

TO: CHAIR AND MEMBERS
FINANCE MANAGEMENT COMMITTEE

DATE: 2015 April 17

FROM: DIRECTOR FINANCE

FILE: 7800-02

SUBJECT: 2015 PROPERTY ASSESSMENTS, NEW GROWTH AND HOME OWNER
GRANT UPDATE

PIURPOSE: To provide comparative information for 2015 Property Assessments, New Growth
and Home Owner Grant eligibility.

RECOMMENDATION:

1. **THAT** the Financial Management Committee receive this report for information.

REPORT

1.0 2015 PROPERTY ASSESSMENTS

In setting the rate for General Municipal Taxation per \$1000 of assessed value, the City adjusts rates for revised annual property values. A decrease in average assessed values for a class of property will not result in a decrease in property taxation; however, a decrease in the assessed value of a single property in comparison to the average value for similar properties may result in a decrease in relative taxation.

Despite negative growth in 2014, average residential property has increased by 5.25% in 2015, with Single Family Dwellings showing a 6.25% increase. Strata properties show a modest increase of 1.89%. BC Assessments 2015 January Assessment update, noted that¹:

"Most single family home owners will see value changes from 0% to +15%".

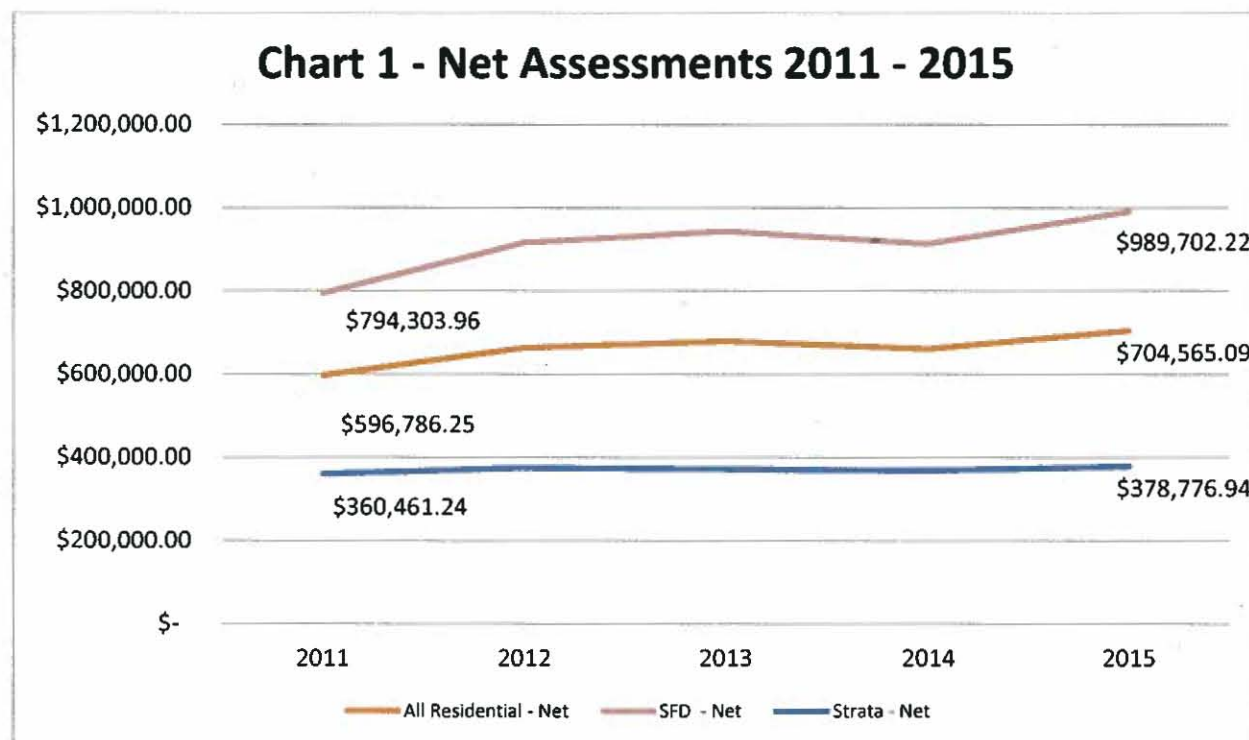
To measure the impact of property tax rate increases net assessed values are compared to prior year gross assessed values. The net assessed values for 2015 exclude new growth from development and are based on properties that were on the tax roll in 2014. Table 1 provides information for residential property assessment changes in 2015.

Table 1 – Change in Assessed Value

Change in Assessed Value	2014 Value	2015 Value	Change
Residential Property	\$669,435	\$704,565	5.25%
Single Family Dwelling	\$931,526	\$989,702	6.25%
Strata	\$371,755	\$378,776	1.89%

While the proportion of properties that are single family have been in relative decline the number of strata units has been on the increase, at just over 50% in 2015 compared to 47.7% in 2011. Single Family Dwellings make up 45.8% of all residential properties in 2015. This is in comparison to 48% in 2011.

