



Committee of the Whole Report For the Meeting of September 9, 2021

To: Committee of the Whole **Date:** August 19, 2021
From: Jo-Ann O'Connor, Deputy Director of Finance
Subject: 2022 Permissive Exemptions

RECOMMENDATIONS

That Council:

1. Approve all applications for a permissive property tax exemption detailed in Table 2 for the 2022 tax year.
2. Direct staff to prepare a 2022 permissive property tax exemption bylaw for Council's consideration at the September 23, 2021 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 2022.

The City received six applications from ethno-cultural community centres and eight applications from other non-profit organizations for a total of 14 applications. Seven of the applications meet the requirements of the City's Permissive Exemption Policy (Appendix A) and are recommended for approval as detailed in Table 2. The applications recommended for approval can be found in Appendix B. Six applications not recommended for approval are attached in Appendix C. One application does not require a permissive tax exemption as BC Assessment will apply a statutory exemption in 2022.

PURPOSE

The purpose of this report is to outline applications from non-profit organizations requesting permissive property tax exemptions for 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. On May 6, 2021, Council passed a motion directing staff to amend the Permissive Tax Exemption Policy providing eligibility for a 100% exemption for ethno-cultural community centres in the City of Victoria to take effect for the 2022 permissive tax exemption year (Appendix A). This report is the opportunity for Council to review off-cycle applications for the 2022 tax year.

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; 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

ISSUES & ANALYSIS

The City received 14 applications for a 2022 permissive tax exemption from 13 organizations. Recommended approvals total \$89,645 in City taxes. Already approved exemptions for the 2021 - 2022 tax years total \$2,016,009 or 1.37% of the City's 2021 tax levy. Approximately \$346,000 in off-cycle permissive tax exemptions can be approved without exceeding the 1.60% cap. For permissive tax exemptions to apply for the 2022 tax year, a bylaw must be passed on or before October 31, 2021.

A. Application Recommended for Approval

1. *Eisvold No. 53 Sons of Norway - 1110 Hillside Avenue (folio 09648012)*: This organization has applied under the Arts and Cultural Facility category. This ethno-cultural community centre provides an affordable, accessible, medium sized community-oriented meeting hall and full kitchen facility to support members and a variety of community groups. Approving this application would exempt this organization from \$9,635 in City taxes and \$14,063 in total taxes.
2. *Eisvold No. 53 Sons of Norway - 1118 Hillside Avenue (folio 09648011)*: This organization has applied under the Arts and Cultural Facility category. This property is adjacent to the main community centre property at 1110 Hillside Avenue and provides additional parking for events as well as a caretaker residence. Based on staff's interpretation of Council's direction for exemptions for ethno-cultural community centres, it is recommended that the portion of this property attributed to the caretaker residence be excluded from the exemption since it is not available for use by the public. Approving this application would exempt this organization from \$3,830 in City taxes and \$6,061 in total taxes. Should Council wish to extend the exemption to

the portion of the property occupied by the caretaker residence, the total exemption would be \$4,310 in City taxes and \$6,822 in total taxes.

3. *Hungarian Society of Victoria – 476 Bay Street (folio 10719025)*: This organization has applied under the Arts and Cultural Facility category. The Hungarian Society of Victoria nourishes and fosters the Hungarian language, culture, historical traditions and promotes friendship and understanding amongst members and within the community. This ethno-cultural community centre provides a venue for cultural, community and private events to members and non-members. Approving this application would exempt this organization from \$4,966 in City taxes and \$7,248 in total taxes.
4. *Threshold Housing Society - 647 Niagara Street (folio 02159009)*: This organization has applied under the Social Service and Supportive Housing categories. This organization works to prevent homelessness by providing safe housing, support services, and community to at-risk youth. This property was purchased in May 2021 and provides supportive recovery services and care for up to seven youth. Approving this application would exempt this organization from \$5,669 in municipal City taxes and \$8,972 in total taxes.
5. *Victoria Edelweiss Club, German Canadian Cultural Society – 108 Niagara Street (folio 02108019)*: This organization has applied under the Arts and Cultural Facility category. This property has mixed assessment classes: class 1 (residential) and class 8 (recreation). This ethno-cultural community centre provides an affordable facility for a wide variety of users to gather for cultural, social, recreational, and educational purposes. Events held at this facility include First Nations groups spring and fall ceremonies, band and choir practices, Coast Guard training, community association meetings, strata meetings, weekly yoga, weddings, celebrations of life and many different dance groups including Latin-African Dance Society and ballroom dancing.

Based on staff's interpretation of Council's direction for exemptions for ethno-cultural community centres, it is recommended that the permissive exemption apply to only the class 8 portion of the property related to arts and cultural activities and not to the class 1 residential portion, which is not available for use by the public. Approving this application would exempt this organization from \$10,850 in City taxes and \$15,836 in total taxes. Should Council wish to extend the exemption to the class 1 residential portion, the total exemption would be \$11,789 in City taxes and \$17,324 in total taxes.

