



**BURGESS  
CAWLEY  
SULLIVAN  
& ASSOCIATES LTD.**

# Taxing Times

Web: [www.bcappraisers.com](http://www.bcappraisers.com)  
Email: [p.sullivan@bcappraisers.com](mailto:p.sullivan@bcappraisers.com)  
Direct: 604.331.7300



Building Owners and Managers  
Association of British Columbia



# Taxed to Death



**BURGESS  
CAWLEY  
SULLIVAN**  
& ASSOCIATES LTD.



Building Owners and Managers  
Association of British Columbia

# NDP Levies 12 new Taxes

- \$2.5 billion payroll tax
- \$1.3 billion carbon tax increase
- \$450 million school tax
- \$285 million increased tobacco tax
- \$86 million in other tax measures, including levies on luxury cars
- 1.5 cent/litre gas tax equals approx. \$24 per year for each vehicle
- B.C. Hydro 25-cent monthly levy
- Income earners over \$150,000 annually to face a new personal tax rate of 16.8 percent up from 14.7 percent
- Increase in the general corporate income tax to 12 percent from 11 percent

## \$5.5 billion of new and additional taxes

- British Columbia's personal income tax revenues for 2017-18 were \$9.115 billion on a total budget of around \$50 billion.
- Represents a tax increase of **\$1183** for every man, woman, and child.



# Assessment Base & Taxation



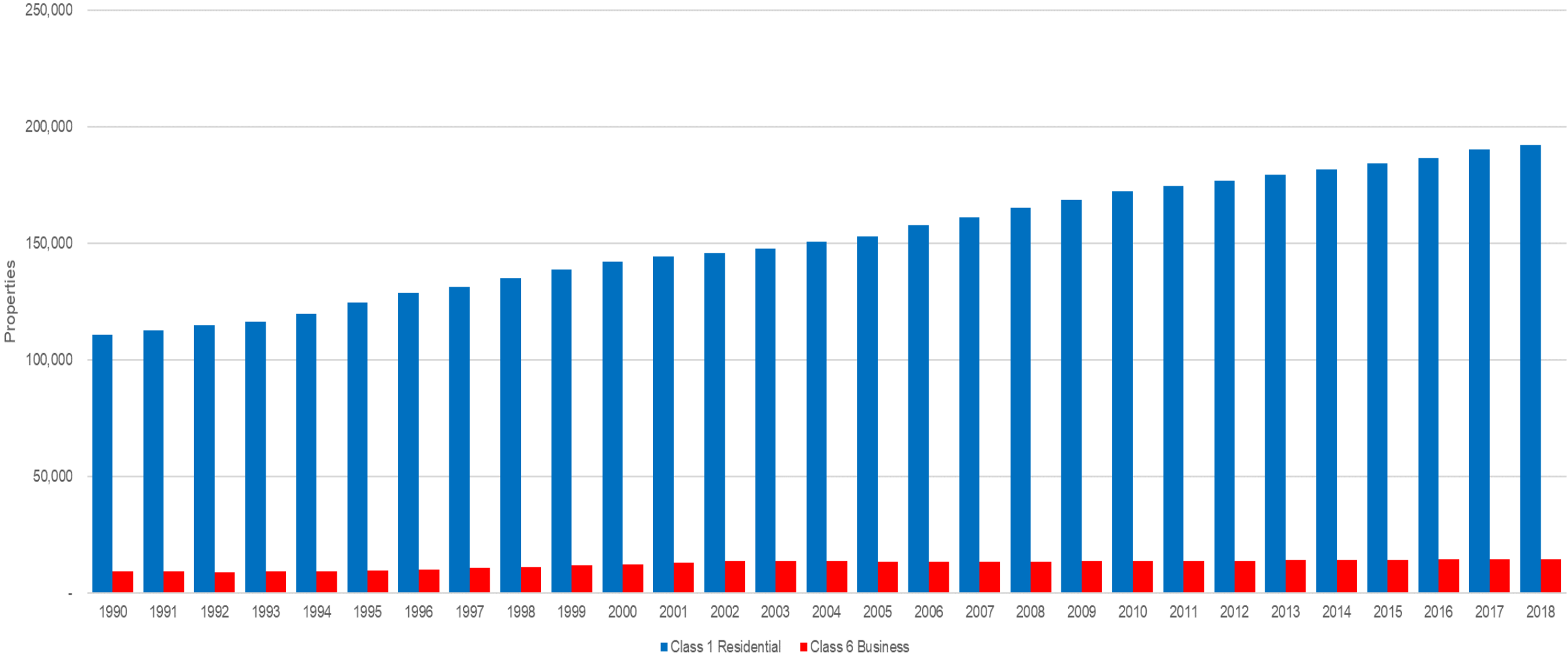
**BURGESS  
CAWLEY  
SULLIVAN**  
& ASSOCIATES LTD.



