



Pilot Development Potential Relief Program Stakeholder Feedback & Considerations for 2024

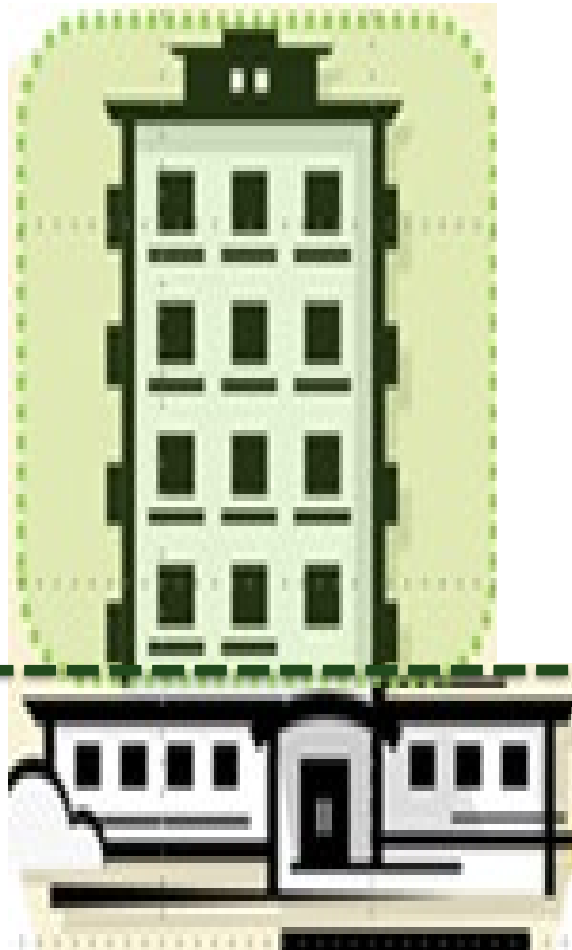
Standing Committee on City Services and Finance
October 18, 2023



- A. Continuation of Pilot DPRP to 2024 with refinements:
 - extend declaration process from ~2 weeks to ~6 weeks (by Feb 29, 2024)
 - clarify eligibility criteria; establish threshold for “primary use”
 - confirm BC Assessment use codes through declaration
 - extend “in-use” requirement from 1 day (Oct 31) to 3 months (Oct 1 to Dec 31)
 - do not exclude storage, warehouse, office and auto service uses if qualifying arts, culture, NPO & independent auto service occupancy $\geq 50\%$ of floor area
- B. Staff analysis & recommendations for Council consideration in March 2024
- C. Seek VC amendments to apply DPRP to taxes levied by other taxing authorities (same as Land Assessment Averaging)

2023 Pilot DPRP – Recap

How Does Development Potential Relief Work?



**“Imputed”
Development
Potential** =
Assessed Value
(Highest & Best Use
“HBU”) *minus*
Current Use Value

Current Use Value =
“Income Approach”
value from BCA, if
available

1 Portion of
“Imputed” Dev Potential
subject to DPRP tax rate
(*up to \$5.4M in 2023*)

2 **“50% Discount”** from
Blended Class 5/6 Tax Rate

**Apply DPRP
Tax Rate**

Apply Blended Class 5/6 Tax Rate



- Has land & improvement in Class 5 (Light Industry) and/or 6 (Business)
- In use (not vacant) as of Oct 31 of the preceding year
- Class 5/6 land value \geq 95% of total Class 5/6 assessed value



- Most split-class properties (except with Class 1 - Residential)
- Exempt from municipal taxation, in whole or in part
- Benefits from land assessment averaging

2023: ~3,420 properties “screened in” under Provincial criteria

To target relief for independent businesses & community partners,
2023 Pilot DPRP excluded the following uses

~1,720 properties

senior government agencies
big box stores, international/national chains
banks & financial institutions
gas stations, parking lots
car dealerships & auto service
self-storage & warehouses
hotels, office use, strata properties
development presentation centres, billboards

~295 properties

Little or no development potential value
*(Imputed development potential (HBU
minus current use) < 5% of land value)*

