

The Corporation of the Village of Cumberland
Committee of the Whole Meeting Agenda

Monday, June 26, 2023, 2:00 p.m.
Council Chamber, 2675 Dunsmuir Avenue



We are honoured to gather on the unceded traditional territory of the K'ómoks First Nation.
The public may view the meeting live on the [Village of Cumberland YouTube channel](#)

Pages

1. Call to Order

2. Agenda

2.1 Agenda for Committee of the Whole meeting, June 26, 2023

Recommendation:

THAT the Committee approve the Agenda for the June 26, 2023
Committee of the Whole Meeting.

3. Delegations

4. Reports

4.1 Permissive Tax Exemption Policy
Prepared by Annie Bérard, Chief Financial Officer

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Recommendation:

THAT the Committee recommend Council to direct staff to amend the
Permissive Tax Exemption Policy to include an exemption on the assessed
improvement value of qualifying affordable rental housing properties.

5. Question Period

A member of the public may only inquire about items included on the Agenda for
that meeting during a question period.

- Please send questions by email to info@cumberland.ca using subject
line "Question Period" ; Note: please limit to questions only - comments
will not be read.

6. Closed Portion

Recommendation:

THAT Council close the meeting to the public pursuant to Section 90 of the
Community Charter to consider:

- (f) law enforcement, if the council considers that disclosure could
reasonably be expected to harm the conduct of an investigation under or
enforcement of an enactment;

(i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose;

(l) discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [*annual municipal report*];

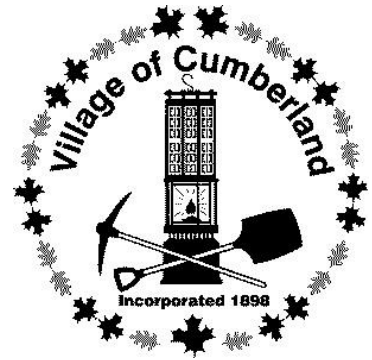
(2) (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party;

7. Adjournment

Recommendation:

THAT the Committee of the Whole meeting adjourn.

COMMITTEE OF THE WHOLE REPORT



REPORT DATE: June 17, 2023
MEETING DATE: June 26, 2023

File No. 2240-20

TO: Mayor and Councillors
FROM: Annie Bérard, Chief Financial Officer
SUBJECT: Permissive Tax Exemption Policy

RECOMMENDATION

THAT the Committee recommend Council to direct staff to amend the Permissive Tax Exemption Policy to include an exemption on the assessed improvement value of qualifying affordable rental housing properties.

PURPOSE

The purpose of this report is to present the Committee with proposed changes to the Permissive Tax Exemption Policy included in the Financial Plan Bylaw to include exemption on the assessed improvement value of affordable rental housing projects.

PREVIOUS COUNCIL DIRECTION

Date	Resolution
April 11, 2022	THAT Council direct staff to draft a tax exemption bylaw establishing conditions and application requirements to grant property tax exemptions on the assessed improvement value of affordable rental housing projects.

BACKGROUND

Permissive Tax Exemption

Under Section 224 of the *Community Charter*, Council may provide a permissive tax exemption for the land and or improvement that are owned or held by a charitable, philanthropic, or other not for profit corporations.

Council has historically approved permissive tax exemption through their Financial Plan Bylaw Objectives and Policies only for the grounds surrounding places of worship and for municipal properties occupied by a community group or partner agency where the group or agency has been granted a reduced or zero lease rate but may be subject to property tax under section 229 of the *Community Charter*.

Permissive tax exemptions are considered and approved at Council's discretion every year. Council may consider a full or partial exemption on the land and / or improvement taxable values. Council may also choose to consider a permissive tax exemption every year or approve a multi year exemption, to a maximum of 10 years, as prescribed by Section 224 of the *Community Charter*.

BC Assessment Authority must be notified of any permissive tax exemption approved by Council every year before October 31 in order to be included in the property value assessment the next year, which informs the tax calculation for any given property. BC Assessment calculates the exemption on assessed values available as of December 31. If a construction project is not initiated on December 31, the assessed improvement value used for the next year tax calculation will be nil.

Frontage taxes, parcel taxes and utility fees are not covered by a permissive tax exemption.

Preliminary Discussions

At the April 11, 2022 Council Meeting, Council passed a resolution to 'direct staff to draft a tax exemption bylaw establishing conditions and application requirements to grant property tax exemptions on the assessed improvement value of affordable rental housing projects'.

Council preferred this option to a reduction of development cost charges (DCC) or reduction of parking requirements, by way of providing financial support to affordable housing projects.

2023- 2027 Strategic Plan

Council has included affordable housing in their recently updated 2023-2027 Strategic Plan as an objective included under Community Planning: Ecologically, Socially & Financially Sustainable Land Use Planning.

DISCUSSION

Consideration of a permissive tax exemption for a property offering affordable rental housing is permitted, provided the property meets the criteria listed in section 224 2 (a) of the *Community Charter*:

- (a) land or improvements that
 - (i) are owned or held by a charitable, philanthropic or other not for profit corporation, and
 - (ii) the council considers are used for a purpose that is directly related to the purposes of the corporation

Affordable Housing Definition

Canada Mortgage and Housing Corporation (CMHC) considers, in Canada, housing to be "affordable" if it costs less than 30% of a household's before-tax income.

Affordable housing is also often defined as 'below-market' referring to housing offered for rent (including utilities) below those in the open real estate market.

Amendment to the Permissive Tax Exemption Policy

To allow for such exemption, an amendment is required to the Permissive Tax Exemption Policy, included in the annual Financial Plan Bylaw, which currently limits permissive property tax exemption to the two exceptions mentioned previously.

