

# Development Potential, Property Assessment and Taxation

## Information for Independent Business, Arts, Culture and Non-Profit Tenants



In BC, properties are assessed at market value and property taxes are levied based on those values. For properties that face the prospect of redevelopment, the market expects a higher and better use than their current use and begins to price in a premium over and above the value that is justified by the current use alone.

As development potential on commercial properties is typically taxed at the business tax rate, independent businesses as well as the arts, culture and non-profit sectors in

Metro Vancouver may find it challenging to afford high rents and taxes and still remain viable in their neighbourhoods.

In November 2022, the Province enacted legislation that enables municipalities to provide development potential relief to eligible Light Industry (Class 5) and Business and Other (Class 6) properties.

The City of Vancouver was the first municipality to launch a Development Potential Relief Program (DPRP) pilot to provide relief for independent businesses and community partners.



**Council is expected to consider the pilot 2026 DPRP in March 2026.**

**746 properties benefited from the program in 2025,  
and businesses and community partners received  
approximately \$2.5 million worth of property tax relief.**

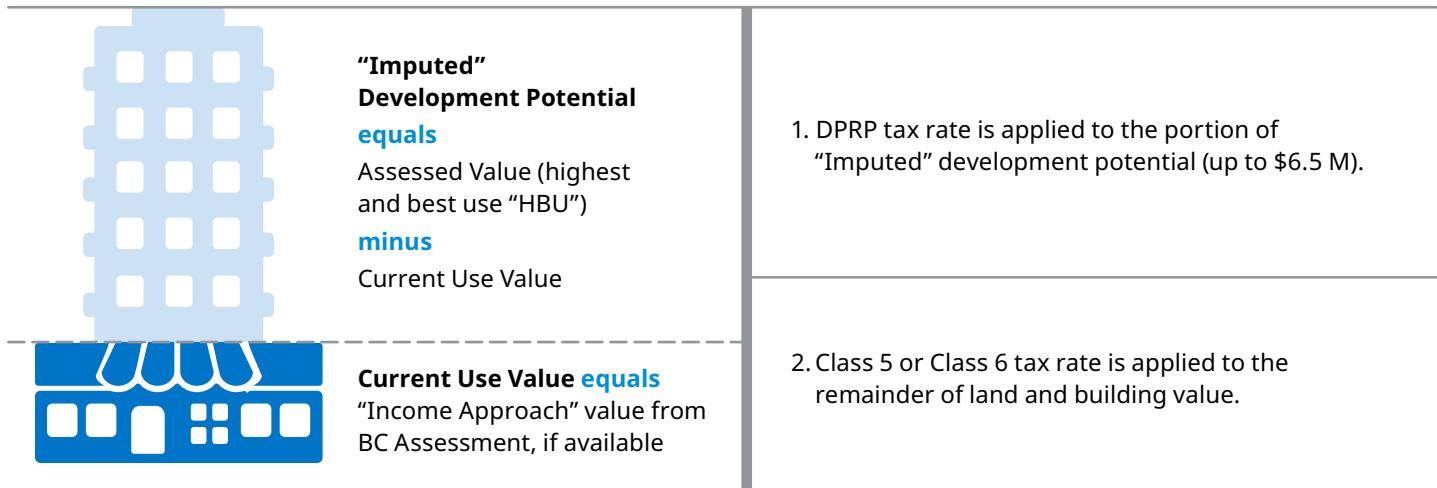
# How Development Potential Relief Works

Under the 2025 DPRP pilot, for eligible properties, a portion of the land value (ranging from 20% to 50% by neighbourhood/zoning district), up to a maximum limit of \$6.5 M, was taxed at the DPRP rate that was 50% lower than the City's blended general purpose tax rate for Light Industry (Class 5) and Business and Other (Class 6) properties. Council may adjust these program parameters for 2026. An example of how this tax relief is calculated is shown later in this document.

Currently, the DPRP does not apply to the Provincial School Tax and taxes levied by Other Taxing Authorities such as TransLink and Metro Vancouver.

An eligible property can only benefit from either DPRP or the targeted 5-year land assessment averaging program (described later in this document), but not both.

## HOW DEVELOPMENT POTENTIAL RELIEF WORKS



## Who is Eligible

### PROVINCIAL ELIGIBILITY CRITERIA

#### ELIGIBLE

- ✓ Has land and improvement Class 5 (Light Industry) and/or Class 6 (Business and Other)
- ✓ In use (not vacant) as of October 31 of the preceding year
- ✓ Class 5 and/or Class 6 land value  $\geq$  95% of total Class 5 and/or Class 6 assessed value

#### INELIGIBLE

- ✗ Most split-class properties, except with Class 1 (Residential)
- ✗ Exempt from municipal taxation, in whole or in part
- ✗ Properties that are exempt from municipal taxation, in whole or in part

## ADDITIONAL CITY CRITERIA

A property is NOT eligible if the primary use (i.e. 50% or more of the property) is for one or more of the following excluded categories:

Ineligible Use	Exceptions
Big box stores	
Billboards or signs	
Development presentation centres or temporary sales offices	
Financial services, including banks, credit unions, investment advisors, insurance, and trust companies	
Gasoline stations	
Hotels	
International or national chains	
Neighbourhood or regional shopping centres	
Parking including parking garages and surface parking	
Properties owned or operated by any level of government or its agent	
Redevelopment sites for which a rezoning has been approved in principle following public hearing	
Manufacturing, production, wholesale, utility, communication, and logistics	Area occupied by eligible arts and culture organizations <sup>1</sup> or eligible non-profit organizations <sup>2</sup>
Office including general office, health care office, health enhancement centre, and laboratory	Area occupied by eligible arts and culture organizations <sup>1</sup> or eligible non-profit organizations <sup>2</sup>
Storage or warehouse	
Vehicle dealer, auto service, or car wash	Area occupied by independent auto service

<sup>1</sup> **Eligible arts and culture organization** means Vancouver-based artists, arts collectives or community cultural organization that is involved in the production, creation, rehearsal or presentation of arts and culture such as visual, performing, media, literary, craft or interdisciplinary arts.

<sup>2</sup> **Eligible non-profit organization** means a registered Vancouver-based non-profit society, charitable organization, or co-operative in good standing with BC Registry Services or Canadian Revenue Agency that is involved in the provision of information, referral or advocacy services, drop-in or activity space, or food, clothing or other aid for social purposes.

In addition, 50% or more of the property must be in use/occupied for an eligible use (i.e. a use that does not include one or more of the ineligible uses noted above) from October 1 to December 31 of the preceding year.

If a property has multiple tenants, some of which are eligible and some that aren't, 50% or more of the property must be used for eligible uses in order to qualify for the DPRP.

Property owners and agents are required to submit a declaration confirming the eligibility of the property, uses of the property, that occupancy requirement is met, and that they will inform tenants if the property is eligible for the relief under the program. Property owners and agents are encouraged to submit declarations online.

## TAX CALCULATION EXAMPLE

For a property in the Cambie neighbourhood where 20% of the land value is subject to the DPRP rate, the municipal general purpose tax levy with DPRP, and without, is shown below based on the 2025 tax rates.

Property Value			
Land value	\$1,500,000		
Building value	\$20,000		
Total assessed value	\$1,520,000		
Sample Property Tax Calculation		No DPRP	DPRP
Land value (i.e. 20% of \$1.5 M) subject to DPRP rate (\$3.17693/\$1,000 of taxable land value)		N/A	\$300,000
Remainder of land plus building value taxed at regular blended rate (\$6.35386 per \$1,000 of remaining taxable land value + building value)		N/A	\$1,220,000
Total value taxed at regular blended rate (\$6.35386 per \$1,000 of taxable property value)		\$1,520,000	N/A
General Municipal Taxes due		\$9,658	\$8,705
Other Taxing Authorities <sup>3</sup>		\$7,217	\$7,217
Total property taxes due		\$16,875	\$15,922
Savings with DPRP		N/A	\$953

<sup>3</sup> NOTE: The Other Taxing Authorities (Provincial School Tax, Metro Vancouver, TransLink, Municipal Finance Authority and BC Assessment) are not eligible for the DPRP tax rate based on current provincial legislation.

# Targeted 5-Year Land Assessment Averaging and Development Potential Relief Program

The City offers two property tax relief programs for Light Industry (Class 5), and Business and Other (Class 6) properties:

**1. Targeted 5-Year Land Assessment Averaging:** addresses assessment volatility for eligible Residential (Class 1), Light Industry (Class 5) and Business and Other (Class 6) properties.

**2. Development Potential Relief Program:** addresses unrealized development potential for eligible Light Industry (Class 5) and Business and Other (Class 6) properties.

Properties can only benefit from one of the two programs. The differences between the two programs are described in the table below.

	Targeted 5-Year Land Assessment Averaging	Development Potential Relief Program
Permissive – Council decides each year whether to implement the program	✓	✓
Target property tax impact arising from...	Assessment volatility	Unrealized development potential
Relief applicable to...	<ul style="list-style-type: none"><li>– Municipal General Purpose Tax</li><li>– Taxes levied by Other Taxing Authorities</li></ul>	<ul style="list-style-type: none"><li>– Municipal General Purpose Tax</li></ul>
Time limit	No limit	5 years
Maximum land value subject to relief	Council approved averaging threshold per cent (2025: maximum reduction in land value of \$6.5 M)	2025: \$6.5 M

For more information on the Targeted 5-Year Land Assessment Averaging Program, visit:

[vancouver.ca/home-property-development/land-assessment-averaging.aspx](http://vancouver.ca/home-property-development/land-assessment-averaging.aspx)

Timelines	
January 2026	BCA sends out assessment notices
January 15, 2026	City sends out codes to access DPRP declarations
February 28, 2026	Due date for receipt of declarations
March 10, 2026	Council considers 2026 targeted land assessment averaging and DPRP
March 31, 2026	Final day to opt out of 2026 DPRP pilot
May 5, 2026	Property tax rates and by-laws considered by Council

To learn more, visit:

[vancouver.ca/home-property-development/development-potential-relief-program.aspx](http://vancouver.ca/home-property-development/development-potential-relief-program.aspx)