



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: September 6, 2005  
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Meeting Date: October 18, 2005

TO: Vancouver City Council  
FROM: General Manager Corporate Services/Director of Finance  
SUBJECT: Grants-in-Lieu of City's General Purposes Taxes

#### RECOMMENDATION

THAT Council approve the grants-in-lieu of taxes for general municipal purposes amounting to \$77,194.76 as set out in this report, source of funds to be the 2005 Contingency Reserve.

Approval of the grant recommendation requires eight (8) affirmative votes.

#### CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing recommendation.

#### COUNCIL POLICY

The City has approved grants in lieu of taxes to qualifying institutions in order to compensate them for the City portion of property taxes paid while the property met all the requirements to be tax exempt, but was not exempt due to the timing of the preparation of the assessment roll. To qualify for exemption the property must meet the following criteria:

1. The property must appear as exempt on the current assessment roll.
2. The institution seeking a grant in lieu must be the registered owner of the property and apply to Council in writing for a grant in lieu.

3. Property taxes up to the date on which the property meets the requirements for a tax exemption, as well as, all other taxes, including local improvement charges, business improvement assessments, utility charges and taxes collected by the City on behalf of other public bodies must be paid. Any unpaid amounts will be deducted from the grant.
4. The amount of the grant shall, at Council's discretion, be up to the general municipal purposes taxes levied since the date on which the property met all the requirements for tax exemption.
5. Grants in lieu of taxes shall not be made for a period extending more than two calendar years.
6. Council may award a grant in lieu for a property which did not meet the tax exemption requirements due to construction, renovation or other work being performed (i.e. it was not wholly in use for a purpose of the institution). In such cases, the amount of the eligible grant in lieu is calculated from the date of the first building inspection by the City.
7. Grants in lieu are discretionary and there is no obligation on Council to award one, notwithstanding that the property falls within the policy.

## DISCUSSION

Under Section 396 of the *Vancouver Charter* all real property in Vancouver is liable to taxation subject only to certain limited exemptions. The exemptions include property owned and occupied by charitable, religious, and educational institutions provided the property is wholly in use for the charitable, religious or educational purposes of the institution.

In accordance with the *Assessment Act*, annually BC Assessment prepares an assessment roll based on the status of properties as at October 1. The assessment roll is used by the City for the calculation of the subsequent year's property tax. No changes are made to the assessment roll for changes to the property that may occur after the October 1 date.

To be exempt for any given tax year, the property must meet all the exemption requirements at the time the assessment roll is prepared by BC Assessment. Occasionally, a property meets the exemption requirements only after the assessment roll has been prepared and, as a result, it is shown on the assessment roll as taxable. It is not exempt until the next assessment roll is prepared in the following year. In such cases, the property is liable to taxation for the full year notwithstanding that for part of the year it qualified for an exemption.

Since 1960, the City has offered grants in lieu of taxes to qualifying institutions in order to compensate them for the City portion of property taxes paid while the property met all the requirements to be tax exempt, but was not exempt due to the timing of the preparation of the assessment roll.

The following organizations have requested a grant in lieu of general taxes.

**BC Full Gospel Society** (\$13,552.39)  
2350 41st Ave E  
Lot 1 & 2 Block A District Lot 720, Plan 4490

BC Full Gospel Church became a Church Society November 29, 1996 and has owned and used this property for religious services since December 1996. They applied for and received exemption on this property from BC Assessments under Section 396(1)(c)(iv) of the Charter on the 2001 roll. This grant is for the period January 1, 1999 to December 31, 2000.

**Lubavitch Foundation Society (\$47,016.61)**

5750-5770 Oak Street

Lots 1, 10, 24, 38, 52, 64 District Lot 526 Plan LMS4350

The Lubavitch Foundation is a non-profit society promoting Jewish continuity, growth and heritage, and providing social, religious and educational assistance to individuals. The six strata lots constituting this property were exempt for 2003 by BC Assessment Appeal Board under section 396(1)(c)(i) of the Charter. BC Assessment exempted all six strata lots on the 2004 roll. Two of the strata lots are no longer used for charitable purposes by the society and were not exempt on the 2005 roll. The proposed grant is for the period of October 1, 2001 to December 31, 2002, during which time all six strata lots were used by the society and, under the rationale of the BC Assessment Appeal Board decision dealing with the 2003 roll, qualified for the exemption.

**Coastal Victory Church (\$16,625.76)**

1160 W Georgia Street

Lot 7 Block 18 District Lot 185 Plan 92

Coastal Victory Church used this property for religious purposes during 2002 primarily as a tenant. They purchased and acquired legal title to the property on August 29, 2002 and BC Assessments exempted the property from taxes for the 2003 roll under Section 396(1)(c)(iv). This grant is for the period August 29, 2002 to December 31, 2002.

**FINANCIAL IMPLICATIONS**

Historically grants in lieu of taxes are funded from the contingency reserve. Grants in lieu of property taxes are not specifically budgeted in the annual operating budget. The decision of whether to make a grant is at the discretion of Council. There is a significant variability in both the number of grant applications that will be received and the amount of the grants in any one year. The grants cannot be funded from the annual provision for uncollectible taxes since they have been billed in accordance with legislative requirements of Section 396 of the *Vancouver Charter*.

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