

RE: 1989 ASSESSMENT ROLL

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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1988 November 18  
File: A73-2

TO: MUNICIPAL MANAGER

FROM: DIRECTOR FINANCE

SUBJECT: 1989 ASSESSMENT ROLL

PURPOSE: To inform Council of the market value changes and new growth in the 1989 assessment roll.

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RECOMMENDATION

1. THAT this report be received for information purposes.

SUMMARY

The 1989 preliminary roll shows new assessment growth of \$226 million and is expected to generate \$2.5 million in new municipal taxes in 1989, based on adjusted tax rates that will generate the same tax levy as in 1988 plus 5%. The 1989 preliminary roll is subject to changes from the Court of Revision.

The average market value increase in 1989 for the residential class is 17.8%, and for major industry it is 19.5%; the other class increases are nominal or flat. The 1989 roll is based on values as of 1988 July 01, whereas the 1988 and 1987 rolls were based on values as of 1986 July 01.

The median single family residence increased by 20.2% from \$108,200 in 1988 to \$130,050 in 1989, whereas the median strata residence assessment increased by 11% from \$62,760 to \$69,700.

The average increase in market value of the residential class of 17.8% will cause the residential class tax rates to decrease in 1989 by 17.8% to levy the same amount of residential taxes in 1989 as in 1988. The result is that the change in market value has no affect on the amount of taxes levied on a residence unless the market value increase is in excess of the 17.8%. This does not take into consideration any inflationary tax increase that might be added in 1989. Tax rates however can be varied to shift the tax load among different assessment classes. Tax rates by class are reviewed and set by Council at annual budget time in April each year.

There is a wide range of market value changes for 1989 for the single family residential properties, ranging from 5% to 45%, and for strata residential properties, ranging from -5% to 30%, the results of which are graphed in Attachments 2, 3 and 4. For the business/other class and for light industry properties, market value changes range from -5% to 25% (see Attachments 5 and 6). For the major industry class, the range is wider, from over -25% to +75% (see Attachment 7).

We also examined the range of assessment increases for single family residences in each of the 36 planning study areas in Burnaby and found there was no pattern of assessment variations by geographical area. These results are shown in Attachment 8.

There are \$11,422,500 of assessments eligible for tax abatement in 1989 under the Partners in Enterprise agreement Burnaby signed with the Province of B.C. Based on 50% abatement and tax rates equivalent of generating the same tax levy as in 1988 plus 5%, the estimated amount to be rebated in 1989 is \$85,618, compared to \$74,861 in 1988.

Included in this report is a trend of authenticated assessment rolls by class from 1985 through 1988, and 1989 preliminary.

REPORT

1989 PRELIMINARY ASSESSMENT ROLL

We have received from the Area Assessor the 1989 preliminary assessment roll, which is subject to changes from the Court of Revision. This 1989 roll is the first year of a biennial assessment roll which incorporates market values as of 1988 July 01 which will apply to both the 1989 and 1990 rolls. The previous biennial roll for 1987 and 1988 reflected market values as of 1986 July 01. In addition to the market value changes, the Assessor has identified new construction, new developments, zoning changes, etc., that will result in the generation of new taxes for 1989. Property improvements that are eligible for at least 50% tax rebate under the B.C. Partners in Enterprise program have also been identified.

ASSESSMENT ROLL CHANGES

The 1989 roll shows an increase of \$1,128,667,209 or 17.0% over the 1988 authenticated roll (see Attachment 1). The increase reflects \$225,884,350 or 3.4% in new growth (construction, developments, rezonings, etc.) and the balance, \$902,782,859, or 13.6%, in market value changes. Market value changes by class are as follows:

Major industry	+19.5%
Residential	+17.8%
Utilities	+ 2.1%
Business and Other	+ 1.8%
All others	less than 1%

TAXATION FROM NEW GROWTH

The value of new growth in assessments of \$225,884,350 is estimated to generate about \$2,590,000 in new municipal taxes. The estimated growth in assessments is subject to changes from late entries and/or the Court of Revision, and could result in either an increase or a decrease. The new growth in taxes is based on modified tax rates to eliminate the effects of market value changes as follows. 1988 tax rates were adjusted so that total taxes raised from each class of property in 1989 would be the same as taxes generated in 1988. These rates were then inflated by 5% to take into consideration an inflationary allowance for 1989. The calculations to arrive at the \$2,549,000 new taxes are as follows:

Class	1989 \$ New Construction/ Changes	% of Growth	Adjusted 1988 Tax Rate Per \$1000	\$ New Municipal Taxes in 1989
Residential	\$ 83,198,630	36.83	5.88	\$ 489,210
Utilities	69,850	0.03	25.86	1,810
Major industry	(907,400)	(0.40)	17.47	(15,845)
Light industry	244,100	0.10	17.50	4,270
Business/Other	146,449,920	64.84	14.41	2,110,345
Recreational	(3,170,750)	(1.40)	6.93	(145)
Farm				
<b>Total growth</b>	<b>\$225,884,350</b>	<b>100.00</b>		<b>\$2,589,645</b>

Most of the new growth was in the business/other class, primarily due to Metrotown developments. There was also significant growth in the residential class. About 35% of this new construction was due to strata properties.

The decrease of \$3.2 million in the recreational class reflects the reclassification by the Assessment Authority of seasonal resorts to the business/other class. The affected properties will be faced with about twice the municipal tax rate when they change to this classification from the recreational class. The major property affected is the Cariboo R.V. Park, assessed in 1989 at about \$2 million.

The decrease in major industry is a reclassification of the Stadco property from major industry to business/other as a result of a fire loss.

MEDIAN RESIDENTIAL VALUES

The market values for the residential class, on average, increased by 17.8%.

