



Committee of the Whole Report For the Meeting of September 10, 2020

To: Committee of the Whole **Date:** August 28, 2020
From: Jo-Ann O'Connor, Deputy Director of Finance
Subject: 2021 – 2022 Permissive Exemptions

RECOMMENDATIONS

That Council:

1. Approve all applications for a permissive property tax exemption detailed in Table 2 for the 2021 - 2022 tax years.
2. Direct staff to prepare a 2020 permissive property tax exemption bylaw for Council's consideration at the September 17, 2020 Council meeting.

EXECUTIVE SUMMARY

Under current policy, Council considers permissive property tax exemptions on a three-year cycle. Council approved permissive property tax exemptions for 2020 - 2022 in the fall of 2019. Each subsequent year, additional applications are considered by Council. This report addresses the applications received this year requesting permissive property tax exemptions for 2021 and 2022 as well as adjusting two exemptions previously granted. Both Fung Loy Kok Institute of Taoism and Gurdwara Singh Sabha Society exemption amounts have been reduced to relate to the portion of the property being used for worship only.

The City received applications from five organizations. One property complies with the City's Permissive Exemption Policy (Appendix A) and is recommended for approval as detailed in Table 2. The application recommended for approval can be found in Appendix B. Applications not recommended for approval are attached in Appendix C.

PURPOSE

The purpose of this report is to outline applications from non-profit organizations requesting permissive property tax exemptions for 2021 to 2022 for Council's consideration.

BACKGROUND

Permissive property tax exemptions are granted pursuant to section 224 of the *Community Charter*. Exemptions may only be granted for properties used by a variety of non-profit organizations that provide services which Council considers directly related to the purposes of the organization.

In 2013, Council approved amendments to the Permissive Property Tax Exemption Policy. Among other things, these amendments set a cap on permissive tax exemptions, established a three year

exemption approval cycle and set limits on off-cycle applicants. This report is the opportunity for Council to review off-cycle applicants for the 2021 - 2022 tax years.

The City's policy provides exemptions to 7 broad categories of properties.

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
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

ISSUES & ANALYSIS

The City received 2021 - 2022 permissive tax exemption applications from five organizations. Recommended approvals total \$12,004 in municipal taxes. Already approved exemptions for the 2020 - 2022 tax years total \$1,986,711 or 1.39% of the City's 2020 tax levy. Approximately \$306,525 in off-cycle permissive tax exemptions can be approved without exceeding the 1.6% cap. For permissive tax exemptions to apply for the 2021 - 2020 tax years, a bylaw must be passed on or before October 31, 2020.

Application Recommended for Approval

1. *Victoria Cool Aid Society – 650 Speed Avenue (folio: 10738014)*: This property was purchased in March 2020 by Victoria Cool Aid Society. This organization has applied under the social service and supportive housing categories and meets the requirements of the Permissive Tax Exemption Policy. This building is the former Mayfair Motel and is now providing temporary housing to displaced residents from Cool Aid's property at 210 Gorge Rd E which is being redeveloped. It is conveniently located close to Mayfair Mall, many bus routes and close to downtown services. Tenants have access to health services and 24/7 support from housing workers who help them through listening, referrals, medication monitoring, volunteer and activity opportunities and whatever else tenants require. The site's management is also in regular contact with the neighbouring businesses and next door strata building. Approving this application would exempt the organization from \$12,004 in municipal taxes and \$16,590 in total taxes.

Previous Exemption Corrections

Two places of worship, the Fung Lok Kok Institute of Taoism and the Gurdwara Singh Sabha Society of Victoria, both lease a portion of their properties for use that is not for the purpose of a place of worship. As such, the exemptions have been reduced by 36% and 37% respectively to align with the use of place of worship.

Table 2: Application Recommended for Approval and Previous Exemption Corrections

Applicant	Property Address	Category	Amount
Victoria Cool Aid Society	650 Speed Avenue	Supportive Housing	12,004
New Application Total			\$12,004
Fung Lok Kok Institute of Taoism (Exemption applies to portion of property being used for worship)	865 Catherine Street	Place of Worship	9,653
Gurdwara Singh Sabha Society of Victoria (Exemption applies to portion of property being used for worship)	468 Cecelia Road	Place of Worship	7,779

