



## City of Maple Ridge

**TO:** Her Worship Mayor Nicole Read and Members of Council      **MEETING DATE:** June 6, 2017  
**FROM:** Chief Administrative Officer      **MEETING:** Council Workshop  
**SUBJECT:** 2017 Residential Class Property Taxation

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### EXECUTIVE SUMMARY:

Throughout the year, the Finance Department provides a series of financial reports. These reports provide Council with information to assist in their decision making. In January, a detailed analysis of 2017 property assessments was presented. Recently, Council received information on our 2016 year-end financial statements and a detailed report and presentation on our financial reserves.

The purpose of this report is to provide Council with information on municipal property taxes levied against the Class 1-Residential Property Class. This is important as most of the Maple Ridge assessment base is represented by the properties in this class. It is important to keep in mind that this report focuses on the municipal portion of property taxes because the levies from other jurisdictions are beyond Council's control.

In our analysis, we looked at three perspectives:

#### 1. Residential Class Municipal Property Tax Rates Comparison

We looked at the municipal **tax rate** the City charges to the Residential Property Class to see how it has changed from last year, and to see how it compares to others in the region. Our residential municipal **tax rate** decreased 23.65% in 2017, and consists of the Council approved increase in the Financial Plan Bylaw and an adjustment to neutralize market changes in assessed property values. In 2017, Residential Class property assessments **increased** in market value by about 35%, and the municipal **tax rate** was adjusted to generate the funding required in the Financial Plan.

In the surveyed municipalities, from 2016 to 2017, there is a range of changes to the municipal **tax rates**; changes range from a 17.3% decrease in West Vancouver to a decrease of 27.7% in the Corporation of Delta. The wide range in changes to municipal **tax rates** is largely a function of the changes in assessed property values.

#### 2. Assessment and Taxation Changes on Sample Properties

We have been tracking the change in assessments and taxation on eight sample properties for several years, and this information is included in this report. In any given year there can be quite a range in the changes to assessed property values and the resulting tax increases experienced by our sample properties. In 2017, for instance, all properties experienced an increase in value.

### 3. Municipal Property Taxes and Utilities Levied Against the Average Single Family Dwelling Survey

We conducted a survey of the municipal property taxes and utilities assessed against the average single family dwelling. This survey does not account for the different service levels in municipalities; however, the data allows us to see how the municipal property taxes and utilities levied in Maple Ridge compares to others in the region. It is interesting to note that our taxes remain among the lowest in the region, and when the taxes are combined with annual utility rates, Maple Ridge ranks as being sixth lowest among the municipalities surveyed.

We also looked at the municipal portion of the property taxes for the average single family dwelling in Maple Ridge to see how it has changed from 2015 and how it compares to others in the region. From 2015 to 2016, the municipal property taxes for the average single family dwelling in Maple Ridge increased 4.0%. In 2017, the total municipal property taxes for the average single family dwelling in Maple Ridge increased to \$2,309 or 4.7% from 2016. These property tax increases are different than the Council approved tax increase charged to the Residential Property Class of 3.15% for 2016, and 3.15% for 2017. The rationale for the differences is explained in more detail later in the report.

#### RECOMMENDATION:

This report has been provided for information only. No resolution is required.

#### DISCUSSION:

For 2017 assessed values, BC Assessment continued with their regular practice of assessing properties (land and buildings) based on market value as of July 1 of the previous year. This means that for 2017, properties are assessed at what their market value would have been on July 1, 2016.

In Maple Ridge, in 2017, Residential Class property assessments **increased** in market value by about 35%, and the municipal **tax rate** was adjusted to generate the funding required in the Financial Plan.

#### 1. Residential Class Municipal Property Tax Rates Comparison:

Figure 1 shows the Residential Property Class municipal **tax rates** and the percentage changes from 2015.

In the surveyed municipalities, from 2016 to 2017, there is a range of changes to the municipal **tax rates** for the surveyed municipalities; changes range from a 17.3% decrease in West Vancouver to a decrease of 27.7% in the Corporation of Delta. The wide range of changes in municipal **tax rates** is largely a function of the changes in assessed property values. Maple Ridge's municipal **tax rate** decreased 23.6% from 2016.

