

	Policy Title: Permissive Tax Exemption Policy	Policy No: CO-027
	Authority: Council	Classification: 0340-40
	Date Adopted: May 26, 2025	Motion No: 2025-196
Historical Changes: Replaces Administrative Policy No. 5.3 Statutory and Permissive Tax Exemption Policy		

PURPOSE

The purpose of this policy is to describe the District of Sooke's (the District's) permissive tax exemptions that are available to recognize the significant value that volunteer groups and not for profit organizations contribute to the spiritual, educational, social, cultural and physical well-being of the community. The policy:

1. Provides guidance in the processing of applications for exemption from property taxes pursuant to the Community Charter, and
2. Sets out requirements for recipients to continue to receive support from permissive tax exemptions.

DEFINITIONS

In this Policy, unless the context otherwise requires:

Applicant	means the organization or corporation applying for an exemption
Application	means an exemption application or a renewal application
Assisted Living*	means housing that includes hospitality services (e.g. meals, housekeeping, social and recreational activities) and one or two personal assistance services, such as regular assistance with activities of daily living, medication services or psychosocial supports (referred to as prescribed services). This housing is subject to registration by the Assisted Living Registrar and includes self-contained apartments for seniors or people with disabilities who need some support services to continue living independently, but do not need 24-hour facility care; or housing in which residents receive services related to mental health and substance use issues.
Below-Market Rental*	means housing with rents equal to, or lower than, average rates in private-market rental housing.
Bylaw	means the Permissive Tax Exemption Bylaw
Council	means the Council of the District of Sooke
Exemption	means a Permissive Property Tax Exemption
District	means the District of Sooke
Finance Department	means the District's Department of Financial Services
Organization	means a charitable, philanthropic or other society that is organized and operated exclusively in not for profit activities, which is incorporated under the BC Societies Act, or a Registered Charity

	that is formally registered with the Canada Revenue Agency. The income of a not for profit organization cannot be distributed to its members or shareholders for their personal benefit.
Property	means land and Improvements.
Shelter*	includes year-round shelters and emergency weather response shelters. Short-stay housing of 30 days or less. Emergency shelters provide single or shared bedrooms or dorm-type sleeping arrangements with varying levels of support to individuals
Supportive Housing*	means housing provides ongoing assistance so residents can live independently. It's available for people who are homeless or at risk-of-homelessness and who may have barriers to housing such as mental illness or substance use. It can be housing for seniors and others who require services such as meals, housekeeping, 24-hour response system and social and recreational activities. It does not include personal assistance services such as bathing, dressing, or medication assistance.
Transition Houses*	means temporary housing for women and children fleeing violence. Transition houses provide housing, food, crisis intervention and referrals. All provincially funded transition houses have around-the-clock staff coverage. Typically, stays do not exceed 30 days.

*from the *District's* Housing Needs Report 2019

POLICY RATIONALE

1. Statutory property tax exemptions are provided under *Community Charter* Section 220 for properties such as schools, libraries, public hospitals, buildings set apart for public worship and provincial and municipally owned public buildings and land. *Council* does not have any authority over these statutory exemptions.
2. Permissive property tax exemptions are provided under *Community Charter* Sections 224, 225 and 226 for not for profit and charitable *Organizations*. These *Exemptions* are at the discretion of *Council*.
3. *Council* supports, through permissive property tax exemptions, *Organizations* which provide services that improve the life of *District* residents and are compatible with or are complementary to services offered by the *District*.
4. Council approves the number of properties eligible for an *Exemption* and the amount of forgone municipal property taxes each year. An *Exemption* granted to an *Organization* means that those taxes are then covered by the remainder of the municipal taxpayers. The service provided by the *Applicant*, and the need for the *Exemption* must be a justifiable burden on other taxpayers.
5. The land or improvements, or both that are exempt under this policy must be owned by a not for profit organization and occupied by it (or another not for profit organization) for charitable purposes. If such exempt *Property* is occupied on behalf of the exempt owner (e.g. a caretaker), the *Property* will remain exempt. However, if the exempt *Property* is occupied, but not on behalf of the exempt owner, and there is no separate *Exemption* for the occupier, then the *Property* is taxable.
6. *Council* may limit the *District's* support to those *Organizations* which meet the parameters set out in the policy.

