CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date:	April 8, 2019
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Meeting Date:	April 24, 2019

TO: Standing Committee on City Finance and Services

FROM: Director of Finance

SUBJECT: 2019 Property Taxation: Distribution of Property Tax Levy

RECOMMENDATION

THAT Council instruct the Director of Finance to calculate the 2019 general purpose tax rates for all property classes to achieve a tax share of approximately 54.9% residential and approximately 45.1% non-residential.

REPORT SUMMARY

The purpose of this report is to seek Council approval of the allocation of general purpose tax levy across property classes for the purpose of calculating 2019 tax rates.

Stability and predictability are two desirable attributes of a property tax system whereby businesses and residents can plan their expenditures within reasonable limits. Changes in property taxes generally reflect two factors: Council-directed tax increase (as part of the annual budget) and relative changes in property assessed values.

The City strives to balance the affordability and competitiveness of property taxes, utility fees and user fees while sustaining the breadth and quality of public amenities, infrastructure and services for businesses and residents. While more businesses and residents add to Vancouver’s economic and social vitality, the City needs to address the growing demand for services. By transforming the way services are delivered, the City has maintained or increased the breadth and quality of services, and demonstrated leadership as a sustainable and livable city with budgets defined by modest tax and fee increases relative to other Metro Vancouver municipalities.

In recent years; however, the influx of investment capital and speculative real estate demand in Vancouver continues to drive up land values, resulting in significant volatility year-over-year in

property assessment and taxes, causing hardship for some residents and small businesses. In British Columbia, real estate properties are assessed at their highest and best use (market value), and taxes are allocated to individual properties based on such values. In the case where a property is under-developed, its assessed value could substantially increase to reflect the value of its development potential.

The City does not generate higher tax revenue as a result of rising property values. The required tax levy to be collected is determined by Council as part of the annual budget, and tax rates are lowered to reflect assessment increases to ensure "revenue neutrality". However, relative assessment increases for individual properties could shift the tax burden from one property to another in any given year.

The challenge is particularly prevalent for small business tenants because most landlords pass on all property taxes, on both rented space and development potential, to tenants through their lease agreements. As tenants do not benefit from an increase in property values in the same way that an owner does upon redevelopment or sale, the practice could cause significant financial distress for small business tenants who have very limited ability to absorb and/or finance such an unanticipated surge in expenses during their lease term (typically five years or longer).

While there are a number of Provincial mitigations available for eligible residential properties (e.g. s19(8) of the *Assessment Act*, Property Tax Deferment and Home Owner Grant), those measures do not apply to commercial properties. Land assessment averaging is an optional tool available to Council under the *Vancouver Charter*. Despite the fact that other municipalities have similar authority under the *Community Charter,* Vancouver is the only municipality in British Columbia that uses averaging to phase in significant property tax increases arising from assessment volatility at a city-wide level. For light industrial and business properties, the targeted 5-year averaging program is the key mitigating measure that provides businesses with targeted and time-limited relief to enable market adjustments and/or lease renegotiations. However, this program alone may not be adequate in addressing assessment volatility arising from development potential.

In December 2018, the following motion was adopted in conjunction with the approval of the 2019 Budget:

> *THAT Council support the exploration of a shift of 2% of the fixed property tax levy from commercial to non-commercial with the goal of supporting small business and retail;*
>
> *FURTHER THAT staff engage the Property Tax Policy Review Commission and report back by April, 2019 regarding the opportunity and impact of a 2% tax shift.*

Staff has since consulted the Property Tax Policy Review Commission (the "Commission") Chair with regards to the following:

- Impact of the current property assessment and classification regime, particularly as it applies to under-developed properties, on small business; and
- Efficacy of a blanket 2% tax shift from commercial to residential versus other policy tools under consideration in providing targeted and time-limited tax relief to impacted properties.

Impact of a 2% Tax Shift from Commercial to Residential – Incorporating the Council-directed property tax increase to generate a tax levy of $790.8 million and a potential 2% tax shift ($15.8 million) from non-residential properties (Classes 2, 4, 5 and 6) to residential properties (Classes 1, 8 and 9), residential property classes would expect an ~8% tax increase while non-residential property classes a ~0.4% tax reduction.

Assessment & Classification of Development Potential – An Inter-governmental Working Group was established based on Council's proposal (February 2018), with support from Metro Vancouver (July 2018) and the Union of BC Municipalities (September 2018). It is comprised of Provincial staff from the Ministry of Municipal Affairs & Housing and the Ministry of Finance, BC Assessment, City of Vancouver, and six other Metro Vancouver municipalities (Burnaby, Coquitlam, Richmond, North Vancouver, Surrey, and West Vancouver).

The Inter-governmental Working Group was convened in November 2018, in order to identify viable policy tools to provide targeted and time-limited tax relief to properties that are impacted by assessment volatility arising from development potential. Based on the analysis to-date, the Inter-governmental Working Group strongly supports splitting the "development potential" value from the "existing use" value for under-developed properties ("Split Assessment"), and creating a commercial sub-class to capture the "development potential" value. With the new sub-class, Council could define eligible properties for "Split Assessment", set a lower tax rate (compared to commercial) for the development potential, and limit the duration of such tax relief. This, together with other potential policy tools (split tax bill, tax deferment etc.), are being considered by the Province.

Based on BC Assessment's preliminary analysis, approximately 3,000 (~21%) commercial properties in Vancouver are deemed under-developed with their assessed values reflecting a higher and better use relative to their existing use. With support from the Province, "Split Assessment" could provide the most targeted and time-limited tax relief to small businesses currently residing in under-developed properties in neighborhoods that are experiencing significant pace of change. Staff hope to report back before Council's summer recess on final policy options that could be implemented in time for the 2020 tax year.

Metrics – Since 2015, at the Commission's recommendation, staff have been tracking the following metrics to gauge Vancouver's relative competitiveness in retaining and attracting business investments among major Metro Vancouver municipalities:

- tax share
- Class 6 tax rates
- Class 6 taxes per capita
- tax rate ratio
- change in Class 6 assessment
- change in Class 6 building permits

Relative to other major Metro Vancouver municipalities, in 2018, Vancouver's business tax rate (unaveraged) is among the lowest ($4.61 per $1,000), its business tax rate ratio (unaveraged) is the most improved (3.82 in 2018 from 4.93 in 2001), its commercial building permit value is the highest ($1.8B), and its commercial assessment base has increased the most (407% since 2001).

While comparable data is not yet available, in 2019, Vancouver's business tax rate (unaveraged) has further reduced to $4.08 per $1,000 (2018: $4.61 per $1,000) and its business tax rate ratio (unaveraged) has reduced significantly to 3.17 (2018: 3.82).

