IPTI Xtracts

Property Tax and Assessment News from Around the World

# CANADA – June 2020

## CONTENTS



---

## Municipal tax loan and deferral program now available in CBRM

Financial assistance is now available for residential and commercial property owners struggling to pay CBRM tax bills due by the end of the month.

The Municipal Property Tax Financing Program is offering eligible home and business owners low-interest loans and short-term deferral plans to ensure that outstanding tax bills are paid by the June 30 deadline.

Last month, Cape Breton Regional Municipality council unanimously approved a motion to access the province's property tax financing program that offers an interest rate of 1.1 per cent, plus an administrative charge of .25 per cent, to property owners who demonstrate COVID-related financial hardship.

Those with approved applications will have their payments spread out over a 30-month period, which includes a break on the first six payments that can be made for just $25 per month. The remainder of the tax bill will be divided equally over the following 24 months.

The deadline to apply is June 30.

The CBRM reminds those making such applications that the program is only for this year’s tax bill and that future bills are expected to be paid on time.

Deputy chief administrative officer John MacKinnon has stated that the latest projections show that CBRM taxpayers may collectively miss the June 30 deadline on as much as 40 per cent of the $108-million in tax bills sent out this year by the municipality.

# ALBERTA

## Do you know how much your home is really worth? Well, you should

*When it comes to buying or selling a home, who wants to leave money on the table?*

Many of us were shocked recently when we received the always unpredictable property tax letter from the City of Calgary.

This year, it seems many homeowners have been dealt a surprising blow — the city has lowered our assessed property value, yet at the same time, the city and provincial government have increased our residential taxes for 2020.

These values are based on June 2019 city appraisals, so we are likely to face even lower property values on our next bill in 2021.

In terms of our property values, the recent tax assessments are a double-edged sword. Yes, we have been offered the opportunity to delay our payment for a few months, but it raises a couple of questions: How do we get a better sense of what our home value is, and why should we care?

2019 vs. 2020

If you're like me, your property value went down five per cent while your tax rate went up seven per cent from 2019 to 2020. These are big numbers when you consider the size of the asset we're talking about.

If you own the average Calgary home, valued at $489,000, its assessment dropped to $466,000, yet you still spent over $250 more in property taxes this year. Not a pretty picture.

It has never been made clear by the city or the province exactly what formula they use to determine our home values. We basically get the "it's complicated" answer, when in reality, with the right information about what's selling in your community and at what price, we are very qualified to conduct our own assessment.

Property taxes vs. property value

Based on sales data for March-May 2019 compared with the same period in 2020, the average home price is down by seven per cent in Calgary. If we assume your new 2020 property value is $432,000, down from $466,000 last year, and our tax rate stays the same, your tax bill would decrease by $180. Sounds good, right?

But here's the kicker — tax assessment can often play into home sales negotiations and mortgage options. So, if you've always wondered whether it's better to have a lower recurring tax cost or a higher property value, using the example above you would certainly forgo the $180 in annual savings to instead retain $34,000 in home value.

Further, based on our current COVID-19 induced circumstances, it appears likely that the tax rate will increase again for 2021, creating yet another double-edged sword and no relief for homeowners.

Significance of home value tracking

The average home in Canada sells approximately every five years, but its value can change on a month-to-month basis.

Many of us are glued to our investment performance in other parts of our portfolios, looking at them daily or weekly. To me, your home is no different, but the access to the information definitely is.

Historically, it's been very difficult and/or expensive to track the value of your home. It would typically involve hiring an appraiser for hundreds of dollars, engaging a realtor whose services are more geared toward a transaction, or waiting an entire year to open that tax letter from the city.

We now have online tools that provide market data and sales data, giving you near-real time information to regularly track your home value at your convenience on any of your devices.

Calgary is not one but rather 198 micro real estate markets, as each community performs differently, depending upon location, access to amenities and the nature of its inventory.

We no longer have to count on others to tell us the value of our home — we now have this information, quite literally, at our fingertips. Information is power, and I believe homeowners can start using this more accurate information to their advantage.

Why does it matter to have a confident sense of what your home equity is doing?

According to Canadian Mortgage Trends, 70 per cent of us own homes, and we have an average of 60 per cent of our net worth tied up in them. In addition to staying on top of your mortgage and taking advantage of interest rate fluctuations, having a firm grasp of your home's value has implications on your overall debt servicing capacity and investments in your and your family's futures.

Taking the pulse of the post-COVID market

Are you tired of hearing about how COVID-19 has negatively impacted our economy, the housing market and jobs? Me too. But we can't bury our heads in the sand, especially as homeowners.

There are predictions that many of us will be re-evaluating our homes, post-COVID-19. Is it big enough? Does it have a home office? Do I still need to live close to the core, if I'm working from home more often?

As more of us consider entering the volatile housing market over the coming months, it's critical to know the real market value of our most significant asset. After all, it makes up more than half of our wealth and, when it comes to buying or selling a home, who wants to leave money on the table? Not me.

## New revenue streams examined as Calgary eyes shift from property tax

Calgary may see a shift in the outlets from which it collects revenue.

Recommendations from the Financial Task Force suggest deviating from the reliance on property tax and instead maximizing revenue from other sources. This includes potential generators that already exist or will be new in the future due to a transitioning economy.

The task force comprises of 12 citizen members with experience in business strategy, policy formulation, property valuation and finance. They addressed Calgary's cyclical economy and impact of the decline in the value of non-residential properties.

