

FINANCIAL MANAGEMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: 2017 BC HOME OWNER GRANT PROGRAM

RECOMMENDATION:

1. THAT this report be received for information purposes.

REPORT

The Financial Management Committee, at its meeting held on 2017 January 25, received and adopted the attached report providing information on the 2017 BC Home Owner Grant Program.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor C. Jordan
Vice Chair

Councillor P. McDonell
Member

Copied to:	City Manager Director Finance
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TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2017 January 17

FROM: DIRECTOR FINANCE

FILE: 7400-03

SUBJECT: 2017 BC HOME OWNER GRANT PROGRAM

PURPOSE: To provide information on the 2017 BC Home Owner Grant Program.

RECOMMENDATION:

1. **THAT** This report is received for information purposes.

REPORT

This report is to provide information regarding the recent announcements made by the Minister of Finance of increases to the Home Owner Grant Program thresholds for 2017.

1.0 BACKGROUND

In 2016 April, the Financial Management Committee submitted a report to Council with a recommendation that Council request the Union of British Columbia Municipalities to petition the Minister of Finance to undertake a Provincial review of the Home Owner Grant Program to determine if a more equitable distribution of the Grant across all regions of the Province could be achieved.

The recent announcement of increases in Home Owner Grant threshold levels in the Province failed to address the concerns of Burnaby Council. The practice of establishing one assessment threshold value for the entire Metro Vancouver area, and the methodology of providing higher thresholds and higher grant amounts for Northern and Rural areas has not changed.

Despite the large increase in threshold levels, the ability for Burnaby households to claim a full basic grant continues to decline in 2017.

2.0 2017 PROVINCIAL HOME OWNER GRANT PROGRAM

2.1 *Basic Grant*

The basic and additional Provincial grant amounts remain unchanged for 2017. Under the Home Owner Grant Program qualified property owners within the regional districts of the Greater Vancouver Regional District, the Capital Regional District and the Fraser Valley Regional District are entitled to claim a Basic Grant of \$570, which has not increased since 2006. For

seniors aged 65 or older, they are entitled to claim an additional amount of \$275 for a total grant of \$845. Higher grant amounts are provided within Northern and Rural areas.

2.2 Home Owner Grant Threshold Level

On 2017 January 10, the Province of BC announced an increase in eligibility thresholds. The lower threshold, before which the grant is reduced, is now \$1.6m (2016 - \$1.2m). The upper threshold for the basic grant now stands at \$1.714m (2016 - \$1.314m), and the additional grant at \$1.769m (2016 - \$1.369m).

The Province sets a target for the percentage of homes Province wide that will be eligible to claim the full grant, based on an assessed value that is below the lower threshold. For 2017 this target remains at 91%, although the Province has stated that for Metro Vancouver, only 83% of homes will be below the threshold. The grant is reduced by \$5 for each \$1,000 of assessed value over \$1.6 million up to the upper threshold.

2.3 Threshold Level

Table 1 provides the Provincial threshold assessment values for the Greater Vancouver Regional District, Capital Regional District, and Fraser Valley Regional District, as compared to threshold assessment values for Northern and Rural Areas.

Table 1: 2012 – 2017 Provincial Home Owner Grant Thresholds

Greater Vancouver Regional District, Capital Regional District, and Fraser Valley Regional District						
ASSESSMENT VALUES	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)
Lower threshold	1,285,000	1,295,000	1,100,000	1,100,000	1,200,000	1,600,000
Upper threshold BASIC \$ 570	1,399,000	1,409,000	1,214,000	1,214,000	1,314,000	1,714,000
Upper threshold Seniors \$ 845	1,454,000	1,464,000	1,269,000	1,269,000	1,369,000	1,769,000
Northern and Rural Areas						
ASSESSMENT VALUES	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)
Lower threshold	1,285,000	1,295,000	1,100,000	1,100,000	1,200,000	1,600,000
Upper threshold BASIC \$ 770	1,439,000	1,449,000	1,254,000	1,254,000	1,354,000	1,754,000
Upper threshold Seniors \$1,045	1,494,000	1,504,000	1,309,000	1,309,000	1,409,000	1,809,000
% OF ELIGIBLE PROPERTIES IN BC	95.5%	95.5%	93.8%	93.0%	91.0%	91.0%

2.4 Burnaby's Average Home Assessment

The average residential property in Burnaby (gross value inclusive of new growth) is now \$1.087m as of 2017 January. This equates to a 32.5% increase over 2016. The Provincial increase in the Home Owner Grant lower threshold equates to a 33% increase. In Burnaby the gain from the increased grant threshold is mostly offset by the significant 2017 assessment increases in Burnaby. While some households will benefit from the threshold increase, the average assessed value for Single Family Dwellings for 2017 is just over \$1.6m (gross value). For Burnaby in 2017, as in previous years, Single Family Dwellings continue to remain around the lower threshold amount, resulting in a reduced grant for many property owners. Based on 2017 January roll figures from BC Assessment, around 47% (51.31% in 2016) of Single Family Dwellings have an assessed value of less than the lower threshold.

3.0 HOME OWNER GRANT THRESHOLD BURNABY IMPLICATIONS

3.1 Eligible Properties

The Provincial target for the percentage of homes that fall below the lower threshold at 91% continues not to be realised in Burnaby. For 2017, 77.8% (2016 – 78.7%) of residential properties in Burnaby fall below the lower threshold. Significant assessed value growth in the lower mainland continues to erode the ability for Burnaby households to claim a full basic grant. The City at 77.8%, also falls significantly below the revised Metro Vancouver threshold target of 83% as quoted by the Province on 2017 January 10.

Although the Province has made a significant increase of \$400,000 in the three threshold levels of the Home Owner Grant, the number of Burnaby residents being able to avail themselves of the grant in 2017 continues to fall. Table 2 below provides details for the number and percentage of households that are able to claim a full grant (excluding vacant land), based on property assessed values at less than the lower threshold. Other factors that may result in home owners not being eligible to claim a grant are excluded.

Table 2: Burnaby Eligible Properties below the Provincial Threshold (excludes vacant land)

Burnaby Eligible Residential Properties	2012	2013	2014	2015	2016*	2017
Number of residential properties	64,656	66,012	66,826	67,801	70,129	70,215
Number of properties below the lower threshold	59,803	60,700	58,535	59,166	55,186	54,605
% of properties eligible for a full grant	92.5%	92.0%	87.6%	87.3%	78.7%	77.8%
Provincial % target	95.5%	95.5%	93.8%	93.0%	91.0%	91.0%

* Updated for 2016 Revised Roll BC Assessment figures

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Unfortunately the Province's increase in threshold levels in the Province has failed to address the practice of establishing one assessment threshold value for the entire Metro Vancouver area, and the methodology of providing higher thresholds and higher grant amounts for Northern and Rural areas.

4.0 RECOMMENDATION

It is recommended that Financial Management Committee receive this report for information purposes.

A handwritten signature in black ink, appearing to read "Jorgenson", with a stylized, cursive script.

Denise Jorgenson
DIRECTOR FINANCE

DJ:RR/mm

Copied to: City Manager