



The Corporation of the City of Courtenay

Briefing Note

To: Council
From: Director of Finance
Subject: Changes to Provincial Home Owner Grant Program

File No.: 1980-01
Date: April 15, 2026

PURPOSE:

To inform Council of changes to the Provincial Home Owner Grant Program and how it will impact Courtenay residents.

BACKGROUND:

On February 17, 2026 the Government of British Columbia (B.C.) announced several changes to the provincial tax laws. These changes are outlined in the 2026/2027 – 2028/2029 Budget and Fiscal Plan and are subject to approval by the Legislative Assembly.

One of the notable changes affecting homeowners is the cancellation of the Northern and Rural Home Owner Benefit (\$200). This benefit was originally introduced in 2011 as part of the Home Owner Grant program to help offset the effects of the carbon tax, which ended April 1, 2025. As a result, effective January 1, 2027, the Home Owner grant will decrease by \$200 for both the Regular and Additional Home Owner Grant.

The Northern and Rural Area Home Owner Benefit is available to eligible properties in Courtenay and other municipalities outside of the Capital, Metro Vancouver and Fraser Valley regional districts. The grant adjustment proposed by the Government of B.C. will have a financial impact on homeowners that previously qualified for the benefit and will experience the impact of the grant reduction.

DISCUSSION:

The Provincial Home Owner Grant (HOG) is a Government of B.C. program that reduces that amount of property tax homeowners pay on their principal residence. It is designed to make home ownership more affordable by lowering the property tax burden for eligible residents.

To qualify for the grant, a homeowner must:

- Be the registered owner of the property
- Be a Canadian citizen or permanent resident
- Live in B.C.
- Occupy the home as their principal residence

Only homeowners whose taxes are paid to a municipality or to the Province may apply annually. There are two levels of the grant:

Regular Grant

- Available to anyone who meets the main grant criteria outlined above and who is not eligible for the additional grant.

The estimated increase in taxes payable for residential properties, based on 2025 gross taxes and assessed values, is approximately \$1.9 million.

Impact on the City's Budget

The HOG is claimed against the School Tax portion of the property taxes. Although the City administers collection, the grant amount reduces the School Tax revenue remitted to the Province, not the municipal portion retained by the City. Because of this structure, the reduction in the HOG leads to higher taxes payable by the property owner, but it does not change the amount of municipal revenue collected, nor does it change the City's Financial Plan.

Potential Risks

While there is no direct budget impact to the City, the HOG reduction may contribute to financial pressure on taxpayers – particularly those on fixed incomes. Increased tax burden may result in:

- Increased number of late payments leading to additional penalty levies.
- Accrual of interest charges for unpaid balances.
- In extreme cases, a higher likelihood of properties being subject to the annual tax sale if the taxes remain unpaid for three years.

Property Tax Deferment

City staff regularly inform financially struggling taxpayers of the Province's Property Tax Deferment program, a long-standing option that allows eligible homeowners to postpone payment of some or all of their property taxes. With the proposed changes to the Home Owner Grant program, taxpayers who choose to defer their full property taxes would now be deferring an additional \$200 per year.

Until the 2025 taxation year, deferred taxes accrued simple interest (non-compounding) at Prime minus 2% under the Regular Program, and at Prime for the Families with Children Program. Interest was calculated from the later of the property tax due date or the application date. Starting in 2026, however, significant program changes are proposed to take effect:

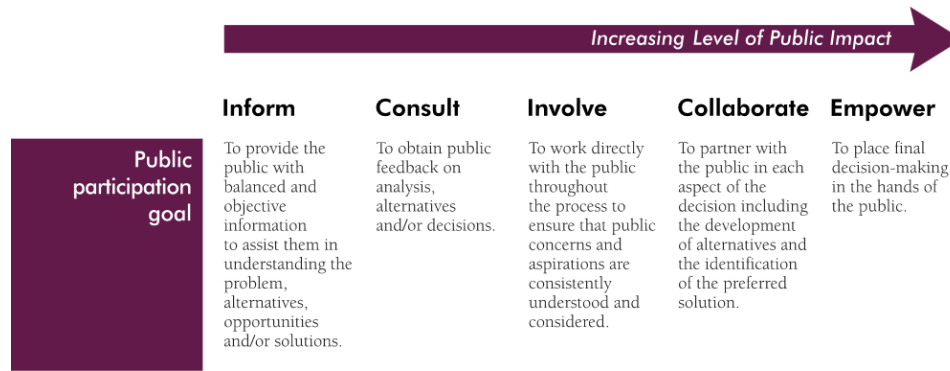
- The interest rate for both deferment programs will be Prime plus 2% compounded monthly.
- These revised rates apply to all amounts deferred for the 2026 and future tax years. Homeowners currently enrolled in this program will be grandfathered into the previous structure for amounts deferred prior to 2026.

While deferment remains a helpful tool, the introduction of the compounding rate may make it even more difficult for already struggling taxpayers. As of March 15, 2026, the prime rate is 4.45%.

Example comparison between simple and compounding interest on deferred taxes. Assuming a \$3,000 tax deferral and a 2.45% (prime minus 2%) rate over 10 years would result in \$735 of interest under the old simple method. Under the new compounding method and rate of 6.45% (prime plus 2%) the total interest payable over 10 years would be \$2,605. Over 10 years the total interest payable will be \$1,870 more; this represents an increase of 254% on the total outstanding interest between the old and new methods. This example is limited to a single year of taxation being deferred, when in reality folks who take part in the deferment program will typically annually defer taxes thus increasing the total balance subject to interest.

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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RECOMMENDATION:

THAT Council receive the “Changes to Provincial Home Owner Grant Program” briefing note.

Reviewed by: Adam Langenmaier BBA, CPA, CA, Director of Finance

Concurrence: Geoff Garbutt, M.PI., MCIP, RPP, City Manager (CAO)