| 2015 Market Change | 14,493,752,023 | 13,929,307 | 0 | 5,199,100 | 31,196,200 | 3,453,530,065 | 38,407,200 | 0 | 18,036,013,895 |
| | 199,537,530,286 | 203,296,227 | 96 | 195,391,500 | 972,730,500 | 38,927,505,982 | 336,396,000 | 195,040 | 240,173,045,631 |
| *Share of Assessment Base* | *83.08%* | *0.08%* | *0.00%* | *0.08%* | *0.41%* | *16.21%* | *0.14%* | *0.00%* | *100.00%* |
| 2015 Non-market Change | | | | | | | | | |
| Class Transfers | 35,544,500 | 0 | 2 | 0 | (12,426,900) | (136,551,100) | 22,402,300 | 23,540 | (91,007,658) |
| Other | 1,439,242,902 | 0 | 0 | 0 | 22,486,700 | 145,710,800 | (11,192,000) | 0 | 1,596,248,402 |
| New Construction | 1,580,888,299 | (4,131,281) | 0 | 0 | (1,800,900) | 638,983,497 | 10,642,000 | 681 | 2,224,582,296 |
| | 3,055,675,701 | (4,131,281) | 2 | 0 | 8,258,900 | 648,143,197 | 21,852,300 | 24,221 | 3,729,823,040 |
| **2015 Assessment Base for Tax Rate Calculation** | **202,593,205,987** | **199,164,946** | **98** | **195,391,500** | **980,989,400** | **39,575,649,179** | **358,248,300** | **219,261** | **243,902,868,671** |
| *Share of Assessment Base* | *83.06%* | *0.08%* | *0.00%* | *0.08%* | *0.40%* | *16.23%* | *0.15%* | *0.00%* | *100.00%* |
| **GENERAL PURPOSE TAX LEVY** | | | | | | | | | |
| 2014 Opening Tax Levy | 341,143,077 | 6,668,335 | 0 | 6,423,672 | 7,271,212 | 269,329,393 | 536,860 | 360 | 631,372,909 |
| 2014 Roll Adjustments | 351,515 | 0 | 0 | 0 | (107,153) | 589,252 | 13,072 | 0 | 846,686 |
| 2014 Adjusted Tax Levy | 341,494,592 | 6,668,335 | 0 | 6,423,672 | 7,164,059 | 269,918,645 | 549,932 | 360 | 632,219,595 |
| *Share of Tax Levy* | *54.02%* | *1.05%* | *0.00%* | *1.02%* | *1.13%* | *42.69%* | *0.09%* | *0.00%* | *100.00%* |
| 2015 Non-market Change | 2,523,996 | 0 | 0 | 0 | 74,089 | 63,512 | 18,326 | 43 | 2,679,967 |
| 2015 New Construction | 2,705,580 | (135,510) | 0 | 0 | (13,263) | 4,430,635 | 17,397 | 1 | 7,004,840 |
| | 5,229,576 | (135,510) | 0 | 0 | 60,826 | 4,494,147 | 35,724 | 45 | 9,684,807 |
| **2015 Base Tax Levy (before tax increase)** | **346,724,168** | **6,532,824** | **0** | **6,423,672** | **7,224,885** | **274,412,792** | **585,656** | **405** | **641,904,402** |
| *Share of Tax Levy* | *54.01%* | *1.02%* | *0.00%* | *1.00%* | *1.13%* | *42.75%* | *0.09%* | *0.00%* | *100.00%* |
| 2015 Tax Increase | 8,501,359 | 160,707 | 0 | 158,022 | (245,206) | 7,173,493 | 42,493 | (20) | 15,790,848 |
| **2015 Final Tax Levy (after tax increase)** | **355,225,527** | **6,693,532** | **0** | **6,581,695** | **6,979,679** | **281,586,284** | **628,149** | **384** | **657,695,250** |
| *Share of Tax Levy* | *54.01%* | *1.02%* | *0.00%* | *1.00%* | *1.06%* | *42.81%* | *0.10%* | *0.00%* | *100.00%* |

Note: Total tax levy $657.7 million – Forgone taxes on eligible Port properties $1.2million = Council-approved tax levy $656.5 million