

From: ["Levitt, Karen" <karen.levitt@vancouver.ca>](mailto:karen.levitt@vancouver.ca)
To: ["Direct to Mayor and Council - DL"](#)
Date: 8/4/2023 8:28:48 AM
Subject: Development Potential Relief Program (DPRP) Engagement Update
Attachments: FRS - Memo to Mayor and Council re DPRP Engagement Update.docx

Dear Mayor and Council,

The attached memo is an update on the engagement process for the Development Potential Relief Program (DPRP). When Council approved the pilot in March 2023, staff committed to engage with stakeholders to assess the efficacy of the pilot to inform future years approach. This is an interim update, with the full report back to Council in the fall.

An overview of the key points:

- Staff has taken a targeted approach to collect feedback primarily from owners and tenants of underdeveloped light industrial (Class 5) and business (Class 6) properties
- The focus is on program parameters within the City's control
- The City has contracted with the consulting company "Delaney, the engagement people" to coordinate the stakeholder engagement
- The engagement had two main components:
 1. Targeted stakeholder workshop (July 5, 2023) – a facilitated workshop with representatives from the Canadian Federation of Independent Business, Vancouver Business Improvement Associations, Building Owners and Managers Association, Greater Vancouver Board of Trade and Community Partners from the arts, culture and non-profit sector.
 2. Stakeholder feedback survey (July 10 – 31, 2023) – a survey for participants in the stakeholder workshop to share with their members and for those who contacted taxrelief@vancouver.ca with questions regarding the pilot.
- The memo outlines some preliminary feedback and next steps including the content of the report back.

Should you have any questions, please feel free to contact me or Patrice Impey.

Thanks,

Karen

Karen Levitt, Deputy City Manager (she/her)
karen.levitt@vancouver.ca

The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x̱məθḵ'əyəm/Musqueam, Sḵwəx̱wú7mesh/Squamish and səliwətaʔ/Tsleil-Waututh nations.

MEMORANDUM

November 7, 2023

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Maria Pontikis, Chief Communications Officer, CEC
Rosemary Hagiwara, Acting City Clerk
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Interim Chief of Staff, Mayor's Office
Grace Cheng, Director, Long-term Financial Strategy, FRS

FROM: Patrice Impey
Chief Finance Officer/General Manager, Finance, Risk and Supply Chain Management

SUBJECT: Pilot Development Potential Relief Program Stakeholder Engagement Update

RTS # 15337

Purpose of the Memo

In March 2023, Council approved the pilot Development Potential Relief Program (RTS 15337), which included a commitment from staff to engage with stakeholders to assess the efficacy of the pilot in order to explore enhancement opportunities for future years.

This memo is an interim update on the stakeholder engagement with a full report coming to Council in the Fall of 2023.

Engagement Approach

Staff has taken a targeted approach to collect feedback primarily from owners and tenants of underdeveloped light industrial (Class 5) and business (Class 6) properties, with a focus on program parameters that are within the City's jurisdiction.

The consulting company "Delaney, *the engagement people*" has been contracted to coordinate the stakeholder engagement.

The engagement has two main components:

1. Targeted stakeholder workshop (July 5, 2023) – a facilitated workshop with representatives from the Canadian Federation of Independent Business, Vancouver Business Improvement Associations, Building Owners and Managers Association, Greater Vancouver Board of Trade and Community Partners from the arts, culture and non-profit sector.
2. Stakeholder feedback survey (July 10 – 31, 2023) – a survey for participants in the stakeholder workshop to share with their members and for those who contacted taxrelief@vancouver.ca with questions regarding the pilot.

When staff presented the pilot DPRP to Council for consideration, it was acknowledged that despite the assessment data limitations and the very aggressive implementation timelines, the City would start small and look to refine and expand the program for future years. The survey questions (Appendix 1) are a first step in this process. The questions are designed to assess the efficacy of the pilot program and collect stakeholder feedback on the breadth and depth of the program, such as the types of properties/businesses that should be included in the program, and the level of relief that should be provided.

Prior to the stakeholder workshop and survey, in May staff also presented at the BIABC Conference and met with representatives from the Vancouver Chinatown Merchants Association and Chinatown Business Improvement Association.

What We Have Heard from Stakeholder Workshop

Program Criteria

There was no clear consensus on what property types/uses should be excluded from the program. Over 1/3 of workshop attendees felt that warehouses and storage facilities, commercial strata properties, and office primary use should not be excluded as some of these properties may be home to small, independent businesses or arts/culture/non-profit organizations.

