



Approvals Phase: Additional Question and Answer

When Cypress Village is complete, will West Vancouver taxpayers have to subsidize it?

Some residents have asked whether the Cypress Village community, when fully built, will be a drain on municipal finances, causing everyone's property taxes to be higher.

The answer is no, as explained below.

Cypress Village will be complete in about 20 years, at which time there will be 3,711 housing units with about 6,850 residents, plus about 380,000 square feet of commercial space.

Using current numbers (without considering inflation on costs or increases in property values), a snapshot of municipal revenues and costs at build-out can be calculated in steps.

Step 1: What does it currently cost to operate the municipality each year?

The total cost of operating municipal departments (not including the separate utility funds) was about \$125.3 million in 2023.

The municipality takes in significant revenues from sources other than residents and taxpayers that reduce the portion of total cost that residents and taxpayers must pay. These offsetting revenues include about \$8.1 million in payments from developers for processing development applications. For example, BPP pays 100% of the District's cost of all planning, engineering, legal and other fees for approvals related to Cypress Village and Rodgers Creek.

There are additional offsetting revenues from other sources, so the actual cost to residents and businesses for municipal services works out to about \$108.6 million per year in 2023.

The 2023 population of West Vancouver was 47,396 so the overall average cost expressed in terms of dollars per resident to operate municipal departments is about

\$2,291 per year. This part of total cost has to be covered by residential and business property taxes, user fees, and other sources of revenue available to the municipality.

Step 2: What will it cost to provide municipal services to Cypress Village?

There are three reasons why the annual cost to provide municipal services in Cypress Village will be lower per person (or per housing unit) than the current overall average cost per person (or per housing unit) across the whole municipality:

1. Cypress Village will be a high density, compact community. The amount of linear infrastructure (roads, sidewalks, streetlights, water, sewer, drainage) per person or per unit will be much lower than in most parts of the municipality, where there is much more infrastructure per housing unit because of the low density of development. So, the cost per person or per unit of maintaining and repairing linear infrastructure in Cypress Village will be much lower than the municipal average.
2. All of the infrastructure in Cypress Village will be new (e.g. community centre, fire station, roads, water, sewer, drainage). At build-out the infrastructure constructed in Cypress Village at the start of development will only be 20 years old and infrastructure built near completion will only be a couple of years old, far newer than most of the infrastructure and public facilities in the rest of the municipality. The cost to operate, maintain, and repair the new facilities and infrastructure in Cypress Village will be lower per person than the overall average across the existing developed areas in West Vancouver.
3. Adding a new resident or housing unit adds a relatively small amount to the total annual cost of running the municipality. One more family using the aquatic centre, one new house protected by police and fire departments, or one more car on the roads will not materially change the ongoing annual cost

of municipal facilities, staff, supplies, and equipment. One new household in Cypress Village will have a small impact on the cost of general administration (e.g. bylaw services, preparing the annual budget, managing municipal investments) or the cost of community planning (considering that BPP will pay all the planning and approvals costs in Cypress Village). Doubling the size of the whole community could almost double all municipal costs (if all existing infrastructure, facilities, and personnel had to be doubled), but Cypress Village is increasing the total population of West Vancouver by only about 15%. At this scale of growth, many costs will not increase much. For example, there will still be only one municipal hall, one police headquarters, one Ambleside beach park, one museum, and one aquatic centre. There will be some new local roads in Cypress Village, but no increase in the overall network of arterial roads. For reasons like this, the municipal cost per new person in Cypress Village will be much lower than the current overall average cost per existing resident.

Several experts have estimated how much a new resident in a completely new West Vancouver community will increase municipal operating costs as compared to the current overall average cost per resident. For the reasons described above, these estimates range from a low of 40% to a high of 70% of average cost. These “discounts” simply reflect the fact that residents of Cypress Village will live in a compact community with all new infrastructure and will add less new cost per person than the current average cost per person of operating municipal departments.

Step 3: How Much Property Tax Revenue will Cypress Village generate?

At build-out, the total residential property tax revenue (municipal share) is estimated to be about \$9.1 million per year (using current tax rates and market values). In addition, the estimated property tax from commercial and business park property in Cypress Village will be about \$1.0 million per year, for total annual property tax revenue of about \$10.1 million (not adjusted for inflation). For simplicity and to be conservative, this does not include any provision for real growth in property value between now and the actual commencement of development and assumes that property tax rates stay the same.

Step 4: Will There Be Other Sources of Municipal Revenue from Cypress Village?

Yes. The municipality collects revenue from residents in various ways other than property tax. As one example, user fees for recreation facility use, community centre programs, library use, and event space rentals generated about \$12.3 million per year for the municipality in 2023, or about \$260

per person. This 2023 figure is low compared to pre-Covid levels, possibly because community facility use is still rebounding from the impact of the pandemic. So, going forward, this category of revenue per person is likely to increase. Adding in user fees and charges for various other services increases this total form of revenue to about \$357 per person per year.

With a build-out population of 6,850, Cypress Village will generate about \$2.4 million per year in various fees and charges paid by residents and businesses.

Step 5: So, Will Cypress Village Need to be Subsidized by Other Taxpayers?

No. The table below shows estimated municipal revenues (from only the sources calculated above) and estimated municipal costs for Cypress Village at build-out (without inflation).

This calculation assumes that the extra cost per new resident is about 70% of the average total per person cost across the whole municipality. As noted above, this is a high estimate and the actual extra cost per new resident in Cypress Village is likely to be lower than this, possibly as low as 50% of the overall average.

Estimated Cypress Village Municipal Operating Revenues and Costs at Build Out		\$Millions
Cypress Village Municipal Revenue at Build-out		
Residential Property Tax Revenue		\$9.1
Business Property Tax Revenue		\$1.0
Subtotal Annual Property Tax Revenue		\$10.1
User Fees and Charges		\$2.4
Total of Above Annual Revenues from Cypress Village		\$12.5
LESS:		
Cypress Village Municipal Operating Costs at Build-out		
CV % of DWV 2023 Average Cost/Resident		70%
Estimated Cypress Village Annual Municipal Operating Costs at Build-out *		\$11.0
* $6,850 \times \$2,291 \times 70\% = \11 million		
EQUALS:		
Estimated Net Annual Municipal Surplus from Cypress Village		\$1.5

These figures show that at build-out Cypress Village will not impose a cost on other residents and taxpayers. And these figures are very conservative for several reasons:

- As noted, the actual cost per new Cypress Village resident will probably be less than 70% of the overall current average.
- These numbers assume all municipal costs are borne by residents and homes. In fact, a share of existing municipal cost is covered by business properties and their taxes. While this is not a huge share in West Vancouver, because it does not have a large industrial tax base, it does reduce what residents have to pay.
- For simplicity, some variable sources of revenue (such as investment income and some senior government transfers) are not included in these estimates. If included, they would reduce the net revenue that must be collected from taxpayers.

Step 6: Bottom Line

Cypress Village at build-out is highly likely to generate more than enough annual municipal revenue to cover the increased annual municipal costs, based on this snap-shot and based on the more detailed financial impact analysis prepared previously.

Cypress Village will not be a drain on West Vancouver taxpayers. It will pay its own way and possibly provide net financial benefits to the rest of the community.

In addition, the Cypress Village proposal also creates significant other benefits (including obtaining public ownership of the BPP Eagleridge lands for dedication as park, the creation of extensive biking and hiking trails, new employment, and more diverse and affordable housing) so it is a significant gain for the community.