



COUNCIL REPORT

Report Date: February 23, 2026
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VanRIMS No.: 08-2000-20
Meeting Date: March 10, 2026
[Submit comments to Council](#)

TO: Vancouver City Council

FROM: Director of Finance

SUBJECT: 2026 Property Tax: Development Potential Relief and 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 2026 for eligible Light Industry (Class 5) and Business and Other (Class 6) properties with the following parameters:
- a. the additional City eligibility criteria and exclusions established by the *Development Potential Tax Relief Declaration By-law, 2026* (No. 14520);
 - b. the percentage of assessed land value by neighborhood/zoning district up to a maximum of \$6.5 million for each eligible property, as outlined in Appendix A;
 - c. that the eligible land value be taxed at a general purpose tax rate that is 50% lower than the blended rate for Classes 5 and 6;

FURTHER 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 this decision.

Land Assessment Averaging

- B. THAT Council approve, in principle, the continuation of targeted 5-year land assessment averaging ("Targeted Averaging") in 2026 for Residential (Class 1), Light Industry (Class 5), and Business and Other (Class 6) properties with the following parameters, generally consistent with those of the *2025 Land Assessment Averaging By-law* (No. 14293):
- a. a threshold of 10% above the class average change for Class 1 and for

Classes 5 and 6 (finalized using the *2026 Revised Assessment Roll*) to define eligibility;

- b. that applying the averaging formula to eligible properties will not result in:
 - i. a change in assessment falling below the “threshold”; or;
 - ii. a reduction in values exceeding \$6.5 million;
- c. general exclusions for unimproved properties, new entries to the assessment roll, subdivided or consolidated properties, property class changes, and changes in the status of a property under section 19(8) of the *Assessment Act*;
- d. rezoning related exclusions for properties subject of:
 - i. a policy statement approved during the last two years;
 - ii. a proposed rezoning approved in principle during the last two years, or;
 - iii. a rezoning enacted during the last year;except for those initiated by the Director of Planning and rezonings to certain townhouse district schedules which will still be considered for Targeted Averaging;
- e. an exclusion for properties that receive relief under the 2026 Pilot DPRP;

FURTHER 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 this decision.

Purpose and Executive Summary

The City offers two property tax relief programs:

- Pilot Development Potential Relief Program (“Pilot DPRP”) which targets unrealized development potential for eligible Class 5 and Class 6 non-residential properties; and
- Targeted 5-year Land Assessment Averaging (“Targeted Averaging”) which targets assessment volatility for eligible Class 1, Class 5 and Class 6 properties.

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

- Extend the Pilot DPRP for 2026 to reduce the City’s general purpose tax levy on a portion of the assessed land value of eligible properties.
- Continue Targeted Averaging in 2026 to reduce the impact of assessment volatility for eligible properties.

Adoption of the Pilot DPRP and Targeted Averaging will not reduce the amount of taxes collected overall as any tax relief provided to eligible properties will be redistributed to the remaining

properties within the same property tax classes. As such, Council should seek to 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 2026, the rate premium required is estimated to be ~0.1% for the Class 1 tax rate and ~0.6% for the City's blended Class 5/6 tax rate (to be finalized based on the *2026 Revised Assessment Roll*).

Council Authority/Previous Decisions

- Development Potential Relief: as authorized by s. 374.6 of the *Vancouver Charter*, Council can, each year, consider whether to apply a lower general purpose tax rate on a portion of the assessed land value of eligible properties.
- 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 criteria based on which averaging is applied.

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. Refer to Appendix B for more background on the City's Property Assessment & Taxation Framework.