There was general agreement that, in order to qualify for relief, a property should be “in use” for a period of time beyond the provincial requirement of October 31, subject to the cost of compliance monitoring. There was also a desire for clear definition of “occupied and in use”.

Participants were open to extending the DPRP to include taxes levied by other taxing authorities such as Provincial School Tax, Translink, Metro Vancouver, BC Assessment and Municipal Finance Authority of BC, subject to understanding the impact on taxpayers that are not eligible for the DPRP. This feedback will be shared with the Province.

Other feedback received includes wanting to understand how the DPRP fits in with targeted 5-year land assessment averaging, impact of tax redistribution among commercial properties, and administrative effort and costs associated with the DPRP.

Next Steps

The stakeholder feedback survey will remain open until July 31.

Staff will report back in the Fall on the following:

- full results of the engagement process, including a detailed report and analysis of the workshop and survey by Delaney, *the engagement people*;
- an analysis of options within City's jurisdiction for Council consideration in preparation for 2024; and
- engagement with the Province and BC Assessment on action steps to address program design and data quality challenges.

Should you have further questions, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink, appearing to read 'Patrice Impey', written in a cursive style.

Patrice Impey
Chief Finance Officer/General Manager, Finance, Risk and Supply Chain Management
604.873.7610 | patrice.impey@vancouver.ca

Appendix 1 – Stakeholder Feedback Survey

Pilot Development Potential Relief Program - Stakeholder Feedback

The purpose of this survey is to:

- Share relevant information about the Development Potential Relief Program (the “DPRP”), including what the City of Vancouver has control over (and what it does not);
- Collect feedback to better understand what is working well work with the pilot DPRP and what could be improved to support independent businesses and community partners; and
- Identify areas of ongoing engagement between the City and the Province in order to improve the DPRP.

This survey should take approximately 10-15 minutes to complete, and will be open until **Monday, July 31, 2023.**

If you have any questions, please reach out to taxrelief@vancouver.ca

About the Development Potential Relief Program

In November of 2022, [Bill 28 – Municipal Affairs Statutes \(Property Taxation\) Amendment Act](#) came into effect, allowing municipalities to provide property tax relief to qualifying independent businesses and community partners. This relief aims to address high property taxes resulting from the future development potential of the occupied property.

The DPRP enables municipalities to:

- Identify certain Light Industry (Class 5) and Business (Class 6) properties eligible for relief;
- Specify the portion of land value for each eligible property to be subject to a lower tax rate (the “DPRP rate”)
- Set the DPRP tax rate, which is lower than the standard Class 5/6 rate; and
- Require that the owner give notice of tax relief to occupiers.

To be eligible for the DPRP, a commercial property must meet the following criteria set by the Province:

- Have land and improvements in Class 5 (light industry) and/or Class 6 (business and other);
- Be occupied (not vacant) as of October 31 of the previous tax year; and
- Have a combined Class 5/6 land value that is a minimum of 95% of the total Class 5/6 assessed value.

The City of Vancouver is the first and only municipality to launch the DPRP as a pilot program in 2023.

It is important to note that Vancouver City Council establishes the amount of the City’s general purpose tax levy to be collected annually through the budget process. Any foregone taxes

arising from property tax relief provided to individual properties, whether through the City's statutory exemptions, land assessment averaging program, or the new DPRP, will be collected from other taxpayers. This means the broader the tax relief program, the greater the impact on taxes for other properties.

More information on the program can be found here:

<https://vancouver.ca/home-property-development/development-potential-relief-program.aspx>

1) Which of the following applies to you?*

- I own/operate a business in Vancouver and rent my business property.
 - I own/operate a business in Vancouver and own my business property.
 - I rent property to a business or arts, culture, non-profit organization in Vancouver.
 - None of the Above
-

Eligibility

As directed by Vancouver City Council, the City's pilot DPRP is intended to target tax relief to independent businesses and community partners occupying under-developed properties, with a focus on neighborhood retail along high streets. As such, several property use categories were excluded from the program.

Questions 2 to 4 are related to Eligibility

2) Which of the following excluded primary uses do you feel should not be excluded from the DPRP? (please select all that apply)*

- Owned or operated by the provincial or federal government, or an agent of the provincial or federal government
- Big box stores
- International or national chains
- Banks or financial institutions
- Development presentation centres
- Hotels
- Gas stations
- Parking lots
- Car dealerships or auto service
- Self-storage or warehouses
- Office primary use
- Commercial strata properties
- Standalone billboards or signs
- Miscellaneous (including church offices, funeral homes and privately owned colleges)

3) Please explain why you feel the uses you selected in Question 2 should not be excluded*

4) Are there any other uses (not already listed in Question 2) that should be excluded? Please identify the use and explain why.*

Occupancy Requirement

Under the provincial legislation, a property must have been occupied and in use as of October 31 of the prior year to be eligible for the DPRP.