The group's report was delivered to a strategic meeting of council on Monday.

"Our reliance on property tax as a primary revenue vehicle makes it very difficult," said Carla Male, the City's chief financial officer and member of the financial task force.

"We anticipate the world economy changes now coming even faster as it responds to working from home."

Return on assets, investments or proprietary charges

This includes getting addition revenue from return on assets and investments or proprietary charges that already exist such as:

- From implementing a strategic review of business activities of municipal corporations such as ENMAX or Calgary Parking Authority.
- Generate recurring fees from the use of city assets and one-time sale of excess capacity or assets (such as land that's not used or required).
- Generate returns from public-private partnership such as golf courses.

Those that might work in the future could be:

- Investing in infrastructure for broadband to gain long term dividends, partnerships with the telecommunications industry.
- Data and other exchange value assets for private sector services or dollars to limit cost pressure.

Regulatory charges

Current ones may be:

- Exploring franchise fees or local access fees for services in the that don't pay property tax
- Advertisement charges for billboards, digital ads, etc.
- Licensing charges for business vehicles provides opportunity for targeted relief when needed for businesses
- Extend business licensing requirements to a variety of home-based businesses

For the future:

- Franchise fee-type charges for regulated assets to reflect the transition to the new economy, such as 5G infrastructure.

User Fees

Current implementation of user fees may include:

- Memberships and long-term subscriptions to services such as golf courses.
- Charges for the use of proprietary assets like data.
- Delivery of non-essential services only if the cost can be fully recovered through fees
- Apply total cost for municipal services with resident discounts for certain services (e.g. park and ride) to achieve differential user fees

User fees in the future may be:

- Licenses for new economy modes of transport such as e-scooters, ride-sharing.
- Vehicle permitting charges with the transition to driverless cars

Taxes

Taxes that can implemented are:

- For tourists and visitors that use City services
- Work with the provincial government to share revenue during “boom years” as a rainy-day fund (similar to the Heritage fund)

Taxes that may be implemented in the future:

- A separate property tax for non brick-and-mortar businesses
- Taxation for e-commerce that generates revenue through local goods and services
- Tax for home-based small businesses that will increase due to the new economy transition
- Different tax rate if a home is used as an office, but address the trend towards increase work from home.

Reviews from councillors

There were 35 recommendations in total to develop strategies related to short-term mitigation measures, long-term solutions, and new revenue options that would improve the financial resiliency of the city.

While most members of council generally agreed with the overall plan, there were some issues regarding specific recommendations. Some were concerned with the taxes.

“I think about taxation and the increased tax. Some stuff I agree, I totally agree, but at the same time I’m also scared,” said Coun. Sean Chu.

Coun. Druh Farrell said taxation is a really important tool to bolster our city goals, but it depends on how you do it.

“It can either strengthen our goals or actually hinder our goals in mind when looking at a more resilient taxation system.”

Coun. Jeromy Farkas said he doesn’t agree with the recommendations provided.

“I think as we emerge from COVID-19 and the global recession and work to compete on the world stage, we need fewer taxes, not more,” he said.

“Calgarians need these new taxes like they need a hole in the head.”

## Calgary councillor sends his own version of tax bill letter to constituents

In this year's property tax bills, there's a letter from the mayor explaining why many Calgary homeowners are getting a tax increase.

But Coun. Jeromy Farkas has a mailout of his own.

He's sending a rebuttal to every household in his southwest ward.

In April, Farkas called for a tax freeze but the motion was shot down in a 13-2 vote by city council.

Undeterred, he wants people to push back.

"I think the letter that the mayor included in everyone's property tax bill is misleading and can definitely lead Calgarians to draw the wrong conclusions," said Farkas.

Mayor says tax relief for business means hike for others

In that letter, Nenshi stated the city has found $740 million in cuts and savings in its budget over the past six years and that this year's budget is essentially flat.

Council technically approved a tax freeze this year. However, it then voted to shift over $200 million in taxes from business property owners to residential accounts.

That resulted in a 12 per cent tax cut for businesses and a 7.5 per cent tax hike for residential properties.

Farkas disputes that by saying that city spending has increased each year over the past decade and the municipal portion of tax bills has also increased each year.

"Council has not controlled spending and the numbers show that and I felt that it was really important to provide Calgarians with some needed context," said Farkas.

"Council chose this and they need to be held accountable."

Taxpayer vs. taxpayer

He also doesn't support giving business property owners a tax break by shifting some of their tax burden to residential accounts.

Farkas said that measure simply pits different groups of taxpayers against each other.

Unless property owners are on the city's monthly installment plan, taxes are due on June 30.

However, this year because of the COVID-19 pandemic, the city is giving property owners an additional three months to pay their taxes without penalty.

Farkas estimates his mailout to each address in Ward 11 cost his office budget about $4,000.

## BRITISH COLUMBIA

### Property Tax Deferral an option for B.C. seniors

With the Property Tax Deferral Program (PTD), the province pays the property tax on behalf of the senior directly to the local government.

The senior homeowner does not need to pay back the money to the province until the property is sold.

The PTD program has been gaining in popularity and had 63,581 deferrals in 2018/19 with an average of $4,064 in property tax deferred.

New in 2020, is an online application and the ability to automatically renew each year.

Previously, applications were paper based only and needed to be re-submitted each year.

Seniors can now visit the Ministry of Finance website and complete the form online or download the form and mail it in.