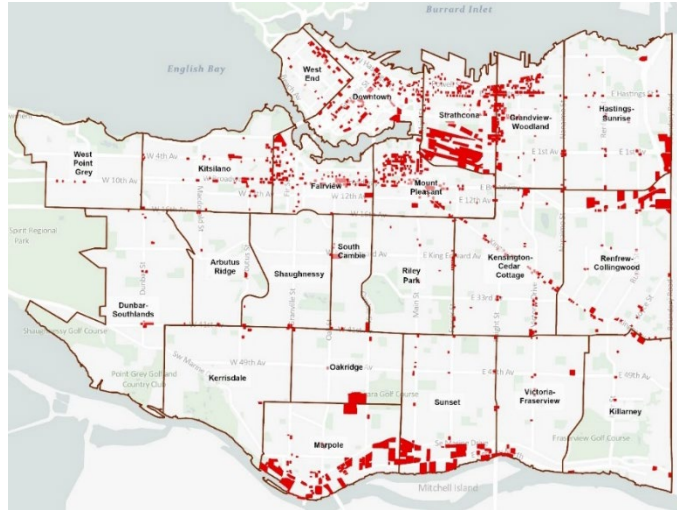
Discussion

I. Development Potential Relief

Development potential relief is a tool created by the Province enabling the ability to provide relief to eligible Light Industry (Class 5) and Business and Other (Class 6) properties that:

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

Of ~15,400 properties in Classes 5 and 6 on the 2026 *Completed Assessment Roll*, ~1,700 properties (~11%) were eligible for consideration under the provincial eligibility criteria (see the map to the right).



As directed by Council, the pilot program targets relief to support independent businesses and community partners, with a focus on neighborhood retail along high streets. The specific criteria established for the 2026 Pilot DPRP are consistent with past years and are detailed in the [2026 Development Potential Tax Relief Declaration By-law \(No. 14520\)](#).

Based on the assessment data and methodology informed by the 2025 Property Tax Policy Review – Phase II, it is proposed that this year eligible land benefit from 20% relief based on the city-wide median imputed development potential. Additional relief is proposed for eligible land in neighbourhoods/zoning districts where the median imputed development potential is in the top 33% percentile. Appendix A presents the proposed relief by neighbourhood/zoning district.

Consistent with last year, staff recommended that the DPRP tax rate be set at 50% of the blended Class 5/6 tax rate and the amount of land value that is subject to the DPRP tax rate be capped at \$6.5 million per property. These parameters limit the amount of relief taken up by a small number of high value properties and the overall impact on the blended Class 5/6 tax rate.

As shown in Figure 1 below, fewer properties are eligible for DPRP tax relief in 2026 relative to prior years, since fewer properties meet the province’s eligibility criteria under the current commercial real estate market conditions.

Figure 1: Development Potential Relief Program Properties

	2023	2024	2025	2026 to date*
# of properties meeting provincial criteria	~3,420	~3,145	~2,900	~1,700
# of eligible properties	1,017	761	746	~210
Total tax relief	\$3.4 M	\$2.6 M	\$2.5 M	~\$0.6 M

*Based on declarations received to date, subject to review and ‘opt-out’ period (March 31, 2026 deadline).

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 DPRP on OTA levies.

Additional information on Development Potential Relief including background on the development potential issue and history of the relief program is included in Appendix C.

II. Land Assessment Averaging

Targeted Averaging is applicable to eligible Residential (Class 1), Light Industry (Class 5) and Business and Other (Class 6) properties. The intent is to moderate the impact to eligible properties experiencing disproportionately high year-over-year increases in assessments. If a property's assessment increase above the threshold set by Council, averaging can reduce the increase, but not below the threshold and not by more than an approved value cap. The impact of averaging depends how the land value of a property in recent years.

Consistent with last year, staff recommend that the threshold be set at 10% above the property class average change (same since Target Averaging introduced in 2015) and the amount by which assessed land value can be reduced by Targeted Averaging be capped at \$6.5 million per property. These parameters ensure that averaging does not reduce tax increases for eligible properties below the increases for properties below the threshold and limit the amount of relief provided to a small number of high value properties and the overall impact on other properties.

Based on the *2026 Completed Assessment Roll*, the estimated class average change and "thresholds" are summarized in Figure 2 below. These will be finalized based on the *2026 Revised Assessment Roll* in April.

