

**Subject:****Date:** Wed, 5 Jan 2005 14:58:12 -0800**From:** "Ernie Crist" <ernie\_crist@dnv.org>**To:** <fonvca@fonvca.org>, <Cagebc@yahoo.com>, "Nathalie Valdes" <Nathalie\_Valdes@dnv.org>, <Diamond@Northvanrec.com>**CC:** "Mayor and Council - DNV" <Council@dnv.org>, "Senior Management Committee" <managecomm@dnv.org>

For Distribution.

A MESSAGE FROM ERNIE CRIST

The recent announcement of hefty increases in the assessments of residential properties in the Lower Mainland, including in the District of North Vancouver, is creating once again considerable confusion on the part of many residents. I received an email from a resident requesting that Council ask the Provincial Government "to lower the mill rate". The assessment on his house has gone up by \$ 80,000 during this last year, he says, and he is afraid that he will have to pay correspondingly higher taxes.

When it comes to assessments and taxes, for those who do not know already, there are several points to keep in mind.

The assessment of properties is controlled by the BC Assessment Authority under the jurisdiction of the Provincial Government. In theory increases in property values should not affect municipal taxes. If all residential properties increase to the same degree then the tax rate set by the municipality will be correspondingly adjusted downward. The problem arises when assessments do not go up uniformly.

If the assessment of a property has increased more than average then taxes on that same property will be higher than average and the owner will pay correspondingly more. BC Assessment claims that its assessments are within 97% of the real or market value but this is simply not so. Assessments, at least to some extent, depend on subjective factors and they can vary from one property to the next and from one year to the next despite the fact that the market value may be similar or even the same. Not all properties are assessed each and every year and variations do indeed occur.

Despite denials from the BC Assessment Authority, many residents have found substantial discrepancies in the assessments of similarly valued properties. Some District residents including Mr. Cassidy and others have done considerable research and have come to the same conclusion.

While municipalities have nothing to do with the assessments of properties, they are using it frequently as a screen to deflect criticism for tax increases away from them. If someone receives a higher than average increase in taxes he/she will be referred to the BC Assessment Authority. Municipalities will claim that "we have nothing to do with it". On the other hand it makes it exceedingly difficult for an individual to determine just how a municipal tax increase has affected him or her personally. The matter becomes rather confusing and virtually all complaints are lost in the jungle of bureaucratic doubletalk and gobbledygook. It is the old game of divide and rule and passing the buck.

Municipalities do control the tax rate. That rate is based on the total value of all properties and divided by the amount of money needed to run the municipality. Taxes in the District have gone up between 4 and 5 % each and every year for the last twelve years with the result that the District of North Vancouver now has one of the highest taxes in the region whereas 12 years ago we had one of the lowest. This does not include indirect increases for various services such as water, sewer, solid waste etc., which are on top. Neither does it include accessing other funds to cover expenses such as accessing the Heritage Fund or the Infrastructure Reserve Fund, as has been the case in the District, amounting to hundreds of millions of dollars over the last 12 to 15

years.

If the truth were told, the tax increases in the District of North Vancouver would average between 8 and ten per cent per annum. The City of North Vancouver by way of example, has managed to keep its Heritage Fund intact while in the District it is gone more or less. The same is true for the Infrastructure Reserve Fund. Notwithstanding, the District continues to subsidise the City of North Vancouver via the present Recreation agreement which allows the City to build the high-rises while the District pays for the playing fields, for example.

There is also the tax rate which municipalities may apply to various types of properties such as light industrial, heavy industrial, commercial, residential, etc. If a municipality levies an average of 5% tax increase each and every year but applies a lower than 5% tax rate to non-residential properties as has frequently been the case in the District, then the average homeowner will have to make up the difference and pay correspondingly more.


What is more, since residential properties are changing hands more often than industrial or commercial properties they are more closely linked to the real or market value and the subsequent assessments than is the case with commercial and/or industrial properties. Indeed such properties are notorious for being under assessed. This means they are not paying their fair share, even though they may write off their taxes, whereas a homeowner may not. If, on top of that, they get a lower than average tax rate applied by the municipality then this too will be reflected in lower taxes for them .

An example of this is an industrial property in the Maplewood area in the District. The replacement value of that property is in the neighbourhood of 250 million dollars but they are assessed at a mere fraction of this value with the result that they pay correspondingly less while the residential properties have to make up the difference. This despite the fact that the industrial tax rate is almost ten times that of the residential properties at least on paper. In reality they pay less in taxes than would be the case if the areas were to be rezoned to single family residential not to speak of other higher taxed properties such as commercial and/or multi family.

The real problem with property taxes lies with the Canadian constitution or rather the shortcomings of that constitution. Under the constitution Municipalities have no power to access taxes other than the property tax more or less. This puts them in a very difficult position since all the problems of a modern society occur in municipalities or the cities of Canada where close to 90% of all Canadians live.

The bottom line is that homeowners are getting the short end of the stick. And because they have accepted this as inevitable and are loath to fight back it will continue when, as other countries have shown, it doesn't have to be that way.

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