For individuals without the internet or those needing more assistance, they can call the Ministry of Finance at 1-888-355-2700, and an agent can help with the application process.

Seniors can also visit their local Service BC office or municipal government office if there is one open in their area and receive a copy of the form.

Due to the COVID-19 pandemic, many municipalities have extended their property tax deadline and penalty rate and date, so homeowners are encouraged to contact their municipality to understand their tax deadline.

Applications are submitted online through eTaxBC. For information, use the search words “Property Tax Deferment Program” to bring up the government lin

### Value of Richmond property not impacted by eagle’s nest, rules board

The presence of an eagle’s nest doesn’t lower the value of a Richmond property, according to a recent decision by the B.C. Property Assessment Appeal Board.

Michelle Hopkins and David MacNab argued the tree containing the nest was a hazard, and that a lower assessment of their single-family dwelling – at 3600 Rosamond Ave. in the Seafair neighbourhood – was fair due to the nest.

The property is assessed at $1,124,000, split between land at $1,096,000 and improvements at $28,000, according to the June 3 decision.

The appeal was initiated and won by the property assessor for Richmond and Delta, who asked that the land value be raised to $1,566,000, for a total assessment of $1,594,000.

In her decision, panel chair Mandy Hansen said the assessment value sought by the assessor was fair and equitable, based on the market value of the property as of July 1, 2018.

The assessor provided three comparable sales of homes in the vicinity of Hopkins and MacNab's property, with sale prices between $1.6 million and $1.7 million, in addition to time adjustment evidence to calculate market movement over time, said Hansen in her decision.

The respondents, Hopkins and MacNab, noted Hansen, did not comment on the assessor's time adjustment process.

Meanwhile, in order to determine whether an eagle's nest negatively impacts property values, the assessor provided two sales within Greater Vancouver, concluding that the "market does not adjust downwards for properties impacted by an eagle's nest."

The respondents did not counter the findings, said Hanson, adding that she agrees with the assessor on this issue.

Hopkins and MacNab provided an arborist's report that indicated "the tree is past its natural life and should be removed," according to the decision. "They also provide evidence of the challenges with the local community about gaining both permits and support for that removal."

The respondents also claimed that the City of Richmond is "unwilling to provide the permits," although they were able to meet the criteria for those permits.

"They are unable to attend to a hazard, and are fielding personal confrontations by citizens regarding the tree," reads Hanson's decision.

"The respondents do not, however, provide evidence in support of their opinion of market value of $1,124,000, and do not provide an estimate of the cost to remedy the situation (tree removal costs, legal services to procure permits, etc)."

Hansen ordered that the assessor amend the 2019 assessment roll to reflect the increase in land value, from $1,096,000 to $1,566,000, and that the value of improvements remain at $28,000, bringing the total new assessment to $1,594,000.

## Vancouver property tax notices in the mail this week with extended deadline

Vancouver property owners are being reminded that the tax deadline remains extended until September, as tax notices go out this week.

Many property owners will have already received or will be receiving annual tax notices shortly. This year's tax payment deadline has been extended to Sept. 30, 2020; the original deadline was July 3.

The deadline to claim the Home Owner Grant has also been extended to the same date.

While the deadline has been extended, property owners can pay their taxes at any time, though the extension is meant to relieve financial pressures resulting from the COVID-19 pandemic and economic downturn.

Taxes can be paid online, at a bank or ATM, by mail, or in person by dropping off payment at City Hall. Late payment penalties come into effect Oct. 1.

Tax deferment applications, however, must be submitted to the provincial government and not the city of Vancouver

## Allow homeowners to defer property tax, UBCM tells BC

The Union of B.C. Municipalities (UBCM) is asking the province to expand the Property Tax Deferral Program to cover all residential taxpayers.

The tax deferral program is now available only for home owner 55 year or over, for disabled or for families with children under 18.

UBCM wants the province to allow an expansion of the program for all homeowners.

"An expanded program would mitigate the risk of delinquencies, and provide a greater degree of certainty for budgeting and long-term financial planning," UBCM said in a letter to the province.

The risk of delinquencies amongst residential and commercial property taxpayers remains high as the economic fallout from the pandemic mounts, according to UBCM.

UBCM said local governments were particularly concerned about their finances for the next few years.

Loss of non-taxation revenue and tax delinquencies will hinder the ability of local governments to advance capital projects, UBCM said.

Local governments would also find it difficult to maintain existing essential services, and pay back reserves without significant property tax increases in the years ahead, UBCM added.

UBCM also wants the BC government to invest in local transit. The decrease in ridership had impacted revenues and threatened the financial sustainability of existing service levels, UBCM said.

Transit is a service critical to supporting local economic recoveries, and UBCM's members are looking for provincial funding assistance to support the sustainability of transit in their communities.

UBCM is seeking an economic recovery stimulus funding from the government, which can increase employment and boost local businesses.

## Fort St. John non-profits to starting paying some property taxes

Fort St. John City Council approved a plan to change tax exemptions for local non-profits.

Each year, local non-profits apply to the City of Fort St. John to waive their property taxes. Not only does the City waive the municipal portion of the taxes, but it has also been paying the property taxes a non-profit owes to the local school district and Regional District.

