



## ADMINISTRATIVE REPORT

Report Date: September 26, 2013  
Contact: Esther Lee  
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VanRIMS No.: 08-2000-20  
Meeting Date: November 5, 2013

TO: Vancouver City Council  
FROM: General Manager of Financial Services  
SUBJECT: Grant in Lieu of Taxes

### ***RECOMMENDATION***

THAT Council approve a grant in lieu of 2012 general purpose taxes in the amount of \$2,357.09 to the Vancouver Hospice Society, source of funds to be the 2013 Contingency Reserve.

### ***REPORT SUMMARY***

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 statutory requirements to be tax exempt, but was not exempt due to the timing of the preparation of the assessment roll.

The Vancouver Hospice Society has requested a grant in lieu of taxes for the period June 1, 2012 to December 31, 2012.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

Since 1960, the City has offered grants in lieu to qualifying institutions in order to compensate them for the City portion of property taxes paid while the property met all the statutory 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 statutory 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 statutory 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.

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

#### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The General Manager of Financial Services recommends the approval of the grant in lieu of taxes for 2012.

#### ***REPORT***

##### ***Background/Context***

Under Section 396 of the Vancouver Charter, all real property in Vancouver is liable for taxation subject only to certain limited exemptions. The statutory 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.

The Vancouver Hospice Society has requested a grant in lieu of taxes for 2012 in regards to the property at 4615 Granville Street (LOT 12 BLOCK 790 PLAN VAP6011 DISTRICT LOT 526 NEW WESTMINSTER).

The Vancouver Hospice Society qualifies for an exemption as follows:

- The Society was founded in 2003 as a registered charitable organization and was incorporated under the Society Act of British Columbia on December 8, 2003.
- The Society registered ownership at Land Titles Office on July 31, 2009.
- The Society fully occupied and began using the space at 4615 Granville Street on June 1, 2012, and
- The Society applied to BC Assessment under Section 396 (1)(c) (i) and received statutory exemption on this property on the 2013 assessment roll.

The grant request is for the period June 1 to December 21, 2012. This is the period for which they were eligible for statutory exemption (owned, occupied and wholly used the space for charitable purposes) but did not receive an exemption due to the timing of the assessment roll. The grant is calculated as follows:

$$2012 \text{ City Property Taxes } \$4,031.29 \times (214/366 \text{ days}) = \$2,357.09$$

### *Implications/Related Issues/Risk (if applicable)*

#### *Financial*

The decision of whether to make a grant is at the discretion of Council and there is 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.

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 amount of the requested grant in lieu of taxes is \$2,357.09, and the source of funding is the 2013 Contingency Reserve.

### **CONCLUSION**

The request for a grant in lieu of taxes by the Vancouver Hospice Society is consistent with Council Policy.

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