



Corporation of the City of  
**NEW WESTMINSTER**

# **REPORT**

## ***Finance***

**To:** Mayor Johnstone and Members of Council  
**Date:** April 22, 2024

**From:** Shehzad Somji  
CFO/Director of Finance  
**File:**

**Item #:** 2024-233

**Subject: 2024 Tax Rate Bylaw No. 8445, 2024**

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### **RECOMMENDATION**

**THAT** Council give three readings to the Tax Rates Bylaw No. 8445, 2024 as presented in Attachment 1 of this report.

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### **PURPOSE**

To seek Council's approval of the City's 2024 Tax Rates Bylaw as presented in Attachment 1.

### **BACKGROUND**

Under Section 165 of the Community Charter, a municipality must have a financial plan adopted annually, by bylaw, before the annual property tax bylaw is adopted. On March 11, 2024 Council adopted the 2024 - 2028 Financial Plan Bylaw that incorporated a 2024 municipal taxation revenue increase of 7.7%.

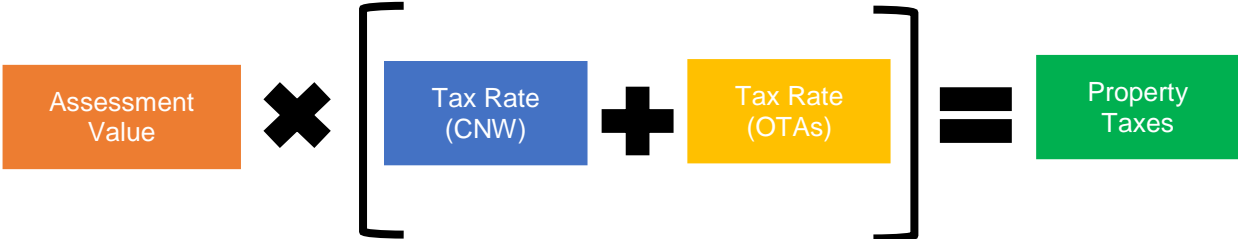
Per Section 197 of the Community Charter, after adoption of the financial plan bylaw, but before May 15, a Council must, by bylaw, impose property value taxes by establishing tax rates for:

- a) The municipal taxation revenue proposed to be raised in the financial plan bylaw.
- b) The amounts to be collected on behalf of Other Taxing Authorities (OTAs).

In addition, at the request of Business Associations, the City has established Business Improvement Areas (BIA) by bylaw for fixed terms. Establishing the BIAs allows the City to collect an annual levy from Light Industry (5) & Business (6) properties within the specified improvement area on behalf of the Business Associations. The annual funding levy enables the Business Association to undertake strategic initiatives that encourage and promote business within the BIA.

**ANALYSIS**

Local governments are responsible for determining budgetary needs and for establishing, by bylaw, property tax rates to be applied to assessed values as provided by BC Assessment (BCA). The relationship between assessments and property tax rates may be described as:



Source: City of New Westminster, Finance Department

**ASSESSMENT VALUE**

In the first week of January 2024, all property owners in British Columbia received Property Assessment Notices from BCA.

BCA uses market data and generally accepted valuation approaches such as direct comparison, cost and income to analyze a property’s assessment value or Highest and Best Use (HBU). BCA records assessment values and reports annually to the property owners, local governments and OTAs. Assessment values reflect an estimate of a property’s value as at July 1<sup>st</sup> of the preceding year. This common valuation date ensures that all properties are assessed fairly and that there is an equitable basis to the valuation.

Under the Community Charter, tax rates are calculated by Municipalities based on the Revised Roll received from BCA in late March. Assessment data incorporates market value for existing properties and new value or growth. Market value of existing properties reflects annual property price fluctuations, while new value or growth represents new development (i.e. subdivisions, rezoning, and new construction), assessment class alternations and any exemptions. Multi-year developments may contribute new value or growth for each year the project is in construction. The new value or growth is calculated by factoring the percentage completion of the project, current year valuation, less any value reported in the preceding year.