The City of Fort St. John is legislated to collect taxes on behalf of other organizations. In Fort St. John, the following organizations receive a portion of the amount paid through property taxes:

- Province of B.C. – School Tax
- Peace River Regional Hospital
- Peace River Regional District
- Peace River Shared Services
- Municipal Finance Authority
- BC Assessment Authority
- BC Transit

Starting on January 1, 2021, local non-profits, will need to pay 50 percent of the taxes owed to these agencies. Then in 2022, non-profits will need to pay 100 percent.

The City will also only cover up to 75 percent of the municipal property tax portion. This will be phased in over five years, with a 5 percent reduction per year starting on January 1, 2023.

On top of this change, the City will also deny non-profits that lease property from applying for the permissive tax exemption.

Non-profits applying for a permissive tax exemption will also have to make a presentation to Council. The City will schedule more Committee of the Whole meetings to allow organizations to present their request and provide updated information about the organization's activites in the community.

Applications for 2021 permissive tax exemptions have been extended until July 15, 2020.

In 2019, the City granted just over $500,000 in tax exemptions to 32 organizations.

Community Foundation

Council continues their work on creating a Community Foundation that will handle property tax exemptions moving forward.

A community foundation invests funds and uses the proceeds to support local community groups and local community priorities.

When the Foundation starts, the City will at first provide funding to the Foundation to help non-profits pay property taxes. Non-profits will have to apply to the Foundation instead of City Hall to receive the funding.

Council hopes that the Foundation will be able to fund itself through investments and corporate donations.

On top of the money the City traditionally spends on permissive tax exemptions and grant-in-aid requests, the Foundation will be funded by Site C.

Over the next 70 years, the City will receive approximately $58 million from B.C. Hydro and the Site C project. This funding will provide the base investment for the community foundation.

## Property tax & penalty dates in BC municipalities: Key details for lenders

On April 16, 2020, the British Columbia government announced that penalties for late payment of property taxes for commercial properties would be delayed by 3 months – i.e. penalties cannot be charged until October 1.[1]

However, on May 19, 2020, the British Columbia government posted an update on its website noting that "[f]or municipal property tax due dates and penalty dates, please contact your municipality or review your tax notice."

On this basis, the Province left it with each municipality to:

- maintain a July 2, 2020 due date;
- extend the due date as appropriate; or
- maintain a July 2, 2020 due date but extend the penalty date as appropriate.

What this means for lenders and borrowers

This is particularly relevant to commercial real estate lenders and borrowers as it raises the following issues:

- Defaults under loans: We note that mortgages generally provide that Borrowers must pay all property taxes when due. If a borrower takes advantage of the delay in the imposition of penalties but the due date for payment has not changed, it could be considered a default of the borrower's obligation to pay taxes "when due" under the mortgage or credit agreement; and
- Priority: None of the property tax deferral arrangements discussed herein changes the law regarding priorities. Unpaid property taxes and utilities, including interest and penalties, continue to take priority over mortgages. Accordingly, Borrowers must continue to provide satisfactory evidence of payment on the applicable due date.

Property tax & penalty dates

Only Vancouver, Coquitlam, Port Coquitlam and Victoria have extended the actual due date for commercial property taxes. Each of the other municipalities listed below has extended only the penalty date.

Here is a summary as of June 1, 2020 on what the following selected British Columbia municipalities are doing with respect to commercial property taxes:

Vancouver
The City of Vancouver has extended its due date for property taxes to September 30, 2020.[2]

Abbotsford
The City of Abbotsford has not extended its due date for property taxes, which remains July 2, 2020.[3]
However, the City of Abbotsford has adjusted its penalty dates as follows:
For properties in Class 1 (Residential), 2 (Utilities), 3 (Supportive Housing), and 9 (Farm), there is a 5% penalty on July 3, 2020, and a further 5% on September 16, 2020.
For properties in Class 5 (Light Industry), 6 (Business and Other), and 8 (Recreational Property/Non-Profit Organizations), the penalty date has been extended to October 1, 2020.

Burnaby
The City of Burnaby has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[4]

Coquitlam

The City of Coquitlam has extended its due date for property tax payments to September 30, 2020, and reduced penalties for unpaid amounts from 10% to 5% of the overall amount.[5]

Delta
The City of Delta has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[6]

Langley - City of Langley
While the City of Langley has not posted publicly on its website about its approach to property taxes and Covid-19, we have confirmed through email with its Manager of Revenue and Business Systems that the payment and penalty date has not changed from July 2, 2020, but that the penalty has changed to 2% (down from 5%) on July 3, 2020, and a further 8% (up from 5%) on October 1, 2020.

Langley - Township of Langley
The Township of Langley has not extended its due date for property taxes, which remains July 2, 2020.
However, in response to Covid-19, Langley voted to revise the regular 10% late payment levied on July 3, 2020 (with the due date on July 2, 2020) using a staggered approach with a lower penalty of 1.75% on July 3, 2020 and the remainder, 8.25%, coming much later in the year on November 17, 2020 (first business day after November 15, 2020). These apply to properties in classes 1, 2, 4, 5, 6, 8, and 9.[7]

Maple Ridge
The City of Maple Ridge has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[8]

Mission
The District of Mission has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[9]

New Westminster
The City of New Westminster has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[10]

North Vancouver - City of North Vancouver
The City of North Vancouver has not extended its due date for property taxes, which remains July 2, 2020.[11]
However, the City of North Vancouver has adjusted its penalty dates as follows:
For properties in Class 1 (Residential), 2 (Utilities), and 3 (Supportive Housing), there is a 2% penalty on July 3, 2020, and a further 8% on September 1, 2020.
For properties in Class 4 (Major Industry), Class 5 (Light Industry), 6 (Business and Other), and 8 (Recreational Property/Non-Profit Organizations), the penalty date has been extended to October 1, 2020.

