



## COUNCIL REPORT

Report Date: March 5, 2025  
Contact: Grace Cheng  
Contact No.: 604.871.6654  
RTS No.: 16521  
VanRIMS No.: 08-2000-20  
Meeting Date: March 12, 2025  
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services  
FROM: Director of Finance  
SUBJECT: 2025 Property Taxation: Pilot Development Potential Relief Program and Targeted Land Assessment Averaging

### Recommendations

#### ***Development Potential Relief***

- A. THAT Council approve, in principle, the extension of the pilot development potential relief program (“Pilot DPRP”) in 2025 for eligible Light Industry (Class 5) and Business and Other (Class 6) properties as authorized by s. 374.6 of the *Vancouver Charter*;
- FURTHER THAT, for each neighborhood/zoning district, Council approve the percentage of assessed land value, up to a maximum of \$6.5 million for each eligible property, to be taxed at a general purpose tax rate that is 50% lower than the blended rate for Classes 5 and 6 (to be finalized based on the *2025 Revised Assessment Roll*) generally as outlined in Appendix G of this Report.
- B. THAT the Director of Legal Services, in consultation with the Director of Finance, be instructed to bring forward for enactment a by-law in accordance with Council’s decision on Recommendation A.

#### ***Land Assessment Averaging***

- C. THAT Council approve, in principle, the continuation of the targeted 5-year land assessment averaging program (“Targeted Averaging”) in 2025 for the purpose of calculating property taxes for Residential (Class 1), Light Industry (Class 5), and Business and Other (Class 6) properties;
- FURTHER THAT, in addition to the standard exclusions as outlined in the annual *Land Assessment Averaging By-law*, Council adopt a “threshold” of 10% above the property class average change for Class 1 and for Classes 5 and 6 (to be

finalized based on the *2025 Revised Assessment Roll*) to define eligibility for Targeted Averaging;

AND FURTHER THAT, applying the averaging formula will not result in:

- i) a year-over-year change in values falling below the Council-adopted “threshold” for eligible Class 1, 5 and 6 properties; and
- ii) a reduction in values exceeding \$6.5 million for eligible Class 5 and 6 properties.

- D. THAT properties impacted by a Director of Planning-initiated amendment to the *Zoning and Development By-law* or an Official Development Plan, between November 1, 2023 and October 31, 2024, be considered for Targeted Averaging, in accordance with the criteria set out in the annual *Land Assessment Averaging By-law*;

FURTHER THAT properties whose owners sought additional density or a change in use through rezoning and received approval in principle from Council following a public hearing, whether enacted or not, or through Council-approved policy changes, between November 1, 2022 and October 31, 2024, not be eligible for Targeted Averaging;

AND FURTHER THAT, subject to Recommendations A and B, properties that receive relief under the Pilot DPRP not be eligible for Targeted Averaging in accordance with s. 374.6(6)(b)(iii) of the *Vancouver Charter*.

- E. THAT the Director of Legal Services, in consultation with the Director of Finance, be instructed to bring forward for enactment a by-law in accordance with Appendix H of this Report authorizing the use of Targeted Averaging in accordance with Council's decision on Recommendations C and D.
- F. THAT, subject to adoption of the applicable by-law in Recommendation E, the Director of Finance be instructed to make appropriate arrangements with BC Assessment for the production of the *2025 Average Assessment Roll* at an estimated cost of ~\$30,000 plus applicable taxes; source of funding to be the 2025 Operating Budget.

## **Purpose and Executive Summary**

The City offers two property tax relief programs:

- Pilot Development Potential Relief Program (“Pilot DPRP”) which addresses unrealized development potential for eligible Light Industry (Class 5) and Business and Other (Class 6) properties; and
- Targeted 5-year Land Assessment Averaging Program (“Targeted Averaging”) which addresses assessment volatility for eligible Residential (Class 1), Light Industry (Class 5) and Business and Other (Class 6) properties.

The purpose of this report is to seek Council approval to:

- Extend the Pilot DPRP in 2025 as authorized by s. 374.6 of the *Vancouver Charter* to reduce the City's general purpose tax levy on a portion of the assessed land value of eligible properties.
  - ~876 Light Industry and Business properties are expected to meet the provincial and City eligibility criteria<sup>1</sup> and will be considered for the Pilot DPRP.
  - Depending on the neighborhood/zoning district, 20% to 50% of the assessed land value (up to \$6.5 million) of an eligible property will be subject to the DPRP tax rate that is 50% lower than the blended Class 5/6 tax rate.
- Continue to apply Targeted Averaging in 2025 to address assessment volatility for eligible properties.
  - ~4,700 Residential and ~3,100 Light Industry and Business properties are expected to be above the recommended "threshold" and will be considered for Targeted Averaging.
  - Tax relief for a target property depends on how its land value has changed in recent years, and the reduction in land value derived from the averaging formula will not exceed i) the recommended "threshold" for eligible Class 1, 5 and 6 properties, and ii) \$6.5 million for eligible Class 5 and 6 properties.

Adoption of the Pilot DPRP and Targeted Averaging will not reduce the amount of general purpose tax levy collected as the tax relief provided to eligible properties will be redistributed to the remaining properties within those classes. As such, Council should balance the level of relief for eligible properties with the resulting tax impact on other properties. Should Council proceed with the Pilot DPRP (for Classes 5 and 6) and Targeted Averaging (for Classes 1, 5 and 6) in 2025, the rate premium required to collect the same amount of general purpose tax levies from those classes is estimated to be ~0.3% for the Class 1 tax rate and ~1.3% for the blended Class 5/6 tax rate (to be finalized based on the *2025 Revised Assessment Roll*).

## **Council Authority/Previous Decisions**

### ***Development Potential Relief***

*Bill 28 – Municipal Affairs Statutes (Property Taxation) Amendment Act, 2022* ("Bill 28") came into effect in November 2022. It grants municipalities permissive authority to provide development potential relief to eligible Light Industry (Class 5) and Business & Other (Class 6) properties.

As authorized by s. 374.6 of the *Vancouver Charter*, Council can, each year, consider whether to apply a lower general purpose tax rate (relative to the blended Class 5/6 tax rates) on a portion of the assessed land value of eligible properties. Council can set their own eligibility criteria (in addition to the minimum provincial eligibility criteria and exclusions) and determine the amount of relief as appropriate. The tax relief is time-limited so it will not discourage development and the delivery of housing and job spaces over the long term. Eligible properties can benefit from either development potential relief or land assessment averaging, but not both.

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<sup>1</sup> Note: Subject to the *2025 Revised Assessment Roll*, property owners (or authorized agents) opting out of DPRP from March 13 to 31, 2025, and further staff review.

Should Council decide to proceed with the Pilot DPRP, the City must notify BC Assessment by March 15; and the annual *General Purpose Taxes Rating By-law* (typically adopted in mid-May) must specify the percentage of assessed land value for each property that is to be taxed at the lower rate.

Since 2023, the City is the first municipality in British Columbia to provide development potential relief to support independent businesses and community partners.

### **Land Assessment Averaging**

As authorized by s. 374.4 of the *Vancouver Charter*, Council can, each year, consider whether 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. Target properties will pay taxes based on values derived from the averaging formula as stipulated in the annual *Land Assessment Averaging By-law*; properties below the “threshold” will pay taxes based on their BC Assessment values.

Should Council decide to proceed with averaging, applicable by-law(s) must be adopted before March 31.

Since 2015, the City has used Targeted Averaging to provide short-term relief to “hot” properties that experience an unanticipated, year-over-year increase in total assessed value which exceeds the average assessment increase for the same property class by more than 10%. The program is intended to reduce the level of tax increases on the target properties until they are no longer “hot”. Prior to 2015, the City used across-the-board averaging, which had been in effect since 1993.

For eligible Residential (Class 1) properties, Targeted Averaging augments the suite of Provincial mitigations (e.g., s. 19(8) of the *Assessment Act*, Property Tax Deferral and the Home Owner Grant).

Refer to Appendix D: Chronology of Council Decisions on Land Assessment Averaging and Appendix E: Provincial Property Tax Mitigation – Residential Properties for further details.

### **City Manager’s Comments**

The City Manager concurs with the foregoing recommendations.

### **Context and Background**

Stability and predictability are two desirable attributes of a property tax system. The City does not generate higher tax revenue as a result of rising property values. The required general purpose tax levy to be collected is determined by Council as part of the annual budget process, and tax rates are adjusted for assessment changes to ensure “revenue neutrality”. However, relative assessment changes for individual properties could shift the tax burden from one property to another in any given year.

As the region continues to grow and evolve, Neighborhood Plans have been developed to set out 20 to 25-year plans to intensify land use to accommodate population growth and create job space. In British Columbia, real estate is assessed at its market value (i.e., highest and best use), and property taxes are levied on that basis. As these long-range plans are implemented

over time, some properties will continue their existing use for a number of years until redevelopment occurs, while their assessed value could substantially increase to reflect a higher and better “future” use in accordance with the Neighborhood Plans.

The combination of assessment volatility and highest and best use valuation is particularly challenging for commercial tenants and community partners residing in under-developed properties in neighborhoods that are experiencing a significant pace of change. Most landlords use lease agreements to pass onto tenants all property taxes, on both rented space and development potential. Tenants do not benefit financially from rising property values in the same way that owners do upon redevelopment or disposition, so the practice of passing on tax increases could cause significant financial distress for independent businesses, arts, culture and non-profit organizations which have limited ability to absorb and/or finance such an unanticipated surge in expenses during their lease term (typically five years or longer).

Bill 28 enables municipalities to provide time-limited development potential relief to certain Light Industry (Class 5) and Business and Other (Class 6) properties; however, it does not require BC Assessment to provide a development potential value on the *Assessment Roll*. As a proxy, the legislation considers a property that has a land value greater than or equal to 95% of its total assessed value under-developed. Municipalities are expected to impute the value of development potential for tax relief purposes from the limited data available from BC Assessment.

Refer to Appendix A: Property Assessment & Taxation Framework and Appendix B: Chronology of Establishing a Development Potential Relief Program for further details.

## I. Development Potential Relief

**Program Methodology** – Development potential relief is applicable to eligible Light Industry (Class 5) and Business and Other (Class 6) properties. Pursuant to s. 374.6 of the *Vancouver Charter*:

A commercial property could be eligible if it:

- has land and improvements in Class 5 and/or 6;
- was in use as of October 31 of the preceding tax year; and
- has a combined Class 5/6 land value  $\geq$  95% of the total Class 5/6 assessed value.