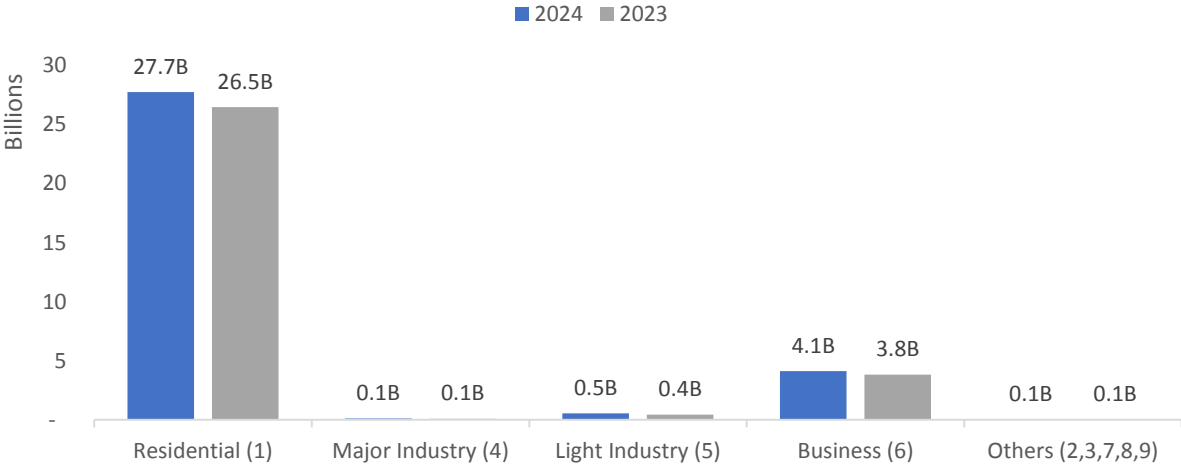
Consistent with prior year practice, estimated municipal taxation revenue from new growth was incorporated in the 2024 - 2028 Financial Plan.

**2024 Revised Roll**

The City's total Net Taxable Assessment Value (NTAV) grew to approximately \$32.6B (2023 - \$30.9B), increasing by \$1.7B or 5.5%, of which:

- \$0.7B or 2.3% is the result of new value or growth.
- \$1.0B or 3.2% coming by way of market change.

Net Taxable Assessment Value - By Property Class



Source: 2023 PAAB Cycle 14 run on 2024-03-08 and 2024 Revised Roll run on 2024-03-18

With an NTAV of \$27.7B, Residential (1) represents 85.0% of the City's total NTAV and when compared to the prior year, increased by \$1.2B or 4.5%, of which:

- \$0.7B or 2.6% is the results of new value or growth.
- \$0.5B or 1.9% due to market change

Residential (1) market change for 2024 is lower than prior years due to high interest rates and slowing residential sales.

With an NTAV of \$4.1B, Business (6) represents 13.0% of the City's total NTAV and when compared to the prior year, increased by \$0.3B or 7.9%, primarily by way of market change.

**TAX RATE**

**Municipal Taxation**

\$114.2M Municipal Taxation revenue provides a stable and consistent source of revenues to pay for many City services, such as Police Services and Fire and Rescue that are difficult to fund on a user-pay basis. 2024 Municipal Taxation revenue can be further broken down into:

- \$111.8M Muncpal Property Taxes + Parcel Taxes

- \$1.8M Grant-in-Lieu of Taxes
- \$ 0.6M Utilities 1%-in-Lieu of Taxes

**Tax Rates**

The City’s primary objective is to set tax rates that meet Financial Plan budgetary requirements, after maximizing non-tax revenues, to provide City services. This is accomplished by maintaining the historical relationship between the property classes and applying the same annual tax rate increase across all property classes. While a different rate increase may be established for each property class, only one tax rate may be set for each property class.