North Vancouver - District of North Vancouver
The District of North Vancouver has not extended its due date for property taxes, which remains July 2, 2020.[12]
However, the District of North Vancouver has adjusted its penalty date as follows:
For residential and utility properties, there is a 2% penalty on July 3, 2020, and a further 8% on September 1, 2020.
For commercial properties and recreational facilities, the penalty date has been extended to October 1, 2020.
In response to Covid-19, the District of North Vancouver notes that "it's as important as ever to pay your municipal property taxes on time. We rely on this revenue to deliver the important municipal services you've come to expect. If your financial situation means you may not be able to pay your property taxes on time, please consider the financial assistance that the provincial and federal governments are making available."

Pitt Meadows

The City of Pitt Meadows has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[13]

Port Coquitlam
The City of Port Coquitlam has extended its due date for property tax payments to September 30, 2020.[14]

Port Moody
The City of Port Moody has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[15]

Richmond
The City of Richmond has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to September 30, 2020.[16]

Surrey
The City of Surrey has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[17]
Tsawwassen First Nation (TFN)
TFN has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to September 30, 2020.[18]

Victoria
The City of Victoria has extended its due date for property tax payments to August 4, 2020, with a reduced penalty for late payments.[19]

West Vancouver
The District of West Vancouver has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date for businesses to September 30, 2020.[20]

White Rock

The City of White Rock has not extended its due date for property tax payments which remains July 2, 2020, but has extended its penalty date to October 1, 2020.[21]

[1] https://archive.news.gov.bc.ca/releases/news_releases_2017-2021/2020FIN0020-000703.htm
[2] https://vancouver.ca/news-calendar/council-approves-delay-in-property-tax-payment-deadline-to-september-30.aspx
[3] https://www.abbotsford.ca/city_services/property_taxes/your_current_tax_notice.htm
[4] https://www.burnaby.ca/City-Services/Property-Taxes-and-Utilities/Property-Tax.html
[5] https://www.coquitlam.ca/public-safety/public-health-information/COVID19
[6] http://www.delta.ca/home-property-development/property-taxes-utilities/property-taxes-flat-rate-metered-utilities/how-to-pay-property-taxes-and-utilities
[7] https://www.tol.ca/at-your-service/taxes/
[8] https://www.mapleridge.ca/178/Property-Tax
[9] https://www.mission.ca/municipal-hall/departments/finance/property-taxes/
[10] https://www.newwestcity.ca/city_hall/finance-taxes-and-budgets/taxes-and-utilities
[11] https://www.cnv.org/property-and-development/property-taxes
[12] https://www.dnv.org/property-and-development/deadlines-and-penalties
[13] https://www.pittmeadows.ca/city-hall/property-taxes
[14] https://www.portcoquitlam.ca/city-services/property-taxes/
[15] https://www.portmoody.ca/en/home-and-property/property-taxes.aspx?_mid_=26470
[16] https://www.richmond.ca/newsevents/city/tax-extension.htm

[17] https://www.surrey.ca/city-services/8980.aspx
[18] Confirmed by TFN representative
[19] https://www.victoria.ca/EN/main/business/covid-19-business-resources.html
[20] https://westvancouver.ca/home-building-property/taxes-utility-fees/property-taxes
[21] https://www.whiterockcity.ca/222/Paying-Your-Taxes

## TransLink considering becoming a real estate developer for new revenue

For decades in Metro Vancouver, private real estate developers have benefited from the significant uplift in land value as a result of new public transit infrastructure, particularly new SkyTrain extensions, and the associated rezoning allowing for new, higher-density development.

TransLink is now looking into capturing some of this value for reinvestment to help fund new infrastructure, repay existing debt for past infrastructure investments, and fund operating costs of public transit operations, as well as increase the regional supply in transit-oriented affordable rental housing. All of this will ultimately help reduce the number of trips made by private vehicle.

"TransLink funds its share of the capital and operating cost of the regional transit system using a variety of revenue sources, including transit fares, property tax, fuel tax, parking tax, and the new regional transportation development cost charge (DCC) that came into effect in January 2020," reads a newly released study by Coriolis Consulting, commissioned by TransLink.

"The region needs more investment in transit infrastructure, requiring additional funding. TransLink is interested in exploring new sources of revenue that will be sustainable in the long run and that have the potential to advance regional policies."

*TransLink fiscal forecast*

The study examines a number of mechanisms the public transit authority could take to increase land value capture. The findings will be used by TransLink staff and both municipal and regional governments to draft potential new ancillary revenue sources:

Buying and selling land for development opportunities

To a relatively limited extent, TransLink already practices land disposition and acquisition as a revenue-generating tool, by marketing its properties that become unnecessary for its operations and acquiring land for new SkyTrain extensions.

Some examples of this practice include the public transit authority's 2016 sale of its old Oakridge Transit Centre bus depot, which was replaced by Vancouver Transit Centre next to the Arthur Laing Bridge. This deal to a developer for a significant mixed-use development provided TransLink with $440 million.

TransLink also disposed of its surplus land at SkyTrain's King Edward Station, including the land adjacent to the station and air rights over the station entrance building. Cambie Star, an eight-storey residential and retail building, was completed at this property in 2017.

