

FOR: FINANCE AND AUDIT COMMITTEE

MEETING DATE: March 18, 2026

DEPARTMENT: CORPORATE SERVICES

SUBJECT: **CHANGES TO PROVINCIAL HOME OWNER GRANT PROGRAM**

### **OVERVIEW**

#### **Purpose of Report**

To present information on the changes to the Provincial Home Owner Grant program effective 2027-JAN-01.

### **BACKGROUND**

On 2026-FEB-17 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. 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 2025-APR-01. As a result, effective 2027-JAN-01, 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 Nanaimo 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.
- Taxpayers must contribute a minimum of \$350 towards the property taxes before the grant is applied.
- Currently, the grant is up to \$770 per property. The proposed elimination of the Northern and Rural Area Home Owner Benefit would decrease this to \$570 per property.

#### Additional Grant

- Available for Seniors (65+), Veterans, People with Disabilities, Person living with a spouse or relative with a disability, or a spouse or relative of a deceased owner who would have qualified for the additional grant.
- Taxpayers must contribute a minimum of \$100 towards the property taxes before the grant is applied.
- Currently, the grant is up \$1,045 per property. The proposed elimination of the Northern and Rural Area Home Owner Benefit would decrease this to \$845 per property.

The grant begins to reduce if the property's assessed value exceeds the provincial grant threshold, which is \$2,075,000 in 2026. Homes above the threshold may still qualify for a partial grant.

Eligible property owners have automatically received the Northern and Rural Area Homeowner Benefit when applying from the Home Owner Grant, with no separate application required.

### **FINANCIAL CONSIDERATIONS**

According to the 2026/2027 – 2028/2029 Budget and Fiscal Plan, the estimated impact of this change for British Columbia in 2027 is \$97 million. For Nanaimo, this change would affect approximately 74% of the residential properties:

2025 Grant Type Claimed	2025 No. of Grants Claimed	2025 Amount of Grant Claimed
Regular	13,960	\$10,731,289
Additional	13,886	\$14,437,326
<b>Total</b>	<b>27,846</b>	<b>\$25,168,615</b>

Table 1: Home Owner Grants Claimed in 2025

No. of Residential Properties	No. of HOG claimed	% of Properties That Claimed HOG
37,500	27,846	74%

Table 2: Impact to Residential Properties

The estimated increase in taxes payable for residential properties, based on 2025 gross taxes and assessed values, is approximately \$5.6 million (22%).

**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 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. |

**ALIGNMENT WITH CITY PLAN**

The report is aligned with the following City goals:

- A Healthy Nanaimo: Community Wellbeing and Livability
  - Affordable Housing: supporting the community by lobbying senior government to maintain the additional Northern and Rural Area Homeowner Benefit. |

**ALIGNMENT WITH COUNCIL'S STRATEGIC PRIORITIES**

The report is aligned with the following Council Strategic Framework priorities:

- Implementing City Plan Action Plans and Key City Management Plans
- Social, Health and Public Safety Challenges

- Maintaining and Growing Current Services
- Capital Projects
- Communicating with the Community
- Governance and Corporate Excellence

**NEXT STEPS**

The City could advocate to the Government of B.C. to reconsider proposed changes to the Northern and Rural Area Home Owner Benefit program. |

**KEY MESSAGES**

- The Provincial Home Owner Grant (HOG) is a tax-relief program that helps B.C. residents reduce the property taxes on their principal residence.
- The HOG program offers different grant amounts depending on the location and homeowner circumstances and requires an annual application.
- Effective 2027-JAN-01, the Government of B.C. is proposing changes that would eliminate the additional \$200 grant for northern and rural areas.
- The proposed changes to the HOG program will have a significant negative impact to residential taxpayers in the City.

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