



Committee of the Whole Report For the Meeting of September 18, 2025

To: Committee of the Whole **Date:** August 29, 2025
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: Permissive Tax Exemptions 2026-2028

RECOMMENDATION

That Council:

1. Direct staff to bring forward a 2026-2028 permissive tax exemption bylaw for properties as follows:
 - a) Renewal Applications - Recommended for Approval (Appendix A)
 - b) Renewal Application with Exemption Change - Recommended for Approval (Appendix B)
 - c) New Applications - Recommended for Approval (Appendix D)
 - d) City of Victoria Exemptions - Recommended for Approval (Appendix F)
2. Forward these recommendations to the September 18, 2025 daytime Council meeting

EXECUTIVE SUMMARY

The purpose of this report is to outline applications from non-profit organizations requesting permissive property tax exemptions for 2026 to 2028 for Council's consideration. Section 224 (4) of the Community Charter requires the permissive property tax exemption bylaw be adopted by October 31 for the next calendar year.

The City's permissive tax exemption policy provides three-year exemptions and place a cap of 1.6% of prior year property taxes. The 1.6% cap for this application intake based on the 2025 property taxes is \$3,118,976.

In 2021, Council passed a motion that the exemption for the surface parking lot portion of all properties subject to a permissive tax exemption be reduced by 20% each year over a five-year period beginning in 2023, where surface parking lots are 50% or more of the total property area. There are currently 9 properties subject to this policy change and the surface parking lot portion will be fully taxable in 2027.

For 2026 to 2028 there are permissive tax exemption applications for 176 properties from 101 organizations. Tax exemption requests total \$2,779,701 or 1.43% of the municipal portion of taxes.

The renewal requests listed in Appendix A have remained consistent since the last cycle, meet the criteria of the permissive tax exemption policy and are put forward for inclusion in the 2026 to 2028 bylaw. There is one renewal application requesting an increase to the exempt area and is recommended for approval in Appendix B. There is one current exemption not recommended for renewal listed in Appendix C. New applications meeting policy requirements and recommended for approval are listed in Appendix D and new applications not meeting policy requirements and not recommended for approval are included in Appendix E. As well, there are five City of Victoria exemptions recommended for approval in Appendix F.

To enable preparation of the permissive tax exemption bylaw and the public notifications required, staff are requesting that this report’s recommendations be forwarded to the September 18 daytime Council meeting for ratification.

PURPOSE

The purpose of this report is to outline applications from non-profit organizations requesting permissive property tax exemptions for 2026 to 2028 for Council’s consideration.

BACKGROUND

Section 224 of the Community Charter allows the City to provide property tax exemptions to non-profit organizations that provide services which Council considers directly related to the purposes of the organization. It also provides for permissive exemptions for some properties in addition to statutory exemptions, such as church halls or land surrounding places of public worship. Exemptions provided for in section 224 are at the discretion of Council and there is no obligation to give the exemption.

The City’s Permissive Tax Exemption Policy (Appendix G) further guides permissive exemptions by providing specific eligible categories. The City’s policy provides exemptions to seven broad categories of properties shown below:

Category	Brief description
1. Special needs and supportive housing	Short term, crisis or emergency housing, housing for people with special needs, transitional or halfway houses, group homes with supportive staff
2. Social Services	Services provided to community members who are disadvantaged
3. Arts and Culture	Preparation and delivery of artistic and cultural events or exhibits to the public; or ethno-cultural community centres
4. Educational Facilities	Independent schools
5. Athletic or Recreational Facilities	Provide space and equipment for physical and mental enjoyment of participants
6. Places of Worship	Properties occupied or owned by a religious organization
7. Rail/Track	Rail or track property or administrative offices owned by related organizations

Should Council choose to provide an exemption, section 224(4) requires that the permissive tax exemption bylaw be adopted by October 31st at the latest for the following tax year. In other words, Council must approve a permissive tax exemption bylaw by October 31, 2025 for exemptions to be in effect for the 2026 tax year.

Providing permissive exemptions does not reduce the revenue received by the City; however, it redistributes the property tax levy to other taxpayers.

There were 176 permissive tax exemption applications received from 101 organizations with fifty-one new applications. Tax exemption requests total \$2,779,701 or 1.43% of the municipal portion of taxes. Current and recommend exemptions total \$2,646,305 or 1.36% of the municipal portion of taxes. Included in these totals are properties given permissive exemptions which are still mid-cycle and not yet up for review.

