

2. **DRAFT PERMISSIVE TAX EXEMPTION POLICY**

Memo from the Finance and Governance Standing Committee dated August 29, 2024.

To recommend to Council that the draft Permissive Tax Exemption Policy be approved and that Council ask staff to report back on the relationship of permissive tax exemptions as a percentage of budgets and potential ways of managing.



Memo

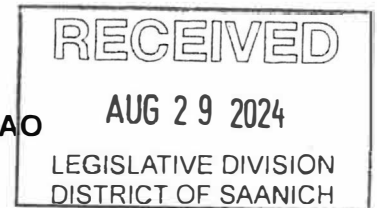
To: Angila Bains, Director of Legislative and Protective Services/Corporate Officer

CC: Paul Arslan, Director of Finance

From: Tara Judge, Executive Administrative Assistant to the CAO

Date: August 29, 2024

Subject: DRAFT PERMISSIVE TAX EXEMPTION POLICY



At the August 12, 2024, Finance and Governance Standing Committee meeting, members reviewed the Community Grants Funding Increase Options report from the Director of Finance and resolved:

"That the Finance and Governance Standing Committee recommend to Council that the draft Permissive Tax Exemption Policy be approved."

And

"That the Finance and Governance Standing Committee ask staff to report back on the relationship of permissive tax exemptions as a percentage of budgets and potential ways of managing."

A copy of the draft minutes and accompanying report are attached for information.

A handwritten signature in black ink, consisting of a large, stylized loop and a trailing line.

Tara Judge
Executive Administrative Assistant to the CAO

Atta.

DRAFT MINUTES
FINANCE AND GOVERNANCE STANDING COMMITTEE

Held at Saanich Municipal Hall, Committee Room # 2

770 Vernon Avenue

August 12, 2024, at 10:00 a.m.

Present: Councillor Susan Brice (Chair); Councillor Teale Phelps Bondaroff;
Councillor Karen Harper; Mayor Dean Murdock

Staff: Brent Reems, Chief Administrative Officer (arrived at 10:11 a.m.; left at 11:40 a.m.);
Paul Arslan, Director of Finance; Suzanne Samborski, Director of Parks, Recreation
and Community Services (left at 10:31 a.m.); Jennifer Lockhart, Senior Manager
Financial Services; Tiana Solares, Senior Manager of Recreation (left at 10:31 a.m.);
Nathalie Dechaine, Manager of Community Development/Business Systems (left at
10:31 a.m.); Nicole Hughes, Property Tax Specialist (joined at 11:12 a.m.); and
Tara Judge, Executive Assistant to the CAO

Regrets: Councillor Nathalie Chambers

DRAFT PERMISSIVE TAX EXEMPTION POLICY

The review of the Permissive Tax Exemption policy was brought forward to this Committee in January 2020. This resulted in improving the application process, but the draft policy was not brought forward for review as it required completion of the separate permissive tax exemptions for supportive and affordable housing.

Discussion took place on a potential cap on permissive tax exemptions (PTE) in terms of the overall budget. Other BC jurisdictions have this including recently the District of Terrace. The 2024 permissive tax exemptions totaled 1.7% of the total budget, plus 0.1% for affordable housing PTE (which could increase as more projects come instream, but there is a five year limit under the policy). The total in 2023 was 1.7%; it was 1.5% in 2020. There is potential concern that a cap might have an opposite impact from what Saanich is looking for in terms of social benefits.

MOVED by Councillor Harper and Seconded by Councillor Brice: "That the Finance and Governance Standing Committee recommend to Council that the draft Permissive Tax Exemption Policy be approved."

CARRIED

with Councillor Phelps Bondaroff OPPOSED

MOVED by Councillor Phelps Bondaroff and Seconded by Councillor Harper: "That the Finance and Governance Standing Committee ask staff to report back on the relationship of permissive tax exemptions as a percentage of budgets and potential ways of managing."

CARRIED

Report

To: Finance and Governance Committee
From: Paul Arslan, Director of Finance
Date: August 2, 2024
Subject: Draft Permissive Tax Exemption Policy

RECOMMENDATION

The Committee recommend approval of the draft Permissive Tax Exemption Policy.

