

DATE OF MEETING SEPTEMBER 13, 2023

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**SUBJECT CONSIDERATION OF NEW PERMISSIVE TAX EXEMPTION APPLICATIONS**

## **OVERVIEW**

### **Purpose of Report**

To present two regular Permissive Tax Exemption applications for the 2024 taxation year to the Finance and Audit Committee for consideration.

### **Recommendation**

That the Finance and Audit Committee recommend that Council:

1. Award a Permissive Tax Exemption commencing with the 2024 taxation year to the Canadian Mental Health Association Mid-Island Branch for the property it owns at 250 Albert Street
2. Award a Permissive Tax Exemption commencing with the 2024 taxation year to Ballenas Housing Society for the unit it leases at 3-1200 Princess Royal Avenue

## **BACKGROUND**

Pursuant to the *Community Charter* Section 224, Council may, by Bylaw, exempt land or improvements, or both, from taxation under section 197(1)(a) (Municipal property taxes).

Two regular permissive tax exemption applications have been received for the 2024 taxation year and will be contemplated in this report. These applications need to be evaluated based on the City's current Grants Policy and Guidelines document (Attachment A).

The two applications are from:

- 1) Canadian Mental Health Association Mid-Island Branch – 250 Albert Street
- 2) Ballenas Housing Society – 3-1200 Princess Royal Avenue

Four additional permissive tax exemption applications that are related to different categories of housing have also been received. These will be contemplated in a separate report.

The deadline for permissive tax exemption applications each year is June 30, and new applications are usually contemplated in September, which allows for enough time for decisions related to these applications to be reflected in the permissive tax exemption bylaw.

The Permissive Tax Exemption Bylaw for the 2024 taxation year will be presented to Council at the following meetings:

- 2023-SEP-25 Regular Council meeting – consideration of first three readings
- 2023-OCT-16 Regular Council meeting – adoption

The Permissive Tax Exemption Bylaw must be fully adopted and submitted to BC Assessment before the October 31 legislated deadline. There are also newspaper advertising and public notice requirements related to this bylaw.

### **The City's Guidelines for Making Recommendations on Permissive Tax Exemptions:**

The current 'Grants Policy and Guidelines' document (Attachment A) contains guidelines for tax exemptions for churches, public hospitals, seniors housing facilities, community care facilities, private schools, recreation, community services, and heritage properties. The policy allows for other permissive tax exemptions when the following criteria are met:

- the organization provides full financial and operating information;
- the application meets the conditions of Sections 224, 225, 226, 227 of the *Community Charter* (which are the general sections that authorize municipalities to issue permissive tax exemptions);
- the organization is a registered non-profit society;
- the organization allows their facilities to be used by all members of the public. If admission fees are charged, they must be within the ability of average citizens to pay; and
- the organization should have a long-term financial need.

Other permissive tax exemption criteria includes:

- The organization should reflect the goals, policies and operating principles of the City.
- The services provided by the organization should be an extension of municipal services and programs and must fall under the responsibility of local or senior government.
- The taxation burden resulting from the exemption must be a justifiable expense to the City taxpayer.
- The services should be used primarily by City residents.
- The organization must adhere to City bylaws and policies.

A review of the two applications is outlined below. |

## **DISCUSSION**

### **Canadian Mental Health Association – Mid Island Branch (ATTACHMENT B)**

The Canadian Mental Health Association Mid-Island Branch (CMHA) provides advocacy and resources that help support individuals with the challenges of mental health and illness. Some of the services and programs offered by the organization include:

- Overdose prevention and homeless outreach
- Supportive housing
- Education and wellness
- Employment support

The property at 250 Albert Street was purchased by CMHA in March 2022 and it houses the overdose prevention site operated by CMHA. The services offered at this building include:

- A safe a welcoming drop-in space with harm reduction supplies, support, and education
- Witnessed consumption for injection and inhalation for safer drug use and rapid overdose response
- Referrals and links to other services, including mental health, substance use, primary care, addition medicine, treatment and recovery options
- Daily drug checking available from 11am-8:30pm

Full services are in place to help guide people battling with addictions, and any member of the community can access these supports. In the past these services were offered from 437 Wesley Street which is owned by the Province of BC and the City of Nanaimo.

The organization meets the policy criteria for a permissive tax exemption. They have provided full financial information, the application meets the relevant sections of the *Community Charter*, the organization is a registered non-profit society, and the facility can be used by all members of the public.

