
City of Kelowna MEMORANDUM

DATE: October 18, 2005
FILE: 1970-50
TO: City Manager
FROM: Revenue Manager
RE: **2006 TAX EXEMPTION BY-LAW NO. 9509**

RECOMMENDATION:

THAT under Sections 220, 224 and 225 of the Community Charter a bylaw to provide exemption from taxation for the year 2006 include the following changes to the properties listed in Schedules A through I of Tax Exemption By-law No. 9509,

THAT a process be developed to review the merits of all exemptions prior to adoption of the 2007 tax exemption bylaw,

THAT a committee be formed to undertake the review process,

THAT Council not exempt any new 2006 applications for property that fall under policy provisions that will be under review by the committee.

BACKGROUND:

In July of 2005 Council approved Permissive Tax Exemption Council Policy No. 327, copy attached. A permissive tax exemption is a means for Council to support organizations within the community that further Council's objective to enhance the quality of life while delivering services economically to the citizens of Kelowna. This policy is intended to provide clarity, consistency and certainty to the municipality, the public and to prospective applicants. All current applicants, as well as any new applicants, were asked to complete an application for exemption. This process is now complete and recommendations are presented to Council for consideration.

Schedule A, Place of Worship:

1. *Delete Roll No. 24100*, Lot 3, Plan 2604 (567 Lawrence Avenue) – Lindstrom, Julia and Leonard – World Harvest Outreach Ministries. Current and arrears taxes are outstanding.
2. *Add Roll No. 14380*, Lot 3, Plan 1239 (598 Sutherland Avenue) – St. Michael's Anglican Church, Synod Diocese of Kootenay. This is a parking lot for the church.
3. *Add Roll No. 14390*, Lot 2, Plan 1239 (586 Sutherland Avenue) – St. Michael's Anglican Church, Synod Diocese of Kootenay. This is a parking lot for the church.
4. *Add Roll No. 42240*, Lot 2, Plan 7431 (1876 Richter Street) – St. Michael's Anglican Church, Synod Diocese of Kootenay. This is a church office.

Schedule B, Private Schools:

1. *Add Roll No. 4417.000, PCL A, Plan B6328 (3439 East Kelowna Road) – Okanagan Montessori Elementary School Society.*
2. *Delete Roll No. 79055, Lot 3 Plan KAP57837 (1380 Ellis Street) – City of Kelowna Library Society/Okanagan Regional Library District. This is a statutory exemption and does not require a permissive exemption.*

Schedule C, Hospitals: = no change

Schedule D, Special Needs Housing:

1. *Delete Roll No. 7270, Lot 4, Plan 635 (630 Cadder Avenue) – Okanagan Families Society. This facility is not currently in operation and therefore does not meet the legislative requirements.*
2. *Delete Roll #48820, relocated across road -see below.*
3. *Add Roll No. 48500, Lot 8, Plan 10011(1862 Chandler Street) – Okanagan Halfway House Society Inc. In contract with Corrections Canada, the Society offers temporary shelter and supervision to male persons over the age of 19 whose lives are in transition. This house moved across the street – it was previously exempted at 1865 Chandler Street -Roll #48820.*

Schedule E, Social Services:

1. *Change Roll #4830, Lot E1/2 L15 Block 10 Plan 462 (255 Lawrence Avenue) – Kelowna Community Resource Society. Recommend partial exemption, all area except that used by a counseling service provider who rents the space.*
2. *Add Roll #9210, Lot 139 Plan 800, (1447 Ellis Street) – The Salvation Army Community Resource Center. Assists low or non-income earners with basic needs; co-op food program; clothing; furniture; emergency travel shelter and referrals to rehabilitation programs.*
3. *Add Roll #10707.000, Lot 1 Plan 15596, (1390 KLO Road) – BHF Building Healthy Families Society. Provides parenting and life-skill training to parents and families in need.*
4. *Add Roll #26190, Lot 1 Plan 3163, (1434 Graham Street) – City of Kelowna lease to Boys & Girls Clubs. This is a pre-school, daycare, and drop-in centre for activities.*

