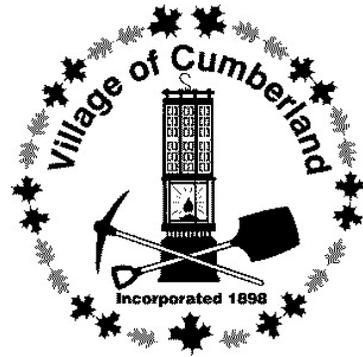


# COUNCIL REPORT



REPORT DATE: 4/14/2022  
MEETING DATE: 4/25/2022

File No. 1700

TO: Mayor and Councillors  
FROM: Michelle Mason, Chief Financial Officer/Deputy CAO  
SUBJECT: 2022 Property Tax Rates Bylaw

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## RECOMMENDATION

- i. THAT Council receive the 2022 Property Tax Rates Bylaw report.
- ii. THAT Council direct staff to amend the 2022 – 2026 Financial Plan bylaw to add a reserve contribution of \$43,750 from growth taxes to the Emergency and Public Safety Reserve to save towards policing.
- iii. THAT Council give first, second and third reading to “2022 Property Tax Rates Bylaw No. 1167, 2022”.

## PURPOSE

The purpose of this report is to provide to Council the “2022 Property Tax Rates Bylaw No. 1167, 2022” for consideration of first, second and third reading.

## PREVIOUS COUNCIL DIRECTION

Date	Resolution
January 10, 2022	THAT Council adopt 2022 - 2026 Financial Plan Bylaw No. 1152, 2021.

## BACKGROUND

The 2022-2026 Financial Plan bylaw (attached for information) must be adopted prior to adoption of the 2022 Tax Rates bylaw and this requirement has been met. The 2022 year of the approved five-year financial plan requires municipal property tax revenues in the amount of \$3,609,820. Property tax revenues levied in 2021 totaled \$3,425,300 (net of 2021 growth taxes). The budgeted property tax revenues’ impact to existing 2021 ratepayers is a 5.39% 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, 2022.

Council was presented with a draft tax rates bylaw at the April 11, 2022 Council meeting for feedback. Based on feedback at that meeting, staff has provided extra information regarding class six, business/other properties (below) and has prepared the tax rates bylaw based on the tax distribution presented at that meeting. The tax rates in the bylaw for municipal library services have not changed. The final requisitions for the Comox Valley Regional District and Comox Strathcona Hospital District have slightly changed those rates in the attached bylaw.

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 2022. The total market value in 2022 assessments for Cumberland increased by approximately 36%. The decreased rates reflect this significant market increase in the various classes. Currently the increased tax revenue is spread equally between all classes.

Property Class	2021 Tax Rates	2022 Tax Rates	2022 Tax Ratios (Multiples of Class 1)
Class 1 (residential)	3.0616	2.3423	1.00
Class 2 (utilities)	57.0564	50.8039	21.69
Class 5 (light industry)	9.8933	7.1533	3.05
Class 6 (business/other)	7.9245	7.0561	3.01
Class 7 (managed forest)	32.5851	34.3514	14.67
Class 8 (rec/non-profit)	2.1308	2.3423	1.00
Class 9 (farm)	3.0616	2.3423	1.00

Property taxes generated by growth in 2022 is not in the financial plan and will be included in the first financial plan amendment with a recommended contribution to the Emergency and Public Safety reserve to save towards policing. The taxes from growth in 2022 based on the revised roll totals just under \$44k. Staff recommend that these funds be contributed to the Emergency and Public Safety reserve to save towards policing.

Based on the revised assessment roll and approved financial plan, property and parcel taxes as well as utility fees are estimated to increase in 2022 for average single-family and residential strata properties as follows:

		Total 2022 Charges * Compared to Total 2021 Charges		
Household Type	Average Assessment	2022	2021	Estimated Increase
Single-family	\$708,763	\$3,903	\$3,621	\$284
Strata units	\$498,808	\$2,758	\$2,739	\$21

- \* Single-family and strata unit total charges have \$770 home owner grants deducted
- \* 2022 school tax rates are not available and have been estimated at a five percent increase
- \* 2022 police tax rates are not available and been estimated at a 10% increase

The estimated increase for the single-family residential household above (\$284) is much higher than the increase for the strata units (\$21) due to the rate of increase in the assessment values between single-family and strata units. The average single-family assessment values (39% increase) have

increased at a much higher rate than the average strata units (28% increase) which has caused the single-family households to pay a bigger portion of the tax revenues in 2022 than the strata units within class one. That’s why the single-family tax increase is so much higher than originally expected and the strata units tax increase is significantly lower than originally expected.

