

DATE OF MEETING JUNE 19, 2024

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SUBJECT PERMISSIVE TAX EXEMPTION POLICY AND SECURITY CHECKS AND OTHER GRANTS POLICY UPDATES

OVERVIEW

Purpose of Report

To present an updated Permissive Tax Exemption Policy and Security Checks and Other Grants Policy for review and endorsement.

Recommendation

That the Finance & Audit Committee recommend that Council:

1. Approve the Permissive Tax Exemption Administrative Policy as outlined in the Staff report dated 2024-JUN-19;
2. Approve the Security Checks and Other Grants Administrative Policy as outlined in the Staff report dated 2024-JUN-19; and
3. Repeal the Council 'Grants Policy and Guidelines' Policy COU-185.

BACKGROUND

At the Finance and Audit Committee meeting on 2024-APR-17, the Finance and Audit Committee recommended "That Council direct staff to bring forward a new 'Permissive Tax Exemption' policy that includes criteria for non-market housing as outlined in the Staff report dated 2024-APR-17, and a separate 'Other Grants Policy' for the City's other grant programs." A copy of this report is included for reference as Attachment C.

This recommendation was endorsed by Council at the 2024-APR-22 Regular Council Meeting. Pursuant to this direction, Staff has prepared a new Permissive Tax Exemption Policy and a new Security Checks and Other Grants Policy for review and approval.

DISCUSSION

The existing 'Grants Policy and Guidelines' document requires updates to include policy criteria for non-market housing.

As previously presented to the Finance and Audit Committee, Staff has completed a significant amount of research on the non-market housing supply in Nanaimo. As part of this project, an inventory of the City's existing non-market housing units was created. As well, a jurisdictional review (to examine what other comparable BC municipalities are doing with regard to non-

market housing) was completed, and there was consultation with 12 different non-market housing providers.

Since the jurisdictional scan was completed, it has also been confirmed that the City of Abbotsford has provisions in their permissive tax exemption policy that specifically exclude long-term affordable housing, but does make provisions for shelters and supportive housing, which is consistent with the approach and direction that the City of Nanaimo is taking.

When deliberating permissive tax exemptions for non-market housing, considerations were given to Nanaimo's *Housing Need Report (2023)*, as well as Provincial Housing Targets. Since the Finance and Audit Committee meeting on 2024-APR-22, the City of Nanaimo has been included in the Province of BC's listing of municipalities that will receive Housing Target Orders, which will set housing targets for the City of Nanaimo and increase the level of non-market housing required.

Permissive Tax Exemption Policy

A draft of the proposed 'Permissive Tax Exemption' Policy is attached as Attachment A. The policy has been written in accordance with the policy recommendations from the 2024-APR-17 meeting. Highlights of the policy recommendations (as they relate to non-market housing) include:

Legacy Properties – properties with existing permissive tax exemptions will continue to receive exemptions if they continue to provide the same or similar service.

Temporary Housing – exemptions will be provided for properties that are providing temporary housing services on a year-round basis that are owned or leased by a non-profit society or charity.

Supportive Housing – non-profit societies or charities that provide supportive housing on a year-round basis with services that are free of charge or heavily subsidized but do not qualify for a Class 3 supportive housing exemption will be considered for permissive tax exemptions.

Social Housing – permissive tax exemptions will not be granted for social housing, but an assessment reduction may be obtained through BC Assessment if a housing agreement and restrictive covenant is registered on title, showing evidence of long-term financial and profit restrictions.

Other administrative changes to the policy include:

Cash Grants – the section on cash grants has been removed. Previously, cash grants could be requested if an applicant had missed the June 30 permissive tax exemption deadline and wanted to request a cash grant to assist with the costs of their property taxes. The jurisdictional scan of other municipal policies outlined that this is not a common practice across BC. In addition, due to the modest amount of budget allocated to cash grants each year (\$5,000), it makes administrative sense to not offer this program for entities that have missed the deadline.

It is important to note that at any point, the Permissive Tax Exemption policy can be reviewed or changed if Council desires. As the non-market housing environment changes, there may be changes required to the policy.

Security Checks and Other Grants Policy

A draft of the proposed 'Security Checks and Other Grants' Policy is attached as Attachment B.

