



## **AGRICULTURAL ADVISORY AND ECONOMIC ENHANCEMENT COMMITTEE**

Wednesday, October 26, 2016 at 7:04pm  
Salmon River Committee Room  
4<sup>th</sup> Floor, 20338 – 65 Avenue, Langley, BC

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### **MINUTES**

#### **Present:**

Councillor D. Davis, Council Representative Co-Chair  
M. Dykeman, Community Representative Co-Chair

M. Gunn, T. Knight, B. Sharp, and S. Wind

#### **Staff:**

J. Chu, Manager, Long Range Planning  
B. Andrews, Economic Development Co-ordinator  
K. Stepto, Recording Secretary

#### **Guest:**

T. Duynstee, Regional Planner, Metro Vancouver

### **A. APPROVAL AND RECEIPT OF AGENDA ITEMS**

#### **1. Agricultural Advisory and Economic Enhancement Committee - October 26, 2016**

Moved by B. Sharp,  
Seconded by T. Knight,  
That the Agricultural Advisory and Economic Enhancement Committee approve  
the agenda and receive the agenda items of the October 26, 2016 meeting.  
**CARRIED**

### **B. ADOPTION OF MINUTES**

#### **1. Agricultural Advisory and Economic Enhancement Committee - June 22, 2016**

Moved by S. Wind,  
Seconded by B. Sharp,  
That the Agricultural Advisory and Economic Enhancement Committee adopt the  
Minutes of the June 22, 2016 meeting.  
**CARRIED**

## **C. DELEGATIONS AND PRESENTATIONS**

### **1. Encouraging Agricultural Production through Property Tax Reform in Metro Vancouver**

Theresa Duynstee, Regional Planner, Metro Vancouver, provided a presentation on encouraging agriculture production through property tax reform. She noted that the three-year Farm Property Tax Review project was undertaken to identify tax policies that can be used as a lever to encourage farming and/or discourage non-farm uses within the Agricultural Land Reserve (ALR) in the Metro Vancouver region. The following information was provided:

Agricultural land is increasingly threatened from non-farm land uses.

- Metro Vancouver is 60,893 ha in the ALR
- 50% is actively farmed
- $\frac{1}{4}$  is not farmed with potential for farming
- $\frac{1}{4}$  is not farmed and unavailable

When ALR land is purchased for non-farm use, 3 problems can arise:

- Higher costs for agricultural land
- Conflicts between neighbours
- Increased demand for municipal services – utilities, police, fire, etc.

Non-farm ALR property owners are motivated to lease their land

- Enables existing farms to expand acreage
- Keeps farmland in production

Challenges with leased land

- Limited investment in infrastructure
- Lost economic development opportunities

Leased land in Metro Vancouver

- Actively farmed land in the ALR –  $\frac{1}{3}$  is leased

The Farm Property Tax Review Task Force consisted of the following representatives:

- Agricultural Advisory Committees
- Agricultural Land Commission
- BC Assessment Authority
- Ministry of Agriculture
- Ministry of Community, Sport, and Cultural Development
- Corporation of Delta
- City of Richmond
- Township of Langley

The following tax policies were investigated:

- School Tax Exemption
- Classification of Land as Farm
- The Assessed Value of Agricultural Land
- Assessment of Farm Buildings

### C. DELEGATIONS AND PRESENTATIONS

#### School Tax Exemption:

- 78% of the \$4 million School Tax exemption goes to residential properties in the ALR that are not farming.
- ***Recommendation 1: Eliminate the 50% school tax exemption for properties classed as residential (Class 1) in the ALR***

#### Classification of Land as Farm:

- Farm class only refers to the land
- There are significant financial benefits for obtaining Farm class
- ***Recommendation 2a: Change the income threshold to a minimum of \$3,500 regardless of farm size***
- ***Recommendation 2b: Develop a two-tier farm classification benefits system that allocates only some tax benefits to farms with an income threshold of \$3,500, while providing the full package of tax benefits to the more productive farms with an income threshold at \$10,000.***

#### The Assessed Value of Agricultural Land:

- Agricultural land is assessed in two ways depending on whether it has Farm class or not.
- ***Recommendation 3: Adjust the method of valuing agricultural land not used for farming.***

#### Assessment of Farm Buildings:

- A building is considered a farm building if it is located on land with Farm class and used exclusively by the farm
- ***Recommendation 4: Encourage sharing of information between various government agencies to ensure an appropriate tax assessment of buildings.***

### D. REPORTS

### E. CORRESPONDENCE

#### 1. Brookwood/Fernridge Community Plan Update

As part of public engagement and community consultation, the committee has been invited to participate in community workshops and public open house events for the Brookwood-Fernridge Community Plan Update. The committee will be invited to consultation events planned for future phases.

