

Staff Report for Decision

DATE OF MEETING APRIL 17, 2024

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SUBJECT **NON-MARKET HOUSING PERMISSIVE EXEMPTION POLICY OPTIONS**

OVERVIEW

Purpose of Report

To present the Finance and Audit Committee with policy options related to Permissive Tax Exemptions for Non-Market Housing.

Recommendation

That the Finance and Audit Committee recommend 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.

BACKGROUND

At the 2023-SEP-13 Finance and Audit Committee meeting, a recommendation to Council was made to:

“direct Staff to review permissive tax exemption options related to housing and bring forward recommendations to Council, which may include a proposed update to the existing ‘Grants Policy and Guidelines’ document, or other policy recommendations.”

The motion was adopted by Council by consent at their meeting on 2023-SEP-25.

The review was triggered by an absence of policy to determine eligibility in granting permissive tax exemptions for non-market housing providers. As the need for non-market housing continues to grow and evolve, staff from Finance and Community Planning worked together to complete the research for this project, and to propose new policy recommendations.

For reference, a copy of the existing 'Grants Policy and Guidelines' document is attached as Attachment A.

Permissive Tax Exemptions

A municipality is empowered under the *Community Charter* to provide permissive tax exemptions (PTE). These exemptions are generally available to non-profit organizations that provide a valued service in the community. This can include 1) building and operating non-market housing in our

community, a need identified in the *Housing Needs Report 2023*; and, 2) supporting initiatives like recovery houses, which benefit the community through providing treatment services and programs.

Non-Market Housing

Non-market housing is defined for this project as a range of housing options, where the cost of housing is lower than the average cost of market housing due to some level of subsidization. Non-market housing includes temporary housing, supportive housing, and social housing, but excludes community care facilities providing licensed care services, warming centres, and rooming houses. The three categories of non-market housing that were used for this project were informed by the *Housing Needs Report (2023)*, and are defined as follows:

Temporary Housing: Temporary beds offering emergency and support services for people who are homeless or at risk of becoming homeless; leaving physically, psychologically, or sexually abusive relationships; or immediate post-acute phase of recovery from drug and alcohol dependency or addiction. Stays are temporary ranging from one night to longer depending on a person's individual needs. Temporary Housing includes:

- permanent year-round shelter beds;
- temporary year-round shelter beds;
- temporary winter response shelters;
- extreme weather response shelters;
- transition houses; and,
- recovery centres.

Warming Centres, rooming houses, and halfway houses, in conjunction with the administration of justice, for the purpose of shelter and support of persons serving or on parole from any part of a sentence (including unconditional sentence) imposed by a court, are not considered shelters.

Supportive Housing: Permanent housing that is subsidized to be lower than the average cost of private-market housing and has on-site supports for people to transition out of homelessness. This includes temporary modular housing, which are demountable structures, not permanently affixed to land.

Social Housing: Permanent housing that is subsidized to be lower than the average cost of private-market housing. Individuals and families live independently with no onsite supports. Social housing can include below-market rental, below-market ownership, co-ops, co-housing, and temporary modular housing, which are demountable structures, not permanently affixed to land. Social housing excludes supportive and temporary housing.

DISCUSSION

This section focuses on a review of non-market housing in Nanaimo, a jurisdictional review of PTE policies, consultation findings from interviews with non-market housing providers, as well as considerations of granting property tax exemptions for non-market housing.

Non-Market Housing in Nanaimo

An inventory of the City of Nanaimo's existing non-market housing units was initiated to estimate a baseline of non-market housing units currently available in Nanaimo. The data was provided by non-market housing providers and placed into the three non-market housing categories listed above. The inventory identifies approximately 259 temporary beds, 338 supportive housing units, and 1,452 social housing units. It is important to note that these numbers are estimates, as data was not provided by all non-market housing providers. Further, due to definitions of non-market housing varying across government agencies and non-market housing providers, there are limitations to the data. The purpose of the estimate for this project is to provide a general sense of how many existing providers could be eligible for a PTE.

Jurisdictional Review & Consultation

Staff reviewed the permissive tax exemption policies of 13 other comparable BC municipalities either by size or by region. Although almost every municipality has a permissive tax exemption policy, very few municipalities have policies that specifically refer to non-market housing (see Attachment B for a summary of the findings). In addition, most municipalities did not have their permissive tax exemption policy combined with their grant policy. For ease of administration, Staff are recommending that the general permissive tax exemption policy and other grants policy are both brought forward as separate policies, as indicated in the recommended motion.

Consultation with Non-Market Housing Providers

Staff met with 12 non-market housing providers in Nanaimo to gain insight into the potential benefits and drawbacks that a permissive tax exemption policy could have on existing and future non-market housing in the city. Overall, non-market housing providers were supportive of a new policy as property taxes can significantly impact the viability of operating non-market housing. Providers also emphasized the importance of continuing to provide PTEs for legacy properties (i.e. non-market housing currently receiving a PTE). Without the PTE, legacy providers are limited in their ability to increase rents due to operational agreements in place. Unless an existing agreement includes the subsidization of property taxes, providers would be responsible for generating the additional funds to off-set the property taxes.

Considerations to Granting Property Tax Exemptions for Non-Market Housing

There are several factors to consider regarding granting property tax exemptions for non-market housing.