PURPOSE

To finalize a policy that reflects the District's approach to Permissive Tax Exemption (PTE) applications and supports the Property Tax Exemption Policy statement approved by Council in 2020 and that is included in the District's Financial Plan and expresses Council's guiding principles:

"The District of Saanich will continue to support local organizations through permissive tax exemptions. The objective is to consider exemptions individually on their merits, in context with the Saanich Strategic Plan, consistent with other Saanich policies and the principles of accountability, reasonableness, equality / fairness, inclusiveness, and accessibility."

BACKGROUND

At the January 20, 2020, meeting of the Finance and Governance Standing Committee, the Director of Finance provided a permissive tax exemption policy review (attached). While the review included various options for the Committee to consider and direct staff on, the Committee did not make any major changes to the current practice. The Committee moved the following recommendation:

"That staff be directed to develop for Committee review a Council Policy for Permissive Tax Exemption that provides clarity for applicants and Council, and review the current administrative procedures relating to property tax exemption applications with the purpose of implementing the amended policy statement and increasing the availability of information on permissive exemptions while minimizing the need for additional staff resources."

DISCUSSION

Given the Committee's direction staff focused on expanding the application form to request more information from applicants on the public benefit that their organizations provide. This was applicable of all applicants both new and those on a four-year cycle.

A draft policy was also prepared by mid 2021, however, it was not presented to Council as work on PTE for supportive and affordable housing was not completed at that time. The work on the PTE policy for housing has since been undertaken by our Housing Section and Council approved it as a separate policy on June 19, 2023 (attached).

With the direction of Committee to increase the availability of information on the request forms for PTE while minimizing the need for additional staff resources and with the approval of the PTE for supportive and affordable housing, Staff are now ready to recommend the approval of the most current draft of PTE Policy (attached). Since the draft policy is in line with current practice there will be no impact to our processes this year for any additional requests that are received. Should the Committee recommend major changes to the draft policy, staff recommend that those changes be implemented for the 2028 taxation year for applications received in 2027. This will allow current recipients of the PTE to adjust their expectation and budgets in the future accordingly.

Prepared by



Paul Arslan

Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.



Brent Reems, Administrator

ADMINISTRATIVE POLICY

7/PTE

SUBJECT: PERMISSIVE TAX EXEMPTIONS	
DATE OF ISSUE: August 1, 2024 AMENDED: AMENDED:	ORIGIN: FINANCE

A. PURPOSE

The District of Saanich recognizes the significant value of volunteers, volunteer groups and agencies to the spiritual, educational, social, cultural, and physical well-being of the community. A permissive tax exemption is a means for Council to support organizations within the community that further Council's strategic goals and objectives.

Municipal Councils in British Columbia are required under the Community Charter to set out the objectives and policies of the municipality for the planning period in relation to the use of permissive tax exemptions in the annual Financial Plan Bylaw. Saanich Council's objective/policy statement is:

The District of Saanich will continue to support local organizations through permissive tax exemption. The objective is to consider exemptions individually on their merits, in context with the Saanich Strategic Plan, consistent with the other Saanich policies and the principles of accountability, reasonableness, equality/fairness, inclusiveness and accessibility.

The Permissive Tax Exemption Administrative Policy is intended to provide clarity, consistency and certainty to prospective applicants on the process.

Council considers permissive tax exemption applications from Places of Worship, Private Schools and Hospitals with no restriction on the term as permitted under the Community Charter. Other Charitable, Non-Profit or Recreation organizations are considered on a four-year cycle aligning with the municipal election. The four-year cycle will commence the second year after the election (eg – election in 2026; cycle commences with the 2028 taxation year - bylaws adopted Oct 2027.)

B. PROCESS

1. Council will consider Permissive Tax Exemption Applications from:
 - a. Places of Worship and hospitals exempt under 220(1) will be considered for permissive exemptions in perpetuity (or until the organization ceases operations or moves; and
 - b. Non-Profit Organizations or other organizations eligible for exemption under the Community Charter and subject to a limited term, for a period of up to four (4) years; and