ISSUES & ANALYSIS

The applications have been summarized into the following six categories:

A. Renewal Applications – Recommended for Approval (Appendix A)

Renewal Applications that are recommended for approval are summarized in Appendix A. These applications have remained consistent with the last cycle except for those properties that have surface parking lots that are 50% or greater of the total property area. The surface parking lot portion of these properties will receive a 20% exemption in 2026 and in 2027 and subsequent years the surface parking lot portion will be fully taxable.

B. Renewal Application with Exemption Change – Recommended for Approval (Appendix B)

1. *Maplewood Gospel Hall - 1159 Tolmie Avenue (folio 09631063)*: This organization has applied for an exemption under the Place of Worship category and was subject to a reduction of the exemption on the surface parking lot portion of 20% each year over a five-year period starting in 2023 since the parking lot at that time was 74% of the total property area. This organization has since removed a portion of the parking lot asphalt replacing it with turf in the rear of the lot. Since the modified surface parking lot represent approximately 40% of the total property area it no longer meets the threshold for a reduction; therefore, it is recommended that the exemption on this property be reinstated to 100%. Approving this change would exempt this organization from approximately \$5,250 in City taxes and \$7,523 in total taxes.

C. Current Exemption – Not Recommended for Renewal (Appendix C)

1. *The Royal Canadian Legion, Trafalgar/Pro Patria Branch 292 - 411 Gorge Road East (folio 10748002)*: This organization has applied for an exemption under the Social Service and Athletic/Recreational Facility categories. Their mission is to serve Veterans (including active military and RCMP members), Veteran's families, to promote Remembrance of service, and to serve the community and Canada. This property provides a welcoming environment to members and guests for both social and recreational activities.

In 2019, Council approved an exemption on the class 8 (recreation) portion of the property as an exception to the current policy for the 2020 to 2022 exemption cycle. In 2021, Council approved an additional exemption on the class 6 (business) portion of the property providing the organization with a full exemption for the 2022 tax year. In 2022, Council approved a full exemption for the 2023-2025 exemption cycle. The applicant originally requested that Council consider providing a 10-year tax exemption for 2026-2035, which is the maximum allowable exemption term under the *Community Charter*, however, has since advised staff that should a 10-year exemption term not be available they would be pleased with the renewal of their current exemption for a three-year term. Should Council wish to continue providing a permissive exemption to the Royal Canadian Legion, Council may consider adding a new and separate

category for the Legion to the permissive tax exemption policy or simply allow such an exemption as an exception to the policy. Alternatively, Council could choose to issue a grant for tax relief. Approving this application would exempt this organization from approximately \$105,449 in City taxes and \$161,038 in total taxes.

D. New Applications – Recommended for Approval (Appendix D)

1. *John Howard Society of Victoria - 546 Manchester Road (folio 10733006)*: This organization has applied for an exemption under the Social Service and Supportive Housing categories. This property provides supportive transitional housing facility for individuals reintegrating back into the community from an institutional setting and provides essential support, supervision and assistance to residents as they transition back to life in the community. In addition to housing, residents have access to employment services and other outreach programs to support their long-term success, which in turn contributes to making the community a safer place to live. This application meets the requirements of the Policy and is therefore recommended for approval. Approving this application would exempt this organization from approximately \$2,180 in City taxes and \$3,361 in total taxes.
2. *John Howard Society of Victoria - 736 Princess Avenue (folio 01012016)*: This organization has applied for an exemption under the Social Service and Supportive Housing categories. This property is currently under construction and will provide a mixed-use building with 28 units of supportive transitional housing, employment training, counselling, outreach and 24/7 staffing. This organization has been approved by Council for a \$280,000 grant from the Victoria Housing Reserve Fund and has entered into a housing agreement with the City to secure the 28 rental units long-term with construction completion anticipated in February-March 2026. Since the applicant anticipates that this property will be fully operational by April 1, 2026, staff recommend that the property receive a pro-rated exemption of 75% for 2026 reflecting the number of months the property will be fully operational and a 100% exemption for both 2027 and 2028. Approving this application would exempt this organization from approximately \$6,293 in City taxes and \$9,718 in total taxes.
3. *Oasis City Church Society - 804 Queens Avenue (folio 07506029)*: This organization has applied for an exemption under the Place of Worship Category. This organization aims to promote the spiritual, physical and emotional welfare of its members and supporters individually and collectively by equipping and assisting each to find their purpose in the community and make a positive impact. This application meets the requirements of the Permissive Tax Exemption Policy and is therefore recommended for approval. Approving this application would exempt this organization from \$5,063 in City taxes and \$7,255 in total taxes.
4. *Victoria Cool Aid Society - 576 Burnside Road E (folio 10736026)*: This organization has applied for an exemption under the Social Service category. This property is a strata unit at the new Crosstown development and will be used to provide a barrier-free health clinic and health centre for vulnerable members of the community through a successful multi-disciplinary, trauma informed model with expertise in hepatitis C, HIV, opioid agonist therapy, and complex mental health care. This organization's two mobile health vans will also be based out of this new location offering health outreach and support to other supportive housing locations. The health clinic will operate in a similar manner to this organization's community health centre located at 713 Johnson Street. Since the applicant anticipates that this community health centre will not be open until May 2026, staff recommend that the applicant receive a pro-rated exemption of 70% for 2026 reflecting the number of months the property will be operational and a 100% exemption for 2027 and 2028. Approving this application would exempt this organization from approximately \$26,658 in City taxes and \$41,536 in total taxes.