Housing Needs Report & Provincial Housing Targets

Based on Nanaimo's *Housing Need Report* (2023), 46% of future housing units should be at a price point affordable to households earning less than \$40,000 per year. This translates to an average of 525 new homes that are needed per year at non-market or near market levels.

As of 2023-MAY-31, the *Housing Supply Act* grants the Province of BC the authority to set housing targets in municipalities with the greatest need and highest projected population growth. The Province expects to issue housing target orders to 16-20 municipalities each fiscal year. On 2023-SEP-26, targets were released for 10 municipalities (refer to Attachment C). The City of Nanaimo

was not included on the initial list, but it is anticipated that housing targets for Nanaimo could be issued in the future. Similar to the needs estimates identified in the *Housing Needs Report*, Staff anticipate the Provincial targets for non-market housing could be high, potentially placing major financial implications on the existing tax base if exemptions were provided.

Shift of Costs to Existing Residential Taxpayers

There is expected to be an increase in the construction of non-market housing, thus when contemplating property tax exemptions for non-market housing consideration needs to be given to the potential impact on existing taxpayers. Property taxes are the largest source of City revenue and help to fund day to day operations, as well as infrastructure requirements. The annual Financial Plan, approved by Council, sets the amount of property taxes required to be collected from the tax base. If non-market units are granted exemptions, the remaining residential taxpayers would be required to absorb these costs as the full property tax amount must still be collected from Class 1 (Residential) taxpayers.

Currently, approximately 50-150 non-market housing units are built annually in Nanaimo. If 150 non-market units are built annually, and the average assessed value of each unit is \$400,000, the total amount of assessment exempted would increase by \$60,000,000 each year (if all units were given a tax exemption). Using 2023 property tax rates, this annual exemption increase would generate approximately \$350,000 of municipal and other government agency property taxes that would be shifted to the other existing Class 1 (Residential) taxpayers.

If 525 non-market units were built annually and the average assessed value of each unit was \$400,000, the total amount of assessment exempted would be increased by \$210,000,000 annually (if they were all given a tax exemption). Of course, it would take many years to achieve that level of non-market housing, but it gives an idea of the magnitude of the exemptions that could be requested over time. Using 2023 property tax rates, this annual exemption increase would generate approximately \$1,225,000 of municipal and other government agency property taxes that would be shifted to the other existing Class 1 (Residential) taxpayers.

The disadvantage of shifting additional property tax costs to existing residential taxpayers is that many taxpayers may be struggling themselves, which has been made evident by the number of properties that do not pay their full property taxes before the due date. Property taxes not paid by the due date are also subject to late payment penalties. If more costs are shifted, homeowners may no longer be able to afford the housing that they currently own, which in turn would create a need for that resident to access non-market housing. This could create a cycle that is unsustainable in the long term (refer to Attachment D). There may also be other market implications, such as landlords increasing the rent of market units to cover their annual property taxes.

Existing Mechanisms for Property Tax Relief Related to Housing – Assessment Reductions

Staff consulted with BC Assessment to obtain clarity around properties that are eligible for a reduced assessed value, therefore reducing the need for a Property Tax Exemption. According to BC Assessment, non-market housing generally falls under two main property classifications: Class 1 (Residential) and Class 3 (Supportive).

Properties classified as Class 1 (Residential) are not eligible for a reduction in assessed value unless there is a lease agreement registered on the title of the land that: 1) restricts the use of the

property to the provision of ‘affordable housing’, or similar terms, and 2) restricts the rents that may be charged to the point that the development operates at or near non-for-profit levels. BC Assessment confirmed that property assessments can be adjusted where long-term restrictions are in place. The restrictions typically need to be for a minimum of 40+ years and run with the land. An example is a restrictive covenant with a housing agreement between the owner/operator and the City of Nanaimo. It is important to note that the assessed value is reduced but not to the nominal amount as Class 3 (Supportive).

Properties classified as Class 3 (Supportive) are subject to special valuation rules that reduce the assessed value to a nominal amount. Eligible supportive housing properties are those that are used by, or on behalf of, a person who receives funding from the provincial government or a regional health board for the provision of supportive housing. As Class 3 properties are often reduced to a nominal value of \$2, a property tax exemption is not necessary.

Class 3 Supportive Housing exemptions also shift costs to other City taxpayers. In this case, the burden of the reduced tax assessment is borne by all of the property classes within the City assessment jurisdiction.

Proposed Policy Recommendation

Staff recommend the following approach be taken to granting permissive tax exemptions for non-market housing.

Legacy Properties: Staff recommend that properties with existing permissive tax exemptions continue to receive exemptions if they continue to provide the same or similar services as their originally granted exemptions. A sale or change in use of the property would end the exemption and the new owner would need to re-apply for a permissive tax exemption, which is consistent with current municipal and BC Assessment practice. Not granting continued exemptions for legacy properties could potentially lead to the loss of existing non-market housing units, due to non-market housing providers inability to generate sufficient revenue to offset the property taxes.