7. A *Bylaw* must establish the term of the *Exemption*, which may not be longer than 10 years and come into force on or before October 31 in the calendar year preceding the year for which the property tax is exempt.

EXTENT AND CONDITIONS

The extent of permissive tax exemptions granted is dependent on the discretion of *Council*. *Council*, at its discretion, may:

1. Designate that only a portion of the land or improvements are exempted;
2. Cancel any or all *Exemptions* at any given time;
3. Place a cap on the *Exemptions* granted, and
4. Impose conditions on the exempted land/improvements, including without limitation:
 - a. Registration of a covenant restricting use of the *Property*
 - b. An agreement committing the *Organization* to immediately disclose any substantial increase in the *Organization's* revenue or anticipated revenue.
 - c. Requiring repayment of all or part of the foregone tax amount for breaching conditions of *Exemption*.

GENERAL ELIGIBILITY CRITERIA

Council will only consider applications for *Exemptions* from charitable, philanthropic or other *Organizations* which are in good standing with their respective establishing and governing bodies.

1. The following information will be considered when determining whether to grant an *Exemption*:
 - d. The principal use of the *Property*, including the services offered
 - e. The need for the services
 - f. The availability of the services
 - g. Other funding sources, including the Community Grant and other funding provided by the *District*, ensuring a balanced approach to addressing financial needs.
 - h. The use of volunteers to deliver services
2. A permissive tax exemption may not be granted where:
 - a. The *Organization* doesn't occupy the *Property*.
 - b. The *Organization* is unable to demonstrate a need for its services.
 - c. The *Organization* has made no effort to obtain other funding sources for provision of services.
 - d. The *Organization* does not make use of volunteers to provide services.
 - e. The *Organization* is deemed by *Council* to have sufficient funds or the ability to secure funding through other means.
3. *Exemptions* are based on the principal use of the *Property*, not on the charitable service of the *Organization* as a whole.
4. The facility must not be operated for profit. *Organizations* conducting commercial activity and charging rates or fees at market value are considered to be in competition with for-profit business and will not be eligible for an *Exemption*.

5. *Exemptions* can only be granted to the portion of a *Property* that meets all the requirements of this policy. The *Exemption* may apply to the whole or part of the taxable assessed value of land, improvements or both where the following circumstances exist:
 - a. A portion of the land/improvements is used by private sector and/or organization not meeting *Council's Exemption* criteria.
 - b. The *Applicant* or *Organization* already receives a grant from the *District*, provincial or federal government.
 - c. Only that part of the *Property* used for not for profit activities will be considered for *Exemption*. Commercial activities will be excluded.
 - d. The *Applicant* meets all eligibility criteria; however, *Council* may at its discretion grant a partial *Exemption*.
6. The *Applicant* must own or lease the subject *Property*. In the case of a lease, the lease agreement must require the payment of property taxes by the *Applicant*. The Lessor must confirm in writing that the benefit of the *Exemption* would be passed on to the Lessee.
7. The total *Exemptions* approved in the current year for the subsequent tax year will not exceed 1.7% of the current year's total budgeted property tax requisition. The *Exemption* value will be calculated by using the current year's assessment multiplied by the current year's tax rates. In the case where the calculated *Exemption* values for the subsequent year exceed 1.7% of the current year's tax requisition, all *Exemptions* will be proportionately reduced.
8. *Council* may implement a cap on an individual *Property* based on the average *Exemption* granted or by other criteria directed by *Council*.
9. *Applicants* are responsible to apply annually through the *District's* online Permissive Tax Exemption application process. *Applicants* should monitor the *District's* website under the Permissive Tax Exemption section for information on when the applications are open. It is the responsibility of the applicant to ensure they complete the permissive application annually and submit all the required documentation. *Applications* not completed in full or missing documentation may lose their *Exemption* for the following year.
10. *Exemptions* previously granted by *Council* are subject to an annual review to ensure that they continue to qualify for an *Exemption* based on the most current available information at the time of the review. *Exemption* must not be assumed, even if obtained in a prior cycle.
11. *Applications* must be received by June 15th annually. *Applications* received after the deadline may not be considered.
12. The *Applicants* must justify their needs for the services and may be required to make a presentation to *Council*. Services and activities should be equally available to all residents of the District.