Additional School Tax – Implementation of the Additional School Tax in 2019 on residential properties (0.2% on values between $3 million and $4 million and 0.4% over $4 million) would add ~$100.7 million (12%) to the overall tax levy for the residential property class. This represents a 30% increase in the provincial school tax and 12% to the overall tax levy for residential properties, a significant year-over-year increase in 2019.

Conclusion – Based on the analysis performed to-date and confirmed with the Commission Chair, a blanket 2% tax shift from commercial to residential does not effectively target the ~21% of commercial properties impacted by assessment volatility arising from development potential. Instead, it reduces property tax for all commercial properties without considering whether or not they need any tax relief.

As such, a tax shift is not recommended at this time given i) the ongoing work through the Inter-governmental Working Group on "Split Assessment" (through a commercial sub-class) and other viable policy options to provide targeted and time-limited tax relief to properties impacted by assessment volatility arising from development potential; ii) the positive trending of the Commission-recommended metrics; and iii) the significant year-over-year impact of the 2% tax shift on residential properties coupled with the Additional School Tax on applicable properties commencing this year.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

s219 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 & 9 and for Class 5 & 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 allocate 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. new construction, transfer of properties among classes) and Council decisions to adjust the tax share for each class. This approach ensures that tax share is set by Council policy, not driven by market forces. This policy was reaffirmed by Council in April 2005, and endorsed by the Commission in its 2007 review.

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

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

- maintain the current tax distribution; and
- incorporate metrics to help guide future tax distribution decisions.

In December 2018, Council approved the 2019 Operating Budget of $1.5 billion of which $790.8 million is to be funded from general purpose tax levy. Council also directed staff to explore a 2% tax shift from commercial to residential to support small business and retail; and to engage the Commission and report back by April 2019, regarding the opportunity and impact of such a shift.

In March 2019, Council adopted the *2019 Land Assessment Averaging By-law* that authorized the use of targeted 5-year land assessment averaging for the purpose of calculating property taxes for residential (Class 1), light industrial (Class 5), and business (Class 6) properties for the 2019 tax year.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

The affordability challenge arising from a variety of factors including real estate speculation is a regional issue impacting most Metro Vancouver municipalities, not just Vancouver. The majority of businesses in Vancouver are small business with nearly 60% of Vancouver enterprises having fewer than five employees. Small and local business is a key driver of Vancouver's economy, vibrancy, and unique character. In recent years, the strength of the city's economy, the pace of change of development, supply and demand of commercial space, the influx of investment capital and speculative demand have had negative impacts on some local businesses.

Staff has been working diligently with the Province and BC Assessment through the Inter-governmental Working Group to identify targeted and time-limited tax relief options to support small businesses in neighborhoods that are experiencing strong redevelopment and rapid pace of change. Staff are confident that before Council's summer recess, the Inter-governmental Working Group would be able to put forward final policy tools in time for the 2020 tax year. As such, it is premature to effect a 2% tax shift at this time.

In addition to the Provincial Assessment and Taxation Reform initiative, Council adopted a motion to support small business, including: A review of existing City programs and policies that support/retain local small business; recommendations for policies and strategies the City can implement to create more optimal conditions for small businesses to succeed and thrive; and development of a recommended approach to establishing a small business advisory body or roundtable. Following this holistic approach identifies issues and opportunities for recommended actions, and ensures all the City's small business-related initiatives underway and contemplated on the near horizon are appropriately aligned and coordinated.

A Small Business Roundtable of key stakeholders and experts was organized for February 2019, to inform the prioritization of issues and provide input to a review of the current strategy for supporting small business, as well as to supplement existing communication/collaboration programs such as the BIA Liaison Committee and the BIA Engineering partnership program. There are over 20 initiatives across the City that support small businesses and are being coordinated as part of the Small Business Strategy, including:

- A comprehensive review and update of commercial renovation permit policies and processes to clarify and streamline tenant improvements and other commercial redevelopments;
- Providing individualized service for small business novice permit applicants at the Small Business Commercial Renovation Centre;
- A local retail study intended to inform development of policy and regulatory support for Vancouver's shopping districts;
- Recent launch of the updated BizMap tool that allows easy access to market data tailored to customized business districts;
- Employment Lands and Economy Study;
- Regulatory Redesign intended to simplify, enhance, clarify and streamline zoning and development and related by-laws; and
- Development of a small business portal on the City website that connects small business owners/operators to all relevant City services and requirements, as well as to outside agencies, organizations and resources.

REPORT

Background & Analysis

In December 2018, Council approved the 2019 Operating Budget of $1.5 billion of which $790.8 million is to be funded from general purpose tax levy.

Council also directed staff to explore a 2% tax shift from commercial to residential to support small business and retail; and to engage the Commission and report back by April 2019 regarding the opportunity and impact of such a shift.

I. 2019 Revised Roll

Below is a high level summary of the year-over-year assessment and taxation changes:

(i) The taxable assessment base has increased by $10 billion (2.4%).

(ii) The overall increase in general purpose tax levy for the City is $38.2 million (5.1%), which is comprised of the following:

2018 -		
Assessment appeals & other adjustments		($1.5M)
2019 -		
New construction, class transfers & other non-market changes	+	$8.0M
Tax increase	+	$31.7M
Increase in general purpose tax levy	+	$38.2M

(iii) New construction, class transfers and other non-market changes have shifted 0.2% of the overall tax levy from non-residential to residential property classes.

(iv) Four properties totaling $95.3 million in assessed value have converted from business (Class 6) to recreation (Class 8) (e.g. parks & gardens), resulting in overall City tax loss of ~$0.3 million.

(v) To-date, 122 property folios have been designated as Supportive Housing (Class 3), resulting in ~$3 million of forgone general purpose tax levy and payment-in-lieu of taxes. This represents additional subsidies beyond the City's land and capital contributions towards the development of supportive housing in Vancouver, as the forgone tax has to be borne by all taxpayers.

(vi) As part of the Ports Competitiveness Initiative that took effect in 2004, the Province has legislated municipal tax rate caps to eligible tenant-occupied port properties: $27.50 per $1,000 on existing properties and $22.50 per $1,000 on new investments. Seven folios are eligible under this provision, resulting in ~$0.8 million of forgone general purpose tax levy.

Please refer to Appendix C for further details on the year-over-year changes in the City's assessment base and tax levy.

II. Distribution of General Purpose Tax Levy

Consistent with Council policy of allocating the general purpose tax levy through a "tax share" approach, staff have calculated the tax share and tax rate for each property class based the *2019 Revised Roll*.

As summarized in Table 1 below, the resulting distribution of tax levy would be ~54.9% residential and ~45.1% non-residential.

