

# Report to Council



**Date:** May 6, 2024  
**To:** Council  
**From:** City Manager  
**Subject:** 2024 Changes to Property Tax Operational Practices  
**Department:** Financial Services

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**Recommendation:**

THAT Council receives, for information, the report from Financial Services, dated May 6, 2024, with respect to temporary changes to property tax operational practices;

AND THAT Bylaw No. 12662, being Amendment No. 2 to Property Tax Penalty Bylaw No. 11971 be forwarded for reading consideration;

AND THAT Council directs staff to report back to Council on a one-time grant program for select properties as outlined in the report from Financial Services dated May 6, 2024.

**Purpose:**

To approve temporary changes to property tax operational practices to support citizens and businesses whose assessed property values significantly increased between 2023 and 2024.

**Background:**

The BC Assessment Authority has valued properties recently rezoned by the City at a rate beyond normal taxation increases of properties zoned Urban Centre (UC) 1-5. The market impact of the zoning changes was not conclusive for property owners' 2023 assessed values because the Zoning Bylaw update by Council happened in late 2022, after BC Assessment's legislated valuation date of July 1, 2022. These assessed values are driving significant property tax increases for some of those properties, particularly Class 05 and Class 06. It is a highly complex issue not driven by any single cause that continues to evolve with Provincial-driven zoning.

Additionally, several Class 01 residential properties within the UC1-5 zones that provide a social benefit specific to housing for citizens of Kelowna have also been significantly impacted by increased assessment values.

## Discussion:

### Statistics:

- Properties rezoned to UC1, UC2, UC3, UC4, UC5: 9,140. Represents 16% of overall properties within the City.
- Portion of properties under 30% assessment increase or are new tax rolls in 2024: 8,720 or 95% of the total impacted properties.
- Remaining properties with a larger than 30% assessment increase: 420, represented as follows:
  - Class 01 Residential – 225 properties
  - Class 05 Light Industrial – 5 properties
  - Class 06 Business – 190 properties

### Recommended Options:

- Defer late-payment penalties for Class 05 & Class 06 until November 1, 2024;
- One-time Grant program to decrease the financial burden based on criteria approved by Council that consider:
  - Properties within a UC1-UC5 zone;
  - Property assessment class;
  - Principal use;
  - Assessed value increase.

### Impacts:

- Delayed payment of approximately \$109M in property taxes equates to an opportunity cost of approximately \$1.8M.

## Conclusion:

Considering the significant impact of 2024's assessment values in zones UC1-UC5, staff have provided the recommendations above for Council consideration to provide support for City of Kelowna taxpayers. These financial impacts are considered in the proposed Final Budget.

Should Council endorse staff's recommendations, those that do not require a bylaw amendment will move forward on Tuesday, May 7, 2024, and those requiring bylaw amendments will be implemented upon approval of the bylaws.

## Internal Circulation:

Financial Planning Manager  
Controller

## Considerations applicable to this report:

### ***Legal/Statutory Authority:***

Property Tax Penalty Bylaw 11971

### ***Financial/Budgetary Considerations:***

Delayed payment equates to approximately \$1.8M opportunity cost in lost investment revenue

**Considerations not applicable to this report:**

***Legal/Statutory Procedural Requirements:***

***Consultation and Engagement:***

***Communications Comments:***

Submitted by:

Joe Sass, Divisional Director, Financial Services

**Approved for inclusion:** Joe Sass, Divisional Director, Financial Services