- c. Supportive and affordable rental housing will be considered under Council's "Permissive Tax Exemption Policy for Supportive and Affordable Rental Housing" policy.
2. Permissive Tax Exemption Applications for Local Authorities will be considered at the time the District enters into an agreement with a third party to provide services, on District property, that the District might otherwise provide itself. No application is required.
3. The District will check annually with BC Assessment Authority to ensure no changes in ownership for the Places of Worship. Should there be a change of ownership, the District will request confirmation of the new ownership that there have been no change in use of the property. A change in use or ownership may result in an exemption being reduced or cancelled for subsequent taxation years.
4. Non-Profit Organizations will be required to complete a Comprehensive Application. The District of Saanich will administer these applications on a four (4) year cycle. The District will check annually with BC Assessment Authority to ensure no changes in ownership for Non-Profit Organizations. Should there be a change of ownership, the District will request confirmation of the new ownership that there have been no change in use of the property. A change in use or ownership may result in an exemption being reduced or cancelled for subsequent taxation years.
5. To be considered for the next taxation year or cycle, applications, with the required supporting information must be submitted by the last business day of June of each year.
6. Additional Information
 - a. The District may request additional information, as deemed necessary;
 - b. The District reserves the right to review records and/or property to verify information provided in support of the Application; and to share this information with BC Assessment for the purposes of assigning an Exemption assessed value; and
 - c. Successful Applicants will be asked to publicly acknowledge the Exemption.

C. ELIGIBILITY CRITERIA:

To be eligible for an Exemption, the Applicant must comply with the eligibility criteria established under the Community Charter and as set out below. The Application forms, and supporting information, are an integral part of this process.

1. General:

- a. The Applicant must provide evidence, obtained through the Canada Revenue Agency as a charity or BC Registry Services as a registered society, of its good standing. Tax exemptions will only be granted to organizations that are a Registered Charity or Non-Profit Organization.
- b. The Applicant and subject property owner, where applicable, must be in compliance with District policies, plans, bylaws, and regulations (i.e. business licensing, zoning).
- c. The Applicant must own or lease the subject property; and, in the case of a lease, the lease requires payment of property taxes directly by the Applicant or written confirmation by the lessor that the entirety of the exemption will be provided to the Applicant.
- d. The Applicant's services and activities must be inclusive, accessible and equally available to all residents of the District.
- e. Principal use of property aligns with Council's Strategic Plan. Council determines alignment in consideration of the application. The "principal use of the property" refers to the use related directly to the principal purpose of the organization owning the property. Permissive tax exemptions will be based on the principal use of the property, not on the non-profit or charitable services of the organization.
- f. The services provide benefits and accessibility to the residents of Saanich. Specifically, members of the public, within the appropriate age range, are able to join a club or organization and participate in its activities for a nominal rate or fee.



Permissive Tax Exemption

Pursuant to Section 224 of the *Community Charter*, is a means for Council to support organizations within the community that further Council's strategic goals and objectives.
(exemption from taxation under Annual Tax Rates Bylaw)

APPLICANT INFORMATION

Name of Corporation, association, or society:

Contact person:

Position:

Mailing address:

Email:

Phone:

Land registered in the name of *(if different from applicant)*:

PROPERTY INFORMATION

(please complete a separate form for each property)

Civic address:

Folio:

Legal description Lot: Block: Range:

Section: Plan: District:

Registered owner *(if different from applicant)*:

ORGANIZATION INFORMATION

Full name/title of organization:

Mailing address of *(if different than above)*:

President name *(or other official)*:

Phone:

Primary contact name:

Title:

Phone: Email:

Is the organization registered under the BC Societies Act?

☐ Yes Registration no.:

☐ No

Is the organization a Registered Charity?

☐ Yes Registration no.:

☐ No

PRINCIPAL USE OF PROPERTY

The gross floor area of the building: _____

Number of parking spaces: Gravel: _____

Blacktop: _____

Undeveloped: _____

Does anyone live in the building(s)? If yes, how many people? _____

Square footage of living area: _____

Has there been any change in the status or use of the buildings or property in the last 12 months? If yes, please explain briefly.

Please provide a brief description of the principal use of the property and how this use benefits the community.

What charitable, philanthropic, or recreational services does your organization provide to the community?

Describe how your organization is accessible to the general public. *For example – is access to services restricted to members?*

Is there a fee for any of the activities provided?

☐ Yes No. of participants: _____

☐ No

Please provide details of the fees for service in your organization:

Fee type	Fee amount	Description

Is the organization foreseeing changes to the current programs and services provided? If yes, please explain.

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COMMERCIAL ACTIVITY

Please provide a brief description of any commercial activities that your organization conducts on this property.

LEASED SPACE

Please list below and attach a list of all lease agreements for any portion of the identified property that your organization rents or leases to another organization or individual.

CATEGORY

Please select the applicable permissive tax exemption category for which you are applying.

