

DATE OF MEETING SEPTEMBER 25, 2023

AUTHORED BY JAMIE SLATER, MANAGER, FINANCIAL SERVICES & SPECIAL PROJECTS

SUBJECT PROPERTY TAX EXEMPTION BYLAW FOR 2024 PROPERTY TAXES

OVERVIEW

Purpose of Report

To introduce “Property Tax Exemption Bylaw, 2023 No. 7368” (a bylaw to exempt certain land and buildings from taxation) for first, second, and third readings.

Recommendation

1. That the “Property Tax Exemption Bylaw, 2023 No. 7368” (a bylaw to exempt certain land and buildings from taxation) pass first reading; and
2. That the “Property Tax Exemption Bylaw, 2023 No. 7368” pass second reading; and
3. That the “Property Tax Exemption Bylaw, 2023 No. 7368” pass third reading.

BACKGROUND

Pursuant to the *Community Charter*, Council may exempt certain properties from taxation through a tax exemption bylaw. This bylaw must be adopted annually by October 31, and Council can choose the term of the exemption as long as it does not exceed ten (10) years.

Each year, a separate exemption bylaw is created so that properties can be added or removed as necessary.

DISCUSSION

In 2023, seven new applications were received and considered by the Finance and Audit Committee, which made recommendations to Council for approval or denial of the requested exemptions.

Throughout 2023, three (3) applications were approved, and four (4) were denied. The four applications that were denied were all related to the provision of affordable or recovery housing, and Council has directed staff to review permissive tax exemption options related to housing and bring forward recommendations to Council. These recommendations will likely include a proposed update to the existing ‘Grants Policy and Guidelines’ document.

A summary of the applications that were approved during the year are outlined below:

Applicant	FAC Meeting	Property Address	% Exemption	Approved or Denied
Boys and Girls Club Central Vancouver Island	2023-FEB-15	1985 Boxwood Road	25% for portion occupied	Approved
Ballenas Housing Society – Head Office	2023-SEP-13	3-1200 Princess Royal Avenue	100%	Approved
Canadian Mental Health Association Mid Island Branch	2023-SEP-13	250 Albert Street	100%	Approved

A summary of additions to the bylaw through legal agreement for a tax exemption are outlined below:

Entity	Agreement	Property Address	% Exemption	Approval Term
Island Corridor Foundation	Licence of Occupation	328 Selby Street	100%	To 2031

The property at 328 Selby Street was not included in the main group of Island Corridor Foundation properties that were originally exempted in a 10-year exemption bylaw in September 2021. This property is specifically listed for exemption in a shared licence of occupation agreement with the Island Corridor Foundation. The term of the exemption for 328 Selby Street is being listed at 8 years so that the expiry of this exemption will align with the expiry of the other Island Corridor Foundation properties in 2031.

A summary of the applications that were denied is outlined below:

Applicant	FAC Meeting	Property Address	% Exemption	Approved or Denied
Ballenas Housing Society	2023-SEP-13	6010 Hammond Bay Road	100%	Denied until housing PTE policy developed
Habitat for Humanity	2023-SEP-13	6-2360 Extension Road	100%	Denied until housing PTE policy developed
Turn the Paige Recovery House	2023-SEP-13	3059 Glen Eagle Crescent	100%	Denied until housing PTE policy developed
Island Urban Indigenous Wellness Society	2023-SEP-13	1406 Bowen Road	100%	Denied until housing PTE policy developed

Valuation of Permissive Exemptions

The estimated value of the municipal exemption granted for 2024 for all 173 properties is \$2,046,000, as detailed in the chart below:

	Bylaw Schedule	# Properties	2024 – City Portion Only (\$)
Church Properties	A	38	\$540,000
Senior Housing Facilities	B	11	\$173,000
Community Care Facilities	C	6	\$177,000
Non-Profit Organizations and Other	D	118	\$1,156,000
TOTAL		173	\$ 2,046,000

Bylaw Enhancements

The format of the bylaw has also been updated. This has been done to modernize the bylaw, but also to add content that is beneficial so that users can see what exemptions are being utilized under the *Community Charter*.

BC Assessment is responsible for reviewing and administering the exemptions that are granted through the City’s permissive tax exemption bylaw. The format and content changes to this bylaw have been reviewed by BC Assessment to ensure that the bylaw meets and exceeds all of the criteria that are required in permissive tax exemption bylaws.]

OPTIONS

1. That the “Property Tax Exemption Bylaw, 2023 No. 7368” (a bylaw to exempt certain land and buildings from taxation) pass first reading; and

That the “Property Tax Exemption Bylaw, 2023 No. 7368” pass second reading; and

That the “Property Tax Exemption Bylaw, 2023 No. 7368” pass third reading.

Advantages:

- Granting permissive tax exemptions to these organizations is consistent with past practice, and also with Council’s “Grants Policy and Guidelines” document
- Organizations supported by permissive tax exemptions can use the funds that they otherwise would have paid in property taxes to support the work that they are doing to benefit the Community

Disadvantages:

- By granting permissive tax exemptions to these organizations, the remaining Class 1 (Residential), Class 2 (Utilities), Class 6 (Business/Other), and Class 8 (Recreational) properties throughout the City of Nanaimo will be required to absorb the property taxes that would have otherwise been paid

Financial Implications:

- There are no financial impacts to the City of Nanaimo if the permissive tax exemption bylaw is adopted, as the total amount of taxes requisitioned will remain the same.
 - The impact of permissive tax exemptions is a shift from taxpayers that are exempt over to remaining taxpayers in that same property class
 - The estimated municipal portion of these taxes is \$2,046,000
 - This estimate represents municipal taxes only and does not include collections for other government entities
2. That Council does not pass any readings of “Property Tax Exemption Bylaw, 2023 No. 7368” (a bylaw to exempt certain land and buildings from taxation).

Advantages:

- Approximately \$2,046,000 in municipal taxes would not be required to be absorbed by the remaining Class 1 (Residential), Class 2 (Utilities), Class 6 (Business/Other), and Class 8 (Recreational) properties.

Disadvantages:

- The denial of permissive tax exemptions for all of these organizations would be inconsistent with Council’s cumulative actions to date
- The entities that are currently receiving a permissive tax exemption would be required to pay property taxes in 2024
- The denial of permissive tax exemptions could have a potentially significant financial impact on the operations of multiple charitable organizations

Financial Implications:

- There are no financial impacts to the City if the permissive tax exemption bylaw is not adopted, as the total amount of taxes requisitioned will remain the same
3. Other direction, as provided by Council.

SUMMARY POINTS

- The Permissive Tax Exemption bylaw for the upcoming taxation year must be adopted annually by October 31 each year
- Applications received throughout the year were presented to the Finance & Audit Committee, with recommendations being endorsed by Council
- Enhancements have been made to the bylaw to include *Community Charter* references and more specific exemption information

ATTACHMENTS:

Property Tax Exemption Bylaw, 2023 No. 7368 |

Submitted by:

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Concurrence by:

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