

NO: R202

COUNCIL DATE: November 2, 2009

REGULAR COUNCIL

TO: Mayor & Council **DATE: November 2, 2009**

FROM: General Manager, Finance & Technology **FILE: 6745-01**
General Manager, Planning and Development

SUBJECT: Classification for Assessment Purposes of Vacant Properties Regulated by RF-9S (Live/Work) Zone and Similar Live/Work Zones

RECOMMENDATION

The Finance and Technology Department and the Planning and Development Department recommend that Council authorize the City Clerk to forward a letter on behalf of City Council to BC Assessment, with a copy to the Provincial Minister responsible for the BC Assessment, that:

1. Advises that Surrey Council requests that BC Assessment assess as Class 1 (Residential) any vacant property located in the RF-9S "live/work" special zone until such a lot has a building constructed on it at which time it would be split classified between Class 1 (Residential) and Class 6 (Business and Other) proportionate to the actual floor areas dedicated to residential uses and business uses on the developed property; and
2. Includes as attachments, a copy of this report and the related Council resolution.

INTENT

The purpose of this report is to inform Council of the assessment status of and the related tax implications for vacant properties that are zoned to allow "live/work" land use in the City of Surrey and to recommend to Council a course of action in relation to addressing this matter.

BACKGROUND

In 2004, Council approved changes to Surrey Zoning By-law, 1993, No. 12000 to include a "live/work" zone, being the Special Single Family Residential (9) Zone (RF-9S). The RF-9S Zone permits a maximum of 30% of the floor area constructed on a lot in this zone to be used for business uses with the remaining 70% or more of the floor area to be used for residential purposes. The purpose of this zone is to allow for the "start up and incubation" of small businesses by allowing entrepreneurs to establish such business in association with a residential use so as to minimize the front-end costs of business start up. The objective over time is that these small businesses will grow to the point where they need a separate base of operation and will assist in growing the City's business development base from within. The zone is also consistent with the City's sustainability objectives as articulated later in this report.

BC Assessment currently classifies vacant land that is zoned to allow "live/work" as Class 6 (Business/Other), which has a higher tax rate than Class 1 (Residential). After development of such a lot, the assessment classification is then split between Class 1 (Residential) and Class 6, based on the proportion of the floor dedicated to business purposes and residential purposes within the structure.

DISCUSSION

The development industry has expressed concern that the vacant land within the "live/work" zoning is assessed as Class 6 until such time as it is developed. The property tax rate on Class 6 (Business) properties is approximately three times the tax rate on Class 1 (Residential) properties and as such the tax burden on those properties that remain vacant is relatively high in comparison to a typical vacant residential lot. It should be noted that the RF-9S Zone does not require that the owner of the lot construct a business use on the lot but rather the zone permits the business use in conjunction with the primary residential use. The owner of the lot can choose to build only residential uses on the lot under the zone.

Several developers have commenced an appeal of their 2009 assessments, based on the fact that the vacant lots that they hold within this zone have been classified as Class 6 (Business/Other). It is anticipated that this appeal process will begin in the Spring of 2010. Representatives of the development industry have also advised that unless BC Assessment changes its approach to assessing vacant RF-9S lots, it is unlikely that such lots will be created in the future.

SUSTAINABILITY CONSIDERATIONS

The "live/work" land use was initially created to implement one of the seven sustainability principles contained within the East Clayton Neighbourhood Concept Plan ("NCP"). Subsequently, the City has been incorporating sustainable development objectives into other NCPs to reinforce the City's commitment to creating more sustainable communities now and into the future.

The "live/work" land use provides more job opportunities within Surrey communities that will reduce work trips outside of the community and reduce automobile usage and the related impacts. It also provides an innovative form of affordable housing by allowing homeowners to work at home and an opportunity for homeowners to increase their quality of life by eliminating commuting times and, possibly, the need for childcare.

CONCLUSION

Based on the above discussion, it is recommended that Council authorize the City Clerk to forward a letter on behalf of City Council to BC Assessment, with a copy to the Provincial Minister responsible for BC Assessment, that:

- Advises that Surrey Council requests that BC Assessment assess as Class 1 (Residential) any vacant property located in the RF-9S "live/work" special zone until such a lot has a building constructed on it at which time it would be split classified between Class 1 (Residential) and Class 6 (Business and Other) proportionate to the actual floor areas dedicated to residential uses and business uses on the developed property; and
- Includes as attachments, a copy of this report and the related Council resolution.

Original signed by
Vivienne Wilke, CGA
General Manager,
Finance & Technology

Original signed by
Jean Lamontagne
General Manager,
Planning and Development

VW:saw

v:\wp-docs\restrict\ogdata\10271015vw.doc
SAW 10/30/09 8:10 AM