

NO: **R040**

COUNCIL DATE: **MARCH 10, 2014**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **March 4, 2014**

FROM: **General Manager, Finance & Technology**

FILE: **1970-01**

SUBJECT: **BC Home Owner Grant Program**

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## RECOMMENDATION

The Finance & Technology Department recommends that Council:

1. receive this report as information, and
2. Request that the Mayor, on behalf of Council, forward a letter to the Province, requesting that they review the threshold criteria for the Home Owner Grant Program.

## INTENT

The intent of this report is to provide Council with an overview of the BC Home Owner Grant Program, inform them of recent changes to this program and identify the impact of those changes on residents within our community.

## BACKGROUND

The Home Owner Grant Program began in 1957 to help homeowners reduce the amount of taxes they pay on their home. To be eligible for this grant, you must be a permanent resident and have your principle residence in BC. The grant is applicable to your primary residence only. In 2006, the basic Home Owner Grant was increased from \$470 to \$570; residents are also eligible for a further \$275 grant if they meet the basic grant plus one of the following:

1. 65 years or older in the calendar year.
2. Receives a disability allowance under the Employment and Assistance for Persons with Disabilities Act.
3. Permanently disabled or has a disabled spouse or relative residing with them permanently.
4. A veteran or spouse of a veteran who served in World War 1, 2 or the Korean War and is receiving an allowance under the War Veterans Allowance Act or the Civilian War-related Benefits Act.

In addition to the eligibility criteria, the assessed value of the property must not exceed a predetermined amount, as set by the province. Once that assessed value is reached, the Home Owner Grant is reduced by \$5.00 for every \$1,000 in excess of the upset threshold value.

While both the assessed value criteria and the criteria around the eligibility of the additional grant have caused concern for some of our residents, the Province has recently announced a reduction in the assessed value criteria, increasing the number of homeowners affected by this issue. This report will provide Council with an assessment of that impact.

## DISCUSSION

In 2013, the threshold to receive the full value of the BC Home Owner Grant was set at \$1,295,000 and was completely eliminated when assessed values exceeded \$1,464,000 for home in metropolitan areas such as Metro Vancouver, the Fraser Valley Region and the Capital Region. The threshold for properties in rural and remote regions was set at \$1,335,000 and was completely eliminated when their assess values exceed \$1,504,000 as the Home Owner Grant in these areas is \$200 higher to help offset the impact of the economic downturn in the resource sector. The thresholds were designed to provide 95% of homeowners in the province with the full value of the Home Owner Grant. While this has been the case for Surrey residents, those that do not qualify are generally our long-time residents, some of whom are seniors on a fixed income. Surrey has been one of the fastest growing communities for a number of years and with this growth, has brought significant increases in property values. Many of our long-time residents moved to Surrey when lot sizes were significantly larger than the current standards and as such have seen significant increases in their property values, in excess of the average increase. This has put an additional financial burden on them, which is further compounded by the loss of their Home Owner Grant. While the loss of the Home Owner Grant affects all residents whose property values exceed the threshold, it is especially difficult for our senior population who are now on a fixed income. In an effort to help mitigate the financial strain of property taxes, the Province has developed a property tax deferral program, which allows qualified homeowners an opportunity to defer their property taxes until they choose to sell their homes.

As part of the tax measures to balance the 2014 Provincial Budget, the Province has announced that the threshold to be eligible for the full Home Owner Grant has been reduced to \$1,100,000 (\$1,140,000 in rural areas) and completely eliminated at \$1,269,000 (\$1,309,000 in rural areas), reducing the percentage of homeowners that are eligible for the full grant to 93.8%. It is important to note that this is the first time we have seen the Home Owner Grant threshold lowered both in terms of the intended 95% eligibility threshold and the assessed value threshold. In the City of Surrey, we will now see an additional 2,345 residents become ineligible for the full BC Home Owner Grant with an estimated 25% of those being seniors.

As this change will impact some of our residents, staff recommend that Council send a letter to the Province and the MLA's for Surrey, outlining the concerns and impact on our residents and request that the Province reconsider their reduction to the threshold limit and to further review how this threshold limit could be amended to improve the eligibility of the additional Home Owner Grant Program for seniors.

## CONCLUSION

The Provincial Government has announced a reduction in the threshold level for the eligibility of the Home Owner Grant Program, affecting 2,345 residents, of which 25% are seniors. Staff have outlined those changes within this report and are recommending that Council receive this report

as information and that the Mayor, on behalf of Council, forward a letter to the Province, requesting that they review the threshold criteria for the Home Owner Grant Program.

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Finance & Technology