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ADMINISTRATIVE REPORT

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TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: Property Tax Exemptions - 2009

INFORMATION

The 2009 Property Tax Exemptions Report is submitted to Council for information.

COUNCIL POLICY

Section 219 of the *Vancouver Charter* stipulates that a report be submitted to Council, by April 30, outlining the objectives and policies in relation to the use of heritage, riparian, and revitalization exemptions for the year.

Section 396 of the *Vancouver Charter* stipulates two types of property tax exemptions:

Statutory Exemptions - Specified in the *Vancouver Charter* as well as the federal *Constitution Act*, these exemptions are administered by the BC Assessment Authority. Council approval is not required. These include properties owned and occupied by senior governments, City of Vancouver, schools, hospitals, and certain non-profit organizations.

Permissive Exemptions - These exemptions require Council approval by a two-thirds vote based on criteria set out by Council. These include heritage, riparian and revitalization exemptions.

It is Council policy that tenants occupying City-owned properties for non-civic use make lease payments which include an amount equivalent to property taxes to ensure equity among tenants occupying private property and those occupying tax exempt City-owned property.

In 2003, Council established the Heritage Building Rehabilitation Program, a five year initiative to encourage the full upgrading of heritage buildings and stimulate economic revitalization within the Downtown Eastside (DTES) historic areas including Chinatown and the Hastings Street Corridor, and in Gastown and Victory Square areas. Among the program incentives is the use of permissive exemptions for heritage properties. In July 2009, Council directed staff to report back on the effectiveness of such exemptions and the possibility of extension for five years.

PURPOSE

The purpose of this report is to summarize the statutory and permissive property tax exemptions that were available to real property in the City and any compensating payments-in-lieu of taxes payable to the City in 2009.

DISCUSSION

Vancouver Charter Exemptions

Section 396 of the *Vancouver Charter* outlines the eligibility requirements for property tax exemptions. Refer to Attachment B for details.

Statutory Exemptions (396(1))

The following exemptions are *statutory* in nature and are administered by the BC Assessment Authority when determining their taxable statuses. Council approval is not required. For eligible properties, all taxes levied by the City and other taxing authorities are exempt.

- Real property owned and occupied by senior governments
- City-owned real property
- Charitable institutions
- Institutions of learning wholly in use for providing education to children
- Hospitals receiving aid under the *Hospital Act*
- Churches in use for the public worship of God
- Real property occupied by Simon Fraser University
- Emergency shelters
- Land and improvements in use for pollution control
- Vancouver Court House
- British Columbia Cancer Agency

Payment-in-lieu of Taxes - Senior governments are constitutionally exempt from local property taxation. At the federal level, the *Payments in Lieu of Taxes Act* stipulates that payments be made to local governments in lieu of property taxes on certain exempt properties at the discretion of the Minister of Public Works and Government Services Canada or the heads of Crown corporations and federal agencies. At the provincial level, the *Municipal Aid Act* requires similar treatment for lands under provincial ownership. In general, payments are calculated on the basis of the assessed values and local tax rates which would apply if the properties were taxable to ensure that the amount paid is essentially equivalent to the amount which would be paid by a taxable owner. However, both statutes provide some discretion for the granting government to determine which properties are grantable and the payments to be made. At the federal level, the authority of the BC Assessment Authority to determine property classification and value

is not always recognized, and both these determinants can be and are often adjusted for the purpose of calculating such payments. This issue is particularly prominent with respect to Port Metro Vancouver. Metro Vancouver Port Cities Committee has engaged an expert commission to explore a wide range of property taxation and assessment issues for Port Metro Vancouver and related port industry properties, including payments-in-lieu of taxes.

City-owned properties are exempt from property taxation. To ensure equity between those who lease exempt City-owned properties and those who lease private properties, Council has a policy of requiring tenants of City-owned properties to make lease payments which include an amount equivalent to property taxes.

Permissive Exemptions (396 A, C and E)

The following exemptions are *permissive* in nature and Council approval, by at least two-thirds of the votes cast, is required when determining the eligibility of individual properties in accordance with program criteria set by Council.

Heritage Property Exemptions (396A) - The primary purpose of these exemptions is to promote conservation of eligible heritage properties. Without these exemptions, the heritage values might not be retained, or the redevelopment leading to new values and property taxes might not occur. If eligible, all taxes levied by the City and other taxing authorities will be exempt for a maximum of 10 years. To-date, Council has approved 16 exemptions under this category: four were in effect in 2009 and five more will take effect in 2010.

Riparian Property Exemptions (396C) - The primary purpose of these exemptions is to promote conservation of eligible riparian properties. If eligible, all taxes levied by the City and other taxing authorities will be exempt. To-date, Council has not approved any exemptions under this category.

Revitalization Tax Exemptions (396E) - Enacted in 2007 by the provincial government, the primary purpose of these exemptions is to provide Council with a tool to promote economic, social or environmental revitalization. If eligible, only the City's general purpose taxes will be exempt. To-date, Council has not approved any exemptions under this category.

Class 3 Supportive Housing

In June 2008, the provincial government legislated the creation of a new assessment class - Class 3 - for eligible supportive housing properties. Designated properties, in whole or in part, will be subject to special valuation rules that reduce the assessed value of the Class 3 portion of the property to a nominal amount and therefore effectively exempt the property from taxes. Refer to Appendix C for eligibility criteria. In 2009, 22 properties in Vancouver were designated as Class 3 Supportive Housing.

Summary of 2009 Property Tax Exemptions

Table 1 below summarizes the 2009 statutory and permissive tax exemptions for real property in the City.

