

Opinion: Vancouver spurns tax solution pioneered by Richmond

BY DON CAYO, VANCOUVER SUN JUNE 9, 2011 6:46 AM

Vancouver council has once again let down Cambie Street's struggling merchants, this time by not joining with Richmond to solve a tax problem that could drive many of these businesses under, says one of the technical co-chairs of the city's Fair Tax Coalition.

Business districts near the new Canada Line in Vancouver and Richmond are seeing massive increases in land assessments as a result of the higher density that is now permitted. The difference, says property tax consultant Paul Sullivan, of Burgess, Cawley, Sullivan and Associates, is that Richmond is doing something about it. And Vancouver is pretending the inadequate provisions of its land-averaging policy will be enough to provide relief.

Richmond is faced with a problem around Brighouse station where land values have doubled and businesses -nearly all of whom have leases that require them to pay the tax bill -are facing unmanageable costs. But it is working with the province to pass legislation that will allow up to five years of temporary and transitional tax relief.

On Vancouver's Cambie Street, the problem isn't quite as bad -yet. But it appears certain to be quite a bit worse by next year.

The 2011 assessments of property along this portion of Canada Line, now zoned for a mix of commercial uses plus higher-value residential, increased an average of about 50 per cent over the 2010 values. But, Sullivan notes, properties along the street that have been sold so far this year have prices double the 2011 assessed values, and asking prices for several properties are higher still. So do the math -double a price that is already 50-per-cent higher than last year -and the 2012 tax assessments can be expected to be roughly triple, in some cases even more, what they were in 2009.

Consider that Vancouver's land values were already two to three times higher than Richmond's, and you can see what kind of financial hit will result.

It's no surprise the land values have shot up. And it's to be expected that a lot of little businesses will have to move to cheaper neighbourhoods as undistinguished little business blocks fall to the wrecker's ball and new condo buildings with street-level shops take their place. That's how cities renew themselves. But what Richmond seems to recognize, and Vancouver does not, is that this kind of transition takes some time. And it's not good policy to push businesses to the wall while a transition plays out.

The case for fairness is particularly acute on Cambie Street, where the merchants who are still there endured huge hardships during the years of

Canada Line construction, which made their street a chaotic mess. As Sullivan points out, now is supposed to be the time when these Cambie businesses finally get to recover.

Sullivan concedes that the policy of averaging land values over three years will provide some relief, but not much. And not for long.

"Land averaging will give them just enough rope to completely hang themselves. They'll think, 'Okay, I can pay the bill this year.' And so they'll work for nothing for another year. And then, wham, the next tax bill comes, and it's double the last one . "It's disgusting," he said. "Especially because I remember Gregor Robertson standing there on Cambie Street for pictures and saying, 'I'm going to help these guys.' Well, he should stand up

now, and he should do something."

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