

9. Re: 1974 Assessment Roll

Following is a report from the Assessor regarding the 1974 Assessment Roll.

This is for the information of Council.

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ASSESSMENT DEPARTMENT

January 15, 1974

M. J. SHELLEY
MUNICIPAL MANAGER

Dear Sir,

Re: 1974 ASSESSMENT ROLL

The 1974 Assessment Roll has been produced and Notices were mailed to all property owners prior to the end of the year. New legislation and the real estate market had a substantial effect on all assessments and as a result the values for every property were higher than in 1973.

School & Hospital Values

An amendment to the Assessment Equalization Act removed limitations from Non-Residential assessments in 1974. Previously, the legislation specified that the total of all School & Hospital assessments could not increase more than 5% and individual values no more than 10%. The amendment changed this so that these limitations were only effective in 1974 for Residential and Farm properties.

In 1973 a normal School & Hospital assessment was 44% of the General Purpose assessment. The effect of the amendment on 1974 values was to lower this ratio to 40% for Residential and Farm assessments and to increase it to 50% for Non-Residential assessments.

As the Two Value System of assessments is in use in Burnaby the amendment only affected School and Hospital assessments not General Purpose assessments.

General Purpose Values

General Purpose assessments are directly related to real estate market values. In 1974 these assessments are between 80% and 90% of 1972 sales, so owners, by totalling their General Purpose assessments, have a ready basis for comparing their property with others.

The General Purposes assessments increased at a greater rate than in previous years as real estate values rose at an accelerated rate. Increases on Residential Buildings ranged up to 30% and those on Non-Residential Land up to 100%.

New Construction

The increase in values added to the General Purpose Roll by New Construction was \$54.3 million. The portion of this sum that is attributable to Residential construction was \$33.8 million. The remainder, \$20.5 million, was for Non-Residential construction.

Total Increase in Assessments

The Roll totals are subject to decisions of the Court of Revision but the following figures indicate the manner in which the Roll has increased this year.

Asst. Roll Totals (in Millions)

	<u>1973</u>	<u>1974</u>	<u>Increase</u>
<u>General</u>			
Land	\$406.0	\$483.3	19%
Buildings	650.6	747.7	15%
<u>School</u>			
Land	\$179.2	\$209.4	17%
Bldgs. & Machy	342.1	392.0	15%

These are gross totals and require modification before they can be used to indicate how the changes will affect the tax base. When the New Construction values are removed and Building and Machinery totals are reduced to the taxable (75%) level the relative impact of the changes on the two types of properties can be established. The results are as shown in the following table.

Net Changes in Taxable Assessments

	<u>Increases from 1973 to 1974</u>		
	<u>General</u>	<u>School & Hosp.</u>	<u>Average</u>
Residential & Farm	11%	1%	6%
Non-Residential	12%	25%	18%
Total	12%	11%	12%

From this table a number of general conclusions can be reached. They are

- a) As the increases for General Purpose are approximately the same for both types of property the real estate market had the same relative effect on each of them.
- b) Changes brought about by the new legislation (Bill 71) are evident in the different School & Hospital increases. As was expected, Non-Residential property assessments increased substantially more than Residential.
- c) As the total taxes required for General Purposes is usually about the same as that required for School and Hospital Purposes the average of the two increases indicates the change in the total tax base for each type of property. So the net effect of Bill 71 will be to increase by 12% the proportion of taxes payable by Non-Residential properties.

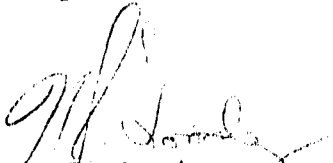
Comment

The amount of change in the tax base in Burnaby from one type of property to another is not necessarily common to other municipalities and cities as the relative effect of Bill 71 depends upon three main factors. They are:

- i) The level to which School and Hospital values had fallen as a result of the 5% and 10% limitations being in effect for all types of property for 6 years.
- ii) The use of the Two Value or the Single Value Assessment Roll.
- iii) The proportion of Residential and Farm to Non-Residential property.

As no two jurisdictions are alike in respect to all three of these factors there is bound to be a wide variation of results throughout the Province. A fair amount of publicity has been given to some of the extreme cases. The problem has the attention of the Government and the Premier has publicly indicated that some form of assistance is being considered.

Respectfully submitted,


N. J. Goode
MUNICIPAL ASSESSOR

NJG/sl