6. *Victoria Italian Assistance Centre – 195 Bay Street (folio 13099014)*: This organization has applied under the Arts and Cultural Facility category. This ethno-cultural community centre provides a unique facility in Victoria that can support a total capacity of 369 individuals for various events. This facility is used by a wide variety of community groups, provincial and local governments, private industry, local businesses, and private individuals. Approving this application would exempt this organization from \$42,631 in City taxes and \$62,226 in total taxes.
7. *White Eagle Polish Association – 90 Dock Street (folio 02125002)*: This organization has applied under the Arts and Cultural Facility category. This property has mixed assessment classes: class 1 (residential) and class 8 (recreation). This ethno-cultural community centre provides a safe and welcoming gathering space for cultural, educational, recreational and socialization opportunities for all citizens. It is a low cost and safe community-oriented facility that delivers many benefits such as library services, language training, church group meetings, band and choir practices, weddings, celebrations of life, dance group practices, fitness activities, concerts, variety shows and theatre events. Based on staff's interpretation of Council's direction, it is recommended that the permissive exemption apply to only the class 8 portion of the property

related to arts and cultural activities and not to the class 1 residential portion since it is not available for use by the public. Approving this application would exempt this organization from \$12,064 in City taxes and \$17,610 in total taxes. Should Council wish to extend the exemption to the class 1 residential portion of the property, the total exemption would be \$12,604 in City taxes and \$18,464 in total taxes.

Table 2: Application Recommended for Approval

Applicant	Property Address	Category	City Portion
Eidsvold No. 53 Sons of Norway	1110 Hillside Avenue	Arts and Cultural Facility	\$ 9,635
Eidsvold No. 53 Sons of Norway	1118 Hillside Avenue	Arts and Cultural Facility	3,830
Hungarian Society of Victoria	476 Bay Street	Arts and Cultural Facility	4,966
Threshold Housing Society	647 Niagara Street	Social Service/Supportive Housing	5,669
Victoria Edelweiss Club German Canadian Cultural Society	108 Niagara Street	Arts and Cultural Facility	10,850
Victoria Italian Assistance Centre	195 Bay Street	Arts and Cultural Facility	42,631
White Eagle Polish Association	90 Dock Street	Arts and Cultural Facility	12,064
Total			\$ 89,645

B. Applications Not Recommended for Approval

1. *Anawim Companions Society – 1628 Edgeware Road (folio 08606018)*: This organization has applied under the Social Service and Supportive Housing categories. This property will provide a safe residence for up to seven women recovering from homelessness, poverty, and addiction. Due to construction of a new residence on the property, the Society has advised staff that it will be likely a year or more before the property will be providing these services. This organization does not meet the requirements of the Permissive Tax Exemption Policy as exemptions are based on the principal use of the property, not the charitable service of the organization as a whole. Approving this application would exempt this organization from \$2,044 in City taxes and \$3,235 in total taxes.
2. *Broadmead Care Society – 530 Simcoe Street (folio 02147045)*: This organization has applied under the Social Service and Supportive Housing categories for the Beckley Farm Lodge located in James Bay. This property provides housing for 64 seniors that require long-term care services. Additional programs provided include adult day programs, bathing, overnight respite care, as well as recreation and meal programs at two additional offsite locations in the James Bay community. This organization does not meet the requirements of the Permissive Tax Exemption Policy as the services and care provided are long-term in nature and therefore do not meet the definition under the Social Service and Supportive Housing category. This organization previously applied for the 2019 tax year, however the application was not recommended by staff nor approved by Council. Approving this application would exempt this organization from \$26,064 in City taxes and \$41,250 in total taxes.
3. *James Bay Athletic Association – 205 Simcoe Street (folio 02124001)*: This organization has applied under the Athletic/Recreational Facility category. This organization provides opportunities for boys and girls and young men and women to engage in meaningful athletic activities, providing space and equipment for the physical and mental enjoyment of its members. The upper floor of the building is leased to the Blue Heron Montessori School and the lower level of the building is used by the James Bay Athletic Association as a social meeting area and weight room for members. The Permissive Tax Exemption Policy requires that a recreation or

community facility be accessible by the public, and the activities carried out on the property must be enjoyed by a significant portion of the general public. This organization does not meet the requirements of the Permissive Tax Exemption Policy as access to the facility is member based with core athletic programming taking place off-site at the MacDonald Park field.

The City has historically granted athletic/recreational facility exemptions to community non-profit recreation facilities, conservation of natural resources and public marine access infrastructure. Examples of current exemptions include the Clover Point Anglers Association, James Bay Anglers Association and Freshwater Fisheries of BC. Approving this application would exempt the organization from \$3,957 in City taxes and \$5,775 in total taxes.

