

Corporate Report

NO: R065

COUNCIL DATE: April 28, 2008

REGULAR COUNCIL

TO: Mayor & Council DATE: April 24, 2008

FROM: General Manager, Finance & Technology FILE: 1970-04

SUBJECT: Sunnyside Villas Seniors Housing

RECOMMENDATION

The Finance and Technology Department recommends that Council receive this report as information.

PURPOSE

At its meeting on February 23, 2008, Council requested that staff provide a report to Council on a recent change to the status of Sunnyside Villas housing complex at 1511- - 26th Avenue with respect to property assessment and the payment of property taxes. This report responds to that request.

BACKGROUND

Sunnyside Villas Society has been receiving a statutory property tax exemption for the subject low-rent housing complex since it was originally constructed in 1958. In 1996, the Society entered into an agreement with BC Housing to reconstruct the original 20 units. The BC Assessment Authority has recently informed the Society that they no longer qualify for a statutory property tax exemption because of the major reconstruction that was completed in 1996. The property tax exemption only applies to facilities that were constructed prior to 1974. The Society has since received a 2008 assessment notice for \$2,280,000.

DISCUSSION

Prior to 1996 the Sunnyside Villas Society qualified for a statutory property tax exemption under Section 398(1)(i) of the *Municipal Act* because the 20 unit housing complex was constructed between 1947 and 1974 with the assistance of a grant from the Provincial Government. In 1996, these units were re-constructed under a partnership agreement with BC Housing. The Society continued to apply to the BC Assessment Authority through the City for a statutory property tax

exemption under Section 220(1)(i) of the Community Charter S.B.C., 2003. This exemption continued to be granted.

In 2007, BC Assessment Authority questioned the classification of the property in relation to the Section 220 requirements and determined that Sunnyside Villas did not qualify for the statutory property tax exemption because the property was constructed after 1974 without assistance from the Province. Their 2008 property tax exemption was therefore denied. The 2008 Assessed Value of this property is \$2,280,000. The City portion of the 2008 property taxes payable on this property is estimated to be approximately \$4,790.

The *Community Charter* permits Council to grant a permissive property tax exemption for land or improvements that are owned or held by a charitable, philanthropic or other not-for-profit corporation and that Council considers are used for a purpose that is directly related to the purposes of the corporation (Section 224(2)(a)). The City's *Tax Exemption Policy* (*Q-27*) further adds that to qualify for an exemption under this Section, the applicant should demonstrate that the services of their organization are available and open to Surrey residents. Historically, Council has not granted permissive property tax exemptions to low-rent housing organizations as these units are assigned based on income and are not specific to Surrey residents.

For Council to grant a permissive property tax exemption to Sunnyside Villas Society, the City's *Tax Exemption Policy* would need to be amended to allow for permissive property tax exemptions to non-profit societies that offer low-rent housing. The impact of such a policy change could potentially reduce property tax revenues to the City by approximately \$1 million per year based on current levels of similar development.

CONCLUSION

It has come to the City's attention that the Sunnyside Villas Society has been receiving a statutory property tax exemption for which they did not qualify. For the City to allow a permissive tax exemption to this property, the City's *Tax Exemption Policy* would need to be amended to allow for exemptions for non-profit low-rent housing societies. A policy change such as this could potentially reduce City property tax revenues by approximately \$1 million per year based on current levels of similar development.

Vivienne Wilke, CGA General Manager, Finance & Technology