

Current and recommended exemptions total \$2,096,208 or 1.35% of the municipal portion of property taxes leaving \$386,145 available for off-cycle applicants.

The renewal requests listed in Appendix A have no change in status, meet the criteria of the permissive tax exemption policy and are put forward for inclusion in the 2023 to 2025 bylaw. Current exemptions that are no longer eligible under the policy and not recommended for renewal, are included in Appendix B. All new applications listed in Appendix C are not recommended for approval as they do not meet the criteria of the City's permissive tax exemption policy. As well, there are two City of Victoria exemptions recommended for approval in Appendix D.

This report details: (A) renewal applications recommended for approval, (B) current exemptions not recommended for renewal, (C) new applications not recommended for approval, (D) City of Victoria exemptions recommended for renewal.

PURPOSE

The purpose of this report is to outline applications from non-profit organizations requesting permissive property tax exemptions for 2023 to 2025 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 E) further guides permissive exemption by providing specific eligible categories for exemptions. The City's policy provides exemptions to 7 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, 2022 for exemptions in the 2023 tax year.

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

There were 134 permissive tax exemption applications received from 102 organizations with five new applications. Tax exemption requests total \$2,281,218 or 1.47% of the municipal portion of taxes. Current and recommend exemptions total \$2,096,208 or 1.35% 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

A. Properties with Surface Parking Lots 50% or Greater of Total Property Area

In 2021, Council passed a motion that the exemption for the 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. Staff have worked with BC Assessment to obtain the surface parking lot measurements and have identified seventeen impacted properties which fifteen are recommended for renewal as indicated in the table below.

The total municipal value of the exemption on the parking lot areas for recommended applications is estimated at \$198,308 with total taxes of \$281,834.

PROPERTIES WITH SURFACE PARKING LOTS 50% OR GREATER OF TOTAL PROPERTY AREA			ESTIMATED CITY TAXES PAYABLE ON SURFACE PARKING LOTS				
ORGANIZATION	ADDRESS	\$ PTE	2023 - 20%	2024 - 40%	2025 - 60%	2026 - 80%	2027 - 100%
		PARKING					
		LOT					
Renewal Applications - Recommend for Approval							
Anglican Church of St. Barnabas	1633 Belmont Ave	\$ 12,320	\$ 2,464	\$ 4,928	\$ 7,392	\$ 9,856	\$ 12,320
Anglican Church of St. Barnabas	1525 Begbie St	4,829	966	1,932	2,897	3,863	4,829
Bayanihan Cultural and Housing Society	1709 Blanshard St	5,340	1,068	2,136	3,204	4,272	5,340
BC Muslim Association	2218 Quadra St	3,962	792	1,585	2,377	3,170	3,962
Bialy Orzel Polish Association White Eagle	90 Dock St	7,821	1,564	3,128	4,693	6,257	7,821
Eidsvold No. 53 Sons of Norway	1118 Hillside Ave	3,446	689	1,378	2,068	2,757	3,446
Glad Tidings Church	1800 Quadra St	92,118	18,424	36,847	55,271	73,695	92,118
Gurdwara Singh Sabha Society of Victoria	468 Cecelia Rd	8,914	1,783	3,566	5,348	7,131	8,914
Khalsa Diwan Society	2910 Blackwood St	5,407	1,081	2,163	3,244	4,326	5,407
Khalsa Diwan Society	2906 Blackwood St	5,407	1,081	2,163	3,244	4,326	5,407
Maplewood Gospel Hall	1159 Tolmie Ave	7,806	1,561	3,122	4,684	6,245	7,806
Victoria Edelweiss Club, German Canadian Cultural Society	108 Niagara St	5,974	1,195	2,389	3,584	4,779	5,974
Victoria Italian Assistance Centre	195 Bay St	26,503	5,301	10,601	15,902	21,202	26,503
Victoria Shambhala Centre	2033 Belmont Ave	4,291	858	1,716	2,575	3,433	4,291
Victoria Truth Centre	2815 Cedar Hill Rd	4,168	834	1,667	2,501	3,334	4,168
		\$ 198,308	\$ 39,662	\$ 79,323	\$ 118,985	\$ 158,646	\$ 198,308
Current Exemption - Not Recommend for Approval							
Royal Canadian Legion, Trafalgar Pro Patria Branch 292	411 Gorge Rd E	\$ 50,036	\$ 10,007	\$ 20,014	\$ 30,021	\$ 40,028	\$ 50,036
New Application - Not Recommend for Approval							
John Howard Society	736 Princess Ave	\$ 10,480	\$ 2,096	\$ 4,192	\$ 6,288	\$ 8,384	\$ 10,480
TOTAL		\$ 258,823	\$ 51,765	\$ 103,529	\$ 155,294	\$ 207,058	\$ 258,823

