

DATE OF MEETING FEBRUARY 21, 2024

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SUBJECT **Permissive Tax Exemption Application and Other Grant Request**

OVERVIEW

Purpose of Report

To present a Permissive Tax Exemption application and 2024 cash grant request from the Nanaimo Men's Resource Centre 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 2025 taxation year to the Nanaimo Men's Centre for the property that it leases at 418D Fitzwilliam Street; and
2. Award a 2024 Cash Grant to the Nanaimo Men's Centre to a maximum amount of \$3,600 for the 2024 property taxation year for the portion of the property that it leases at 418D Fitzwilliam Street.

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).

A regular permissive tax exemption application has been received from the Nanaimo Men's Resource Centre and will be contemplated in this report. The application needs to be evaluated based on the City's current Grants Policy and Guidelines document (Attachment A).

This application was received in September 2023 after the June 30 Permissive Tax Exemption application deadline, so was not able to be included in the Permissive Tax Exemption bylaw for the 2024 Property Taxation year. This application is being brought forward for consideration early in the 2024 taxation year, so that a cash grant to assist with the upcoming costs of 2024 property taxes can be requested.

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 application is outlined below. |

DISCUSSION

The Nanaimo Men's Resource Centre

The Nanaimo Men's Resource Centre is a non-profit organization incorporated under the Societies Act of British Columbia since 2001. The Society was formed to provide support and education programs, and the Men's Centre provides specialized counseling, coaching and advocacy services. Workshops, counseling, and peer groups are run from the location at 418D Fitzwilliam Street.

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 programs and services can be accessed by all residents of Nanaimo.

Although the name Men's Centre is specific to Men, there are similar organizations that focus primarily on Women's services, and all of the charitable services are meant to provide supports that will benefit all genders and family members associated with those that need the resources being provided. Therefore, the recommendation is to award a permissive tax exemption commencing with the 2025 taxation year.

Cash Grant Request

The Nanaimo Men's Resource Centre has requested a cash grant for the 2024 taxation year. In the 2024 Financial Plan, there is a total budget available of \$5,000 for cash grants.

Men's Centre

The Men's Centre occupies approximately 19% of the property at 418 Fitzwilliam Street. Based on this percentage and associated maps provided, the portion of the 2023 property tax cost would have been \$3,321. The estimated value for the total 2024 property tax cost is \$3,600. |

OPTIONS

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

1. Award a Permissive Tax Exemption commencing with the 2025 taxation year to the Nanaimo Men's Centre for the property that it leases at 418D Fitzwilliam Street; and
2. Award a 2024 Cash Grant to the Nanaimo Men's Resource Centre to a maximum amount of \$3,600 for the 2024 property taxation year for the portion of the property that it leases at 418D Fitzwilliam Street.

Advantages:

- A Permissive Tax Exemption would be awarded to the Nanaimo Men's Resource Centre for important work that is being done to assist vulnerable people in the Community
- The cash grant awarded would not exceed the existing 2024 budget of \$5,000

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 – Permissive Tax Exemption:

- In 2023, this property had an assessed value of \$898,200 in the Class 6 (Business) category, with 19% of the property being used for charitable purposes. When a permissive tax exemption is issued, the municipal portion of taxes is exempted, in addition to the amounts collected for other government agencies (School Taxes, Regional District Taxes, Hospital taxes, etc....). The estimated value of the 2025 tax exemption including collections for other governments is \$3,850.

Financial Implications – Cash Grant:

- The estimated value of the 2024 property taxes for the 19% portion of the building leased at 418D Fitzwilliam Street is approximately \$3,600. The cash grants budget for 2024 has a budget of \$5,000. If a cash grant was awarded, there would be approximately \$1,400 of budget remaining.

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

- Deny a permissive tax exemption and cash grant to the Nanaimo Men's Resource Centre for the property that it leases at 418D Fitzwilliam Street

Advantages:

- The other Class 6 properties in Nanaimo would not have to absorb the municipal and other government agency property taxes that would have otherwise been paid, estimated at \$3,850

Disadvantages:

- The Nanaimo Men’s Resource Centre would not receive the benefit of a permissive tax exemption and could face increased financial pressures
- The denial of a permissive tax exemption would not be consistent with past practice or other organizations that currently receive permissive tax exemptions that perform similar charitable activities

Financial Implications:

- The \$5,000 cash grants budget for 2024 would remain unused

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

SUMMARY POINTS

- A Permissive Tax Exemption application has been received from the Nanaimo Men’s Resource Center for the property that it leases at 418D Fitzwilliam Street
- A cash grant to cover the 2024 property tax costs has been requested, which is estimated at \$3,600
- The organizations meets the policy criteria to be awarded a permissive tax exemption, and there is room available in the 2024 cash grants budget to be able to award a cash grant

ATTACHMENTS:

ATTACHMENT A: Grants Policy and Guidelines Document

ATTACHMENT B: Application from Nanaimo Men’s Resource Centre |

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