Table 1: 2009 Summary of Property Tax Exemptions - Statutory and Permissive

Exemptions	Exempt Value	Forgone General Purpose Taxes	Payments-in-lieu of Taxes
STATUTORY EXEMPTIONS			
Federal Property			
Federal Crown & Agencies	1,048,882,400	9,463,525	7,654,383
Airport Authorities	465,800	4,820	4,820
Berth Corridors & Floating Dry Docks	39,777,000	1,204,820	-
	<u>1,089,125,200</u>	<u>10,673,165</u>	<u>7,659,203</u>
Provincial & Crown Agencies			
Provincial Crown	1,722,102,004	12,443,061	2,241,258
BC Hydro	364,415,250	11,091,640	8,803,493
Senior Housing	38,363,000	81,350	-
Vancouver Court House/Robson Square	187,082,000	1,812,597	1,935,817
Insurance Corporation of BC	21,277,000	206,829	206,622
	<u>2,333,239,254</u>	<u>25,635,477</u>	<u>13,187,191</u>
Consular Property	45,769,300	202,889	202,062
Metro Vancouver	138,080,500	1,005,613	3,433
Transit			
Translink	1,018,701,400	39,719,910	-
Agricultural Land Reserve	11,050,300	422,873	-
Rapid Transit Line	20,997,000	217,277	-
	<u>1,050,748,700</u>	<u>40,360,060</u>	<u>-</u>
Charitable Organizations	714,625,904	3,913,611	-
Tourism	5,453,091	57,202	-
Schools, Colleges and Universities			
Colleges	425,011,200	4,367,602	-
Other Universities	68,060,400	665,993	-
Private Schools	488,322,500	4,754,110	-
Public & Francophone Education Authority Schools	2,983,566,100	29,607,153	-
Simon Fraser University	99,626,000	1,039,706	23,959
	<u>4,064,586,200</u>	<u>40,434,564</u>	<u>23,959</u>
Hospitals and Health Authorities			
Hospital and Health Authorities	1,482,557,600	14,777,132	-
BC Cancer Agency	155,592,000	1,607,604	-
Jewish Home for the Aged of BC	21,363,000	221,809	-
	<u>1,659,512,600</u>	<u>16,606,545</u>	<u>-</u>
Churches	834,727,000	1,865,957	-
Other Partial Exemptions	5,110,300	57,759	-
Statutory Exemptions - Non-CoV Properties	<u>11,940,978,049</u>	<u>140,812,842</u>	<u>21,075,848</u>
CoV Properties	12,764,605,708	68,952,956	12,509,121
TOTAL STATUTORY EXEMPTIONS	<u>24,705,583,757</u>	<u>209,765,798</u>	<u>33,584,969</u>
Permissive Exemptions			
Heritage Exemptions			
42 Water Street	2,805,000	22,539	-
50 Water Street	7,581,200	78,448	-
163 West Hastings Street	11,930,000	79,576	-
210 Carrall Street	3,008,000	16,807	-
TOTAL PERMISSIVE EXEMPTIONS	<u>25,324,200</u>	<u>197,370</u>	<u>-</u>
TOTAL EXEMPTIONS	<u>24,730,907,957</u>	<u>209,963,168</u>	<u>33,584,969</u>

Notes to Table 1:

1) *Forgone General Purpose Taxes = Exempt Assessed Value X General Purpose Tax Levy*

- 2) *Not all federal and provincial properties are subject to payments-in-lieu of taxes. Key examples are:*
- *Canada Place - assessed value \$102M (Class 6), forgone general purpose taxes \$1.1M*
 - *Berth Corridors & Floating Dry Docks - assessed value \$39.8M (Class 4), forgone general purpose taxes \$1.2M*
 - *BC Pavilion Corporation (Vancouver Convention Centre, BC Place) - assessed value \$828.5M (Class 6), forgone general purpose taxes \$8.6M*
 - *Properties for which no service is provided*

In 2009, \$24.7 billion of properties, which is equivalent to 13.4% of the 2009 Assessment Roll, were exempt. General purpose taxes forgone totalled \$210 million, which was partially compensated by \$33.6 million of payments-in-lieu of taxes. Refer to Figure 1 for trend analysis from 2007 to 2009.

Statutory Exemptions - More than 3,000 property folios with a total assessed value of \$24.7 billion were either fully or partially exempt, resulting in forgone taxes of \$209.8 million. Included were City-owned properties in use for delivering civic services and programs and those for non-civic purposes within the Property Endowment Fund with a total assessed value of \$12.8 billion.

Permissive Exemptions - Of the 16 exemptions approved by Council under the Heritage Building Rehabilitation Program, four were in effect in 2009 with a total assessed value of \$25.3 million and forgone taxes of \$0.2 million; and five more will take effect in 2010. The maximum value of exemptions approved for the 16 properties totals \$21.4 million, of which the general purpose taxes account for approximately 50%. Refer to Appendix A for details.

Payments-in-lieu of Taxes - Of the \$33.6 million, \$21.1 million was applicable to properties owned and occupied by senior governments and \$12.5 million to tenants of City-owned properties in the form of lease payments of which the amount is equivalent to property taxes.

Figure 1: Trending of Exemptions, Forgone Taxes, & PILTs (2007-2009)



In addition to the statutory and permissive exemptions, the designation of 22 supportive housing properties resulted in a further reduction of \$35 million in taxable value on the *2009 Assessment Roll* and \$0.2 million in forgone taxes. This represents a subsidy from the City. Refer to Appendix C for details.

FINANCIAL IMPLICATIONS

Any payments-in-lieu of taxes received on exempt properties (2009 - \$33.6 million) are reported as general revenues.

Values of exempt properties are not factored into general purpose tax rate calculations. Any forgone taxes are shared among non-exempt properties in the normal course of balancing the annual operating budget.