5. *Victoria Sexual Assault Centre Society – 300B-3060 Cedar Hill Road (folio 08616060)*: This organization has applied for an exemption under the Social Service category. This organization supports survivors of sexual assault through advocacy, counselling and empowerment. This property provides a clinic with private access to a forensic nurse, and the centre's Victim Services Team. This organization previously rented this property and acquired it in August 2025. A portion of the property is leased to tenant therefore the exemption is not extended to the lessee. This application meets the requirements of the policy and is recommended for approval. Approving this application would exempt this organization from approximately \$4,112 in City taxes and \$6,407 in total taxes.

E. New Applications – Not Recommended for Approval (Appendix E)

1. *Ballet Victoria Society - 924 Douglas Street (folio 01035007)*: This organization has applied for an exemption under the Arts and Cultural Facility, Athletic/Recreational Facility, and Social Service categories. This organization plays a vital role in the Capital Region and beyond promoting diverse, emerging and established Canadian dance talent in an inclusive and accessible environment, educating the public on the value of dance in all communities, and producing professional performances. This organization is not the registered owner of the property and consequently does not meet the requirements of the Permissive Tax Exemption Policy, therefore it is recommended that this application be declined. Approving this application would exempt this organization from \$6,336 in City taxes and \$9,079 in total taxes.
2. *Fernwood Neighbourhood Resource Group Society (FNRG) - 1301 Gladstone Avenue (folio 07447001)*: This organization has applied for an exemption under the Social Service category but offers affordable housing and not the services identified under this category. This property provides four, three bedroom below market affordable housing units for families referred through the FNRG's Family Support Program which includes refugees, immigrants, single-parent families, and those living on low incomes. In addition, the building has four commercial units, one of which is utilized by the FNRG's social enterprise, with the remaining three units generating rental income that subsidizes the housing units and supports upkeep of the building. This organization last applied for an exemption on this property for 2024-2025, however the application was not recommended by staff nor approved by Council. As the property's use does not fall within any of the policy categories, it is recommended that this application be declined. Approving this application for the residential component of the building would exempt this organization from \$10,064 in City taxes and \$15,517 in total taxes.
3. *Fernwood Neighbourhood Resource Group Society (FNRG) - 1222 Yukon Street (folio 07460055)*: This organization has applied for an exemption under the Social Service category but offers affordable housing and not the services identified under this category. This property provides six, three-bedroom below market affordable housing units for families referred through the FNRG's Family Support Program which includes refugees, immigrants, single-parent families, and those living on low incomes. In 2007, Council approved a \$60,000 grant from the Victoria Housing Reserve Fund to support this organization with acquiring this property, with a covenant placed on title restricting the use to affordable housing. This organization previously applied for a permissive tax exemption on this property for 2024-2025, however the application was not recommended by staff nor approved by Council. As the property's use does not fall within any of the policy categories, it is recommended that this application be declined. Approving this application would exempt this organization from \$2,035 in municipal taxes and \$3,138 in total taxes.

