

REPORT

Finance

To: Mayor Johnstone and Members of Council
Date: September 25, 2023

From: Jacqueline Dairon
Acting CFO/Director of Finance
File:

Item #: 2023-617

Subject: **Permissive Property Tax: Exempt Properties - Review of Application Result**

RECOMMENDATION

THAT Council approve the proposed Taxation Exemption list and forward the Permissive Tax Exemption Bylaw No. 8419, 2023 (Attachment A) for three readings.

PURPOSE

To seek Council's approval of the 2023 Permissive Tax Exemption applications to be considered in the 2024 Permissive Property Tax Exemption Bylaw. The permissive exemption is for the 2024 year.

SUMMARY

Section 224 of the Community Charter allows Council, on or before October 31 of each year, to adopt a bylaw to exempt from property taxation on the land, improvements or both owned and used for various specified purposes. In previous years, City of New Westminster Council has provided permissive tax exemptions for the following land and/or improvements:

1. Surrounding an exempt property
2. Used or occupied by a hospital and independent schools
3. Used or occupied by a home for elderly citizens constructed with the assistance of aid granted by the Province under the *Housing Construction (Elderly Citizens) Act* before its repeal
4. Used for charitable or philanthropic purposes
5. Owned or held by an athletic or service club for public service purposes

These permissive exemptions provided by Council are in addition to the statutory exemption that the land and improvements may be entitled to under Section 220 of the Community Charter.

The City's Property Taxation Permissive Exemption Policy (the Policy) strives to ensure a balance between approving permissive property tax exemption and the need to preserve the property tax revenue base. The City's general position is not to award new permissive tax exemptions, but each application is reviewed on a case by case basis and in some instances tax exemptions have been approved. Consideration for permissive tax exemption is generally limited to organizations such as places of public worship, hospitals and independent schools, etc. that are already statutorily exempt from the Province for their building and for the land on which the building resides. Based on policy and past practice, application for permissive tax exemption by not-for-profit organizations are not approved by Council. Not-for-profit organizations seeking financial assistance are directed to the City's community grant programs as an alternative.

Notice is required to be given for the list of properties will be given or published in accordance with section 94 of the Community Charter. The Notice shall be posted to the City's public notice posting places and, pursuant to Public Notice Bylaw No. 8417, 2023, via the following additional means of publication:

- (a) Electronically via the City Pages email subscription service; and
- (b) Printed and posted to one or more information boards at the New Westminster Public Library.

Permissive exemptions for properties under Section 224(2)(f) - Public Worship, Section 224(2)(h) - Hospitals and Private Schools are excluded from this requirement. A draft of the required public notice is attached to this report as **Attachment C**.

BACKGROUND

Since 1996, properties that qualify for a permissive tax exemption have been required to submit an application each year for continued tax exemption.

EXISTING POLICY AND PRACTICE

On an annual basis, existing applicants are notified by email of the application process and deadline date. During this period, new applicants that contact the City are also provided with the same information that is on the City website.

Corporate Policy Document: Property Taxation Permissive Exemption Policy
EDMS 316477 Version 1

ANALYSIS

Application Results

Letters were emailed to current recipients of permissive tax exemptions and applicants were advised to download the application form from the City's website and complete and submit the applications by no later than August 11, 2023.

66 applications were received from current recipients of permissive tax exemptions for 2024 Permissive Property Tax Exemption Bylaw consideration. The following provides a brief summary of the applications received and any significant changes from last year's taxation exemption and Exempt Properties Bylaw No. 8366, 2022.

Section 224(2)(a) - Not for Profit

Land or improvements that:

- i. are owned or held by a charitable, philanthropic or other not for profit corporation, and
- ii. the council considers are used for a purpose that is directly related to the purposes of the corporation.

Five applications per **Attachment A**.

Section 224(2)(b) - Municipality

Land or improvements that:

- i. are owned or held by a municipality, regional district or other local authority, and
- ii. the council considers are used for a purpose of the local authority

Eight applications that are 100% exempt per **Attachment A**. One application that is 75% exempt per **Attachment A**.

Section 224(2)(f) - Public Worship

In relation to property that is exempt under section 220 (1) (h) [*buildings for public worship*],

- i. an area of land surrounding the exempt building,
- ii. a hall that the council considers is necessary to the exempt building and the land on which the hall stands, and
- iii. an area of land surrounding a hall that is exempt under subparagraph (ii)

Forty-Five applications per **Attachment A**. Note some of the applications contain more than one parcel of land (e.g. parking lots/ancillary buildings close to primary parcel containing improvements for place of worship).