**Figure 1: Residential Class 1 Municipal Property Tax Rates**

Municipality	2015	2016		2017	
	Rate	Change	Rate	Change	Rate
West Vancouver	1.69110	-12.7%	1.47580	-17.3%	1.22120
Vancouver	1.77001	-11.8%	1.56168	-19.3%	1.26093
Richmond	2.18723	-6.1%	2.05383	-23.5%	1.57216
Burnaby	2.29380	-12.3%	2.01190	-21.1%	1.58740
North Vancouver District	2.37397	-11.0%	2.11337	-24.0%	1.60657
North Vancouver City	2.51383	-6.8%	2.34364	-22.8%	1.80908
Surrey	2.49070	-2.0%	2.44195	-22.4%	1.89447
Coquitlam	3.14820	-11.1%	2.79790	-22.6%	2.16560
Delta	3.65151	-7.8%	3.36561	-27.7%	2.43234
Langley Township	3.36210	-3.9%	3.23260	-23.2%	2.48400
Port Moody	3.46820	-7.3%	3.21360	-19.8%	2.57740
Port Coquitlam	3.79500	-8.7%	3.46490	-22.6%	2.68280
New Westminster	3.71910	-8.1%	3.41820	-19.8%	2.74150
Pitt Meadows	3.94790	-4.0%	3.78890	-20.1%	3.02850
Maple Ridge	4.47130	-2.1%	4.37610	-23.6%	3.34120
Mission	4.91290	-2.8%	4.77609	-22.2%	3.71810

**2. Assessment and Taxation Changes on Sample Properties:**

Figures 2a and 2b show the percentages changed in assessed property values and taxation for eight sample properties we have been tracking for several years in Maple Ridge.

In 2017, there is variability in the changes of assessed values for the sample properties. The sample property in Upper Hammond (Sample #8) experienced an increase in assessed property value of 29.8% while the sample property in Lower Hammond (Sample #7) experienced an increase of 45.7%.

**Figure 2a: Sample Properties Percentages Changed in Assessed Property Values**

**% Change in Assessed Values**

Location	2012	2013	2014	2015	2016	2017
1 Silver Valley	-4.3%	-0.7%	-3.2%	1.7%	9.9%	33.8%
2 Albion/Kanaka	0.0%	-6.8%	-0.6%	.2%	9.7%	33.9%
3 Whonnock	2.7%	0.0%	60.0%	-2.7%	7.2%	34.9%
4 Central MR	50.0%	-3.1%	-2.8%	11.1%	-5.4%	39.0%
5 Central MR- Strata	-5.8%	-3.1%	0.0%	-3.7%	1.5%	31.8%
6 West MR	-2.1%	0.0%	7.0%	2.3%	7.8%	38.9%
7 Lower Hammond	10.0%	-9.8%	8.6%	13.1%	11.2%	45.7%
8 Upper Hammond	-4.7%	0.0%	2.3%	15.3%	10.7%	29.8%
<b>Total</b>	<b>-1.8%</b>	<b>-2.2%</b>	<b>0.9%</b>	<b>3.9%</b>	<b>7.1%</b>	<b>35.5%</b>

As there was variability in the changes in assessed values, there is also a wide range in the changes in taxation experienced by the sample properties for 2017. Taxation for the sample property located in Upper Hammond (Sample #8) decreased 1%, while the sample property in Lower Hammond (Sample #7) increased 11.2%.

**Figure 2b: Sample Properties Percentages Changed in Municipal Property Taxation**

<b>% Change in Taxation (General purpose, Fire, Drainage &amp; Parks Levy)</b>						
<b>Location</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
1 Silver Valley	0.3%	4.0%	0.9%	1.9%	7.5%	2.1%
2 Albion/Kanaka	4.8%	-2.3%	3.5%	0.4%	7.4%	2.2%
3 Whonnock	7.6%	4.9%	4.8%	-2.5%	4.8%	2.9%
4 Central MR	5.3%	1.6%	1.3%	11.3%	-7.4%	6.0%
5 Central MR- Strata	-1.2%	1.6%	4.2%	-3.5%	-0.6%	0.5%
6 West MR	2.6%	4.8%	11.5%	2.5%	5.5%	6.0%
7 Lower Hammond	4.9%	-5.5%	13.1%	13.4%	8.8%	11.2%
8 Upper Hammond	-0.1%	4.8%	6.6%	15.5%	8.4%	-1.0%
<b>Total</b>	<b>3.0%</b>	<b>2.5%</b>	<b>5.1%</b>	<b>4.1%</b>	<b>3.2%</b>	<b>3.4%</b>