Figure 2: Preliminary "Threshold" based on 2026 Completed Assessment Roll

	Class average change		Threshold: Class average +10%		# of properties above Threshold	
	2026	2025	2026	2025	2026	2025
Residential (Class 1)	(6.1%)	(0.7%)	3.9%	9.3%	~9,400 (4%)	~4,700 (2%)
Light Industry & Business (Classes 5 & 6)	(9.8%)	(3.1%)	0.2%	6.9%	~5,200 (34%)	~3,100 (20%)

Additional information on Targeted Averaging is included in Appendix D.

Financial Implications

Applying development potential relief and land assessment averaging will not affect the amount of 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.

Under the *Vancouver Charter* DPRP does not apply to OTAs; however, should Council adopt Targeted Averaging, the averaged assessments calculated will be the basis for taxing properties to raise the required OTA levies; except for the Provincial Additional School Tax which will still be based on unaveraged assessments.

Based on analysis of the *2026 Completed Assessment Roll* and subject to finalization of the *2026 Revised Assessment Roll*, Council's decision on tax distribution in April 2026, and the finalization of OTA tax levies, the estimated impact from the relief programs is summarized in Figure 3 below.

Figure 3: Estimated impacts from Targeted Averaging & Pilot DPRP (2026)

Relief program	Tax rate	Class 1 Residential	Classes 5 Light Industry	Classes 6 Business & other
Targeted averaging	- City general levy tax rate	+0.1%	+0.5%	+0.5%
	- OTA tax rates	+0.1%	+0.4%	+0.5%
Pilot DPRP	- City general levy tax rate	n/a	+0.1%	+0.1%
	- OTA tax rates	n/a	n/a	n/a
Overall		+0.1% (2025: +0.2%)	+0.5% (2025: +1.1%)	+0.6% (2025: +0.9%)

The cost of having BC Assessment produce the 2026 *Averaged Assessment Roll* is estimated at ~\$30,000 plus applicable taxes and is provided for in the Operating Budget.

Legal Implications

Should Council decide to proceed with the Pilot DPRP and Targeted Averaging in 2026, the Director of Legal Services, in consultation with the Director of Finance, will bring forward for enactment by Council applicable by-laws that reflect Council’s decision.

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Appendix A: Development Potential Relief – % Land Value Subject to DPRP Rate

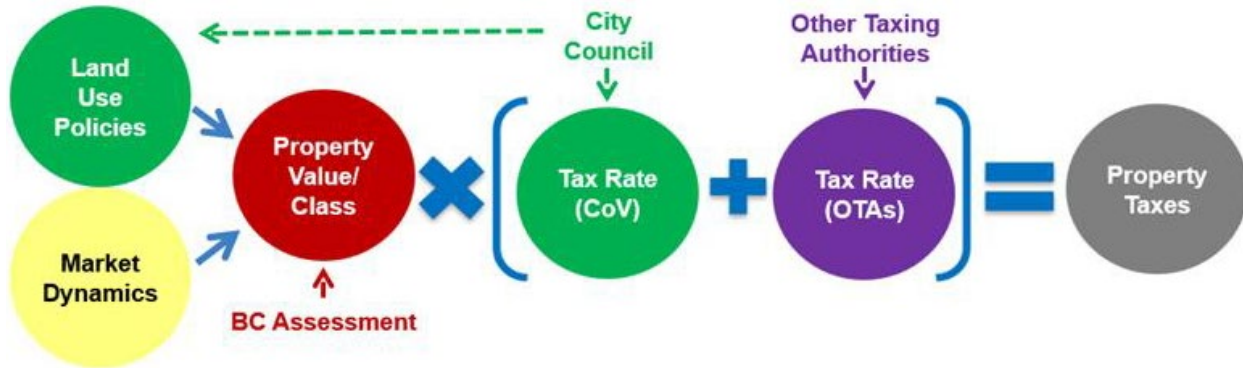
Neighborhoods / Zoning Districts	Land Value Subject to DPRP Rate ¹
Arbutus Ridge - Mackenzie Heights	20%
Cambie	20%
Cedar Cottage	20%
Coal Harbour	20%
Collingwood	20%
Downtown	20%
Downtown South	20%
Dunbar	20%
Fairview	20%
False Creek North	20%
Fraserview	20%
Grandview	20%
Hastings East	20%
Kerrisdale	20%
Killarney	20%
Kitsilano	20%
Knight	20%
Main & Fraser	20%
Marine Drive	20%
Marpole	20%
Mount Pleasant (FC-1, FC-2, I-3, IC-1 and IC-3)	30%
Mount Pleasant (Other)	20%
Oakridge	20%
Point Grey	20%
Renfrew	20%
Renfrew Heights	20%
Shaughnessy	20%
South Granville	20%
South Vancouver	20%
Southlands	20%
West End	20%