- ☐ Athletic Club or Association ☐ Heritage Property
☐ Non-profit Organization – Percentage of total services/programs to residents: ____ %
☐ Place of worship – Acres: _____ ☐ Other: _____

SUPPORTING DOCUMENTATION

- ☐ A copy of the Certificate of Title (for first time applicants)
- ☐ Certificate of Good Standing as registered society per BC Registry Services
- ☐ Confirmation of charity status per CRA (if applicable)
- ☐ A copy of the latest yearend financial statements
- ☐ A copy of the current years' budget

If the premises are leased – the following is required

- ☐ Third-Party Agreements (if applicable) i.e. lease/rental for use of property
- ☐ Proof from the registered owner that the permissive exemption received in the prior year has reduced the lessee's share of the annual property tax levy

SIGNATURE

I am an authorized signing officer of the organization and I certify that the information given in this application is accurate and complete. Should a Permissive Tax Exemption be granted on the above property, I agree the property use will be in compliance with all applicable municipal policies and bylaws.

Name

Position

Signature

Date

Note: Completing this application does not guarantee approval. Your application will be reviewed, and you will be contacted.

NOTES

Application deadline: June 28, 2024

Applications must be submitted using this form. Please complete the form and email the form, along with applicable supporting documentation, to the Finance Department, permissiveexemptions@saanich.ca.

OFFICE USE ONLY

Application Received Date: _____

Application Status:

☐ Approved

☐ Denied – Reason:

Approval or Denial letter sent: ☐



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: January 10, 2020
Subject: Permissive Tax Exemptions Policy review

RECOMMENDATION

1. That the Property Tax Exemption Policy statement for inclusion in Financial Plan Bylaws be amended to express Council's guiding principles, as follows:

"The District of Saanich will continue to support local organizations through permissive tax exemptions. The objective is to consider exemptions individually on their merits, in context with the Saanich Strategic Plan, consistent with other Saanich policies and the principles of accountability, reasonableness, equality/fairness, inclusiveness, and accessibility."
2. That staff be directed to develop for Committee review a Council Policy for Permissive Tax Exemption that provides clarity for applicants and Council, and review the current administrative procedures relating to property tax exemption applications with the purpose of implementing the amended policy statement and increasing the availability of information on permissive exemptions while minimizing the need for additional staff resources.
3. That staff be directed to provide a report to the Finance and Governance Committee on the financial impact of exempting current affordable housing properties and potential future affordable housing projects.

PURPOSE

The purpose of this report is to provide information relating to the District of Saanich's Property Tax Exemption Policy and its administration as directed in the motion adopted by Council dated May 13, 2019, specifically:

"That it be recommended that Council provide direction to staff on desired changes to the permissive exemption policy and processes and request a report back on the implications to staff resources and Council processes with respect to a public benefits test for non-profit organizations and/or a public benefits test for church exemptions considering the conditions as outlined in number two in the report of the Director of Finance dated April 26, 2019 *** as follows:

- Requiring that services and activities be equally available to all residents of the District;
- Registration of a covenant restricting use of the property;
- An agreement committing the organization to continue a specific service/program;
- An agreement committing the organization to have field/facilities open for public use for specific times or a total amount of time;
- An agreement committing the organization to offer the use of the field/facility to certain groups free of charge or at reduced rates;
- Exemptions based on the principal use of the property, not on the charitable service of the organization as a whole;
- Exemptions can be granted in whole or in part of the taxable assessed value of the land, improvements or both. Exemption categories (sport, cultural, community service, agricultural, etc.) can be established with a corresponding maximum exemption amount (50%, 75%, 100% etc.) applied to each category."

*** "Considering the conditions as outlined in number two in the report of the Director of Finance dated April 26, 2019", specifically "2. Public Benefits Test – If Council wishes to adopt a formal public benefits test for non-profit exemptions, the first step is to create a new permissive tax exemption policy. The policy would set out the criteria upon which applications would be evaluated. . . Conditions can be set in the policy such as: (outlined in the above noted Motion)."

BACKGROUND

On May 13, 2019 Committee of the Whole considered a comprehensive report prepared by the Director of Finance dated April 26, 2019 relating to the current Permissive Tax Exemption Policy (see Attachment A). The report included the legislative parameters of statutory and permissive property tax exemptions per the Community Charter.