A commercial property will not be eligible if:

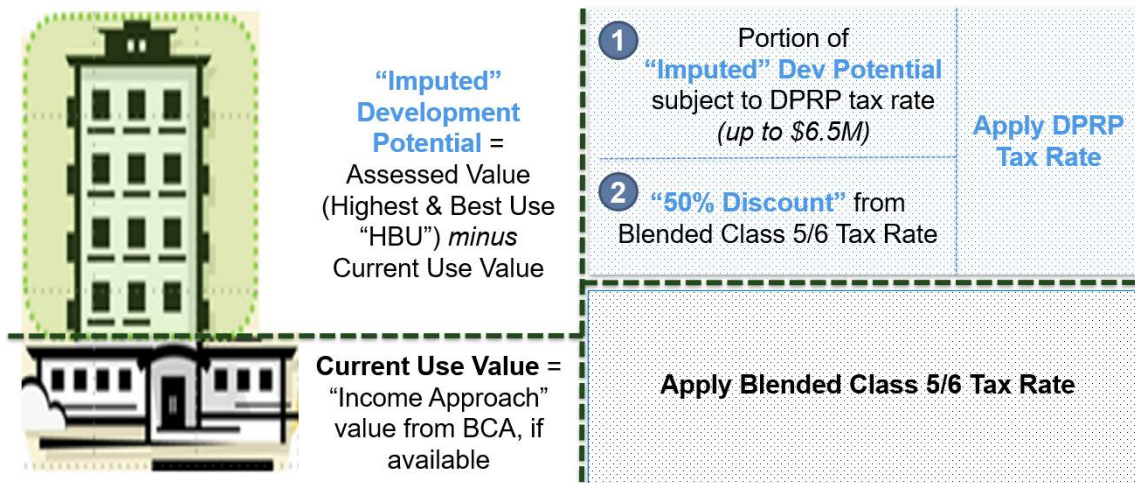
- a portion of its assessed value is in Classes 2, 3, 4, 7, 8 or 9; or
- it is a restricted-use property or has a prescribed value; or
- a portion of its assessed value is exempt from municipal taxation; or
- it benefits from assessment averaging or phasing.

Council can, by by-law:

- identify certain properties to be eligible for the relief;
- specify the percentage of assessed land value for each eligible property to be subject to the DPRP tax rate; and
- set the DPRP tax rate (lower than the blended Class 5/6 rate).

The by-law may also require the owner of an eligible property to give notice of tax relief to the occupiers as a condition of the relief.

**Figure 1: How Development Potential Relief Works**



**Data Analysis** – Staff has completed an analysis of the impact of development potential relief based on the following:

- a) *Data Source* – Based on the *2025 Completed Assessment Roll* available at the time of this report, BC Assessment generated a list of properties that meet the provincial eligibility criteria, subject to the “in use” validation through declaration as well as the *2025 Revised Assessment Roll* which incorporates Property Assessment Review Panel decisions in April.

Of the ~15,200 properties in Classes 5 and 6, ~2,900 properties (~19%) are eligible for consideration under the provincial eligibility criteria.

- b) *City Eligibility Criteria* – Consistent with Council direction to target tax relief to support independent businesses and community partners, with a focus on neighborhood retail along high streets, the following categories of use are excluded from the Pilot DPRP:
- properties owned or operated by any government or its agent
  - big box stores, international or national chains
  - financial services, including banks, credit unions, investment advisors, insurance and trust companies
  - gasoline stations, parking
  - vehicle dealers, auto service\*
  - storage\*\*, warehouses\*\*
  - hotels, office use\*\*
  - development presentation centres, billboards
  - manufacturing\*\*, production\*\*, wholesale\*\*, utility, communication and logistics
  - neighborhood or regional shopping centres

\*unless >50% of the property occupied by independent auto services

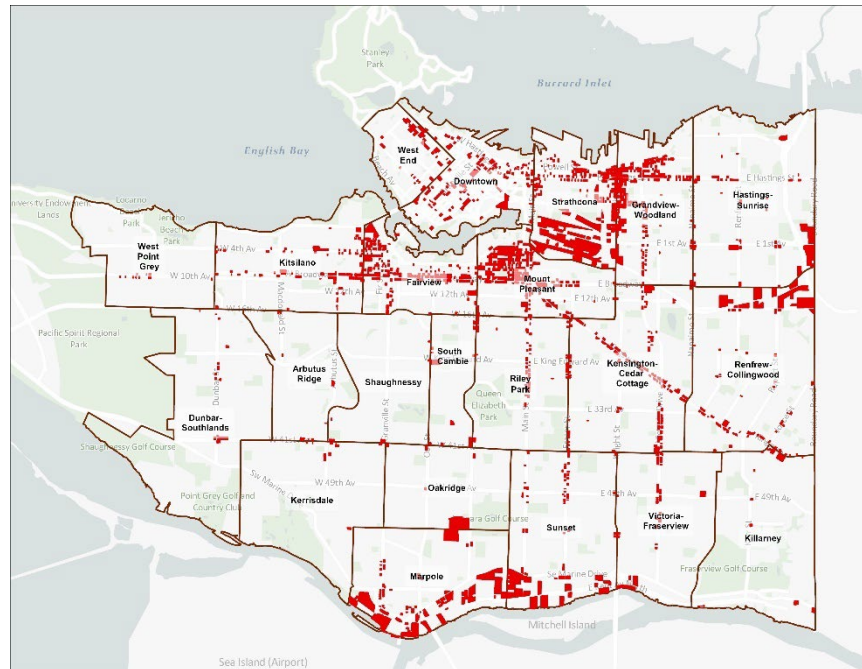
\*\*unless >50% of the property occupied by qualifying arts, culture & NPOs

The pilot DPRP excludes redevelopment sites for which a rezoning has been approved in principle following a public hearing and properties that were not in use (or vacant) from October 1 to December 31, 2024.

Refer to Appendix I: *2025 Development Potential Tax Relief Declaration By-law* for further details.

All properties excluded from the Pilot DPRP will be considered for Targeted Averaging if they meet the eligibility criteria as outlined in the “Land Assessment Averaging” section of this Report.

**Figure 2: Eligible Light Industry & Business Properties**



- c) *Declaration* – Pursuant to the *2025 Development Potential Tax Relief Declaration By-law*, the City may request additional documents (lease agreements, business licenses, etc.) to validate any information provided by a property owner or agent in the declaration form. Appropriate due diligence is underway to confirm compliance with the eligibility criteria.
- d) *Tax Saving* – Development potential relief is applicable to the City’s general purpose tax levy only; it does not apply to taxes levied by other taxing authorities (“OTAs”). The City, through a motion from Council, submitted a request to the Province in November 2023 and again in January 2025 for *Vancouver Charter* amendments to enable application of development potential relief on OTA levies.

***Effect of Development Potential Relief***

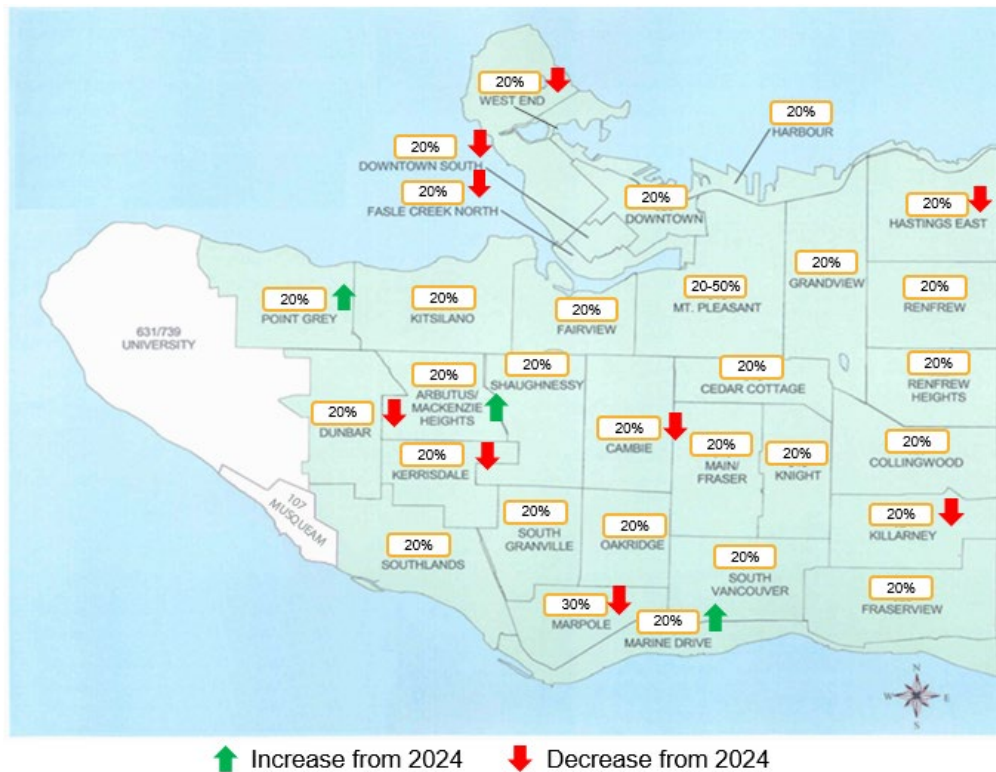
- a) *Development Potential Value* – Given the assessment data limitations and informed by the Property Tax Policy Review – Phase II work currently underway, staff have further refined the methodology for setting the percentage of assessed land value eligible for the DPRP tax rate.

All neighborhoods/zoning districts will benefit from a 20% base level relief based on the City-wide median imputed development potential value. Additional relief will be provided for neighbourhoods/zoning districts where their median imputed development potential is in the top 33% percentile. Refer to Appendix G: Development Potential Relief – % Land Value Subject to DPRP Tax Rate.



Figure 3 below summarizes the range of development potential relief recommended for each neighborhood/zoning district.

**Figure 3: % Land Value Subject to DPRP Tax Rate by Neighbourhood/Zoning District**



- b) *DPRP Tax Rate & Limit on Tax Relief* – Staff recommend that the DPRP tax rate be set at 50% of the blended Class 5/6 tax rate [same as 2023 and 2024], and the amount of assessed land value that is subject to the DPRP tax rate be capped at \$6.5 million per property [2024: \$5.4 million] (90<sup>th</sup> percentile imputed development potential value) to limit i) the amount of relief taken up by a few high value properties and ii) the impact on the blended Class 5/6 tax rate. ~18 properties are expected to be impacted by the cap. Independent businesses and community partners tend to occupy lower value properties and will likely not be impacted.