CONCLUSION

This report summarizes the statutory and permissive property tax exemptions provided under Section 396 of the *Vancouver Charter* and the compensating payments-in-lieu of taxes payable to the City in 2009.

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**HERITAGE PROPERTY EXEMPTIONS
COUNCIL APPROVALS TO-DATE**

Property	Council Approval	By-Law			Exemption (General Purpose Taxes & Taxes Levied by Other Taxing Authorities)				
		#	Enactment	Lapse After	Maximum Duration	Maximum \$	Start	To-date	Remaining
42 Water	29-Jan-04	8817	23-Mar-04	23-Mar-09	10 yrs	\$382,000	2007	\$126,155	\$255,845
50 Water	29-Jan-04	8816	23-Mar-04	23-Mar-09	10 yrs	\$768,700	2007	\$396,928	\$371,772
163 West Hastings	16-May-06	9338	11-Jul-06	11-Jul-11	10 yrs	\$1,948,159	2009	\$158,094	\$1,790,065
210 Carrall	11-Jul-06	9417	16-Jan-07	16-Jan-12	10 yrs	\$314,307	2009	\$25,986	\$288,321
5 West Pender	15-Feb-05	9035	10-May-05	10-May-10	10 yrs	\$247,294	2010		\$247,294
101 West Hastings - Residential	21-Mar-06	9442	13-Mar-07	13-Mar-12	3 yrs	\$3,500,000	2010		\$3,500,000
1 Gaoler's Mews	13-Jun-06	9585	15-Jan-08	15-Jan-13	10 yrs	\$1,299,928	2010		\$1,299,928
412 Carrall Street	11-Jul-06	9451	15-Mar-07	15-Mar-12	10 yrs	\$947,502	2010		\$947,502
53 West Hastings - Commercial	26-Sep-06	9426	30-Jan-07	30-Jan-12	10 yrs	\$59,260	2010		\$59,260
53 West Hastings - Residential	26-Sep-06	9426	30-Jan-07	30-Jan-12	3 yrs	\$125,339	2010		\$125,339
1 West Hastings	24-Jan-06	9340	11-Jul-06	11-Jul-11	10 yrs	\$385,693			\$385,693
51 East Pender	28-Feb-06	9268	18-Apr-06	18-Apr-11	10 yrs	\$500,395			\$500,395
101 West Hastings - Commercial	21-Mar-06	9441	13-Mar-07	13-Mar-12	10 yrs	\$8,140,000			\$8,140,000
40 Powell	18-Apr-06	9336	11-Jul-06	11-Jul-11	10 yrs	\$741,805			\$741,805
12 Water - Commercial	26-Sep-06	9587	15-Jan-08	15-Jan-13	10 yrs	\$1,033,686			\$1,033,686
12 Water - Residential	26-Sep-06	9587	15-Jan-08	15-Jan-13	3 yrs	\$229,034			\$229,034
71 East Hastings	12-Feb-08	9628	15-Apr-08	15-Apr-13	10 yrs	\$173,670			\$173,670
133 Keefer	8-Jul-08	9717	16-Sep-08	16-Sep-13	10 yrs	\$421,353			\$421,353
18 West Hastings	16-Sep-08	9761	25-Nov-08	25-Nov-13	10 yrs	\$144,492			\$144,492
TOTAL						\$21,362,617		\$707,163	\$20,655,454

Notes:

- 1) A property is exempt from taxes up to a maximum \$ value or maximum # of years as approved by Council, whichever comes first.
- 2) Commencement of exemption is triggered by the issuance of occupancy permit. For example, if OP is issued prior to October 31st, 2009, the exemption begins January 1st, 2010.
- 3) Properties have up to five years from enactment of the by-law to complete the rehabilitation project and get OP; otherwise, the by-law will lapse.

Liability to taxation

396. (1) All real property in the city is liable to taxation subject to the following exemptions: —

Crown exempt; tenant or occupier liable

(a) Crown lands; provided, however, that the right or interest of an occupier of Crown lands, not holding in an official capacity, shall be liable to taxation, and he shall be personally liable therefor as if he were the owner of such real property, but the property shall not be subject to lien under section 414 nor subject to tax sale under section 422:

City property exempt

(b) Real property vested in the city and Crown lands leased by the city for park purposes:

(c) Real property

Also charitable institutions

(i) if

(A) an incorporated charitable institution is the registered owner or owner under agreement, either directly or through trustees, of the real property, and

(B) the real property is in actual occupation by the incorporated charitable institution and is wholly in use for charitable purposes;

And certain institutions of learning

(ii) of which an incorporated institution of learning regularly giving to children instruction accepted as equivalent to that furnished in a public school is the registered owner, or owner under agreement, and which is in actual occupation by such institution and is wholly in use for the purpose of furnishing such instruction;

And certain hospitals

(iii) of which a hospital receiving aid under the *Hospital Act* is the registered owner, or owner under agreement, either directly or through trustees therefor, and which is in actual occupation by such hospital and is wholly in use for the purposes of the hospital or which is held by the

hospital for future use as a hospital-site and the same has been designated by the Minister of Health to be exempt from taxation;

And churches

(iv) of which a religious organization, either directly or through trustees therefor, is the registered owner, or owner under agreement, and which is set apart and in use for the public worship of God; provided, however, that the exemption by this clause conferred shall not be lost by reason of the use of the church property for any of the purposes hereinafter set out if it is so provided by by-law:—

The use of the church property by a government, notwithstanding that a fee is paid for such use:

The use of the church property for the care or instruction of children under school age by a charitable or non-profit organization:

The use of the church property for the purpose of teaching organ or choral music, notwithstanding that a fee is charged therefor:

The use of the church property for the holding of organ recitals, notwithstanding that the recitalist receives a fee therefor:

(v) [Repealed 1987-52-30.]