~50 properties

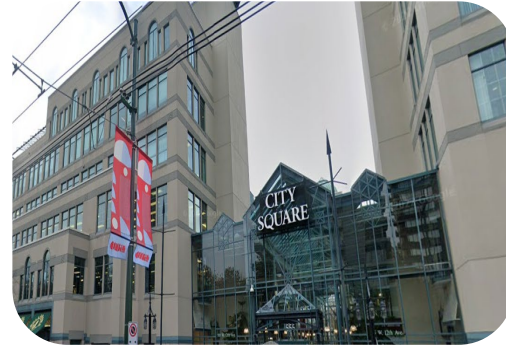
Property owners seeking additional
density or change in use

2023: 1,361 properties eligible under City criteria subject to declaration

2023 Pilot DPRP – Sample Ineligible Properties



Senior Gov't/Agencies
(Cambie)



Office/Shopping Centres
(Fairview)



Hotels
(West End)



Office Primary
(Downtown)

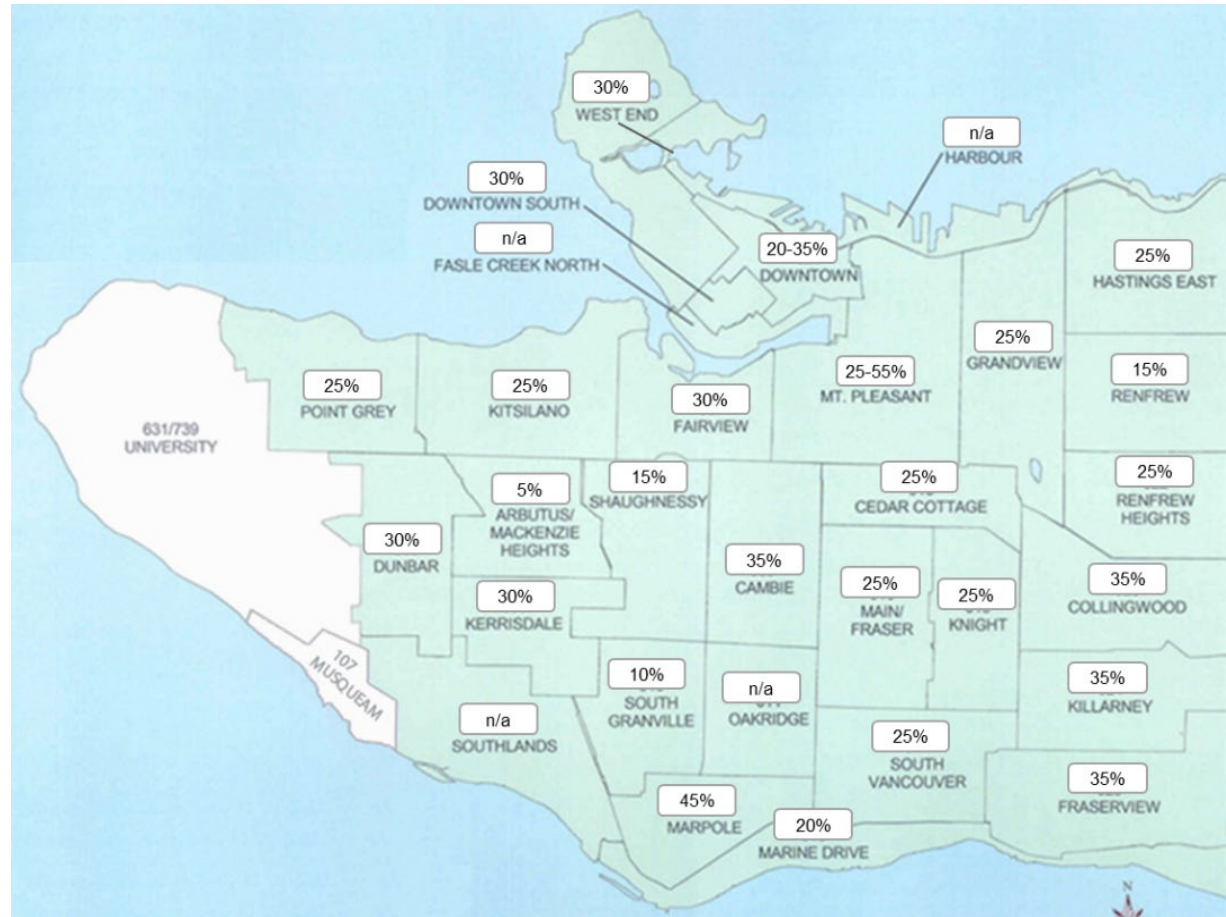


Big Box Stores
(Mt Pleasant)