A summary of the current permissive tax exemptions granted that are related to the housing categories being proposed are as follows:

Tax Exemption Category	Properties (#)	Units (#)
Temporary Housing	13	31
Supportive Housing	2	53
Social Housing	14	519
Other Properties (Not housing related or exempted through other legislation including Seniors Housing and Community Care Facilities)	144	-
Total	173	603

Temporary Housing: Staff recommend that exemptions be considered for properties providing temporary housing services on a year-round basis that are owned or leased by a Non-Profit Society or Charity, if property tax costs are not provided for in any funding agreements with BC Housing or any other government entity. The City may require that future negotiations allow for the funding of municipal property taxes.

Supportive Housing: Where BC Assessment does not offer a reduced assessed value for supportive housing, Staff recommend exemptions be considered for properties providing supportive housing services on a year-round basis that are owned or leased by a registered Non-Profit entity, if property tax costs are not provided for in any funding agreements with BC Housing or any other government entity. Services are generally free of charge or heavily subsidized and services can not be charged at fair market value. The City may require that future negotiations allow for the funding of municipal property taxes.

Social Housing: Staff recommend exemptions not be considered for social housing. However, a reduction of up to 70% of the assessed value can be obtained through BC Assessment with a restrictive covenant and housing agreement registered on the land title. Assessment reductions apply if the non-market housing provider can show evidence of long-term financial and profit restrictions.

OPTIONS

1. That the Finance and Audit Committee recommend 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.

- **The advantages of this option:** Operations of current non-profit organizations with current permissive tax exemptions will not be disrupted.

Permissive tax exemptions will still be considered and could be provided for properties like Shelters, Safe Homes, Transition Houses, etc. These types of properties are already captured with the current permissive tax exemption bylaw.

Existing Class 1 Residential Taxpayers would not have to absorb a significant tax shift due to permissive tax exemptions if there are large amounts of non-market housing being constructed. If properties are willing to enter into long-term housing agreements to restrict the use of the property through a covenant/housing agreement on the land title, there is an assessment reduction mechanism in place to provide property tax relief that is administered through BC Assessment. This would also save administrative time and resources because the City does not have the capacity to be able to continually monitor rent rolls and the changing number of market and non-market units in each building.

For new non-market housing being constructed and being owned or leased by Non-Profit entities, the cost of municipal property taxes could be factored into agreements with BC Housing.

- **The disadvantages of this option:** Permissive tax exemptions would not be directly provided by the municipality for non-market housing, which could impact the financial analysis or financial viability for new non-market housing units in the City.
- **Financial Implications:** True financial implications of providing permissive tax exemptions for all new potential non-market units cannot be accurately predicted.

Tax exemption costs would depend on the number and timing of new buildings built, the assessed values at various stages of construction, the estimated future tax rates for a variety of government entities, the number of units that would qualify as non-

market according to the definitions of what qualifies as a non-market unit, which can be changed, etc. There are too many financially significant assumptions to be made to be able to provide a reasonable estimate.

However, as outlined in the report above, with 46% of all new housing units needing to be non-market, it is fair to say that the cost that would be shifted to other existing residential taxpayers could be significant over time.

The proposed new policy around temporary housing and supportive housing could potentially initiate permissive tax exemptions from properties that do not currently have an exemption. Of the properties that staff are aware of, there could be potential additional applications for \$3,476,000 of assessment, which could result in approximately \$20,300 of municipal and other government agency property taxes being shifted to other existing Class 1 (Residential) taxpayers based on 2023 rates.

2. That Council provide alternative direction. |

SUMMARY POINTS

- As directed by Council, Staff have reviewed permissive tax exemption options related to housing, and have grouped the City's existing non-market housing into three categories for the purpose of the review i) temporary housing; ii) supportive housing; and iii) social housing.
- Staff recommend that: i) a permissive tax exemption should continue to be provided for legacy properties currently receiving an exemption to ensure their viability; and ii) permissive tax exemptions should be offered to the temporary housing and supportive housing categories (where BC Assessment does not offer a reduced property assessment).

ATTACHMENTS:

- ATTACHMENT A: Grants Policy and Guidelines Document
ATTACHMENT B: Jurisdictional Review of Permission Tax Exemptions related to Housing
ATTACHMENT C: Provincial Housing Targets
ATTACHMENT D: Shift of Costs to Existing Residential Taxpayers |

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ATTACHMENT A

Grants Policy and Guidelines

CITY OF NANAIMO

COUNCIL POLICY MANUAL

Pages: 1 of 12
Approval Date: 2003-APR-14

SECTION: FINANCIAL ADMINISTRATION
SUBJECT: Grants Policy and Guidelines

GRANTS POLICY AND GUIDELINES INDEX

SECTION	SUBJECT	PAGE NO.
1.	Composition and Term of the Grants Advisory Committee	2
2.	Terms of Reference of the Grants Advisory Committee	2
3.	Categories of Grant Funding	3
4.	Yearly Allocation for Grant Funding	3
5.	Coordination of Grants-in-Aid Procedures with the Regional District of Nanaimo	3
6.	Guidelines for Making Grant Recommendations by Category: (Includes Statement of Purpose; Criteria for Awarding Grants; Kind of Funding)	4
	(a) Community Services	4
	(b) Travel Assistance	5
	(c) Security Checks	5
	(d) Social Impacts of Gaming (Rev. 2000-MAY-08)	6
	(e) Other Grants	6
	(f) Permissive Tax Exemptions	7
7.	Permissive Tax Exemptions	7
8.	Guidelines for making recommendations on Permissive Tax Exemptions by Category	8
	(a) Churches	8
	(b) Public Hospitals	9
	(c) Senior Citizens' Housing Facilities	9
	(d) Community Care Facilities	9
	(e) Private Schools	10