In the 1988 annual budget, the median residential property was reported as follows:

	<u>1987</u>	<u>1988</u>	<u>% Increase</u>
Median value, single family residence	\$107,600	\$107,600	Nil

The median value was the same for both years because the roll maintained the same values for both years. Therefore the 1988 median property did not reflect new residential construction which included individual new property values in excess of the median value. With new construction incorporated into both the 1988 and 1989 rolls, the median values of the residential properties are as follows:

	<u>1988</u>	<u>1989</u>	<u>% Increase</u>
Median value, single family residence	\$108,200	\$130,050	20.2

The median value for the single family residential property increased by 20.2% compared to a total residential class increase of 17.8%.

We have estimated the median values for strata title properties for 1989 and also estimated the change in market values vs. 1988.

The estimated median strata residential values are as follows:

	<u>1988</u>	<u>1989</u>	<u>Increase</u>
			<u>%</u>
Strata owned	\$ 68,630	\$ 77,550	13.0
Strata rented	<u>51,460</u>	<u>54,700</u>	<u>6.3</u>
Combined (weighted average)	\$ 62,760	\$ 69,700	11.0

The increase in the median values of combined strata residential units at 11% is just over half the single family residential increase. The effect of the variation in market value increases between the single family and strata title properties will result in a shift in taxation within the residential class from strata title to single family properties. The Municipal Act does not permit different tax rates within each property class.

MAJOR INDUSTRY MARKET VALUE CHANGES

In past years, the B.C. Assessment Authority has been trying to obtain a better method of defining the market values of major industry properties.

This effort has resulted in a new formula contained in the B.C. Assessment Class Manual approved by legislation and by which the 1989 major class properties are valued. Since some of the property values for 1989 increased significantly, the Government has also enacted a phase-in program by an Order in Council so that each major industry property value (excluding new construction) cannot be increased more than 20% in 1989, and more than 20% again in 1990. The effect of the phase-in program will be reflected at the Court of Revision before the 1989 roll is finalized and may decrease the amount of assessment upon which taxes will be levied.

RANGE OF MARKET VALUE CHANGES/TAXATION IMPLICATIONS

The average increase in market value of the residential class of 17.8% will cause the residential class tax rates to decrease in 1989 by 17.8% to levy the same amount of residential taxes in 1989 as in 1988. The result is that the change in market value has no affect on the amount of taxes levied on a residence unless the market value increase is in excess of the 17.8%. This does not take into consideration any inflationary tax increase that might be added in 1989. Tax rates however can be varied to shift the tax load among different assessment classes. Tax rates by class are reviewed and set by Council at annual budget time in April each year.

We have prepared graphs to show the percentage of properties that will have increases or decreases for 1989 vs. 1988 in:

- market value, and
- tax levy (to generate the same amount of tax in 1989 as in 1988) called Tax Profile on the graphs

We have graphs for the following classes of properties:

- Attachment 2 - Single Family Residence
- Attachment 3 - Strata Owner Occupied Residence
- Attachment 4 - Strata Rented Residence
- Attachment 5 - Business Class
- Attachment 6 - Light Industry
- Attachment 7 - Major Industry

The percentage of properties affected by each condition is indicated by the "bell" profile on each respective graph. The distribution profile is "peak" shaped for all the classes except heavy industry, which is flat and irregular (Attachment 7). This irregular profile is due to the small number of properties, 22, compared to a large number of properties in the other classes. The cumulative percentage of properties having a decrease and an increase is also indicated on each respective graph.

For the Tax Profile, the percentage of property owners with increases and decreases and the magnitude of such variations can be determined for any tax rate increase by class. The final position of the profile will depend on Council's decision of the 1989 variable tax rate for each property class.

#### ASSESSMENT CHANGES BY PLANNING STUDY AREAS

To get a better appreciation of the market value changes by geographical areas, we carried out an analysis of single family assessment increases by the planning study areas of Burnaby (see Attachment 8). Five single family residences were randomly selected in each planning area and their increase in assessed values for 1989 were compared to 1988 (i.e. market value as of 1988 July 01 vs. market value as of 1986 July 01). The results as shown on the attachment show a range of increases and the weighted average in each planning area. There appears to be no pattern of assessment increases in any particular region. The weighted average increase of all the randomly selected properties for all areas was 19.9%, compared to a single family residence increase in the median value of 20.2%.

#### B.C. PARTNERS IN ENTERPRISE PROGRAM

1989 is the fourth year in the five year agreement with the Province that obligates Burnaby to abate at least 50% of municipal taxes for eligible improvements as identified by the Area Assessor. The eligible improvements are basically new construction assessment on industrial or designated business property added to the assessment roll during the years 1986 to 1990 that qualify under the Partners in Enterprise program. In 1986 Council adopted Bylaw No. 8557 which provides for a 50% reduction in taxes on those eligible improvements for the taxation years 1986 to 1990. The agreement which Burnaby entered into with the Province under the Provincial-Municipal Partnership Act remains in force until 1990 December 31. The percentage tax reduction cannot be decreased but it can be increased to 100%.

The 1989 assessment roll identifies properties that have eligible improvements of \$11,422,500, an increase of \$1,564,950 over the 1988 amount of \$9,857,550. The increase was mainly due to:

- food processing additions at Pension Fund Properties Ltd., 3131 Lake City Way
- products processing additions at Fraser Valley Milk Producers Cooperative, 6800 Lougheed Highway
- warehousing additions at H.Y. Louie Co., 2821 Production Way
- bakery and biscuit manufacturing additions at Webb & Knapp (Canada) Ltd., 3290 Production Way

Based on 50% abatement of municipal taxes for 1989, and using adjusted 1988 tax rates as described earlier, the estimated municipal tax abatement for 1989 is \$85,618, an increase of \$10,757 over the \$74,861 abatement in 1988.