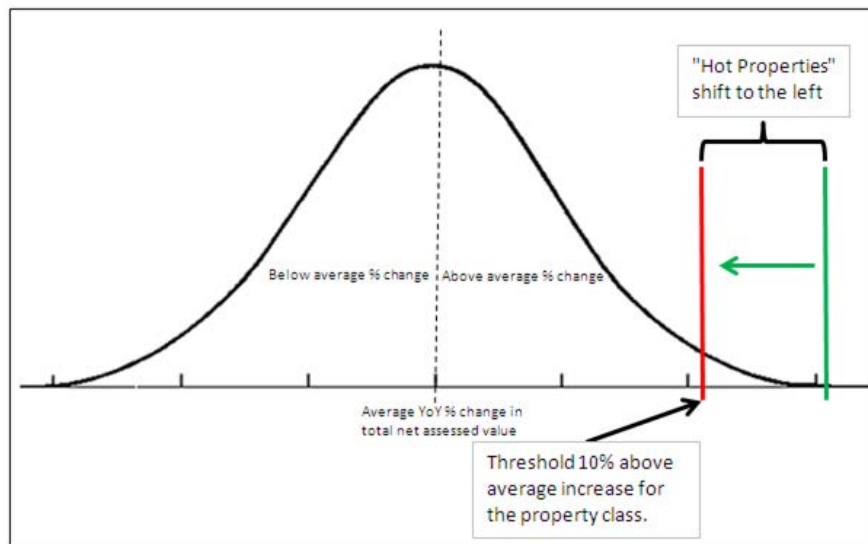
To collect the same amount of taxes, the blended Class 5/6 tax rate will need to increase by ~0.6% (to be finalized based on the *2025 Revised Assessment Roll*).

## II. LAND ASSESSMENT AVERAGING

**Program Methodology** – Targeted Averaging is applicable to eligible Residential (Class 1), Light Industry (Class 5) and Business and Other (Class 6) properties. The intent is to reduce the severity of the year-over-year increase in assessments until the property is no longer “hot”. If a property is deemed “hot” (above the “threshold” set by Council), averaging will move the target property towards, but not lower than, the “threshold”. The rest of the properties will not be subject to any intervention.



**Figure 4: How Targeted Averaging Works**



The impact of averaging depends on how the land value of a target property has changed in recent years. Refer to Appendix C: Targeted Land Assessment Averaging for further details.

**Data Analysis** – Staff has completed an analysis of the impact of Targeted Averaging based on the following:

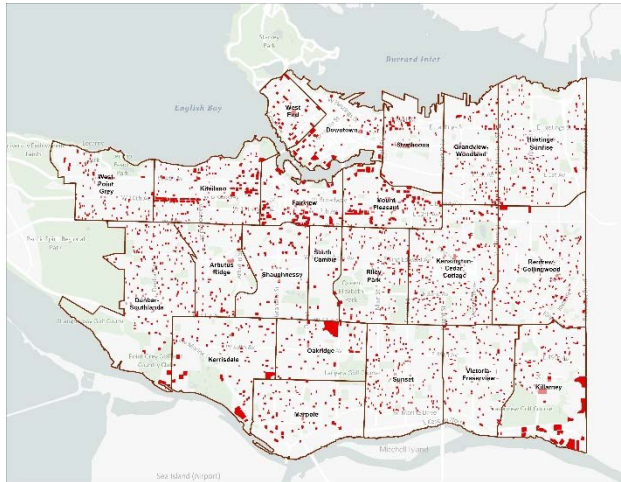
- a) *Data Source* – The *2025 Completed Assessment Roll* available at the time of this report; the *2025 Revised Assessment Roll* which incorporates updates from the Property Assessment Review Panel decisions will not be available until April.
- b) *Eligibility Criteria* – A “threshold” of 10% above the class average increase is used to define “hot” properties. Vacant land, new construction, class transfers, and other ineligible properties as set out in the annual *Land Assessment Averaging By-law* are typically excluded.

Based on the *2025 Completed Assessment Roll*, the class average change (*2025 Completed Assessment Roll* value vs. *2024 Average Assessment Roll* value) and “threshold” are summarized in Figure 5 below, and will be finalized upon publication of the *2025 Revised Assessment Roll* in April.

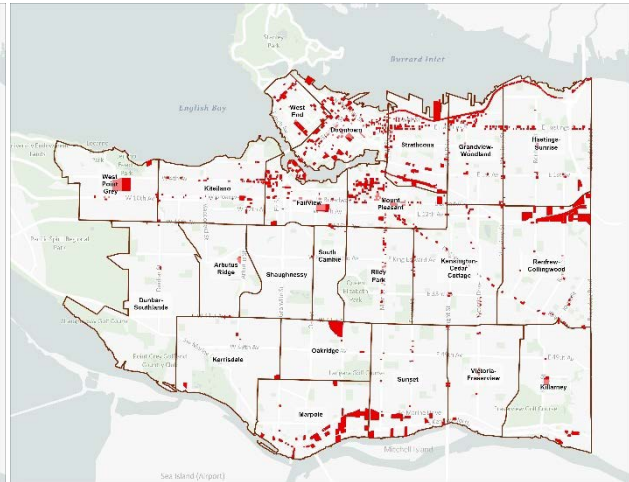
**Figure 5: Preliminary “Threshold” based on 2025 Completed Assessment Roll**

	Class Average Change		“Threshold” Class Average Change +10%		# of Properties above “Threshold”	
	2025	2024	2025	2024	2025	2024
<b>Residential (Class 1)</b>	-0.7%	1.1%	9.3%	11.1%	~4,700 (2%)	~5,800 (3%)
<b>Light Industry &amp; Business (Classes 5 &amp; 6)</b>	-3.1%	-6.9%	6.9%	3.1%	~3,100 (20%)	~4,300 (29%)

**Figure 6: “Hot” Residential Properties**



**Figure 7: “Hot” Light Industry & Business Properties**



- c) **Tax Savings** – While averaging is applicable to all taxes levied by the City as well as OTAs, only the City’s general purpose tax levy is considered in the model because OTAs’ tax rates are not available at the time of this report. However, a similar impact will apply.

*(Note: The additional school tax on high-valued residential properties – 0.2% on property values between \$3 million and \$4 million, and 0.4% over \$4 million – is based on BC Assessment values, not averaged values.)*

**Effect of Land Assessment Averaging –**

- a) **Impact on Assessment and Tax Rates** – In December 2024, Council approved the 2025 budget with an estimated tax increase of 3.9% and an overall tax levy of \$1.2 billion. Assuming no tax shift in 2025, the City will collect ~\$697 million from Residential (Class 1) properties and ~\$501 million from Light Industry and Business and Other (Classes 5 and 6) properties. As Targeted Averaging reduces the total taxable value of a property class, the tax rates will need to increase to collect the same amount of taxes.

**Figure 8: Preliminary Tax Rate Impact based on 2025 Completed Assessment Roll**

	Total Assessed Value		Tax Rate Impact
	Unaveraged	Averaged	
<b>Residential (Class 1)</b>	\$384B	\$382B	~0.3%
<b>Light Industry &amp; Business (Classes 5 &amp; 6)</b>	\$80B	\$79B	~0.7%

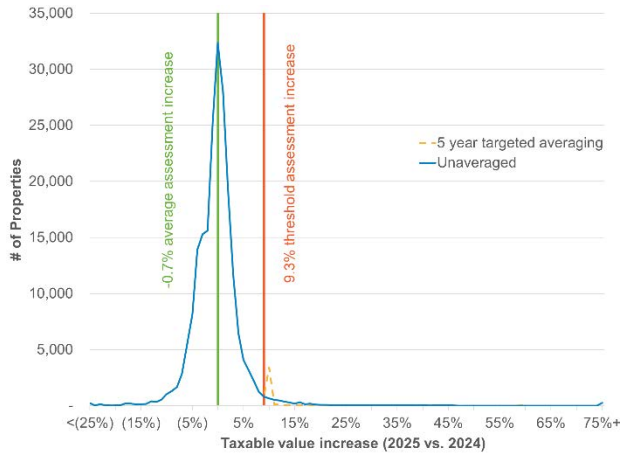
- b) **Limit on Tax Relief** – As illustrated in figure 5 earlier, Targeted Averaging will move an eligible property towards, but not lower than, the “threshold”. Similar to the Pilot DPRP, staff recommend that the reduction in land value derived from the averaging formula be capped at \$6.5 million per property [2024: \$5.4 million] for Classes 5 and 6 to limit i) the amount of relief taken up by a few high value properties and ii) the impact on the blended Class 5/6 tax rate. ~18 properties are expected to be impacted by the cap. Independent businesses and community partners tend to occupy lower value properties and will likely not be impacted.

Figures 9, 10, 11, and 12 below illustrate the effect of averaging on the year-over-year increase (%) in taxable values and City property tax for Residential (Class 1) and Light Industry and Business and Other (Classes 5 and 6) properties. The vast majority of properties that are below

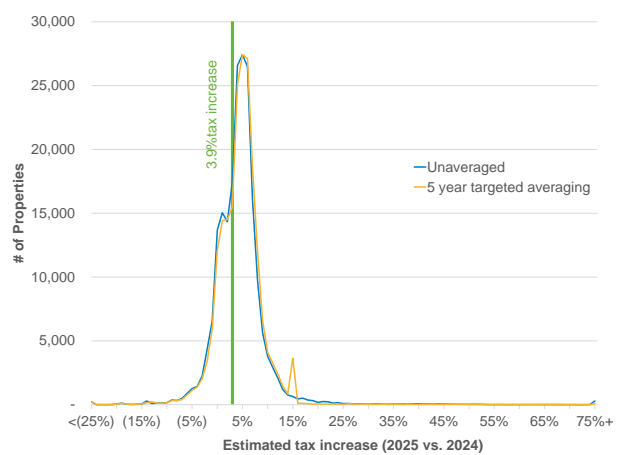
the “threshold” will be subject to slightly higher taxes to subsidize the tax relief for those “hot” properties.