(f) Recreation	10
(g) Community Services	10
(h) Heritage Property	11
(i) Other Permissive Exemptions	11

GRANTS POLICY AND GUIDELINES

1. **COMPOSITION AND TERM**

The Grants Advisory Committee shall be appointed by Council and shall be comprised of:

- 1 member recommended by the Parks, Recreation and Culture Commission
- 1 member recommended by the United Way
- 1 Council member as appointed by Council and that member serve as Chair of the Committee (Rev. 2003-APR-14)
- 1 member recommended by the Nanaimo Alcohol and Drug Action Committee (Rev. 2000-FEB-03)
- 1 member recommended by the Social Planning Advisory Committee (Rev. 1990-OCT-22)
- 2 members of the general public appointed by Council
- 1 non-voting Staff liaison recommended by the City Manager

The bodies recommending appointees shall be requested to ensure that the recommended representatives provide a good balance of knowledge in their respective areas of service, and to ensure the commitment and attendance of their recommended representatives.

The maximum term for any member shall be three years.

2. **TERMS OF REFERENCE**

The Terms of Reference of the Grants Advisory Committee shall be:

- (a) to advise Council on the amount of financial assistance which the municipality should grant to all applicants for financial assistance. Organizations that are "cultural" in nature shall be reviewed by the Cultural Committee (Rev. 1994-DEC-05). Recommendations shall be made in accordance with the guidelines and criteria defined in this Policy;
- (b) to carry out an evaluation of the effectiveness of the service being provided in relation to the needs of the community;
- (c) to recommend policies to Council with regard to non-statutory tax exemption (Permissive Tax Exemptions under Sections 224, 225, 226, 227 of the *Community Charter*);
- (d) to make recommendations on requests for the subsidized use of civic facilities and resources as if they were requests for financial assistance ("in-kind" grants);

- (e) to hold all meetings in "In Camera" sessions, out of consideration to the sensitive nature of the matters discussed;
- (f) to maintain the confidentiality of all matters reviewed by the Committee;
- (g) to provide all applicants with observations, recommendations and/or reasons for the recommendations of the Committee;
- (h) to ensure that civic grant funding does not subsidize activities that are the responsibility of senior governments, as this would represent a downloading of senior government costs to local taxpayers;
- (i) to ensure that priority of funding in all categories shall be given to small organizations, rather than larger ones;
- (j) to ensure that grants from the City will be awarded on the basis of demonstrated need for the service within the community and the financial end of the organization (Rev. 1993-FEB-08).

3. CATEGORIES OF GRANT FUNDING

Grant funding will be divided into the following categories:

- Community Services
- Travel Assistance
- Security Checks
- Social Impacts of Gaming (Rev. 2000-MAY-08)
- Other Grants
- Permissive Tax Exemptions (Cash Grants)

Recommendations on the amount of grant funding any applicant will be awarded from these categories shall be made in accordance with the guidelines that are outlined in this Policy.

4. YEARLY ALLOCATION FOR GRANT FUNDING

The amount of money available in each category shall be determined by Council during the Provisional Budget process each year.

5. COORDINATION OF GRANTS-IN-AID PROCEDURES (with the Regional District of Nanaimo)

Funding: The amount raised from the Regional District levy on the City of Nanaimo shall be returned to the City each year on the condition that the funds are used as either basic or supplementary grants to those organizations which have a primary base of operations within the city, but also provide services which are of a benefit to residents outside the City.

6. GUIDELINES FOR MAKING GRANT RECOMMENDATIONS (by category)

(a) COMMUNITY SERVICES

Statement of Purpose: "Community service grants are given to social agencies providing advocacy, preventative and self-help services to residents of Nanaimo. Grants are given to fund services required by significant segments of the population and that are not funded exclusively by other levels of government. Agencies funded by the City should provide service to people who are in some way disadvantaged and need assistance in maximizing their quality of life (Rev. 1993-FEB-15). Community service grants will not be available to organizations whose main purpose is to provide day care. The scope and nature of these organizations falls within the area of responsibility of senior governments. Only social services are eligible for Community Service Grants."

Criteria for Awarding Grants:

- large number of volunteers
- registered nonprofit society
- sound financial and administrative management
- demonstrated financial need
- accessible to a large portion of the community
- number of people served in the community
- must have a broad base of support
- must have other source of financial support
- must be able to identify services provided to residents of Nanaimo
- must adhere to all City of Nanaimo bylaws and policies (Rev. 1998-OCT-19)
- cash grants will not be provided if the organization receives a Permissive Tax Exemption, or where the facility is provided by the City of Nanaimo free of charge or at a substantially reduced rate. Notwithstanding the above statement, organizations facing critical financial difficulties are eligible to apply for emergency funding (1997-JUN-16)

Kind of Funding:

- operating grants
- emergency funding
- capital grants on a matching basis up to a maximum of \$5,000. (Rev. 1998-OCT-19)
- in-kind funding for facility rental
- the maximum of all funding awarded to any one group will not exceed \$5,000. (excluding security check grants) (Rev. 1998-OCT-19).

