



**FINANCIAL MANAGEMENT COMMITTEE**

HIS WORSHIP, THE MAYOR  
AND COUNCILLORS

**SUBJECT: 2015 PROPERTY ASSESSMENTS, NEW GROWTH AND HOME  
OWNER GRANT UPDATE**

**RECOMMENDATION:**

1. THAT Council receive this report for information.

**REPORT**

The Financial Management Committee, at its meeting held on 2015 April 23, received and adopted the *attached* report providing comparative information for 2015 Property Assessments, New Growth and Home Owner Grant eligibility.

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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Meeting 2015 Apr 23

## COMMITTEE REPORT

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**TO:** CHAIR AND MEMBERS  
FINANCE MANAGEMENT COMMITTEE

**DATE:** 2015 April 17

**FROM:** DIRECTOR FINANCE

**FILE:** 7800-02

**SUBJECT:** 2015 PROPERTY ASSESSMENTS, NEW GROWTH AND HOME OWNER GRANT UPDATE

**PIURPOSE:** To provide comparative information for 2015 Property Assessments, New Growth and Home Owner Grant eligibility.

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**RECOMMENDATION:**

1. **THAT** the Financial Management Committee receive this report for information.

**REPORT****1.0 2015 PROPERTY ASSESSMENTS**

In setting the rate for General Municipal Taxation per \$1,000 of assessed value, the City adjusts rates to reflect the current BC Assessment revised property tax roll. A decrease in average assessed values for a Class of property will not result in a decrease in property taxation. However, a decrease in the assessed value of a single property within a Class, in comparison to the average value for similar properties, may result in a decrease in relative taxation.

Despite negative growth in 2014, average residential property has increased by 5.25% in 2015, with Single Family Dwellings showing a 6.25% increase. Strata properties show a modest increase of 1.89%. BC Assessments 2015 January Assessment update, noted that<sup>1</sup>:

*"Most single family home owners will see value changes from 0% to +15%".*

To measure the impact of property tax rate increases net assessed values are compared to prior year gross assessed values. The net assessed values for 2015 exclude new growth from development and are based on properties that were on the tax roll in 2014. Table 1 provides information for residential property assessment changes in 2015.

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<sup>1</sup> BCA North Fraser News Release 2015 January

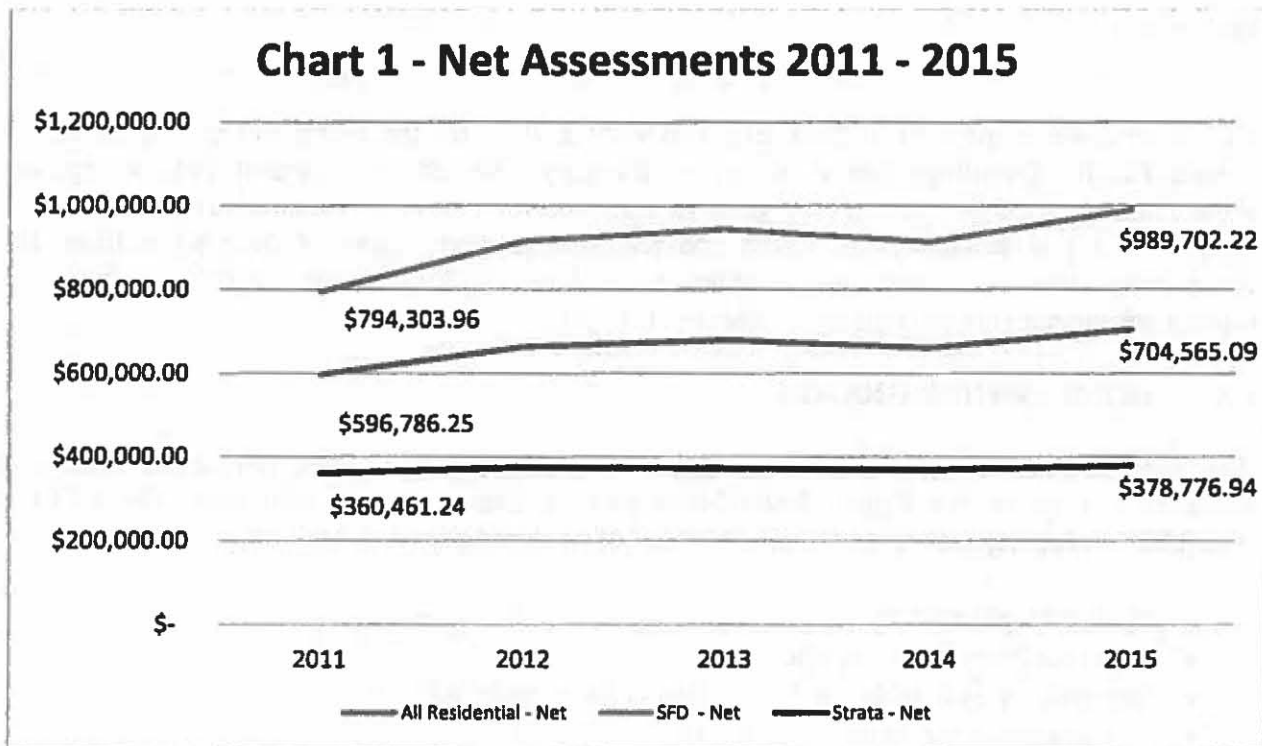
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**Table 1 – Change in Assessed Value**