Banks
(Pt Grey)

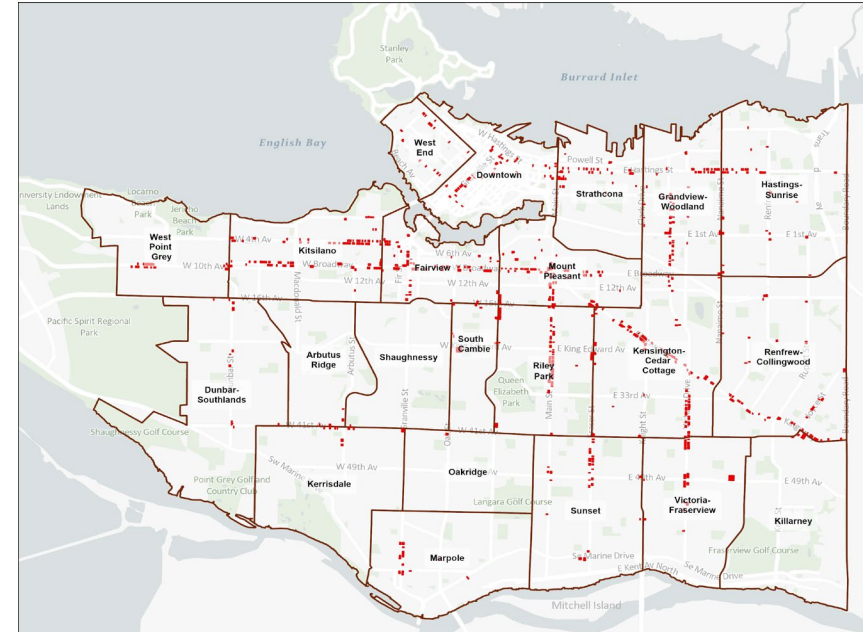
2023 Pilot DPRP – % Land Value Subject to DPRP Tax Rate



Due to assessment data limitations, tax relief was set by neighborhood/zoning district based on median “imputed” development potential value

2023 Pilot DPRP – Implementation Results

- 1,017 (out of 1,361) properties (75%) completed declaration and received tax relief in 2023
 - ~70 within Broadway Subway construction zone
- Total development potential relief ~\$3.4M
 - Blended Class 5/6 tax rate increased by 0.8%



City of Vancouver was the 1st & only municipality to implement DPRP in 2023
Thousands of businesses & community partners have benefitted