Building Owners and Managers  
Association of British Columbia

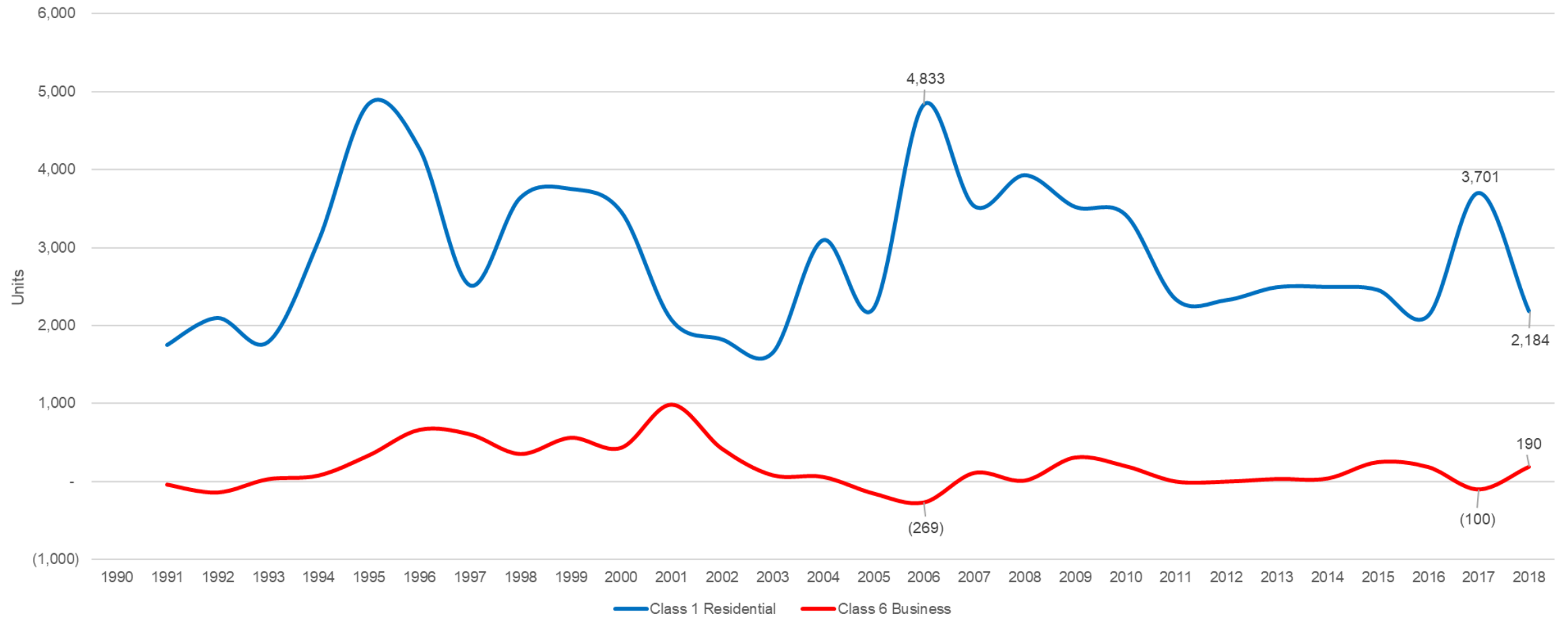
# Number of Properties

## Residential vs Business



# Change in the Number of Properties

## Residential vs Business



# Commercial to Residential Value

Year	Residential (Billions)	Commercial (Billions)
2006	\$89.8	\$17.9
2007	\$113.2	\$21.7
2008	\$130.2	\$27.2
2009	\$132.2	\$26.9
2010	\$134.8	\$27.4
2011	\$153.4	\$30.2
2012	\$178.5	\$32.5
2013	\$182.1	\$34.6
2014	\$185.1	\$36.7
2015	\$203.0	\$41.0
2016	\$240.1	\$48.3
2017	\$318.8	\$57.7
2018	\$340.8	\$71.3

