

**From:** "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

**To:** "Direct to Mayor and Council - DL" <CCDTMACDL@vancouver.ca>

**Date:** 7/19/2016 6:20:48 PM

**Subject:** Memo - Home Owner Grant Program

**Attachments:** [CMO - Mayor and Council - Home Owner Grant Program - 2016.07.19.pdf](#)

Dear Mayor and Council,

Please see attached memo from Patrice Impey, General Manager, Financial Services, responding to Council's request for information regarding Home Owner Grants.

A short summary of the Memo is as follows:

1. On June 28, 2016 Council requested report back on the BC Home Owner Grant (HOG) and specifically:
  - number, value and percentage of properties historically eligible for the HOG vs. percentage of eligible properties today
  - last time HOG and Seniors Grant were increased and
  - changes to the threshold property values to be eligible for HOG
  
2. The attached memo summarizes the details as follows:
  - In 2005, 135,699 folios were eligible for all or a portion of the HOG of \$470 (basic grant), or 89.6%; in 2016, 146,784 folios were eligible for all or a portion of the HOG of \$570 (basic grant), or 79.3%;
  - The current basic grant is \$570. Seniors (age 65 and older), veterans, people with disabilities (and people living a person with a disability) may qualify for an additional grant of \$275, for a total of \$845. The amount of the grants (both basic and additional) has remained unchanged since 2006 when both were increased by \$100.
  - The threshold value was 685,000 in 2005 and was increased periodically. The 2016 increase of \$100,000, to \$1.2 million, is the first increase since 2013, followed by a reduction in 2014.
  
3. The memo provides trends and further data on the above statistics.

Should you have any questions, please feel free to contact Patrice Impey, or Esther Lee, Director of Financial Services.

Best  
Sadhu

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FINANCE, RISK AND BUSINESS PLANNING  
Office of the General Manager

VanRIMS No.: 01-9000-20

## MEMORANDUM

July 19, 2016

TO: Mayor and Council

CC: Sadhu Johnston, City Manager  
Paul Mochrie, Deputy City Manager  
Janice MacKenzie, City Clerk  
Lynda Graves, Manager, Administration Services, City Manager's Office  
Rena Kendall-Craden, Director, Communications  
Mike Magee, Chief of Staff, Mayor's Office  
Kevin Quinlan, Deputy Chief of Staff, Mayor's Office  
Katie Robb, Director, Communications, Mayor's Office  
Emma Lee, Director, Community Relations, Mayor's Office  
Esther Lee, Director of Financial Services

FROM: Patrice Impey, General Manager, Finance, Risk and Business Planning

SUBJECT: Home Owner Grant Program

Dear Mayor and Council,

This memo is in response to Council's June 28, 2016 request for staff to report back on the BC Home Owner Grant (HOG) and specifically:

- number, value and percentage of properties historically eligible for the HOG vs. percentage of eligible properties today
- last time HOG and Seniors Grant were increased and
- changes to the threshold property values to be eligible for HOG

### 1. HOME OWNER GRANT PROGRAM

The Home Owner Grant is a Provincial program that reduces the amount of property tax paid by a property owner on their principal residence. The Province reimburses the grant amount to the municipalities, thus keeping municipal taxes whole. The current basic grant is \$570. Seniors (age 65 and older), veterans, people with disabilities (and people living with a person with a disability) may qualify for an additional grant of \$275, for a total of \$845. The amount of the grants (both basic and additional) has remained unchanged since 2006 when both were increased by \$100.

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The grant is gradually reduced by \$5 for every \$1,000 of assessed value above a threshold, which for 2016 was set at \$1.2 million. This means the basic grant will be fully reduced for homes valued at \$1,314,000 for 2016 (ie.  $\$570 \div 5 \times \$1,000 = \$114,000 + \$1,200,000 = \$1,314,000$ ).

An additional grant of \$200 is available to homeowners in the northern and rural areas of BC (those outside of Greater Vancouver, Fraser Valley and Capital Regional Districts).

### **Home Owner Grant Threshold**

The Home Owner Grant Threshold has two key aspects that are targeted by the Province:

- **Assessment Value Threshold**  
The assessment value below which home owners may be eligible to claim a full Basic Home Owner Grant - for 2016 the threshold is \$1.2 million.
- **Percent of Homes that May Qualify for the Full Basic Grant**  
The Province's target percentage of home owners in BC who may be eligible for the full Basic Home Owner Grant - for 2016 - 91%.

### **Assessment Value Threshold**

The Assessment Threshold values are adjusted by the Province on a periodic basis guided by changes in property assessment movement and the target percentage of eligible homeowners across BC. (See Table 1 for historic values for 2005 to 2016).

The 2016 increase of \$100,000, to \$1.2 million, is the first increase since 2013, followed by a reduction in 2014. This 9.1% threshold increase is significantly less than the average increase in property values in the Greater Vancouver Regional District which ranged from 15% to 25% for a single family home as reported by BC Assessment.

### **Percentage of Home Owners Who May Qualify for a Full Grant**

In 2016, the Province set the threshold such that 91% of qualified property owners in BC would be eligible to claim the full Home Owner Grant. Since 2013 the percentage of BC home owners eligible to claim the full Home Owner Grant has declined from 95.5% to 91% as shown in Table 1.