(b) TRAVEL ASSISTANCE

Statement of Purpose: "Travel grants are awarded in recognition that representatives of local organizations traveling outside the Province to attend championships become ambassadors for the City of Nanaimo. It is also recognized that funding for in-Province travel is available from the Provincial Government."

Criteria for Awarding Grants:

- winner of Provincial, Regional, or National championship (or equivalent)
- must be attending a Regional, National or International championship
- must be traveling out of Province
- maximum \$100. per person up to \$2,000. per group
- there must be other sources of funding
- must be from Nanaimo
- the application must be made by a local organization
- payments will only be made to the organization applying for the grant, not to individuals
- must adhere to all City of Nanaimo bylaws and policies (Rev. 1998-OCT-19)
- grants to participants only, not coaches or chaperones (Rev. 1998-OCT-19)
- cash grants will not be provided if the organization receives a Permissive Tax Exemption, or where the facility is provided by the City of Nanaimo free of charge or at a substantially reduced rate. Notwithstanding the above statement, organizations facing critical financial difficulties are eligible to apply for emergency funding
- application may be made retroactively
- demonstrated financial need (Rev. 2002-FEB-25)

Kind of Funding:

- Travel Assistance only

(c) SECURITY CHECKS (Rev. 1998-OCT-19)

Statement of Purpose: Security Check grants are awarded to organizations that must have security checks performed by the R.C.M.P. on their employees and/or volunteers and meet the criteria specified below.

Criteria for Awarding Grants:

- must be able to identify services provided to residents of Nanaimo
- nonprofit organization
- sound financial and administrative management
- demonstrated financial need
- \$300./year maximum award to any organization from this category
- eligible organizations can only apply for financial support from this category once a calendar year (applications reviewed in November)
- applications for this category must be received by October 31st
- must adhere to all City of Nanaimo's bylaws and policies (Rev. 1998-OCT-19)
- awards from this category are exclusive of awards from the other categories

Kind of Funding:

- Security Check Fee Reimbursement

(d) SOCIAL IMPACTS OF GAMING (Rev. 2000-MAY-08)

Statement of Purpose: "Social Impacts of Gaming Category grants are provided to social agencies that clearly address one or more of the following four areas of need. The areas of need are listed in order of priority, therefore, proposals that address the top priorities will be given preference:

- (1) education/prevention on the impacts of gaming;
- (2) sensitization and training of existing family and youth agency staff with respect to 3 gaming addiction;
- (3) support for families dealing with the symptoms associated with gaming addiction and related personal problems;
- (4) research into impacts of gaming identifying indicators and monitoring systems."

Additional Criteria for Awarding Grants:

- registered non-profit society
- sound financial and administrative management
- demonstrated financial need
- accessible to a large portion of the community
- other source(s) of funding
- able to identify services provided to residents of Nanaimo

Kind of Funding:

- Program Funding

(e) OTHER GRANTS

Criteria for Awarding Grants:

- large number of volunteers
- registered nonprofit society
- sound financial and administrative management
- financial need
- accessible to a large portion of the community
- must have a broad base of support
- must have another source of financial support
- must be local in focus must adhere to all City of Nanaimo's bylaws and policies (Rev. 1998-OCT-19)
- cash grants will not be provided if the organization receives a Permissive Tax Exemption, or where the facility is provided by the City of Nanaimo free of charge or at a substantially reduced rate. Notwithstanding the above statement, organizations facing critical financial difficulties are eligible to apply for emergency funding

Kind of Funding:

- ❑ educational funding
- ❑ emergency funding
- ❑ capital grants on a matching basis up to a maximum of \$5,000.
- ❑ in-kind funding for facility rental

(f) PERMISSIVE TAX EXEMPTIONS (Cash Grants)

Statement of Purpose: "An organization may only be added to the Permissive Tax Exemption roll for the following year. In some cases it may be appropriate to give an organization a cash grant during the current year."

Criteria for Awarding Grants:

- ❑ the property must be recommended for a Permissive Tax Exemption in the following year; and
 - (1) the property qualifies for Permissive Tax Exemption as a Church, Public Hospital, Community Care Facility, or Private School; or
 - (2) the organization can demonstrate a financial need.
 - (3) must adhere to all City of Nanaimo's bylaws and policies (Rev. 1998-OCT-19)

Application Deadline: Will be considered at the time of application for Permissive Tax Exemption.

7. PERMISSIVE TAX EXEMPTIONS

Section 220 of the *Community Charter* identifies certain properties which are exempt from taxation. This section includes property owned and occupied by Her Majesty, the municipality, School Boards, hospitals and churches. As Section 220 exemptions are specifically provided for, Council's discretion is restricted, except in determining the extent of the exemption in certain cases.

Sections 224, 225, 226 of the *Community Charter* identify situations in which Council may exercise discretion in granting full or partial exemptions from taxation. These exemptions must be adopted by bylaw, by the 31st of October of the year preceding exemption, and passed with a two-third's majority.

All buildings and properties that receive a permissive tax exemption must be reviewed every three years to ensure that they continue to meet the specific criteria set out in their applicable category.