**F. WORK PROGRAM**

**1. AAEEC 2016 Work Program**

The 2016 Work Program is proceeding as planned. Some projects will span beyond the calendar year and will be carried over to 2017.

**G. COUNCIL REFERRALS**

**1. Encouraging Agricultural Production through Property Tax Reform in Metro Vancouver (also see item C.1)**

This report was referred to the AAEEC to provide comments and suggestions back to Metro Vancouver. Discussion ensued and the following comments were provided:

- This is a step in the right direction and should help protect the small farmers.
- Recommendation 2a could be challenging for the small farmers who have hobby farms and do not meet the threshold of \$3,500.
- If farm land is only used for residential, it should be assessed the same as urban residential.
- If land is used for farming, it shouldn't make a difference if it is in the ALR or not. The same tax rules should apply to farms within the Urban Containment Boundary.
- The tiered system is a good idea - \$3,500 may be too low.
- If a residence is in the ALR, they should pay the school tax just the same as residential in the urban areas.
- Some concerns with the two tiered system – this could create a barrier of entry for new farmers and could exclude certain farmers.
- BC Assessment should not be involved with an economic assessment. This should be left to Canada Revenue Agency.
- Land use and the evaluation of buildings are not cut and dry. Many farmers have a secondary use for their land (store fronts etc.) which classifies the land and buildings as industrial/commercial.

Each of the four recommendations were discussed to see if there was support from the committee:

***Recommendation 1: Eliminate the 50% school tax exemption for properties classed as residential (Class 1) in the ALR. This change would also apply to regional district, transit, and other agency fees.***

- By unanimous consent, the AAEEC supported the proposed tax policy presented as Recommendation 1.

## **G. COUNCIL REFERRALS**

***Recommendation 2a: Change the income threshold to a minimum of \$3,500 regardless of farm size for the Metro Vancouver region, and ensure that the threshold is reassessed every five years and adjusted according to the rate of inflation.***

- The AAEEC felt that further analysis would help understand the implications of the proposed recommendation on small farms.

***Recommendation 2b: Develop a two-tier farm classification benefits system that allocates only some tax benefits to farms with an income threshold of \$3,500, while providing the full package of tax benefits to the more productive farms with an income threshold at \$10,000. This would create an incentive for farms to reach the higher income threshold. Determining the appropriate allocation of benefits for a two-tier system requires consultation with the agricultural community and agencies providing secondary benefits to properties for farm class.***

- The AAEEC felt that further analysis would help understand the long term implications of the policy recommendation, particularly those on small farms.

***Recommendation 3: Adjust the method of valuing agricultural land not used for farming to discourage further non-farm development in the ALR. The adjustment could consider valuing agricultural land not used for farming as if it was located in the applicable zone within the Urban Containment Boundary. Implementing this recommendation requires additional policy analysis and consultation with local governments and must ensure that any reform stipulates that tax policy is not justification for removing land from the ALR.***

- By unanimous consent, the AAEEC supported the proposed tax policy presented as Recommendation 3.

***Recommendation 4: Encourage local governments and the Agricultural Land Commission to develop new protocols to enable BC Assessment to obtain timely information on changes in land use and new commercial business activities in the ALR to ensure an appropriate tax assessment of buildings and improvements.***

- The AAEEC felt that further analysis might be required for the proposed recommendation. The proposal might work against policies of other government agencies. For example, the Agricultural Land Commission now permits weddings on farms (with limitations), in part, to diversify non-farm income. In other words, the proposal to change tax assessments for commercial uses on a farm might impact the policy objective to diversify non-farm income.

**H. OTHER BUSINESS AND ITEMS FOR INFORMATION**

**1. Committee Application Process 2017**

Members of the Agricultural Advisory and Economic Enhancement Committee whose terms are expiring in December 2016 are welcome to re-apply at [www.tol.ca/committees](http://www.tol.ca/committees). Application deadline is October 28, 2016.

**2. Metro's Industrial Land Shortage Stretches up the Fraser Valley – Article**

Provided in package for information.

**3. Langley Economic Forum 2016**

**Economic Growth in a Low-Carbon Future**

**Date:** Thursday, November 17, 2016

**Time:** 11:30am – 3:00pm

**I. NEXT MEETING**

**1. Date:** Wednesday, November 23, 2016

**Location:** Salmon River Committee Room  
4<sup>th</sup> Floor, 20338 – 65 Avenue

**Time:** 7:00 pm

**J. TERMINATE**

Moved by M. Gunn,  
Seconded by S. Wind,  
That the meeting terminate at 8:50pm.  
**CARRIED**

**CERTIFIED CORRECT:**

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Community Representative Co-Chair

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Council Representative Co-Chair