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To: "Direct to Mayor and Council - DL"
CC: "City Manager's Correspondence Group - DL"
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Date: 5/14/2019 8:57:45 PM
Subject: Dan Fumano: New B.C. taxes to hit airspace over some mom-and-pop shops | Vancouver Sun

Greetings Mayor and Council

Some of you have referred to an article in the Sun today: <https://vancouversun.com/news/local-news/tentative-dan-fumano-column-on-new-property-taxes>

I was asked for staff's perspectives on the issues raised in the article. The Vancouver Sun article was referring to is "Split Classification" (a.k.a. Amacon) which has been in place for some properties through appeals over the last couple of years. That is different from "Split Assessment" which is being considered by the Intergovernmental Working Group.

"Split Classification"

- is an existing methodology in the Assessment Act (not new)
- segregates the existing commercial use value from the residential development potential value, whereby the residential portion is subject to residential tax rate and Additional School Tax
- requires specificity in the zoning by-law, i.e. Council needs to specify maximum allowable commercial development so that the residual FSR can be attributable to residential property class & tax rate

"Split Assessment"

- is a new methodology being considered by the Intergovernmental Working Group, and requires the Province to enact legislative/regulatory changes should they agree to proceed
- segregates the existing commercial use value from the development potential value, and captures the development potential value in a new commercial sub-class (to be set up)
- Council decides which properties to be eligible for this methodology, and the tax rate for the new commercial sub-class (which could range from x% lower than the business class tax rate to zero, depending on Council policy)
- could apply to zones that do not allow residential development, or where specificity is not available to effect "Split Classification"
- as there is no residential component resulting from "Split Assessment", Additional School Tax won't apply.

I hope this information is helpful.

Best

Sadhu

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.