

# **REPORT**

## ***Finance and Information Technology***

**To:** Mayor Johnstone and Members of Council  
**Date:** May 5, 2025

**From:** Shehzad Somji  
CFO/Director of Finance and Information Technology  
**File:**

**Item #:** 2025-130

**Subject:** 2025 Tax Rate Bylaw No. 8516, 2025

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### **RECOMMENDATION**

*THAT Tax Rate Bylaw No. 8516, 2025 be introduced and given first, second and third readings.*

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### **PURPOSE**

To seek Council's approval for the City's 2025 Tax Rates Bylaw as presented in Attachment 1.

### **BACKGROUND**

Section 165 of the *Community Charter*, requires municipalities to adopt the Financial Plan Bylaw, before the Tax Rate Bylaw. On February 10, 2025, Council adopted the 2025 - 2029 Financial Plan Bylaw.

Section 197 of the *Community Charter*, requires municipalities to adopt the Tax Rate Bylaw before May 15<sup>th</sup> of each year, to 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).

The timely adoption of both bylaws before the statutory deadlines is essential to ensure compliance and effectively manage unforeseen circumstances.

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 2025, 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 them 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.

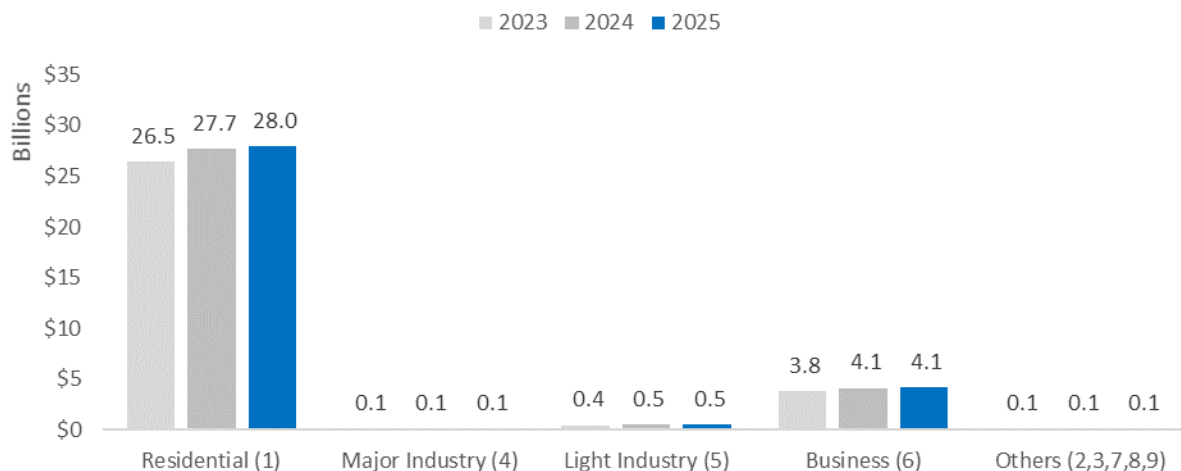
Consistent with prior year practice, estimated municipal taxation revenue from new growth was incorporated in the 2025 - 2029 Financial Plan.

## 2025 Revised Roll

The City's total Net Taxable Assessment Value (NTAV) grew to approximately \$32.8B (2024 - \$32.5B), increasing by \$0.3B or 0.9%, of which:

- \$0.4B is the result of new value or growth.
- (\$0.1B) is due to market changes.

## CNW Net Taxable Assessment Value - By Property Class



Source: 2023 PAAB Cycle 14, 2024 PAAB Cycle 13 and 2025 Revised Roll run on 2025-03-19

With a NTAV of \$28.0B, Residential (1) represents 85.4% of the City's total NTAV and when compared to 2024, increased by \$0.3B or 1.1%, of which:

- \$0.4B is the results of new value or growth, primarily due to increase in residential strata unit inventory.
- (\$0.1B) is due to market change.