Attachment 9 identifies these eligible properties and rebates for 1989 and 1988.

ASSESSMENT ROLL TREND

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Attachment 10 shows the assessment roll trend by class for 1985 through 1989. The trend shows a decline in the industrial, utilities and recreation class percentages offset by an increase in the business/other percentage and in 1989, in the residential class. The decline in the industrial and utility class proportions has an adverse effect on the taxes generated because of the relatively higher tax rate compared to the tax rate of the residential and business/other property class.

The foregoing is for the information of Council.



Howard Karras  
DIRECTOR FINANCE

PWT:gw  
Attach.

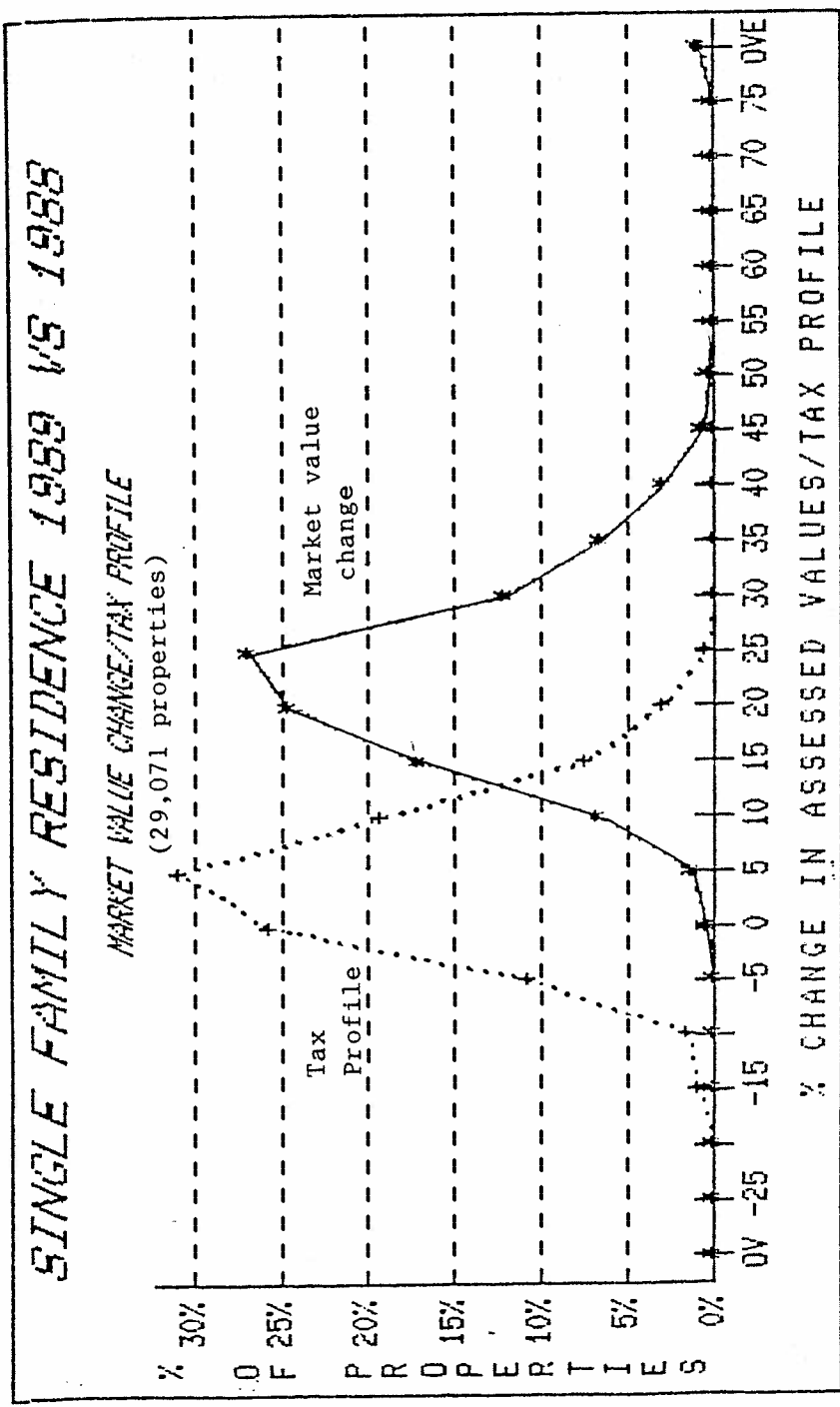
cc: All Directors  
Secretary-Treasurer,  
School District No. 41  
Area Assessor

1989 PRELIMINARY ROLL VS. 1988 AUTHENTICATED ROLL  
SHOWING MARKET VALUE CHANGES AND NEW GROWTH

Property Class	1988 Authenticated Roll	Market Value Change \$	%	1989 Roll Excluding New Growth	New Growth New Construction, Development/ Zoning	1989 Preliminary Roll	% Increase vs. 1988
01 Residential	\$4,768,901,655	\$848,922,659	17.8	\$5,617,824,314	\$83,198,630	\$5,701,022,944	19.5
02 Utilities	83,660,816	1,783,795	2.1	85,444,611	69,850	85,514,461	2.2
04 Major Industry	128,240,050	24,964,700	19.5	153,204,750	(907,400)	152,297,350	18.6
05 Light Industry	85,656,200	(542,800)	(0.6)	85,113,400	244,100	85,357,500	(0.3)
06 Business/Other	1,577,856,129	27,670,185	1.8	1,605,526,314	146,449,920	1,751,976,234	11.0
08 Recreation/Non-Profit	9,615,250	(21,400)	-	9,593,850	(3,170,750)	6,423,100	(33.2)
09 Farm	870,677	5,720	0.6	876,397	-	876,397	0.7
	\$6,654,800,777	\$902,782,859	13.6	\$7,557,583,636	\$ 225,884,350	\$7,783,467,986	17.0
						902,782,859	
						\$1,128,667,209	

