



April 23, 2024

Dear Mayor and Council,

I am writing on behalf of the Downtown Vancouver Business Improvement Association (Downtown Van) to express our opposition to the recommended distribution of the General Purpose Tax Levy, as outlined on the agenda and supporting materials submitted to the Standing Committee on City Finance and Services scheduled for April 24, 2024.

Vancouver businesses continue to struggle in the wake of the pandemic. Now, more than ever, we must ensure that operating in our city is painless and barrier-free. The City has an opportunity to make a tangible difference in this operating environment through this decision, and we encourage the members of the committee to consider a 0.5% shift in property tax from non-residential to residential properties each year over the next four years.

This tax shift is recommended in a recent analysis completed by the Business Tax Alliance, a partnership between global tax leader Ryan, ULC, Downtown Van, and our fellow Business Improvement Associations in Vancouver.

The analysis outlines how the existing tax distribution disproportionately impacts commercial properties and businesses. In the last 10 years, taxes per residential property increased by \$1,369, while taxes per commercial property went up by \$11,608. That is a 750% difference. We hear it directly from our business community — this tax burden is unsustainable. Moreover, it is untenable, given the additional costs of cleaning, security, public safety, streetscape maintenance, and development costs being shouldered by BIAs and the business community.

Whether it be permits, credit card processing fees, cost of goods, or utility bills, downtown businesses see rising costs coming from all directions. Businesses require relief. Downtown Van and our partner BIAs invite the Committee to consider the findings and recommendations outlined in the attached summary document produced by an expert tax consultant.

We hope you find, as we do, that a 0.5% shift in ratio from non-residential to residential properties each year over the next four years would be a reasonable adjustment to help vulnerable employers and service providers during this challenging economic period.

We have heard from downtown business owners that they are struggling to stay afloat due to the rising cost of doing business and other economic challenges. This would be a significant step to supporting local small and storefront businesses whose operations and services form the backbone of character and culture in our city.

Thank you for your time and consideration. For questions around this matter, please do not hesitate to contact Paul Sullivan (Paul.Sullivan@Ryan.com) for clarity and discussion.

Sincerely,

A handwritten signature in cursive script that reads "Jane Talbot".

Jane Talbot
President & CEO
Downtown Van

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Property Tax Distribution Analysis

Introduction

The BIA Partnership represents the majority of local independent businesses in the City of Vancouver. Property taxation continues to inhibit the ability to survive as a small business in Vancouver. The rate of increase of the municipal budget is unacceptable to the business taxpayer and unsustainable given the relatively weak growth in the number of new commercial properties to absorb the bloated budget increases. The DRPR program is inadequate tax relief and land averaging has run its course with land values now flat or declining. The evidence below makes it clear that the continued physical change of the city requires a further shift in the tax burden placed on business.