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

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Appendix B: Property Assessment & Taxation Framework

B.C.’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 annual market valuations that ensures currency, equity and transparency.



Property taxes are levied by the City and other taxing authorities including the Province (e.g. School taxes), TransLink, Metro Vancouver, BC Assessment, and Municipal Finance Authority (“OTAs”) based on property values, which are driven by land use policies (e.g. zoning) and by market dynamics.

BC Assessment produces annual assessments of all real properties in BC based on their market value reflecting their highest and best use as defined by zoning and market evidence. It also classifies properties into the applicable property class(es) based on their actual use.

Council sets land use policies and establishes tax rates based on the tax levy required to support the annual budget and the distribution of that tax levy between classes (“tax share”). Council may also decide whether to apply authorised relief tools such as land assessment averaging or development potential relief in any given year. If relief is applied, tax rates for the impacted property classes are adjusted to ensure revenue neutrality.

Other Taxing Authorities have separate levies established through tax rates or legislated tax shares for each property class.

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. Properties with a higher change in value relative to the average change in the class experience a higher increase in property tax beyond the Council-directed increase, while properties with a lower change in value are subject to a lower increase or even a reduction in property tax. This situation is particularly prevalent in neighbourhoods that experience a much higher increase relative to other areas in the city and, as a result, pay higher taxes.

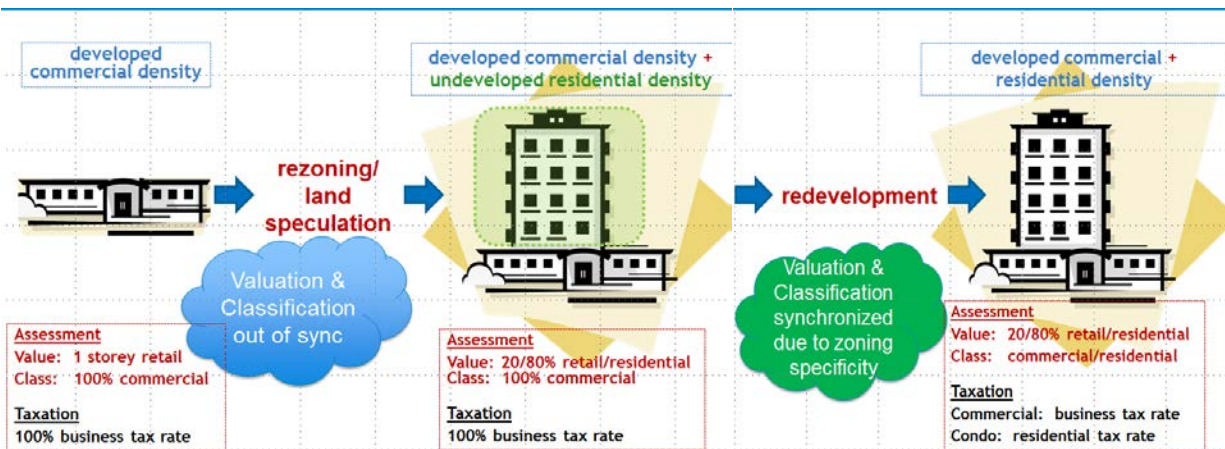
Appendix C: Additional Information on Development Potential

Additional background on Development Potential

In B.C., properties are assessed at their market value reflecting their “highest and best use”. 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, land use policies have been developed to set out long-term plans to increase density in communities to support anticipated population and job growth over the coming decades, and to expand commercial and light industrial space. As the plans are implemented, certain properties will continue their existing use for years until redevelopment occurs, while the market value might reflect a higher and better “future” use as allowable in OCPs/Neighbourhood Plans. The figure below illustrates the property assessment, classification and taxation over the relevant time horizon.