Schedule F, Public Park or Recreation Ground, Public Athletic or Recreational:

1. *Change Roll # 6962.008, Lot B Plan 41403 (5902 Lakeshore Road) – The Nature Trust of B.C. Recommend 100% exemption. Cabin on the property was destroyed in the fire.*
2. *Add 3 Rolls #6935.000, 6936.000, 4525.505, S1/2 and N ½ of SW ¼ Sec.15, Tp 28, SDYD and Lot 1 KAP 61083 (Lakeshore Rd/Chute Lake Rd and Wildwood Road) – Central Okanagan Parks and Wildlife Trust. These are designated park land.*

3. Add Roll #11151.000, Lot 1 Plan 11796 (4680 4720 Old Vernon Road) – Ellison Parks Society – Rutland Minor Fastball. This is a skating rink.

Schedule G, Cultural Organizations:

1. Change tenant name on taxable Roll # 80252, Lot A Plan KAP67454 (421 Cawston Avenue) – Rotary Centre for the Arts. Change name from Tri-Art Inc to Gallery 421.
2. Change tenant on taxable Roll # 80255, Lot A Plan KAP67454 (421 Cawston Avenue) – Rotary Centre for the Arts. Change tenant to Julia Trops.
3. Change tenant on taxable Roll # 80258, Lot A Plan KAP67454 (421 Cawston Avenue) – Rotary Centre for the Arts. Change name from Julia Trops to Janice Fangato.
4. Change tenant on Roll # 80259, Lot A Plan KAP67454 (421 Cawston Avenue) – Rotary Centre for the Arts. Change name from Mayumi Hatano to Cherise Hanson.
5. Delete taxable Roll # 80253, Lot A Plan KAP67454 (421 Cawston Avenue) – Rotary Centre for the Arts. Potters Addict to be exempt.
6. Delete taxable Roll # 80254, Lot A Plan KAP67454 (421 Cawston Avenue) – Rotary Centre for the Arts. Tenant vacated.
7. Delete taxable Roll # 80979, Lot 1 Plan 42511 (1304 Ellis Street) – Laurel Packing House = Kelowna Centennial Museum Assoc. Tenant (Accuzone) vacated.
8. Delete taxable Roll # 80815, Lot 1 Plan 42511 (1304 Ellis Street) – Laurel Packing House + Kelowna Centennial Museum Assoc. Tenant (Carbon Design) vacated.
9. Delete taxable Roll # 80816, Lot 1 Plan 42511 (1304 Ellis Street) – Laurel Packing House + Kelowna Centennial Museum Assoc. Tenant (NetCentrics) vacated.
10. Add taxable Roll #80980, Lot 1 Plan 42511 (1304 Ellis Street) – Laurel Packing House = Kelowna Centennial Museum Assoc. New tenant – Scorpion Entertainment.
11. Add new tenant as taxable Roll # , Lot 1 Plan 42511 (1304 Ellis Street) – Laurel Packing House = Kelowna Centennial Museum Assoc. New tenant – Marissa Baecker. 327.5 sq. ft.

Schedule H, Other Non-Profit Societies:= no change

Schedule I, Partnering, Heritage Property and Revitalization

1. Add Roll #4078.316, Lot 2 Plan KAP46027 (4105 Gordon Drive) – Capital News Centre = City of Kelowna. A permissive exemption will only exempt from municipal taxation because it is a partnering agreement, therefore special exemption under the School Tax Act has been requested from the Lieutenant Governor in Council. For-profit businesses will not be exempt, these are the restaurant and physiotherapy clinic.
2. Add Roll #36350, Lot 3 Plan 4551 (2124 Pandosy Street) – Oak Lodge Centre Ltd. Council has granted the heritage revitalization agreement for this property with the intent of offering a permissive tax exemption beginning in 2006.