Change in Assessed Value	2014 Value	2015 Value	Change
<b>Residential Property</b>	\$669,435	\$704,565	5.25%
<b>Single Family Dwelling</b>	\$931,526	\$989,702	6.25%
<b>Strata</b>	\$371,755	\$378,776	1.89%

While the proportion of properties that are single family have been in relative decline the number of strata units has been on the increase, at just over 50% in 2015 compared to 47.7% in 2011. Single Family Dwellings make up 45.8% of all residential properties in 2015. This is in comparison to 48% in 2011.

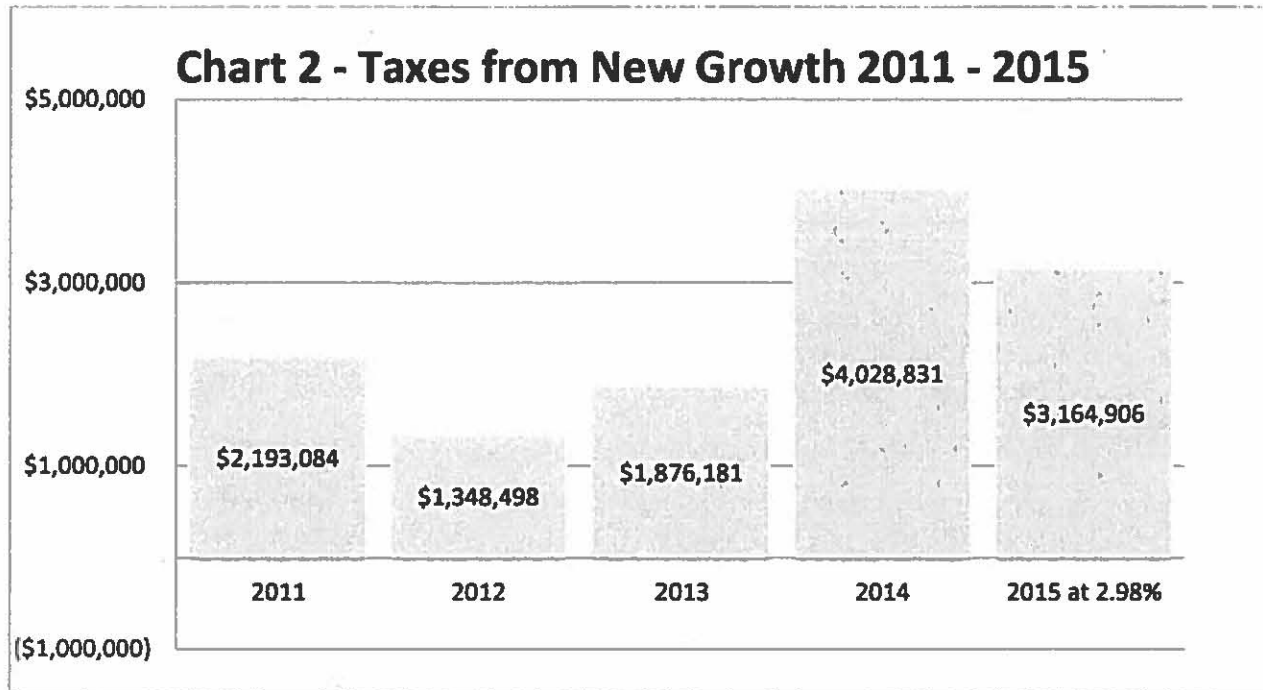
The following chart provides an overview of assessment values from 2011 – 2015. For comparative purposes the Net Assessed Values (excluding new growth) have been used.