A proposed amended policy is included in attachment.

Proposed Application Process

For Council to consider a permissive property tax exemption for the assessed improvement value of a property offering affordable rental housing, the applying organization owning or leasing and managing the property should meet the following qualifying criteria:

1. Have a signed current housing agreement with the Village
2. Be the registered owner of the property, or a tenant under a lease requiring it to pay taxes directly to the Village
3. Be a British Columbia registered charity or not for profit society
4. Qualify for an exemption under the provisions of the *Community Charter* Part 7, Division 7, Section 224, 2:
 - (a) land or improvements that
 - (i) are owned or held by a charitable, philanthropic or other not for profit corporation, and
 - (ii) the council considers are used for a purpose that is directly related to the purposes of the corporation;
5. Principal use meets Council's objective of offering affordable rental housing to the residents of the Village
6. Follow municipal policies, plans, bylaws, and regulations (i.e. zoning, permits, etc.).

Following documentation would be required annually:

- a. Copy of financial statements for last 3 years for first time applicants and for the last year for current tax exemption recipients
- b. Copy of current and next year operating budget
- c. Copy of registered charity or not for profit society information
- d. Copy of title certificate or lease agreement, as applicable
- e. In the case of a lease agreement, documents are required which indicate that the applicant will benefit from the exemption. Documents should demonstrate that the lease is currently, or will, on approval of the exemption, be reduced by the amount of the exemption, or that other considerations will be provided by the landlord equivalent to the value of the exemption.
- f. Scale drawing of property (buildings, parking lots, landscaping, etc.)
- g. Description of any third-party use (including rental housing offered at market rate) of the subject land/improvements including user group names, fees charged, space used, terms of use.

Proposed timeline:

- Applying organizations to provide a complete application package by July 15
- Staff to review application packages for completeness and follow up with applicants as required
- Staff to report to Council for consideration of permissive tax exemptions by September 30
- Council adoption of Permissive Tax Exemption Bylaw prior to October 31

ALTERNATIVES

None

STRATEGIC OBJECTIVE

- Healthy Community
- Quality Infrastructure Planning and Development
- Comprehensive Community Planning
- Economic Development

FINANCIAL IMPLICATIONS

Any additional permissive tax exemptions approved by Council result in a reduction of revenue from taxation for the Village or in an increase in the tax burden for the remaining taxable property owners in the Village.

OPERATIONAL IMPLICATIONS

None

CLIMATE CHANGE IMPLICATIONS

None

ATTACHMENTS

1. Proposed changes to the Financial Plan Bylaw Objectives and Policies, Schedule B, Part C: The Use of Permissive Tax Exemptions.

CONCURRENCE

Courtney Simpson, Manager of Development Services **CS**

Respectfully submitted,

Annie Bérard

Annie Bérard
Chief Financial Officer

M. Mason

Michelle Mason
Chief Administrative Officer

Schedule B

Policies and Objectives

Pursuant to section 165 (3.1) of the *Community Charter*

Part C: The Use of Permissive Tax Exemptions

Council does not generally support exemptions. Taxpayers within the various property classes are treated equitably and policies are established for each class and not for individual property owners. There are ~~two~~three exceptions to this policy:

1. *Grounds surrounding places of worship*

Parcels that qualify for partial statutory exemption, such as the grounds surrounding places of worship, are granted an exemption from taxes. These exemptions represent a very small dollar value which would not recover the associated costs of administering the taxes.

2. *Municipal properties occupied by a community group or partner agency where the group or agency has been granted a reduced or zero lease rate*

Permissive tax exemptions will also be provided for municipal properties occupied by a community group or partner agency where the group or agency has been granted a reduced or zero lease rate but may be subject to property tax under section 229 of the *Community Charter*. This exemption recognizes that municipal buildings are not subject to property taxes when used for municipal purposes; the groups or agencies are deemed by Council to be providing a valuable community benefit or municipal service; that the group or agency may not be granted exclusive use of the building and/or that the space may be reclaimed by the municipality as and when needed.

3. *Properties offering affordable rental housing*

Permissive property tax exemptions will be considered on assessed improvement value of properties offering affordable rental housing when the organization owning or leasing and managing the property meet the following qualifying criteria:

1. Have a signed current housing agreement with the Village
2. Be the registered owner of the property, or a tenant under a lease requiring it to pay taxes directly to the Village
3. Be a British Columbia registered charity or not for profit society
4. Qualifies for an exemption under the provisions of the Community Charter Part 7, Division 7, Section 224 2 (a):
(a) land or improvements that

- (i) are owned or held by a charitable, philanthropic or other not for profit corporation, and
- (ii) the council considers are used for a purpose that is directly related to the purposes of the corporation;

5. Principal use meets Council's objective of offering affordable rental housing to the residents of the Village
6. Follows municipal policies, plans, bylaws, and regulations (i.e. zoning, permits, etc.)

Applicant are required to provide annually:

- a. Copy of financial statements for last 3 years for first time applicants and for the last year for current tax exemption recipients
- b. Copy of current and next year operating budget
- c. Copy of registered charity or not for profit society information
- d. Copy of title certificate or lease agreement, as applicable
- e. In the case of a lease agreement, documents are required which indicate that the applicant will benefit from the exemption. Documents should demonstrate that the lease is currently, or will, on approval of the exemption, be reduced by the amount of the exemption, or that other considerations will be provided by the landlord equivalent to the value of the exemption.
- f. Scale drawing of property (buildings, parking lots, landscaping, etc.)
- g. Description of any third-party use of the subject land/improvements including user group names, fees charged, space used, terms of use.

The organization applying for a permissive property tax exemption for affordable rental housing will provide the required documentation by July 15, in order to be considered for an exemption the next year.

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