And certain real property occupied by S.F.U.

(vi) occupied by Simon Fraser University in the building commonly known as the Sears Harbour Centre and specifically described as Block 13, District Lot 541, Plan 15728 but this exemption shall be limited to the portion of the real property actually occupied by the University.

Emergency shelters

(d) An improvement designed, constructed, or installed for the purpose of providing emergency protection for persons or domestic animals in the event of a disaster or emergency within the meaning of those terms as used in the *Emergency Program Act*:

And land or improvement for pollution control

(e) Sewage treatment plants, manure storage facilities, effluent reservoirs, effluent lagoons, deodorizing equipment, dust and particulate matter eliminating equipment:

(e.01) To the extent established by subsection (3), land and improvements that were exempted for the 1996 taxation year under a pollution abatement provision, if

(i) the land and improvements were exempted under that provision for the 1996 taxation year on final determination under the *Assessment Act*, and

(ii) as applicable,

(A) for an exemption in relation to land only, the land continues to be exclusively or primarily used for the purpose of abating pollution,

(B) for an exemption in relation to improvements only, the improvements continue to be exclusively or primarily used for the purpose of abating pollution, or

(C) for an exemption in relation to land and improvements, the land and improvements continue to be exclusively or primarily used for the purpose of abating pollution;

And Vancouver Court House

(e.1) Lands and improvements known as the Vancouver Court House and specifically described as

Block 51
District Lot 541
Plan 14423,

So long as they are occupied by The Vancouver Art Gallery Association:

And British Columbia Cancer Agency Branch

(e.2) That part of the lands and improvements located on the north side of the 600 block of West 10th Avenue, and specifically described as

Lot A
Block 359
District Lot 526
Group 1, New Westminster District
Plan LMP 51308
PID 025-141-015,

and occupied by the British Columbia Cancer Agency Branch, so long as it is in actual occupation by, and wholly in use for cancer research and other charitable purposes of, the British Columbia Cancer Agency Branch:

Meaning of "improvement"

(f) The word "improvement" where used in clause (e) shall have the meaning ascribed to it in the *Assessment Act*:

Charitable institution

(g) Notwithstanding paragraph (c) (i), real property of an incorporated charitable institution which is used for senior citizens' housing or a community care facility, and which receives or has received grants or assistance pursuant to any Provincial or federal legislation, shall only be exempt if it is so provided by by-law.

(2) Septic disposal systems are not exempt from taxation under this section.

(3) The amount of an exemption under subsection (1) (e.01) for a taxation year is limited to the portion of the assessed value of land and improvements that is the least of the following:

(a) the portion that the British Columbia Assessment Authority, determines is attributable to the use of pollution abatement for that taxation year, subject to final determination under the *Assessment Act*;

(b) the portion that was exempted for pollution abatement purposes for the immediately preceding taxation year on final determination under the *Assessment Act*;

(c) the portion that was exempted for the 1996 taxation year on final determination under the *Assessment Act*.

(4) In this section,

"final determination under the *Assessment Act*" means a determination on the assessment roll for a taxation year, subject to any change that is finally determined under the *Assessment Act* by revised assessment roll, by supplementary assessment roll or on further appeal;

"pollution abatement provision" means section 396 (1) (e.01) of this Act, section 339 (1) (q) of the *Municipal Act* or section 15 (1) (s) of the *Taxation (Rural Area) Act*, as those provisions read before their repeal and replacement by the *Budget Measures Implementation Act, 1997*.

(5) As limits on the exemptions under subsection (1),

(a) subject to subsection (6), an exemption under subsection (1) does not apply in relation to

- (i) water use rates under section 300 (a),
- (i.1) energy utility system charges under section 300.1 (3) (f);
- (ii) sewer and drainage charges under section 302 (d), and
- (iii) solid waste charges under section 303 (g), and

(b) exemptions

- (i) under subsection (1) (b),
- (ii) for a library under subsection (1) (c) (i),
- (iii) for a cemetery, mausoleum or columbarium under subsection (1) (c) (i),
- (iv) for senior citizens' housing under subsection (1) (c) (i) or (g),
- (v) under subsection (1) (c) (ii), or
- (vi) under subsection (1) (c) (iv)

apply only in relation to taxation under section 373.

(6) The limit under subsection (5) (a) does not apply in relation to the interest of the Crown in Crown lands exempted under subsection (1) (a) or to property exempted under subsection (1) (e) or (e.01).

(7) For the purposes of subsection (1) (c) (i) (A), an incorporated charitable institution is deemed to be a registered owner of real property if

(a) it is, directly or through trustees, the registered holder of a leasehold estate in the real property,

(b) the actual registered owner of the real property is an incorporated charitable institution, and

(c) the real property would be exempt if it were in actual occupation by the institution referred to in paragraph (b) for a particular charitable purpose of that institution.

1953-55-396; 1956-70-9; 1961-76-7; 1964-72-15; 1966-69-15; 1969-35-27; 1969-45-23; 1970-54-20, effective December 1, 1969; 1973-93-25; 1974-87-38; 1977-30-157, proclaimed effective September

30, 1977; 1977-75-7, proclaimed effective October 21, 1977; 1984-26-86, effective May 31, 1984 (B.C. Reg. 164/84); 1985-20-41, effective July 11, 1985 (B.C. Reg. 214/85); 1987-2-5; 1987-52-29,30; 1988-67-5; 1990-31-18; 1990-32-11; 1993-59-50; 1993-74-12; 1997-4-36; 1997-25-190; 1998-22-32; 2002-63-25; 2003-3-51; 2003-66-60; 2004-34-20; 2004-35-93; 2007-6-45; 2007-13-67.