However, the study states the public transit authority can become “more creative and aggressive,” such as marketing portions of its properties that are not entirely needed or air rights above transportation facilities that will remain.

TransLink could also acquire additional properties when buying land for new infrastructure projects, especially when there are opportunities for a land assembly that will result in strong development opportunities after the SkyTrain project is complete.

“Because TransLink is engaged in long-term planning for new transit investment, it is in an excellent position to acquire good quality development properties well in advance of new transit construction,” reads the report.

“TransLink can take advantage of general increases in market value, the new value created by transit investment, and new value that is associated with increased density.”

Along the Broadway Corridor, the public transit authority has made a number of high-profile acquisitions relating to future transit infrastructure and development opportunities.

It acquired Fletchers Fabricare — the southeast corner of the intersection of Arbutus Street and West Broadway, directly across from the future Arbutus Station subway entrance at the northeast corner — for $17.1 million.

At Commercial-Broadway Station, it purchased The Hub — the brick retail buildings on the north side of the station that are occupied by businesses such as Shoppers Drug Mart, A&W, Blenz Coffee, Megabite Pizza, and Booster Juice. This $36-million acquisition will potentially allow for a future third pedestrian overpass over East Broadway reaching an additional Expo Line outbound platform, plus revenue-generating retail and office redevelopment opportunities.

TransLink’s developer arm

As a real estate developer, if TransLink were to directly participate in development projects, it would not only generate a new source of revenue but enable the public transit authority to gain the tool of the “most direct possible means to shape development and integrate land use and transportation.”

The public transit authority would profit from being involved in financing, building, and selling market-oriented developments, instead of merely selling or leasing property. This could be accomplished alone or in partnership with other developers.

Such developments do not necessarily have to be condominiums, but they could be retail, office, and market rental housing at transit-oriented locations to provide the public transit authority with a portfolio of long-term, revenue-generating property.

The study also suggested considering the idea of adding an affordable housing developer mandate to TransLink, with the public transit authority offering some of its development parcels to non-profit developers or the public sector for new affordable rental housing.

The regional district has indicated it supports the study’s recommendation that TransLink examine an increased role in supporting transit-oriented affordable housing. There are tradeoffs, of course, as the study notes it would reduce the available revenue from such properties that can be funnelled back into TransLink’s primary mandate of public transit.

If TransLink were to set a target goal of making $25 million annually from spearheading development projects, it would have to be involved in over one million sq. ft. of new development each year — equivalent to approximately 800 residential units and several large office buildings.

This could be accomplished by combining land acquisition and disposition with direct participation in development. Municipal governments and the private development community have expressed their support for both of these mechanisms.

Hong Kong's MTR transit system is renowned for its ability to use land value capture as a significant ancillary revenue source and ridership driver.

In 2019, the MTR recorded HK$54.5 billion (CAD$9.5 billion) in revenue, with HK$5.1 billion (CAD$884 million) coming from its property rental and management businesses, including high-density residential and office clusters, and dozens of major shopping malls around its stations.

Community amenity contributions

The study determined municipal governments are strongly opposed to TransLink tapping into or enacting new community amenity contributions (CACs) requirements on developers of transit-oriented developments.

Municipal governments, especially the City of Vancouver, are increasingly reliant on developer-funded CACs and density bonusing to finance their new public parks, libraries, childcare facilities, transportation improvements, and affordable housing.

"Any [CACs and density bonusing] revenue received by TransLink could otherwise have gone to local government. For this reason, local governments may not agree that revenue sharing is in their interests," reads the report.

"If TransLink involvement is perceived as making the system more complicated or time-consuming, it will be resisted by the development industry. If TransLink involvement significantly increases total expectations for CACs, then it could reduce the incentives for land owners and developers to be involved in the rezoning process, leading to reduced pace of development and rising house prices."

Beginning in January 2020, TransLink saw additional revenue from its new development cost charge (DCC) on all types of new construction in the region. Based on the floor area size of a development project, the public transit authority's DCC on residential, commercial, and industrial projects is forecast to raise an average of approximately $29 million annually from 2020 to 2027.

Benefiting area tax and property transfer tax

A benefiting area tax is an added property tax that could be applied to areas where new SkyTrain stations are built, as well as frequent transit development areas and corridors.

In 2018, the total property tax revenue, based on the 7% rate, collected by TransLink was approximately $373 million, accounting for about 20% of the public transit authority's total revenues.

Currently, properties within a 400-metre radius of an existing SkyTrain station (Expo, Millennium, and Canada lines) have a combined total assessment value of about $167.5 billion — equivalent to 13% of the entire region's assessment base. A 2.2% benefiting area tax applied on the properties within these areas, for example, would theoretically generate $167.5 million in new annual revenue, including $78.6 million from residential properties, $79.4 million from businesses, and $9.5 million from other classifications.

If TransLink were to use a blanket property tax approach to increase revenues, its regional property taxes would have to increase to 14% from the current 7%.

Over much of the past decade, a form of benefiting area tax was practiced by the City of Richmond for the new residential developments built around the site of SkyTrain's future Capstan Station. The municipality reached an agreement with TransLink in 2012 to build the additional Canada Line station — located roughly mid-way between Bridgeport and Aberdeen stations — by collecting a development levy from each new condominium unit built in the area.

Nearly the entire construction budget for Capstan Station is funded by the city's ability to raise $31.5 million from area-specific private sector development. Construction is anticipated to begin later this year for a completion and opening in the middle of 2022.

