



Council Report

For the Meeting of December 5, 2024

To: Council **Date:** November 18, 2024
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: Development Potential Tax Relief Eligibility Bylaw

RECOMMENDATION

That Council give first, second and third readings to the following bylaw:

1. Development Potential Tax Relief Eligibility Bylaw No. 24-093.

EXECUTIVE SUMMARY

At the October 10, 2024 Committee of the Whole meeting, staff brought forward recommendations on implementing a pilot development potential tax relief (DPTR) program for Council's consideration. Council directed staff to bring forward the applicable bylaw to implement a DPTR pilot program as follows:

1. Approve a pilot development potential tax relief (DPTR) program for eligible Light Industry (Class 5) and Business and Other (Class 6) properties in the Harris Green district of the Downtown neighbourhood in 2025 as authorized by s.198.1 of the Community Charter.
2. Approve that, for each eligible property in the Harris Green district, 20% of the Class 5 and Class 6 land value, up to a maximum of \$925,000, be taxed at the municipal tax rate that is 50% lower than the rates established for Classes 5 and 6 (tax rates to be finalized based on the 2025 Revised Assessment Roll).
3. Approve the additional City exclusions and additional eligibility criteria generally as outlined in Option 1 of this report.
4. Require that, subject to recommendation 1, upon receiving from BC Assessment the list of properties that meet the Provincial eligibility criteria for the 2025 tax year, the owners/agents of each property on the list within the Harris Green district provide a written declaration to the City, by February 7, 2025 that:
 - a. the property was in use from October 1 to December 31, 2024;
 - b. the primary use of the property does not fall into one or more of the City exclusions; and
 - c. the tenants of the property must be informed of any tax relief resulting from the 2025 DPTR Pilot Program

5. Require that properties whose owners/agents fail to provide such written declaration to the City by February 7, 2025 not be considered for the 2025 Pilot DPTR.
6. Include in the applicable bylaw that it is an offence, subject to a fine of up to \$10,000, to complete, file or provide a false declaration to the City.

Council also directed staff to consider options to strengthen enforcement mechanisms and means of ensuring that property tax savings are passed on to eligible tenants. While there is no legislative mechanism that would require that property owners pass on the tax savings to tenants, the legislation does allow the ability to require that property owners provide tenants with notice of the tax relief. The City will distribute a letter with the annual property tax notice reminding property owners of the requirement to notify tenants of the tax relief by July 31 each year. The City can strengthen enforcement of the notice requirement by prescribing the maximum allowable municipal ticket in the amount of \$3,000 to property owners that fail to provide notice. In addition, the City can strengthen enforcement by prescribing a municipal ticket in the amount of \$3,000 to property owners that submit a false or misleading declaration. While bylaw offences are typically enforced by ticketing, the City could still pursue an additional fine of up to \$10,000 for failure to provide tenants with notice or for submitting a false declaration. The ability to issue tickets and fines in these circumstances have been incorporated as Offence Act provisions and consequential amendments to the Ticket Bylaw.

Attached for Council's consideration is a copy of the Development Potential Tax Relief Eligibility Bylaw. Staff anticipate that declaration forms will be distributed to properties in the Harris Green District late December 2024. Should Council adopt this bylaw, a second bylaw containing the list of properties that have met all the criteria and are eligible for receiving reduced tax rates for 2025 will come forward to Council in April 2025.

Respectfully submitted,

Layla Monk
Manager of Revenue

Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager

List of Attachments

Development Potential Tax Relief Eligibility Bylaw No. 24-093