In making recommendations to Council, the Grants Advisory Committee should ensure that:

- (a) the goals, policies, and general operating principles of the municipality as a whole are reflected in the organizations that receive municipal support;

- (b) exemptions are not given to services that are otherwise provided on a private, for profit basis, this would provide an unfair competitive advantage;
- (c) the services provided by the organizations should be an extension of municipal services and programs and must fall under the responsibility of local government, senior government program costs must not be transferred to property taxpayers, as this would represent a downloading of senior government costs to local taxpayers;
- (d) the taxation burden resulting from the exemption must be a justifiable expense to the taxpayers of the municipality, the sources of municipal revenue are limited and requests for exemption must be considered in concert with the other needs of the municipality;
- (e) the services should be used primarily by residents of the City of Nanaimo, and the organization's regulations must allow all Nanaimo residents to participate.
- (f) the organization is adhering to all City of Nanaimo's bylaws and policies.

In order to more clearly specify criteria, Permissive Tax Exemptions will be divided into the following categories:

- Churches
- Public Hospital
- Senior Citizens' Housing Facilities
- Community Care Facilities
- Private Schools
- Recreation
- Community Services
- Heritage Properties (Rev. 1998-OCT-19)
- Other Permissive Exemptions

8. GUIDELINES FOR MAKING RECOMMENDATIONS ON PERMISSIVE TAX EXEMPTION BY CATEGORY

(a) CHURCHES

General: The buildings set apart for public worship and the land upon which they stand are exempt from taxation under Section 220(1)(h) of the *Community Charter*. Church halls and such lands as Council considers necessary to support the statutory exemption may be considered as an extension of the exemption under Section 224(2)(f).

Policy: The maximum area of land to be exempted from taxation shall be 2 acres of the land upon which the buildings for public worship stand plus the footprint of the building(s) used for public worship (Rev. 1986-AUG-25). This exempted area will not exceed the land area of the legal parcel(s) upon which these buildings stand. Church properties which are currently on the PTE roll and do not conform are to be removed (Rev. 1995-OCT-16).

Buildings for public worship shall be those established by the Area Assessor and will not include a church manse.

(b) PUBLIC HOSPITALS

General: Buildings set apart and used as a hospital under the *Hospital Act*, except a private hospital under that *Act*, and the land upon which they stand are exempt from taxation under Sections 220(1)(j) and 220(1)(k) of the *Community Charter*. Council may, by bylaw, under section 224(2)(h) of the *Community Charter*, exempt any area of land surrounding the exempted building under Sections 220(1)(j) and 220(1)(k).

Policy: Where a building has been identified as a hospital under the *Hospital Act* (except a private hospital) by the Area Assessor, Council will exempt the legal parcel(s) upon which the hospital building stands and any adjoining parcel that Council finds to be necessary to the operation of the hospital.

(c) SENIOR CITIZENS' HOUSING FACILITIES

General: Section 220(1)(i) of the *Community Charter* exempts from taxation a building that was constructed or reconstructed with the assistance of aid granted by the Province after 1947-JAN-01, but before 1974-APR-01, and that is owned and used exclusively without profit by a corporation to provide homes for elderly citizens, together with the land on which the building stands. It also allows Council to exempt, by bylaw, any area of land surrounding the exempted building.

Policy: Where a building has been identified as meeting the above criteria by the Area Assessor, Council will exempt the legal parcel(s) upon which the building stands. As it is impossible for any new building to meet this criteria, this section will apply to only three existing properties: The Mt. Benson Sr. Citizens' Housing Society (tax folio 01315.000), the Rebekah Housing Society (C16006.006), and George R. Pearkes Sr. Citizens Housing Society (C16006.051).

(d) COMMUNITY CARE FACILITIES

General: Section 224(2)(a) of the *Community Charter*, allows Council to exempt from taxation land and improvements owned or held by a person or organization and operated as a private hospital licensed under the *Hospital Act* or an institution licensed under the *Community Care Facility Act*.

Policy: Council will exempt property that meets the above criteria and is owned and operated by a registered non-profit society.

(e) PRIVATE SCHOOLS

General: Section 220(1)(l) of the *Community Charter* with certain restrictions, exempts private schools from taxation. It also allows Council, by bylaw, under Section 224(2)(h) of the *Community Charter*, to exempt from taxation any area of land surrounding the exempted building that Council deems as being reasonably necessary in connection with that building.

Policy: Where a building has been identified as meeting the above criteria by the Area Assessor, Council will exempt the legal parcel(s) upon which the building stands and any adjoining parcel that Council finds to be necessary to the operation of the school.

(f) RECREATION

General: Section 224(2)(a) of the *Community Charter* permits Council, by bylaw, adopted by two-thirds of its members, to exempt from taxation, certain organizations using property as a public park or recreation ground, or for public athletic or recreational purposes.

Policy: Permissive Tax Exemptions will be given to organizations that own property that is maintained and used as a public park if they:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Sections 224, 225, 226, 227 of the *Community Charter*;
- (3) meet the general guidelines outlined in 7(a) to 7(f) of this Policy;
- (4) are registered non-profit societies; and,
- (5) allow 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.