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 value reflects a higher and better use of the property, which may include some residential density above the commercial retail space. As the actual use of the building continues to be retail, the property is classified as Class 6. 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.

At present, there is no separate property class for this future development potential. The value of the existing use and any future development potential is aggregated into the same class. As a result, municipalities cannot set a different tax rate for 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 the Province’s property tax deferral program and provisions under section 19(8) of the *Assessment Act* provide potential mitigation for eligible residential properties, those measures do not apply to commercial properties. Land assessment averaging is available to municipalities to moderate significant property tax increases arising from assessment volatility; however, Vancouver is the only municipality that uses averaging on a City-wide basis.

For eligible commercial properties, averaging is a key mitigating measure that provides businesses with short-term, multi-year relief from significant assessment to enable market adjustments and/or lease renegotiations. However, the averaging program is intended to address assessment and taxation volatility, not the development potential.

History of development of the Development Potential Relief Program

It is important to note that the affordability challenge arising from a variety of factors including real estate speculation is a regional issue impacting most Metro Vancouver municipalities, not just Vancouver.

In 2019, staff participated in a regional Intergovernmental Working Group (IWG) that submitted a recommendation to the Province for “Split Assessment through a Commercial Sub-class” to provide the most targeted tax relief to small businesses and community partners currently residing in under-developed properties in neighborhoods that are experiencing significant pace of change. The proposal would have enabled local governments to levy a lower tax rate on the development potential for properties they define as eligible.

In Spring 2020, the Province enacted the Interim Business Property Tax Relief Legislation. However, analysis done by the IWG concluded that while the interim relief tool may help address the assessment and taxation volatility issue it did not address the core issue of development potential and posed significant implementation challenges. Staff are not aware of any municipality having implemented the interim tool.

In 2022, the *Municipal Affairs Statutes (Property Taxation) Amendment Act, 2022* (“Bill 28”) came into effect. Replacing the previous interim relief legislation, it enables municipalities to provide development potential relief to eligible Light Industry (Class 5) and Business and Other (Class 6) properties.

The development potential relief provided under the *Vancouver Charter* and the *Community Charter* introduced by Bill 28 is permissive in nature. Council can decide whether to use the development potential relief authority granted by the legislation, set its 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 (a property is disqualified from the DPRP if the property received relief under the program more than 4 years prior), so it will not discourage development and the delivery of housing and job spaces over the long term.

Exercising the authority under Bill 28 does not affect the amount of general purpose tax levy collected from Classes 5 and 6 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.

Since Bill 28 came into effect, other municipalities have expressed an interest in pursuing such a program, but the City of Vancouver and the City of Victoria are the only ones to implement a development potential relief program.

Staff continue to consult with the Province, BC Assessment and key stakeholders on program enhancement opportunities for future years.

Appendix D: Additional Information on Targeted Averaging

Additional background

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 taxes collected from each property class is the same with or without averaging. To date, Vancouver is the only municipality in B.C. 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 (see Appendix E) such as s. 19(8) of the *Assessment Act* and Property Tax Deferment 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. 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 several 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 set out the following guiding principles:

- | | |
|---|---|
| <ul style="list-style-type: none"> i) targeted <ul style="list-style-type: none"> • “hot” properties only • unanticipated increases only, not owner-induced increases (e.g. rezoning, improvement) ii) tailored mitigation to intensity of volatility iii) time-limited to allow tenants time to react (re-negotiate, relocate) | <ul style="list-style-type: none"> 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	
	2026 Land Value		Average of 2022/23/24/25/26 Land Value
+	<u>2026 Improvement Value</u>	+	<u>2026 Improvement Value</u>
=	2026 Taxable Value <small>Market</small>	=	2026 Taxable Value <small>Average</small>
x	<u>2026 Tax Rate <small>Market</small></u>	x	<u>2026 Tax Rate <small>Average</small></u>
=	2026 Total General Purpose Tax Levy	=	2026 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 to generate the same amount of total 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.