As for a share of the property transfer tax, this would entirely depend on negotiations with the provincial government, which collects this revenue directly for its own budget. To raise $25 million annually, TransLink would need a 1.7% share of property transfer tax revenues generated within Metro Vancouver, but this would be affected by the fluctuating volumes in real estate activity and property values.

While there is broad municipal government and stakeholder support for the property transfer tax mechanism, the support from municipalities for the benefiting area tax is mixed.

## QUEBEC

### Montreal pushes back property tax deadline to September

Montrealers have an extra three months to pay the second instalment of their property taxes, the city announced Wednesday.

The deadline has been pushed back to September to allow homeowners and businesses to deal with the economic slowdown caused by the coronavirus pandemic, executive-committee chairman Benoît Dorais said during the weekly executive committee meeting.

In March, the city had postponed the deadline for the second property tax payment to July 2. Now owners are getting an additional two months.

As recently as last week's council meeting, the city administration had rebuffed a motion by the municipal opposition demanding that the second instalment of property taxes be postponed till Sept. 1, saying it couldn't afford the measure.

"It's one of the quickest U-turns I've ever seen in my political life," said St-Laurent mayor Alan DeSousa, who proposed the motion.

Dorais said Wednesday that the city was acting on a report on Montreal's economy by an expert panel, unveiled Tuesday by Mayor Valérie Plante, which recommended postponing the tax deadline.

"It's good news for owners but it's also good news for small businesses," he said.

"We really turned over every stone to ensure that we could make this additional effort," said Dorais, noting that the pandemic has hit Montreal's economy hard, with one in five Quebecers out of work.

The measure represents a $2-billion shortfall for the city for three months, he said.

The report also called on the Quebec government to allow Montreal to run a deficit in its operating budget this year, given the economic carnage caused by the pandemic.

Also during Wednesday’s executive committee meeting, Plante announced that public pools would open this summer, with new, more stringent rules to prevent the virus’s spread.

“The pools will open gradually. This requires preparation and a whole new set of logistics and in due time we will be able to share with you what it will be like to use public swimming pools in Montreal during the pandemic,” she said.

Playgrounds in parks have also reopened, said Plante, who urged Montrealers who use recreational facilities to be vigilant in respecting health guidelines like keeping a two-metre distance, hand-washing, wearing masks and carrying hand sanitizer with them.

On Saturday, Quebec Health Minster Danielle McCann gave municipalities the go-ahead to open public pools during the summer, provided people maintain physical distancing of two metres and wash their hands before entering the facilities.

Last week, Montreal opened splash pads in parks to help deal with the heat wave and give families a chance to cool off while they cope with the COVID-19 pandemic.

Two weeks ago, the city announced the reopening of dog parks, tennis courts, Île Notre-Dame and Jean-Drapeau Park, although the parking lots at Jean-Drapeau, La Fontaine, Maisonneuve, Jarry, Frédéric-Back and le Île-de-la-Visitation parks remained closed.

## NOVA SCOTIA

### Halifax settles on a budget, lets go of its Big Truck Energy

*Regional council performs financial gymnastics to deal with the COVID crunch.*

Yesterday Halifax Regional Municipality's budget committee signed off on the recast budget for 2020/21 after a lengthy COVID-induced rejigging.

In total, the municipality has budgeted $1.1 billion needed for this fiscal year, which will run until March 31, 2021. Thanks to COVID that budget is smaller than it would have been, but, thanks to councillors pushing to keep some projects and services alive, it's still bigger than it could have been.

The process, which kept the tax rate the same as least year (but not the tax bill, which will go up $27 thanks to inflation and property assessments increasing), was a gymnastic effort of financial loop-de-loops that will see more debt being taken on, more reserve money being spent than normal and a sizeable number of big capital projects (Cogswell) being deferred.

The average single-family home's tax bill will be $167 a month, and the commercial tax rate stays the same—although the bill is increasing 1.4 percent thanks to factors that are not your local government daring to raise taxes.

But councillors didn't spend much time yesterday talking about any of that, having settled on most things (including the police budget) before this week's meeting.

In a good-conscience move, councillors and the mayor Mike Savage voted to cancel the purchase of Halifax Regional Police's Big Truck Energy machine, a $368,000 armoured vehicle. The originally budgeted $500,000 for the vehicle—whose delayed delivery allowed a window for HRM's councillors to be moved enough to change their minds about buying it—will go back to the fleet budget, to be spent on things like snow plows and street sweepers.

And the cost of the tank will come out of reserves and be added to this year's budget, with $36,000 to the public safety office; $53,500 for the office of diversity and inclusion; and a rounded-up $300,000 to fund the fight against anti-Black racism in HRM—which could take place from within the police department or in other areas of the municipality. A staff report with a plan will return to council at a future date.

There was no formal discussion about calls to defund or reallocate police dollars, but councillors made hints that there'd be room for discussion in the future. The ARV was part of last year's budget, and the money to support anti-racism efforts will not come out of the police budget for this year.

The Coast covered the discussion and decision over on our Instagram stories. Visit our profile and tap on the Budget highlight to watch the day unfold and see people's questions answered throughout the day. To watch with sound, make sure you open the highlight on your mobile device.

Council also approved bike lane and crosswalk upgrades to the pedestrian hell-scape that is Dutch Village Road, gave the green light to two historic property redevelopments—the Kenny-Dennis and Acadian Recorder buildings at 1724 and 1740 Granville Street—and deferred the decision to grant additional density to a swanky 12-storey hotel development at the corner of Brunswick and Gottingen Street, saying it needed more information about the "Public Aboriginal Visual and Performing Arts Gallery" the developer was proposing in exchange for the extra height.