# Property Tax Levy

Approximately 60% of the City's budget originates from Property Taxes

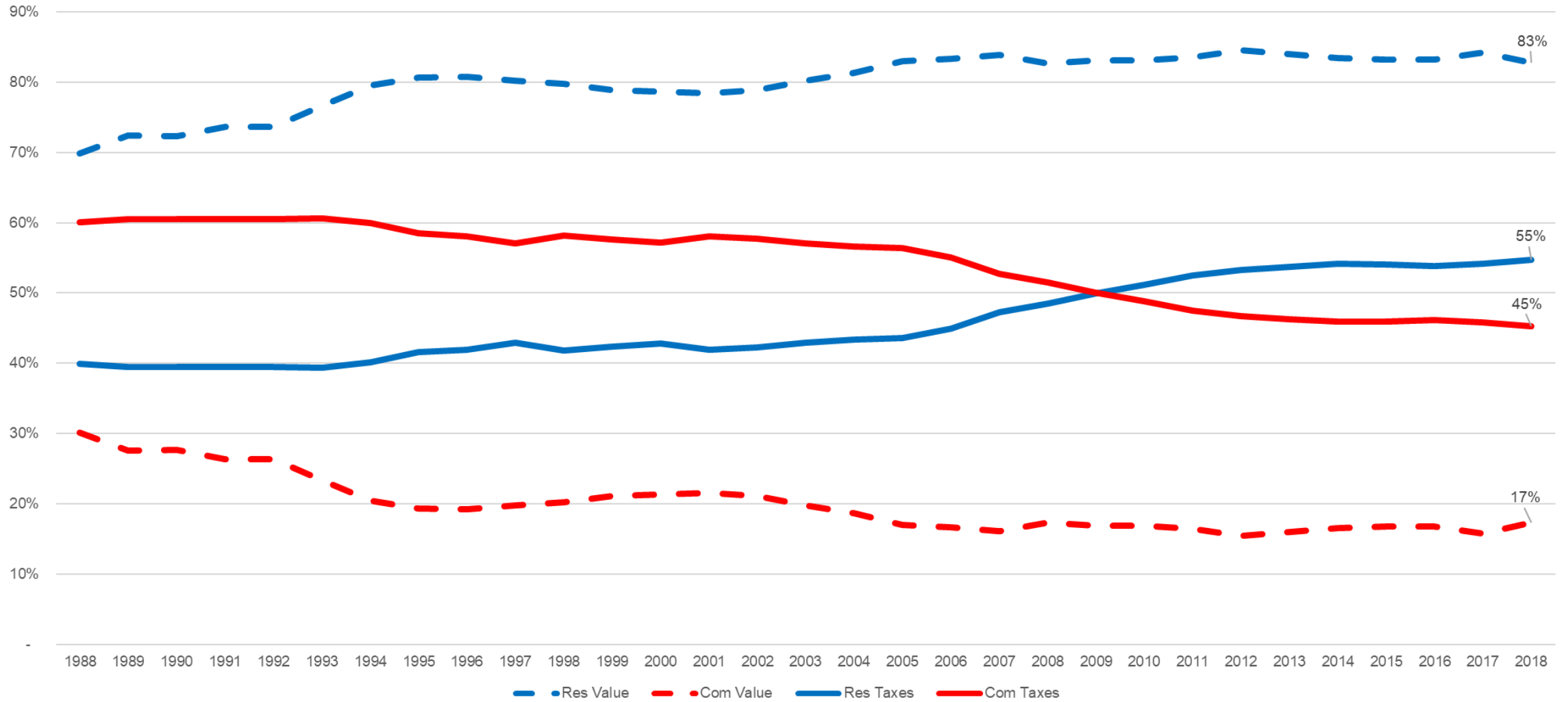
Year	Property Tax (millions)
2008	\$516.6
2018	\$753.4

