

Council rubber-stamps a lame response to tax unfairness

Majority of councillors vote to continue averaging policy for another year

BY DON CAYO, VANCOUVER SUN MARCH 4, 2013

Just how flawed is the land averaging policy that the City of Vancouver uses to adjust - or manipulate - property tax assessments?

Well, I don't know of anyone who has crunched the numbers to document how many homeowners this policy will hurt in the coming year - although I can tell you the number will be large. But consider this analysis of business impacts that was distributed by Vancouver Fair Tax Coalition after I wrote about the issue on Tuesday:

- . Companies in 18 of 22 Business Improvement Associations will see their properties' taxable values rise higher with averaging than without - in some cases much higher.
- . The lucky few in two of the four remaining BIAs won't see any difference at all.
- . The even luckier properties in the final two BIAs, Chinatown and Hastings North, will be cushioned from the initial impact of rising property values - which is the ostensible reason the policy is imposed on the entire city.

It's reasonable to assume the numbers will be just as unjust and shocking if or when a neighbourhood-by-neighbourhood breakdown for homeowners becomes available. Because this averaging policy is a zero-sum game, where every winner's gain must be offset by somebody else's losses.

The policy worked fairly well back in the day when nearly all Vancouver properties increased in value virtually every year. Only a relative few shot up dramatically faster than the rest of the pack, so the cost of cushioning these property owners tended to be spread over a great many others, and none were hit particularly hard.

In the financial turmoil since 2008, however, city real estate values have been all over the map. Some are still rising sharply, thus gaining big advantages when the policy reduces the taxable value of their land to the average of the last three assessments. Other properties are losing value, yet averaging drags up the amount on which their tax bills are based.

The difference can be big. According to figures from Paul Sullivan, a partner in the property tax consulting firm of Burgess Cawley Sullivan and the coalition's technical co-chair, what would have been a one-per-cent average increase in Dunbar Village BIA will, under averaging, soar to nine per cent. And far from cushioning the Hastings Crossing BIA, which without averaging would be hit with a 17-per-cent increase, the policy will push it even higher to 19 per cent.

And, thanks to the rubberstamp factory at Vancouver City Hall, this policy is here to stay for at least another year. Perversely but predictably, a sizable majority of councillors - all but Adriane Carr of the

Greens - voted in a committee meeting on Wednesday to accept a staff recommendation to continue with averaging.

The strong case against averaging shouldn't be news to city hall. The issues were spelled out thoroughly last year - when council made the same perverse decision on the policy, which is required by law to be reaffirmed annually.

To what I thought was council's credit at the time, they asked staff last year to examine this and other fairness issues and recommend options before this year's vote.

The staff report on which the council decision was based did propose the reconvening of the city's Property Tax Policy Review Commission, which was disbanded six years ago after making some fairly tepid but generally sensible recommendations for reform.

But, beyond this, "If staff did do any further investigation, it doesn't appear in the report," Carr noted when we chatted after the vote.

In other words - my words, not hers - council once again put off any attempt to make a real stab at fairness and common sense for at least another year.

CHANGE IN TAXABLE VALUE 2013

Land averaging delivers hit for more districts than it cushions on taxable value

Hastings North 2% 8%

land avg. land avg.

BIA % change % change

Winners

Chinatown 17% 20%

Hastings North 2% 8%

Losers

Cambie Village 12% 4%

Collingwood 10% 3%

Commercial Dr. 8% 5%

Downtown Van. 11% 10%

Dunbar Village 9% 1%

Fraser Street 10% 4% Hastings Crossing 19% 17%

Kerrisdale BIA 6% 2%

Kitsilano 4th Ave. 8% 1%

Marpole 7% 2%

Mount Pleasant 13% 9%

Point Grey Village 8% 4%

Robson Street 7% 5%

South Granville 10% 3%

Victoria Drive 8% 7%

West Broadway 6% 1%

West End 6% 5%

Yaletown 16% 12%

Gastown 9% 9%

Strathcona 5% 5%

Source: Vancouver Fair Tax Coalition

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