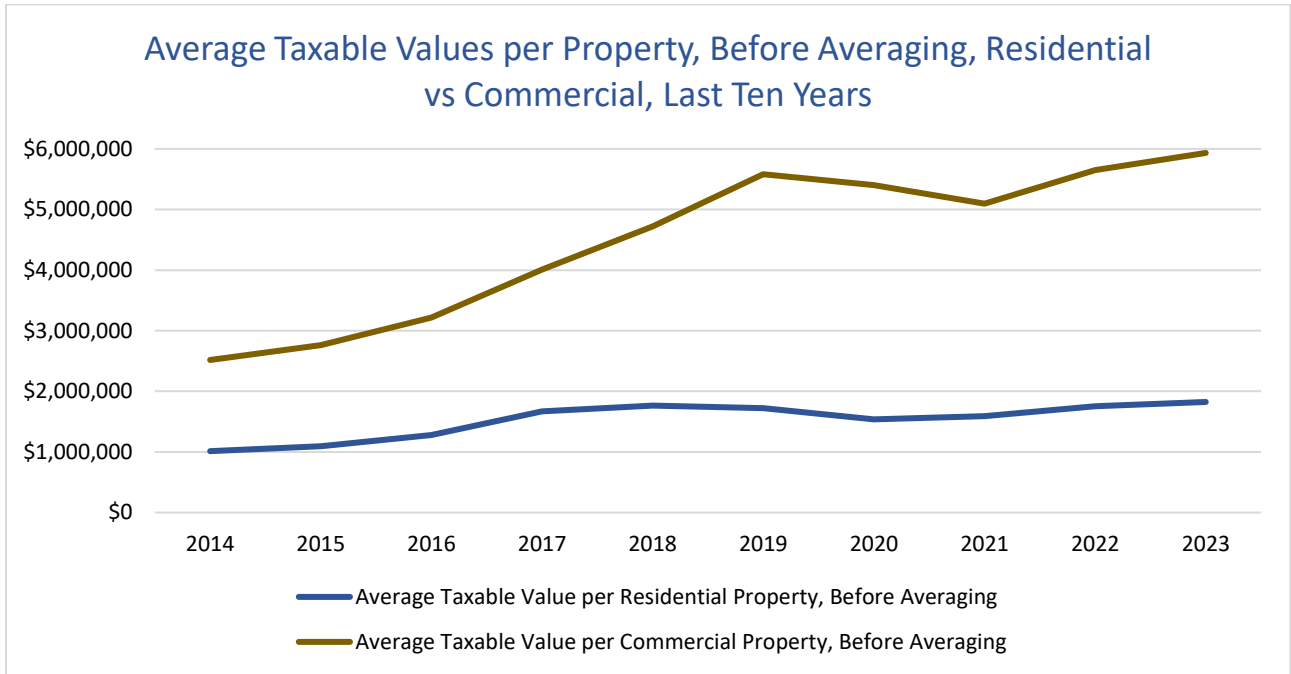
Vancouver Taxation History

<u>Growth in Properties</u>			
	New Residential Properties	New Commercial Properties	Growth Ratio
Last Ten Years	25,584	604	42.4
Last Five Years	12,557	68	184.7

<u>Increases in Tax Levies vs Property Growth, Residential vs Commercial, Last Five and Ten Years</u>			
Year	Total Residential Properties	Total Residential Tax Levies	Change in Taxes Since 2013 Per Residential Property
2013	180,287	\$330,743,140	-
2018	193,314	\$411,937,133	\$420
2023	205,871	\$612,535,010	\$1,369
Year	Total Commercial Properties	Total Commercial Tax Levies	Change in Taxes Since 2013 per Commercial Property
2013	14,557	\$285,272,470	-
2018	15,093	\$341,434,356	\$3,721
2023	15,161	\$461,256,438	\$11,608



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Actual Tax Rate Ratios, 2013, Last Five Years & 2024 Estimate

Year	Class 1 Residential	Class 6 Business
2013	1.0	4.3
2019	1.0	3.2
2020	1.0	2.8
2021	1.0	3.1
2022	1.0	3.1
2023	1.0	3.1
2024 (est.)	1.0	3.5



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**Shifts in the Share of the Total Levy, Last
Ten Years**

Year	Comment
2014	None
2015	None
2016	None
2017	None
2018	None
2019	1.0% from Classes 2/4/5/6 to Classes 1/8/9.
2020	0.5% from Classes 2/4/5/6 to Classes 1/8/9.
2021	0.5% from Classes 2/4/5/6 to Classes 1/8/9.
2022	None
2023	None



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City of Vancouver Storefront Inventory Report