**Table 1: 2005 - 2016 Provincial Home Owner Grant Thresholds**

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Threshold \$000s	685	780	950	1,050	1,050	1,050	1,150	1,285	1,295	1,100	1,100	1,200
% of Eligible Properties in BC	95.0%	95.0%	95.0%	95.5%	95.5%	95.5%	95.5%	95.5%	95.5%	93.8%	93.0%	91.0%

## **2. IMPACT OF ASSESSMENTS AND THRESHOLDS ON VANCOUVER HOME OWNERS**

The number of Vancouver homeowners eligible for the Home Owner Grant has steadily declined in recent years and is well below the Provincial target of 91%. This decline is attributable to the significant increase in residential property values in the City and Greater Vancouver Regional District as compared to other areas. Table 2 shows the number of

properties in Vancouver eligible for the full Basic Grant and reduced or partial grants for the period 2005-2016.

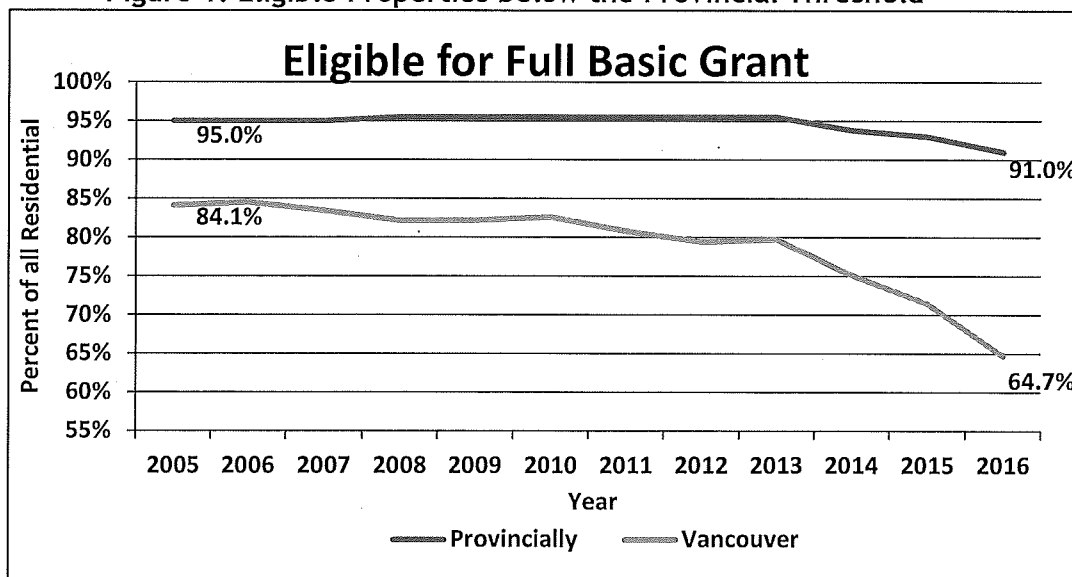
**Table 2: Eligible Properties below the Threshold**

Year	Residential No. of Folios	Full Basic HOG	Full Basic HOG %	Reduced Basic HOG	All HOGs	All HOG %
2005	151,494	127,397	84.1%	8,291	135,688	89.6%
2006	156,590	132,312	84.5%	7,703	140,015	89.4%
2007	160,114	133,580	83.4%	10,512	144,092	90.0%
2008	163,955	134,693	82.2%	10,800	145,493	88.7%
2009	167,512	137,711	82.2%	7,782	145,493	86.9%
2010	170,366	140,748	82.6%	4,745	145,493	85.4%
2011	171,972	138,947	80.8%	7,443	146,390	85.1%
2012	174,539	138,611	79.4%	8,748	147,359	84.4%
2013	177,582	141,604	79.7%	5,818	147,422	83.0%
2014	180,395	135,518	75.1%	10,454	145,972	80.9%
2015	183,017	130,759	71.4%	15,213	145,972	79.8%
2016	185,122	119,751	64.7%	27,033	146,784	79.3%

In 2006, 84.5% (10.5% less than the Provincial average) of homes were below the threshold. In 2016 the percentage has decreased to 64.7% (26.3% less than the Provincial target). The number of properties below the threshold has declined from 132,312 to 119,751 during the same period of time, despite the increase in number of folios each year. An estimate of the value of HOGs that would eligible to Vancouver taxpayers (assuming the basic grant) if 91% of homeowners did receive a grant is approximately \$30 million.

Figure 1 shows the 12-year trend of homes below the threshold for the full basic grant for the Province overall and the City of Vancouver during the same time period.

**Figure 1: Eligible Properties below the Provincial Threshold**



### 3. SUMMARY

The number of Vancouver properties that qualify for the Basic Home Owner Grant of \$570 has decreased from 84.5% in 2006 to 64.7% in 2016, while the Provincial target for these years was 95% and 91% respectively. The Home Owner Grant threshold increases have not kept pace with residential property assessment increases being experienced across the Lower Mainland.

### 4. OTHER MUNICIPALITY ACTION:

The City of Burnaby has engaged UBCM in the discussion regarding home owner grants. In a memo to the Executive Director of UBCM dated April 6, 2016 from the City of Burnaby stated that:

*“The current practice of establishing one assessment threshold value for such disparate catchment areas inadequately adjusts for regional disparities in real estate values across the Province.”*

And,

*“Burnaby City Council at the 2016 April 4 meeting passed the following motion: THAT Council request that the UBCM petition the Minister of Finance to undertake a Provincial review of the Homeowner Grant Program to determine if a more equitable distribution of the Grant across all regions of the Province can be achieved.”*

Should you have any questions regarding the above information, please feel free to contact me directly, or Esther Lee, Director of Financial Services.

Best Regards,



Patrice Impey  
General Manager, Finance, Risk and Business Planning

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