Current Property Tax Exemption Policy and Procedures

As required under the Community Charter, the District of Saanich's current Financial Plan states: "The Municipality will continue to support local organizations through permissive tax exemptions. The objective is to consider exemptions individually on their merits, in context with the Saanich Strategic Plan."

Property tax exemptions are reviewed on a four year cycle which provides financial stability for the exemption recipients and the District of Saanich, and reduces administrative burden and advertising costs. New property tax exemption applicants are required to complete a one-page application form and provide copies of various documents that confirm their eligibility under the legislative framework. The application is reviewed by staff for completeness and compliance with legislation and Saanich policy and submitted to Council for approval. The Property Tax Exemption Bylaw(s) must be approved no later than October 31 of the current year for the exemption to be applicable in the following year.

The total amount of permissive property tax exemptions granted represents 1.3% of the 2019 property tax levy. Over the term of the last four year bylaw the exemption value has remained very consistent at 1.3% to 1.4% of the total municipal tax levy.

Permissive Property Tax Exemptions - Percentage of Municipal Property Tax

Year	Percentage
2016	1.3%
2017	1.4%
2018	1.4%
2019	1.3%

2019 Permissive Property Tax Exemptions by Category

Category	Number of organizations exempted	Total amount of exemptions	Municipal portion of exemptions
Places of Public Worship	50	\$879,766	623,034
Private Schools	1	12,207	8,653
Sport	7	258,998	173,962
Community Activity Centre	6	195,418	128,841
Cultural Organizations	5	74,634	52,342
Agricultural Organizations	3	170,183	117,361
Community Service Organizations	15	602,257	397,548
Community Housing Organizations	8	382,543	234,617
Natural Area Preservation	1	177	108
Total	96	\$2,576,183	\$1,736,466

DISCUSSION

The following discussion addresses the specific points referred to in the motion adopted by Municipal Council, specifically:

1. Staff resources

Staff resources are required to administer the property tax exemption policy, e.g. distributing, receiving and reviewing exemption applications for completeness and verifying that the organization complies with legislation and policy, follow up with applicants, preparing reports and bylaw(s) to Council, submitting the bylaw(s) to BC Assessment and confirming exemptions are appropriately reflected in the assessment roll. Currently, this requires a moderate amount of staff time (estimated to be approximately 40 hours annually and upwards of 100 hours when the full review is conducted every four years). The more extensive the complexity and formality of the

policy and procedures, the more staff resources are required to administer the policy. Depending on the additional criteria of the policy and the need for confirming compliance with the additional criteria, the additional staff resources may be considerable. This would significantly impact Finance Department staff resources and potentially increase the cost to administer a more complex policy. Due to the nature of the work and the potential impact to applicant organizations and Saanich's tax revenue, this work is primarily conducted by the Manager of Revenue Services with some clerical staff support.

2. Public benefits test

In order to qualify for property tax exemption under the Community Charter, an organization must meet some basic criteria; the primary criteria for purposes of this report are charitable status, non-profit classification, or defined as a place of public worship. Charitable status is conferred at the federal level by Canada Revenue Agency and non-profit status at the provincial level under the B.C. Societies Act. Status as a place of public worship is determined under the BC Assessment Act, Regulations and Policy (Attachment B). These base requirements for a permissive exemption provides objective criteria for determining the status of the organization. Council is not within its authority to consider a permissive exemption if the organization does not meet these base criteria.

In addition, in order to obtain charitable status, the activities of the organization must also result in a benefit to the public, or a sufficient section of it. In other words, the organization may be offering services or programs aimed at the public at large, or directed at or serving specific groups or classes of people, such as persons dealing with mental health issues, sporting organizations, or organizations addressing people affected with a particular medical issue. In determining "sufficiency" the number of those benefiting is not a major consideration and each case needs to be determined on its merits. Conversely, a purpose is not charitable if it confers private benefits or confers individual benefits to a limited group of persons on the basis of criteria that are not related to the charitable purpose of the organization.

A public benefit is presumed to exist where an organization's purposes are for relief of poverty, advancement of education, or advancement of religion. This presumption can be challenged when the contrary is demonstrated or the charitable nature of the organization is called into question. In addition, the purposes of some organizations are beneficial to the community in a way that is regarded as charitable such as the provision of health care or relief for the aged.