**Residential (Class 1) – No Averaging vs. Targeted 5-yr Averaging**

**Figure 9: Estimated Taxable Value Increase**

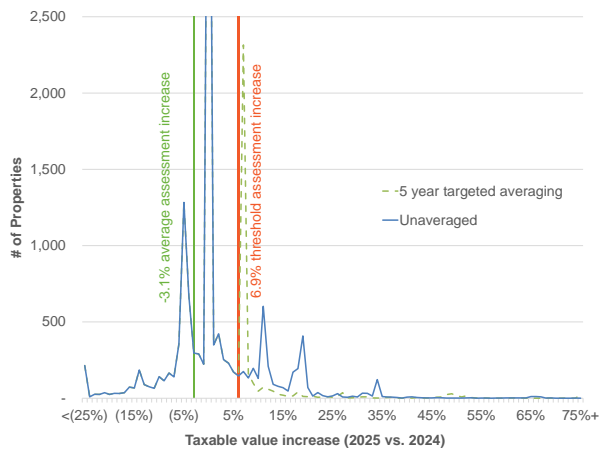


**Figure 10: Estimated City Property Tax Increase**

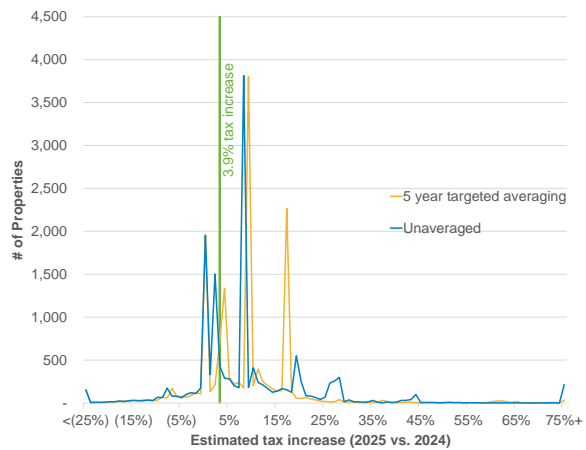


**Light Industry & Business (Classes 5 & 6) – No Averaging vs. Targeted 5-yr Averaging**

**Figure 11: Estimated Taxable Value Increase**



**Figure 12 Estimated City Property Tax Increase**



**Director of Planning-initiated Amendments to Zoning & Development By-law and Official Development Plans (“ODPs”)** – It has been Council practice to mitigate the assessment and taxation impact arising from Director of Planning-initiated amendments to the *Zoning and Development By-law* and various ODPs through land assessment averaging, especially where there has been no physical change to the property and no action by the property owner to change the zoning of the site.

Consistent with past practices, staff recommend that properties that are affected by the aforementioned amendments within 12 months up to October 31, 2024 be considered for Targeted Averaging in accordance with the criteria in the annual *Land Assessment Averaging By-law*.

**Owner-initiated Rezoning and/or Change of Use** – In recent years, a number of property owners sought additional density or a change in use through policy statements or rezoning, but

the applicable by-laws were enacted at a much later date (sometimes a couple of years later). It has been Council practice, as stipulated in prior *Land Assessment Averaging By-laws*, that properties which have been subject to rezoning are not eligible for tax relief through land assessment averaging.

As property values typically go up when the market reacts to a clear indication from Council in policy statements or rezoning approvals rather than at enactment, it is not fair for other property owners to subsidize those properties whose owners actively seek additional density or change in use. Since 2020, properties whose owners sought additional density or a change in use through rezoning and received approval in principle from Council, whether enacted or not, or through Council-approved policy changes, within 24 months up to October 31 of the preceding year, will not be eligible for Targeted Averaging.

**Financial Implications**

Applying development potential relief and land assessment averaging will not affect the amount of general purpose taxes collected from Classes 1, 5 and 6. However, the tax relief provided to eligible properties will be redistributed to the remaining properties within those classes.

Since 2007, Classes 5 and 6 have been “blended” for the purpose of calculating property taxes, i.e., the tax rates for these classes are the same. Should Council proceed with the Pilot DPRP and Targeted Averaging in 2025 with the recommended cap on tax relief, the cumulative impact on the general purpose tax rates are summarized in Figure 13 below.

**Figure 13: Estimated Cumulative Tax Rate Impact from Pilot DPRP & Targeted Averaging**

Tax Rate (per \$1,000 Taxable Value)	Class 1 Residential	Classes 5 & 6 Light Industry & Business
<b>No Mitigation</b>	\$1.817	\$6.265
<b>Applying Targeted Averaging</b>	\$1.822 (+0.3%)	\$6.309 (+0.7%)
<b>Applying Development Potential Relief</b>		
- Blended Class 5/6 Tax Rate	N/A	\$6.348 (+0.6%)
- DPRP Rate (50% of Blended Class 5/6 Tax Rate)	N/A	\$3.174

Subject to the *2025 Revised Assessment Roll* as well as Council decision on tax distribution in April 2025, the rate impact arising from the Pilot DPRP and Targeted Averaging could change.

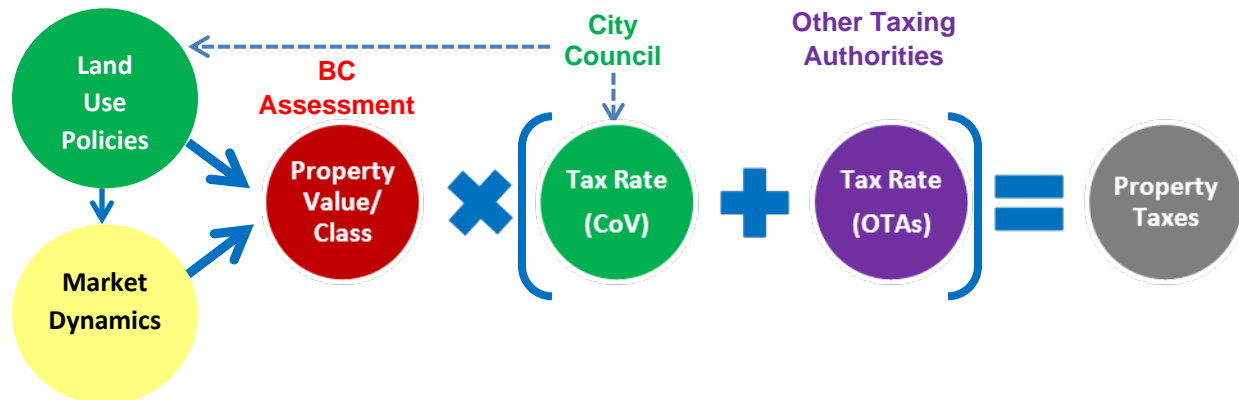
The City will also require an *Average Assessment Roll* for calculating property taxes. Since 1993, BC Assessment has offered to produce an average or phased assessment roll to any municipal jurisdiction on a user-fee basis. The cost of producing an *Average Assessment Roll* in 2025 is estimated at ~\$30,000 plus applicable taxes; source of funding to be the 2025 Operating Budget.

**Legal Implications**

Should Council decide to proceed with the Pilot DPRP and Targeted Averaging in 2025, the Director of Legal Services, in consultation with the Director of Finance, will bring forward for enactment applicable by-laws that reflect Council’s decision.

\* \* \* \* \*

British Columbia's property assessment and taxation framework is 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-laws 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.

**Other Taxing Authorities** 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.

### Assessment Changes & Property Tax Impact

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 in the class could experience a 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 neighbourhoods 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.



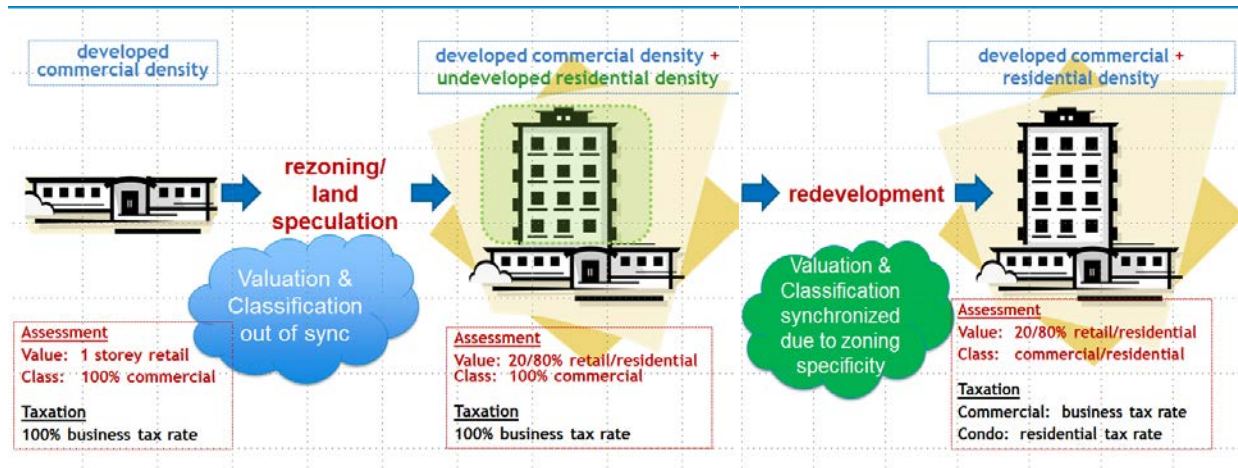
## Development Potential & Taxation Impact

In British Columbia, properties are assessed at their “highest and best use” (“HBU”) value (i.e., market value). Hundreds of independent businesses and community partners are affected by property taxation on development potential for properties that are not developed to their highest and best use.

As Metro Vancouver cities grow and evolve, OCPs (or ODPs) and Neighbourhood Plans have been developed to set out 20 to 25-year plans to increase density in communities to support anticipated population and job growth, and to expand commercial and light industrial space. As OCPs and Neighbourhood Plans are implemented over time, certain properties will continue their existing use for a number of years until redevelopment occurs, while their assessed value reflects a higher and better “future” use as set out in OCPs/Neighbourhood Plans.

Figure 14 below illustrates the property assessment, classification and taxation over the relevant time horizon.

**Figure 14: Property Assessment, Classification & Taxation for Under-developed Properties**



At the outset, the one-storey retail space is assessed and classified by BC Assessment as Class 6 - Commercial. As time passes, the market expects a higher and better use of the property, which may include some residential density above the commercial retail space. This expectation is priced into the market value of the property, and is reflected in its assessed value. As the actual use of the building continues to be retail, the property is classified as Class 6 – Commercial. Upon redevelopment, which includes retail at grade and residential condominium above, the property will be split-classified as Class 1 – Residential and Class 6 – Commercial. This situation applies to most zoning areas in Vancouver.

At present, there is no property class for this future development potential as a type of use. Existing use value and the future development potential value is aggregated into the same property class. As a result, municipalities cannot set different tax rates for existing use vs. future development potential. This limitation has significantly affected the viability of local independent businesses as well as the arts, culture and NPO sectors, particular for tenants on triple net leases.

While there are a number of provincial mitigation tools 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*. Vancouver is the only municipality that uses targeted 5-year averaging, on a City-wide level, to phase in significant property tax increases arising from assessment volatility.

- For eligible residential properties, this program complements other provincial measures such as s. 19(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.

### **“Amacon” Split Classification**

The Amacon ruling in 2014 introduced the possibility of split classification – classifying undeveloped density as Class 1 – Residential – should there be enough specificity in the zoning by-law to cap the commercial density. Since then, properties that had similar characteristics as the Amacon properties have received split classification.

In 2021, the “Amacon” split classification was reversed to better reflect decisions of the Property Assessment Appeal Board. To ease the sudden and unexpected taxation impact arising from this change, the Province announced Order in Council No. 640 in November 2021, to provide a one-year remission from Class 6 General School Tax to the impacted properties for 2022. 110 properties in Vancouver, primarily located on West 4th Avenue and downtown, benefitted from this.