The policy has been written in order to streamline the Other Grants process. Highlights of the new policy include:

Separate Intakes – the new policy would provide for two annual intakes under the Other Grants program. This will reduce the amount of Council and Staff time that is currently required to evaluate Other Grant applications that are currently brought forward in a separate staff report each time an application is received. A separate intake program will also allow for applications to be evaluated based on their merit against each other, as opposed to applications being evaluated individually.

Eligibility Criteria – additional detail will be provided around the specific eligibility criteria for each category, so that grant applications have more fulsome criteria to be evaluated against.

Travel Grants – Travel Grants have been removed from the Security Checks and Other Grants policy as they will be included in a new policy that is being brought forward for consideration by the Parks, Recreation, and Culture Department. This new policy is anticipated to be presented to the Finance and Audit Committee in the near future, in the event that there is a delay in the Travel Grants Policy and new applications are received, Staff will continue to use the legacy policy document until the new policy is enacted, as this is consistent with years of past practice related to this program.

Heritage Exemptions – Heritage Exemptions have been removed from the Security Checks and Other Grants policy because these exemptions are granted specifically through provisions in the *Community Charter*, and Heritage exemptions are required to be approved by Council in a separately adopted bylaw.

Revitalization Exemptions – revitalization exemptions have been removed from the Security Checks and Other Grants policy because these exemptions are granted specifically through provisions in the *Community Charter*, and Revitalization exemptions are required to be approved by Council in a separately adopted bylaw. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council:
 1. Approve the Permissive Tax Exemption Administrative Policy as outlined in the Staff report dated 2024-JUN-19;
 2. Approve the Security Checks and Other Grants Administrative Policy as outlined in the Staff report dated 2024-JUN-19; and
 3. Repeal the Council 'Grants Policy and Guidelines' Policy COU-185.
- **The advantages of this option:** There will be new, separate policies for Permissive Tax Exemptions and for Security Checks and Other Grants, which will allow for ease of administration for these two programs. The new Permissive Tax Exemption Policy will be used to evaluate applications that are received by

the 2024-JUN-30 deadline. The new Other Grants policy will be used to evaluate applications that are received by the intake deadlines.

- **The disadvantages of this option:** No disadvantages to note. Existing mechanisms are available for social housing to obtain an assessment reduction and property tax relief.
- **Financial Implications:** Existing legacy properties will continue to be granted permissive tax exemptions, so there is no change to the properties that are currently on the permissive tax exemption bylaw. Any new properties that are owned or leased by non-profit societies that are providing shelter beds, temporary housing, or supportive housing will be considered for permissive tax exemptions. The number of new applications and their value can not be accurately predicted.

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

1. Deny the approval of the Permissive Tax Exemption Administrative Policy as outlined in the Staff report dated 2024-JUN-19;
2. Deny the approval of the Security Checks and Other Grants Administrative Policy as outlined in the Staff report dated 2024-JUN-19; and
3. Do not repeal the Council 'Grants Policy and Guidelines' document.

- **The advantages of this option:** There are no advantages to note. The City of Nanaimo requires a policy that addresses non-market housing to be able to evaluate permissive tax exemption applications that have non-market housing components.
- **The disadvantages of this option:** The City of Nanaimo would not have a mechanism to be able to evaluate new applications for permissive tax exemptions that have a non-market housing component.
- **Financial Implications:** in either of the options presented, existing legacy properties will continue to be granted permissive tax exemptions, so there will be no change to properties that are currently listed on the permissive tax exemption bylaw.

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

SUMMARY POINTS

- Direction has been received from Council for Staff to bring forward a new 'Permissive Tax Exemption' policy that includes criteria for non-market housing as outlined in the Staff report dated 2024-APR-17, and a separate 'Other Grants Policy'
- Draft policies are attached for review and approval by the Finance and Audit Committee

ATTACHMENTS:

ATTACHMENT A: DRAFT PERMISSIVE TAX EXEMPTION POLICY

ATTACHMENT B: DRAFT SECURITY CHECKS AND OTHER GRANTS POLICY

ATTACHMENT C: 2024-APR-27 STAFF REPORT – NON-MARKET HOUSING
PERMISSIVE EXEMPTION POLICY OPTIONS

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