13. The use of the *Property* must be consistent with and in compliance with the *District's* policies, plans, bylaws and regulations. *Applicants* and *Organizations* must not be in arrears with the *District*.
14. *Exemptions* will not be granted for land held for future development.

CATEGORY SPECIFIC ELIGIBILITY CRITERIA

An *Applicant* may apply for an *Exemption* under one or more of the following categories with the following eligibility criteria and limitations:

1. Partnering Agreement

Section 224(2)(e), provides for a permissive tax exemptions for the land and improvements that are used or occupied by the corporation or organization who is providing a municipal service under a partnering agreement.

2. Public Worship

Section 224(2)(f), provides for a permissive tax exemptions for, *Property* that is exempt under section 220 (1)(h) [buildings for public worship], an area of land surrounding the exempt building that is considered reasonably necessary in connection with the public worship.

Section 224(2)(g), provides for a permissive tax exemptions for land or improvements used or occupied by a religious organization, as tenant or licensee, for the purpose of public worship or for the purposes of a hall that *Council* considers is necessary to land or improvements so used or occupied.

3. Private Schools

Section 224(2)(h.1) provides for a permissive tax exemption for buildings and land used as private schools, together with an area of land surrounding the building determined by *Council* as being reasonably necessary in conjunction with the private school.

Permissive exemptions of land (other than the land on which the building stands, which is exempted by statute) may be limited to that land that is required for off-street parking, playgrounds, buffer zones to screen the school from residential, commercial or industrial uses.

4. Recreational Facilities

Section 224(2)(i) provides for permissive tax exemption for land owned or held by an athletic or service club or association and used as a public park or recreation ground or for public athletic or recreational purposes.

5. Private Hospitals

Section 224(2)(j), provides for a permissive tax exemptions for properties operated as a private hospital licensed under the *Hospital Act* or as a licensed community care facility, or registered assisted living residence, under the *Community Care and Assisted Living Act*.

6. Shelter/Transition Houses/Supportive Housing/Assisted Living

- a. The *Applicant* must provide at least one of the abovementioned housing services on a year-round basis.
- b. The housing provider and/or operator must provide an active (not expired) funding or operating agreement where the signatory is a government agency.
- c. Property tax costs must not be otherwise provided for in any funding or operating agreements with BC Housing or any other government entity.
- d. The *District* may require that future negotiations of funding or operating agreement with other government entity allow for the funding of municipal property taxes.

7. Below-Market Rental

Below-Market Rental Property will not be eligible for *Exemption*.

PROCESS

1. Application

The information to be provided by *Applicants* may vary depending upon the nature of the *Application*, and shall include the following without limitation:

- a. Financial statements most current actual and budget;
- b. A statement as to how the programs provided at the *Property* benefit the residents of the District;
- c. A statement of the likely impact if *Exemption* is not granted;
- d. A statement as to whether the facility is to be open to the public or to members only, and whether the membership (if required) is available to any member of the community;
- e. Information on how the *Organization* seeks to involve members of the public;
- f. Information on any leases of the *Property* for commercial or private purposes;
- g. Information on the extent of use of the *Property*, and the types of users;
- h. A statement explaining the use of the *Property*;
- i. Information on any contracts with the province or other government entities for the provision of services, and
- j. Information on current rental agreements with tenants.

Council reserves the right to request any additional information which may be required to enable *Council* to determine if *Exemption* is warranted.

a. Administration

- a. The *Finance Department* will review all *Applications* for completeness and contact the *Applicant* if additional information is required.

- b. The *Finance Department* will prepare a summary report of applications for *Council* consideration.
- c. *Council* will direct staff to draft the *Bylaw* which will be presented to *Council* before October 31 each year.
- d. Before the adoption of the *Bylaw*, public notice will be provided for as outlined in Section 227 of the *Community Charter*.
- e. Once the *Bylaw* has been approved, BC Assessment Authority will be provided with a copy of the *Bylaw* before the October 31 due date.

b. Annual Timeline

June 15	<i>Application</i> deadline
June 15 – End of August	Internal review of <i>Applications</i>
September	<i>Council</i> approval or denial of <i>Applications</i>
September - October	First three readings of <i>Bylaw</i> and public notice of <i>Bylaw</i>
October 31 or earlier	<i>Bylaw</i> adoption

REFERENCES

Policy Number:	CO-027
Policy Owner:	Department of Financial Services
Related Policies:	N/A