



## Governance and Priorities Committee Report

For the Meeting of September 11, 2014

**To:** Governance and Priorities Committee  
**From:** Susanne Thompson, Director of Finance  
**Subject:** 11 Chown Place – Permissive Tax Exemption

**Date:** September 2, 2014

### Executive Summary

At the August 28, 2014 Governance and Priorities Committee, staff was asked to prepare a report outlining options to phase in the tax burden for the Gorge View Society on 11 Chown Place over five years. The Community Charter permits Council to approve a permissive exemption in any proportion for up to 10 years to any portion of this property.

Approximately \$3.3M of this property's assessment is automatically statutorily exempted. This exemption applies to elderly citizen buildings built between 1947 and 1974 and the footprint of the land directly beneath. The remaining \$8.9M of assessment can be exempted by Council. Providing a five – year declining exemption would have the following financial impact:

Year	Exemption Factor	Estimated Tax Exemption Value		Estimated Taxes Payable by Society	
		Municipal Property Taxes*	Total Property Taxes*	Municipal Property Taxes*	Total Property Taxes*
2015	80%	\$ 31,809	\$ 51,171	\$ 7,952	\$ 12,793
2016	60%	23,857	38,378	15,905	25,586
2017	40%	15,905	25,586	23,857	38,378
2018	20%	7,952	12,793	31,809	51,171
2019	0%	0	0	39,762	63,964

Total	\$ 79,523	\$ 127,928	\$ 119,285	\$ 191,892
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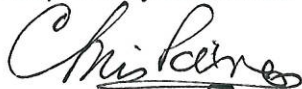
\*These estimates do not include future tax increases and assessment changes

For administrative ease, it is recommended that a separate five year permissive tax exemption bylaw be created for this property.

### Recommendation:

1. That staff be directed to prepare a 2015-2019 five year declining permissive tax exemption bylaw for 11 Chown Place that begins with an 80% exemption in 2015.
2. That staff be directed to not include the permissive exemption value on this property when calculating the permissive tax exemption cap from the consolidated permissive tax exemption group.
3. That these recommendations be forwarded to Council for approval at the September 11, 2014 Council Meeting.

Respectfully submitted



Christopher Paine  
Manager-Revenue



Susanne Thompson  
Director of Finance

Report accepted and recommended by the City Manager:

Date:



Sept. 4, 2014

## Purpose

*The purpose of this report is to provide options to the Committee for phasing in the tax burden for the Gorge View Society on 11 Chown Place over 5 years.*

## Background

Community Charter section 220(1)(i) provides an automatic statutory exemption to buildings built between 1947 and 1974 for elderly citizens housing. The exemption applies to the building and the footprint of the land beneath the building. The land surrounding the building, can be exempted by municipal Council.

A portion of 11 Chown place meets the requirements of this provision. For a least a decade, if not more, BC Assessment has erroneously been exempting the land surrounding the building without the required City bylaw. Furthermore, BC Assessment has erroneously exempted recently constructed buildings that don't meet the timeframe requirements of the statutory exemption.

In 2013 the assessment error was discovered and BC Assessment attempted to provide advance notice that the property would become taxable in 2014. The Gorge View Society maintains that they did not receive the notice and there is indication that information was sent to a non-current mailing address. Consequently the 2014 tax notice in the total amount of \$64,000 came as a surprise to the Society. This property is currently owned by the United Church of Canada but is operated by the Gorge View Society. The Society believes they are responsible for the payment of property taxes but has not been able to produce an agreement that shows they are legally responsible. The Society can establish, however, that they have managed the property and paid the related expenses for many years.

## Issues & Analysis

Council can exempt any portion of the taxable land and buildings for up to ten years. For example, Council may begin the phase in with an 80% exemption or a 100% exemption in 2015. Since the City's permissive tax exemption policy caps total exemptions, approving an exemption on this property can have an adverse effect on the consolidated group of applicants in future years. Since this exemption will expire after five years, it is recommended that cap calculations do not include the permissive exemption value on this property.

## Options & Impacts

Council can choose to begin the tax burden phase in by 2015 or can choose to begin with a 100% exemption in 2015. The financial impacts of both options are listed below.

Option 1 (recommended)		Estimated Tax Exemption Value		Estimated Taxes Payable by Society	
Year	Exemption Factor	Municipal Property Taxes*	Total Property Taxes*	Municipal Property Taxes*	Total Property Taxes*
2015	80%	\$ 31,809	\$ 51,171	\$ 7,952	\$ 12,793
2016	60%	23,857	38,378	15,905	25,586
2017	40%	15,905	25,586	23,857	38,378
2018	20%	7,952	12,793	31,809	51,171
2019	0%	0	0	39,762	63,964
Total		\$ 79,523	\$ 127,928	\$ 119,285	\$ 191,892



Option 1 is recommended because historically, exemption phase out programs have started in the immediately preceding tax year.

Option 2		Estimated Tax Exemption Value		Estimated Taxes Payable by Society	
Year	Exemption Factor	Municipal Property Taxes*	Total Property Taxes*	Municipal Property Taxes*	Total Property Taxes*
2015	100%	\$ 39,762	\$ 63,964	\$ 0	\$ 0
2016	80%	31,809	51,171	7,952	12,793
2017	60%	23,857	38,378	15,905	25,586
2018	40%	15,905	25,586	23,857	38,378
2019	20%	7,952	12,793	31,809	51,171
2020	0%	0	0	39,762	63,964
Total		\$ 119,285	\$ 191,892	\$ 119,285	\$ 191,892

\*These estimates do not include future tax increases and assessment changes

### Recommendations

1. That staff be directed to prepare a 2015-2019 five year declining permissive tax exemption bylaw for 11 Chown Place that begins with an 80% exemption in 2015.
2. That staff be directed to not include the permissive exemption value on this property when calculating the permissive tax exemption cap from the consolidated permissive tax exemption group.
3. That these recommendations be forwarded to Council for approval at the September 11, 2014 Council Meeting.