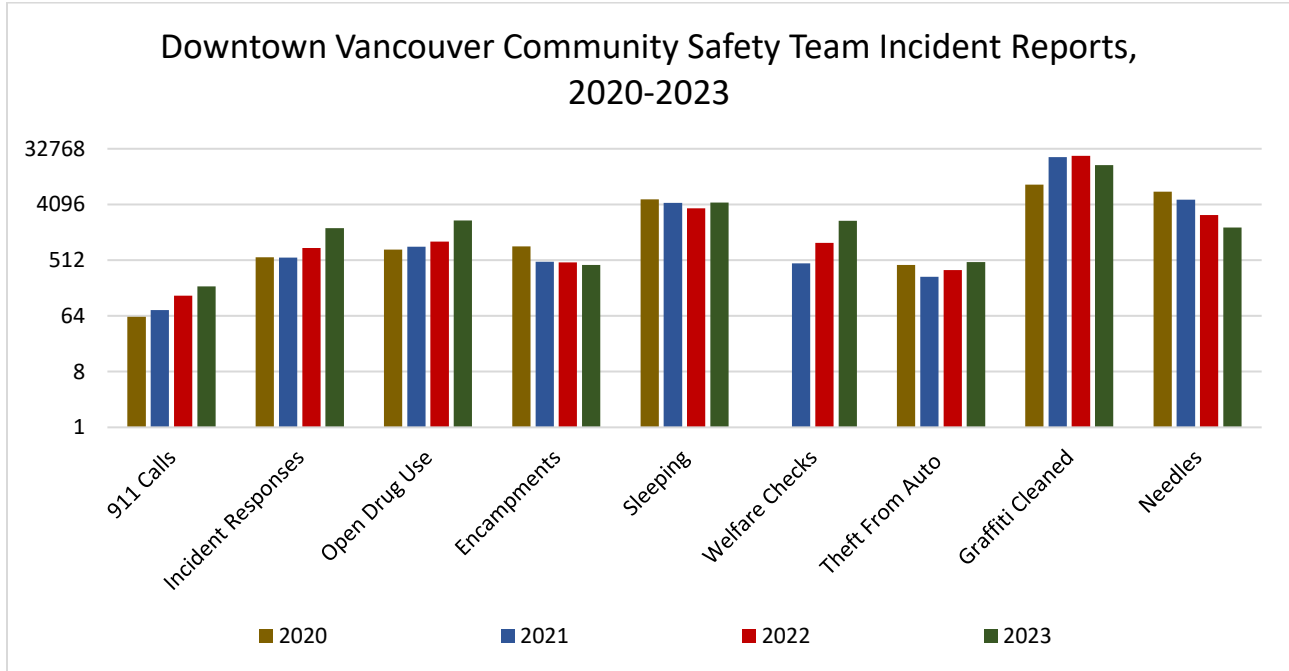
According to the 2020 Retail-Commercial District Small Business Study, a vacancy rate of 5% to 7% is the target range of healthy vacancy. Over 10% was described as unhealthy.

BIA	2020	2021	2022	2023
City of Vancouver	Moderate	Unhealthy	Unhealthy	Unhealthy
Cambie Village	Moderate	Moderate	Moderate	Unhealthy
Chinatown	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Collingwood	Healthy	Unhealthy	Moderate	Healthy
Commercial Drive	Moderate	Moderate	Moderate	Healthy
Downtown Vancouver	Moderate	Unhealthy	Unhealthy	Unhealthy
Dunbar Village	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Fraser Street	Moderate	Healthy	Unhealthy	Moderate
Gastown	Moderate	Unhealthy	Unhealthy	Moderate
Hastings Crossing	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Hastings North	Unhealthy	Moderate	Unhealthy	Unhealthy
Kerrisdale	Moderate	Healthy	Moderate	Moderate
Kitsilano Fourth Avenue	Moderate	Unhealthy	Unhealthy	Moderate
Marpole	Unhealthy	Unhealthy	Unhealthy	Healthy
Mount Pleasant	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Point Grey Village	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Robson Street	Unhealthy	Unhealthy	Unhealthy	Unhealthy
South Granville	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Strathcona	Unhealthy	Unhealthy	Unhealthy	Unhealthy
Victoria Drive	Healthy	Healthy	Unhealthy	Moderate
West Broadway	Moderate	Healthy	Moderate	Healthy
West End	Moderate	Unhealthy	Moderate	Healthy
Yaletown	Healthy	Moderate	Moderate	Healthy

Source: City of Vancouver, 2023 Storefronts Report & 2022 Storefronts Report

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Downtown Vancouver Community Safety¹



Note: A logarithmic scale has been used for the Y-axis for readability purposes. Welfare checks started in 2021.

Business taxpayers in Vancouver not only pay for their own garbage removal, but are facing increasing costs associated with security, crime and vandalism.

¹ Definitions used for Downtown Vancouver Community Safety Team Incident Reports:

911 Calls – The number of times Downtown Safety Ambassadors called 911 due to an emergency.

Incident Responses – The number of times Downtown Safety Ambassadors responded to an incident brought to their attention by a business.

Open Drug Use – Incidents when Downtown Safety Ambassadors witnessed drug use taking place in public.