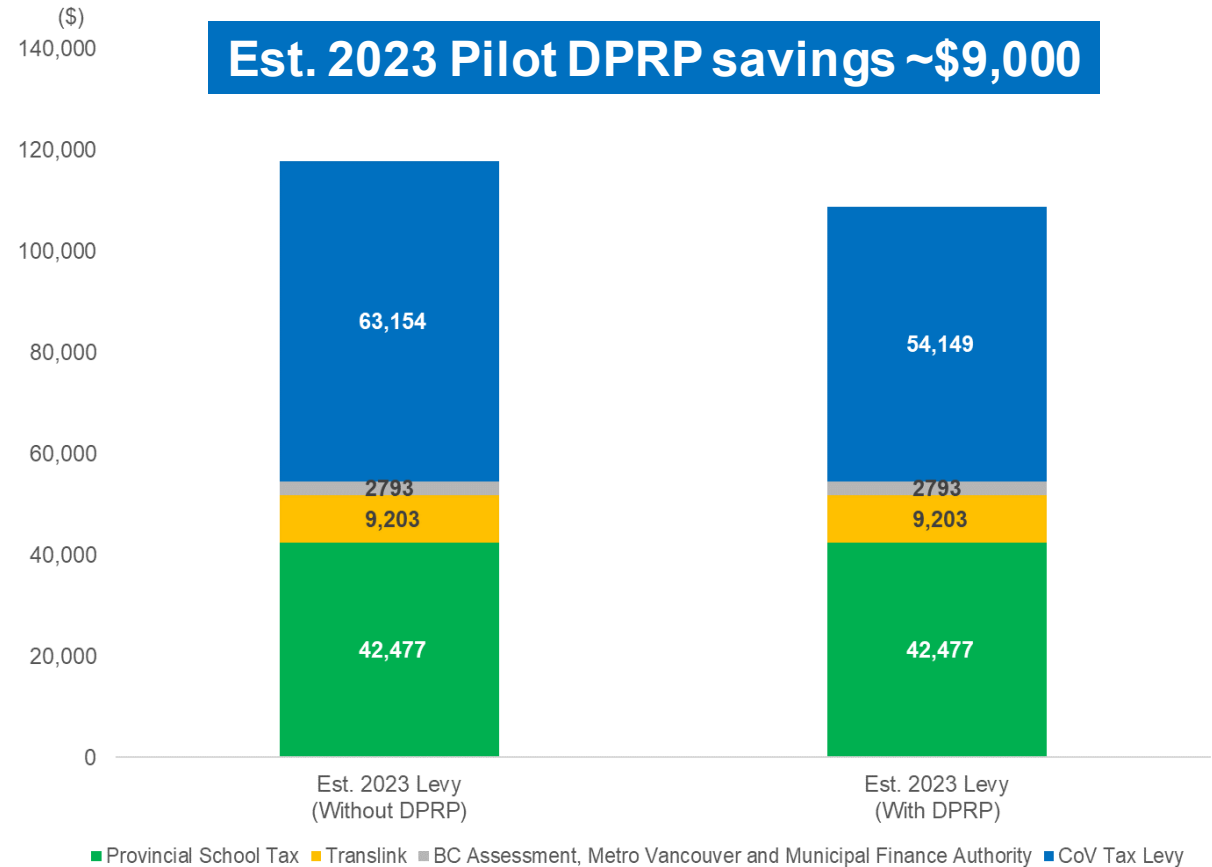
2023 Pilot DPRP – Lessons Learned

DPRP Limited to Municipal General Purpose Tax Only



Mt Pleasant

Artist, Production & Music Studios



**Relief more impactful if applicable to all property taxes
(incl. Provincial School, TransLink, Metro Vancouver, BC Assessment)**

BC Assessment Use Codes May Not Reflect Actual Use



Mt Pleasant
Recording Studio
Use Code: Office Primary



Mt Pleasant
Exhibition/Performance Space
Use Code: Storage & Warehousing

Arts & culture uses in “storage & warehousing” & “office primary” excluded

Multiple Tenants & Mixed Eligibility



Eligibility criteria & “primary use” not well defined for mixed use properties

Stakeholder Engagement

- Targeted Workshop (facilitated by Engage Delaney)
 - 19 participants
- Targeted Survey
 - 242 respondents initiated survey; 117 partially completed; 73 fully completed
- Survey and workshop topics included:
 - Eligibility criteria, incl. excluded uses and occupancy requirements
 - Level of relief
 - Tenant notifications
 - What worked and what could be improved

Who was Consulted

- Vancouver BIAs
- Greater Vancouver Board of Trade
- Canadian Federation of Independent Business
- Building Owners & Manager Association
- Arts & Culture organizations & NPOs

What We Heard

- City eligibility criteria/exclusions too broad
- Some arts, culture & NPO tenants in ineligible properties got excluded
- DPRP should apply to all taxes, not just City taxes
- In-use requirement should be > 1 day (Oct 31)
- Concern re tax shift impact on ineligible properties