### **Split Assessment through a Commercial Sub-class (“Split Assessment”)**

In May 2019, the IWG recommended “Split Assessment through a Commercial Sub-class” to the Province to provide the most targeted approach to address the core issue – taxes on development potential – impacting independent businesses, arts, culture and non-profit organizations residing in under-developed properties in neighborhoods that are experiencing significant pace of change.

- It addresses the root cause of the problem by creating a sub-class for future development potential and allowing municipalities to tax existing use versus development potential differently.
- It offers a common platform for municipalities while allowing a high degree of flexibility, scalability and customization.
- Municipalities can decide whether or not to use the tool (permissive in nature) and determine the eligibility requirement, tax rate and duration of the tax relief by-laws.
- It is more transparent and straight-forward to administer than permissive exemptions.
- It will not result in tax shift across municipalities – for municipalities that chose to use split assessment, any tax reallocation will be confined within the municipality.

Should the Province enact applicable legislation(s) and/or regulation(s), local governments would be able to levy a lower tax rate (compared to the commercial tax rate) on the development potential for eligible properties as defined by by-law.

In July 2019, the Mayors of the Cities of Burnaby, Coquitlam, and Surrey and District of North Vancouver, signed a joint letter of support for Split Assessment and submitted it to the Honorable Premier of British Columbia. In July and September 2019, key stakeholders and community partners (The Vancouver BIA Partnership, Greater Vancouver Board of Trade, BC Chamber of Commerce, Canadian Federation of Independent Business, Urban Development Institute Pacific Region, National Association for Industrial and Office Parks Vancouver, and Building Owners and Managers Association of British Columbia) also signed two joint letters of support and submitted them to the Province.

### **The Interim Business Property Tax Relief Legislation (“Interim Solution”)**

In Spring 2020, the Province enacted the Interim Business Property Tax Relief Legislation (“Interim Solution”) for the 2020 tax year, to be in effect for a maximum of 5 years.

**Program Criteria** – The Interim Solution gave municipalities the ability to provide property tax relief to small businesses and organizations that they identify as paying high property taxes resulting from a combination of years of increasing real estate values and their commercial lease terms, including triple-net leases.

It required a property to be assessed in a commercial class – Class 5 (light Industry), Class 6 (Business & Other), or a combination of the two – and have at least one small business tenant responsible for all or a portion of the property taxes to qualify for the exemption.

It allowed municipalities to exempt a portion of the assessed value of certain commercial properties from taxation, easing the tax burden for tenants responsible for property taxes through their commercial leases. To be eligible, the property:

- Must have experienced cumulative land assessment increase by more than a set threshold (e.g., 80%) over 5 years
- Must have at least one tenant on triple net lease
- Must not be occupied by owner/operator businesses

Municipalities would need to set further parameters to identify properties where the taxes have increased significantly due to a spike in land value in their communities. Those parameters include:

- a base tax year of 2015 or later to use as comparison to the current tax year
- a minimum percentage of increase in commercial land value since the base year
- a minimum percentage of the total property value that must be land value
- the percentage of the exemption by property, area or kind

**Staff Analysis** – Staff, in consultation with the CFOs from eight Metro Vancouver municipalities, reviewed and analyzed the Interim Solution, and recommended not proceeding with it due to the following reasons:

- It addresses assessment volatility (similar to land assessment averaging) rather than the core issue of development potential.
- Owner/operator businesses are not eligible.

- “Small business” is not defined for property assessment and taxation purposes.
- Ownership and tenancy information and commercial lease agreements are not available from BC Assessment or other sources.
- A process to validate lease agreements to ensure only those with triple net leases are receiving the exemption is required.

**Conclusion** – Council did not proceed with the Interim Solution, and directed staff to continue working with the Province to focus on the necessary work to implement Split Assessment through a commercial sub-class.

The Interim Solution was repealed when Bill 28 came into effect in November 2022.

## Land Assessment Averaging

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 taxes collected from each property class is the same with or without averaging. To date, Vancouver is the only municipality in BC that uses averaging, on a City-wide level, to phase in significant property tax increases arising from assessment volatility.

- For eligible residential properties, this program complements other provincial measures such as s. 19(8) of the *Assessment Act*, Property Tax Deferral 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.

In 2013, Council reconvened the Property Tax Policy Review Commission (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 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 s. 374.4 of the *Vancouver Charter* authorizes the City to use a “threshold” to define eligibility for *targeted averaging*. With this authority, the value of the target properties will be reduced through averaging, thereby reducing the level of tax increases. Depending on how the land values of individual target properties have changed over 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 a significant shift in value between land and improvements), 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 has authority under s. 374.4(5)(b) of the *Vancouver Charter* to limit the impact of averaging up to the “threshold” (10% above class average change). Without such a limit, averaging could reduce the value of a target property below the “threshold” set by Council. As a result, some target properties could have an undue advantage or benefit 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.

**Calculating Property Taxes Using Land Assessment Averaging**

The table below compares the calculation of property taxes under the market value approach and the land assessment averaging approach. The total general purpose tax levy for the City is the same under both approaches.

Market Value Approach	5-yr Land Assessment Averaging Approach
2025 Land Value	Average of 2021/22/23/24/25 Land Value
+ 2025 Improvement Value	+ 2025 Improvement Value
= 2025 Taxable Value <small>Market</small>	= 2025 Taxable Value <small>Average</small>
x 2025 Tax Rate <small>Market</small>	x 2025 Tax Rate <small>Average</small>
= 2025 Total General Purpose Tax Levy	= 2025 Total General Purpose Tax Levy

As shown in above table, application of 5-year land assessment averaging affects two components in the property tax calculation:

**Taxable Value Average** – The taxable value of a property is calculated using the average land value of the current year and the prior four years plus the current improvement value.

**Tax Rate Average** – For those property classes eligible for averaging, tax rates are recalculated based on the total average value of each class in order to generate the same amount of total general purpose taxes. As targeted averaging reduces the total taxable value of a property class, the tax rate will be higher when compared to the market value approach.

### Implementation – Legislative & Administrative Requirements

s. 374.4 of the *Vancouver Charter* sets out the legislative and administrative requirements for the implementation of land assessment averaging:

(i) Land Assessment Averaging By-law

The by-law must be adopted by Council before March 31 each year.

(ii) Number of Preceding Years to be applied in the Averaging Formula

As authorized under subsections 12 and 13 (enacted in 2013), Council is allowed to establish, by by-law, the number of preceding years to be applied in determining the average land value for the purpose of averaging, up to a maximum of 5 years. Once the choice is made, the number of years used in the averaging formula cannot change for at least five years.

(iii) Eligible Property Classes

Averaging is applicable to Residential (Class 1), Light Industry (Class 5), and Business & Other (Class 6) properties only.

(iv) Eligible Properties

Eligibility and exemption criteria are stipulated in the by-law. For targeted averaging, the by-law must stipulate a “threshold” to define “hot” properties eligible for averaging. As Council can only establish one tax rate for each class, properties that are not eligible for averaging are also subject to the averaged tax rates.

Council can determine the eligibility of individual properties within the eligible property classes in the *Land Assessment Averaging By-law*. Generally speaking, in cases where there is a substantial change in the characteristics and/or use of a property from one year to the next and where such changes tend to enhance the value of the property to the benefit of the owner, the property will not be eligible for the tax-phasing benefits that the program offers. Once a property is excluded from the program, it must regain its eligibility over time.

Below are sample properties that are not eligible for averaging:

- a property that carries no improvement value (i.e., vacant land)
- a property that has undergone a change in assessment class and/or zoning district
- a property of which the physical characteristics have been changed as a result of consolidation or subdivision

As Council can only establish one tax rate for each class, properties that are not eligible for averaging are also subject to the averaged tax rate.



(v) Averaging Applies to All Tax Levies

Averaging applies to the calculation of taxes levied by the City and other taxing authorities on a revenue neutral basis. As averaging affects the taxable values for calculating all taxes, a decision to apply averaging to a property class requires that Council approve a resolution adjusting the tax rates determined by other taxing authorities to ensure revenue neutrality.

(vi) Notification to the Public

In accordance with the notification requirements set out in the *Vancouver Charter*, a notice is required to inform property owners of Council's intent to consider application of land assessment averaging and the resulting tax impacts on sample properties. The notice must be published in two issues of a newspaper at least two weeks in advance of the adoption of the Land Assessment Averaging By-law.

For 2025, the notice was placed on [vancouver.ca](http://vancouver.ca) and Vancouver is Awesome. A copy of the notice is in Appendix F.

(vii) Appeal Process

Council is required to provide a process for property taxpayers to appeal the application of the *Land Assessment Averaging By-law*. The By-law provides for a municipal Court of Revision after the tax billing date for appeals that cannot be resolved within the administrative processes provided for in the *Vancouver Charter*. Any tax levy losses arising from the averaging appeal process are borne by the City. Since 1993, staff has been able to resolve the majority of appeals administratively; only a handful of appeals proceeded to the Court of Revision. In all cases, the Court of Revision concluded that the *Land Assessment Averaging By-law* had been correctly applied.

s. 374.4 of the *Vancouver Charter* allows Council to consider the application of land assessment averaging each year. If Council decides to proceed, it must enact the enabling by-law before March 31. Each year, Council can also specify certain eligibility requirements for properties to qualify for averaging under the by-law.

In 1993, Council implemented across-the-board 3-year land assessment averaging for the purpose of calculating property taxes for residential (Class 1) and business (Class 6) properties; and in 2007, Council extended the program to light industry (Class 5) properties.

In 2007, the Property Tax Policy Review Commission (the “Commission”) provided a thorough review of the City’s property tax policy. To address the taxation impact arising from assessment volatility, the Commission recommended that Council submit a request to the Province to amend the *Vancouver Charter* to allow 5-year land assessment averaging.

In April 2013, the Province amended sections 374.4(12) and (13) of the *Vancouver Charter* to allow Council to establish, by by-law, the number of preceding years to be applied in determining the average land value for the purpose of land assessment averaging, 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. The averaging program was first governed by this amendment in 2014.

In May 2013, Council reconvened the Commission to provide an updated assessment of the City’s property tax policy. In February 2014, the Commission recommended targeted 5-year land assessment averaging in order to further address the taxation impact arising from assessment volatility.

In March 2014, Council approved the continuation of across-the-board 3-year land assessment averaging, pending staff analysis of the Commission’s recommendations presented in February 2014. As a result, a shift in the averaging formula from 3 years to 5 years could not be considered until 2019. In June 2017, Council instructed staff to request the Province to enact the necessary legislative amendments to allow the City to transition from targeted 3-year to 5-year averaging in 2018 (one year ahead of the original target transition in 2019). The Province denied the request in January 2018.