Extended History of Council Decisions on Land Assessment Averaging

Section 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 City property tax policy. In February 2014, the Commission recommended targeted 5-year land assessment averaging 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.

In March 2025, Council adopted a cap on the reduction in land value for Classes 5 and 6 to limit the amount of relief taken up by a few high value properties and the combined impact on the Class 5 & 6 tax rates of relief programs.

Legislative & Administrative Requirements

Section 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

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. That number, once established, cannot be changed 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

Council's by-law can also establish eligibility and exemption criteria for the properties within an eligible property class. For targeted averaging, the by-law must stipulate a "threshold" to define "hot" properties eligible for averaging.

Since 2025, staff have also recommended that the average formula include a cap on the reduction in land value for Classes 5 and 6 to limit the amount of relief taken up by a few high value properties and the combined impact on the Class 5 & 6 tax rates of relief programs.

The City's practice has been to provide exclusions for:

- unimproved properties (i.e. vacant land),
- new entries to the assessment roll and subdivided or consolidated properties, except where the result of an administrative change by BC Assessment or dedication or transfer to the City for street purposes
- property class changes, and changes in the status of a property under section 19(8) of the Assessment Act,

- properties undergoing owner initiated rezoning related changes, including:
 - i. policy statements guiding consideration of an anticipated rezoning approved during the last two assessment years (Nov. 1 to Oct. 31) that has not resulted in a proposed rezoning that has been approved in principle by Council,
 - ii. proposed rezonings that have been approved in principle by Council during the last two assessment years (Nov. 1 to Oct. 31) but not yet enacted, and
 - iii. rezoning enacted during the most recent assessment year (Nov. 1 to Oct. 31);nothing that such changes initiated by Director of Planning and related to certain townhouse districts which will still be considered for Targeted Averaging.

(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

Under 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 [2026 notice](#) was placed on vancouver.ca and Vancouver is Awesome.

(vii) Appeal Process

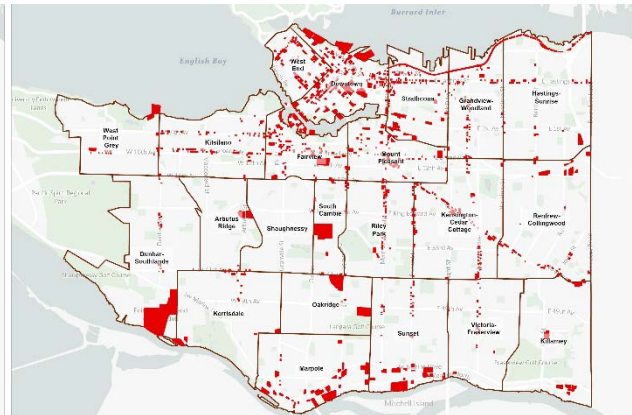
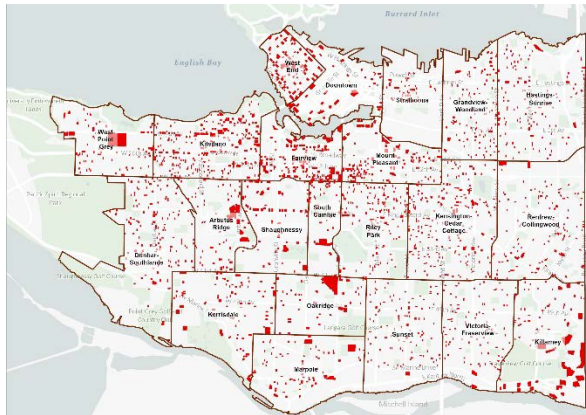
Council is required to provide a process for property taxpayers to appeal the application of the *Land Assessment Averaging By-law*. The by-law provides for a municipal Court of Revision after the tax billing date for appeals that cannot be resolved within the administrative processes provided for in 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.