The table below shows different ranges of property tax increases and the number of Business/Other properties that are in each range. Council expressed interest in understanding any relationships in the changes in tax increases. Out of the 70 taxable properties in class six, 47 of them are located on Dunsmuir Avenue or in the downtown area so of course the largest portion of the different classes of increases outlined below are in the downtown area. The largest tax decrease in class six is the Village’s largest tax payer. This property did have a significant assessment increase between 2021 and 2022; however, the assessment increase was at a much smaller rate of increase compared to the increases for the other properties in this class and therefore, there was almost a \$16k decrease in taxes. Out of the other 28 properties where taxes decreased, 17 of them were properties on Dunsmuir Ave and the rest were spread evenly throughout Cumberland. Out of the 22 properties where taxes increase between \$0 and \$1,000, 16 of them were properties on Dunsmuir or in the downtown area and the rest were spread evenly throughout Cumberland. Out of the 17 properties where taxes increase between \$1000 and \$5000, 14 were properties on Dunsmuir or in the downtown area and the rest were spread evenly throughout Cumberland.

<b>Business/Other Property Tax Increase/(Decrease) Ranges</b>	<b>Number of Properties</b>	<b>Number of Properties on Dunsmuir &amp; Downtown Area</b>
(\$15,900) to \$0 (Decrease)	29	17
\$0 to \$1,000 (max. \$1k increase)	22	16
\$1,000 to \$5,000 (max. \$5k increase)	17	14
\$16,000 *	1	
\$21,000 *	1	

\* Undeveloped land

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 usually 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 deferment. 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 Deferment Program, for those aged 55 or older or in other specified circumstances
- Families with Children Tax Deferment Program, for those financially supporting children.

## ALTERNATIVES

1. Council can provide feedback to staff on the current rates being presented.
2. Not proceed with any action at this time.

## STRATEGIC OBJECTIVE

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

## FINANCIAL IMPLICATIONS

Financial implications for the attached 2022 tax rate bylaw are mostly outlined above in this report.

The table on page five outlines the 2021 (2022 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 (5.39%).

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 2022
Cumberland	\$ 510,441	\$ 3,163	\$ 350	\$ 779	\$ 4,292	\$ 4,675*
Courtenay	\$ 510,671	\$ 3,020	\$ 245	\$ 1,040	\$ 4,305	\$ 4,391
Comox	\$ 593,809	\$ 3,146	\$ 120	\$ 1,066	\$ 4,332	\$ 4,419
Campbell River	\$ 483,444	\$ 3,506	\$ 136	\$ 1,026	\$ 4,668	\$ 4,761
Qualicum Beach	\$ 688,660	\$ 4,187	\$ 240	\$ 421	\$ 4,848	\$ 4,945
Parksville	\$ 529,355	\$ 3,442	\$ 20	\$ 745	\$ 4,207	\$ 4,291
Lantzville	\$ 754,076	\$ 3,413	\$ 20	\$ 965	\$ 4,398	\$ 4,486
Nanaimo	\$ 544,227	\$ 3,903	\$ -	\$ 993	\$ 4,896	\$ 4,994
Ladysmith	\$ 483,347	\$ 3,224	\$ 809	\$ 1,033	\$ 5,066	\$ 5,167

\* Increase for Cumberland for the 2022 average house assessment above is the actual increase (5.39%) in this report (\$708,763 and total charges without a home owner grant claimed is \$4,675)

## **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 administered by the Province of BC directly. Property owners wanting to use these programs, need to use 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).

## **CLIMATE CHANGE IMPLICATIONS**

While the actual financial planning process does not directly relate to any climate change implications, projects in the annual budget to be carried out in 2022, may have climate change implications which will be taken into account by staff.

## **ATTACHMENTS**

1. 2022 Property Tax Rates Bylaw No. 1167, 2022
2. 2022-2026 Financial Plan Bylaw No. 1152, 2021 for information

## **CONCURRENCE**

None

Respectfully submitted,

M. Mason

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Michelle Mason  
Chief Financial Officer/Deputy CAO

C. Postings

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Clayton Postings  
Chief Administrative Officer