4. *Kaleidoscope Theatre Productions Society – 613 Pandora Avenue (folio: 01045004)*: This organization has applied under the Arts and Cultural Facility category. The mission of this organization is to create original, innovative, and relevant theatre experiences that stimulate and inspire young people to think critically about the world around them. This organization does not meet the requirements of the Permissive Tax Exemption Policy as it is not the registered owner of the property. Approving this application would exempt the organization from \$13,751 in City taxes and \$22,301 in total taxes.
5. *Silver Threads Services – 902 Caledonia Avenue (folio 07500014)*: This organization has applied under the Social Service category. This organization enhances social connections and well-being for seniors and implements programs and services for older adults. This organization does not meet the requirements of the Permissive Tax Exemption Policy as it is not the registered owner of the property. The City provides this organization two direct award grants; \$122,390 facility lease grant and \$75,750 operating grant. Approving this application would exempt the organization from \$13,783 in City taxes and \$21,722 in total taxes.
6. *The Royal Canadian Legion Trafalgar Pro Patria Legion Branch – 411 Gorge Road East (folio 10748002)*: This organization has applied under the Social Service and Athletic/Recreational Facility categories. This property has mixed assessment classes: class 6 (business) and class 8 (recreation). In 2019 Council approved a permissive tax exemption for the 2020-2022 cycle on the class 8 (recreation) portion of the assessment. The Royal Canadian Legion is applying for a full exemption on class 6 (business).

Section 224 of the *Community Charter* permits municipalities to grant permissive tax exemptions to land and improvements used by a charitable, philanthropic or not for profit corporations. For the purposes of permissive tax exemptions, the Royal Canadian Legion may be considered a charitable and non-profit organization. Section 25(1) of the *Community Charter*, however, prohibits municipalities from providing assistance to a business except in certain circumstances expressly authorized by the Act.

In many circumstances, municipalities interpret this to mean that a permissive exemption cannot be granted to the class 6 (business) portion of Legion properties; however municipalities have different policies and practices. BC Assessment leaves this interpretation up to municipalities and will allow exemptions as determined by municipalities. Approving an exemption on the class 6 portion would exempt this organization from an additional \$58,432 in City taxes and an additional \$92,085 in total taxes.

Table 3: Summary of Applications Not Recommended for Approval

Applicant	Property Address	Category	Reason for Ineligibility	City Portion
Anawim Companions Society	1628 Edgeware Road	Social Service	Principal use requirement not met	\$ 2,044
Broadmead Care Society	530 Simcoe Street	Social Service & Supportive Housing	Does not fit policy category	26,064
James Bay Athletic Association	205 Simcoe Street	Athletic/Recreational Facility	Does not fit policy category	3,957
Kaleidoscope Theatre Productions Society	613 Pandora Avenue	Arts and Cultural Facility	Leased property	13,751
Silver Threads Services	902 Caledonia Avenue	Social Service	Leased property	13,783
The Royal Canadian Legion	411 Gorge Road East	Social Service & Athletic/Recreational Facility	Does not fit policy category	58,432
Total				\$ 118,031

C. City of Victoria Exemption Removal

City of Victoria - 1803 Douglas Street (folio 01016025): As required under the Community Charter, Council adopted a permissive tax exemption bylaw for the 2020-2022 cycle to exempt the City from paying taxes on the portion of this property leased for additional office space. The City's lease ended June 30, 2021, therefore removal of the exemption is recommended to return this property to fully taxable status in 2022.

D. Permissive Tax Exemption Not Required

Maharishi Age of Enlightenment School Society – 2828 Belmont Avenue (folio 08574016): This organization has applied under the Educational Facility category. The purpose of the society is to provide a unique system of education that develops the full potential of children from kindergarten to grade nine in a nurturing and stress-free environment. This institution is classified as a Group 1 independent school by the Ministry of Education and staff have confirmed with BC Assessment that this property will receive a statutory exemption starting in 2022, therefore a permissive tax exemption is not required.

OPTIONS & IMPACTS

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

The City portion of these exemptions is estimated at \$89,645, increasing the total City portion of permissive exemptions to \$2,105,654 or 1.43%.

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

Should Council decline to approve any applications, the City portion of permissive exemptions would remain at \$2,016,009 or 1.37%.

Accessibility Consideration

The decision to grant permissive property tax exemptions has no direct impact on accessibility. However, Council could consider adding additional criteria to the Permissive Property Tax Exemption Policy should it wish to implement accessibility requirements for applicants.

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 off-cycle applications will provide organizations with certainty for 2022.

Respectfully submitted,

Layla Monk
Accounts Receivable Coordinator

Jo-Ann O'Connor
Deputy Director of Finance

Susanne Thompson
Deputy City Manager/CFO

Report accepted and recommended by the City Manager

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