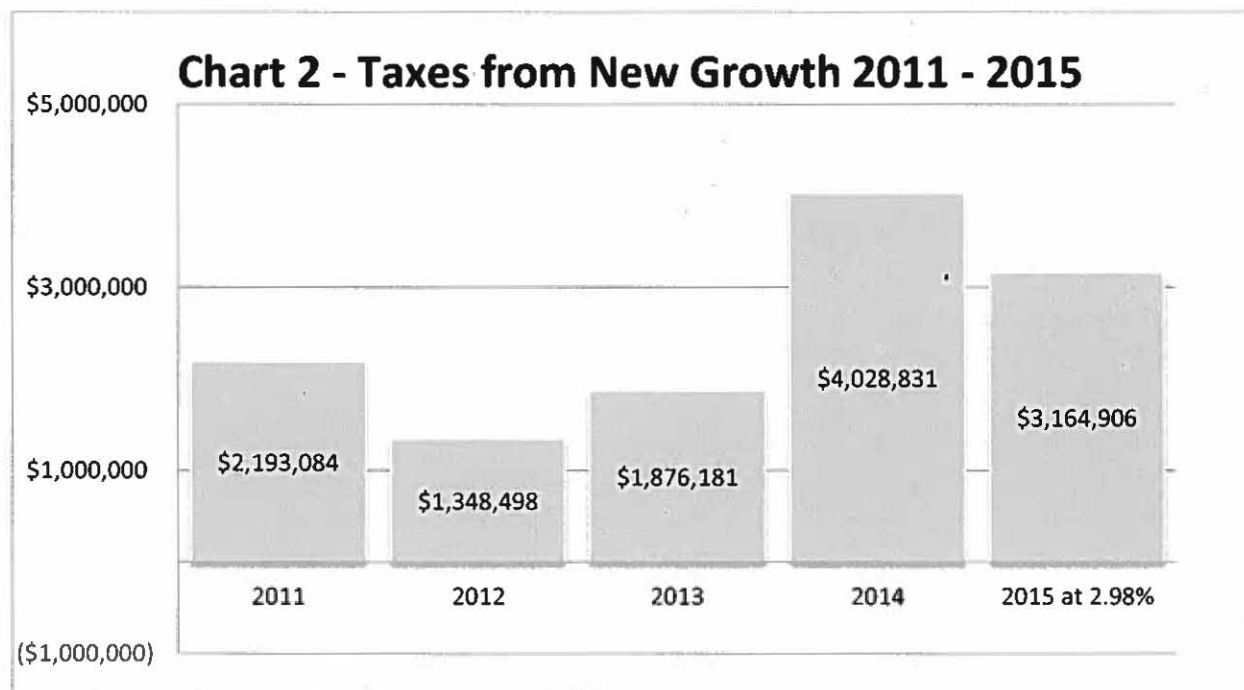
The following chart provides an overview of assessment values from 2011 – 2015. For comparative purposes the Net Assessed Values (excluding new growth) have been used.



2.0 NEW GROWTH (NON MARKET CHANGE)

While residential new growth makes a significant contribution to property taxes, at \$1.86 million in 2015 (based on an estimated rate increase of 2.98%) Business / Other and Light Industry also contributed towards reducing the pressure on residential taxes. Chart 2 provides an analysis of revenues from new growth by the 5 main classes affected from 2011 to 2015.

BC Assessment completed a 'Desk Top Review' in 2013 for the North Fraser Region for all Single Family Dwellings and duplexes in Burnaby. This BC Assessment project captured approximately \$355,007,000 in New Growth valuation for Class 1 Residential. This resulted in a spike in total New Growth for 2014 and resulting property taxes of over \$4 million. BC Assessment does not expect another spike in the future unless there is larger than usual new construction occurring in Burnaby in a particular year.



3.0 HOME OWNER GRANTS

The purpose of the Provincial Home Owner Grant Program is to reduce the amount of residential property tax British Columbians pay on their principal residence. The Home Owner Grant is available to property owners based on a number of qualifying factors, including:

- Is over 65 years of age
- Is in receipt of disability allowance
- Is permanently disabled or have a disabled spouse or relative
- Is a veteran or the spouse of a veteran

The City of Burnaby collects Home Owner Grant applications from property owners on behalf of the Province of BC. The City receives an annual administration fee in the form of an offset to the amount remitted annually to the Province for School Taxes. For 2014 this administration fee amounted to \$148,799, approximately 0.1% of the total school tax levy.

A minimum annual amount of property tax (\$350 for those who qualify to apply for the Basic Home Owner Grant and \$100 for those who qualify to apply for the Additional Home Owner Grant) must be paid to ensure that all homeowners contribute towards the funding of municipal services.

Annual thresholds and grants amounts remain unchanged for 2015, and are set out below:

Table 2 – Thresholds

Thresholds	2015
Lower threshold	\$1,100,000
Upper threshold basic grant (< 65)	\$1,214,000
Max threshold additional grant (> 65)	\$1,269,000
Basic Grant	\$570
Senior Grant	\$845

Table 3 below provides a breakdown of the number of properties from the Revised Roll (2015 April), notwithstanding other factors for eligibility such as citizenship status or confirmation of principle residence, that are able to claim the full basic grant.

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Table 3 – Property Assessment and HOG Eligibility

Property Assessment and HOG Eligibility	2014	2015	% Change over 2014
Total Class 1 Residential properties (Excluding those with zero assessment)*	66,928	67,883	1.43%
# Properties Below the Lower Threshold	60,335	60,966	1.05%
% Eligibility based on assessed value	90.15%	89.81%	-0.38%
% Provincial Target	93.8%	93.8%	0.00%

In 2015 the number of properties eligible for a full basic HOG continues to fall below the eligibility target set by the Province.

4.0 CONCLUSION

The information set out above provides an overview of Property Assessments, New Growth and Home Owner Grant eligibility.

Assessments have recovered from a slight decline in 2014, while new growth has returned to normal levels following the 2014 jump due to the BCA desk top review exercise. The Province have not increased the basic grant amount for Home owner Grants nor the thresholds for the lower and upper assessment values. As such the number of properties that can claim the full grant is below the target set by the Province.



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DIRECTOR FINANCE

DJ:RR/ab

cc: City Manager