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

Renewal Applications that are recommended for approval are detailed in Appendix A. The majority of applications have remained the same since last cycle except for those properties that have surface parking lots 50% or greater of the total property area or changes in property status and eligibility.

C. Current Exemptions – Not Recommended for Renewal (Appendix B)

1. *Blue Bridge Repertory Theatre, folio 09659008, 2657 Quadra Street*: This organization has applied for an exemption under the Arts and Cultural Facility category. The Blue Bridge Repertory Theatre sold the property in January 2022, however, remains occupier of the property for use as a performing arts venue under a three-year lease agreement. The Permissive Tax Exemption policy requires that the applicant be on title as the owner of the property and consequently it is recommended that this application be denied. Approving this application would exempt the organization from \$10,376 in municipal taxes and \$15,891 in total taxes.
2. *Greater Victoria Housing Society, folio 01056010, 2014 Government Street*: This organization has applied for an exemption under the Social Service category. This property provides twenty-five affordable rental apartments for low income individuals that are not eligible for subsidized housing. This property was included in the grandfathering provision in the currently policy for affordable housing projects reviewed at Council on March 25, 2010. As a result, this property received an exemption upon completion for 10 consecutive calendar years from 2013-2022. As the property exemption under the Affordable Rental Housing category has expired and the property use does not fall within any other policy category, this application is not recommended for approval. Approving this application would exempt the organization from \$10,707 in municipal taxes and \$16,650 in total taxes.
3. *Threshold Housing Society, folio 06384013, 1502 Davie Street*: This organization has applied for an exemption under the Social Service and Supportive Housing categories. This property has traditionally housed youth who are experiencing homelessness, are aging out of the child welfare system, or fleeing violence or abuse in their home. The property is currently being used as a rental property to members of the public through an external property management firm. The organization is in the process of redeveloping the property for a new 18 unit home for at-risk youth and anticipates completion by the end of 2024. Under the current policy, exemptions are based on the principal use of the property, not the charitable services of the organization as a whole. As it will be a few years before this property is providing services to vulnerable youth, this application is not recommended for approval. Approving this application would exempt this organization from \$3,463 in City taxes and \$5,385 in total taxes.
4. *Victoria Cool Aid Society, folio 10736005, 584 Burnside Road East*: This organization has applied for an exemption under the Social Service and Supportive Housing categories. This property is currently under construction to provide 54 units of supportive housing, 100 units of affordable housing, and opportunities for leased commercial space for services such as childcare and possibly a second location for the Victoria Cool Aid Society's medical clinic. This organization has been approved by Council for a \$450,000 grant from the Victoria Housing Reserve Fund and has entered into a housing agreement with the City to secure the affordable rental units long-term with construction completion anticipated late 2023. The 54 units of supportive housing will be sold to the Provincial Rental Housing Corporation. Since this property is currently under construction it does not meet the requirements of the policy as exemptions are based on the principal use of the property, not the charitable services of the organization as

a whole. Approving this application would exempt this organization from \$49,941 in City taxes and \$76,966 in total taxes.

5. *The Royal Canadian Legion Trafalgar Pro Patria Branch folio 10748002, 411 Gorge Road East:* This organization has applied for an exemption under the Social Service and Athletic/Recreational Facility categories. This property provides a welcoming venue for social and recreational activities for veterans, seniors and members of the community.