Table 1: 2019 General Purpose Tax Distribution (No Tax Shift)

	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	$336,804,806,418	$309,974,757	$116	$265,218,000	$2,572,736,500	$81,186,314,547	$1,004,503,300	$147,264	$422,143,700,902
Base Tax Levy	$415,880,169	$7,374,040	-	$7,915,475	$8,432,833	$319,282,775	$1,015,686	$178	$759,901,154
Tax Increase	$17,108,870	$307,497	-	$330,075	$2,052,998	$11,612,743	$275,684	$11	$31,687,878
Final Tax Levy	$432,989,038	$7,681,538	-	$8,245,550	$10,485,831	$330,895,517	$1,291,369	$189	$791,589,033
Share of Tax Levy	*54.7%*	*1.0%*	-	*1.0%*	*1.3%*	*41.8%*	*0.2%*	*0.0%*	*100.0%*
UNAVERAGED TAX RATES	**1.28558**	**24.78117**	**-**	**31.08971**	**4.07575**	**4.07575**	**1.28558**	**1.28558**	

	Residential (Class 1, 3, 8 & 9)	Non-Residential (Class 2, 4, 5 & 6)
Taxable Value	80.0%	20.0%
Tax Levy Distribution	54.9%	45.1%

Note: $791.6M final general levy less $0.8M forgone on eligible port properties = $790.8M Council-approved tax levy

Table 2 below incorporates levies imposed by Other Taxing Authorities (Provincial School, TransLink, BC Assessment, Metro Vancouver, and Municipal Finance Authority) and the Additional School Tax commencing this year on high-valued residential properties (0.2% on property values between $3 million and $4 million and 0.4% over $4 million – all based on BC Assessment values, not averaged values).

Table 2: 2019 All-in Tax Distribution (No Tax Shift)

	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
General Purpose Tax Levy	$432,989,038	$7,681,538	-	$8,245,550	$10,485,831	$330,895,517	$1,291,369	$189	$791,589,033
Est. OTA Levies	*$387,538,489*	*$14,864,164*	-	*$1,637,086*	*$13,455,886*	*$409,400,441*	*$2,632,385*	*$521*	*$829,528,972*
Est. Additional School Tax	*$100,674,505*	-	-	-	-	-	-	-	*$100,674,505*
2019 Estimated Total Taxes	***$921,202,032***	***$22,545,702***	-	***$9,882,636***	***$23,941,717***	***$740,295,959***	***$3,923,754***	***$710***	***$1,721,792,509***
2018 Total Taxes	**$814,980,636**	**$22,302,154**	-	**$9,179,684**	**$19,102,971**	**$688,316,196**	**$3,639,408**	**$1,025**	**$1,557,522,073**
Year-over-year Increase	13.0%	1.1%	-	7.7%	25.3%	7.6%	7.8%	-30.7%	10.5%

	Residential (Class 1, 3, 8 & 9)	Non-Residential (Class 2, 4, 5 & 6)
	No Shift	
Tax Levy Distribution	**2019**	**2019**
General Purpose Tax Levy	54.9%	45.1%
All Tax Levies (incl. OTAs & AST)	53.7%	46.3%

Note: Total OTA levies presented above are estimates as Provincial School Tax has not been finalized.

Applying the *2019 Averaged Roll* will change the taxable values and tax rates for Classes 1, 5 & 6, but the overall tax levy and tax share across property classes will be the same. The final tax rates, including those levied by Other Taxing Authorities, and applicable rating by-laws and resolutions will be presented to Council for adoption in May 2019.

A summary of the property assessment & taxation framework, tax distribution approaches and mitigations is presented in Appendix A. The history of Council-directed tax shift between residential and commercial property classes is presented in Appendix B.

III. Commission-recommended Metrics to Guide Tax Distribution

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

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

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

Figures 1 & 2 below compare ***Business Tax Share*** and ***Business Tax Rate Ratio*** (business tax rate/residential tax rate) trends respectively. Over the last decade, Vancouver's business tax share and tax rate ratio has reduced substantially – the most improved among comparable Metro Vancouver municipalities.

Figure 1: Business (Class 6) Tax Share

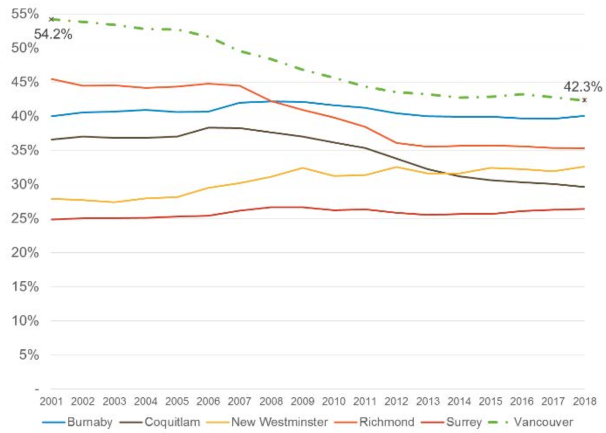
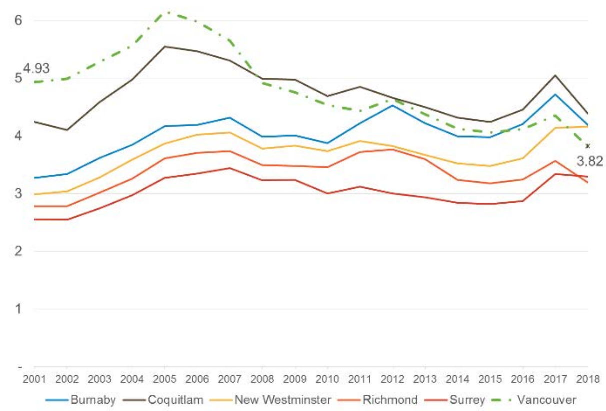


Figure 2: Business (Class 6) Tax Rate Ratio



It is important to note that the business tax rate ratio is impacted by market forces that are beyond Council's control. Assuming no Council-directed tax shift, if the value of residential property appreciates faster than commercial property, the tax rate ratio will naturally increase even though the business tax share remains the same. Conversely, if the value of commercial property appreciates faster than residential property, the tax rate ratio will naturally decrease. This explains the significant drop in the tax rate ratio to 3.17 in 2019 from 3.82 in 2018 with no Council intervention. As such, relying on just the tax rate ratio to gauge tax equity among property classes without considering other complementary metrics could be misleading.

Figures 3 & 4 below compare ***Business Tax Rate*** and ***Business Taxes per Capita*** trends. Over the last decade, Vancouver's business tax rate has reduced substantially – the lowest among comparable Metro Vancouver municipalities. Business taxes per capita have increased modestly relative to comparable Metro Vancouver municipalities.

