

COUNCIL MEMBERS' MOTION

2. Asking for a Change to the *Vancouver Charter* to Allow the City to Levy a Progressive Property Tax

Submitted by: Councillor Swanson

WHEREAS

1. A progressive tax imposes a lower tax rate on people who are less able to pay and a higher rate on those who are most able to pay;
2. British Columbia's provincial income tax is progressive: designated by income those with a higher income;
3. Canada's federal income tax is progressive, as it is determined by income bracket, with lower income-earners paying a smaller percentage of their earnings than higher income earners;
4. British Columbia introduced an additional school tax in 2018 that is a progressive property tax. Properties valued under \$3 million do not pay this tax; valuations between \$3 million and \$4 million pay 0.2% tax and those valued at \$4 million and above pay a 0.4% tax;
5. Vancouver's city property tax is currently regressive, as it imposes the same rate on all properties regardless of the assessed value;
6. Vancouver needs a fair way to raise additional funds that does not put an undue burden on most people but can raise the money from those with enough wealth to be able to pay for needed public services, combat climate change, reduce homelessness, support affordable housing;
7. A recent staff report to Vancouver City Council itemized over \$200M in costs downloaded on the city by provincial and federal governments <https://vancouver.ca/files/cov/12-03-2021-council-memo-city-funds-allocated-to-downloaded-services.pdf>;
8. The 2016 Statistics Canada Financial Security Survey shows that share of land wealth and total net worth in BC increase together, with the richest households holding by far the most land wealth and the poorest households holding the least. Progressive property taxation, rather than a flat rate taxation, would reduce wealth inequality <https://www.policynote.ca/land-wealth-is-a-massive-source-of-inequality-in-bc/>;
9. A provincial program provides a low income grant supplement for senior home owners earning less than \$32,000 a year <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/home-owner-grant/senior/low-income/>;

10. BC homeowners who are 55 years or older, a surviving spouse, or eligible persons with disabilities can also apply to defer their property taxes. Deferment is also available for homeowners who financially support a dependent child. <https://news.gov.bc.ca/releases/2018FIN0023-000951>;
11. Extra money from a progressive tax could be used to build housing and reduce homelessness; and
12. For example, if there were an additional surtax of 1% on the value of residential properties assessed at over \$5 million and 2% on the value over \$10 million, the City could have collected approximately \$225,000,000 from 4,806 properties in 2021; Modular housing costs approximately \$300,000-\$500,000 per 320 square foot unit which would mean 450-750 new homes could be built per year.

THEREFORE BE IT RESOLVED

- A. THAT Council request the Mayor, on behalf of City Council, to urge the Province to amend the *Vancouver Charter* to permit Council to impose different rates of property tax based on the value of the property.
- B. THAT Council direct staff to investigate options for the legal and financial structure of a Vancouver progressive property tax and how it could help to end homelessness, and report back by Q4 2022.

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