Despite Bank of Canada interest rates cuts, Residential (1) market change for 2025 is lower than prior years reflective of slowing residential property sales amid economic uncertainty, higher inflation, signaling cautious buyer sentiment.

With a NTAV of \$4.1B, Business (6) represents 12.5% of the City's total NTAV and when compared to 2024 remained relatively unchanged.

## **TAX RATE**

### **Municipal Taxation**

\$123.0M 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. 2025 Municipal Taxation revenue can be further broken down into:

- \$120.4M Municipal Property Taxes + Parcel Taxes
- \$2.0M 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.

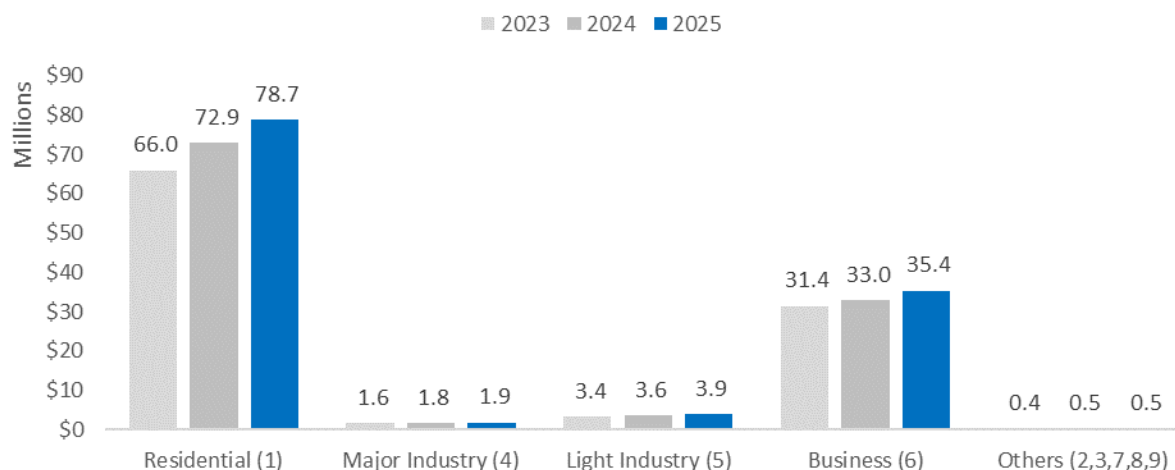
Before calculating current year tax rates based on Council approved increases, the prior year rates undergo adjustments to accommodate changes in assessment values of existing properties. This adjustment ensures the City collects the same tax revenue from each property class in the current year as in 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 2025 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.

## CNW Municipal Property Tax Distribution - By Property Class



Source: City of New Westminster, Finance Department

Residential (1) supports approximately \$78.7M, or 65.4%, of municipal property tax distribution. In 2025, NTAV for Residential (1) experienced a \$0.3B increase while other property classes remained relatively unchanged. Each property class supports a portion of the municipal property tax levy based on its proportion of City's total assessed value. If the assessed value of one class, in this case, Residential (1) rises more than other classes, Residential (1) will bear a greater share of the total taxes, even if the tax rate remains the same.

The average Single Family Dwelling (SFD) assessment value grew to \$1.64M, increasing by \$0.02M or 1.2%. The 2025 municipal property tax for an average SFD is approximately \$4,614, representing a year-over-year (Y/Y) increase of \$368 (\$31/month) and will fund the following City services:

	2025	2024
<b>Average Single Family Dwelling Assessment Value</b>	<b>\$ 1.64M</b>	<b>\$ 1.62M</b>
<b>Municipal Taxation</b>		
Police Services	\$ 1,200	\$ 1,189
Fire and Rescue	784	722
Corporate Services*	738	764
Parks and Recreation	646	637
Engineering Services	554	425
Planning and Development	277	212
Community Services	230	127
Library	185	170
<b>Total Municipal Taxation for City Services</b>	<b>\$ 4,614</b>	<b>\$ 4,246</b>