Figure 3: Business (Class 6) Tax Rate

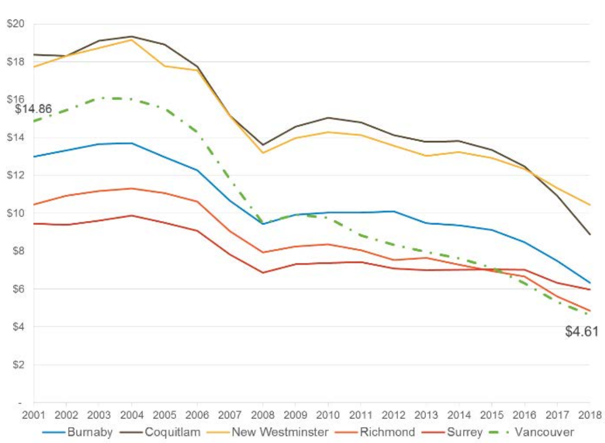
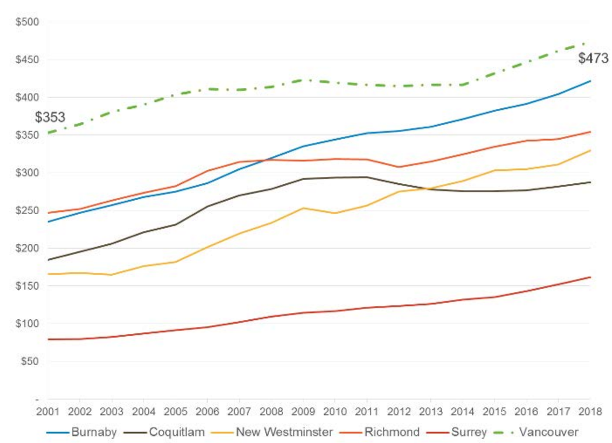


Figure 4: Business (Class 6) Taxes per Capita



Figures 5 & 6 below compare ***Commercial Building Permits*** and ***Business Property Market Assessment*** trends. Vancouver's permits and total taxable commercial property assessment has increased substantially – the highest among comparable Metro Vancouver municipalities. This indicates market demand for commercial space in Vancouver continues to be strong.

Figure 5: Commercial Building Permits ($M)

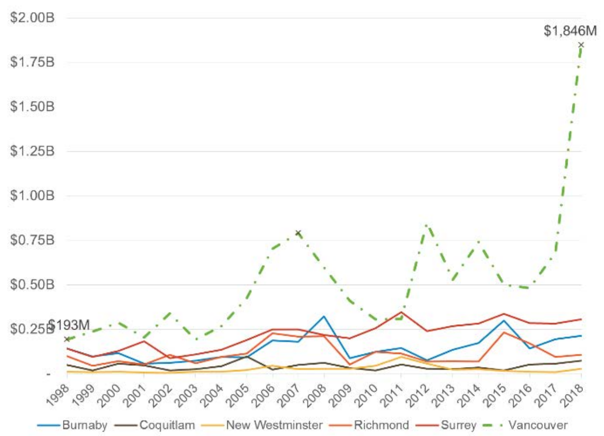
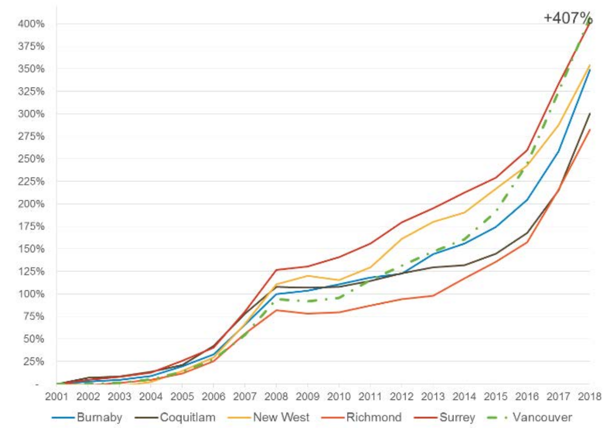


Figure 6: Business (Class 6) Assessment Growth



IV. Exploration of a 2% Tax Shift from Commercial to Residential & Implications

Over the last decade, Council twice engaged the Commission to review the impact of property tax on businesses.

- In 2007, the Commission recommended shifting $23.8 million in property taxes from non-residential to residential property classes at a rate of 1% of tax levy per year to achieve a target tax share 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 2013, Council reconvened the Commission to provide an updated assessment of the City's property tax policy. In its report to Council in February 2014, the Commission concluded there was no evidence of an increasing business tax differential between Vancouver and other Metro Vancouver municipalities, or business investment moving from Vancouver to neighboring municipalities. This suggested that the tax shift program was effective in bringing Vancouver's business tax share in line with its peers. As a result, the Commission recommended:
    - No change to the tax share for Classes 5 & 6; and
    - Use of metrics to help guide future tax distribution decisions. These metrics have been incorporated in the annual Budget Report and Tax Distribution Report.

In December 2018, the following motion was adopted in conjunction with the approval of the 2019 Budget:

THAT Council support the exploration of a shift of 2% of the fixed property tax levy from commercial to non-commercial with the goal of supporting small business and retail;

FURTHER THAT staff engage the Property Tax Policy Review Commission and report back by April, 2019 regarding the opportunity and impact of a 2% tax shift.

Incorporating the Council-directed property tax increase to generate a tax levy of $790.8 million and a potential 2% tax shift ($15.8 million) from non-residential properties (Classes 2, 4, 5 and 6) to residential properties (Classes 1, 8 and 9), residential property classes would expect an ~8% tax increase while non-residential property classes a ~0.4% tax reduction. As summarized in Table 3 below, the resulting distribution of tax levy would be 56.9% residential and 43.1% non-residential.

Table 3: 2019 Tax Distribution (2% Tax Shift)

	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	
Base Tax Levy	$415,880,169	$7,374,040	-	$7,915,475	$8,432,833	$319,282,775	$1,015,686	$178	$759,901,154
Tax Increase	$17,108,870	$307,497	-	$330,075	$2,052,998	$11,612,743	$275,684	$11	$31,687,878
Tax Levy Before Shift	$432,989,038	$7,681,538	-	$8,245,550	$10,485,831	$330,895,517	$1,291,369	$189	$791,589,033
Share of Tax Levy	*54.7%*	*1.0%*	-	*1.0%*	*1.3%*	*41.8%*	*0.2%*	*0.0%*	*100.0%*
2% Tax Shift	$15,784,703	($340,357)	-	($365,347)	($464,610)	($14,661,466)	$47,071	$7	$0
Tax Levy After Shift	$448,773,741	$7,341,181	-	$7,880,202	$10,021,220	$316,234,052	$1,338,440	$196	$791,589,033
Share of Tax Levy	*56.7%*	*0.9%*	-	*1.0%*	*1.3%*	*39.9%*	*0.2%*	*0.0%*	*100.0%*
UNAVERAGED TAX RATES	**1.33244**	**23.68316**	**-**	**29.71217**	**3.89516**	**3.89516**	**1.33244**	**1.33244**	

	Residential (Class 1, 3, 8 & 9)	Non-Residential (Class 2, 4, 5 & 6)
Taxable Value	80.0%	20.0%
Tax Levy Distribution	56.9%	43.1%

Note: $791.6M final general levy less $0.8M forgone on eligible port properties = $790.8M Council-approved tax levy

Table 4 below incorporates levies imposed by Other Taxing Authorities and the Additional School Tax commencing this year on high-valued residential properties.