45.8% Increase

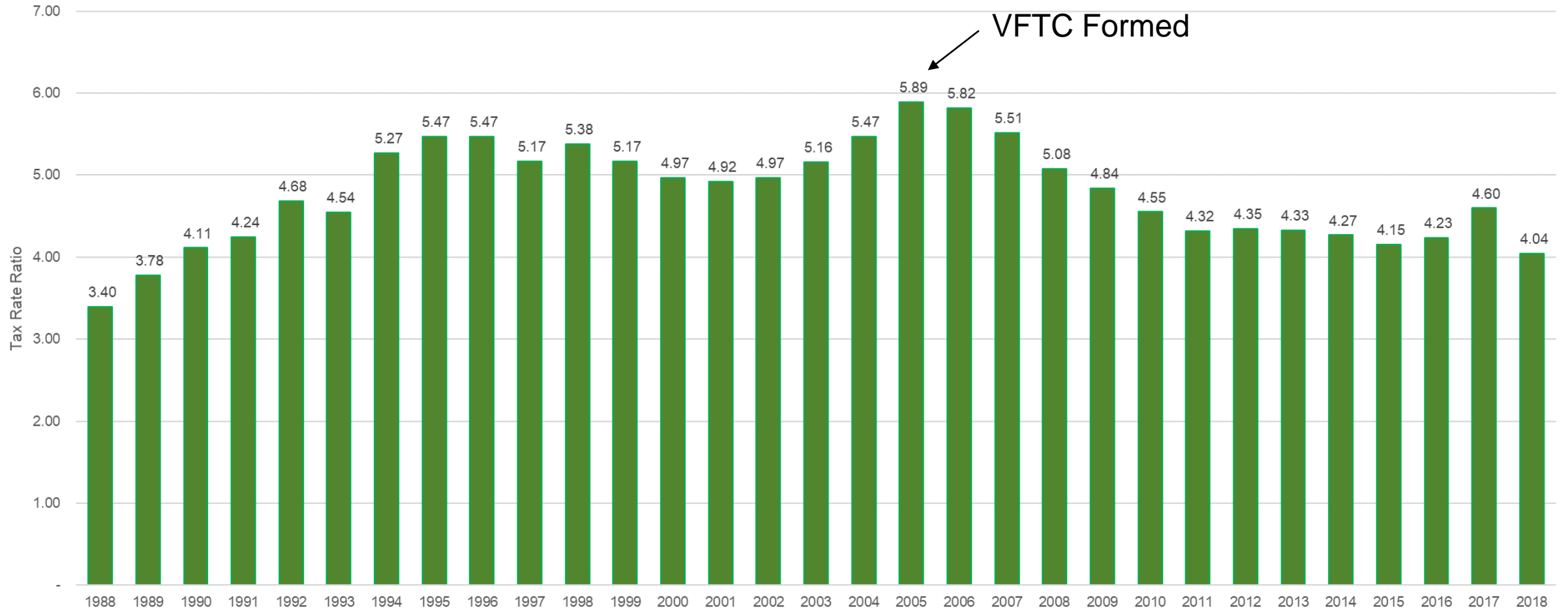
Average Increase of \$23.9 million annually