Considerations for 2024

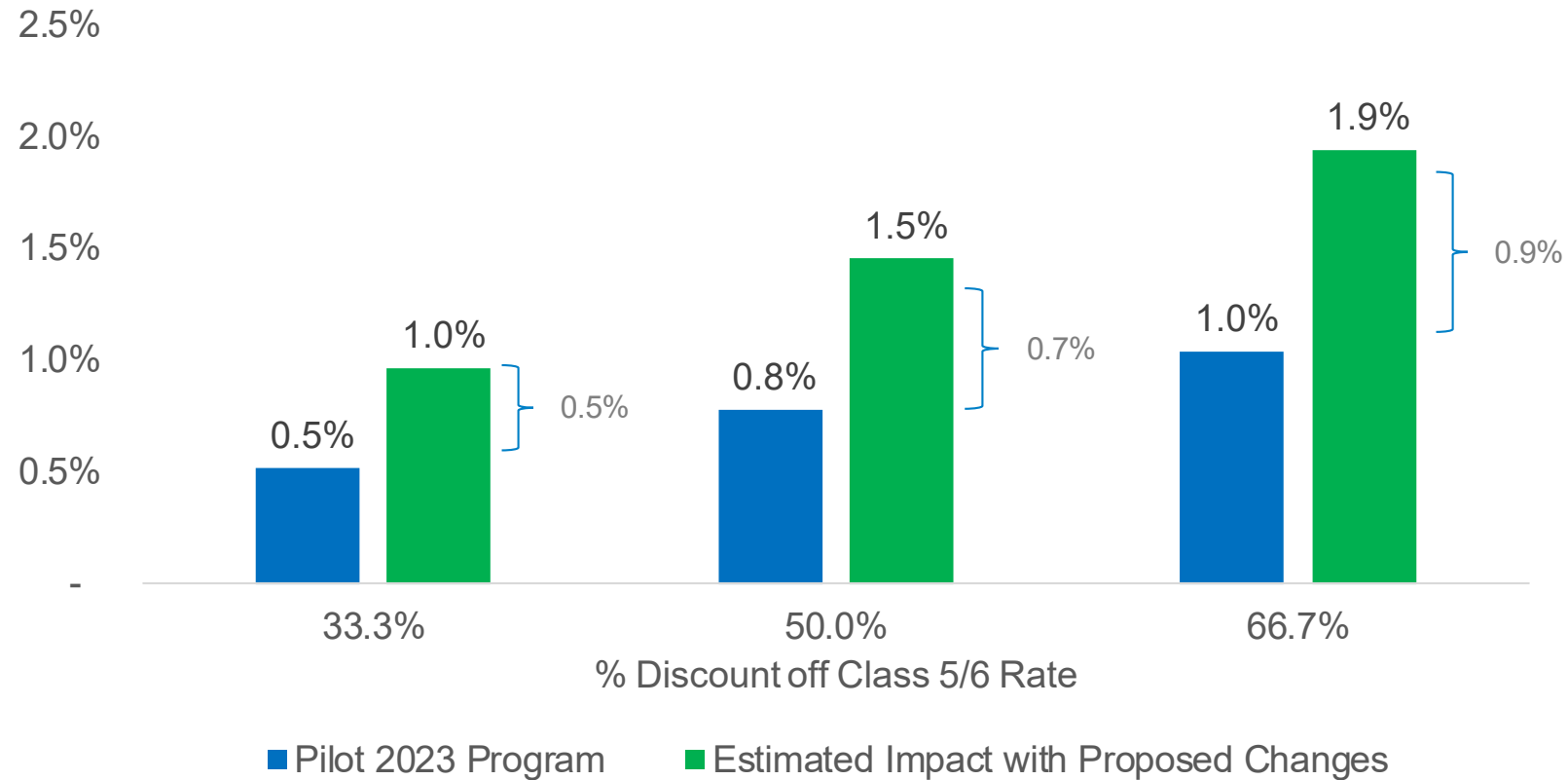
Considerations for 2024

	2023	2024
Property use	Based primarily on BCA use codes	Validate property use information through declaration
City criteria & exclusions	Primary use not defined	Primary use defined as uses covering $\geq 50\%$ floor area
	Storage & warehousing, office primary, auto service uses excluded	Same, unless $\geq 50\%$ floor area occupied by qualifying arts, culture & NPOs and independent auto services
	In-use on Oct 31 (legislative req'n)	$\geq 50\%$ floor area in-use Oct 1 to Dec 31 of preceding year
Declaration submission	Up to 2 weeks	Up to 6 weeks
Tax Relief	City taxes only, OTA excluded (legislative req'n)	Seek <i>Vancouver Charter</i> amendments to apply relief to both City & OTA taxes (<i>same as Averaging</i>)

Partner w/ BIAs, CFIB & BOMA to broaden communication & increase awareness

Est. DPRP Tax Rate Impact from Proposed Refinements

Impact on Blended
Class 5/6 Tax Rate



*Estimates based on 2023 assessment roll.