In July 2014, Council adopted the Commission’s recommendation and instructed staff to transition from across-the-board to targeted 3-year land assessment averaging for 2015, subject to confirmation of authority from the Province. In February 2015, the Province confirmed that under s. 374.4 of the *Vancouver Charter*, the City has the authority to use a “threshold” to define eligibility for targeted averaging.

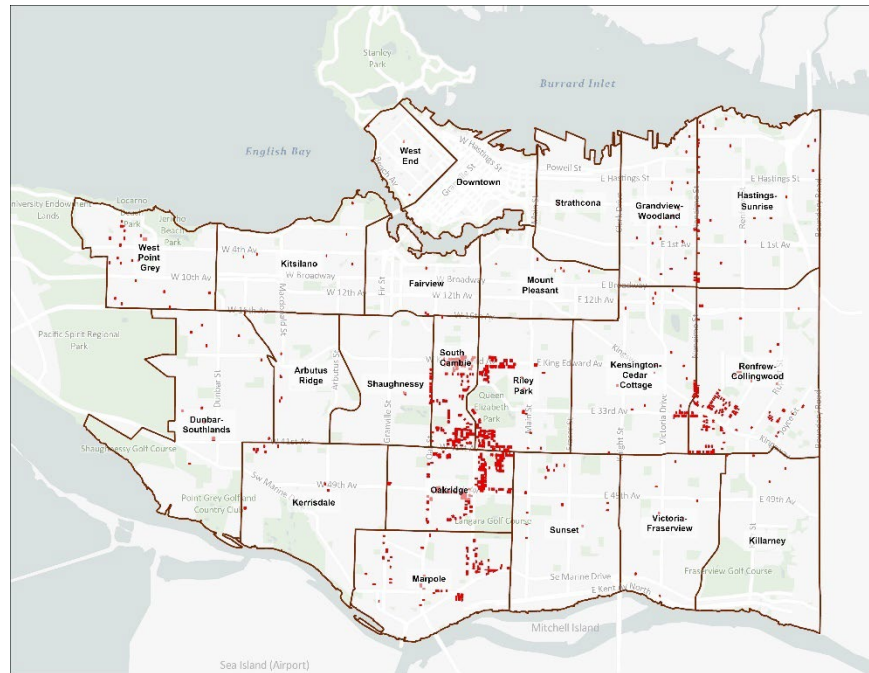
In March 2015, Council adopted the *2015 Land Assessment Averaging By-law* that authorized, for the first time, the use of targeted 3-year land assessment averaging for the purpose of calculating property taxes for residential (Class 1), light industry (Class 5), and business (Class 6) properties. Council again adopted targeted 3-year averaging for 2016, 2017 and 2018.

In April 2016, at Council’s request, staff submitted a request to the Province to seek authority to limit the effect of averaging on the target properties up to the “threshold” set by Council in order to fully align with the Commission’s recommendations presented in February 2014. In February 2019, the Province confirmed that under s. 374.4(5)(b) of the *Vancouver Charter*, the City has the authority to limit the effect of averaging where averaging would result in an increase in a property’s value falling below a “threshold” set by Council.

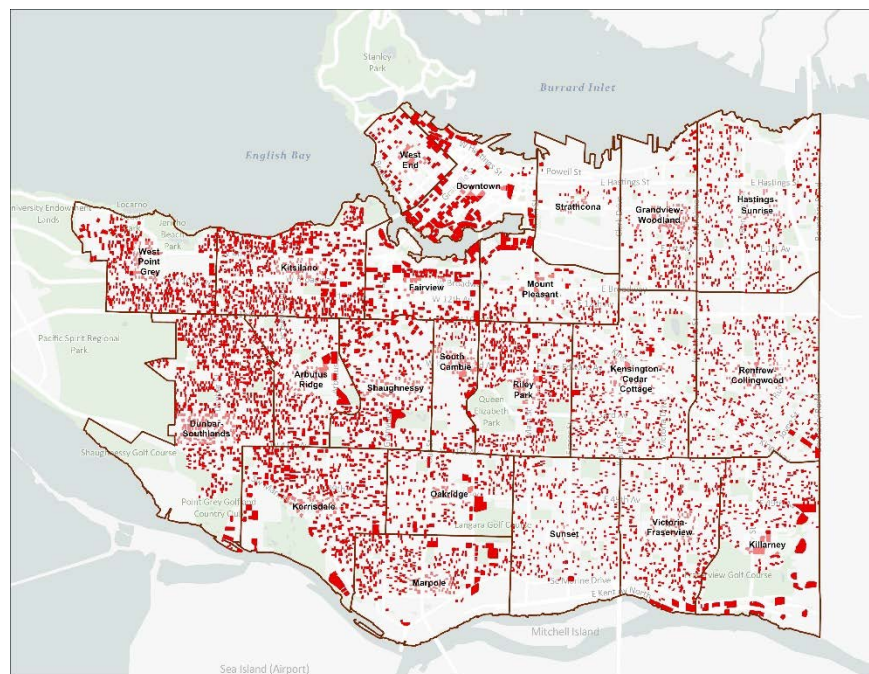
In March 2019, Council approved the transition from 3-year to 5-year targeted land assessment averaging with a threshold to limit the effect of averaging. Council adopted a similar approach for 2020, 2021, 2022, 2023 and 2024.

Apart from targeted averaging, the following Provincial tax relief measures are available for eligible residential properties.

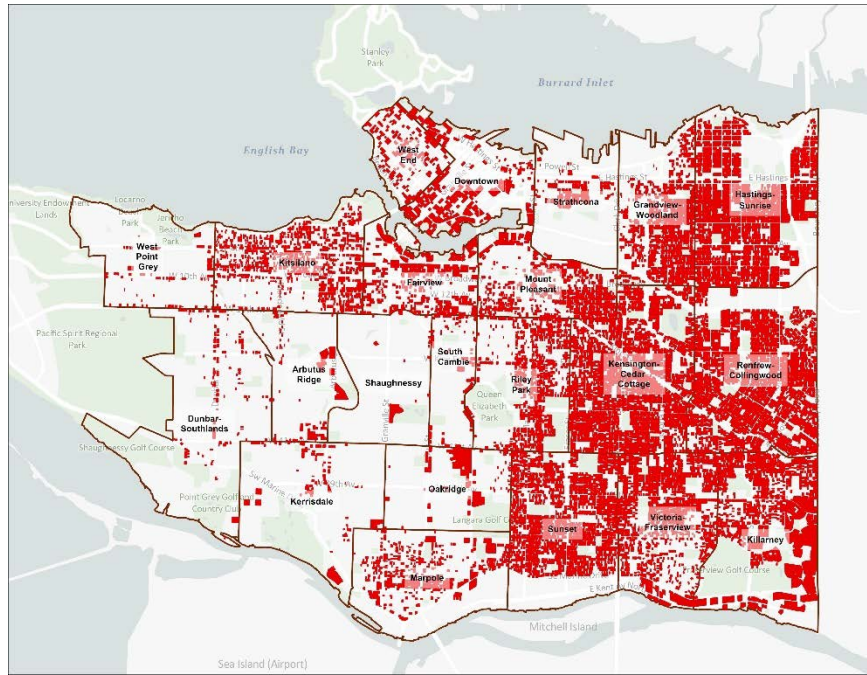
**Assessment Act s. 19(8)** – available to property owners who have continuously occupied their principal residence for at least 10 years; the land will be assessed based on current zoning rather than anticipated zoning and development potential. [2024: 1,157 properties; 2025: 1,118 properties]



**Property Tax Deferral** – available to property owners 55 years of age or older who occupy their principal residence and families with children under 18 years of age. [2024: 10,092 properties; 2025 applications in progress]



**Home Owner Grant** – available to property owners who occupy their principal residence of which the value falls within the qualifying range. [2024: 91,207 properties; 2025 applications in progress]





# IMPORTANT NOTICE TO PROPERTY OWNERS: Land Assessment Averaging



	PRIOR YEAR		CURRENT YEAR WITHOUT AVERAGING		CURRENT YEAR WITH AVERAGING	
	Taxable value (\$)	2024 taxes (\$)	Taxable value (\$)	Est. 2025 taxes (\$)	Taxable value (\$)	Est. 2025 taxes (\$)
<b>Sample Residential Strata (Class 1) properties</b>						
Targeted "hot" property	604,000	1,048	794,000	1,443	660,137	1,203
Other property not targeted	793,000	1,376	794,000	1,443	794,000	1,447
<b>Sample Residential Single Family (Class 1) properties</b>						
Targeted "hot" property	1,789,000	3,105	2,192,000	3,982	2,076,600	3,784
Other property not targeted	2,180,000	3,784	2,192,000	3,982	2,192,000	3,994
<b>Light Industry and Business &amp; Other (Classes 5 &amp; 6) properties*</b>						
Targeted "hot" property	1,113,800	6,505	1,270,000	7,956	1,190,287	7,550
Other property not targeted	1,270,000	7,418	1,270,000	7,956	1,270,000	8,056

\* If eligible, a property from Classes 5 and/or 6 can benefit from one of the two tax relief programs – Targeted five-year Land Assessment Averaging Program or Development Potential Relief Program (DPRP) – but not both. The above taxation impact could change depending on the number of eligible properties seeking relief under DPRP.

Since 2015, the City of Vancouver has used targeted land assessment averaging to mitigate the taxation impact arising from significant assessment volatility as recommended by the Property Tax Policy Review Commission. While averaging does not increase or reduce the City's tax revenue, it affects the amount of taxes paid by individual property owners.

Under the targeted averaging approach, only those properties facing significant year-over-year increases in property values above a certain threshold ("hot" properties) would be considered for averaging. For eligible "hot" properties, the program calculates property taxes for the City and other taxing authorities using an average of the assessed land value for the current and prior four years, plus their current assessed improvement value, provided that this averaged value does not go below the threshold value. Non-eligible properties will pay property taxes based on their current year BC Assessment value.

The table presented shows the estimated effect of the targeted five-year averaging program on the City's general purpose tax levy for sample properties based on the thresholds proposed for 2025 (10% above class average change), subject to City Council approval. The program requires an adjustment to the tax rates such that properties below the threshold would pay slightly higher taxes to provide tax relief for those "hot" properties above the threshold. Amounts levied by other taxing authorities such as provincial schools, TransLink, BC Assessment, and Metro Vancouver are not included in the analysis.

On **March 11, 2025**, Vancouver City Council will consider whether or not to use targeted five-year averaging for residential (Class 1), light industrial (Class 5) and business and other (Class 6) properties, and determine the appropriate thresholds and other program parameters for these property classes if targeted averaging is adopted.

