



COUNCIL REPORT

Report Date: November 25, 2024
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Meeting Date: December 10, 2024
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2025 Land Assessment Averaging: Notice to BC Assessment Authority

Recommendations

- A. THAT, pursuant to s. 374.4 (4)(b) of the *Vancouver Charter*, the City Clerk be instructed to notify the BC Assessment Authority (“BC Assessment”), before January 1, 2025, of Council’s intent to consider the adoption of land assessment averaging for the purpose of property tax calculations for 2025.
- B. THAT the Director of Finance be instructed to provide the required notice to the public in advance of Council’s consideration of the use of land assessment averaging and, before March 31, 2025, report on the projected taxation impacts of the program based on the assessed values provided by BC Assessment in the *2025 Completed Roll*.
- C. THAT the Area Assessor for Vancouver be invited to address Council on the 2025 assessment trends.

Purpose and Executive Summary

Staff recommend that Council notify BC Assessment of its intent to consider the adoption of land assessment averaging for the purpose of property tax calculations for 2025. Averaging is an optional tool available to Council under the *Vancouver Charter* to phase in significant property tax increases arising from assessment volatility at a city-wide level. This program is revenue neutral to the City as the total municipal general purpose tax levy collected from each property class is the same with or without averaging.

This notice of intent is a statutory requirement but does not commit Council to implement averaging for 2025.

Council Authority/Previous Decisions

As authorized by s. 374.4 of the *Vancouver Charter*, Council can, each year, consider whether or not to use land assessment averaging for calculating property taxes, and specify certain eligibility criteria based on which averaging is applied. Council can establish the number of preceding years to be applied in determining the average land value, up to a maximum of five years. Once the choice is made, the number of years used in the averaging formula must not change for at least five years. Should Council decide to proceed with averaging, applicable by-law(s) must be adopted before March 31.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

While the Council-directed property tax increase applies to the City's total municipal general purpose tax levy, the extent of change in a property's taxes 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 value relative to the average change, such as those in neighbourhoods with significant growth and/or development potential, 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.

Targeted land assessment averaging is a tax relief program which aims to phase in significant property tax increases arising from assessment volatility at a city-wide level. Pursuant to the *Vancouver Charter*, Council may consider whether or not to adopt averaging each year.

In 2023, the City started the pilot Development Potential Relief Program ("DPRP") which aims to support independent small businesses and community partners occupying eligible properties who are paying disproportionately high taxes because of development potential.

These tax relief programs are revenue neutral to the City as the total municipal general purpose tax levy collected from each property class remains the same. To date, Vancouver is the only municipality in BC that offers these programs. Pursuant to the *Vancouver Charter*, eligible properties can benefit from either the DPRP or land assessment averaging, but not both.

Discussion

Section 374.4 of the *Vancouver Charter* stipulates the legislative and administrative requirements for implementing land assessment averaging:

- Notify BC Assessment, before January 1, 2025, of its intent to consider the adoption of land assessment averaging for 2025. This notice of intent does not commit Council to the implementation of averaging.
- Should Council decide to proceed, adopt a by-law, before March 31, 2025, authorizing the use of land assessment averaging for the purpose of property tax calculations for 2025.

- Specify in the by-law the eligibility requirements for properties to be considered for land assessment averaging.

In advance of Council’s consideration, staff will complete an analysis of the projected taxation impacts of targeted 5-year land assessment averaging and provide the required notice to the public.

It should be noted that the Province’s additional school tax on high-valued residential properties (over \$3 million) is levied based on the unaveraged assessment roll and not affected by averaging.

Financial Implications

Should Council adopt land assessment averaging for 2025, the final tax rates for the City’s municipal general purpose tax levy and other taxing authorities will be adjusted to give effect to averaging to maintain revenue neutrality.

Legal Implications

The notice of intent to average is required if Council proceeds with averaging. Council is not committed to averaging by providing this notice.

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