Table 4: 2019 All-in Tax Distribution (2% Tax Shift)

	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	
General Purpose Tax Levy	$448,773,741	$7,341,181	-	$7,880,202	$10,021,220	$316,234,052	$1,338,440	$196	$791,589,033
Est. OTA Levies	*$387,538,489*	*$14,864,164*	-	*$1,637,086*	*$13,455,886*	*$409,400,441*	*$2,632,385*	*$521*	*$829,528,972*
Est. Additional School Tax	*$100,674,505*	-	-	-	-	-	-	-	*$100,674,505*
2019 Estimated Total Taxes	***$936,986,735***	***$22,205,345***	**-**	***$9,517,289***	***$23,477,106***	***$725,634,493***	***$3,970,825***	***$717***	***$1,721,792,509***
2018 Total Taxes	**$814,980,636**	**$22,302,154**	**-**	**$9,179,684**	**$19,102,971**	**$688,316,196**	**$3,639,408**	**$1,025**	**$1,557,522,073**
Year-over-year Increase	15.0%	-0.4%	-	3.7%	22.9%	5.4%	9.1%	-30.1%	10.5%

	Residential (Class 1, 3, 8 & 9)	Non-Residential (Class 2, 4, 5 & 6)
	2% Shift	
Tax Levy Distribution	**2019**	**2019**
General Purpose Tax Levy	56.9%	43.1%
All Tax Levies (incl. OTAs & AST)	54.6%	45.4%

Note: Total OTA levies presented above are estimates as Provincial School Tax has not been finalized.

Table 5 below summarizes the general purpose tax levy for a property valued at $1 million in Class 1 Residential and Class 6 Business & Other.

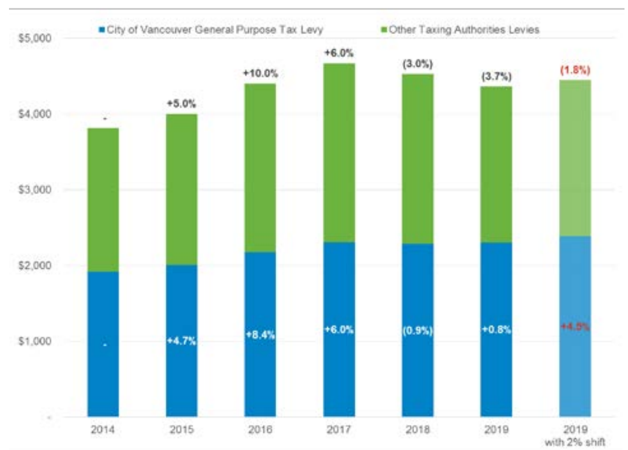
Table 5: 2019 Tax Impact - Residential vs. Non-residential

	Property valued @ $1 million	
	Residential (Class 1)	**Business (Class 6)**
General Purpose Tax Levy[1]		
Base	$1,234	$3,913
Tax Increase	$52	$163
	$1,286	**$4,076**
2% Tax Shift[2]	$46	($181)
Total[3]	**$1,332**	**$3,895**
Year-over-year Tax Increase	**+7.9%**	**-0.5%**

The following section presents 5-year property tax trending for sample residential and commercial properties, and the impact of a potential 2% tax shift and Additional School Tax on applicable properties.

Figure 7: Sample Residential Property w/ AST

Figure 8: Sample Single Family Home



[1] 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 these tax requisitions.

[2] 2% tax shift is equivalent to an additional ~4% tax increase for residential property classes and ~4% tax reduction for non-residential property classes. Incorporating the Council-directed tax increase for 2019, final tax increase is ~8% for residential property classes and ~0.4% tax reduction for non-residential property classes.

[3] 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 the impact that the City's targeted 5-year land assessment averaging program has on the value of a property for tax calculation purposes.