Exemptions for heritage property

396A. (1) In this section and section 396B "eligible heritage property" means property that is

- (a) protected heritage property,
- (b) subject to a heritage revitalization agreement under section 592, or
- (c) subject to a covenant under section 219 of the *Land Title Act* that relates to the conservation of heritage property.

(2) Despite section 396 but subject to subsection (3) of this section, for the purposes of supporting the conservation of an eligible heritage property, on or before October 31 in any year the Council may, by by-law adopted by at least 2/3 of the votes cast, do one or more of the following:

- (a) exempt all or part of the eligible heritage property from real property taxation under this Part;
- (b) if eligible heritage property exempted under paragraph (a) is a building or other improvement so affixed to the land as to constitute real property, exempt an area of land surrounding the exempted property from real property taxation under this Part for the same period of time as the exemption is made under paragraph (a);
- (c) limit an exemption under paragraph (a) or (b) to a specified portion of the net taxable value of the property to which the exemption applies;
- (d) make an exemption under this subsection subject to specified conditions.

(3) A by-law under subsection (2) may provide a tax exemption

- (a) for the next calendar year, or
- (b) if the by-law receives the assent of the electors or is approved by the electors in accordance with subsection (4), for a specified period not greater than 10 years.

(4) Approval of the electors to a by-law under subsection (2) is deemed to have been given if all the following requirements are met:

(a) at least 30 days before adopting the by-law, a notice is published in at least 2 issues of a newspaper circulating in the city

(i) identifying the eligible heritage property that would be subject to the by-law,

(ii) describing the exemption that would be made for the eligible heritage property, and

(iii) stating that the by-law may be adopted by the Council after 30 days unless more than 1/20 of the electors petition the Council to obtain the assent of the electors to the by-law;

(b) from the date on which the notice is first published under paragraph (a), it is posted for public inspection in the City Hall during its regular office hours;

(c) by the end of 30 days after the notice is first published under paragraph (a), 1/20 or fewer of the electors have petitioned the Council to obtain the assent of the electors to the by-law.

(5) Within 30 days after adopting a by-law under this section, the Council must give notice of the by-law to the minister responsible for the *Heritage Conservation Act* in accordance with section 602.

1994-43-92; 1997-25-191.

Repayment requirement in relation to heritage exemptions

396B. (1) A by-law under section 396A may provide that, if any of the following circumstances as specified in the by-law occur, the Council may require the owner of the eligible heritage property at that time to pay to the city an amount equivalent to the total taxes exempted under the by-law plus interest from the time at which the exempt taxes would otherwise have been payable, compounded annually at the rate established under section 415 for delinquent taxes:

(a) if the eligible heritage property is destroyed, whether with or without proper authorization under the requirements of the heritage protection of the property;

(b) if the eligible heritage property is altered by or on behalf of the owner without proper authorization under the requirements of the heritage protection of the property;

(c) if any other circumstances specified in the by-law occur.

(2) A by-law under section 396A that includes a provision under subsection (1) may not be adopted without the consent of the owner of the eligible heritage property to which the by-law applies.

(3) If a by-law under section 396A includes a provision under subsection (1), within 30 days after the by-law is adopted the Council must have notice of the by-law filed in the land title office in accordance with section 601.

(4) If a by-law under section 396A includes a provision under subsection (1) and a circumstance referred to in the provision occurs, the Council may, by by-law adopted by at least 2/3 of the votes cast, either

(a) require the owner to pay the amount referred to in subsection (1), or

(b) waive the obligation of the owner to pay all or part of the amount referred to in subsection (1).

(5) If the Council does not adopt a by-law under subsection (4) (a) within one year after it becomes aware of the circumstance in relation to which the by-law could be adopted, the Council is deemed to have waived all obligation of the owner to pay the amount referred to in subsection (1).

(6) If the Council adopts a by-law under subsection (4) (a) within the time period referred to in subsection (5), the Council may

(a) add the amount referred to in subsection (1) to the taxes for the current year payable to the city in relation to the eligible heritage property, or

(b) make an agreement with the owner regarding payment of the amount referred to in subsection (1) as a personal debt to the city.

1994-43-92.

Exemptions for riparian property

396C. (1) In this section and section 396D:

"eligible riparian property" means property that meets all the following requirements:

(a) the property must be riparian land;

(b) the property must be subject to a covenant under section 219 of the *Land Title Act* that relates to the protection of the property as riparian property;

(c) the city must be a covenantee in whose favour the covenant referred to in paragraph (b) is made;

(d) any other requirements prescribed under subsection (6);

"eligible value" means the portion of the net taxable value of the parcel of land in relation to which an exemption under subsection (2) is made that is equivalent to the ratio of

(a) the area of the eligible riparian property that is exempted under subsection (2)

(a)

to

(b) the area of the parcel of land in relation to which the exemption is made.

(2) Despite section 396 but subject to subsections (3) and (4) of this section, for the purposes of supporting the conservation of an eligible riparian property, on or before October 31 in any year the Council may, by by-law adopted by at least 2/3 of the votes cast, do one or more of the following:

(a) exempt all or part of the eligible riparian property from real property taxation under this Part;

(b) limit an exemption under paragraph (a) to a specified portion of the eligible value of the property to which the exemption applies;

(c) make an exemption under this subsection subject to specified conditions.

(3) An exemption under subsection (2) may apply only to that part of the eligible riparian property that is a riparian area.

(4) A by-law under subsection (2) may provide a tax exemption

(a) for the next calendar year, or

(b) if the by-law receives the assent of the electors or is approved by the electors in accordance with subsection (5), for a specified period not greater than 10 years.