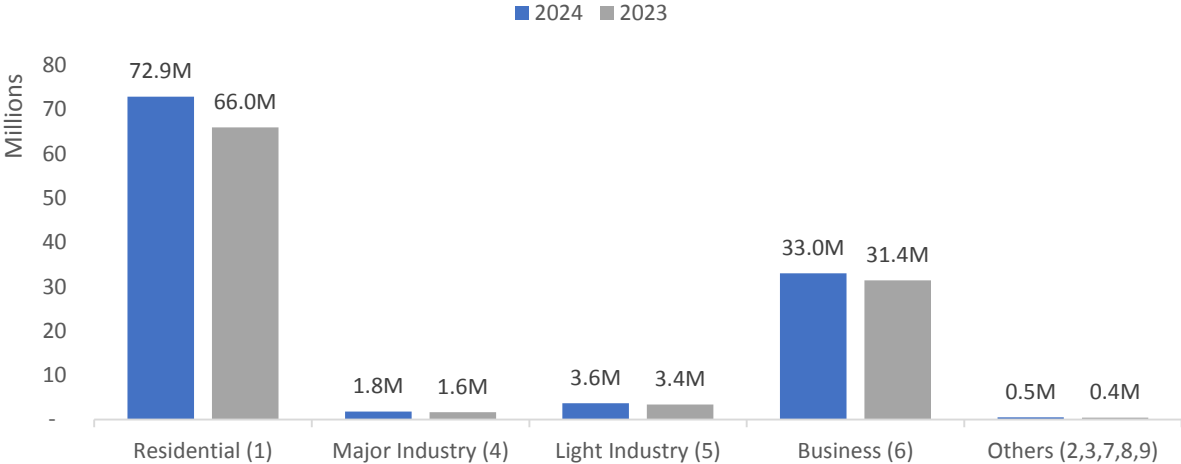
Before calculating current year tax rates based on Council approved increases, the prior year rates undergo adjustments to accommodate changes in assessment values of existing properties. This adjustment ensures the City collects the same tax revenue from each property class in the current year as in the previous year. Generally speaking, when assessment values increase, the base tax rate decreases and conversely, when assessment value decrease, the base tax rate increases.

The City’s 2024 Tax Rates are presented in Attachment 1.

**Tax Distribution**

The City’s secondary objective is to set tax rates that are competitive within the region; consequently, the City may adjust the property tax distribution between property classes as deemed necessary. At Council’s direction, tax distribution can be shifted from one property class to another, as long as the total municipal taxes collected meet Financial Plan budgetary requirements. Tax distribution may shift (without Council direction) from one property class to another depending on new growth in a given property class.

Municipal Property Tax Distribution - By Property Class



Source: City of New Westminster, Finance Department

Residential (1) supports approximately \$72.9M or 65.0% municipal property tax distribution. The average Single Family Dwelling (SFD) assessment value grew to \$1.62M increasing by \$0.04M or 2.5%. The 2024 municipal property tax for an average SFD is \$4,246 and funds:

	2024	2023
<b>Average Single Family Dwelling Assessment Value</b>	<b>\$1.62M</b>	<b>\$1.58M</b>
<b>Municipal Taxation</b>		
Police Services	1,189	1,146
Corporate Services*	764	1,028
Fire and Rescue	722	711
Parks and Recreation	637	514
Engineering Services	425	277
Planning and Development	212	118
Library	170	158
Community Services**	127	-
<b>Total Municipal Taxation for City Services</b>	<b>\$4,246</b>	<b>\$3,952</b>

\*Corporate Services includes Human Resources & Information Technology, Finance, and Mayor & Council etc.

\*\*New department created in 2024

The average Strata/Multi-Family Dwelling (MFD) property assessment value grew to \$0.67M, increasing by \$0.02M or 3.0%. The 2024 municipal property tax for an average MFD is \$1,747 and funds:

	2024	2023
<b>Average Strata/Multi-Family Dwelling Assessment Value</b>	<b>\$0.67M</b>	<b>\$0.65M</b>
<b>Municipal Taxes</b>		
Police Services	489	470
Corporate Services*	314	421
Fire and Rescue	297	291
Parks and Recreation	262	210
Engineering Services	175	113
Planning and Development	87	49
Library	70	65
Community Services	53	-
<b>Total Municipal Taxation for City Services</b>	<b>\$1,747</b>	<b>\$1,619</b>

\*Corporate Services includes Human Resources & Information Technology, Finance, and Mayor & Council etc.

\*\*New department created in 2024

Business (6) supports approximately \$33.0M or 30.0% municipal property tax distribution. The average Business property assessment value grew to \$4.02M, increasing by \$0.28M or 7.5%. The 2024 municipal property tax for an average Business property is \$32,181 and funds:

	2024	2023
<b>Average Business Assessment Value</b>	<b>\$4.02M</b>	<b>\$3.74M</b>
<b>Municipal Taxes</b>		
Police Services	9,011	8,782
Corporate Services*	5,793	7,873
Fire and Rescue	5,471	5,451
Parks and Recreation	4,827	3,937
Engineering Services	3,218	2,120
Planning and Development	1,609	908
Library	1,287	1,211
Community Services	965	-
<b>Total Municipal Taxation for City Services</b>	<b>\$32,181</b>	<b>\$30,282</b>

\*Corporate Services includes Human Resources & Information Technology, Finance, and Mayor & Council etc.