Figure 9: Sample Residential Strata

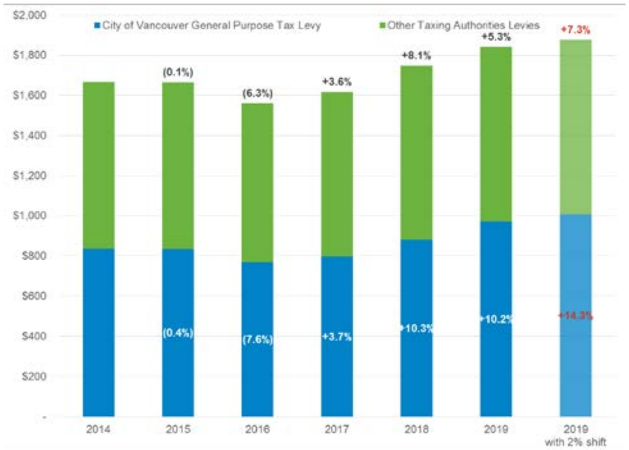


Figure 10: Sample Rental Apartment

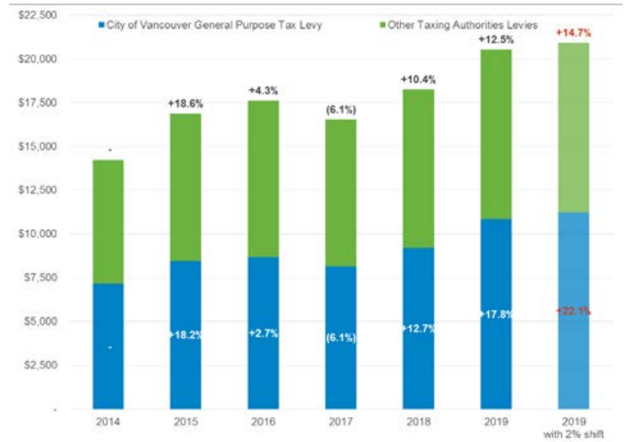


Figure 11: Sample Commercial Property

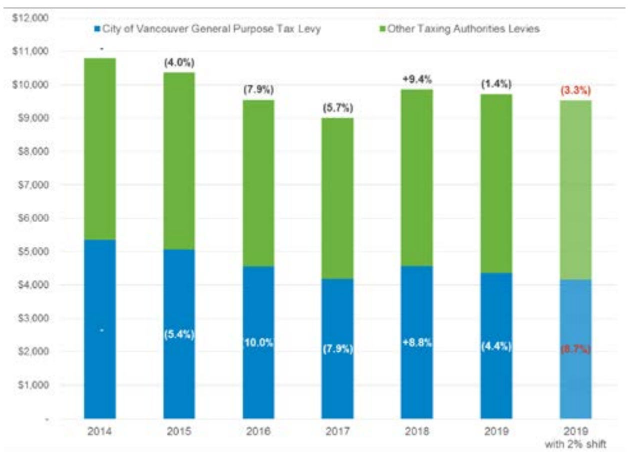


Figure 12: Sample AAA Office

Figure 13: Sample Under-developed Property #1

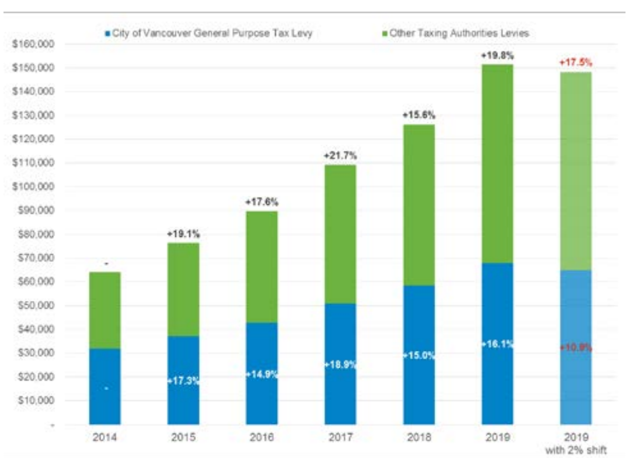


Figure 14: Sample Under-developed Property #2

As demonstrated above, a potential 2% tax shift could have significant impact on residential properties, particularly for those experiencing a higher than average increase in assessed value in 2019 (e.g. condos, rental building). As well, certain residential properties are subject to the

Additional School Tax and could see a significant increase in overall tax levy this year. On the other hand, certain AAA office buildings have been benefiting from lower taxes in recent years as the tax burden has been gradually shifted to under-developed properties with significant development potential. As such, a blanket 2% tax shift would provide further relief to properties which have been experiencing tax reductions, while offer very limited relief to those that are most impacted.

Staff has consulted the Commission Chair with regards to the following:

- Impact of the current property assessment and classification regime, particularly as it applies to under-developed property, on small business; and
- Efficacy of a blanket 2% tax shift from commercial to residential versus other policy tools under consideration in providing targeted and time-limited tax relief to impacted properties.

It is important to note that the affordability challenge arising from a variety of factors including real estate speculation is a regional issue impacting most Metro Vancouver municipalities, not just Vancouver. While there are a number of Provincial mitigations available for eligible residential properties (see below), those measures do not apply to commercial properties. Land assessment averaging is an optional tool available to Council under the *Vancouver Charter*. Despite the fact that other municipalities have similar authority under the *Community Charter,* Vancouver is the only municipality in British Columbia that uses targeted 5-year averaging to phase in significant property tax increases arising from assessment volatility at a city-wide level.

- For eligible residential properties, this program complements other provincial measures such as s19(8) of the *Assessment Act*, Property Tax Deferment and the Home Owner Grant in alleviating significant year-over-year tax increases.
- For light industrial and business properties, this program is the key mitigating measure that provides businesses with short-term, multi-year relief to enable market adjustments and/or lease renegotiations.

Given the limited authority and policy tools available to municipalities to address property assessment and taxation issues, Council submitted a written request to the Province in February 2018 to initiate an Inter-governmental Working Group to i) clarify and address assessment and classification issues relating to development potential, and ii) identify viable policy options (e.g. split tax bill, tax deferral) to support small business. The City also received written support from Metro Vancouver and the Union of BC Municipalities in Q3 2018.

In November 2018, the Inter-governmental Working Group commenced with participation of Provincial staff from the Ministry of Municipal Affairs & Housing the Ministry of Finance, BC Assessment, Vancouver, and six other Metro Vancouver municipalities (Burnaby, Coquitlam, North Vancouver, West Vancouver, Richmond and Surrey) to identify targeted and time-limited tax relief options to support small businesses residing in properties that are impacted by assessment volatility arising from development potential in a highly speculative real estate market.

BC Assessment estimated that approximately 3,000 (~21%) commercial properties in Vancouver are deemed under-developed with their assessed values reflecting a higher and better use relative to their existing use. Based on the analysis to-date, the Inter-governmental Working Group strongly supports splitting the “development potential” value from the “existing use” value for under-developed property (“Split Assessment”), and creating a commercial sub-class to capture the “development potential” value. With the new sub-class, Council could define eligible properties for “Split Assessment”, set a lower tax rate (compared to commercial) for the development potential, and limit the duration of such tax relief. This, together with other potential policy tools (split tax bill, tax deferment etc.), are being considered by the Province.

With support from the Province, “Split Assessment” could provide the most targeted and time-limited tax relief to small businesses currently residing in under-developed property in neighborhoods that are experiencing significant pace of change. This is intended to provide temporary tax relief to those impacted properties, not all commercial properties. Staff hope to report back before Council’s summer recess on final policy options that could be implemented in time for the 2020 tax year.

Based on the analysis performed to-date and confirmed with the Commission Chair, a blanket 2% tax shift from commercial to residential does not effectively target the properties impacted by assessment volatility arising from development potential. Instead, it reduces property tax for all commercial properties without considering whether or not they need any tax relief.

As such, a tax shift is not recommended at this time given i) the ongoing work through the Inter-governmental Working Group on “Split Assessment” (through a commercial sub-class) and other viable policy options to provide targeted and time-limited tax relief to property impacted by assessment volatility arising from development potential; ii) the positive trending of the Commission-recommended metrics; and iii) the significant year-over-year impact of the 2% tax shift on residential properties coupled with the Additional School Tax on applicable properties commencing this year.

Financial Implications

In December 2018, Council approved the 2019 Operating Budget of $1.5 billion, of which $790.8 million is to be funded from general purpose tax levy.

Consistent with prior years, the final property tax increase has been adjusted based on the *2019 Revised Roll* to generate the Council-approved tax levy – from the earlier estimate of 4.5% (December 2018) to 4.17% (April 2019). Any forgone taxes from exempt properties and supportive housing (Class 3) are borne by non-exempt properties.

Subject to Council approval, the tax share for residential and non-residential property classes would be ~54.9%/~45.1%.