(5) Approval of the electors to a by-law under subsection (2) is deemed to have been given if all the following requirements are met:

(a) at least 30 days before adopting the by-law, a notice is published in at least 2 issues of a newspaper circulating in the city

(i) identifying the eligible riparian property that would be subject to the by-law,

(ii) describing the exemption that would be made for the eligible riparian property, and

(iii) stating that the by-law may be adopted by the Council after 30 days unless more than 5% of the electors petition the Council to obtain the assent of the electors to the by-law;

(b) from the date on which the notice is first published under paragraph (a), it is posted for public inspection in the City Hall during its regular office hours;

(c) by the end of 30 days after the notice is first published under paragraph (a), 5% or fewer of the electors have petitioned the Council to obtain the assent of the electors to the by-law.

(6) The Lieutenant Governor in Council may, by regulation, establish additional requirements for property to be considered eligible riparian property.

1997-24-17.

Repayment requirement in relation to riparian exemptions

396D. (1) A by-law under section 396C may provide that, if

(a) there is a contravention of any of the conditions of the covenant under section 219 of the *Land Title Act* in relation to which the exemption is given,

(b) the covenant is discharged before the end of the period of the exemption, or

(c) any other circumstances specified in the by-law occur,

the Council may require the owner of the eligible riparian property at that time to pay to the city the amount referred to in subsection (2).

(2) The amount that may be required under subsection (1) is the amount equivalent to

(a) the total taxes exempted under the by-law under section 396C,

plus

(b) interest from the time at which the exempt taxes would otherwise have been payable, compounded annually at the rate established under section 415 for delinquent taxes.

(3) A by-law under section 396C that includes a provision under subsection (1) may not be adopted without the consent of the owner of the eligible riparian property to which the by-law applies.

(4) If a by-law under section 396C includes a provision under subsection (1), within 30 days after the by-law is adopted the Council must have notice of the bylaw filed in the land title office, and for this purpose section 601 applies.

(5) If a by-law under section 396C includes a provision under subsection (1) and a circumstance specified in the provision occurs, the Council may, by by-law adopted by at least 2/3 of the votes cast, either

(a) require the owner to pay the amount referred to in subsection (2), or

(b) waive the obligation of the owner to pay all or part of the amount referred to in subsection (2).

(6) If the Council does not adopt a by-law under subsection (5) (a) within one year after it becomes aware of the circumstance in relation to which the by-law could be adopted, the Council is deemed to have waived all obligation of the owner to pay the amount referred to in subsection (2).

(7) If the Council adopts a by-law under subsection (5) (a) within the time period referred to in subsection (6), the Council may

(a) add the amount referred to in subsection (2) to the taxes for the current year payable to the city in relation to the eligible riparian property, or

(b) make an agreement with the owner regarding payment of the amount referred to in subsection (2) as a personal debt to the city.

1997-24-17.

Revitalization tax exemptions

396E (1) In this section:

"**exemption agreement**" means an agreement under subsection (9);

"**exemption certificate**" means a revitalization tax exemption certificate issued under subsection (10);

"**owner**", in relation to a property, means the registered owner or the owner under agreement;

"**revitalization program by-law**" means a by-law under subsection (4).

(2) Despite section 396 [*liability to taxation*], the Council may, for the purpose of encouraging revitalization in the city, provide tax exemptions for land or improvements, or both, in accordance with this section.

(3) For a revitalization tax exemption under this section to apply to a particular property

- (a) the exemption must be in accordance with a revitalization program by-law under subsection (4),
- (b) an exemption agreement under subsection (9) must apply to the property, and
- (c) an exemption certificate for the property must have been issued under subsection (10).

(4) A revitalization tax exemption program must be established by a by-law that includes the following:

- (a) a description of the reasons for and the objectives of the program;
- (b) a description of how the program is intended to accomplish the objectives;
- (c) a description of the kinds of property, or related activities or circumstances, that will be eligible for tax exemptions under the program;
- (d) the extent of the tax exemptions available;
- (e) the amounts of tax exemptions that may be provided under the by-law, by specifying amounts or by establishing formulas by which the amounts are to be determined, or both;
- (f) the maximum term of a tax exemption that may be provided under the by-law, which may not be longer than 10 years.

(5) A revitalization program by-law

- (a) may include other provisions the Council considers advisable respecting the program including, without limiting this,
 - (i) the requirements that must be met before an exemption certificate may be issued,
 - (ii) conditions that must be included in an exemption certificate, and
 - (iii) provision for a recapture amount that must be paid by the owner of the property to the city if the conditions specified in the exemption certificate are not met, and

(b) may be different for

- (i) different areas of the city,
- (ii) different property classes under the *Assessment Act*,
- (iii) different classes of land or improvements, or both, as established by the by-law,
- (iv) different activities and circumstances related to a property or its uses, as established by the by-law, and
- (v) different uses or occupancies as established by zoning by-law.

(6) Before adopting a revitalization program by-law, the Council must

- (a) give notice of the proposed by-law in accordance with subsections (7) and (8), and
- (b) consider the by-law in conjunction with the objectives and policies set out in the report under section 219 (2) (c) [*use of permissive tax exemptions*].

(7) The notice required under subsection (6) must

- (a) be published in a newspaper once each week for 2 consecutive weeks, and
- (b) from the date on which the notice is first published under paragraph (a) of this subsection, be posted for public inspection in the City Hall during its regular office hours.

(8) The notice required under subsection (6) must include a general description of each of the following:

- (a) the reasons for and the objectives of the program;
- (b) how the proposed program is intended to accomplish the objectives;
- (c) the kinds of property, or related activities or circumstances, that will be eligible for a tax exemption under the program;
- (d) the extent, amounts and maximum terms of the tax exemptions that may be provided under the program.

