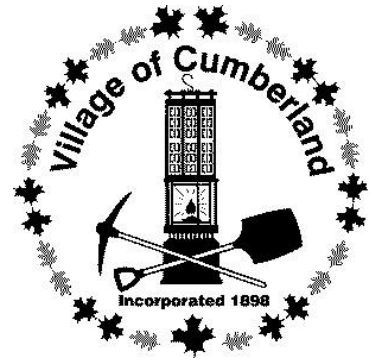


# COUNCIL REPORT



REPORT DATE: 4/6/2021  
MEETING DATE: 4/12/2021

File No. 1700

TO: Mayor and Councillors  
FROM: Michelle Mason, Chief Financial Officer/Deputy CAO  
SUBJECT: 2021 Property Tax Rates Bylaw

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## RECOMMENDATION

- i. THAT Council receive the 2021 Property Tax Rates Bylaw report.
- ii. THAT Council give first, second and third reading to “2021 Property Tax Rates Bylaw No. 1148, 2021”.

## PURPOSE

The purpose of this report is to provide to Council the “2021 Property Tax Rates Bylaw No. 1148, 2021” for consideration of first, second and third reading.

## PREVIOUS COUNCIL DIRECTION

| Date             | Resolution  |
|------------------|---|
| January 11, 2021 | THAT Council adopt 2021 - 2025 Financial Plan Bylaw No. 1138, 2020. |

## BACKGROUND

The 2021-2025 Financial Plan bylaw (attached for information) must be adopted prior to adoption of the 2021 Tax Rates bylaw and this requirement has been met. The 2021 year of the approved five-year financial plan requires municipal property tax revenues in the amount of \$3,449,960. Property tax revenues levied in 2020 totaled \$3,211,620. The budgeted property tax revenues’ impact to existing 2020 ratepayers is a 4.93% increase.

The tax rate bylaw attached to this report establishes tax rates for the Village of Cumberland and for other government agencies for which the Village levies and collects taxes. The tax rates bylaw must be adopted by May 15, 2021.

The variable tax rate system in BC levies property tax to owners based on the value of their properties. The tax rate each year is based on the revenue the Village budgets to collect and the assessed values of all the properties in the Village at that time. Changes in the total assessed property values in the Village will cause the tax rate to change. The property tax rates in the bylaw are based on assessments from the Revised Roll received in March 2021. The total market value in

2021 assessments for Cumberland increased by approximately 4%. The rates reflect this relatively stable market increase in the various classes. Council increased class seven, managed forest taxes by 10% and this is also reflected in the rates.

| Property Class           | 2020 Tax Rates | 2021 Tax Rates | 2021 Tax Ratios (Multiples of Class 1) |
|--------------------------|----------------|----------------|--|
| Class 1 (residential)    | 3.0454         | 3.0616         | 1.00                                   |
| Class 2 (utilities)      | 55.6258        | 57.0564        | 18.64                                  |
| Class 5 (light industry) | 9.5891         | 9.8933         | 3.23                                   |
| Class 6 (business/other) | 7.758          | 7.9245         | 2.59                                   |
| Class 7 (managed forest) | 29.3609        | 32.5851        | 10.64                                  |
| Class 8 (rec/non-profit) | 2.0486         | 2.1308         | 0.70                                   |
| Class 9 (farm)           | 3.0459         | 3.0616         | 1.00                                   |

Property taxes generated by growth in 2021 is estimated in the financial plan at \$80,000; however, the actual taxes from growth in 2021 based on the revised roll totals \$54k. As a result \$26k will need to be funded from the general financial stabilization reserve to offset this difference. In addition, three properties won appeals for the 2020 tax year which will result in tax refunds of which the municipal portion of the refund totaling \$18k will also need to be funded by the financial stabilization reserve. There are sufficient funds in the reserve to cover the total of \$44k that is needed.

Based on the revised assessment roll and approved financial plan, property and parcel taxes as well as utility fees are estimated to increase in 2021 for average single-family and residential strata properties as well as a representative commercial property as follows:

| Household Type      | Average ** Assessment | Total 2021 Charges * Compared to Total 2020 Charges |         |                    |
|---------------------|-----------------------|---|---------|--------------------|
|                     |                       | 2021  | 2020    | Estimated Increase |
| Single-family       | \$507,340             | \$3,681   | \$3,487 | \$194              |
| Strata units        | \$389,332             | \$2,846   | \$2,629 | \$217              |
| Commercial property | \$404,000             | \$7,595   | \$6,580 | \$1,015            |

- \* Single-family and strata unit total charges have \$770 home owner grants deducted
- \* 2021 Charges include a new water supply parcel tax of \$45.09 per parcel
- \* 2021 school and police tax rates are not available and have been estimated at a five percent increase to residential and utility classes and school tax rates are back to pre COVID-19 rates for business and non-profit organizations that had reduced school tax rates in 2020
- \*\* Assessment used for commercial is the median assessment (50% assessments higher and 50% assessments lower)

The increases for the residential household types above are less than originally estimated to Council in the Committee of the Whole and Village Hall budget meetings in the fall of 2020. The single-family increase was estimated to be \$269 as compared to the 2021 increase above of \$194 and the strata unit increase was estimated to be \$236 as compared to the 2021 increase above of \$217. There were decreases in the requisitions for the Solid Waste regional service and the Hospital District as well as the water supply parcel tax decreased from the original estimate of \$66 per parcel to \$45.09 per parcel (mainly due to a significantly lower interest rate).