Market value change and new growth

ITEM  
MANAGER'S REPORT NO. 4 75  
COUNCIL MEETING 1988/11/28



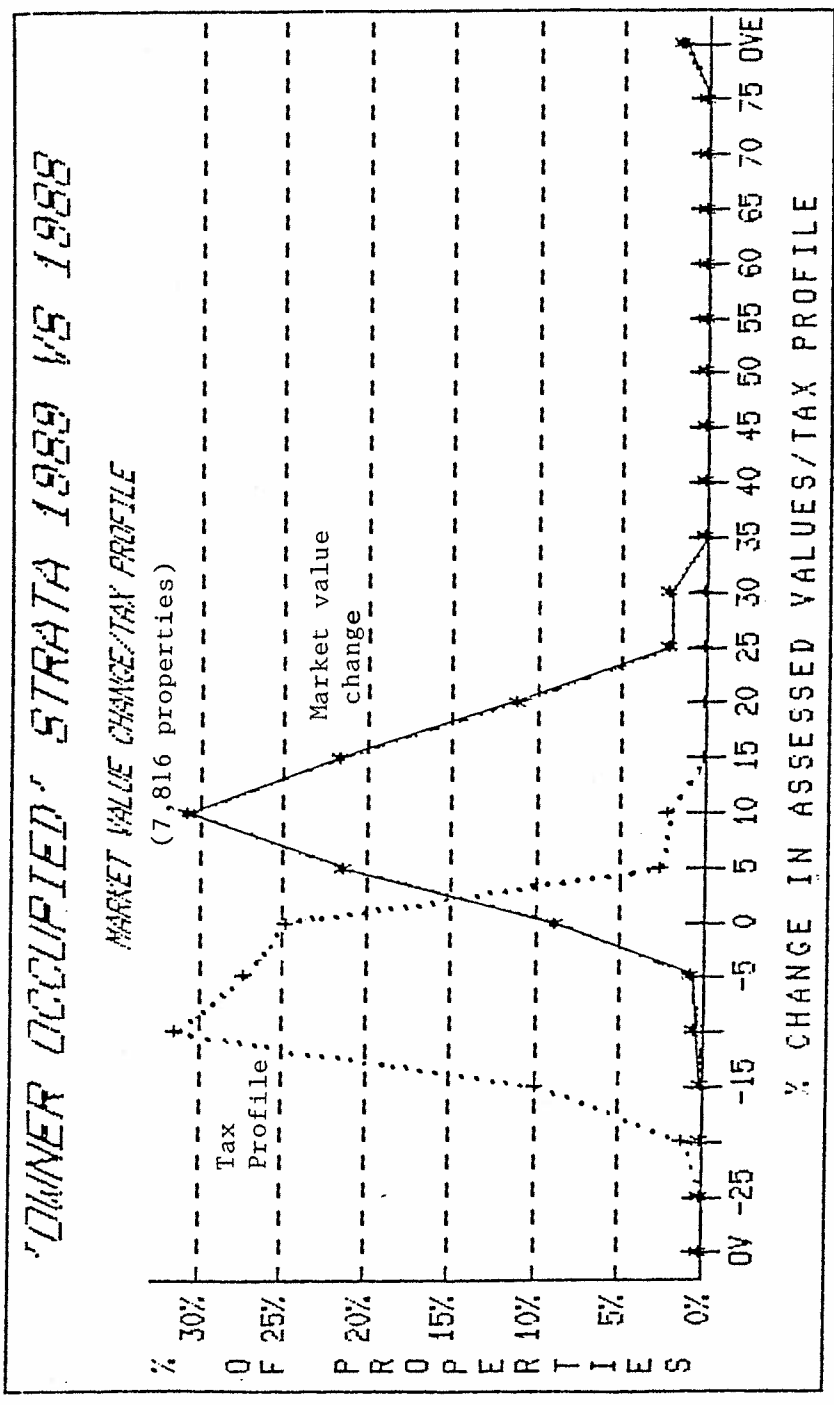
Cumulative % of Properties That Have An:

	<u>Increase</u>	<u>Decrease</u>	<u>Total</u>
+-----+ 1989 tax profile - to generate same residential tax levy as in 1988	61.46%	38.54%	100.00%
*-----* Market value change - 1989 vs. 1988	99.42%	0.58%	100.00%

Percent change is in increments of 5% (e.g. from 0% to -5%, from 0% to +5%, etc.)

For single family residences, for 1989 the market value change varies from 5% to 45%, with the greatest percentage of properties having an increase in the 20% to 25% range.