**2.0 NEW GROWTH (NON MARKET CHANGE)**

While residential new growth makes a significant contribution to property taxes, at \$1.86 million in 2015 (based on an estimated rate increase of 2.98%) Business / Other and Light Industry also contributed towards reducing the pressure on residential taxes. Chart 2 provides an analysis of revenues from new growth by the 5 main classes affected from 2011 to 2015.

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BC Assessment completed a 'Desk Top Review' in 2013 for the North Fraser Region for all Single Family Dwellings and duplexes in Burnaby. This BC Assessment project captured approximately \$355,007,000 in New Growth valuation for Class 1 Residential. This resulted in a spike in total New Growth for 2014 and resulting property taxes of over \$4 million. BC Assessment does not expect another spike in the future unless there is larger than usual new construction occurring in Burnaby in a particular year.

### 3.0 HOME OWNER GRANTS

The purpose of the Provincial Home Owner Grant (HOG) Program is to reduce the amount of residential property tax British Columbians pay on their principal residence. The HOG is available to property owners based on a number of qualifying factors, including:

- Is over 65 years of age
- Is in receipt of disability allowance
- Is permanently disabled or have a disabled spouse or relative
- Is a veteran or the spouse of a veteran

The City of Burnaby collects HOG applications from property owners on behalf of the Province of BC. The City receives an annual administration fee in the form of an offset to the amount remitted annually to the Province for School Taxes. For 2014 this administration fee amounted to \$148,799, approximately 0.1% of the total school tax levy.

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A minimum annual amount of property tax (\$350 for those who qualify to apply for the Basic HOG and \$100 for those who qualify to apply for the Additional HOG) must be paid to ensure that all homeowners contribute towards the funding of municipal services.

Annual Provincial thresholds and grant amounts remain unchanged for 2015, and are set out in Table 2:

**Table 2 – Thresholds**

Thresholds	2015
Lower threshold	\$1,100,000
Upper threshold basic grant (< 65)	\$1,214,000
Max threshold additional grant (> 65)	\$1,269,000
Basic Grant	\$570
Senior Grant	\$845

Table 3 below provides a breakdown of the number of properties from the Revised Roll (2015 April), notwithstanding other factors for eligibility such as citizenship status or confirmation of principle residence, that are able to claim the full basic grant.

**Table 3 – Year over Year Change in the Number of Burnaby Residential Properties**

Residential Properties	2014	Increase	2015	% Change over 2014
Number of properties (Excluding those with zero assessment)*	66,928	955	67,883	1.43%

In 2015 the number of Burnaby residential properties increased by 955. In 2014, 60,335 Burnaby properties were below the lower HOG assessment value. With the addition of 955 new properties, the total number of properties increases to 61,290. Of these only 60,966 properties qualify for the full grant, a decline of 324.

In Burnaby the percentage of eligible properties able to claim the HOG in 2015 has declined from 90.15% to 89.81%. The 2015 Provincial eligibility target for the BC HOG is 93.8%. The Province has not adjusted either the threshold levels or the grant amount. For Burnaby this has meant a further decline in the percentage of eligible properties that can apply for the basic grant.

#### **Nil, Partial, or Full HOG Eligibility**

The HOG is reduced by \$5 for every \$1000 above the lower threshold of \$1,100,000. In 2015 there are 4,218 properties for which a basic HOG cannot be claimed. This equates to \$2.4m in lost grants for property owners. There are an additional 2,699 properties for which only a partial grant may be claimed. The number of properties restricted to a partial grant has now increased by

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30.39%. Illustration 1 below is intended to clarify provide the breakdown of properties per threshold:

Illustration 1 - Property count per threshold		
Count	Threshold level	Total
4,218 – No grant	Above \$1,214,000	67,883
2,699 – Partial grant	\$1,100,001 – \$1,214,000	
60,966 – Full grant	\$0 - \$1,100,000	

**4.0 CONCLUSION**

The information set out above provides an overview of Property Assessments, New Growth and Home Owner Grant eligibility.

Assessments have recovered from a slight decline in 2014, while new growth has returned to normal levels following the 2014 jump due to the BCA desk top review exercise. The Province has not increased the basic grant amount for Home owner Grants nor the thresholds for the lower and upper assessment values. As such the number of properties that can claim the full grant is below the target set by the Province while the number of properties that will incur a partial loss of grant has also increased.



Denise Jorgenson  
DIRECTOR FINANCE

DJ:RR/ab

cc: City Manager