



# A6

## ADMINISTRATIVE REPORT

Report Date: October 19, 2009  
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Meeting Date: November 3, 2009

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

### *RECOMMENDATION*

THAT Council approve the grant-in-lieu of 2008 taxes for general municipal purposes amounting to \$5,192.57 as set out in this report, source of funds to be the 2009 Contingency Reserve.

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

### *COUNCIL POLICY*

The City has approved grants in lieu of taxes to qualifying institutions 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.

### ***BACKGROUND***

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, BC Assessment prepares an annual assessment roll based on the status of properties as at October 31. The assessment roll is used by the City for the calculation of the subsequent year's property tax. No revisions are made to the assessment roll for changes to the property that may occur after the October 31 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.

### ***DISCUSSION***

The following organization has requested a grant in lieu of taxes for 2008:

Burnaby Independent School Society doing business as Stratford Hall School  
3070 Commercial Drive  
Block 169 District Lot 264A Lot 29 of C Lot 30 of C Plan 1325 & 1771 NWD

The Burnaby Independent School Society (Society) has operated Stratford Hall School since 2000 and entered into a lease at 3070 Commercial Drive in July 2008. The lease was registered at Land Titles Office on July 22, 2008 under the new name of the Society - Stratford Hall (School) Society. They applied to BC Assessment under Section 396 of the Charter and received exemption on this property on the 2009 roll. The grant request is for the period July 22 to December 31, 2008 calculated as follows:

City Property Taxes  $\$11,659.40 \times (163/366 \text{ days}) = \$5,192.57$

The Society has also requested Council to reconsider a decision regarding their 2006 Grant in Lieu request.

- On November 27, 2007 Council approved a grant in lieu of general purposes taxes of \$16,571.07 for their leased property at 3000 Commercial Drive for the period September 22 to December 31, 2006. This was based on Council policy that the grant would be based on the period which qualified for exemption (i.e. the date of registration of the lease).
- On April 17, 2008, Council was asked to consider an additional grant of \$43,316.09 for the earlier part of the year (January 1 to September 21, 2006) on the premise that the Society was not aware that they had to register the lease in order to qualify for exemption. The grant was not approved by the required majority of Council.

Council has addressed the grant in lieu of taxes relating to 3000 Commercial Drive twice already. Staff do not recommend reconsideration of the April 17, 2008, Council decision. Furthermore, the request is inconsistent with a long standing Council policy to provide grants in lieu only for the period that the property qualified for the exemption.

#### ***FINANCIAL IMPLICATIONS***

Grants in lieu of taxes have historically been funded from the contingency reserve as they 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.

The amount of the grant for 2008 taxes is \$5,192.57 and the source of funds to be the 2009 contingency reserve.

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