Cumulative % of Properties That Have An:

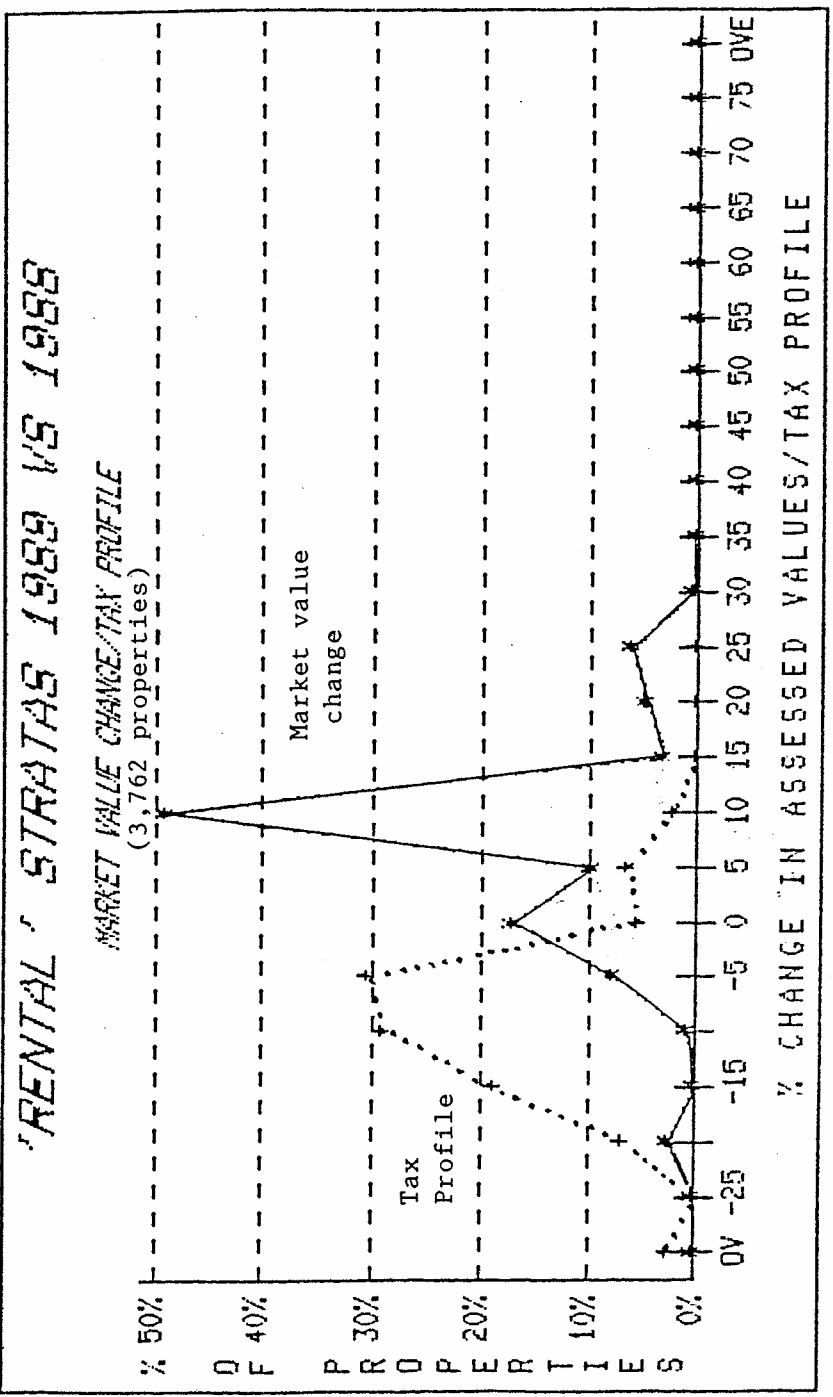
	Increase	Decrease	Total
+-----+ 1989 tax profile - to generate same residential tax levy as in 1988	6.17%	93.83%	100.00%
*-----* Market value change - 1989 vs. 1988	90.29%	9.71%	100.00%

Percent change is in increments of 5% (e.g. from 0% to -5%, from 0% to +5%, etc.)

For strata residential properties, the market value range varies from -5% to 30%, with the greatest percentage of properties having an increase in the 5% to 10% range.

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ATTACHMENT 4



Cumulative % of Properties That Have An:

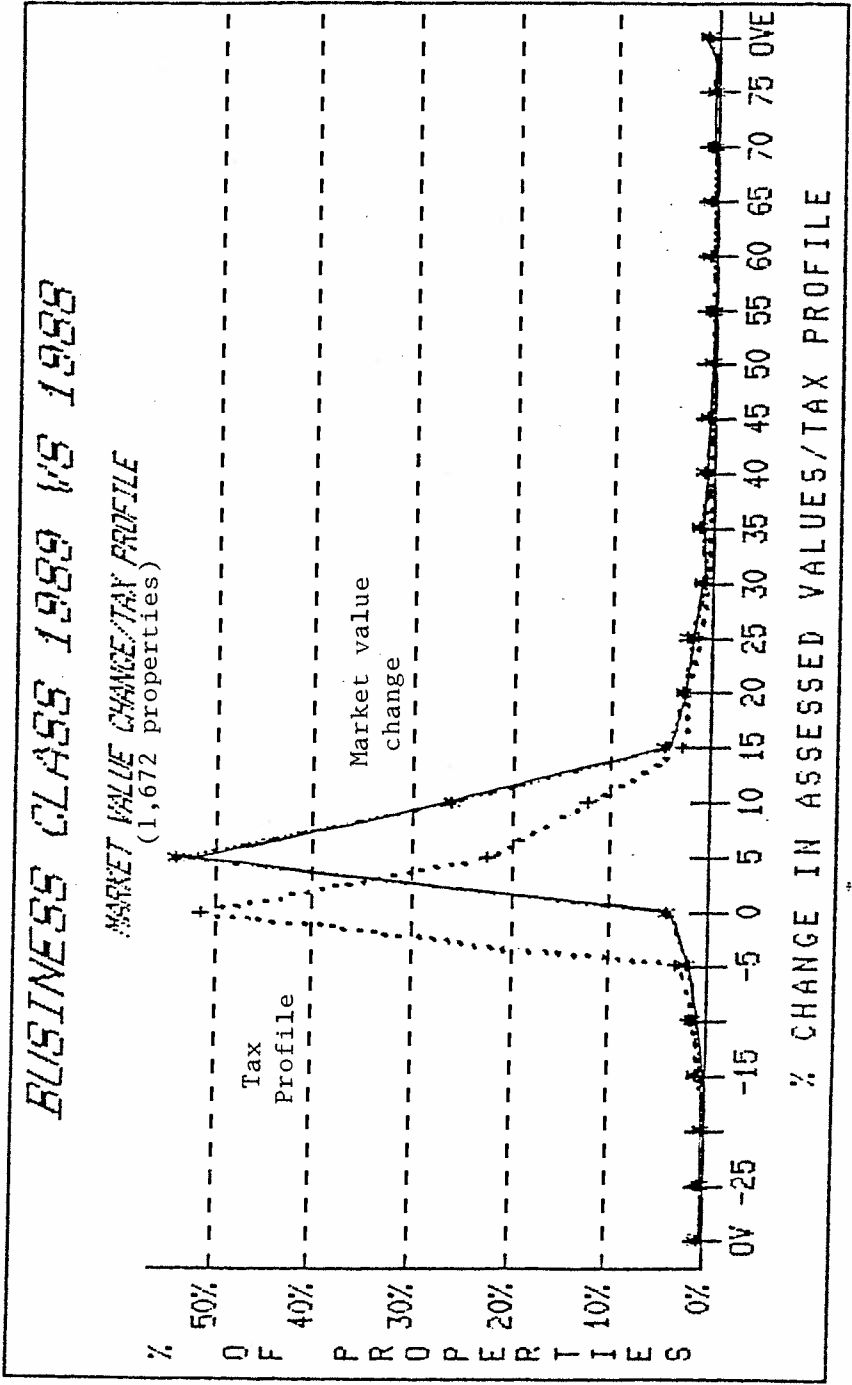
	Increase	Decrease	Total
+-----+ 1989 tax profile - to generate same residential tax levy as in 1988	8.21%	91.79%	100.00%
*-----* Market value change - 1989 vs. 1988	27.46%	72.54%	100.00%