Should Council decide to use targeted five-year averaging, a bylaw must be adopted before **March 31, 2025**.

The report, which details the program and how it could impact property taxes, will be posted on our website at: [vancouver.ca/averaging](http://vancouver.ca/averaging)

For more information, visit: [vancouver.ca/averaging](http://vancouver.ca/averaging)

### COMMENTS?

Contact Council: [vancouver.ca/contact-council](http://vancouver.ca/contact-council)

or write to:

City of Vancouver, Mayor and Council,  
453 West 12th Avenue, Vancouver, BC V5Y 1V4

### SPEAK TO COUNCIL:

Prior to adoption of the bylaw, you may speak in person or by phone at the Council meeting on **March 11, 2025**.

For details on how to register as a speaker, visit:

[vancouver.ca/your-government/speak-at-city-council-meetings](http://vancouver.ca/your-government/speak-at-city-council-meetings)

Neighborhoods / Zoning Districts	# of Properties	Assessed Land Value Subject to DPRP Rate <sup>1</sup>	
		%	\$M
Cambie	13	20%	25.4
Cedar Cottage	41	20%	30.6
Collingwood	45	20%	31.7
Downtown	66	20%	56.1
Downtown South	25	20%	17.0
Dunbar	2	20%	2.1
Fairview	90	20%	129.2
False Creek North	9	20%	0.1
Fraserview	1	20%	0.4
Grandview	114	20%	96.2
Hastings East	14	20%	10.1
Kerrisdale	10	20%	6.9
Killarney	14	20%	10.1
Kitsilano	41	20%	32.7
Knight	22	20%	17.7
Main & Fraser	45	20%	24.0
Marine Drive	30	20%	77.0
Marpole	19	30%	31.7
Mount Pleasant (FC-1, FC-2, I-3, IC-1 and IC-3)	20	50%	96.8
Mount Pleasant (Other)	175	20%	194.8
Oakridge	1	20%	1.8
Point Grey	6	20%	3.3
Renfrew	17	20%	36.1
Renfrew Heights	14	20%	5.7
Shaughnessy	1	20%	0.9
South Granville	2	20%	1.0
South Vancouver	12	20%	5.8
West End	27	20%	37.0
<b>Total</b>	<b>876</b>		<b>982.5</b>

<sup>1</sup> Note: The percentage assessed land value, up to a maximum of \$6.5 million per property, is subject to the DPRP tax rate.



## BY-LAW NO. \_\_\_\_\_

**A By-law to Average Land Assessments for 2025**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

**Name of By-law**

1. The name of this By-law, for citation, is the "2025 Land Assessment Averaging By-law".

**Definitions**

2. In this By-law:

“assessed improvement value” means assessed improvement value on the *Assessment Roll* as determined by the assessment authority, pursuant to the *Assessment Act*;

“assessed land value” means assessed land value on the *Assessment Roll* as determined by the assessment authority, pursuant to the *Assessment Act*;

“assessed value” means the combined value of assessed land value and assessed improvement value;

“assessment authority” means the British Columbia Assessment Authority;

“Average Assessment Roll” means the *Assessment Roll* produced annually by the assessment authority as a result of an assessment averaging by-law enacted under section 374.4 (1) of the *Vancouver Charter*;

“averaged land value” means the averaged land value determined by the land assessment averaging formula set out in this By-law;

“averaged value” means the combined value of averaged land value and assessed improvement value;

“threshold %” means 10 percentage points above the average year-over-year % change in property value within Class 1 – residential or 10 percentage points above the average year-over-year % change in property value within the combined property classes of Class 5 – light industry and Class 6 – business and other, as determined by the assessment authority based on the *Revised Assessment Roll*;

“year-over-year % change in property value” means the difference between the current year’s assessed value and the preceding year’s value as shown on the Average Assessment Roll, all divided by the preceding year’s value as shown on the Average Assessment Roll; and

“target parcel” means any parcel or part of a parcel in Class 1 - residential, Class 5 – light industry, or Class 6 – business and other, that experienced a year-over-year % change in property value that was greater than or equal to the threshold %

### Assessment averaging

3. Notwithstanding anything else in this By-law, if any parcel or part of a parcel:
  - (a) has no assessed improvement value for 2025; or
  - (b) is a new entry on the *2025 Assessment Roll*, unless that entry results from an administrative roll number re-assignment by the assessment authority; or
  - (c) was subject to:
    - (i) subdivision or consolidation during the period between completion of the *2024 and 2025 Assessment Rolls*, unless:
      - (i.i) the sole purpose of the subdivision or consolidation is to vest in the city, by dedication or transfer, all or part of the parcel for street purposes, or
      - (i.ii) the subdivision or consolidation is initiated by the assessment authority for assessment or administrative purposes, and does not alter the physical characteristics of the target parcel; or
    - (ii) a Council policy statement guiding consideration of an anticipated rezoning of the parcel or part of the parcel that was approved by Council between November 1, 2022 and October 31, 2024, other than a Council policy statement that was developed primarily on the initiative of the Director of Planning, that has not resulted in a proposed rezoning of the parcel or part of that parcel that has been approved in principle by Council following a public hearing; or
    - (iii) a proposed change in zoning or zoning district, including a proposed change to an existing CD-1 zoning district that includes a proposed change to permitted density, that has been approved in principle by Council between November 1, 2022 and October 31, 2024 following a public hearing, but has not been enacted, except for:
      - (iii.i) any proposed rezoning from RS-1 to RM-8, RM-8A, RM-8N or RM-8AN, or
      - (iii.ii) any proposed rezoning initiated by the Director of Planning; or
    - (iv) a change in zoning or zoning district, including a change to an existing CD-1 zoning district that includes a change to permitted density, except for:
      - (iv.i) any rezoning from RS-1 to RM-8, RM-8A, RM-8N or RM-8AN, or
      - (iv.ii) amendments to the Zoning and Development By-law or to an Official Development Plan that were initiated by the Director of Planning and enacted by Council between November 1, 2023 and October 31, 2024, except for amendments to the False Creek North Official Development Plan By-law and applicable CD-1 By-laws to convert the sites located at 1502 Granville Street, 431 Beach

Crescent, and 900 Pacific Boulevard from social housing to market housing; or

- (v) a change in the prescribed class of the parcel or part of the parcel during the period between the completion of the 2024 and 2025 *Assessment Rolls*, except for:
  - (v.i) a change between Class 5 - light industry and Class 6 - business and other, or
  - (v.ii) a change to or from Class 1 – residential or Class 3 – supportive housing resulting from the installation or removal of temporary modular homes supported by a decision to relax a zoning by-law to allow for the provision of low cost housing for persons receiving assistance as authorized by section 5.1.3 of the Zoning and Development By-law; or
- (vi) a change in the method of determining the assessed value under section 19(8) of the *Assessment Act* where the preceding year's assessed value was determined based on the actual use of the land and improvements and the current year's value is determined taking into consideration any other use to which the land or improvements could be put,

then the entire parcel is exempt from land assessment averaging set out in section 5 of this By-law.

4. Notwithstanding anything else in this By-law, if any parcel or part of a parcel in Class 5 or Class 6 is subject to tax relief during 2025 under a by-law enacted pursuant to section 374.6 of the Vancouver Charter then the entire parcel in Class 5 or Class 6 is excluded from land assessment averaging set out in section 5 of this By-law.

#### **Land assessment averaging formula**

5. If a parcel or part of a parcel is not exempt from averaging in accordance with section 3 of this By-law, is not excluded from averaging in accordance with section 4 of this By-law, and was not exempt from averaging under section 3 of any of the 2021, 2022, 2023 and 2024 Land Assessment Averaging By-laws (No. 12943, No. 13293, No. 13649 and 13960 respectively), and is a target parcel, then the 2025 averaged land value for each target parcel is the quotient arrived at by dividing the 2021, 2022, 2023, 2024 and 2025 assessed land value by the number of total years prescribed by the Preceding Years for Land Assessment Averaging By-law, 2019 (No. 12397), for each such target parcel.

#### **Averaging of properties that regain eligibility**

6. If a target parcel is not exempt from averaging in accordance with section 3 of this By-law and is not excluded from averaging in accordance with section 4 of this By-law, but was exempt from averaging in accordance with section 3 of the 2024 Land Assessment Averaging By-law (No. 13960), the 2025 averaged land value for that parcel is the quotient arrived at by dividing the 2025 assessed land value by one (1).
7. If a target parcel is not exempt from averaging in accordance with section 3 of this By-law, is not excluded from averaging in accordance with section 4 of this By-law, and

was not exempt from averaging in accordance with section 3 of the 2024 Land Assessment Averaging By-law (No. 13960), but was exempt from averaging in accordance with section 3 of the 2023 Land Assessment Averaging By-law (No. 13649), the 2025 averaged land value for that parcel is the quotient arrived at by dividing the sum of the 2024 and 2025 assessed land values by two (2).

8. If a target parcel is not exempt from averaging in accordance with section 3 of this By-law, is not excluded from averaging in accordance with section 4 of this By-law, and was not exempt from averaging in accordance with section 3 of both the 2023 and 2024 Land Assessment Averaging By-laws (No. 13649 and No. 13960, respectively), but was exempt from averaging in accordance with section 3 of the 2022 Land Assessment Averaging By-law (No. 13293), the 2025 averaged land value for that parcel is the quotient arrived at by dividing the sum of the 2023, 2024 and 2025 assessed land values by three (3).
9. If a target parcel is not exempt from averaging in accordance with section 3 of this By-law, is not excluded from averaging in accordance with section 4 of this By-law, and was not exempt from averaging in accordance with section 3 of all of the 2022, 2023 and 2024 Land Assessment Averaging By-laws (No. 13293, No. 13649 and No. 13960, respectively), but was exempt from averaging in accordance with section 3 of the 2021 Land Assessment Averaging By-law (No. 12943), the 2025 averaged land value for that parcel is the quotient arrived at by dividing the sum of the 2022, 2023, 2024 and 2025 assessed land values by four (4).

#### **Non-applicability of By-law**

10. Despite sections 5, 6, 7, 8 and 9 of this By-law, land assessment averaging does not apply to any target parcel if the land assessment averaging will result in an averaged value greater than the assessed value.

#### **Limit on Application of By-law**

11. Despite sections 5, 6, 7, 8 and 9 of this By-law, for any target parcel:
  - (a) the averaged value shall not be less than the product resulting from the multiplication of the preceding year's value as shown on the Average Assessment Roll and 100% plus the threshold %. If it is, then the averaged land value is calculated by subtracting the assessed improvement value from the product resulting from the multiplication of the preceding year's value as shown on the Average Assessment Roll and 100% plus the threshold %, and
  - (b) the averaged land value shall not be lower than the assessed land value by more than \$6,500,000. If it is, then the averaged land value is calculated by subtracting \$6,500,000 from the assessed land value.