# Value vs Taxes

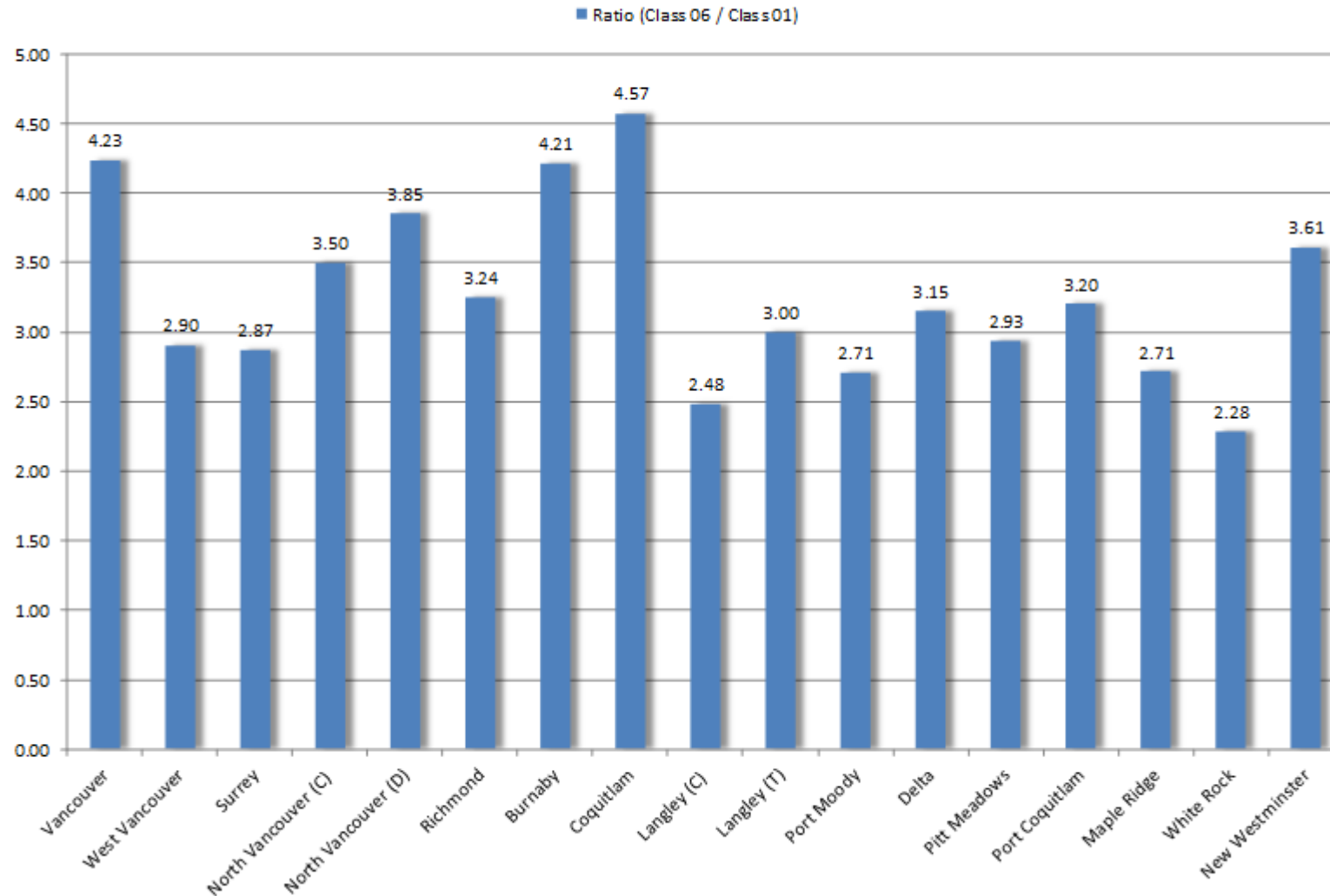


# Tax Rate Ratio



# Tax Rate Ratio Comparison

2016 Municipal Property Tax Rate Ratio in the Lower Mainland



# Tax Shift

Year	Shift (%)	Shift Value (millions)	Cumulative Shift Value (millions)
2006	1.0%	\$4.8	\$4.8
2007	2.0%	\$10.0	\$15.0
2008	1.0%	\$5.2	\$20.7
2009	1.0%	\$5.7	\$27.6
2010	1.0%	\$5.8	\$34.1
2011	1.0%	\$6.0	\$40.8
2012	0.27%	\$1.6	\$43.7
2013	0%	\$0	\$44.8
2014	0%	\$0	\$45.9
2015	0%	\$0	\$47.8
2016	0%	\$0	\$49.7
2017	0%	\$0	\$52.2
2018	0%	\$0	\$54.8