Percent change is in increments of 5% (e.g. from 0% to -5%, from 0% to +5%, etc.)

For strata residential properties, the market value range varies from -5% to 30%, with the greatest percentage of properties having an increase in the 5% to 10% range.

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ATTACHMENT 5

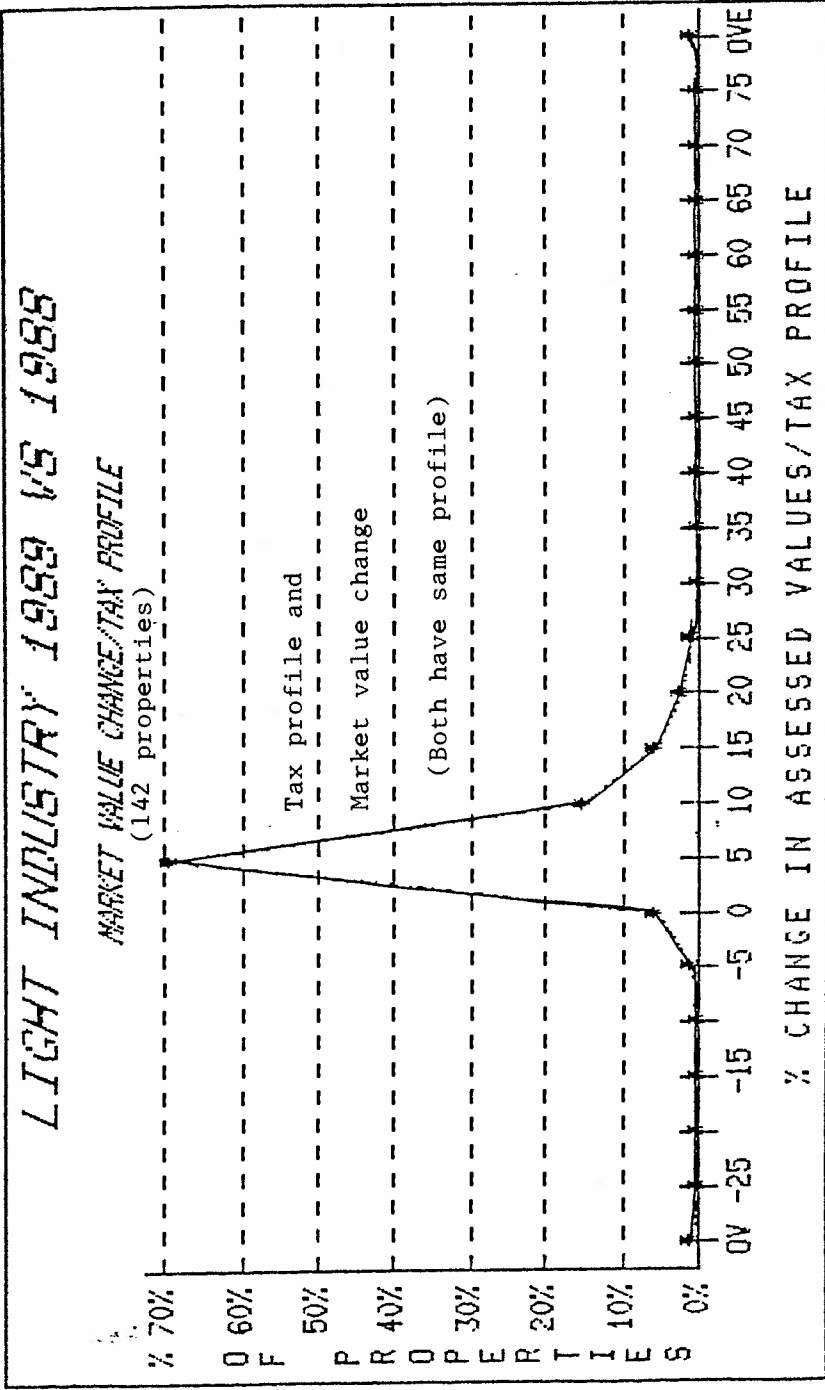


Cumulative % of Properties That Have An:

	Increase	Decrease	Total
+-----+ 1989 tax profile - to generate same business tax levy as in 1988	43.42%	56.58%	100.00%
*-----* Market value change - 1989 vs. 1988	91.87%	8.13%	100.00%

Percent change is in increments of 5% (e.g. from 0% to -5%, from 0% to +5%, etc.)

