COUNCIL REPORT

REPORT DATE: 4/10/2024
MEETING DATE: 4/22/2024

File No. 1700

TO: Mayor and Councillors

FROM: Annie Bérard, Chief Financial Officer

SUBJECT: 2024 Property Tax Rates Bylaw

RECOMMENDATION

THAT Council give first, second and third reading to "2024 Property Tax Rates Bylaw No. 1209, 2024".

PURPOSE

The purpose of this report is to provide to Council the "2024 Property Tax Rates Bylaw No. 1209, 2024" for consideration of first, second and third reading.

PREVIOUS COUNCIL DIRECTION

Date	Resolution
January 8, 2024	THAT Council adopt the 2024 - 2028 Financial Plan Bylaw No. 1200, 2023.

BACKGROUND

Every year, the Financial Plan bylaw must be adopted prior to adoption of the Tax Rates bylaw. This requirement has been met for 2024 (2024-2028 Financial Plan bylaw is attached for information). The 2024 year of the approved five-year financial plan requires municipal property tax revenues in the amount of $4,260,150. Property tax revenues levied in 2023 totaled $3,965,772, inclusive of 2023 growth taxes. The budgeted property tax revenues' impact to existing 2023 ratepayers is a 7.52% 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, 2024.

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 2024.

Market changes

The total market value in 2024 assessments for Cumberland decreased by 5.64%. The market change varies amongst the different property classes as presented below:

Property Classes	2024 Market changes
Res Vacant	-1.93%
Res Single Family	-7.03%
Res Strata	-2.08%
Res Other	5.47%
01 - Residential Total	**-6.37%**
02 – Utilities	-0.03%
05 - Light Industry	**6.92%**
06 - Business And Other	**1.43%**
07 - Managed Forest Land	0.42%
08 - Rec/Non Profit	5.21%
Total All Classes	**-5.64%**

BC Assessment published that for 2024, homeowners throughout Vancouver Island will generally see somewhere in the range of -5% to +5% change in assessment values. Market change for Courtenay and Comox residential properties presents a decrease averaging -4%.

Growth Taxes

Property taxes generated by growth in 2024 are estimated at about $157,500.

The new taxes related to residential growth are estimated at $73,800. An amendment to the approved financial plan will be brought forward at a later date to contribute the new taxes from residential growth to the Emergency and Public Safety Reserve to save towards policing, per Council Reserve and Surplus Policy 3.5. The Emergency and Public Safety Reserve has a balance of $2.056 million at the end of 2023 and optimal balance is established at $4 million.

New growth taxes are also estimated for the following classes:

Property Classes	Estimated 2024 growth taxes
Utilities	$6,700
05 - Light Industry	10,800
06 - Business And Other	90,000
07 - Managed Forest Land	(33,600)
Total other classes	**$73,900**

New growth taxes for Light Industry and Business and Other come mostly from the new development off Bevan Road and the reclassification of a property from residential to business class. The reduction in Managed Forest relates to BC Assessment methodology to account for timber harvesting, which reduces the value of a property two years later.

New growth taxes from property classes other than residential provide various options to Council:

1. Contribute the new growth taxes to the general financial stabilization reserve to stabilize tax rate increase in future years.
2. Use the new growth taxes to reduce the tax rate increase for all property classes.
3. Use the new growth taxes to reduce the tax rate for Light Industry and Business and Other.
4. Use a portion of the new growth taxes to reduce the tax rate for all property classes and contribute another portion to the general financial stabilization reserve to stabilize tax rate increase in future years.

5. Use a portion of the new growth taxes to reduce the tax rate for Light Industry and Business and Other and contribute another portion to the general financial stabilization reserve to stabilize tax rate increase in future years.

Taxes collected on behalf of other authorities

The Village of Cumberland must establish rates by bylaw for the Vancouver Island Regional Library services (VIRL), the Comox Valley Regional District (CVRD) and the 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 and present a significant variance of $47,300 (19.2%) compared to 2023.