**\$481.8M**



# Taxation Impact on the Cost of Housing



**BURGESS  
CAWLEY  
SULLIVAN**  
& ASSOCIATES LTD.



Building Owners and Managers  
Association of British Columbia

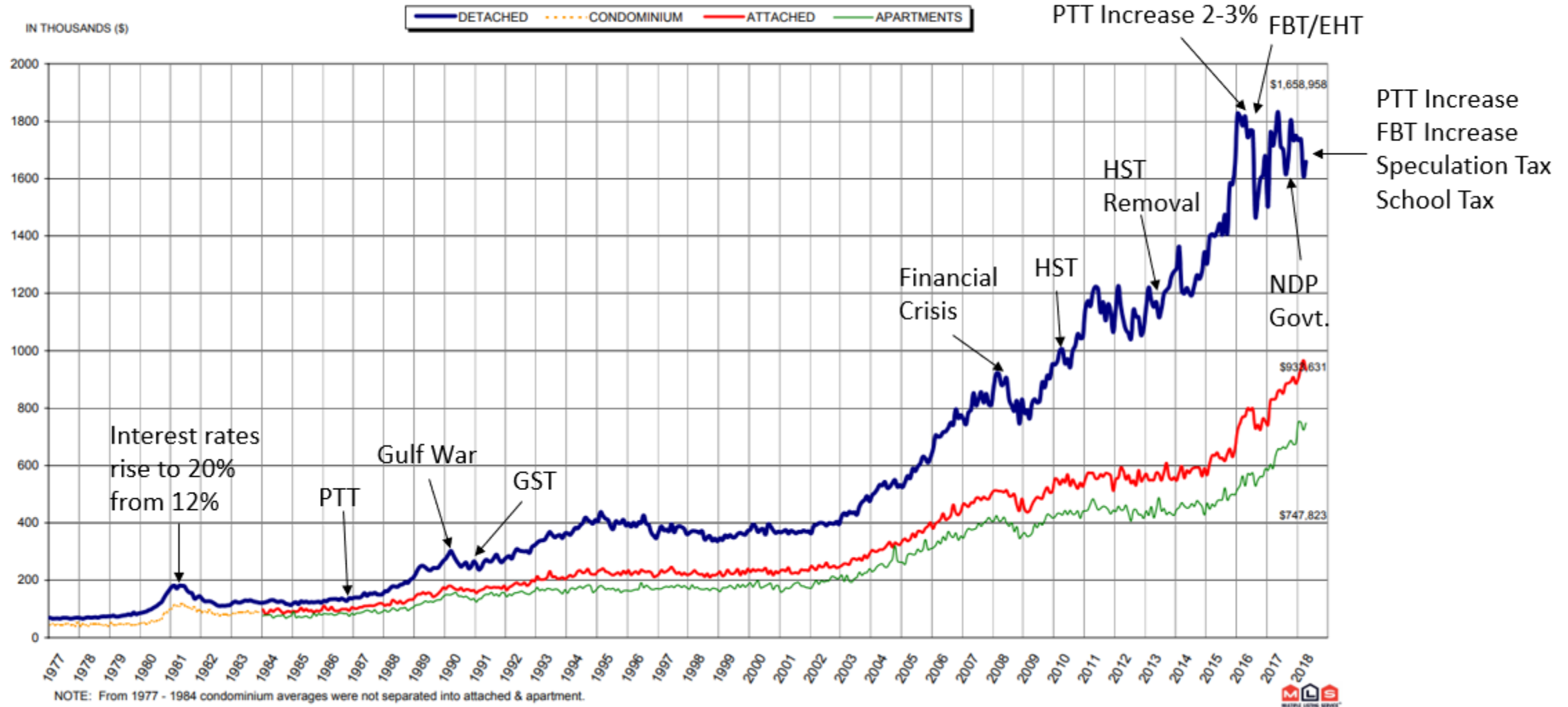
# Statistics

Category*	Vancouver
Population Growth	5,600
Households Growth	3,900
Housing Growth	2,400

\*5 year average

Metro Vancouver Population Growth 30,000 people annually

### Residential Average Sale Prices - January 1977 to April 2018



# Government Addiction to Taxation

## Real Estate Taxes

Residential Property tax	\$	22.05	1.26%	Municipal/Provincial
Vacant Home Tax	\$	12.00	1.00%	Municipal
Community Amenity Contribution \$115 PBA on 1.9FSR increase	\$	87.40	\$ 115	Municipal
Greater vancouver Sewer(\$1.072 per unit)	\$	1.34	per unit	Municipal
Development Cost Levy (DCL)	\$	15.62		Municipal
Public Art	\$	1.98	\$ 1.98	Municipal
Building Permit Fee	\$	2.20		Municipal
Development Permit Fee and Zoning Charge	\$	4.00		Municipal
Translink DCC(\$1,500 per unit)	\$	1.88		Regional
Property Transfer Tax- Purchase of an assembled site	\$	28.36	3.00%	Provincial
Speculation Tax	\$	18.13	0.50%	Provincial
Property Transfer tax on Average unit of 800 SF	\$	21.50	2.00%	Provincial
GST On unit(\$1200 PSF condo value)	\$	60.00	5.00%	Federal
<b>Total Taxes and Charges</b>	\$	<b>276.45</b>		Per Buildable
<b>Total Taxes and Charges</b>	<b>\$</b>	<b>325.24</b>		Per Saleable
<b>Cost On 800 SF unit</b>	<b>\$</b>	<b>260,192</b>	<b>27.10%</b>	<b>Total</b>