For the business/other class, for 1989 the market value change ranges from -5% to 25%, with the greatest percentage of properties in the 0% to 5% range.



Cumulative % of Properties That Have An:

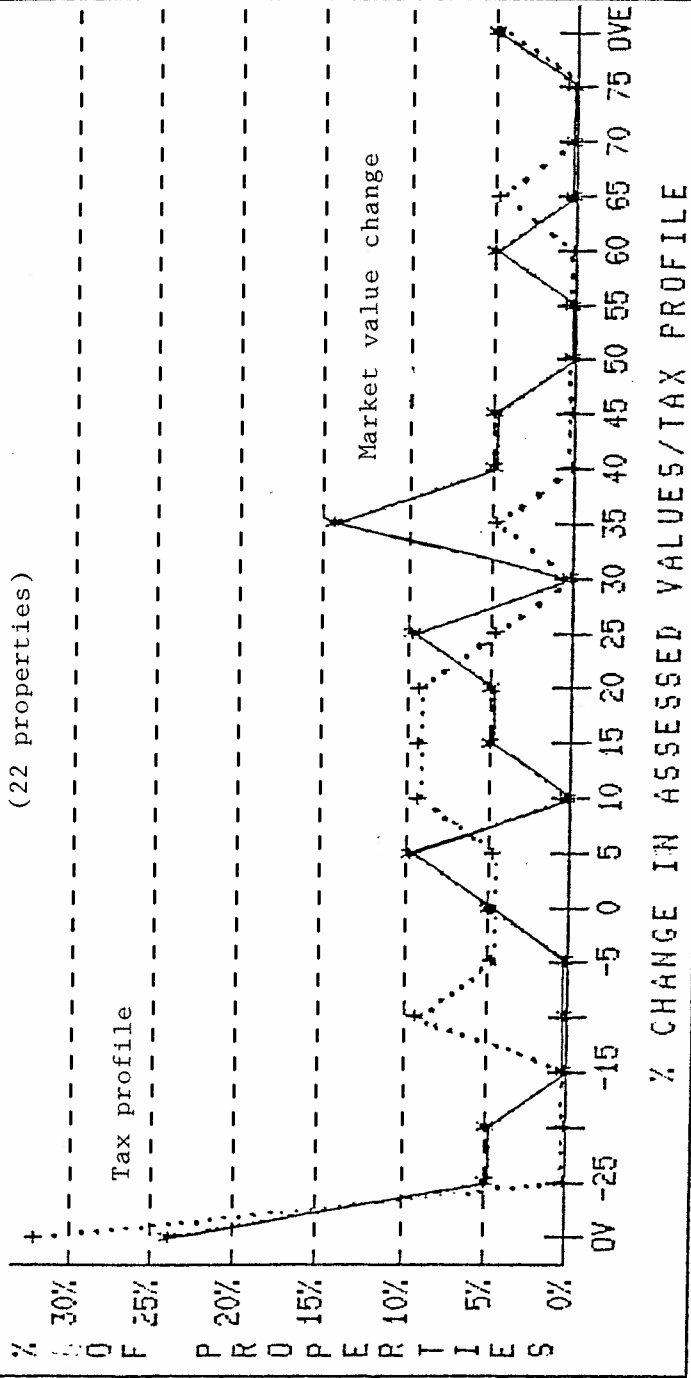
	Increase	Decrease	Total
*-----* 1989 tax profile - to generate same light industry tax levy as in 1988	92.96%	7.04%	100.00%
*-----* Market value change - 1989 vs. 1988	92.96%	7.04%	100.00%

Percent change is in increments of 5% (e.g. from 0% to -5%, from 0% to +5%, etc.)

For the light industry class, for 1989 the market value change ranges from -5% to 25%, with the greatest percentage of properties in the 0% to 5% range.

**MAJOR INDUSTRY 1989 VS 1988**

MARKET VALUE CHANGE/TAX PROFILE  
 (22 properties)



Cumulative % of Properties That Have An:

	Increase	Decrease	Total
+-----+ 1989 tax profile - to generate same major tax levy as in 1988	50.0%	50.0%	100.00%
*-----* Market value change - 1989 vs. 1988	61.9%	38.1%	100.00%

