



City of Richmond

Report to Committee

To: Finance Committee

Date: January 11, 2017

From: Jerry Chong
Director, Finance


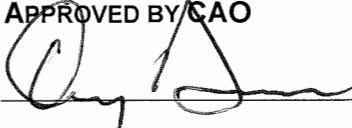
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Re: 2017 Home Owner Grant Analysis

Staff Recommendation

That the report titled 2017 Home Owner Grant Analysis dated January 11, 2017 from the Director of Finance be received for information.

Jerry Chong
Director, Finance
(604-276-4064)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW
APPROVED BY CAO 	

Staff Report

Origin

Significant increases in recent assessment values have caused great concerns to property owners who feel their property may no longer qualify for a home owner grant. To address these concerns, the Province has recently raised the grant threshold to \$1.6 million. This report will analyze the affect the threshold increase has on Richmond residents.

Analysis

In 2016, the Home Owner Grant ("HOG") threshold was set at \$1.2 million. This means residential properties valued at up to \$1.2 million will be eligible for the full grant of \$570 or \$845 if the property owner is 65 years of age or older. For properties assessed above the threshold, five dollars was reduced for every \$1,000 above the threshold. The \$570 grant was eliminated at \$1.314 million and the \$845 grant was eliminated at \$1.369 million.

With the HOG threshold increased in 2017 to \$1.6 million, the same rules apply and the \$570 grant will be eliminated for properties valued at \$1.714 million or greater and the \$845 grant will be eliminated for properties valued at \$1.769 million or greater.

The following tables provide breakdowns of the number of grants available to the various types of Richmond properties in 2016 and 2017:

	HOG Eligibility - Strata				HOG Eligibility - Single Family Detached ("SFD")			
	Full	Reduced	No Grant	Total Strata	Full	Reduced	No Grant	Total SFD
2016	38,939	52	79	39,070	13,706	2,404	6,149	22,259
2017 (\$1.2M)	40,222	193	146	40,561	3,210	3,545	15,905	22,660
2017 (\$1.6M)	40,475	40	46	40,561	12,247	3,151	7,262	22,660

	HOG Eligibility - Strata				HOG Eligibility - Single Family Detached ("SFD")			
	Full	Reduced	No Grant	Total Strata	Full	Reduced	No Grant	Total SFD
2016	99.66%	0.13%	0.20%	100%	61.58%	10.80%	27.62%	100.00%
2017 (\$1.2M)	99.16%	0.48%	0.36%	100%	14.17%	15.64%	70.19%	100.00%
2017 (\$1.6M)	99.79%	0.10%	0.11%	100%	54.05%	13.91%	32.05%	100.00%

Over 99% of the strata units in Richmond will be eligible for a home owner grant in 2017. The increase in threshold had little effect on the HOG eligibility for strata units. In 2016, 99.66% of the strata units in Richmond qualified for a full grant. Had the 2017 threshold stayed the same at \$1.2 million, 99.16% of the units would qualify for a full grant; a reduction 0.5%. With the threshold increased to \$1.6 million, 99.79% of the strata units will qualify for a full grant. This

is 0.13% greater than 2016 and 0.63% greater than what it would have been if the threshold stayed the same.

The threshold increase to \$1.6 million had the greatest benefit to SFD properties. Without an increase, the percentage of SFD properties eligible for a full grant would have decreased from 61.58% to 14.17%. The increase enabled a total of 54.05% of the SFD properties to be eligible for a full grant. However, even with a \$400,000 increase in the HOG threshold, there was an increase of 4.43% or 1,113 SFD properties that will lose the grant entirely.

The following tables provide a summary of HOG eligibility for all residential properties in Richmond:

HOG Eligibility - All Properties				
	Full	Reduced	No Grant	Total
2016	52,645	2,456	6,228	61,329
2017 (\$1.2M)	43,432	3,738	16,051	63,221
2017 (\$1.6M)	52,722	3,191	7,308	63,221

HOG Eligibility - Total Percentage				
	Full	Reduced	No Grant	Total
2016	85.84%	4.00%	10.16%	100.00%
2017 (\$1.2M)	68.70%	5.91%	25.39%	100.00%
2017 (\$1.6M)	83.39%	5.05%	11.56%	100.00%

As a whole, the threshold increase was of great benefit to many property owners in Richmond. Total residential properties eligible for full grants will increase from 68.70% at the \$1.2 million threshold to 83.39% at the \$1.6 million threshold. This increases eligibility by 9,290 properties. However, compared to 2016, the percentage of all Richmond properties no longer qualifying for any grant increased by 1.4% or 1,080 properties.

These figures are based on the Completed Roll and will be subject to change as appeals are settled and corrections made by March 31st.

Financial Impact

There is no financial impact to the City. Any grants claimed will be deducted from the school tax payments to the Province.

Conclusion

The 2017 Home Owner Grant Analysis report is provided for information purposes.


 Ivy Wong
 Manager, Revenue
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IW:iw