

Report to Council



Date: May 27, 2024
To: Council
From: City Manager
Subject: Criteria for 2024 One-Time Property Tax Grant Program
Department: Financial Services

Recommendation:

THAT Council receives, for information, the report from Financial Services, dated May 27, 2024, with respect to the criteria for a one-time property tax grant program for multi-family residential properties within zones UC1-UC5 areas whose assessment values increased by 30% or more between 2023 and 2024.

AND THAT Council approves the one-time property tax grant program criteria, as outlined in the report from Financial Services, date May 27, 2024

Purpose:

To approve criteria for a one-time property tax grant program to support citizens and organizations within the City of Kelowna whose assessed property values significantly increased between 2023 and 2024.

Background:

The BC Assessment Authority has valued properties recently up-zoned by the City at a rate beyond normal taxation increases of Urban Class (UC) 1-5 properties. 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. It is a highly complex issue not driven by any single cause that continues to evolve with Provincial-driven zoning.

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

There are some support programs available through other agencies that may help mitigate this impact, which the City will be communicating to the public. Recognizing that not all affected taxpayers will qualify under these programs, the following criteria is suggested.

Recommended Criteria:

- One-time property tax grant program, for municipal property taxes only, to decrease the financial burden, with the following draft criteria:
 - Within a UC1-UC5 zone;
 - Class 01 multi-family residential (single property that accommodates more than 3 families);
 - Principle use of the property provides a social benefit specific to housing;
 - Assessed value increased by 30% or more between 2023 and 2024 (market and/or zoning changes); and
 - Must not be a for-profit business.

Impact:

- Grant amount, based on initial analysis of properties that may qualify, expected to be approximately \$100,000.

Conclusion:

Considering the significant impact of 2024's assessment values in zones UC1-UC5, staff have provided the recommendation and criteria above for Council consideration to provide support for City of Kelowna taxpayers.

Should Council endorse staff's recommendation of the criteria, a Grant Application Form will be drafted for City Manager approval, and made available to the public.

Considerations applicable to this report:

Financial/Budgetary Considerations:

Total financial impact of the recommended one-time property tax grant program is expected to be approximately \$100,000. The 2024 Financial Plan will be amended as part of the Quarter Two Amendment to the 2024 Financial Plan report to Council.

Considerations not applicable to this report:

Legal/Statutory Authority:

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