\*\*New department created in 2024

### PROPERTY TAX PROGRAMS

#### Home Owner Grant

The Home Owner Grant (HOG) program is a Province of BC program designed to help home owners with property taxes. Most eligible home owners qualify for the regular HOG (also called the basic grant) which provides a maximum reduction in residential property taxes of \$570. To qualify for the regular HOG a home owner must:

- Be the registered owner of the residence (or a spouse or relative of the deceased owner)
- Be a Canadian citizen or permanent resident of Canada
- Live in B.C.
- Occupy the residence as a principal residence

Instead of the regular HOG, a home owner may qualify for a higher grant (called the additional grant) which, provides an additional amount of \$275 (for a total of \$845). In addition to the regular HOG eligibility criteria, to qualify for the additional grant a home owner must be:

- 65 years of age or older in the current year
- A Veteran
- A person with a disability
- Living with a spouse or relative with a disability
- A spouse or relative of a deceased owner who would have qualified for the additional grant

The Province of BC set the assessed value threshold for the regular HOG at \$2.15M in 2024. The effect of the assessed value threshold is that the maximum HOG is reduced by \$5 for each \$1,000 of assessed value over \$2.15M. As a result, the basic HOG is

reduced to zero for residential properties valued at \$2.26M and the additional grant is eliminated on residential properties assessed at \$2.32M or more.

Total HOGs claimed is 2023 equated to approximately \$12.3M.

**Property Tax Deferment**

The Province of BC administers the Property Tax Deferment (PTD) programs to assist qualified home owners with deferral of property taxes. The PTD programs allows home owners to defer payment of property taxes, along with interest, until the home is sold, transferred to a new owner or becomes part of the probate of an estate. If property and equity qualifications are satisfied, home owners have the following deferment program options:

- Regular Program
  - a person 55 years or older
  - a surviving spouse of any age
  - a person with disabilities
- Families with Children Program
  - Parent, stepparent or financially supporting a child under the age of 18

The Province of BC accepts applications online through the e-deferment program once an applicant has created an online profile with eTaxBC. Property owners must contact the Province directly for assistance with deferment applications

Total PTD application processed in 2023 equaled to approximately \$4.62M

**Use of Permissive Exemptions**

Section 224 of the Community Charter allows Council, on or before October 31 of each year, to adopt a bylaw, to exempt from property taxation on the land, improvements or both owned and used for various specified purposes. Council has provided Permissive Tax Exemptions (PTE) for the following land and/or improvements:

1. Surrounding an exempt property
2. Used or occupied by a hospital and independent schools
3. Used or occupied by a home for elderly citizens constructed with the assistance of aid granted by the Province under the *Housing Construction (Elderly Citizens) Act* before its repeal
4. Used for charitable or philanthropic purposes
5. Owned or held by an athletic or service club for public service purposes

These PTEs provided by Council are in addition to the statutory exemption that the land and improvements may be entitled to under Section 220 of the Community Charter. The City’s PTE policy strives to ensure a balance between approving PTEs and the need to preserve the property tax revenue base.

In October 2023, Council approved the 2024 Taxation Exemption list and Permissive Tax Exemption Bylaw No. 8419, 2023. 2024 PTE (Municipal Taxation) estimated to be \$0.97M.

**FINANCIAL IMPLICATIONS**

The property tax rates provided in the Tax Rates Bylaw No.8445, 2024 will generate the required municipal taxation revenue as required by the 2024 - 2028 Financial Plan adopted on March 11, 2024 which incorporated a municipal taxation revenue increase of 7.7%.

Per the BIAs, in 2024 \$0.15M is to be levied for Uptown BIA and \$0.31M for Downtown BIA (\$0.17M Primary & \$0.14M Secondary).

**OPTIONS**

There are two options available to Council:

- 1. **THAT** Council give three reading and adoption to the Tax Rates Bylaw No.8445, 2024 as presented in Attachment 1 of this report.
- 2. **THAT** Council provide other direction to staff.

Staff recommend option 1.

**CONCLUSION**

Under the provisions of the Community Charter, the City is required to adopt a tax rates bylaw after the adoption of the Financial Plan and prior to May 15.

It is recommended, therefore, that Tax Rates Bylaw No. 8445, 2024 be given three readings and adoption.

**ATTACHMENTS**

Attachment 1 - Tax Rates Bylaw No. 8445, 2024

**APPROVALS**

This report was prepared by:  
Indeep Johal, Manager, Financial Services

This report was approved by:  
Shehzad Somji, CFO/Director of Finance  
Lisa Leblanc, Acting Chief Administrative Officer