To assist businesses and non-profit organizations in BC who have been impacted by COVID-19, the province significantly reduced 2020 school tax rates for properties in impacted assessment classes (class 4-major industry/class 5-minor industry/class 6-business/class 7-managed forest/class 8-recreation/non-profit). The province has indicated that school tax rates will increase back to their normal range (pre COVID). The increase based on the approved tax increase provided to Council in the fall of 2020 for commercial classes was \$471 (with reduced school tax rates) as compared to the 2021 increase above of \$1,015 (without reduced school tax rates). In addition, the province deferred the deadline for these property classes in 2020 and the province has now indicated that they will not defer the deadline again in 2021. If Council wishes to defer the deadline in 2021, it would need to be for all classes and a bylaw change would be needed (staff direction would be needed at this meeting).

The Village of Cumberland must establish rates by bylaw for the Vancouver Island Regional Library services (VIRL), the Comox Valley Regional District (CVRD) and Comox Strathcona Regional Hospital District (CSRHD). Tax rates for the VIRL are based on invoiced amounts to the Village by the Library board as per their adopted financial plan. Tax rates for CVRD and CSRHD are based on amounts requisitioned to the Village by the CVRD and CSRHD as per their adopted financial plan.

Staff cautions that property assessments do not change equally across all properties and market pressures and property improvements will result in different assessment changes for different property owners. Property owners have the option to appeal their property assessment values to BC Assessment by January 31<sup>st</sup> each year. Changes as a result of any appeal are included in the revised roll.

### **Property Tax Deferral**

Certain residential property owners may be eligible for property tax deferral. Property tax deferral is an existing low interest loan program that helps qualified B.C. homeowners pay their annual property taxes on their principal residence. Homeowners that are 55 or older, a surviving spouse, a person with disabilities or a family with children may qualify for deferral. In addition to general information about property tax deferral and the required steps, there is information about the two specific programs (attached to this report):

- Regular Property Tax Deferral Program, for those aged 55 or older or in other specified circumstances
- Families with Children Tax Deferral Program, for those financially supporting children.

### **ALTERNATIVES**

1. Council can make changes to the tax revenue included in the financial plan which would change the tax rates in the attached bylaw. Staff would need to bring the changes back to Council and a special Council meeting may be required to meet the May 15<sup>th</sup> deadline.

### **STRATEGIC OBJECTIVE**

- Healthy Community
- Quality Infrastructure Planning and Development
- Comprehensive Community Planning
- Economic Development

### **FINANCIAL IMPLICATIONS**

Financial implications for the attached 2021 tax rate bylaw are mostly outlined above in this report.

The table below outlines the 2020 (2021 not available at this stage) taxes and charges that a representative house paid in communities on Vancouver Island (information taken from the Province of BC website). The last column estimates what the total charges for the other communities would be if they increased by 2% compared with the actual charges for Cumberland (4.56%).

| Municipality   | House Assessment | Total Residential Variable Rate Tax (HOG not taken) | Total Residential Parcel Taxes | Total Residential Utility Fees | Total Residential Taxes and Charges | Assume a 2% increase for 2021 |
|----------------|------------------|---|--------------------------------|--------------------------------|-------------------------------------|-------------------------------|
| Cumberland     | \$485,102        | \$3,130   | \$286                          | \$841                          | \$4,257                             | \$4,451*                      |
| Courtenay      | \$486,195        | \$3,026   | \$245                          | \$1,024                        | \$4,295                             | \$4,381                       |
| Comox          | \$560,215        | \$3,129   | \$100                          | \$1,003                        | \$4,232                             | \$4,317                       |
| Campbell River | \$455,481        | \$3,516   | \$124                          | \$967                          | \$4,607                             | \$4,699                       |
| Qualicum Beach | \$654,230        | \$3,995   | \$215                          | \$376                          | \$4,586                             | \$4,678                       |
| Parksville     | \$514,452        | \$3,342   | \$0                            | \$695                          | \$4,037                             | \$4,118                       |
| Lantzville     | \$716,746        | \$3,283   | \$20                           | \$893                          | \$4,196                             | \$4,280                       |
| Nanaimo        | \$527,145        | \$3,751   | \$20                           | \$905                          | \$4,676                             | \$4,770                       |
| Ladysmith      | \$455,980        | \$3,170   | \$809                          | \$1,019                        | \$4,998                             | \$5,098                       |

\* Increase for Cumberland for the 2021 average house assessment above is the actuals (4.56%) in this report (\$507,340 and total charges without a home owner grant claimed is \$4,451)

## OPERATIONAL IMPLICATIONS

The adoption of the property tax rate bylaw is the last step in the financial planning process and must be adopted after the financial plan bylaw has been adopted and prior to May 15<sup>th</sup> of each year. Tax levies are expected to be mailed after the May long weekend. Home owner grants and tax deferrals are now administered by the Province of BC directly. Property owners wanting to use these programs, need to use directly on the provinces website. Links to the applicable website can be found by searching *Property Taxes and Home Owner Grants* on the Village website [cumberland.ca](http://cumberland.ca).

## ATTACHMENTS

1. 2021 Property Tax Rates Bylaw No. 1148, 2021
2. 2021-2025 Financial Plan Bylaw No. 1138, 2020 for information

## CONCURRENCE

None

Respectfully submitted,

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Michelle Mason  
Chief Financial Officer/Deputy CAO

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Clayton Postings  
Chief Administrative Officer