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. The CVRD requisition for 2024 is higher than 2023 by $90,000, or 8.4%, of which $34,600 is for the Regional Emergency Services previously invoiced as a separate program and now included in the annual requisition. The 2024 requisition also includes significant increases compared to 2023 for the Recreation Complexes ($31,700) and Transit services ($31,600). The CSRHD requisition came in lower than estimated, with a reduction of 2.3% compared to 2023.

School and Police taxes

School and Police taxes are not available at this time and a 7% increase has been included in the projections presented in this report.

Tax distribution between classes and financial impact for an average property

This section presents the different scenarios available to Council. For each scenario, a first table presents the impact on tax rates and tax ratios and a second table presents the financial impact for an average single-family property, residential strata property and average class 6 – business property based on the 2024 revised assessment roll assessed values and including taxes for other authorities and approved utilities and frontage fees.

Scenario 1

This first table presents the recommended option, Scenario 1 where new growth taxes from property classes other than residential are contributed to the general financial stabilization reserve to stabilize tax rate increase in future years. The proposed tax increase of 7.52% is spread equally between classes and commercial ratio (class 6) remains unchanged from 2023.

Since minimal feedback from the public was received during the budget consultation process for the 2024-2028 Financial Plan held in November 2024, staff concluded to a general public acceptance of the 2024 budget and tax revenue increase of 7.52%. Contributing the additional new growth taxes to reserve in 2024 will provide more flexibility to Council during the 2025 budget discussions and allow the use of the additional revenues to stabilize future year tax increases.

Property Class	2023 Tax Rates	2024 Tax Rates	2024 Tax Ratios (Multiples of Class 1)
Class 1 (residential)	2.1647	2.4830	1.00
Class 2 (utilities)	50.6009	53.6414	21.60
Class 5 (light industry)	6.7020	6.7395	2.71
Class 6 (business/other)	7.0279	7.4502	3.00
Class 7 (managed forest)	41.1293	47.1770	19.00
Class 8 (rec/non-profit)	2.1647	2.4830	1.00
Class 9 (farm)	2.1647	2.4830	1.00

		Total 2024 Estimated Charges Compared to Total 2023 Charges*			
Household Type	Average Assessment	2024	2023	Estimated Increase	Estimated Increase %
Single-family	$ 781,271	$ 4,805	$ 4,469	$ 336	7.5%
Strata unit	558,751	3,395	3,089	306	9.9%
Class 6 - Business	611,478	10,346	9,539	807	8.5%

* Single-family and strata unit total charges include $770 homeowner grant deducted
* Total charges inclusive of property taxes, taxes collected on behalf of other authorities, utilities and frontage taxes. 2024 taxes collected for Policing and School include an estimated 7% increase

Scenario 2

This second table presents Scenario 2 where new growth taxes from property classes other than residential are used to reduce the tax rate increase for all property classes. The approved tax increase of 7.52% is reduced to 5.52% and spread equally between classes and commercial ratio (class 6) is unchanged from 2023.

Property Class	2023 Tax Rates	2024 Tax Rates	2024 Tax Ratios (Multiples of Class 1)
Class 1 (residential)	2.1647	2.4368	1.00
Class 2 (utilities)	50.6009	52.6435	21.60
Class 5 (light industry)	6.7020	6.6141	2.71
Class 6 (business/other)	7.0279	7.3116	3.00
Class 7 (managed forest)	41.1293	46.2992	19.00
Class 8 (rec/non-profit)	2.1647	2.4368	1.00
Class 9 (farm)	2.1647	2.4368	1.00

		Total 2024 Estimated Charges Compared to Total 2023 Charges*			
Household Type	Average Assessment	2024	2023	Estimated Increase	Estimated Increase %
Single-family	$ 781,271	$ 4,769	$ 4,469	$ 300	6.7%
Strata unit	558,751	3,369	3,089	280	9.0%
Class 6 - Business	611,478	10,262	9,539	723	7.6%

* Single-family and strata unit total charges include $770 homeowner grant deducted
* Total charges inclusive of property taxes, taxes collected on behalf of other authorities, utilities and frontage taxes. 2024 taxes collected for Policing and School include an estimated 7% increase

Scenario 3

This third table presents Scenario 3 where new growth taxes from property classes other than residential are used to reduce the tax rate increase for Light Industry and Business and Other, leading to smaller tax ratio for those two categories, which also impact the utilities ratio.