Encampments – The number of encampment structures witnessed by Downtown Safety Ambassadors.

Sleeping Sum – The number of individuals witnessed sleeping in a public space or right-of-way by the Downtown Safety Ambassadors.

Welfare Checks – The number of instances when Downtown Safety Ambassadors attended to an individual who appeared unconscious or in an awkward/dangerous position that may require medical attention.

Theft From Auto – The number of times Downtown Safety Ambassadors encountered vehicles that appear to be broken into.

Graffiti Cleaned – Total graffiti cleaned by Clean Team members.

Needles – Number of needles collected by Clean Team members.



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Testimonials

Anonymous – Downtown retailer (20+ years):

“It’s harder and harder for an independent business in the downtown core and retail is not for the faint of heart. Obviously, every year your costs of operations and production increase and there’s more competition. You start to look for ways to keep overhead down. It’s a struggle as the economy is taking a dip – to a business owner that’s quite stressful because your landlord doesn’t say economy is down, let’s just drop your rent down too. They’re still going to want their little bump the next year on your lease.”

Anonymous – Downtown restaurateur:

“The challenges I’m facing with permitting decisions and delays have been significant and are becoming more significant every day, in terms of the financial burden and loan interest, waiting times for permits affecting rent payments, extensive paperwork, and associated costs. The restaurant industry is already tough enough, with minimum wage increases, the employee health tax, increasing instances of vandalism and robberies, etc. that add an extra layer of complexity to the already challenging environment for small businesses.”

Dave Rayat – property owner, 3468 West Broadway (tenants include Hynes’ Irish Pub, part of IRL Group, and various office tenants):

“There’s an assumption that landlords are wealthy and don’t need support – that’s not the case. We can’t support our business tenants and stay in the community due to property assessments and taxes. We are taxed on development potential that doesn’t exist, and we can’t afford to develop. Businesses and buildings that provide value and character to the neighbourhood are being bulldozed.”

Nick Panos – property owner and business owner of Omega Travel:

“Even prior to COVID, we have been struggling for years because of commercial property assessment and tax increases. Our property taxes increased by 20% in one year. Tenants do not want to renew leases and will have to close or relocate outside of Vancouver. Local jobs are at stake. We all have families to feed and we all need relief.”



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Alex Zbar – property owner, 2813-2825 & 2865-2873 West Broadway (tenants include Dona Lucia Esthetics, Petite Bao, Solly's Bagelry, Quesada, Mei Mei Florist and Lumiere Café):

*“Our commercial property assessment went up **275%** in five years. Without reductions in property taxes, my small business tenants will not survive. I cannot afford the tax burden and I will be forced to sell the property. My family are longtime merchants contributing to the community. All of our health and livelihoods are at risk.”*

Recommendations

1. 0.5% shift in property tax from commercial to residential properties each year over the next four years.
2. All future property tax increases not to exceed inflation.
3. Core services —
 - a. General government
 - b. Protective services
 - c. Planning and development
 - d. Engineering
 - e. Parks, recreation and culture

Property tax was created to pay for the above categories. Council needs to direct staff to allocate all of their costs into one of these five categories and then compare on a cost per capita to surrounding municipalities. This will assist, amongst other measures, in identifying where taxpayers are not getting value for services.

4. Council to support the BIA Partnership in lobbying the Provincial Government for the inclusion of their share of property tax in the DRPR program.



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Yours truly,

Vancouver BIA Partnership
Cambie Village Business Association
Vancouver Chinatown BIA
Collingwood Business Improvement Association
Commercial Drive Business Society
Downtown Vancouver Business Improvement Association
Dunbar Village Business Association
East Village Business Improvement Association
Gastown Business Improvement Society
Hastings Crossing Business Improvement Association
Kerrisdale Business Association
Kitsilano 4th Avenue Business Improvement Association
Marpole Business Association
Mount Pleasant Business Improvement Area
Point Grey Business Improvement Area
Robson Street Business Association
South Granville Business Improvement Association
Strathcona Business Improvement Association
Sunset on Fraser Business Association
Victoria Drive Business Improvement Association
West Broadway Business Improvement Association
West End Business Improvement Association
Yaletown Business Improvement Association