

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