



REPORT TO COUNCIL

To: **Mayor Schaffer and Councillors**

Subject **UBCM Motion – Varied Taxation Rate for
the Residential Class**

Report #: 17-007

From: Darrin Leite, CPA, CA
Director of Corporate Services

File#: 1950.00

Doc#: 137976

Date: January 23, 2017

RECOMMENDATION:

1. THAT City Council endorse the following resolution regarding varied taxation rate for the residential class:

WHEREAS the Province of British Columbia through the BC Assessment Act – Prescribed Classes of Property Regulation B.C. Reg. 438/81 specifies that there is one assessment class for all types of residential properties and the Community Charter outlines that a municipal bylaw to establish the property value taxes each year under section 197 (3) specifies there is a single rate for each property class;

AND WHEREAS the assessed value of the multifamily strata units are remaining constant and the single family residential properties are increasing at an accelerated rate causing a greater share of the property value taxes generated in the residential class to be borne by the single family residential properties;

THEREFORE BE IT RESOLVED that the Province of British Columbia amend the BC Assessment Act and the Community Charter to allow the residential class to be split into two distinct residential classes so that a different rate may be applied to each type of residential property to more equitably share the tax burden between the single family residential properties and the multifamily residential strata properties.

2. THAT the Varied Taxation Rate for the Residential Class resolution be submitted to the LMLGA to be considered by its members at the 2017 LMLGA Convention.



PURPOSE:

To seek Council's support of a resolution to be forwarded to UBCM asking the Provincial Government to allow two property tax rates for the residential property class.

POLICY:

None.

COMMENTS/ANALYSIS:

The City of Langley's residential property class is comprised of 63% multifamily residential strata units compared to 37% of the housing stock categorized as single family residential properties. In the last four years, the assessed value of multifamily strata units have either decreased or increased at a slower pace than single family home assessments which have been increasing dramatically.

Average Single Family Residential						
	Assessed Value				Tax Rate \$	Tax Rate %
	2016	2017	Increase	% Increase	Increase	Increase
2017	\$ 543,799	\$ 728,339	\$ 184,540	33.94%	\$ 104.60	5.34%
2016	\$ 486,818	\$ 543,799	\$ 56,981	11.70%	\$ 67.57	3.57%
2015	\$ 462,557	\$ 486,818	\$ 24,261	5.24%	\$ 91.66	4.87%
2014	\$ 459,042	\$ 462,557	\$ 3,515	0.77%	\$ 50.00	2.78%
					\$ 313.83	
Average Strata Dwelling						
	Assessed Value				Tax Rate \$	Tax Rate %
	2016	2017	Increase	% Increase	Increase	Increase
2017	\$ 205,161	\$ 253,636	\$ 48,475	23.63%	(\$ 20.46)	(2.77%)
2016	\$ 200,656	\$ 205,161	\$ 4,505	2.25%	(\$ 40.54)	(5.20%)
2015	\$ 206,032	\$ 200,656	(\$ 5,376)	(2.61%)	(\$ 21.86)	(2.80%)
2014	\$ 210,303	\$ 206,032	(\$ 4,271)	(2.03%)	\$ 0.14)	0.13%
					(\$ 82.72)	



The Province of British Columbia specifies in both the BC Assessment Act and the Community Charter that there is only one residential class and that there is only one rate that municipalities can apply to the residential class. In 2017, this has resulted in multifamily strata unit property value taxes, decreasing on average (\$20) or (2.77%) however, for single family residential properties, property value taxes are increasing on average \$105 or 5.34%. In the last four years, the average single family residential properties has seen an increase in taxation of \$314 but the average strata dwelling decreased \$83 over the same period.

If the residential property class was split into two separate classes the municipality could adjust the rate for the multifamily strata properties to ensure these properties contribute their proportional share of the tax increase required in any given year.

In the above example, with two varied taxation residential class rates, the multifamily strata unit's property value tax would increase \$11 or 1.39% whereas the single family residential property would only increase \$17 or 0.90%. These increases are sharing the tax burden more equitably between the two types of residential properties.

2017		Single Family		Multifamily Strata	
		\$ Inc	% Inc	\$ Inc	% Inc
Same Tax Rate		\$ 104.62	5.34%	(\$ 20.46)	(2.77%)
Varied Tax Rate		\$ 17.19	0.90%	\$ 10.84	1.39%

BUDGET IMPLICATIONS:

None.

ALTERNATIVES:

Council could alter the motion or choose to not support the motion.

Respectfully Submitted,



Darrin Leite, CPA, CA
Director of Corporate Services



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CHIEF ADMINISTRATIVE OFFICER’S COMMENTS:

I support the recommendation.



Francis Cheung, P. Eng.
Chief Administrative Officer