### COST ON TYPICAL UNITS

	Size	Taxation		Purchase price
Bachelor	500	\$ 162,620	27.10%	\$ 600,000
One Bedroom plus Den	700	\$ 227,668	27.10%	\$ 840,000
Two Bedroom	900	\$ 292,716	27.10%	\$ 1,080,000
Family 3 bed unit	1,200	\$ 390,288	27.10%	\$ 1,440,000

\*excludes payroll taxes on labour and and taxes on materials





# New Taxes



**BURGESS  
CAWLEY  
SULLIVAN**  
& ASSOCIATES LTD.



Building Owners and Managers  
Association of British Columbia

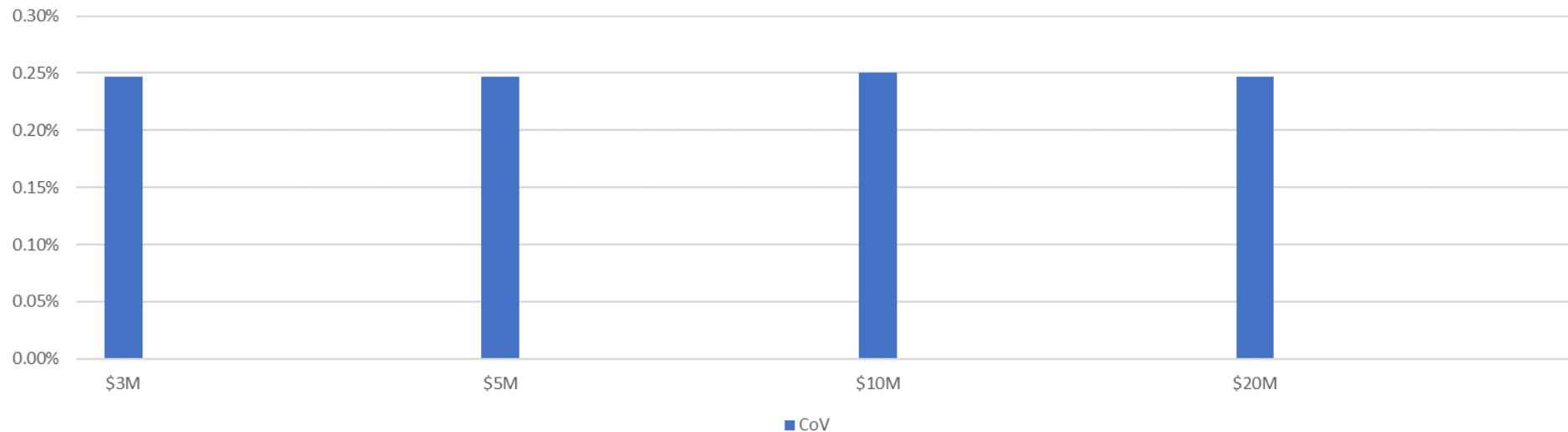
# New Taxes

Tax	Jurisdiction	Schedule	Mill Rate	Exemptions
City of Vancouver	Vancouver		2.46	
Luxury School Tax	Provincial	\$0 - \$3M	0.00	<ul style="list-style-type: none"> <li>• Non-stratified rental building 4+ Units</li> <li>• Agricultural Land Reserve (ALR)</li> </ul>
		\$3M - \$4M	2.00	
		\$4M +	4.00	
Empty Homes Tax	Vancouver		10.00	<ul style="list-style-type: none"> <li>• Principles Residences</li> <li>• Homes rented &gt; 6 mths/year</li> <li>• Phased development</li> <li>• Limited Property Use</li> </ul>
Speculation Tax	Provincial	Cdn Res - BC	5.00	<ul style="list-style-type: none"> <li>• Primary Residents of BC</li> <li>• Long Term Rentals</li> <li>• Properties located outside major centres: (Metro Van, Fraser Valley, Kelowna, Capital Region, Nanaimo)</li> </ul>
		Cdn Res - Non BC	10.00	
		Foreigners	20.00	

# Original

## Original

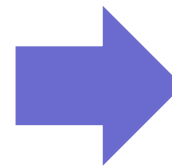
Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$7,405	2.5	0.25%
\$5M	\$12,341	2.5	0.25%
\$10M	\$24,683	2.5	0.25%
\$20M	\$49,365	2.5	0.25%



