



# **Corporate Report**

**2004**

**NO: R011**

**COUNCIL DATE: January 26,**

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## **REGULAR**

**TO: Mayor & Council**                      **DATE: January 19,**  
**2004**

**FROM: General Manager, Finance,**      **FILE: 1950-01/1960-**  
**Technology & HR**                              **01**

**SUBJECT: Effect of Property Assessment Increases on the**  
**Provincial Homeowner Grant**

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## **RECOMMENDATION**

That Council:

- 1) Receive this report for information;
- 2) Recommend that the Provincial Government increase the 2004 'reduction threshold' for homeowner grant eligibility to \$625,000, and
- 3) Direct staff to send a copy of this report to UBCM.

## **INTENT**

To inform Council of the impact of increased assessed values (market increases) of residential properties in Surrey on the eligibility of the Provincial Homeowner Grant.

## **BACKGROUND**

In 1957 the Province of British Columbia introduced a homeowner grant. The purpose of the grant was to reduce the burden of residential school taxes on homeowners who occupied eligible residences. It was valued at \$28.00 and available to all homeowners as long as they met the basic criteria. In 1972 an additional grant of \$35.00 also became available to those property owners who were over 65 years of age.

Since its introduction, the homeowner grant has been increased several times in order to lessen the impact of increased property taxes. The Province has also increased the availability of the additional grant to other property owners, such as those collecting War Veteran's Allowances. The last change occurred in 1993 when the basic grant was increased to \$470.00 and the additional grant was increased to \$275.00.

In that same year, additional rules were put in place that eliminated or reduced the grant for those properties valued in excess of \$400,000. This 'reduction threshold' has since been increased several times to help offset market increases in property values. The current threshold, set in 1996, is \$525,000.

The homeowner grant is reduced by \$10.00 for each \$1,000 of assessed value over \$525,000. This means the regular grant is eliminated on homes assessed at \$572,000 or higher and the additional grant is eliminated on homes assessed at \$599,500 or higher. The attached schedule outlines the changes to both the homeowner grant and the reduction threshold since introduction.

Since the last time that the 'reduction threshold' has been increased, properties in Surrey have experienced the following market increases:

## Assessed Value for an Average Single Family Dwelling

Year Assessed	Assessed Value	Average % Change Value
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1997	\$223,700	0.0%
1998	\$229,300	2.5%
1999	\$225,000	-1.9%
2000	\$219,900	-2.3%
2001	\$218,600	-0.6%
2002	\$221,000	1.1%
2003	\$241,200	9.1%
2004	\$266,800	10.6%

### DISCUSSION

The above table demonstrates that there have been significant increases (19.7%) to property values over the last two years. This means that a property that was valued at \$525,000 in 2003 was eligible for the full regular grant of \$470.00. In 2004, this same property is now valued at \$580,650 (average increase of 10.6%). It is no longer eligible for any portion of the regular grant and will now pay an additional \$470.00 over and above other imposed tax increases. Based on the current 'reduction threshold', there were 2,250 properties in Surrey that received a full or partial regular grants in 2003 but will receive no regular grant in 2004.

In previous years, the Province has responded to significant increases such as these, by increasing the 'reduction threshold' as part of their annual budget process. The details of the upcoming budget will be announced on February 17<sup>th</sup> during which time we are hopeful that consideration be given to increase the 'reduction threshold'.

Based on the above analysis, it seems reasonable that the 2004 'reduction threshold' should be increased to \$625,000 to fairly compensate for the inequity created by the significant market increases of the last two years.

### CONCLUSION

The last increase to the 'reduction threshold' was in 1996. Property values remained relatively stable for six years following that increase. However, market increases for residential properties in Surrey have risen by 19.7% over the last two years, prompting the need for the Province to review the 'reduction threshold' for this year. In order to fairly compensate Surrey homeowners for this significant market increase, I would recommend that the Province consider raising the 'reduction threshold' to \$625,000.

Vivienne Wilke, CGA  
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