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. 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 \$70,776 in municipal taxes and \$106,344 in total taxes.

D. New Applications – Not Recommended for Approval (Appendix C)

1. *Capital Regional District, folio 01018075, 510-1675 Douglas Street:* This organization has applied for an exemption for leased office space. The Permissive Tax Exemption policy requires that the applicant be on title as the owner of the property and consequently it is recommended that this application be denied. Approving this application would exempt the organization from \$23,814 in municipal taxes and \$36,470 in total taxes.
2. *Chabad of Vancouver Island, folio 09671030, 2951 Glasgow Street:* This organization has applied for an exemption under the Place of Worship category. This property is owned by the Chabad of Vancouver Island and is operated as a daycare centre. The Chabad of Vancouver Island purchased this property in 2021 to expand the childcare capacity at the synagogue located at 2955 Glasgow Street. This organization will be applying for a development variance permit for multiple buildings to consolidate the two lots to increase childcare capacity at the 2951 Glasgow Street location. As the principal use of the property at 2955 Glasgow Street is a place of worship, the operation of the daycare from this location is considered ancillary revenue towards the operation of the synagogue. As the primary use of the property at 2951 Glasgow Street does not fall into any of the categories of the City's Permissive Tax Exemption Policy, and in consideration of consistent application of the policy to other non-profit childcare providers in this report, this application is not recommended for approval. Approving this application would exempt the organization from \$2,761 in municipal taxes and \$4,293 in total taxes.
3. *James Bay Child Care Society, folio 02124011, 149 Montreal Street:* This organization has applied for an exemption under the Social Services category, however the property use does not fall into any of the categories of the City's Permissive Tax Exemption Policy. The property is used to provide childcare to families as well as practicum spaces for students completing the requirements to become Early Childhood Educators. This organization previously applied for an exemption for 2018 to 2019, however the application was not recommended by staff nor approved by Council. Approving this application would exempt this organization from \$5,066 in City taxes and \$7,877 in total taxes.

4. *John Howard Society of Victoria, folio 01012016, 736 Princess Avenue:* This organization has applied for an exemption under the Social Service and Supportive Housing categories. This property is currently a surface parking lot and will be redeveloped into a mixed-use building that will provide 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 late 2023. This organization does not meet the requirements of the Permissive Tax Exemption Policy at this time as exemptions are based on the principal use of the property, not the charitable services of the organization as a whole. Approving this application would exempt this organization from \$8,384 in City taxes and \$13,331 in total taxes.
5. *Springridge Early Childhood Society, folio 07461035, 1222 Gladstone Avenue:* This organization has applied for an exemption under the Social Services category, however the property use does not fall into any of the categories of the City's Permissive Tax Exemption Policy. The property is used to provide, full time non-profit childcare for over twenty-five children ranging from 18 months to 5 years of age. Approving this application would exempt the organization from \$3,287 in City taxes and \$5,111 in total taxes.

E. City of Victoria Exemptions – Recommended for Renewal (Appendix D)

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 – Capital Park, folio 02142029, 355 Menzies Street:* 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 \$58,795 annually since the City would also be exempted from paying taxes to other agencies such as School, Transit, CRD and Hospital.
2. *City of Victoria – folio 09663022, 950 Kings Road:* This building is used by the City for Community Services programs. Such an exemption would result in a positive financial impact of approximately \$19,050 since the City would also be exempted from paying taxes to other agencies such as School, Transit, CRD and Hospital.

OPTIONS & IMPACTS

Option 1 (Recommended)

Direct staff to bring forward a 2023-2025 Permissive Tax Exemption Bylaw for the properties listed in Appendices A and D.

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

Option 2

Provide alternate direction to staff on which properties to exempt.

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,

Layla Monk
Manager of Revenue

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: Renewal Applications – Recommended for Approval
Appendix B: Current Exemptions – Not Recommended for Renewal
Appendix C: New Applications – Not Recommended for Approval
Appendix D: City of Victoria Exemptions – Recommended for Renewal
Appendix E: Permissive Tax Exemption Policy