New applications for 2006 where recommendation is to deny:

1. Roll # 3286.000 Okanagan Jewish Community Association. This roll is currently taxable. It is a playground and used by a daycare that is leasing space from the Association.
2. Roll # 75160, Lot A Plan 34415 (554 Leon Avenue) – Kelowna Club. This is “a private social club” available to men for membership, and therefore not a service that the City of Kelowna would promote as beneficial to all citizens of Kelowna.
3. Roll #37430 and #652, Lot A Plan 5027 (1414 Water Street) – Kelowna Yacht Club. Roll 37430 is the water/boat slip area and roll #652 is the clubhouse. This is a private club with the majority of service derived from bar and food revenues. It is not a service that the City would normally provide as beneficial to all citizens of Kelowna.
4. Roll # 6224.767, Lot 2 KAP 58370 (295 Felix Road) – Lifestyle Equity Society. Special Needs Housing for physically or mentally challenged. This estimated term of stay is greater than one year.
5. Roll #6355.000, Lot 1 Plan 17089 SE ¼ sec 27 – Well-Come Inn Society. This property is owned by a private individual and leased to Society. The estimated stay in the home is greater than 1 year.
6. Roll #10738.384, Lot 1 Plan KAP77109 (1540 KLO Road) – Good Samaritan Canada (A Lutheran Social Service Organization). Applicant wishes to exempt 89 assisted living units where the intended length of stay is greater than 1 year.
7. Rolls #6520, 71335, 71340, 4529.000, 4530.006, 4571.235, 6530, 6540, 4805.207. Interior Health Authority owned property that is requesting to be 100% statutorily tax exempt. Property held for future use or used solely for administrative purposes has not been exempted according to the legislation. The Interior Health Authority is challenging the interpretation of the legislation. Discussions with BCAA have upheld the current interpretation.
8. Roll #54290, Lot 12 Plan 14393 – Resurrection Recovery Resource Society. This property is owned by a private company and leased to the Society.
9. Roll #48780, Lot 36 Plan 10011 – Okanagan Families Society. This property is owned by a private individual and leased to the Society.

The foregoing changes for 2006 property tax exemption are placed before Council for consideration.

Genelle Davidson

Approved for inclusion

Paul Macklem, CMA
Director of Financial Services
Attach.
c.c. BC Assessment

TAX EXEMPTION BYLAW SCHEDULES BACKGROUND

SCHEDULE A

Places of Worship:

Place of worship are given a general exemption from taxation for the church building and the land on which the building stands under C.C. Section 220 (1) (h). While this part of the exemption does not require a bylaw, any other buildings (church hall) or lands (parking, etc.) to be exempted are at the discretion of Council through a permissive exemption. The exemption would not include living quarters (manse or other) for the staff.

If a statutory exemption occurs for a building set apart for public worship as well as the land on which the building stands the title to the land

- must be registered in the name of religious organization using the building
- or trustees for the use of that organization
- or religious organization granting a lease of the building and land to be used solely for public worship

A permissive tax exemption may be provided for the land surrounding the exempt building that council considers necessary. (Section 224 (2) (f) of the Community Charter)

A permissive tax exemption may be provided for land and improvements used or occupied by a religious organization, as a tenant or licensee, for the purpose of public worship. (Section 224 (2) (g)) (The lessee under the lease must be required to pay property taxes directly to the City of Kelowna.)