### **3. Municipal Property Taxes and Utilities Levied Against the Average Single Family Dwelling Survey**

The methodology to calculate the value of an average single family dwelling uses information that comes from BC Assessment. Residential Single Family is one subset of BC Assessment's Residential Property Class. It is comprised of detached residences or houses. The average single family dwelling value is calculated by taking the value from this subset on BC Assessment's Revised Roll and dividing that number by the subset's number of occurrences. From year to year, the average single family dwelling is not the same, but it is a calculated average of this subset of BC Assessment's Residential Property Class.

A difficulty with using this information is that an average single family dwelling in West Vancouver may be physically much different than an average single family dwelling in Maple Ridge, and this has not been taken into account. Additionally, municipalities provide different services at different levels and this has also not been taken into account. Nonetheless, this is a commonly used method and it does serve as one indicator of relative tax burden.

The average single family dwelling value in this report differs from the average home value used in the Financial Overview Report provided to Council in December and the Illustrative Residential Property Tax Comparison appendix to the 2017 Property Tax Rates Bylaw Report provided to Council in May. The average home value comparison used in those reports takes the existing average home value and compares it to what that same home would have been assessed at in the previous year, assuming that the value changed by the average market change for the entire Residential Property Class.

For the purpose of this report and to ensure we are comparing values that are determined by using the same methodology, we are using average single family dwelling values for all municipalities. This is the same methodology used in our previous comparisons.

The data compiled is shown on Figure 3. This table shows the municipal portion of residential property taxes for the average single family dwelling in Maple Ridge and the surveyed municipalities. At \$2,309 Maple Ridge is on the lower end of those municipalities surveyed. When municipal taxes are combined with property utilities for a total of \$3,315, Maple Ridge is still among the lowest of the surveyed municipalities.

**Figure 3: Summary of Survey Results – 2017 ‘Average Single Family Dwelling’**

<b>Summary of Survey Results</b>							
<b>2017 Average Single Family Dwelling</b>							
<b>Municipality</b>	<b>Average Assessed Value*</b>	<b>Municipal Taxes</b>	<b>Rank (lowest to highest)</b>	<b>Total Utilities</b>	<b>Municipal Taxes &amp; Utilities</b>	<b>Rank (lowest to highest)</b>	<b>Notes</b>
Pitt Meadows	673,925	2,041	2	967	3,008	1	
Langley-Township	813,562	2,021	1	1,214	3,235	2	
Mission	561,276	2,087	3	1,187	3,274	3	(3)
Surrey	1,030,922	2,274	4	1,012	3,286	4	(6)
Port Coquitlam	882,814	2,368	6	937	3,306	5	
<b>Maple Ridge</b>	<b>690,966</b>	<b>2,309</b>	<b>5</b>	<b>1,007</b>	<b>3,315</b>	<b>6</b>	<b>(7)</b>
Delta	1,017,542	2,491	7	1,035	3,526	7	(2)
Coquitlam	1,194,548	2,587	8	1,194	3,781	8	
Richmond	1,666,820	2,621	10	1,162	3,782	9	(5,6)
North Vancouver-City	1,598,641	2,757	11	1,031	3,788	10	(4)
Burnaby	1,648,485	2,617	9	1,179	3,795	11	(1)
Port Moody	1,267,812	3,268	15	1,072	4,340	12	(1)
North Vancouver-District	1,754,983	2,820	12	1,557	4,376	13	
Vancouver	2,464,420	3,108	14	1,271	4,379	14	
New Westminister	1,118,416	3,066	13	1,385	4,452	15	(1)
West Vancouver	3,734,538	4,561	16	1,094	5,655	16	(5,6)
Average	1,382,479	2,687		1,144	3,831		
Median	1,156,482	2,602		1,128	3,782		
Highest	3,734,538	4,561		1,557	5,655		
Lowest	561,276	2,021		937	3,008		

Notes:

Values are rounded.