Property Class	2023 Tax Rates	2024 Tax Rates	2024 Tax Ratios (Multiples of Class 1)
Class 1 (residential)	2.1647	2.4830	1.00
Class 2 (utilities)	50.6009	48.9290	**19.71**
Class 5 (light industry)	6.7020	6.1973	**2.50**
Class 6 (business/other)	7.0279	6.7957	**2.74**
Class 7 (managed forest)	41.1293	47.1770	19.00
Class 8 (rec/non-profit)	2.1647	2.4830	1.00
Class 9 (farm)	2.1647	2.4830	1.00

		Total 2024 Estimated Charges Compared to Total 2023 Charges*			
Household Type	Average Assessment	2024	2023	Estimated Increase	Estimated Increase %
Single-family	$ 781,271	$ 4,805	$ 4,469	$ 336	7.5%
Strata unit	558,751	3,395	3,089	306	9.9%
Class 6 - Business	611,478	9,884	9,539	345	3.6%

* Single-family and strata unit total charges include $770 homeowner grant deducted

* Total charges inclusive of property taxes, taxes collected on behalf of other authorities, utilities and frontage taxes. 2024 taxes collected for Policing and School include an estimated 7% increase

Scenario 4

This fourth table presents Scenario 4 where a portion of the new growth taxes from property classes other than residential is used to reduce the tax rate for all property classes and another portion is contributed to the general financial stabilization reserve to stabilize tax rate increase in future years. The approved tax increase of 7.52% is reduced to 6.52% and spread equally between classes, commercial ratio (class 6) remains unchanged from 2023 and an estimated amount of $31,000 is contributed to reserve.

Property Class	2023 Tax Rates	2024 Tax Rates	2024 Tax Ratios (Multiples of Class 1)
Class 1 (residential)	2.1647	2.4599	1.00
Class 2 (utilities)	50.6009	53.1425	21.60
Class 5 (light industry)	6.7020	6.6768	2.71
Class 6 (business/other)	7.0279	7.3809	3.00
Class 7 (managed forest)	41.1293	46.7381	19.00
Class 8 (rec/non-profit)	2.1647	2.4599	1.00
Class 9 (farm)	2.1647	2.4599	1.00

		Total 2024 Estimated Charges Compared to Total 2023 Charges*			
Household Type	**Average Assessment**	**2024**	**2023**	**Estimated Increase**	**Estimated Increase %**
Single-family	$ 781,271	$ 4,787	$ 4,469	$ 318	7.1%
Strata unit	558,751	3,382	3,089	293	9.5%
Class 6 - Business	611,478	10,304	9,539	765	8.0%

* Single-family and strata unit total charges include $770 homeowner grant deducted

* Total charges inclusive of property taxes, taxes collected on behalf of other authorities, utilities and frontage taxes. 2024 taxes collected for Policing and School include an estimated 7% increase

Scenario 5

Finally, this last table presents Scenario 5 where a portion of the new growth taxes from property classes other than residential is used to reduce the tax rate for Light Industry and Business and Other and another portion is contributed to the general financial stabilization reserve to stabilize tax rate increase in future years. This scenario leads to a reduced tax ratio for those two categories and utilities and an estimated contribution of $31,000 to reserve.

Property Class	**2023 Tax Rates**	**2024 Tax Rates**	**2024 Tax Ratios (Multiples of Class 1)**
Class 1 (residential)	2.1647	2.4830	1.00
Class 2 (utilities)	50.6009	51.2849	**20.65**
Class 5 (light industry)	6.7020	6.4684	**2.61**
Class 6 (business/other)	7.0279	7.1229	**2.87**
Class 7 (managed forest)	41.1293	47.1770	19.00
Class 8 (rec/non-profit)	2.1647	2.4830	1.00
Class 9 (farm)	2.1647	2.4830	1.00

		Total 2024 Estimated Charges Compared to Total 2023 Charges*			
Household Type	**Average Assessment**	**2024**	**2023**	**Estimated Increase**	**Estimated Increase %**
Single-family	$ 781,271	$ 4,805	$ 4,469	$ 336	7.5%
Strata unit	558,751	3,395	3,089	306	9.9%
Class 6 - Business	611,478	10,115	9,539	576	6.0%