To complement the public benefits test, additional factors considered are:

- Are the services and activities equally available to all residents, without discrimination? This factor must be applied in a reasonable and fair manner. An example might be a cultural centre that serves a specific cultural segment of the community however the services and programs are available to everyone in the community.
- Are the facilities accessible and the services/programs inclusive to the public? These factors may be determined by the Invitation Test i.e. that anyone is invited to attend/participate, not just a group within the organization or specific persons

attending at the property. This factor must be applied in a reasonable manner for example a community service organization may offer services inclusive to everyone in the community, whereas only a limited number of persons would qualify to benefit from the services.

- Are the services and activities consistent with the Canadian Charter of Rights and Freedoms?

Organizations seeking permissive exemption that have charitable status or are considered places of public worship by BC Assessment have already been subject to significant scrutiny with respect to the principles listed in the recommended policy statement. Where the applicant is a non-profit society, Council would apply its Strategic Plan lens to ensure an exemption is in alignment with stated goals.

3. Requiring that services and activities be equally available to all residents of the District

The Permissive Tax Exemption Policy should be consistent with other Saanich policies i.e. Parks and Recreation Fees and Charges Policy and Saanich Community Grants Program Policy. Current policies include the wording “diversity, respect and inclusion is vital”, “open and inclusive”, “benefits to the community can be social, economic, or environmental”, “available to the public”. The wording of the current Permissive Tax Exemption Policy should be amended accordingly.

4. Registration of a covenant restricting use of the property

Registering a covenant on a property via the Land Title and Survey Authority ensures that the agreement as to the use of the property is legally binding. Such a covenant requires legal services to prepare and monitor. An alternative that is as effective is to include such an agreement in the Property Tax Exemption Application as a condition for exemption approval which is also a legal document and serves the same purpose.

5. An agreement committing the organization to continue a specific service/program

Such an agreement must be considered in the context of reasonableness and fairness. An organization which currently provides an acceptable service/program may not be able to continue to provide it due to circumstances beyond their control or by choice. However, a condition that could be included in the exemption application is that should the approved service/program be discontinued then the exemption would be discontinued. Regular reporting ensures continued exempt status.

6. An agreement committing the organization to have field/facilities open for public use for specific times or a total amount of time

In addition to item #5 above, such an agreement could be included in the exemption application. However, the negotiation process to establish agreements with the organization could be quite onerous. A significant amount of staff time may be required with a limited benefit outcome. Also, the organization’s ability to meet this criteria may not be viable. To include this factor as a criteria may require community consultation. Staff recommend that this option not be implemented due to the impact on resources.

7. An agreement committing the organization to offer the use of the field/facility to certain groups free of charge or at reduced rates

In addition to item #5 and #6 above, such as agreement should be consistent with other District of Saanich policies as noted above.

8. Exemptions based on the principal use of the property, not on the charitable service of the organization as a whole.

This condition could be included in the exemption application. For example the City of Victoria Permissive Tax Exemption Policy includes "Exemptions are based on the principle use of the property, not on the charitable service of the organization as a whole." It is likely that implementation of this requirement would result in certain current exemption recipients no longer being eligible. Further detailed research would be required to determine the impact. This work could be conducted during the 2021 exemption review process for future consideration; it is not feasible to complete prior to establishing the policy statement for the 2020 Financial Plan Bylaw. Exemptions can also be granted in whole or in part of the taxable assessed value of the land, improvements or both. Exemption categories (sport, cultural, community service, agricultural, etc.) can be established with a corresponding maximum exemption amount (50%, 75%, 100% etc.) applied to each category.

Based on current research, some municipalities impose percentage allocations on the basis of geographic organizational structure (i.e. national, provincial, regional, municipal). However at the municipal or local level, organizations are not allocated a percentage of exemption. Balancing the principles of equity and fairness with accountability to preserve the property tax revenue base, allocating exemptions based on categories is at Council discretion on the basis that one type of organization should receive a lesser exemption than other types of organizations. The effect would be to reduce the amount of exemption certain types of organizations would receive and reduce the overall amount of the property tax exemption. Additional research would be necessary to provide comparative data and a financial impact assessment.

9. Additional considerations:

Administration

The potential benefits of increasing the complexity of the Property Tax Exemption Policy should be balanced with the available staff resources required to efficiently administer the policy and Council process to review and approve/deny. The more complex and extensive the policy, the more staff resources are required to administer the policy and the more complex decision making is for Council. For example, as referred to in item #6 and #8 above, the least amount of administration would entail the applicant to report to the municipality any changes regarding the status of the organization or use of the property versus the municipality actively monitoring the exemption status. Establishing additional complex criteria implies a robust review process to ensure compliance. The requirement for staff to perform annual audits to confirm continued compliance with more complex policy criteria would also require extensive staff time and resources.