Last year, the City of Nanaimo awarded a partial permissive tax exemption to CMHA for 2023 for the portion they were occupying of the property that was not being leased out to the Toronto Dominion Bank (5.3%). The lease agreement has ended and so the application is for a full value exemption that would commence in the 2024 taxation year.

### **Ballenas Housing Society (Formerly Nanaimo Affordable Housing Society) - (ATTACHMENT C)**

Ballenas Housing Society (Ballenas) is a non-profit registered society with over 850 homes designed for low-to-moderate income independent seniors, persons with disabilities and small families. Ballena's mission is to develop and operate well-maintained housing for people with low to moderate income, while promoting inclusive and diverse communities.

Ballenas is utilizing the property at 3-1200 as a head office and administrative facility. This facility is not used for the provision of actual affordable housing units itself.

The organization meets the policy criteria for a permissive tax exemption. They have provided full financial information, the application meets the relevant sections of the *Community Charter*, the organization is a registered non-profit society, and the facility can be used by all members of the public.

The property at 3-1200 Princess Royal Avenue is owned by the Island Crisis Society and is currently exempt through permissive tax exemption. Unit #3 is being leased to Ballenas from 2024 to 2026 inclusive, and therefore a new application for a permissive tax exemption is required due to a change in use and user group for that particular unit. |

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council:
  1. Award a Permissive Tax Exemption commencing with the 2024 taxation year to the Canadian Mental Health Association Mid-Island Branch for the property that it owns at 250 Albert Street
  2. Award a Permissive Tax Exemption commencing with the 2024 taxation year to the Ballenas Housing Society for the unit it leases at 3-1200 Princess Royal Avenue

### **Advantages:**

- Permissive tax exemptions would be awarded to the Canadian Mental Health Association Mid-Island Branch and to the Ballenas Housing Society for important work that is being done to assist vulnerable people in the Community
- This is consistent with the Grants and Policy Guidelines document, and consistent with past practice.

### **Disadvantages:**

- The approval of a permissive tax exemption would require other Class 6 properties in Nanaimo to have to absorb the property taxes that would have otherwise been paid.

### **Financial Implications:**

- *250 Albert Street:* In 2023, this property had an assessed value of \$3,233,000. The estimated value of the 2024 exemption including collections for other governments is \$65,500. Of this, the municipal portion of the property taxes would be approximately \$41,000.
- *3-1200 Princess Royal Avenue:* In 2023, this property had an assessed value of \$233,700. The estimated value of the 2024 exemption including collections for other governments is \$4,700. Of this, the municipal portion of the property taxes exempted would be approximately \$3,000.

2. That the Finance and Audit Committee recommend that Council:

1. Deny a Permissive Tax Exemption commencing with the 2024 taxation year to the Canadian Mental Health Association for the property that it owns at 250 Albert Street
2. Deny a Permissive Tax Exemption commencing with the 2024 taxation year to the Ballenas Housing Society for the unit it leases at 3-1200 Princess Royal Avenue

**Advantages:**

- The other Class 6 properties in Nanaimo would not have to absorb the municipal property taxes that would have otherwise been paid

**Disadvantages:**

- The Canadian Mental Health Association Mid Island Branch would not receive the benefit of a permissive tax exemption and could face increased financial pressure
- The Ballenas Housing Society would not receive the benefit of a permissive tax exemption and could face increased financial pressure
- The denial of a permissive tax exemption would not be consistent with past practice or other organizations that currently receive permissive tax exemptions

**Financial Implications:**

- *250 Albert Street:* In 2023, this property had an assessed value of \$3,233,000. The estimated value of the 2024 exemption including collections for other governments is \$65,500. Of this, the municipal portion of the property taxes would be approximately \$41,000.
- *3-1200 Princess Royal Avenue:* In 2023, this property had an assessed value of \$233,700. The estimated value of the 2024 exemption including collections for other governments is \$4,700. Of this, the municipal portion of the property taxes exempted would be approximately \$3,000.

3. Other direction, as provided by the Finance and Audit Committee.

**SUMMARY POINTS**

- Two applications for regular permissive tax exemptions have been received for the 2024 Property Taxation Year, and both applications meet the criteria for an exemption to be awarded
- One is from the Canadian Mental Health Association Mid-Island Branch for the property that it owns at 250 Albert Street
- One is from the Ballenas Housing Society for the unit it leases at 3-1200 Princess Royal Avenue

**ATTACHMENTS:**

ATTACHMENT A: Grants Policy and Guidelines

ATTACHMENT B: Permissive Tax Exemption Application – Canadian Mental Health Association Mid-Island Branch

ATTACHMENT C: Permissive Tax Exemption Application – Ballenas Housing Society |

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