Other organizations with public athletic or recreational purposes will be considered for Permissive Tax Exemption if they meet the above requirements and:

- (6) have a long-term financial need. A windfall profit in a single year will not exclude an organization from permissive exemption.

(g) COMMUNITY SERVICES

General: Section 224(2)(a) of the *Community Charter* permits Council, by bylaw adopted by two-thirds of its members, to exempt from taxation, property not being operated for profit or gain and owned by a charitable or philanthropic organization supported by public funds and used exclusively for charitable or philanthropic purposes. This has been historically interpreted to include social service agencies.

Policy: Permissive Tax Exemptions may be given to organizations that:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Sections 224, 225, 226, 227 of the *Community Charter*;
- (3) meet the general guidelines outlined in 7(a) to 7(f) of this Policy;
- (4) are registered non-profit societies;
- (5) have a long-term financial need. A windfall profit in a single year will not exclude an organization from permissive exemption.

(h) HERITAGE PROPERTY

General: Council may with at least a two-third's majority exempt from taxation "eligible heritage property" as defined in Section 225 of the *Community Charter* in whole or in part including an area of land surrounding the exempted property, limit the exemption to a specified portion of the net taxable value of the property, and subject the property to specific conditions.

Policy: Permissive Tax Exemptions may be awarded to eligible heritage properties that meet the general criteria in Sections 225, 226, 227 of the *Community Charter* and the specific criteria outlined in this Policy:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Sections 224, 225, 226, 227 of the *Community Charter*;
- (3) property must be included on the Downtown Heritage Conservation Area schedule of buildings.
- (4) property must be on the Nanaimo Community Heritage Register.
- (5) Council approval must occur prior to the commencement of any work on the proposed project.
- (6) the applicant must agree to enter into a Maintenance Agreement with the City.
- (7) the applicant must agree to have the Designation Bylaw and Maintenance agreement registered on the title of the designated property.
- (8) no abatement of delinquent taxes will be provided.
- (9) all heritage properties that are added to the tax exemption roll must be reviewed with the other properties receiving a tax exemption every three years.

(i) OTHER PERMISSIVE EXEMPTIONS

General: Sections 224, 225, 226, 227 of the *Community Charter* permit Council, by bylaw adopted by two-thirds of its members, to exempt from taxation, certain organizations using property for specified purposes other than profit purposes.

Policy: Permissive Tax Exemptions may be given to organizations that:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Sections 224, 225, 226, 227 of the *Community Charter*;
- (3) meet the general guidelines outlined in 7(a) to 7(f) of this Policy;
- (4) are registered non-profit societies;
- (5) allow 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;
- (6) have a long-term financial need. A windfall profit in a single year will not exclude an organization from permissive exemption.

Previous Revision/s: 2002-FEB-25, 2000-MAY-08, 2000-FEB-02, 2000-JAN-13,
1998-OCT-19, 1998-JUN-29, 1998-JUN-15, 1998-APR-17, 1997-JUN-16, 1997-APR-28,
1996-DEC-11, 1995-OCT-16, 1994-DEC-05, 1994-FEB-14, 1993-FEB-15, 1993-FEB-08,
1991-OCT-28, 1991-MAY-27, 1991-MAR-18, 1991-FEB-18, 1990-OCT-22, 1990-OCT-22,
1989-APR-06, 1986-AUG-25, 1986-JUL-28, 1985-MAY-09, 1985-JAN-21, 1985-JAN-21,
1984-JUN-18, 1984-FEB-13, 1982-JUN-28

ATTACHMENT B

Jurisdictional Review of Permissive Tax Exemptions Related to Housing

Municipality	Criteria Specific to Housing?	Most Recent Policy Date	Types of Housing	Duration of Exemption	Exemption Amount							
City of Abbotsford	Yes	2023-MAY-29	<p>First Stage: Emergency shelters, extreme weather shelters, youth safety houses, and transition housing. No rent is collected.</p> <p>Second Stage: Recovery homes, transitional housing, and supportive housing (homelessness). Rent collected as a program fee, supported by income assistance.</p> <p>No provisions noted for social or non-market housing.</p>	<p>Four (4) years for Non-Profits, Community Care Facilities and Athletic or Services Clubs, subject to annual renewal.</p> <p>Ten (10) years for Places of Worship and Independent School, subject to annual renewal.</p>	<table border="1"> <tr> <td rowspan="3">Percentage of total services or programs benefiting residents of the City:</td> <td>Greater than or equal to 75%</td> <td>100% Exemption</td> </tr> <tr> <td>Greater than or equal to 25% and less than 75%</td> <td>50% Exemption</td> </tr> <tr> <td>Less than 25%</td> <td>No Exemption</td> </tr> </table> <p>Exemptions are generally for 100% of the assessed value but policy articulates the percentage can be at Council’s discretion. No annual funding cap.</p>	Percentage of total services or programs benefiting residents of the City:	Greater than or equal to 75%	100% Exemption	Greater than or equal to 25% and less than 75%	50% Exemption	Less than 25%	No Exemption
Percentage of total services or programs benefiting residents of the City:	Greater than or equal to 75%	100% Exemption										
	Greater than or equal to 25% and less than 75%	50% Exemption										
	Less than 25%	No Exemption										
District of Central Saanich	Yes	2023-JUN-16	<p>Supportive housing for seniors or persons with disabilities. Non-market housing must include supportive services for seniors or persons with disabilities.</p> <p>New affordable rental housing and existing affordable rental housing.</p>	<p>Supportive – exemption follows a 4-year cycle.</p> <p>New affordable housing – 5-year term, final year for applications is 2030.</p> <p>Existing affordable housing – approved exemptions will last until 2027, final year for application is 2026.</p>	<p>Regular PTE policy is separate from Affordable Housing PTE policy.</p> <p>Regular PTE policy will not exceed 1.5% of current year’s total budgeted property tax requisition.</p> <p>Exemptions are for 100% of the assessed value. No limit noted on affordable housing PTE policy.</p> <p>Council presentation noted that reports will be brought back to Council after each sunset date in 2026 and 2030 to report back to Council with options for extending the PTEs.</p>							