SCHEDULE B

Private Schools:

Statutory Exemption

A building and the land on which the building stands if owned by an incorporated institution of learning that is regularly giving children instruction accepted as equivalent to that given in a public school, is exempt from taxation (Section 220(1)(l))

A permissive tax exemption may be provided for the land surrounding the exempt building. (Section 224(2)(h))

SCHEDULE C

Hospitals:

Statutory Exemption

A building set apart and used solely as a hospital under the Hospital Act, except a private hospital under that Act, together with the land on which the building stands is exempt from taxation. (Section 220 (1)(j))

- A permissive tax exemption may be provided for the land surrounding the exempt building. (Section 224(2)(h))
- A permissive tax exemption may be provided for land or improvements owned or held by a person or organization and operated as a private hospital licensee under the Hospital Act, or an institution licensed under the Community Care Facility Act. (Section 224(2)(j))

SCHEDULE D

Special Need Housing:

- a. A permissive tax exemption may be provided for land and improvements that are owned or held by a registered charity or non profit, and council considers are used for a purpose that is directly related to the purposes of the corporation. (Section 224(2)(a)) Special needs housing to members of the community such as:
 - short term emergency or protection housing
 - halfway houses, group homes, or supportive housing for people with special needs

SCHEDULE E

Social Services:

A permissive tax exemption may be provided for land and improvements that are owned or held by a registered charity or non profit, and council considers are used for a purpose that is directly related to the purposes of the corporation. (Section 224(2)(a)) Social services to members of community such as:

- Social services, such as food banks, drop in centres for people with special needs, seniors or youth
- Support services and programs for people with special needs, who are in some way disadvantaged and need assistance in maximizing their quality of life. (i.e. counselling for substance abuse, employment re- entry programs)

SCHEDULE F

Public Park or Recreation Ground, Public Athletic or Recreational

A permissive tax exemption may be provided for land or improvements owned or held by a person or athletic or service club or association and used as a **public park or recreational ground** or for **public athletic or recreational purposes**. (Section 224(2)(i))

- Facilities must be available to the public, exclusive membership clubs or associations not eligible for exemption.

- Council may impose covenant restricting use of property or require agreement committing organization to offer the field/facility to certain groups free of charge or at reduced rates.

A permissive exemption may be provided when land and improvements are owned by public authority or local authority, and used by a non-profit organization for the purpose of public park or recreation ground or athletic or recreational purposes, which would have been exempt if land and improvements were owned by that organization. (Section 224(2)(d) (The lessee under the lease must be required to pay the property taxes directly to the City of Kelowna, or have a partnership agreement with the City of Kelowna.)

SCHEDULE G

Cultural Organizations

A permissive exemption may be provided for land and improvements that are owned or held by a non profit that provides cultural education and recreation. (Section 224(2) (a)). The Facility must be available for members of the public.

SCHEDULE H

Other Non- Profit Societies

A permissive tax exemption may be provided for land and improvements that are owned or held by a registered charity or non profit society that council deems beneficial to the community, such as museums, animal shelters, property to preserve wildlife and environmental areas. (Section 225(2)(a).

A permissive tax exemption may be provided for land or improvements, for which a grant has been made, after March 31, 1974, under the Housing Construction (Elderly Citizens) Act before its repeal. (Section 224 (2) (k))

SCHEDULE I

Partnering, Heritage Property and Revitalization

The following property is eligible for a tax exemption under this section:

- (a) eligible partnering property, being property that
 - (i) is owned by a person or public authority providing a municipal service under a partnering agreement, and
 - (ii) the council considers will be used in relation to the service being provided under the partnering agreement;
- (b) eligible heritage property, being property that is
 - (i) protected heritage property,
 - (ii) subject to a heritage revitalization agreement under section 966 of the *Local Government Act*,

(iii) subject to a covenant under section 219 of the *Land Title Act* that relates to the conservation of heritage property, or

(iv) if property referred to in subparagraphs (i) to (iii) is a building or other improvement so affixed to the land as to constitute real property, an area of land surrounding that improvement;

SCHEDULE J

Assessment and Taxation Impact

Includes land and improvements associated with the following:

1. Total projected municipal taxation impact for each of Schedule A, B, C, D, E, F, G, H, I by assessment class for the year's 2006, 2007 and 2008.
2. The projected taxation impact for 2006, 2007, 2008 have been calculated by increasing the 2005 actual municipal taxation rate by 2% for each consecutive year.