CONCLUSION

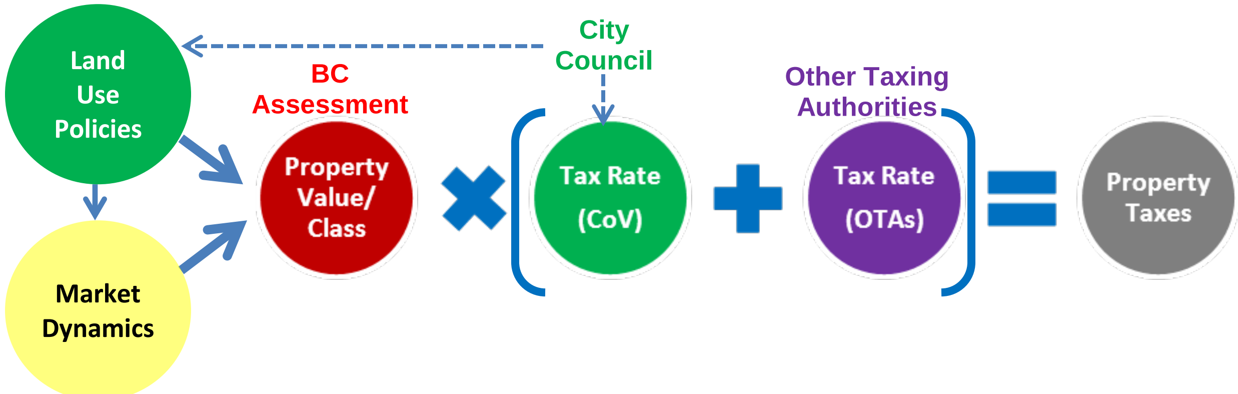
Based on the analysis performed to-date and confirmed with the Commission Chair, a blanket 2% tax shift from commercial to residential does not effectively target the ~21% of commercial properties impacted by assessment volatility arising from development potential. Instead, it reduces property tax for all commercial properties without considering whether or not they need any tax relief.

As such, it is recommended that Council approve the tax share for residential and non-residential property classes at ~54.9%/~45.1% with no tax shift at this time given i) the ongoing work through the Inter-governmental Working Group on “Split Assessment” (through a commercial sub-class) and other viable policy options to provide targeted and time-limited tax relief to property impacted by assessment volatility arising from development potential; ii) the positive trending of the Commission-recommended metrics; and iii) the significant year-over-year impact of the 2% tax shift on residential properties coupled with the Additional School Tax on applicable properties commencing this year.

* * * * *

PROPERTY ASSESSMENT & TAXATION FRAMEWORK

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



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") - Provincial schools, Translink, BC Assessment, Metro Vancouver and Municipal Finance Authority – 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. If averaging is applied, the overall tax rates (City and OTAs) for the impacted property classes will be adjusted to ensure revenue neutrality. 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. OTAs accounts for ~50% of the overall tax rate.

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 Commission 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 Commission:

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 Commission and was not recommended due largely to the reasons cited above.

TAX RATE CALCULATION

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. s374.2 (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.

IMPACT OF ASSESSMENT CHANGES ON PROPERTY TAXES

While the Council-directed property tax increase applies to the overall tax levy, the extent of change, year over year, in an individual property's tax is determined primarily by how that property's assessed value has changed relative to the average change within its 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.

Properties with a higher increase in value relative to the average change of the class could experience a much higher increase in property tax beyond the Council-directed increase, while properties with a lower increase in value could experience no change or a reduction in property tax. 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, pay higher taxes. This applies to both residential and non-residential property classes.

MITIGATION

Land assessment averaging is an optional tool available to Council under the *Vancouver Charter*. 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. To date, Vancouver is the only municipality in BC that uses averaging to phase in significant property tax increases arising from assessment volatility at a city-wide level.

- For eligible residential properties, this program complements other provincial measures such as s19(8) of the *Assessment Act*, Property Tax Deferment and the Home Owner Grant in alleviating significant year-over-year tax increases.

- For light industrial and business properties, this program is the only mitigation that provides businesses with short-term, multi-year relief to enable market adjustments and/or lease renegotiations.

Land assessment averaging - In 2013, Council reconvened the Commission to provide an updated assessment of the tax share and assessment volatility issues, and recommend further actions as appropriate for Council's consideration. In its report to Council in February 2014, the Commission remained concerned about "hot" spots in the commercial sector, assessment volatility and resulting tax impact on businesses, particularly those that rent space under triple-net leases which could be hard hit by assessment spikes with no ability of sharing any upside in property values upon redevelopment. The Commission defines "hot" spots as properties that experience an unanticipated, year-over-year increase in total assessed value before land averaging is applied, which exceeds the average increase for the property class by more than 10%. "Hot" spots may result from a number of different factors, including rezoning, speculation, market trends, infrastructure development (e.g. rapid transit), and assessment changes initiated by BC Assessment.

In determining which mitigation tool is the most appropriate, the Commission sets out the following guiding principles:

i) targeted
   - "hot" properties only, not all properties
   - unanticipated increases only, not owner-induced increases (rezoning, improvement upgrades)

ii) tailored mitigation to intensity of volatility

iii) time-limited to allow tenants time to react (re-negotiate, relocate)

iv) easy to understand

v) straightforward to administer

vi) minimize unintended consequences

vii) maintain market assessment as much as possible

viii) not to unduly defer redevelopment to highest and best use

The Commission concluded that *targeted 5-year land assessment averaging* best meets the above guiding principles. *Targeted averaging* applies to only "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 until such time as the property is no longer "hot". Properties below the "threshold" will be left untouched and pay taxes based on their BC Assessment values.

On February 20, 2015, the Province confirmed that, under s374.4 of the *Vancouver Charter*, the City has the authority to use a "threshold" to define eligibility for *targeted averaging*. With this authority, the value of the target properties would be reduced through averaging, thereby reducing the level of tax increases. Depending on how the land values of individual target properties have changed over the recent years, the impact of averaging will likely differ for each target property. For eligible "hot" properties, targeted averaging should reduce their values for property tax calculation; under limited circumstances where averaging would increase their values (e.g. properties that experienced significant shift in value between land and improvement), property tax will be calculated based on the assessed values provided by BC Assessment.

To ensure *targeted averaging* would not over mitigate a "hot" property, the City also has authority to limit the impact of averaging up to the "threshold" (10% above class average change). Without such limit, averaging could reduce the value of a target property below the "threshold". As a result, some target properties could have an undue advantage over those properties that are not eligible for *targeted averaging*. As well, a "hot" property is defined as having a year-over-year increase in property value (difference between the current year's BC Assessment value and the preceding year's averaged value) above the "threshold". If *targeted averaging* keeps reducing the value of a "hot" property below the "threshold", the year-over-year increase would be arbitrarily higher. As a result, a "hot" property could stay in the *targeted averaging* program for longer than required, and a higher subsidy is necessary from other properties.