* Single-family and strata unit total charges include $770 homeowner grant deducted

* Total charges inclusive of property taxes, taxes collected on behalf of other authorities, utilities and frontage taxes. 2024 taxes collected for Policing and School include an estimated 7% increase

A summary of the five options and their financial impacts is presented below:

	Scenario 1	**Scenario 2**		**Scenario 3**		**Scenario 4**		**Scenario 5**	
Property type	Growth taxes to reserve (natural calculation)	Growth taxes to reduce tax increase for all classes	*Change vs Scenario 1*	Growth taxes to reduce tax increase for classes 5 & 6	*Change vs Scenario 1*	Growth taxes to reduce tax increase for all classes and contribute to reserve	*Change vs Scenario 1*	Growth taxes to reduce tax increase for classes 5 & 6 and contribute to reserve	*Change vs Scenario 1*
Single-family	4,805	4,769	*(36)*	4,805	-	4,787	*(18)*	4,805	-
Strata Unit	3,395	3,369	*(26)*	3,395	-	3,382	*(13)*	3,395	-
Class 6 - Business	10,346	10,262	*(85)*	9,884	*(463)*	10,304	*(42)*	10,115	*(231)*

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 31st 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 deferment. Property tax deferment 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:

- 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.

The Property Tax Deferment program is administered by the Province of BC. More information is available on the Province website at this link: https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes

ALTERNATIVES

1. That Council direct staff to change Schedule A to the "2024 Property Tax Rates Bylaw No. 1209, 2024" to adjust the tax rates based on selected option for growth taxes, and

   That Council direct staff to schedule a special Council meeting on May 6, 2024 at 5:10 p.m. (prior to the scheduled Committee of the Whole meeting) to consider readings of the bylaw.

STRATEGIC OBJECTIVE

- ☐ Diverse and Healthy Community
- ☐ Sustainable Service Delivery and Asset Management
- ☐ Community Planning

FINANCIAL IMPLICATIONS

Financial implications for the attached 2024 tax rate bylaw are mostly outlined above in this report.

The next table outlines the 2023 taxes and charges that a representative house paid in communities on Vancouver Island (information from the Province of BC website, 2024 not available at this time).

Vancouver Island Municipalities	House Value	Total Res Variable Rate Taxes	Total Res Parcel Taxes	Total Res User Fees	Total Residential Property Taxes and Charges	Sum of Property Taxes and Charges per $100,000	
Cumberland	$ 837,350	$ 3,862	$ 398	$ 998	$ 5,258	$ 628	*
Courtenay	$ 771,524	$ 3,502	$ 245	$ 1,173	$ 4,920	$ 638	
Comox	$ 876,920	$ 3,593	$ 140	$ 1,170	$ 4,903	$ 559	
Campbell River	$ 715,714	$ 3,997	$ 169	$ 1,085	$ 5,251	$ 734	
Qualicum Beach	$ 1,044,888	$ 5,093	$ 270	$ 691	$ 6,054	$ 579	
Parksville	$ 796,983	$ 4,099	$ 377	$ 789	$ 5,265	$ 661	
Lantzville	$ 1,164,836	$ 4,427	$ 1,084	$ 1,090	$ 6,601	$ 567	
Ladysmith	$ 746,697	$ 3,695	$ 819	$ 852	$ 5,366	$ 719	
Nanaimo	$ 808,873	$ 4,720	$ -	$ 866	$ 5,586	$ 691	
Average	**$ 862,643**	**$ 4,110**	**$ 389**	**$ 968**	**$ 5,467**	**$ 634**	

* Homeowner grant not claimed

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 15th 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.

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 2024, may have climate change implications which will be taken into account by staff.

ATTACHMENTS

1. 2024 Property Tax Rates Bylaw No. 1209, 2024
2. 2024-2028 Financial Plan Bylaw No. 1200, 2023 for information

CONCURRENCE

None

Respectfully submitted,

A. Bérard

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Annie Bérard
Chief Financial Officer

M. Mason

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Michelle Mason
Chief Administrative Officer