Municipality	Criteria Specific to Housing?	Most Recent Policy Date or Review	Types of Housing	Duration of Exemption	Exemption Amount
Duncan	No	2016-JUN-20	No provisions noted for social or non-market housing.	Not specifically articulated in policy, bylaw brought forward each year.	N/A
Golden	Yes	2016-APR-19	Special needs and supportive housing and non-market affordable housing owned and operated by a non-profit society.	Exemptions are on a 2-year cycle.	Exemptions are for 100% of the assessed value, funding cap is up to 1.25% of the current year's total budgeted property tax requisition
Kamloops	Yes	2005-APR-26	Short-term housing including emergency shelters, temporary supported housing, and group homes.	Exemptions are on a 5-year cycle with an annual declaration.	Exemptions are for 100% of the assessed value. Funding cap is determined by Council for each five-year period, all exemptions are reduced if the funding cap is exceeded.
Kelowna	Yes	2017-OCT-01	Short term housing with length of stay up to a maximum of 2 years.	5-year cycle Comprehensive application required year 1 and then at year 4 only. A renewal application is required years 2 and 3.	Exemptions are for 100% of the assessed value, no funding cap.
Ladysmith	No	2012-AUG-07	No provisions noted for social or non-market housing.	Exemptions are on a 3-year cycle. Comprehensive application required year 1 and renewal application years 2 and 3.	Exemptions are for 100% of the assessed value, no funding cap.

Municipality	Criteria Specific to Housing?	Most Recent Policy Date or Review	Types of Housing	Duration of Exemption	Exemption Amount
North Cowichan	No	2013-JUL-13	No provisions noted for social or non-market housing.	Term up to 10 years, bylaw brought forward each year.	Exemptions are for 100% of the assessed value.
District of North Saanich	No	2022-JUN-21	No provisions noted for social or non-market housing.	Exemptions are on a 4-year cycle.	N/A
North Vancouver	No	2007-SEP-10	No provisions noted for social or non-market housing.	Exemptions are on a 3-year cycle.	Financial cap equal to 0.6% of the tax levy applies to Section 224 exemptions (regular PTE's) and excludes section 225 (other special exemption authority) and Section 226 (Revitalization) exemptions.
Prince George	No	2016-APR-15	No provisions noted for social or non-market housing.	Not specifically articulated in policy, bylaw brought forward each year.	Exemptions are generally for 100% of the assessed value.
Sidney	Yes	2015-OCT-13	Affordable workforce rental housing under a Housing Agreement with the municipality.	Not specifically articulated in policy, bylaw brought forward each year.	Exemptions are for 100% of the assessed value, no funding cap.
Victoria	Yes	2021-MAY-06	Short-term emergency or crisis protection, supportive housing for people with special needs, halfway houses, transitional homes, and group homes with supportive staff. Affordable rental housing for specific projects reviewed at Council on 2010-MAR-25, exemption no longer than 10-years.	Exemptions are generally on a 4-year cycle.	Funding cap is up to 1.6% of the current year's total budgeted property tax requisition.

ATTACHMENT C Provincial Housing Target Guidelines

Housing Target Guidelines

Housing targets include guidelines for the different types of units to support delivering the right type of housing in each community, including a recommended number of below market rental units.

COMMUNITY	TOTAL UNITS*	UNITS BY SIZE			UNITS BY TENURE		RENTAL UNITS BY MARKET RATE		SUPPORTIVE RENTAL UNITS (with on-site supports)
		Studio /1-bed	2-bed	3 or more bed	Rental	Owned	Below Market	Market	
Abbotsford	7240	3991	1213	2034	3753	3487	2331	1421	198
Delta	3607	2021	682	904	2030	1577	830	1199	95
District of North Vancouver	2838	1605	534	698	1541	1297	657	884	78
Kamloops	4236	2642	739	854	2227	2009	1320	907	115
Oak Bay	664	446	100	118	246	418	141	104	20
Port Moody	1694	903	328	462	704	989	238	466	30
Saanich	4610	3001	780	828	2495	2115	1161	1334	131
Vancouver	28900	17459	5231	6209	20886	8015	7894	12992	583
Victoria	4902	3365	801	736	3483	1419	1798	1685	102
West Vancouver	1432	854	256	321	985	446	435	551	39

ATTACHMENT D

Shift of Costs to Existing Residential Taxpayers