2024 rate impact will depend on 2024 Assessment Roll, Council-directed 2024 tax increase, and 2024 Targeted Land Assessment Averaging program.

Averaging: 1/3 tax relief went to top 10 properties

Est. City *tax savings* for eligible light industry / business properties

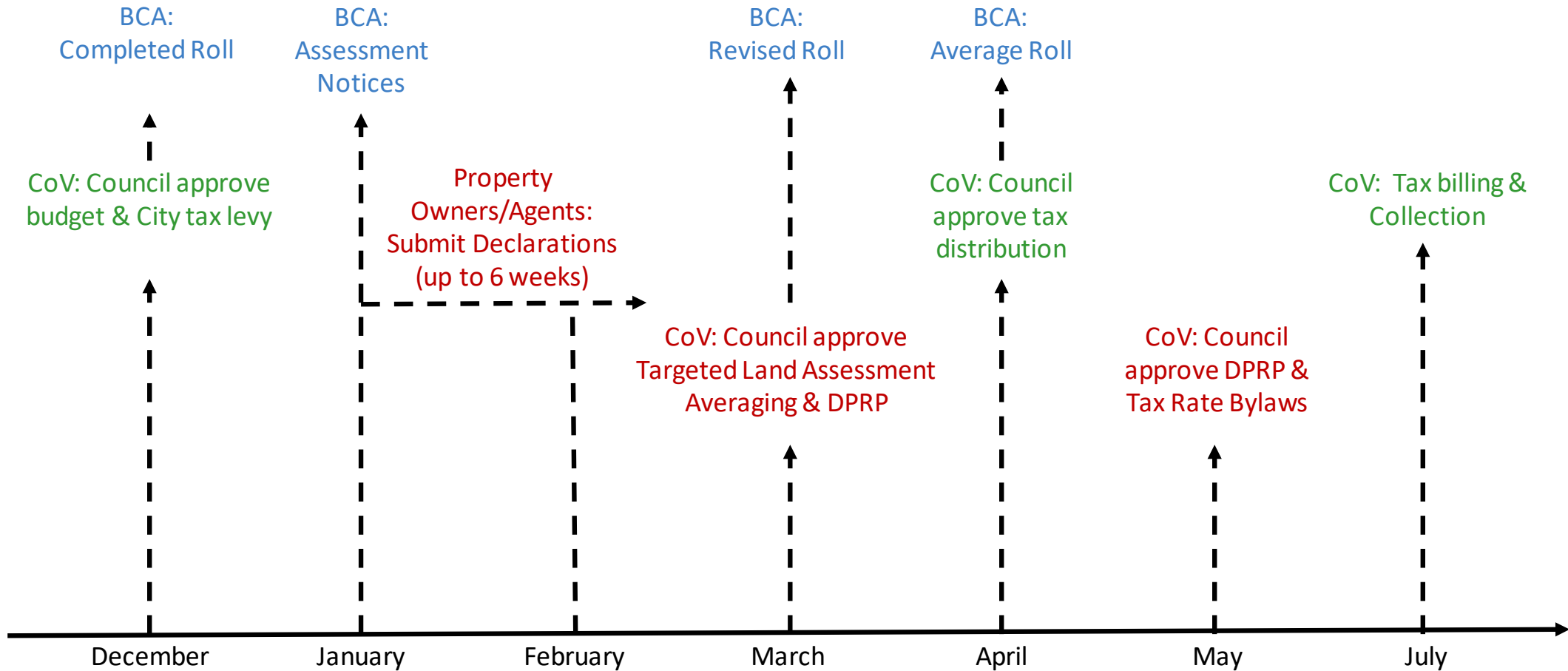
	DPRP	Targeted Averaging
Average City Tax Savings	~ (\$3,100)	~ (\$1,800)
Median City Tax Savings	~ (\$2,200)	~ (\$100)

Est. City *tax impact* for ineligible light industry / business properties

	DPRP	Targeted Averaging
Average City Tax Impact	~\$360	~\$560
Median City Tax Impact	~\$50	~\$70

To limit tax rate impact, consider capping Averaging savings (similar to DPRP)

2024 Property Taxation – Council Decisions



Questions?