



CITY OF LANGLEY

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Briefing Notes for Honourable Selina Robinson Minister of Finance

Varied Taxation Rate for Residential and Business Classes

SUMMARY:

Residential Class 1 is comprised of multifamily residential strata units and single-family residential properties. As the assessed values of multifamily strata units increase at different rates than single family residential properties, this has historically caused a greater share of property value taxes generated being borne by single family property owners. We believe that splitting the Residential Class 1 properties into two separate classes would allow for varied taxation rates within the class, resulting in a more equitable division of the tax burden.

BACKGROUND:

The City of Langley's residential property class is comprised of 66% multifamily residential strata units compared to 34% of the housing stock categorized as single-family residential properties. In 2022, the assessed value of single-family homes on average increased 38% while multifamily homes only increased 19%.

The Province of British Columbia specifies in both the BC Assessment Act and the Community Charter – Prescribed Classes of Property Regulation B.C. Reg. 438/81 that there is one assessment class for all types of residential properties. The Community Charter outlines that a municipal bylaw to establish the property value taxes each year under section 197 (3) specifies there is a single rate for each property class. With the assessed value of single-family homes increasing dramatically and multi-family properties increasing more moderately, this has resulted in property value taxes increasing for single family homes whereas the multi-family residential properties see a decrease, causing a greater share of the property value taxes generated in the residential class to be borne by the single residential property owners.

Consequently, this disproportionate change has resulted in an inequitable application of taxation increase between the two residential property classes. For example, in 2022, City of Langley single family properties will experience a taxation increase of 10.25% (\$349) while multi-family properties will see a **decrease** of 0.23% (-\$4). If the property class was split, the two types of properties would have each experienced a more equitable increase. In the past (2018 & 2019), the trend was reversed with multi-family homes seeing a larger increase than single family homes.

PROPOSAL:

If the residential property class was split into two separate classes, the municipality could adjust the rate for multi-family residential properties to ensure these properties contribute their proportional share of the tax increase required in any given year. This could be achieved by amending the BC Assessment Act and the Community Charter to allow the residential class to be split into two distinct residential classes so that a different rate may be applied to each type of residential property to more equitably share the tax burden between single family residential properties and multi-family strata properties.

To be clear, we are not asking for a proliferation of classes and sub-classes. We are asking to just simply split the residential class into two categories. Any Council in BC could apply the same mill rate to both classes if they didn't want to treat them differently. The only difference would be to allow a mechanism for municipalities such as ours that have a large number of multi-family residential strata properties to share the increase in the tax burden equitably.

We have considered alternative finance mechanisms such as utility fees but these are more appropriate for the use of a specific service. Utility fees are based on water meter consumption in the City of Langley so varied rates for housing types doesn't make sense. In this case, we are seeking the basic funding of all the services the City provides universally to all housing types, which is normally funded through property taxation. We can't, for example, add a \$100 fee to every single-family residential property which would be similar to a parcel tax because this doesn't allow for different sizes of homes as an assessment-based system does. There is a variation built into the property tax scheme and it is believed to be the best option for residential properties.