

12. Re: 1972 School & Hospital Assessments

The following is a copy of a report dated November 18, 1971 regarding the above.

The report shows the impact of the recent change in legislation restricting the increase in individual School & Hospital assessments to 10%. It also gives three examples of what the effect has been as a result of the special authority that has been given to the Assessor by the Provincial Assessment Commissioner to partially remove the restrictions from values which are extremely low in 1971. There were some 490 properties which were adjusted in this respect.

This is for the information of Council.

Increases in individual School and Hospital assessments will be limited to 10% in 1972 in much the same way as they were in 1971. The effect on the 1971 Roll was to remove \$5,500,000 from the School and Hospital totals and it is anticipated that a greater sum will be removed from the 1972 Roll as most properties which were effected in 1971 will continue to be below the normal level in 1972 while additional properties will be added to the list for the first time. This cumulative effect could have a greater and greater impact on the School and Hospital totals each year if development in Burnaby and the real estate market continue to be as dynamic as they have been in the last few years.

Some relief from this situation has been provided by the Provincial Assessment Commissioner as he has given me authority in 1972 to partially remove the restriction from values which were extremely low in 1971. This order will permit me to use a more realistic base for determining the 1972 School value of some 490 properties which were less than 36% of the General Purpose value. (The normal relationship in 1971 of School to General was 47%). Without such an order it would take more than twenty years for some of the extreme discrepancies to return to the normal level but, with the order and the permitted 10% increase each year, the following results can be anticipated.

- a) If, in the future, the General Purpose value remains static the School value will return to the normal level in three years.
- b) If, in the future, the General Purpose value increases 5% each year the School value will return to a normal level in six years.

- c) If, in the future, the General Purpose value increases 10% each year the School value will remain at the level now permitted by the Assessment Commissioner.
- d) If, in future, the General Purpose value increases more than 10% each year the School value will continue to deteriorate.

A more specific way of illustrating how the 10% suppression of increases and the Assessment Commissioner's order will alter values can be obtained from three listed examples in Burnaby.

EFFECT ON TAXES*

	<u>GENERAL PURPOSE</u>	<u>SCHOOL & HOSPITAL</u>	<u>SCHOOL & HOSPITAL</u>	<u>ACTUAL SAVING IN 71</u>	<u>SAVING IN 72 IF NO ORDER</u>	<u>SAVING IN 72 FOLLOWING ORDER</u>
<u>EXAMPLE 1 - LAND</u>						
1970	\$26,195	\$12,310				
1971	51,870	13,540		\$359		
1972	If @ 47% of G.P. = \$24,375				\$314	
1972	If no order received = 14,894					\$127
1972	As a result of order = 20,540					
<u>EXAMPLE 2 - BUILDING</u>						
1970	\$11,725	\$ 5,510				
1971	18,290	6,060		\$ 63		
1972	If @ 47% of G.P. = \$ 8,595				\$ 48	
1972	If no order received = 6,665					\$ 33
1972	As a result of order = 7,240					
<u>EXAMPLE 3 - LAND & BUILDING</u>						
	<u>GENERAL PURPOSE</u>		<u>SCHOOL & HOSPITAL</u>			
	<u>LAND</u>	<u>BLDG.</u>	<u>LAND</u>	<u>BLDG.</u>		
1970	\$23,310	\$ 1,500	\$10,955	\$ 705		
1971	41,920	4,475	12,050	775	\$287	
1972	If @ 47% of G.P. = \$19,700		\$2,100			
1972	If no order received = 13,255		850		\$245	
1972	As a result of order = 16,600		1,770			\$110

* Computed on the basis that the 1971 and the 1972 General Purpose values and the mill rates are the same.

The Assessment Commissioner indicated some time ago that he would consider giving special orders if extreme discrepancies were brought to his attention. Because of this forewarning the explanation on the back of the 1972 Assessment Notice lists this as one of the possible reasons why increases in individual School values have not been restricted to 10%. However, because of the complexity of the restrictions on the values of these particular 490 properties and the difficulty in understanding why the values have changed we are planning to send these particular owners a letter with their Notice advising that a specific order relating to their property values was received from the Assessment Commissioner.