

Report

Date September 6, 2023
Subject 2024 Permissive Tax Exemption Applications

File: 1970-30

PURPOSE

To consider Permissive Tax Exemption applications received for the 2024 assessment roll.

BACKGROUND

Section 224 of the *Community Charter* provides Council with the authority to exempt, by bylaw, certain land, improvements, or both from municipal property taxes. North Cowichan has a Permissive Tax Exemption Policy (Attachment 1) that provides guidance to Council to determine which properties should be granted permissive tax exemptions.

Under the Policy, priority will be given to:

- (a) lands surrounding exempt churches, hospitals, and private schools,
- (b) church halls and surrounding lands considered necessary to statutorily exempt churches,
- (c) properties providing athletic or recreational programs or facilities for public use,
- (d) properties that provide services to youths, seniors, and special needs groups,
- (e) heritage properties that build community character,
- (f) properties used publicly for arts and culture programs or facilities,
- (g) properties used to provide public services under a formal partnership with the Municipality,
- (h) ecologically sensitive areas designated within the Official Community Plan,
- (i) other properties available for public use that benefit the general public.

The current Permissive Tax Exemption Bylaw, which expires in 2023, provided exemptions to 153 properties with a total value of \$530,973 in tax revenue forgone. To be granted an exemption for 2024, a property must be included in the Permissive Tax Exemption Bylaw, which must be provided to BC Assessment prior to October 31, 2023.

DISCUSSION

North Cowichan has received 68 applications (148 properties in total) that are eligible for consideration of a permissive tax exemption for 2024. Of the 68 applications, 66 organizations have been granted prior exemptions from Council through bylaw. House of Grace Pregnancy Center and Cowichan Community Land Trust are the only two new applications received by the Municipality. The applications have been split into categories similar to Grant-in-Aid for ease of reviewing.

Community Organizations

The Municipality received 32 applications related to Community Organizations, which are summarized in Attachment 2. Of the 32 applications received, 31 organizations have been granted prior exemptions from Council. House of Grace Pregnancy Center is the only new application in this category. If Council granted 100% exemption for all requests, the total forgone revenue would be approximately \$166,000.

House of Grace Pregnancy Center Society is located at #202 – 5855 York Street. It is a registered not-for-profit organization that meets the eligibility criteria for a permissive tax exemption as per the *Community Charter*. The organization resides in the same building as The Sword Ministries, which receives a current exemption. The House of Grace Pregnancy Center leased the building in July 2023. According to their mission statement, the society offers accurate information and compassionate support to those impacted by an unexpected pregnancy, including emotional and spiritual help, coupled with practical support and education.

A 50% exemption for all leased land and improvements in 2024 would total \$761.11, and a full exemption would total \$1,522.22. All other properties within this category currently receive a 100% exemption.

Environmental / Green Space

The Municipality received nine environmental or green space-related applications, which are summarized in Attachment 3. Of the nine applications received, eight of the organizations have been granted prior exemptions from Council. Cowichan Community Land Trust is the only new application in this category. The total forgone revenue if Council granted 100% exemption for all requests would be approximately \$196,000.

Cowichan Community Land Trust is a registered not-for-profit society that meets the eligibility criteria for a permissive tax exemption as per the *Community Charter*. The property is in Quamichan Lake and can only be accessed by water. According to the Cowichan Community Land Trust, they provide conservation services by holding covenants, providing community education, organization stewardship and restoration activities.

A 50% exemption for all land in 2024 would total \$44.07, and a full exemption would total \$88.13. All other properties within this category currently receive a 100% exemption.

Places of Worship

The Municipality received 15 applications related to Places of Worship, which are summarized in Attachment 4. All 15 of the Places of Worship have been granted prior exemptions from Council. The total forgone revenue, if Council granted 100% exemption for all land and improvements not already statutorily exempt, would be approximately \$83,000.

Recreation & Culture

The Municipality received 19 applications related to Recreation and Culture, which are summarized in Attachment 5. All 19 of the organizations have been granted prior exemptions from Council. The total forgone revenue, if Council granted 100% exemption for all land and improvements (50% of Class 8 to Mount Brenton Golf Course and Maple Bay Yacht Club), would be approximately \$181,000.

OPTIONS

1. **Option 1 (Recommended)** THAT the Committee of the Whole direct staff to draft a Permissive Tax Exemption Bylaw which includes:
 - (1) 100% tax exemption for all land and improvements to all organizations that Council had granted in prior years;
 - (2) 50% of all land and improvements for Class 8 for Maple Bay Yacht Club and Mount Brenton Golf Course;
 - (3) *(insert percentage here)* tax exemption for land and improvements leased to House of Grace Pregnancy Centre; and
 - (4) *(insert percentage here)* tax exemption for all land to Cowichan Community Land Trust's Quamichan Lake property.
 - Organizations that are granted a permissive tax exemption from the Municipality will also benefit from an exemption from all other property taxation (Schools, Hospital, Regional District). The municipal portion of the exemption typically represents close to half of the total property tax amount.
 - Reducing expenses by providing permissive tax exemptions to these organizations allows the funds to be used to deliver services that provide community good for the Municipality of North Cowichan's residents and businesses.
2. Option 2
 THAT the Committee of the Whole direct staff to include the following exemptions in a Permissive Tax Exemption Bylaw:
 - (1) *(Council to identify each property and percentage of tax exemption for land and/or improvements)*

IMPLICATIONS

If Council elects to grant full exemptions to all applicants (50% to Maple Bay Yacht Club and Mount Brenton Golf Course), the total foregone revenue for 2024 would be approximately \$627,000 (based on 2023 assessment and tax rates).

RECOMMENDATION

THAT the Committee of the Whole direct staff to draft a Permissive Tax Exemption Bylaw, which includes:

- (1) 100% tax exemption for all land and improvements to all organizations that Council had granted in prior years;
- (2) 50% of all land and improvements for Class 8 for Maple Bay Yacht Club and Mount Brenton Golf Course; and,
- (3) *(insert percentage here)* tax exemption for land and improvements leased to House of Grace Pregnancy Centre and
- (4) *(insert percentage here)* tax exemption for all land to Cowichan Community Land Trust's Quamichan Lake property.

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Attachments:

- (1) Permissive Tax Exemption Policy
- (2) Community Organization Summary
- (3) Environmental - Green Space Summary
- (4) Places of Worship Summary
- (5) Recreation and Culture Summary