Administrative processes could be advanced to provide a higher level of reporting to the Finance and Governance Committee to increase the information available to the

Committee and public to strengthen accountability and transparency of the exemption process. It is recommended that this be undertaken prior to any direction to place further restrictions on eligibility.

Consistency with other governmental agencies

Besides conforming to the other Saanich policies, the Property Tax Exemption Policy should not conflict with other superior government comparative policies such as BC Assessment and Canada Revenue Agency.

Affordable Housing

The exemption bylaw enacted by Council for 2020 exemptions included an exemption for the affordable housing project at 1780 Townley. As the first exemption for this category of property, Council can reasonably anticipate an influx of requests for 2021 and subsequent years. In order to align with Council's strategic plan goal of "financial decisions are based in stability, prudence and long term sustainability", a comprehensive review of the financial impact of approving exemptions for various types of affordable housing is recommended.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with the recommendations in this report. Financial implications may arise from subsequent decisions related to affordable housing or if alternate directions are provided to staff.

STRATEGIC PLAN IMPLICATIONS

The recommendations in this report support the following Strategic Plan Goals:

- Financial decisions are based in stability, prudence and long term sustainability
- Strong internal processes support service excellence

ALTERNATIVES

1. Endorse the staff recommendations
2. Provide alternate direction to staff

SUMMARY

The issue of property tax exemption, while having legislative constraints, is very complex with many, sometimes conflicting, factors to consider. A review of this policy ensures that the intent of the legislation continues to be met and demonstrates a responsible approach that takes into consideration current societal issues and concerns. The key principles to consider in developing and administering a Property Tax Exemption Policy is accountability, reasonableness, equality/fairness, inclusiveness, and accessibility. In the past, Saanich has efficiently administered a moderately formal Property Tax Exemption Policy which required

minimal staff resources, maintained relative simplicity for applicants and provided Council with a straightforward review model. The benefits of implementing a more complex policy should be weighed with the requirement for additional staff resources and Council process. A conservative approach to amending the current policy is recommended by staff.

Prepared by

Douglas Stein

Property Taxation Consultant

Approved by

Valla Tinney

Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.

Paul Thorkelsson, Administrator

COUNCIL POLICY

NAME:	PERMISSIVE TAX EXEMPTION POLICY FOR SUPPORTIVE AND AFFORDABLE RENTAL HOUSING		
ISSUED:	June 19, 2023	INDEX REFERENCE:	
AMENDED:	December 12, 2023	COUNCIL REFERENCE:	23/CW

1) PURPOSE

The purpose of the Permissive Tax Exemption policy is to incent the development of new non-market housing supply and to support the viability of existing non-market housing supply.

2) ELIGIBILITY

- The applicant must be a non-profit organization as defined in the *Community Charter*;
- The housing must be rental tenure; and,
- The applicant must offer supportive or affordable housing within their mandate.
- The housing must be permitted for occupancy prior to the application deadline.

3) PERMISSIVE TAX EXEMPTION POLICIES

Permissive tax exemptions for supportive or affordable rental housing will be considered in the following situations. Where a development has a mix of housing types (i.e. affordable and supportive), the permissive tax exemption will be determined based on the majority of units.

3.1. Supportive housing for seniors or persons with disabilities

- The non-market housing must include supportive services for seniors or persons with disabilities.
- Supportive housing meeting the eligibility criteria are eligible for a permissive tax exemption of 100% of tax assessed land and improvements.
- The exemption will follow a four-year cycle as administered by the District.

3.2. New affordable rental housing

- New non-market rental housing (any projects that obtain occupancy permit or are acquired in 2023 or later) meeting the eligibility criteria are eligible for permissive tax exemptions of 100% of tax-assessed land and improvements.
- Approved permissive tax exemptions will apply for a fixed five-year term.
- The final year for application is 2030.

3.3 Existing affordable rental housing

- Non-market rental housing meeting the eligibility criteria are eligible for permissive tax exemptions of 100% of tax-assessed improvements.
- Approved permissive tax exemptions will apply through 2027.
- The final year for application is 2026.