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

The average Strata/Multi-Family Dwelling (MFD) property assessment value grew to \$0.69M, increasing by \$0.02M or 3.0%. The 2025 municipal property tax for an average

MFD is approximately \$1,934 representing a Y/Y increase of \$187 (\$16/month) and will fund the following City services:

	2025	2024
<b>Average Strata/Multi-Family Dwelling Assessment Value</b>	<b>\$ 0.69M</b>	<b>\$ 0.67M</b>
<b>Municipal Taxes</b>		
Police Services	\$ 503	\$ 489
Fire and Rescue	329	297
Corporate Services*	309	314
Parks and Recreation	271	262
Engineering Services	232	175
Planning and Development	116	87
Community Services	97	53
Library	77	70
<b>Total Municipal Taxation for City Services</b>	<b>\$ 1,934</b>	<b>\$ 1,747</b>

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

Business (6) supports approximately \$35.4M, or 29.4%, of municipal property tax distribution. The average Business (6) property assessment value remained unchanged at \$4.02M compared to 2024. The 2025 municipal property tax for an average Business property is approximately \$34,386 representing a Y/Y increase of \$2,205 (\$184/month) and will fund the following City services:

	2025	2024
<b>Average Business Assessment Value</b>	<b>\$ 4.02M</b>	<b>\$ 4.02M</b>
<b>Municipal Taxes</b>		
Police Services	\$ 8,940	\$ 9,011
Fire and Rescue	5,846	5,474
Corporate Services*	5,502	5,793
Parks and Recreation	4,814	4,827
Engineering Services	4,126	3,218
Planning and Development	2,063	1,608
Community Services	1,719	964
Library	1,376	1,286
<b>Total Municipal Taxation for City Services</b>	<b>\$ 34,386</b>	<b>\$ 32,181</b>

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

## 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

In addition to 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 \$2.175M in 2025. The effect of the assessed value threshold is that the maximum HOG is reduced by \$5 for each \$1,000 of assessed value over \$2.175M. As a result, the basic HOG is reduced to zero for residential properties valued at \$2.289M and the additional grant is eliminated on residential properties assessed at \$2.344M or more.

Total HOGs claimed in 2024 equated to approximately \$12.4M.

### **Property Tax Deferment**

The Province of BC administers the Property Tax Deferment (PTD) program to assist qualified home owners with deferral of property taxes. The PTD program 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 2024 equaled to approximately \$5.02M.

## **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 for the subsequent year. 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 or 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 September 2024, Council approved the 2025 Taxation Exemption list and [Permissive Tax Exemption Bylaw No. 8474, 2024](#).

2024 PTE (Municipal Taxation) estimated to be \$1.02M.

## **FINANCIAL IMPLICATIONS**

The property tax rates provided in the Tax Rates Bylaw No.8516, 2025 will generate the required municipal taxation revenue as required by the 2025 - 2029 5-Year Financial Plan adopted on February 10, 2025.

Per the BIAs, in 2025 \$0.15M is to be levied for Uptown BIA and \$0.33M for Downtown BIA (\$0.18M Primary & \$0.15M Secondary).

## **INTERDEPARTMENTAL LIAISON**

The City's taxing obligations in relation to the Metro Vancouver Regional District has been confirmed in writing.

## **OPTIONS**

There are two options available to Council:

1. THAT Tax Rate Bylaw No. 8516, 2025 be introduced and given first, second and third readings.
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 Bylaw and prior to May 15 of each year.

### **ATTACHMENTS**

Attachment 1 - Tax Rates Bylaw No. 8516, 2025

### **APPROVALS**

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

This report was approved by:  
Shehzad Somji, CFO/Director of Finance and Information Technology  
Lisa Spitale, Chief Administrative Officer