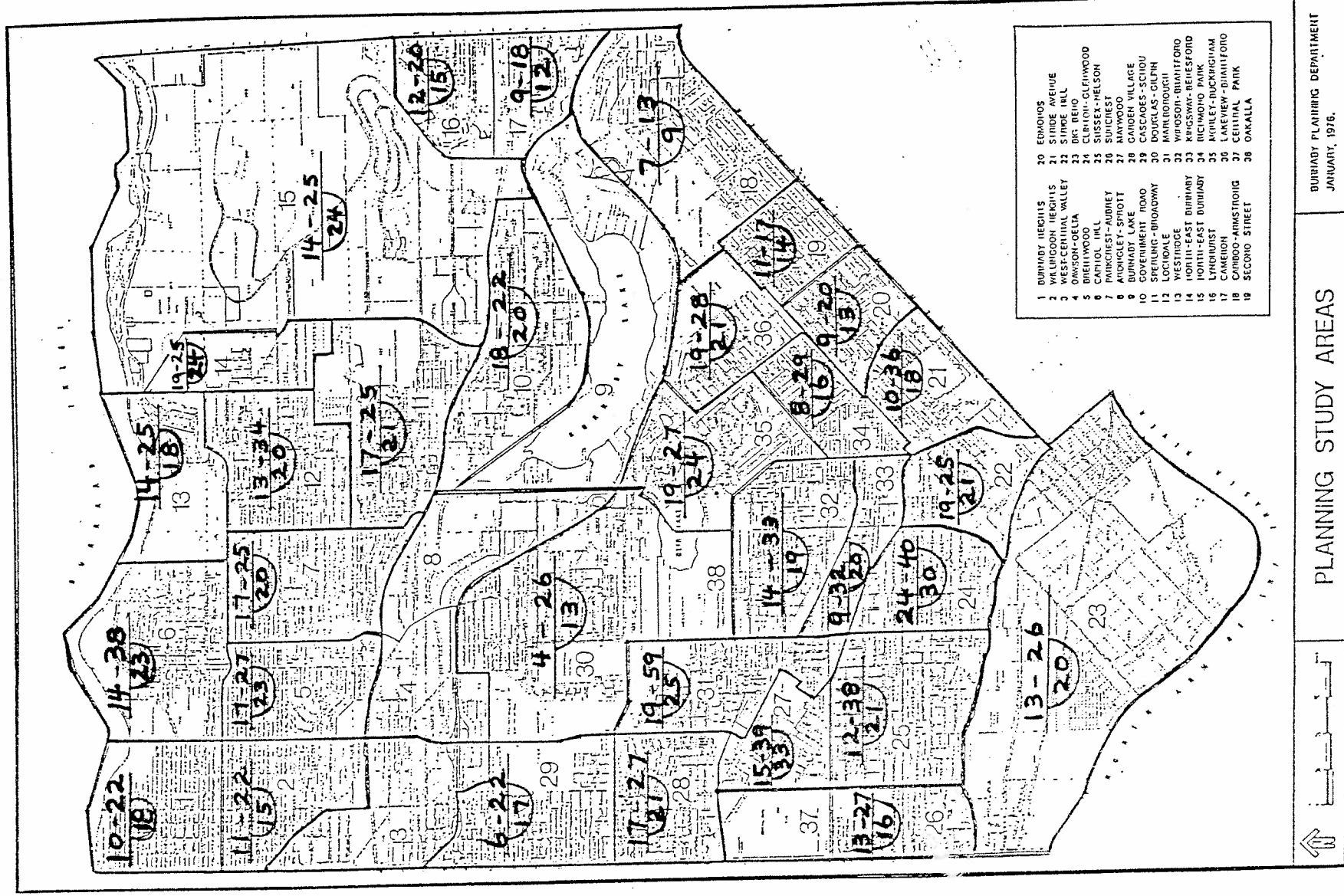
Percent change is in increments of 5% (e.g. from 0% to -5%, from 0% to +5%, etc.)

For major industry, the market value range is very widespread because of the very small number of properties in this class. Assessment increases in 1989 over 20% will be capped at 20% in 1989, and 20% again in 1990, as part of the Government phase-in program for major industry, referred to in this report.

District of Burnaby

ATTACHMENT 8

Randomly Selected Single Family Residences  
1989 vs 1988 Assessment Comparisons  
 (Market Value 1988 July 01 vs 1986 July 01)



PLANNING STUDY AREAS  
 AND PARCEL ACQUISITION LEVY AREAS

Legend: Five properties were randomly selected per area.  
 Range of increase ie: Area 1 10% to 22%  
 Weighted average of increase ie: Area 1 (18)%

The weighted average increase of all the selected properties was 19.9% compared to an overall single family median increase of 20.2%.



BURNABY GENERAL MUNICIPAL PURPOSES ASSESSMENT ROLL AND % BY CLASS  
1985 THROUGH 1988 (NOTE 1), AND 1989 PRELIMINARY

	1985		1986		1987		1988		1989	
	\$	%	\$	%	\$	%	\$	%	\$	%
01 Residential	4,486,141,704	72.73	4,580,015,384	72.87	4,687,458,110	72.54	4,768,901,655	71.66	5,701,022,944	73.24
02 Utilities	80,908,820	1.31	81,008,605	1.29	78,871,202	1.22	83,660,816	1.26	85,514,461	1.10
04 Major Industry (Note 2)							128,240,050	1.93	152,297,350	1.96
05 Industrial	240,846,050	3.91	237,853,200	3.78	221,234,050	3.42				
05 Light Industry							85,656,200	1.29	85,357,500	1.10
06 Business/Other	1,340,029,840	21.72	1,374,977,790	21.88	1,464,901,800	22.67	1,577,856,129	23.71	1,751,976,234	22.51
08 Recreation/Non-Profit	19,888,950	0.32	10,445,400	0.17	8,862,850	0.14	9,615,250	0.14	6,423,100	0.08
09 Farm	814,033	0.01	807,322	0.01	853,098	0.01	870,677	0.01	876,397	0.01
	6,168,629,397	100.00	6,285,107,701	100.00	6,462,181,110	100.00	6,654,800,777	100.00	7,783,467,986	100.00
									1,128,667,209	100.00
									5,720	-

Note (1) Assessment roll values used to establish annual tax rates.

(2) Industrial is separated into major and light industry classes for the first time in 1988.

Light industry maintains the same property class number, Class 05.