- \* Average Assessed Value determined by using BC Assessment's 2017 Revised Roll Totals, Property Class Residential Single Family, divided by number of occurrences. Value has not been adjusted for new construction or supplementary changes.
- (1) Water, Sewer, Garbage/Recycling Rates receive 5% discount for on time/early payment.
- (2) Municipal tax rates are averaged.
- (3) Drainage Levy Rate/Amount excluded from analysis. According to Mission staff, only approximately 25 homes are charged this levy - not representative of an average home in Mission.
- (4) Water and Sewer Rates reflect a 5% discount for on time/early payment.
- (5) Water, Sewer, Garbage/Recycling Rates receive 10% discount for on time/early payment.
- (6) Sewer and Water are metered and are therefore projected amounts.
- (7) Utility Rates include Water, Sewer and Recycling.

In Figure 4, we look at the municipal property taxes for the average single family dwelling from the surveyed municipalities and show how this information has changed from 2015. There is some variability in the percentage change from year to year with the surveyed municipalities. This may be due in part to the calculation of the average single family dwelling. Because the average single family dwelling value is a calculated average of BC Assessment's Residential Property Class subset, from year to year, the average single family dwelling is not the same average single family dwelling that was used to calculate the municipal property taxes in the previous year. It is for this reason that we must use caution when making a year to year comparison of municipal taxes payable for an average single family dwelling.

**Figure 4: Average Single Family Dwelling– Total Municipal Property Taxes**

Municipality	2015	2016		2017	
	Municipal Taxes	Change	Municipal Taxes	Change	Municipal Taxes
Langley Township	1,840	4.9%	1,929	4.7%	2,021
Pitt Meadows	1,847	4.6%	1,931	5.7%	2,041
Mission	1,915	3.4%	1,980	5.4%	2,087
Surrey	1,985	6.2%	2,107	7.9%	2,274
Maple Ridge	2,120	4.0%	2,205	4.7%	2,309
Port Coquitlam	2,132	5.7%	2,253	5.1%	2,368
Delta	2,260	8.1%	2,444	1.9%	2,491
Coquitlam	2,329	5.6%	2,460	5.1%	2,587
Burnaby	2,281	7.3%	2,447	6.9%	2,617
Richmond	2,205	8.0%	2,383	10.0%	2,621
North Vancouver City	2,419	10.5%	2,674	3.1%	2,757
North Vancouver District	2,581	4.9%	2,708	4.1%	2,820
New Westminister	2,634	7.6%	2,835	8.1%	3,066
Vancouver	2,685	7.9%	2,896	7.3%	3,108
Port Moody	2,804	7.5%	3,015	8.4%	3,268
West Vancouver	3,901	4.3%	4,071	12.0%	4,561

In 2017, the total municipal property taxes for the average single family dwelling in Maple Ridge increased to \$2,309 or 4.7% from 2016. Notably, Maple Ridge has the lowest total change in value over the past two years with an increase of 8.7%. For the surveyed municipalities, 2017 increases ranged from a low of 1.9% in Delta to a high of 12% in West Vancouver

It is important to consider that the municipal property taxes for the average single family dwelling in Maple Ridge are not indicative of the entire Residential Property Class in Maple Ridge, but just one segment of this property class.

When calculating property **tax rates**, we consider the entire residential class not just the single family dwelling subset. It is Council's policy when setting the **tax rates** to adjust for market change. New construction generates additional tax revenue. This is different than simply comparing average assessment values for a single family dwelling which includes market change and new construction and is just one subset of the entire Residential Property Class. This is why the calculated tax increase is 4.7% on the average single family dwelling vs. an average residential class increase of 3.15%.

The differences in the percentage change from 2017 between the average single family dwelling and the average home are attributable to the methodology used to determine average single family dwelling and average home values.

**CONCLUSION:**

The Finance Department provides Council with a series of reports to assist in their decisions. The purpose of this report is to provide information on the municipal taxes levied against residential properties. There is no one ideal comparison method, and it is for this reason that we have looked at three perspectives for our analysis. We can conclude that the municipal property taxes levied in Maple Ridge are ranked among the lowest of the surveyed municipalities.

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