Questions 5 to 7 are related to the Occupancy Requirement.

5) Do you agree that the eligibility for tax relief should be based solely on one day (October 31 of the previous year)? *

- Yes
- No
- Don't Know

6) Would you prefer requiring a property to be “in use” for at least a certain number of months including October 31st? (Note that October 31 is the statutory requirement)*

- Yes
- No
- Don't know

7) If you answered yes to Question 6, which option (before or after October 31) and for how many months?*

Application of Tax Relief

Under the provincial legislation, the DPRP is applicable only to the City's general purpose tax levy. Property taxes levied by other taxing authorities (Provincial School, TransLink, Metro Vancouver, BC Assessment, and BC Municipal Finance Authority) are excluded.

In 2023, Vancouver City Council set the DPRP tax rate at 50% of the regular municipal commercial tax rate, and approved the percentage of land value for eligible properties that are subject to the DPRP tax rate by neighborhood/zoning district.

2023 DPRP Bylaw can be found

here: <https://bylaws.vancouver.ca/consolidated/13683.PDF>

Questions 8 to 12 are related to the application of the tax relief.

8) Before today, were you aware that the DPRP applies only to municipal taxes?*

- Yes
- No
- Not sure

9) Do you support or oppose limiting the DPRP to municipal taxes only (i.e., not extending it to taxes levied by other taxing authorities)?*

- Support
- Oppose
- Not sure

10) Please explain why you support or oppose limiting the DPRP to municipal taxes only and not extending to taxes levied by other taxing authorities. *

11) Would you support a DPRP tax rate that is (please select all that apply):*

- Lower than 50% of the regular commercial tax rate
- 50% of the regular commercial tax rate
- Higher than 50% of the regular commercial tax rate
- None of the above

12) Please explain your answer to Question 11.*

Informing Tenants

In the pilot DPRP, eligible property owners were required to submit a declaration to the City confirming that the tenants would be informed of participation in the program.

Questions 13 and 14 are related to the requirement to inform tenants.

13) To what extent do you agree or disagree with the following statement:

The landlord must notify tenants if they are receiving property tax relief.*

- Strongly Agree
- Somewhat Agree
- Neutral
- Somewhat Disagree
- Strongly Disagree
- Don't Know

14) Please explain your answer to Question 13.

Additional Feedback

Questions 15 and 16 relate to additional feedback.

15) In your opinion what worked well with the pilot program?*

16) What would you like to see changed in the DPRP?*

Demographic Questions

The following questions help us understand who is answering this survey.

17) Did you receive property tax relief this year as part of the pilot DPRP?*

- Yes
- No
- Unsure
- Prefer not to say

18) Which area of Vancouver is your business or arts, culture, non-profit organization located in?*

- Downtown or West End
- Northeast (north of 16th Ave and east of Main St)
- Northwest (north of 16th Ave and west of Main St)

- Southeast (south of 16th Ave and east of Main St)
- Southwest (south of 16th Ave and west of Main St)
- Prefer not to say

19) Do you belong to a Business Improvement Association?*

- Yes
- No
- Not sure
- Prefer not to say

20) Please indicate which Business Improvement Association you belong to:*

- Mount Pleasant
- Victoria Drive
- West 4th
- Hastings North
- Commercial Drive
- Downtown Vancouver
- West Broadway
- South Granville
- Cambie Village
- Fraser Street
- Strathcona
- Collingwood
- Point Grey Village
- Chinatown
- Kerrisdale
- Marpole
- Dunbar Village
- West End
- Hastings Crossing
- Hastings North Expansion
- Hastings North Exp2

- Yaletown
- Robson Street

21) If you are a tenant, how long have you occupied your current property? If you are not a tenant, please select N/A.*

- Less than 1 year
- 1 to 3 years
- 3 to 5 years
- 5 to 7 years
- 7 to 10 years
- 10 years or more
- N/A
- Prefer not to say

**22) How many employees work for your business or organization?
(Include all City of Vancouver-based locations, including full-time and part-time staff)***

- 0 (i.e. self-employed) to 3
- 4 to 9
- 10 to 99
- 100 or more
- Prefer not to say

23) If you would like stay updated on the DPRP program and receive a copy of your response to this survey, please provide your email:

Thank You!

Thank you for taking our survey.

More information on the program can be found here:

<https://vancouver.ca/home-property-development/development-potential-relief-program.aspx>