Section 224(2)(g) - Religious Organization

Land or improvements used or occupied by a religious organization, as tenant or licensee, for the purpose of public worship or for the purposes of a hall that the council considers is necessary to land or improvements so used or occupied.

Two applications per **Attachment A**. Only the space occupied will be exempt from property taxes.

Section 224(2)(h) - Hospitals and Private Schools

In relation to property that is exempt under section 220 (1) (i) [*seniors' homes*] or (j) [*hospitals*], any area of land surrounding the exempt building; and (h.1) in relation to land or improvements, or both, exempt under section 220 (1) (l) [*independent schools*], any area of land surrounding the exempt land or improvements;

Royal Columbian Hospital is statutorily exempt under the Health Authorities Act. It is to be noted that any occupiers (tenants) at Royal Columbian Hospital are deemed independent of the Health Authorities and as such as taxable.

Two applications per **Attachment A**.

Section 224(2)(k) - Seniors' Homes

Land or improvements for which a grant has been made, after March 31, 1974, under the *Housing Construction (Elderly Citizens) Act* before its repeal.

Three applications per **Attachment A**.

New Applications

Seven new application were received in 2023 for 2024 Property Tax Exemption Bylaw consideration under Section 224(2)(a) - Not for Profit

Land or improvements that:

- i. are owned or held by a charitable, philanthropic or other not for profit corporation, and
- ii. the council considers are used for a purpose that is directly related to the purposes of the corporation.

All new applications are being presented to Council for consideration. These properties are **not** included in the attached bylaw. If Council chooses to extend a permissive tax exemption to any of these properties, the bylaw attached to this report will need to be revised.

Table 1 provides a brief synopsis of each new application with an estimate of the 2024 Property Taxes, assuming a modest tax increase. A detailed analysis of each of the new applications is provided in **Attachment B**.

Table 1: New Applications for 2024 Property Tax Exemption Bylaw Consideration

Folio	Civic	Applicant	Estimate 2024 Property Taxes
03702000	514 Garfield St	Community Living Society	\$5,600

Folio	Civic	Applicant	Estimate 2024 Property Taxes
00357008	7 th Floor, 713 Columbia St	Community Living Society	\$29,300
01438001	255 Sixth St	Inclusion BC Society	\$67,600
00354000	40 Begbie St	Lower Mainland Purpose Society for Youth and Families	\$60,600
00260000	502 Columbia St	Lower Mainland Purpose Society for Youth and Families	\$111,000
06772001	422 Sixth St	Lower Mainland Purpose Society for Youth and Families	\$105,600
12807001	936 Ewen Ave	New Westminster Italian Mutual Aid Society	\$28,700

FINANCIAL IMPLICATIONS

2024 Property Tax for the seven new application is estimated to be \$408K of which \$260K would represent the municipal tax levy and \$148K collected on behalf of other taxing authorities. Property tax exemptions will be spread over the existing tax base to recover costs to provide City services annually. Grants are another avenue for not-for-profit to seek financial assistance from the City. There are only five pre-existing charitable, philanthropic or other not-for profit properties that continue to receive the permissive tax exemptions.

OPTIONS

Council may choose one of the following:

- Option 1: THAT Council not approve the new applications as listed in Table 1: New Applications for 2024 Property Tax Exemption Bylaw Consideration; or
- Option 2: THAT Council approve the existing properties as outlined in Attachment A and refer the Permissive Tax Exemption Bylaw No. 8419, 2023 for Three Readings; or
- Option 3: THAT Council provide staff with alternate direction.

Staff recommends Option 1 and 2.

CONCLUSION

In New Westminster, the Property Taxation Exemption Policy has been employed since the mid-1990's. Permissive tax exemptions are of significance mainly to places of worship, seniors homes and hospitals, independent schools and pre-existing charitable, philanthropic or other not-for profit properties. The range of community contribution varies widely amongst these properties in the survey of the permissive tax exemptions.

ATTACHMENTS

Attachment A - Permissive Tax Exemption Bylaw No. 8419, 2023.

Attachment B - Detailed Analysis of New Permissive Exemption Applications for 2024

Attachment C - DRAFT Public Notice of Applications for 2024 Property Tax Permissive Exemption

APPROVALS

This report was prepared by:

Indeep Johal
Manager, Financial Services

This report was approved by:

Jacqueline Dairon
Acting CFO/Director of Finance

Lisa Spitale
Chief Administrative Officer