(9) The Council may enter into an agreement with the owner of a property respecting

- (a) the provision of a revitalization tax exemption under this section,

(b) any requirements that must be met before an exemption certificate is issued,
and

(c) any conditions on which the tax exemption is to be provided.

(10) Once

(a) all requirements established in the exemption program by-law, and

(b) any additional requirements established in the exemption agreement

have been met, a revitalization tax exemption certificate must be issued for the property in accordance with the exemption agreement.

(11) An exemption certificate must specify the following in accordance with the exemption program by-law and the exemption agreement:

(a) the extent of the tax exemption;

(b) the amount of the tax exemption or the formula for determining the exemption;

(c) the term of the tax exemption;

(d) if applicable, the conditions on which the tax exemption is provided;

(e) if applicable, that a recapture amount is payable if the exemption certificate is cancelled, and how that amount is to be determined.

(12) So long as an exemption certificate has not been cancelled, the land or improvements, or both, subject to the exemption certificate are exempt from taxation under section 373 [*annual rating by-law*] as provided in the exemption certificate.

(13) An exemption certificate may be cancelled by the Council

(a) on the request of the property owner, or

(b) if any of the conditions specified in the exemption certificate are not met.

(14) An exemption certificate or cancellation does not apply to taxation in a calendar year unless the exemption certificate is issued or cancelled, as applicable, on or before October 31 in the preceding year.

(15) The Director of Finance, or another city employee authorized by the Director of Finance, must

(a) provide a copy of an exemption certificate to the assessor as soon as practicable after it is issued, and

(b) if applicable, notify the assessor as soon as practicable after an exemption certificate is cancelled.

(16) In each year,

(a) no later than the adoption of the rating by-law under section 373 (1), the Director of Finance must prepare and submit to the Council a report for the previous year that includes, for each tax exemption provided under this section, the amount of real property taxes that would have been imposed on the property in that previous year if it were not exempt for that year, and

(b) as soon as practicable after receiving the report, the Council must consider the report and make it available to the public.



NEWS RELEASE

For Immediate Release
2008SBR0036-001131
July 22, 2008

Ministry of Small Business and Revenue

NEW ASSESSMENT CLASS BENEFITS SUPPORTIVE HOUSING

VICTORIA – Kevin Krueger, Small Business and Revenue Minister and Minister responsible for BC Assessment, announced property tax relief for non-profit societies to help address housing challenges for the most vulnerable British Columbians.

“This government is committed to building the best system of supports for British Columbians,” said Krueger. “The creation of a new supportive housing assessment class is one more way we are demonstrating that commitment.”

The relief applies to 67 supportive housing properties located throughout the province and is based on recent amendments to provincial legislation and regulations.

The legislative amendment under the Assessment Act created a new supportive housing assessment class to provide property tax relief by reducing property assessment values to a nominal value. The Ministry of Small Business and Revenue worked in consultation with the Ministry of Housing and Social Development, BC Housing and BC Assessment to identify properties eligible for the initial designations for the 2009 Assessment Roll. In subsequent years, the Ministry of Housing and Social Development will be responsible for identifying eligible supportive housing properties for designation.

In order to be considered for designation under the proposed new assessment class, properties must be provincially funded to provide supportive housing, including on-site support services for persons who were previously homeless, at risk of homelessness, have mental or physical disabilities, or have or are recovering from drug or alcohol addictions. The amendments will take effect for the 2009 assessment year.

For more information regarding the requirements to be designated as a supportive housing property, please go to www.housing.gov.bc.ca/housing/supportivehousing.htm or contact the Office of Housing and Construction Standards at 250 356-6633.

- 2 -

For more information regarding the implementation of the classification and assessment of Class 3 - Supportive Housing properties, please contact the Property Assessment branch of the Ministry of Small Business and Revenue at 250 356-7535. To call toll-free, please use Enquiry BC at 1 800 663-7867.

-30-

Media contact: Christine Wood
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**Ministry of Small Business and Revenue and
the Ministry of Forests and Range
2008 Policy Statement**

**Definition of “Supportive Housing”, Funding Requirements, and
Designated Property in the *Assessment Act***

PURPOSE

The purpose of the policy statement is to administratively define “supportive housing”, funding requirements and designated property for the purposes of the *Assessment Act* (the Act).

BACKGROUND

In furtherance of a 2007 Throne Speech commitment, section 19 of the Act was amended in 2008 to provide the Lieutenant Governor in Council with the authority to create a new supportive housing property class by designating eligible supportive housing property to this class for a taxation year. This amendment also provided that if the Lieutenant Governor in Council designated property to a new supportive housing property class, the designation would only apply to that portion of the property that is used for the provision of supportive housing or for purposes ancillary to the provision of supportive housing.

While section 19 of the Act defines “eligible supportive housing property”, in relation to a taxation year, as “property that is used by or on behalf of a person who received funding from the government in the preceding calendar year for the provision of supportive housing on that property”, it does not define the term “supportive housing”.

Due to the fluid nature of housing policy, government decided not to define “supportive housing” in the Act but rather to define this term by policy.

Reference to unit size was intentionally excluded from the definition of “supportive housing” because of the difficulty in determining a maximum size for accommodation units, and the desire to avoid excluding supportive housing properties with accommodation units that exceed maximum size requirements.

DEFINITION OF “SUPPORTIVE HOUSING”

“Supportive Housing” means:

- a housing project that integrates long-term housing units for
 - (i) persons who were previously homeless,
 - (ii) persons who are at risk of homelessness,
 - (iii) persons with mental or physical disabilities, or

(iv) persons who have or are recovering from drug or alcohol addictions,

with on-site support services that are available to residents of the housing project, but does not include supportive housing intended primarily for seniors.