#### **Correction of errors**

12. An owner who receives notice under section 403 of the *Vancouver Charter* of adjustments to the net taxable value of the owner's property, and who wishes the Collector of Taxes to correct errors made in applying this By-law to such property, must file a request for correction with the Collector of Taxes on or before the last business day of July 2025.

**Appeal to Court of Revision**

- 13. A person:
  - (a) may appeal to Council, sitting as a Court of Revision, any decision of the Collector of Taxes with respect to:
    - (i) an adjustment to the net taxable value of any property, or
    - (ii) an exemption from this By-law; and
  - (b) must file such appeal within 30 days after the Collector of Taxes makes that decision.

**Adjudication by Court of Revision**

- 14. The Court of Revision must sit no later than October 31, 2025 to:
  - (a) adjudicate complaints made under this By-law respecting errors in:
    - (i) an adjustment to the net taxable value of any property, or
    - (ii) an exemption from this By-law; and
  - (b) direct the Collector of Taxes to amend the net taxable value of any property, necessary to give effect to any decision of the Court of Revision.

**Severability**

15. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

**Force and effect**

16. This By-law is to come into force and take effect on enactment.

ENACTED by Council this 12th day of March, 2025

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

\* \* \* \* \*

**BY-LAW NO. 14233****A By-law to provide for a declaration regarding  
tax relief from development potential for 2025**

In order to allow Council to consider the continuation of the Pilot Development Potential Relief Program for the 2025 tax year that provides temporary tax relief to support independent businesses and community partners located in certain under-developed Class 5 and 6 properties, with a focus on neighborhood retail along high streets, subject to City staff reporting back on final program details, including confirmation of eligibility via written declaration,

THEREFORE;

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law may be referred to for convenience as the “Development Potential Tax Relief Declaration By-law, 2025”.
2. In this By-law:
  - “eligible arts and culture organization” means Vancouver-based artists, arts collectives or community cultural organizations involved in the production, creation, rehearsal or presentation of arts and culture including visual, performing, media, literary, craft or interdisciplinary arts; and
  - “eligible non-profit organization” means registered Vancouver-based non-profit societies, charitable organizations, or co-operatives in good standing with BC Registry Services or the Canadian Revenue Agency involved in the provision of information, referral or advocacy services, drop in or activity space, or food, clothing or other aid for social purposes.
3. Any by-law authorizing tax relief under section 374.6 of the Vancouver Charter must identify the properties for which relief is provided. The 2025 Pilot Development Potential Relief Program (“2025 Pilot DPRP”) will exclude properties where the primary use (i.e., over 50 per cent of the property) includes one or more of the following:
  - Big box stores
  - Billboards or signs
  - Development presentation centres or temporary sales offices
  - Financial services, including banks, credit unions, investment advisors, insurance and trust companies
  - Gasoline stations
  - Hotels
  - International or national chains
  - Manufacturing, production, wholesale, utility, communication, and logistics
    - except for area occupied by eligible arts and culture organizations or eligible non-profit organizations
  - Neighborhood or regional shopping centres
  - Office, including general office, health care office, health enhancement centre and laboratory
    - except for area occupied by eligible arts and culture organizations or eligible non-profit organizations

- Parking, including parking garages and surface parking
  - Properties owned or operated by any government or its agent
  - Redevelopment sites for which a rezoning has been approved in principle following a public hearing
  - Storage or warehouse
    - except for area occupied by eligible arts and culture organizations or eligible non-profit organizations
  - Vehicle dealer, auto service or car wash
    - except for area occupied by independent auto service.
4. The City may request additional documents to validate any information provided in the declaration form.
5. Council hereby excludes properties from the 2025 Pilot DPRP, unless 50 percent or more of the property was in use, and declared to be in use, from October 1, 2024 to December 31, 2024.
6. Under section 374.6(3)(d) of the Vancouver Charter, Council hereby requires every owner of property eligible for the 2025 Pilot DPRP under any by-law enacted under section 374.6 to notify eligible occupants of that tax relief.
7. In accordance with Council policy, a property may only be considered to comply with sections 3, 5 and 6 of this By-law, or otherwise be eligible for consideration for tax relief pursuant to section 374.6, if an owner, an owner under agreement, or an agent of the owner completes and returns to the City, no later than February 28, 2025, a declaration form generally in the form attached to this By-law as Schedule “A” indicating full compliance with the requirements of the declaration.
8. Notwithstanding section 7 of this By-law, a property that was subject to a change in assessed value as a result of an assessment appeal or other adjustment made by the British Columbia Assessment Authority after the publication of the Completed Roll and upon finalization of the Revised Roll in 2025, may also be considered to comply with sections 3, 5 and 6 of this By-law, or otherwise be eligible for consideration for tax relief pursuant to section 374.6 of the Vancouver Charter, if an owner, an owner under agreement, or an agent of the owner completes and returns to the City, no later than March 31, 2025, a declaration form generally in the form attached to this By-law as Schedule “A”, but with a revised submission deadline of March 31, 2025, indicating full compliance with the requirements of the declaration.
9. It is an offence under this By-law, punishable by a fine of up to \$10,000, to complete, file or provide a false declaration to the City.
10. This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this 10<sup>th</sup> day of December, 2024

Signed \_\_\_\_\_ “Ken Sim”  
Mayor

Signed \_\_\_\_\_ Katrina Leckovic”  
City Clerk

**Schedule “A”  
2025 Development Potential Tax Relief Program  
OWNER’S DECLARATION**

The Pilot Development Potential Relief Program (“DPRP”) provides temporary tax relief to support independent businesses and community partners located in certain under-developed Classes 5 and 6 properties, with a focus on neighborhood retail along high streets.

Council is scheduled to consider the 2025 Pilot DPRP, along with the Targeted Land Assessment Averaging Program, in March 2025.

I understand and hereby acknowledge that this declaration is being made in order to help ensure that the identified property (the “Property”) is eligible for consideration for tax relief under the proposed 2025 Pilot DPRP, as authorized by Council pursuant to section 374.6 of the Vancouver Charter.

NOTE: The Property will be considered for tax relief under section 374.6 only if all questions are answered in the affirmative and the completed form is submitted to and received by the City via web submission, email or mail no later than February 28, 2025.

Folio # (from notice)	###-###-##-####	
Access # (from notice)	###-###	

#	Statement	Response
1.	I hereby certify that I am a registered owner in fee simple, an owner under agreement, or an authorized agent or representative of an owner in fee simple of the Property, and that I am authorized to make this declaration regarding the Property.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.	I hereby declare that at least 50% of the property was in use/occupied from October 1, 2024 to December 31, 2024.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.	I further declare that the primary use (i.e., 50%+ of the property) was NOT one or more of the following excluded categories: <ul style="list-style-type: none"> <li>• Big box stores</li> <li>• Billboards or signs</li> <li>• Development presentation centres or temporary sales offices</li> <li>• Financial services, including banks, credit unions, investment advisors, insurance and trust companies</li> <li>• Gasoline stations</li> <li>• Hotels</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No



#	Statement	Response
	<ul style="list-style-type: none"> <li>• International or national chains</li> <li>• Manufacturing, production, wholesale, utility, communication, and logistics                             <ul style="list-style-type: none"> <li>○ except for area occupied by eligible arts and culture organizations<sup>2</sup> or eligible non-profit organizations<sup>3</sup></li> </ul> </li> <li>• Neighborhood or regional shopping centres</li> <li>• Office, including general office, health care office, health enhancement centre and laboratory                             <ul style="list-style-type: none"> <li>○ except for area occupied by eligible arts and culture organizations<sup>1</sup> or eligible non-profit organizations<sup>2</sup></li> </ul> </li> <li>• Parking, including parking garages and surface parking</li> <li>• Properties owned or operated by any government or its agent</li> <li>• Redevelopment sites for which a rezoning has been approved in principle following a public hearing</li> <li>• Storage or warehouses                             <ul style="list-style-type: none"> <li>○ except for area occupied by eligible arts and culture organizations<sup>1</sup> or eligible non-profit organizations<sup>2</sup></li> </ul> </li> <li>• Vehicle dealers, auto service or car wash                             <ul style="list-style-type: none"> <li>○ except for area occupied by independent auto service</li> </ul> </li> </ul>	
4.	<p>I acknowledge that any tenants or occupiers of the Property must be informed of any tax relief resulting from the 2025 Pilot DPRP or a By-law enacted under section 374.6 of the Vancouver Charter, and hereby undertake to inform them of any tax relief that may be provided for the Property.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

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<sup>2</sup> “eligible arts and culture organization” means Vancouver-based artists, arts collectives or community cultural organizations involved in the production, creation, rehearsal or presentation of arts and culture including visual, performing, media, literary, craft or interdisciplinary arts.

<sup>3</sup> “eligible non-profit organization” means registered Vancouver-based non-profit societies, charitable organizations, or co-operatives in good standing with BC Registry Services or the Canadian Revenue Agency involved in the provision of information, referral or advocacy services, drop in or activity space, or food, clothing or other aid for social purposes.

#	Statement	Response
5.	<p>I acknowledge that:</p> <ol style="list-style-type: none"> <li>1. Under current legislation, tax relief under the 2025 Pilot DPRP only applies to the municipal general purpose tax levy, and does not apply to taxes levied by Other Taxing Authorities (e.g., Provincial School Tax, TransLink, Metro Vancouver, etc.).</li> <li>2. Under current legislation, properties that receive tax relief under the 2025 Pilot DPRP are not eligible for Targeted Land Assessment Averaging.</li> <li>3. Council is scheduled to consider the 2025 Pilot DPRP, along with the Targeted Land Assessment Averaging Program, in March 2025, when program parameters and maximum limits on tax relief will be finalized. Should property owners or authorized agents decide to opt out of the 2025 Pilot DPRP, declaration forms submitted on or before February 28, 2025 can be withdrawn no later than March 31, 2025.</li> <li>4. The eligibility of any property for relief under the 2025 Pilot DPRP is ultimately subject to Council approval scheduled for March 2025.</li> </ol>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

**IMPORTANT**

The City may request additional documents to validate any information provided in the declaration form.

By signing this declaration, I am declaring that the contents of it are true, and that I am aware that it is unlawful and punishable by a fine of up to \$10,000 to complete, file, or provide a false declaration to the City.

Completed by:

NAME: \_\_\_\_\_

Authorized owner or agent (check one):

AUTHORIZED OWNER

AGENT

SIGNATURE: \_\_\_\_\_

PHONE NO.: \_\_\_\_\_

EMAIL: \_\_\_\_\_

DATED: \_\_\_\_\_