Additional Analysis of Targeted Averaging for 2026

Staff analysis of the impact of Targeted Averaging is based on the *2026 Completed Assessment Roll*; the 2026 Revised Assessment Roll which incorporates updates from the Property Assessment Review Panel decisions will not be available until April. The analysis also incorporated the proposed threshold of 10% above the class average increase and exclusions generally consistent with the [2025 Land Assessment Averaging By-law \(No. 14293\)](#). The following maps highlight the geographical distribution of “hot” properties.

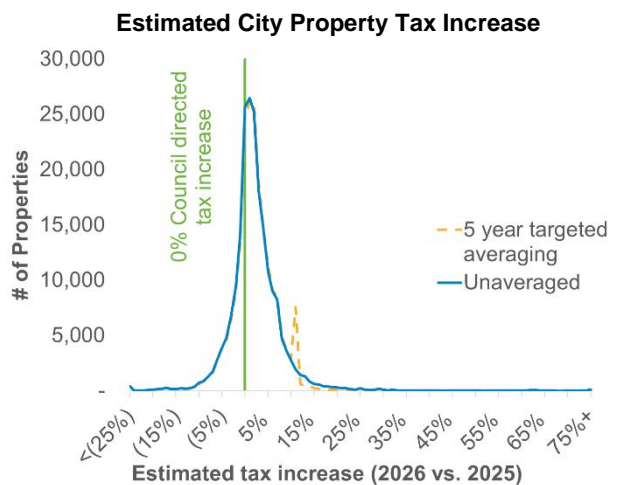
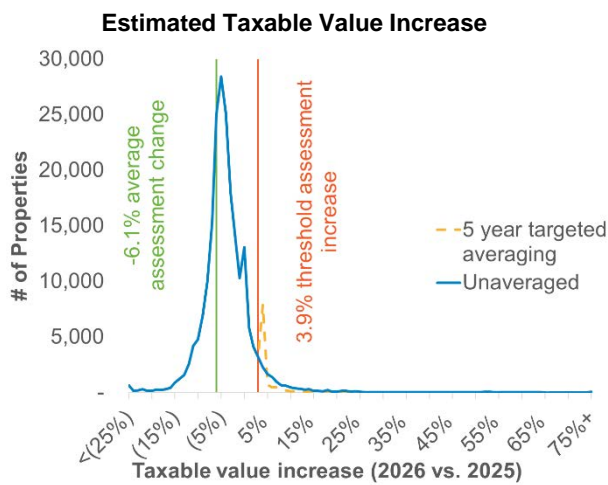
“Hot” Residential Properties (Class 1)

“Hot” Light Industry & Business Properties (Cl. 5&6)