4. *Victoria Cool Aid Society - 210 Gorge Road East*: This organization has applied for an exemption under the Supportive Housing category for 42 strata units operated as affordable housing. The property at 210 Gorge Road East contains a total of 72 strata units, of which 30 units are owned by the Provincial Rental Housing Corporation (PRHC), and 42 units are owned by the applicant. The 30 units owned by PRHC are Class 3 supportive housing and are exempt from taxes as the land and improvements are reduced to a nominal amount of \$2. The other 42 units are owned by the applicant and are operated as affordable housing at a variety of affordable rents. This housing facility provides a unique community environment providing real benefit to those looking to potentially move on the housing continuum from supportive housing to more independent living. The applicant operates all 72 units and receives no rent or operating subsidy towards the operating costs and mortgage for the property.

Property Address	Folio	City Portion	Total Taxes
Affordable Housing Properties:			
201-210 Gorge Rd E	11752201	\$ 1,337	\$ 2,062
202-210 Gorge Rd E	11752202	1,288	1,985
204-210 Gorge Rd E	11752203	1,080	1,666
216-210 Gorge Rd E	11752209	1,394	2,149
218-210 Gorge Rd E	11752210	1,058	1,631
219-210 Gorge Rd E	11752211	1,080	1,666
301-210 Gorge Rd E	11752218	1,363	2,102
302-210 Gorge Rd E	11752219	1,314	2,026
304-210 Gorge Rd E	11752220	1,098	1,693
310-210 Gorge Rd E	11752223	815	1,256
312-210 Gorge Rd E	11752224	815	1,256
314-210 Gorge Rd E	11752225	815	1,256
316-210 Gorge Rd E	11752226	1,488	2,295
319-210 Gorge Rd E	11752228	1,157	1,784
401-210 Gorge Rd E	11752237	1,390	2,144
402-210 Gorge Rd E	11752238	1,337	2,061
404-210 Gorge Rd E	11752239	1,116	1,721
408-210 Gorge Rd E	11752241	941	1,451
410-210 Gorge Rd E	11752242	824	1,271
412-210 Gorge Rd E	11752243	824	1,271
414-210 Gorge Rd E	11752244	824	1,271
416-210 Gorge Rd E	11752245	1,515	2,336
419-210 Gorge Rd E	11752247	1,179	1,818
417-210 Gorge Rd E	11752248	820	1,264
415-210 Gorge Rd E	11752249	850	1,311
501-210 Gorge Rd E	11752256	1,089	1,679
502-210 Gorge Rd E	11752257	1,053	1,623
504-210 Gorge Rd E	11752258	1,067	1,645
506-210 Gorge Rd E	11752259	954	1,472

508-210 Gorge Rd E	11752260	837	1,291
510-210 Gorge Rd E	11752261	837	1,291
512-210 Gorge Rd E	11752262	837	1,291
514-210 Gorge Rd E	11752263	1,421	2,191
516-210 Gorge Rd E	11752264	887	1,367
517-210 Gorge Rd E	11752265	842	1,298
515-210 Gorge Rd E	11752266	837	1,291
513-210 Gorge Rd E	11752267	837	1,291
511-210 Gorge Rd E	11752268	837	1,291
509-210 Gorge Rd E	11752269	837	1,291
507-210 Gorge Rd E	11752270	837	1,291
505-210 Gorge Rd E	11752271	837	1,291
503-210 Gorge Rd E	11752272	837	1,291
Total		\$ 43,411	\$ 66,930

As there is no category in the permissive tax exemption policy for affordable housing nor does the use of these properties fall within any of the other policy categories it is recommended that these applications be declined. Approving these applications would exempt this organization from approximately \$43,411 in City taxes and \$66,930 in total taxes.

5. *The Victoria Foundation - 933 Douglas Street (folio 01025021)*: This organization has applied under the Social Service category. This organization seeks to create a sense of belonging that inspires philanthropy, essential partnerships and collaboration that makes a lasting impact on the community. Since 1936, this organization has managed charitable gifts to create permanent, income-earning funds that support hundreds of charities each year. This property serves as this organization's administration office ensuring that this organization maintains its function of providing grant funding for future generations. This organization also serves as a conveyor for community partners, and a space where collaborative conversations between community partners can take place.