"Brighouse Solution" - In May 2011, the Province enacted 2011 Municipalities Enabling & Validating Act (MEVA) (No. 4) in response to the City of Richmond's request for specific authority to provide targeted, transitional tax relief to eligible light industrial and business

properties in the Brighouse neighborhood. The program did not apply to other areas in Richmond or other municipalities in BC. The intent of that policy was to address the high vacancies and job loss arising from volatility in assessments and property taxes in the area, which were triggered by amendments to Richmond's Official Community Plan (adopted in mid-2009) allowing higher density residential development in and around that neighborhood. In addition to exempting municipal taxes under the Revitalization Tax Exemption provision, the 2011 MEVA (No. 4) enables partial exemption of the provincial school tax. The program ran from 2012 to 2016, starting with only 39 eligible properties in 2012 and reduced to 29 properties by 2016 when the program terminated.

Year	
1994	▪ Shifted $3.0 million from Class 6 to Class 1
1995	▪ Shifted $3.0 million from non-residential classes to Class 1
1996	▪ No shift
1997	▪ Shifted $2.9 million from non-residential classes to Class 1
1998	▪ No shift
1999	▪ No shift
2000	▪ Shifted $3.7 million from non-residential classes to residential classes
2001	▪ No shift
2002	▪ No shift
2003	▪ Shifted $2.1 million from non-residential classes to residential classes
2004	▪ No shift
2005	▪ No shift
2006	▪ Shifted $4.8 million from non-residential classes to residential classes
2007	▪ Allocated the entire 3.98% tax increase to residential classes, which is equivalent to a shift of $10 million
2008	▪ Shifted $5.2 million from non-residential classes to residential classes
2009	▪ Shifted $5.5 million from non-residential classes to residential classes
2010	▪ Shifted $5.7 million from non-residential classes to residential classes
2011	▪ Shifted $5.8 million from non-residential classes to residential classes
2012	▪ Shifted $1.6 million from non-residential classes to residential classes
2013	▪ No shift
2014	▪ No shift
2015	▪ No shift
2016	▪ No shift
2017	▪ No shift
2018	▪ No shift
2019	▪ *No shift (subject to Council approval on April 24, 2019)*

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

IMPACT OF ASSESSMENT CHANGES ON TAX DISTRIBUTION

	Residential Class 1	Utilities Class 2	Supportive Housing Class 3	Major Industry Class 4	Light Industry Class 5	Business & Other Class 6	Recreational & Non-profit Class 8	Farm Class 9	Total
ASSESSMENT BASE									
2018 Revised Roll	339,880,080,731	273,801,773	112	224,965,000	1,990,436,900	68,780,766,776	914,422,600	208,248	412,064,682,140
2018 Adjustments	(652,605,398)	(749,200)	0	0	(92,273,800)	(48,319,600)	(18,014,800)	0	(811,962,798)
2018 Supplementary Roll	339,227,475,333	273,052,573	112	224,965,000	1,898,163,100	68,732,447,176	896,407,800	208,248	411,252,719,342
Share of Assessment Base	*82.49%*	*0.07%*	*0.00%*	*0.05%*	*0.46%*	*16.71%*	*0.22%*	*0.00%*	*100.00%*
2019 Market Change	(7,151,408,621)	31,065,454	0	33,227,000	773,288,300	11,890,946,121	175,195,700	1	5,752,313,955
	332,076,066,712	304,118,027	112	258,192,000	2,671,451,400	80,623,393,297	1,071,603,500	208,249	417,005,033,297
Share of Assessment Base	*79.63%*	*0.07%*	*0.00%*	*0.06%*	*0.64%*	*19.33%*	*0.26%*	*0.00%*	*100.00%*
2019 Non-market Change									
Class Transfers	239,771,198	7,513,000	2	0	(117,894,200)	106,764,601	(2,921,800)	(60,985)	233,171,816
Other	2,052,547,608	19,800	2	0	(3,745,400)	132,318,800	(61,710,500)	0	2,119,430,310
New Construction	2,436,420,900	(1,676,070)	0	7,026,000	22,924,700	323,837,849	(2,467,900)	0	2,786,065,479
	4,728,739,706	5,856,730	4	7,026,000	(98,714,900)	562,921,250	(67,100,200)	(60,985)	5,138,667,605
2019 Assessment Base for Tax Rate Calculation	**336,804,806,418**	**309,974,757**	**116**	**265,218,000**	**2,572,736,500**	**81,186,314,547**	**1,004,503,300**	**147,264**	**422,143,700,902**
Share of Assessment Base	*79.78%*	*0.07%*	*0.00%*	*0.06%*	*0.61%*	*19.23%*	*0.24%*	*0.00%*	*100.00%*
GENERAL PURPOSE TAX LEVY									
2018 Opening Tax Levy	410,830,048	7,254,564	0	7,705,782	9,182,065	317,291,867	1,105,308	252	753,369,886
2018 Roll Adjustments	(788,837)	(19,851)	0	0	(425,667)	(222,903)	(21,775)	0	(1,479,033)
2018 Adjusted Tax Levy	410,041,211	7,234,714	0	7,705,782	8,756,397	317,068,965	1,083,533	252	751,890,853
Share of Tax Levy	*54.53%*	*0.96%*	*0.00%*	*1.02%*	*1.16%*	*42.17%*	*0.14%*	*0.00%*	*100.00%*
2019 Non-market Change	2,830,512	179,199	0	0	(398,706)	940,247	(65,352)	(74)	3,485,826
2019 New Construction	3,008,446	(39,872)	0	209,692	75,142	1,273,563	(2,495)	0	4,524,475
	5,838,958	139,327	0	209,692	(323,565)	2,213,810	(67,847)	(74)	8,010,301
2019 Base Tax Levy (before tax increase)	**415,880,169**	**7,374,040**	**0**	**7,915,475**	**8,432,833**	**319,282,775**	**1,015,686**	**178**	**759,901,154**
Share of Tax Levy	*54.73%*	*0.97%*	*0.00%*	*1.04%*	*1.11%*	*42.02%*	*0.13%*	*0.00%*	*100.00%*
2019 Tax Increase	17,108,870	307,497	0	330,075	2,052,998	11,612,743	275,684	11	31,687,878
2019 Final Tax Levy (after tax increase)	**432,989,038**	**7,681,538**	**0**	**8,245,550**	**10,485,831**	**330,895,517**	**1,291,369**	**189**	**791,589,033**
Share of Tax Levy	*54.70%*	*0.97%*	*0.00%*	*1.04%*	*1.32%*	*41.80%*	*0.16%*	*0.00%*	*100.00%*

Note: Total tax levy $791.6M – Forgone taxes on eligible Port properties $0.8M = Council-approved tax levy $790.8M