## ONTARIO

### Vaughan mayor asks Ottawa, Ontario for $45M for COVID-19 recovery

*'Vaughan is in a better fiscal position than many municipalities today'*

Dr. Almos Tassonyi, executive fellow, the School of Public Policy, University of Calgary, says Vaughan is “in a better fiscal position than many municipalities today.”

Buoyed by having “one of the highest” average household incomes, Vaughan Mayor Maurizio Bevilacqua has no intentions to spur any increase in municipal taxes to speed up the recovery phase for the City post-COVID-19.

In a phone interview with Bevilacqua, the mayor explained how a $45 million injection from both the provincial and federal governments would help the City’s economy, and that’s not “asking for a favour.”

“We live in an area where the average household income is in excess of $100,000, (making) it one of the highest in the country,” he added.

With Vaughan being a “net importer of jobs,” the City also has the lion’s share of York Region’s manufacturing jobs — in 2019 there were 48,100 jobs in this sector, or 58 per cent of the 82,500 manufacturing jobs regionwide.

“So, there's no question about the fact that we have done our share for the federal and provincial government, and for the Region,” he said. These two governments “need to understand that the city of Vaughan is one of those cities that’s truly the engine, one of the most important engines of the Canadian economy in the Region.”

Almos Tassonyi, executive fellow, school of public policy for the University of Calgary, dubbed Vaughan as “in a better fiscal position than many municipalities today,” adding that there are other municipalities including those in York Region that might not be doing as good as Vaughan.

This could be the reason why the provincial and the federal governments might not yield to the mayor’s demand.

In his financial update report, Michael Coroneos, deputy city manager, corporate services and chief financial officer, meanwhile, has recommended that Vaughan to “continue” its efforts alongside other municipalities to seek “financial support from senior levels of government to help offset the financial impact of the COVID-19 pandemic.”

Coroneos made the recommendation despite the City's cash position is "healthy" due to unrestricted operating cash balance of $200 million as of April 30 and low outstanding debt and debt service ratio as a percentage of own source revenues — $23 million and 2.3 per cent respectively, as of Dec. 31, 2019.

However, Coroneos gave two scenarios in his report: First, if COVID-19 conditions and restorations persist until Sep. 30, followed by six-month recovery period ending March 31, 2021, with a total estimated financial impact of $19.4 million in 2020 and $4.9 million in 2021 consisting of a myriad of tax support foregone revenue and additional costs.

The second scenario is if these restrictions persist until Dec. 31, followed by 12-month recovery period ending Dec., 2021, there will be a total estimated financial impact of $21.1 million in 2020 and $18.6 million in 2021.

Tassonyi — also a research associate at the International Property Tax Institute and Adjunct Lecturer at the University of Toronto's Department of Geography and Planning — described Vaughan’s estimate of a $20 million shortfall a year as "relatively small amount" compared to other municipalities.

"That shortfall is about five per cent of their operating budget. In comparison to Toronto, which is now estimating a 15 per cent shortfall based on the impact of COVID-19 on the transit system, the property tax base and other revenues,” Tassonyi said.

However, it’s the uncertainty that’s driving both Bevilacqua and Coroneos to ask for some additional help.

“At this point, what's not known is how many people will try to defer their property taxes this year, and then make it up next year, depending on their fiscal situation,” he said.

“There are potential long-run consequences that we don't really know yet,” he added.

With COVID-19 affecting businesses, Tassonyi said, “It depends on how well the non-residential taxation is particularly involved in the commercial tax pay hold-up, so that's a really widespread point.”

“We don't know right now what will happen to small and large businesses, and how many of them will survive ... I mean, many of those are tenants ... So, that’s really a long-run question that's being taken up by a number of municipalities and academics.”

Tassonyi, however, believes the province should “loosen” rules for municipalities by allowing them to make up for the COVID-19-related deficits in the following years.

For Bevilacqua, there needs to be "investment" into a local community because "that's where economic activity takes place" and into a city such as Vaughan that "can actually bring about the economic recovery."

"What I'm asking them is for them to be wise," the mayor added, describing Vaughan having a "great track record" of "19,000 businesses over 230,000 jobs, and economic growth of over 3 per cent, outpacing the province and the country."

"We had an economic employment growth prior to COVID-19 of 5.6 per cent, which is one of the highest in North America."

*Reporter Dina Al-Shibeeb approached Mayor Maurizio Bevilacqua about his post COVID-19 recovery plan and asked Dr. Almos Tassonyi for further input to understand what municipalities are undergoing.*

## Deadline for Cape Breton Regional Municipality property tax financing program set for Tuesday

The deadline for applications for the Cape Breton Regional Municipality property tax financing program is Tuesday.

The municipality is offering property tax financing help for owners of residential and commercial properties negatively affected by the COVID-19 pandemic.

Residential homeowners and commercial property owners who have experienced a significant reduction in income can apply.

The program sets a $25 monthly payment for the next six months and the remainder of the tax bill will be divided by 24 to determine the monthly amount for the following 24 months. An interest rate of 1.35 per cent will be applied to the monthly payments.

The financing program assists taxpayers in avoiding late payment charges as tax accounts in arrears are subject to 10 per cent interest on unpaid balances.