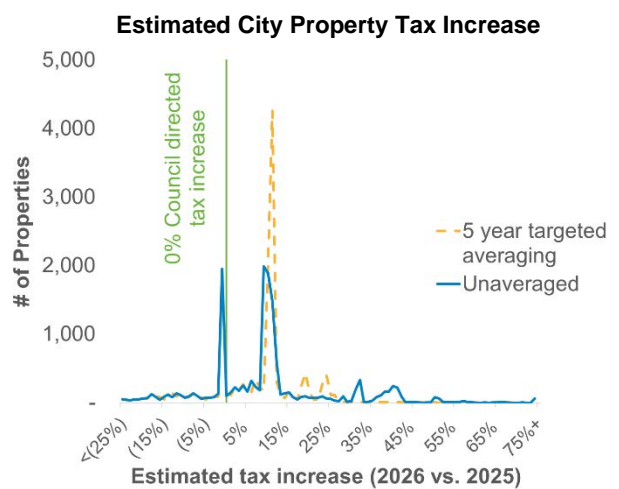
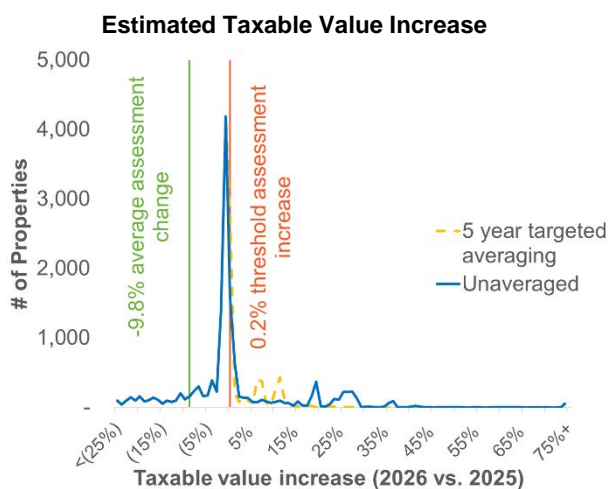


The figures below illustrate the effect of averaging on the year-over-year increase (%) in taxable values and City property tax. The properties that are below the “threshold” will be subject to slightly higher taxes to subsidize the tax relief for those “hot” properties.

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



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



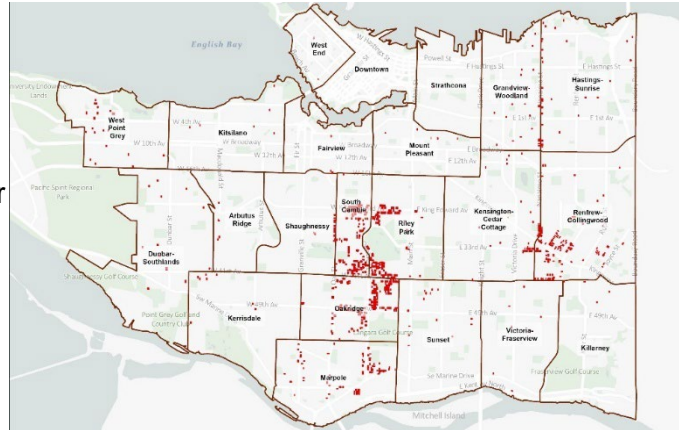
Appendix E: Provincial Property Tax Mitigation – Residential Properties

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.

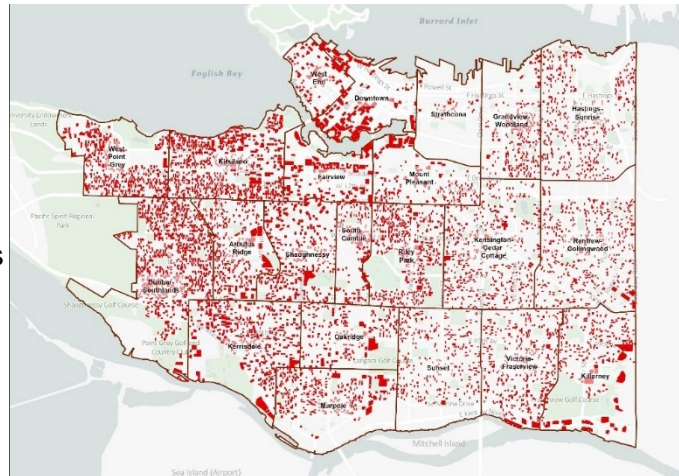
[2025: 1,118 properties; 2026: 1,091]



Property Tax Deferment:

Available to property owners 55 years of age or older who occupy their principal residence and families with children under 18 years of age.

[2025: 10,042 properties; 2026: applications in progress]



Home Owner Grant:

While not specifically supportive of properties impacted by development potential, the Province’s Home Owner Grant is available to property owners who occupy their principal residence with a value that falls within the qualifying range.

[2025: 92,883 properties; 2026: applications in progress]