In evaluating eligibility of applications, staff consider the definition for the category the organization has applied under, the principal use of the property, as well as previous Council decisions to guide interpretation. The City has historically granted exemptions under the social service category to organizations that are directly involved in the provision of programs and services to vulnerable members of the community. Examples of organizations currently exempt under the social service category include the Island Community Mental Health Association's centre at 125 Skinner Street, Victoria Cool Aid Society's community health centre at 713 Johnson Street, and Victoria Youth Empowerment Society's youth centre at 533 Yates Street. As this organization is not involved in direct service delivery, and based on this review of previous Council decisions and consistent interpretation of the City's Permissive Tax Exemption Policy, it is recommended that this application be declined. While the amount of the property tax exemption excluding the portion leased to a tenant is unknown at this time, the total City taxes are \$71,550 and total taxes are \$114,702 for this property.

F. City of Victoria Exemptions – Recommended for Approval (Appendix F)

The Community Charter requires that the City adopt a permissive tax exemption bylaw to exempt itself from paying taxes on properties the City leases.

1. *City of Victoria – 102-496 Cecelia Road (folio 10744042)*: The City will occupy a portion of this property for office space. While the amount of the exemption based on the leased area is unknown at this time such as exemption would result in a positive financial impact since the City would also be exempted from paying taxes to other agencies such as School, Transit, CRD and Hospital.
2. *City of Victoria - 11 Chown Place (folio 11757029)*: The City occupies a portion of this property for the Balfour Street Playlot. Such an exemption would result in a positive financial impact of approximately \$4,009 since the City would also be exempted from paying taxes to other agencies.
3. *City of Victoria – 1827 Fern Street (folio 07412021)*: The City leases a portion of this property for the Fern Street Playlot. This lease has been in place for many years, however the portion of the property occupied by the City was not recognized previously as a City exemption. Such an exemption would result in a positive financial impact of approximately \$11,335 since the City would also be exempted from paying taxes to other agencies.
4. *City of Victoria - 950 Kings Road (folio 09663022)*: This building is used by the City for community services programs. Such an exemption would result in a positive financial impact of approximately \$24,156 since the City would also be exempted from paying taxes to other agencies.
5. *City of Victoria – 355 Menzies Street (folio 02142029)*: This exemption is for the library branch at Capital Park in James Bay. Such an exemption would result in a positive financial impact to the City of approximately \$68,545 annually since the City would also be exempted from paying taxes to other agencies.

OPTIONS & IMPACTS

Option 1 (Recommended)

Direct staff to bring forward a 2026-2028 Permissive Tax Exemption Bylaw for the properties listed in Appendices A, B, D and F.

This option provides continuity to organizations who have received permissive tax exemptions in the past, provides exemptions to new properties meeting City policy as well as properties leased by the City, while staying within the established policy cap.

Option 2

Provide alternate direction to staff on which properties to exempt.

Community Safety and Wellbeing Impact

While permissive tax exemptions are not identified in the City's Community Safety and Wellbeing Plan, the services provided by the organizations recommended for a permissive tax exemption align with strengthening protective factors such housing, belonging, social cohesion, and health care.

2023 – 2026 Strategic Plan

While permissive property tax exemptions are not identified in the City's Strategic Plan, the services provided by the organizations recommended for a permissive tax exemption align with many Strategic Plan objectives including those of Housing, Community Well-Being and Safety, and Arts, Culture, Music, Sport and Entertainment.

Impacts to Financial Plan

Approving permissive tax exemptions do not impact the City's Financial Plan since the City will levy the required amount of property taxes to support all the City's programs and services. However, providing exemptions does shift the tax burden to non-exempt properties.

Official Community Plan Consistency Statement

Not applicable to permissive property tax exemptions.

CONCLUSION

The City has a long-standing practice of providing support to non-profit organizations through property tax exemptions. Approving exemptions for a three-year period also provides organization with certainty for a number of years.

Respectfully submitted,

Layla Monk
Manager of Revenue

Susanne Thompson
Deputy City Manager/CFO

Report accepted and recommended by the City Manager List of Attachments

Appendix A: Renewal Applications - Recommended for Approval
Appendix B: Renewal Application with Exemption Change - Recommended for Approval
Appendix C: Current Exemption – Not Recommended for Renewal
Appendix D: New Applications - Recommended for Approval
Appendix E: New Applications – Not Recommended for Approval
Appendix F: City of Victoria Exemptions - Recommended for Approval
Appendix G: Permissive Tax Exemption Policy