Applications Not Recommended for Approval

1. *Arts on View Society – 735 View Street (folio: 01023004)*: This organization has applied under the Arts and Cultural category. This non-profit organization is dedicated to advancing the public's appreciation of the arts by providing high quality performances of music and other performing arts as well as providing facilities to enable artists to train and produce their crafts. This organization is not the registered owner of the property and consequently does not meet the requirements of the Permissive Tax Exemption Policy. Approving this application would exempt the organization from \$33,985 in municipal taxes and \$45,356 in total taxes.
2. *Downtown Victoria Business Association – 20 Centennial Square (folio: 01046021)*: This organization has applied under the Social Service category. This registered society's mission is to nurture and promote the vitality and vibrancy of downtown Victoria and its business community. This organization is not the registered owner of the property and consequently does not meet the requirements of the Permissive Tax Exemption Policy. Approving this application would exempt the organization from \$3,474 in municipal taxes and \$4,637 in total taxes.
3. *The Glenshiel Housing Society – 606 Douglas Street (folio: 02169004)*: This organization has applied under the Social Service category. This Glenshiel is a historic building built in 1908 which has a covenant restricting its use to independent living for low to middle income seniors. This non-profit organization promotes living independence which prevents people from moving into assisted or long-term care facilities sooner than required. This organization is not the registered owner of the property, nor does the policy have a category for this type of use, and consequently does not meet the requirements of the Permissive Tax Exemption Policy. Approving this application would exempt the organization from \$5,668 in municipal taxes and \$9,173 in total taxes.
4. *Victoria Edelweiss Club, German Canadian Cultural Society – 108 Niagara Street (folio: 02108019)*: This organization has applied under the Arts and Cultural category as well as Athletic/Recreational Facility. The non-profit organization is located in James Bay and is an affordable community-oriented facility used by a wide variety of users to gather for cultural, social, recreational and education purposes. Several First Nations groups hold their spring and fall ceremonies here. Other activities held at this location include band and choir practices, Coast Guard training, Community Association meetings, strata meetings, weekly yoga, weddings, celebrations of Life, Latin-African Dance Society dance and ball room dancing. Approving this application would exempt the organization from \$10,927 in municipal taxes and \$14,000 in total taxes.

In evaluating eligibility of applications, staff consider the definition for the category the organization has applied under, as well as previous Council decisions to guide the interpretation.

The City has historically granted art and cultural exemptions to art galleries, museums, theatres, music centres, and public gardens and historic sites. Examples of current exemptions include the Art Gallery of Greater Victoria, The Conservatory of Music, Belfry Theatre Society, and The Land Conservancy of BC. Applications previously declined by Council include: the Hungarian Society of Victoria; the Italian Assistance Centre; and the Taoist Tai Chi Society. Based on this review of previous Council decisions, consistent interpretation of the City Permissive Tax Exemption Policy would be to decline this application. Additionally this property's use does not fall under the Athletic or Recreational Facilities category in our policy.

In 2019, the organization placed a covenant on title which limits the use of this property to a cultural club, consequently reducing BC Assessment's valuation of the property and reducing property taxes.

Table 3: Summary of Applications Not Recommended for Approval

Applicant	Property Address	Category	Reason for Ineligibility	Amounts
Arts on View Street	753 View Street	Arts and Culture	Leased property	\$ 33,985
Downtown Victoria Business Association	20 Centennial Square	Social Service	Leased property	3,474
The Glenshiel Housing Society	606 Douglas Street	Social Service	Leased property	5,668
Victoria Edelweiss Club	108 Niagara Street	Arts and Culture	Does not fit policy category	10,927
Total				\$ 54,054

OPTIONS & IMPACTS

Option 1 (recommended): Approve exemptions detailed in Table 2 and direct staff to prepare a permissive tax exemption bylaw.

The municipal portion of these exemptions is estimated at \$14,353, increasing the total municipal portion of permissive exemptions to \$2,001,063 or 1.40%.

Option 2: Decline to provide exemptions for this cycle or provide alternate direction to staff.

Should Council decline to approve any applications, the municipal portion of permissive exemptions would remain at \$1,986,711 or 1.39%

Accessibility Consideration

Not applicable in regards to permissive property tax exemptions.

2019 – 2022 Strategic Plan

While permissive property tax exemptions are not identified in the City's Strategic Plan, the services provided by many of the organizations that receive permissive exemptions align with many Strategic Plan objectives including those of Health, Well-Being and a Welcoming City and Strong, Liveable Neighbourhoods.

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,



Jennifer Lockhart
Manager, Revenue



Jo-Ann O'Connor
Deputy Director of Finance



Susanne Thompson
Deputy City Manager/CFO

Report accepted and recommended by the City Manager:

Date:



September 4, 2020

List of Attachments

- Appendix A – Permissive Tax Exemption Policy
- Appendix B – Permissive Tax Exemption Application Recommended for Approval
- Appendix C – Permissive Tax Exemption Applications Not Recommended for Approval