# Luxury School Tax

Original

Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$7,405	2.5	0.25%
\$5M	\$12,341	2.5	0.25%
\$10M	\$24,683	2.5	0.25%
\$20M	\$49,365	2.5	0.25%



Original + Luxury School Tax

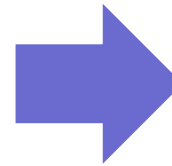
Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$7,405	2.5	0.25%
\$5M	\$18,341	3.7	0.37%
\$10M	\$50,683	5.1	0.51%
\$20M	\$115,683	5.8	0.58%



# Empty Homes Tax

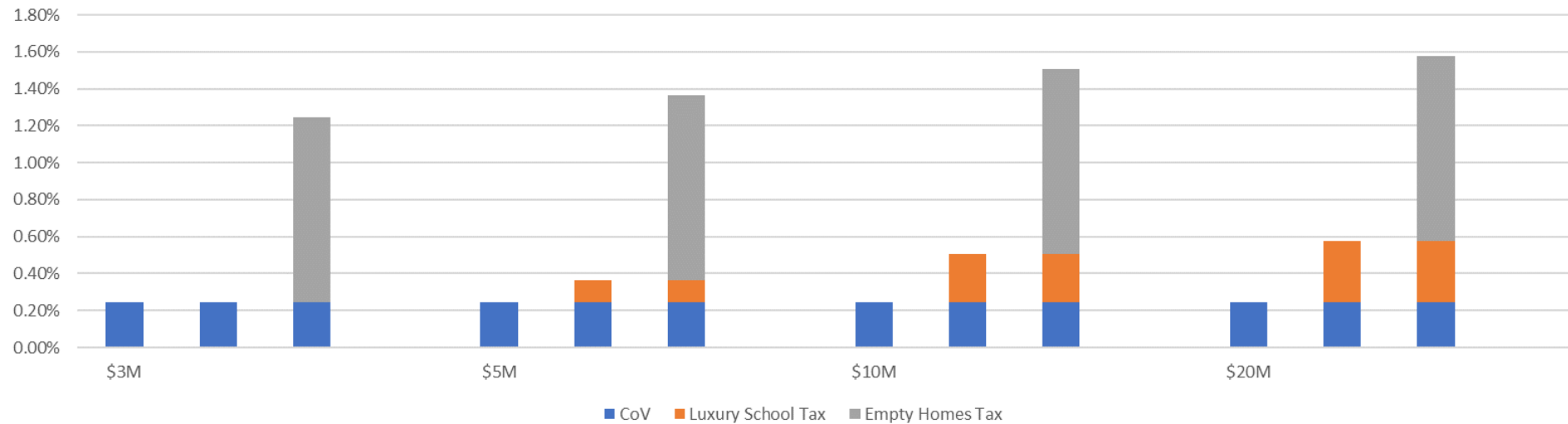
Original

Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$7,405	2.5	0.25%
\$5M	\$12,341	2.5	0.25%
\$10M	\$24,683	2.5	0.25%
\$20M	\$49,365	2.5	0.25%



Original + LST + Empty Homes Tax

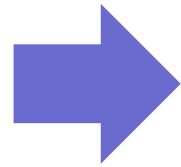
Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$37,405	12.7	1.27%
\$5M	\$68,341	13.7	1.37%
\$10M	\$150,683	15.1	1.51%
\$20M	\$315,365	15.8	1.58%



# Speculation Tax

Original

Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$7,405	2.5	0.25%
\$5M	\$12,341	2.5	0.25%
\$10M	\$24,683	2.5	0.25%
\$20M	\$49,365	2.5	0.25%



Original + LST + EHT + Speculation (CDN – BC)

Assessed Value	Tax	Mill Rate	Tax Rate
\$3M	\$52,405	17.5	1.75%
\$5M	\$93,341	18.7	1.87%
\$10M	\$200,683	20.1	2.01%
\$20M	\$415,365	20.8	2.08%





# Small Business Tax Issues



**BURGESS  
CAWLEY  
SULLIVAN**  
& ASSOCIATES LTD.



Building Owners and Managers  
Association of British Columbia



**Problem:**

Highest & Best Use

**Proposed Solutions:**

- a) Split tax bill – City of Vancouver
- b) Split Assessments - Industry
- c) 19.4
- d) New Mill Rate