



## CITY OF VICTORIA POLICY

**Prepared by:** Finance Department  
**Updated by:** Tina Phillips, Revenue Manager  
**Approved by:** Brenda Warner, Director of Finance

Amended April 6, 2009

**Title:** PERMISSIVE PROPERTY TAX EXEMPTIONS

### 1. POLICY STATEMENT

- 1.01 Section 220 of the Community Charter provides for statutory tax exemption for a range of properties including those held or used by the Province, municipalities, regional districts, libraries, hospitals, schools, cemeteries, and places for public worship. For some properties, such as those used for public worship, the statutory exemption is limited to the building and the land beneath the building – the land surrounding the building may be given a permissive exemption by Council.  
Section 224 provides for permissive tax exemptions for properties used by a variety of non-profit organizations providing services which Council considers directly related to the purposes of the organization. It also provides for permissive exemptions for some properties which are additional to statutory exemptions under Section 220, such as church halls or land surrounding places for public worship.  
This policy is intended to provide guidance in the evaluation of applications for exemption from property taxes pursuant to Section 224 of the Community Charter.
- 1.02 The Community Charter permits exemption from municipal taxes. Similar provisions in other taxing authority legislation extend the exemption to those levies.
- 1.03 Exemptions provided for in Section 224 are at the discretion of Council. There is no obligation to give the exemption.
- 1.04 Exemptions cannot be granted if the organization does not qualify under the Community Charter.
- 1.05 Each application will be considered on its own merits using the guidelines.
- 1.06 Exemptions are based on the principal use of the property, not on the charitable service of the organization as a whole.
- 1.07 The exemption may apply to the whole or part of the taxable assessed value of land, improvements or both, at the discretion of Council.
- 1.08 Tax exemptions under section 224 will be considered on an annual basis, unless a bylaw specifies a longer term. That term cannot exceed 10 years under section 224(4a). All annual exemptions must be renewed by application on an approved form, including a copy of the organization's most recent financial statements. Exemption must not be assumed, even if obtained in a prior year.
- 1.09 Applications must be received by May 31st each year for the following year. Applications received after the deadline or applications which do not include all required information may not be considered.
- 1.10 A tax exemption is similar in effect to a cash grant, and therefore forms part of the overall City grants program, subject to annual budget considerations.
- 1.11 All recipients of tax exemptions from the City of Victoria are required to publicly acknowledge the exemption.
- 1.12 Section 227 of the Community Charter requires Council to give public notice of proposed exemptions.



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### **2. GENERAL EVALUATION GUIDELINES**

- 2.1 The intent of these evaluation categories and guidelines is to identify the services and organizations which are the most complementary extensions of municipal services, and for which the burden resulting from the exemption is a justifiable expense to the taxpayers of Victoria. Support should be directed towards services the City would consider providing given adequate resources.
- 2.2 The organization must justify the need for the services and may be required to make a presentation to Council.
- 2.3 The use of the property must be consistent with and in support of all applicable municipal policies and legislation.
- 2.4 Services must be offered primarily to citizens of the City of Victoria. Where the stated purpose or client group is clearly regional, the City may accept a share, rather than all, of the burden of a tax exemption. This share would normally be 50% for the CRD and 25% for Vancouver Island or Province of BC.
- 2.5 Services and activities should be equally available to all residents of the City.
- 2.6 A recreation or community facility must be accessible by the public, and the activities carried out on the property must be enjoyed by a significant proportion of the general public.
- 2.7 A tax exemption may only be granted where an organization can show a financial need for the exemption, as well as financial responsibility and accountability. Financial need would involve showing that the lack of tax exemption would seriously impair services to the community or impose significant hardship on users of the facilities. Accountability may involve measurement of the effectiveness of the services provided.
- 2.8 The organization must be seen to be working towards self-sufficiency by seeking funding from other sources.
- 2.9 The facility for which the tax exemption is sought must be operated by a charitable, philanthropic, or other not for profit society or organization.
- 2.10 The organization may be required to show evidence of ongoing, active volunteer involvement.
- 2.11 Only that part of the property used for non-profit activities will be considered for exemption. Commercial activities will be excluded. For clarity, society administration is considered part of the non-profit's program delivery.
- 2.12 Exemptions will not be granted for land held for future development or land greater than normally required for offstreet parking, buffer zones or to make a reasonably shaped parcel.
- 2.13 It is required that the organization is on the title of the property and responsible for payment of the property taxes.
- 2.14 Affordable rental housing is defined as housing with rent equal to 30% or less of a household's gross annual income – currently \$30,000 - \$60,000 income range.

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### **3. RESPONSIBILITIES**

- 3.01 City Council shall:
  - a) Approve this policy and any amendments thereto.
  - b) Consider each tax exemption request annually on its own merits, using this policy and enclosed guidelines, as well as considering other support provided by the City to the organization.
- 3.02 Finance Department shall:
  - a) Ensure the implementation of the policy.
  - b) Serve as the City contact for receipt of all permissive tax exemption applications.
  - c) Review individual applications for tax exemption and make recommendations to Council.



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### 4. EVALUATION CATEGORIES and EXEMPTIONS

- 4.01 **Special needs and supportive housing:** short term emergency or crisis protection for members of the community, supportive housing for people with special needs, halfway houses , transitional homes and group homes with supportive staff and programs - 100% exemption
- 4.02 **Affordable Rental Housing:** Effective April 2009 - new affordable multi-unit rental housing (3 or more units) with building permits issued by March 2010 and receiving Occupancy by June 30, 2011, could qualify for a one time, up to 10 year exemption – 100% exemption
- 4.03 **Social services:** support services and programs to members of the community with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life - 100% exemption
- 4.04 **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public – 100% exemption
- 4.05 **Educational facilities** – 50% exemption
- 4.06 **Athletic or recreational facilities:** provide space and equipment for the physical and mental enjoyment of the participants – 50% exemption
- 4.07 **Other – various** – includes:
  - a) Facilities for public worship occupied by a religious organization as a tenant – 100% exemption
  - b) Land surrounding places for public worship; church halls and land surrounding them - various

### 5. IMPLEMENTATION

- 5.01 These guidelines will be applied to all applications for permissive property tax exemptions for 2005 and subsequent tax years.