In the definition of “supportive housing”,

“long-term” means residents are not restricted by policy to occupancies of less than 90 days;

“on-site support services” include:

- a. health and mental health services;
- b. health and community support referrals;
- c. clinical addiction services;
- d. employment and education services;
- e. job and life skills training;
- f. assistance with meal preparation and housekeeping; or
- g. counselling and outreach services.

“housing unit” means residential sleeping accommodation where the resident:

- a. controls access to the room or rooms the resident or resident’s family sleeps in,
- b. has access to private or shared bathroom facilities; and
- c. has access to private or shared cooking facilities.

FUNDING REQUIREMENTS:

As noted, section 19 of the Act defines “eligible supportive housing property”, as “property that is used by or on behalf of a person who received funding from the government in the preceding calendar year for the provision of supportive housing on that property”. For clarity, “...received funding from government...for the provision of supportive housing...” means that the project must receive ongoing operational funding from government for the provision of supportive housing, and not have been in receipt of capital funding only.

For the sake of clarity, the phrase “funding from the government” means funding received from the provincial government as per the meaning of “government” in the *Interpretation Act*. Furthermore, in accordance with current legislative interpretation, the position of government is that funding provided by a health authority is not considered “funding from government” for the purposes of funding supportive housing.

DESIGNATED PROPERTY:

A property will not be identified for designation unless it meets the definition of “supportive housing” (i.e., it must contain housing units and must offer on-site support services). However, it is acknowledged that a property that meets the definition of

"supportive housing" may also include property used for purposes which may or may not constitute on-site support services (i.e., a retail space where residents may or may not receive job training).

Accordingly, the portion of the property that qualifies to be designated for the purposes of inclusion in Class 3 – Supportive Housing is:

- (i) the property actually comprised of the housing units;
- (ii) the property used for purposes ancillary to the housing units (e.g., shared or private bathroom or kitchen facilities, hallways, etc.); and
- (iii) an additional area of up to a maximum of 5,000 square feet, which will be deemed to be used for on-site support services.


Any area in excess of the maximum allowed portion in (iii), whether or not it is providing on-site support services, will be classified according to type and use as required under the *Assessment Act*.

POLICY REVISION:

This policy is a joint policy of the Ministry of Forests and Range as the Ministry responsible for Housing, and the Ministry of Small Business and Revenue as the Ministry responsible for the administration of the *Assessment Act*.

This policy can be amended from time to time at the discretion of the two undersigned Ministries. It is understood that direction and advice may be required and/or desired from BC Housing and BC Assessment during the course of the implementation of the policy.

APPROVALS




Approved

Associate Deputy Minister, Housing
Ministry of Forests and Range and Minister Responsible for Housing

June 3/08

Date



Approved
Deputy Minister
Ministry of Small Business and Revenue

June 4/08

Date

factsheet

Classifying Supportive Housing Property



BC Assessment

Class 3 – supportive housing property

The supportive housing property class was first created in 2008. Eligible supportive housing property is designated by Cabinet. Designated supportive housing property is subject to special valuation rules which are set out in the [Supportive Housing Property Valuation Regulation](#).

What is “eligible supportive housing property”?

“Eligible supportive housing property” is defined in section 19(1) of the *Assessment Act* to mean property that is used by or on behalf of a person who received funding from the provincial government or a regional health board (i.e., a health authority) for the provision of supportive housing. A “regional health board” is a “board” as defined in the *Health Authorities Act*. The funding must be received in the calendar year preceding the year for which the assessment roll is prepared (e.g., in 2009 to be eligible for designation for the 2010 assessment roll).

What is supportive housing property?

For the purposes of the property class, supportive housing property is property which integrates on-site support services with long-term housing for persons:

- who were previously homeless or are at risk of homelessness;
- affected by mental illness ; or
- who have or are recovering from drug or alcohol addiction.

Supportive housing does not include short-stay emergency shelters, transition houses, licensed facilities or housing primarily intended for seniors.

What are on-site support services?

On-site support services are services that are made available to the residents of the supportive housing and include, but are not limited to:

- health and mental health services;
- health and community support referrals;
- addiction services;
- employment and education services;
- job and life skills training;
- assistance with meal preparation and housekeeping; or,
- counselling and outreach services.

What is long-term housing?

Long-term housing is housing which does not restrict the residents’ stay to less than 90 days.

Who determines whether a property meets the criteria for designation?

The provincial government, through the Ministry of Community and Rural Development and the Ministry of Housing and Social Development, identifies properties which meet the criteria and works with BC Assessment to determine which properties are eligible for designation each year.

What is the benefit of being designated?

Properties which are designated as Class 3 – supportive housing – are subject to special valuation rules that reduce the assessed value of the Class 3 portion of the property to a nominal amount. Property taxes are payable on the lower assessed value.

Does the entire property qualify for these special valuation rules?

The following property qualifies to be valued under the special valuation rules:

- the area of the property actually comprised of the housing units;
- the area of the property used for purposes ancillary to the housing units (e.g., shared or private bathroom or kitchen facilities, hallways, etc.); and,
- the area used for on-site support services.

How do I know if my property has been designated?

Each year, the provincial Cabinet will designate eligible supportive housing properties. A designation must be made by October 31 to be effective for the next tax year. To determine whether a property has been designated for the purposes of the 2010 tax year, consult Order in Council 574/2009, which was deposited October 30, 2009.

More questions?

Please see the information bulletin posted at:
www.housing.gov.bc.ca/housing/supportivehousing.htm.