



To: Chief Administrative Officer **Date:** April 7, 2025
From: Parissa Bhullar, Manager of Financial Services
Subject: **Permissive Tax Exemption Policies**

Recommendation(s)

1. That Council adopt Council Policy FIN.59(C) - Permissive Tax Exemption Policy: Places of Worship (Attachment A); and
2. That Council adopt the amended Council Policy FIN.49(C) - Permissive Tax Exemption Policy: Not-For-Profit Organizations (Attachment B).

Purpose

For Council to review and adopt Policy FIN.59(C) - Permissive Tax Exemption Policy: Places of Worship (Attachment A) and adopt the amended Council Policy FIN.49(C) - Permissive Tax Exemption Policy: Not-For-Profit Organizations (Attachment B).

Background

In September 2024, Council passed a resolution "that staff schedule a meeting in January 2025 to review the Permissive Tax Exemption (PTE) program and policy".

In January 2025, Council directed staff to update the Council policy as follows:

- Terms of the PTEs:
 - Places of Worship – up to ten years, with an annual check-in
 - Other not-for-profit organizations – up to four years, with an annual check-in
- Eligibility criteria for applicants and clarity of definitions; and
- No funding limit but Council to be updated of the PTE value and tax impact as part of the budget deliberations.

Discussion and Analysis

FIN.49(C) - Permissive Tax Exemption Policy was adopted in July 2015 (Attachment C). No review or revision to the PTE policy has been completed since adoption.

Currently, all properties (land and improvements) that receive a PTE are reviewed on a four-year cycle, except for places of worship that had not been reviewed from 2005 until 2024. Mid-cycle applications are reviewed on an annual basis.

PTEs for places of worship have remained unchanged since 2005 other than those whereby the eligibility has changed.

In January 2025, the main areas discussed included the term eligibility criteria for not-for-profits and clarity regarding housing and funding limit (if applicable). Council provided the following direction.

Term

In relation to the term, Council endorsed the following:

- Permissive tax exemptions for not-for-profit organizations be up to a four-year term, with an annual check-in process; and
- Permissive tax exemptions for places of worship be up to a ten-year term, with an annual check-in process.

Successful applicants would be required to complete an annual declaration to confirm that there have been no changes in their not-for-profit status, ownership/lease terms, stated use, legal description and/or other information that results in their permissive tax exemption.

Eligibility Criteria and Definitions

With regards to PTE policy eligibility criteria and definitions, Council directed the following:

Places of Worship

Subject to qualification of the statutory exemption (Section 220 of the *Community Charter*), a PTE may be granted. Council identified other acceptable uses within the place of worship that would be deemed acceptable, so long as the applicants meet the criteria for statutory exemption in terms of use. Other acceptable uses are identified in the draft FIN.59(C) Permissive Tax Exemption Policy: Places of Worship (Attachment A).

For clarity, it is to be noted that the manse/residence (Class 1) would remain taxable.

Not-for-Profit Organizations

The specific requirements are noted in the draft amended FIN.49(C) - Permissive Tax Exemption Policy: Not-For-Profit Organizations (Attachment B). In general terms, it was resolved that PTE applications for not-for-profit organizations meet the following conditions:

Compliance: an organization must qualify for an exemption under section 224 of *Community Charter*.

Organization structure: an organization must be one of the following: federally registered not-for-profit or charity or a provincially registered not-for-profit or society.

Community orientation: an organization must contribute to social, economic, environment, arts and culture or other strategic initiatives as defined by Council.

Tax impact: Council may consider the impact of the PTE on tax revenue when assessing PTE applications in relation to the City budget.

Organization objectives: must align with Council objectives and support the delivery of programs/services, event and activities that promote social connections to celebrate cultural and ethnic diversity and promote intercultural and intergenerational connections.

Availability of services/programs: benefits to be provided to residents of the City. Improve access to services and resources for youth, seniors, persons with disabilities, including

considerations for cycling and equestrian services. Provide meaningful volunteer engagement opportunities to support programs/services.

Community footprint: consideration of the number of individuals serviced in the previous calendar year and place of residence of individuals benefitting (Mission vs. other communities).

Financial resources: consideration of funding resources for the organization, other than City funding.

Other supports from the City: consideration of “in kind” contributions and the value of grants and other financial supports provided to assess the total value of funding for the organization

Cooperation: must adhere to all City of Mission policies, bylaws and procedures, zoning, etc.

Housing

In prior years, Council has approved exemptions for housing applications notwithstanding the existing policy stating that housing applications would not be supported. Given this, the meeting in January was an opportunity to review and discuss amendments to the FIN.49(C) PTE policy to align it with Council objectives.

The discussion in January 2025 clarified Council’s objective with regard to supporting PTEs for organizations providing housing. Options for Council consideration in relation to housing included the following:

- Not to provide PTEs to housing applicants as they are deemed the responsibility of higher levels of government;
- Continue to support only legacy housing applications; and
- Discussed the Affordable Housing Strategy continuum and obtain clarity where Council strives to support.

Council resolved that in granting PTEs for housing applications, the applicant must meet the following criteria:

- Licensed under the *BC Community Care and Assisted Living Act*, **OR**
- Provide affordable housing according to Housing Income Limits or BC Housing or Canada Mortgage and Housing Corporation (CMHC) criteria.

In relation to Mission’s Affordable Housing strategy, Council resolved to support PTEs that provide the following type of housing:

Emergency shelter is defined as temporary accommodation for individuals who are temporarily or chronically in crisis and experiencing homelessness or fleeing abuse.

Temporary Supported Housing includes transitional housing, second stage housing and recovery homes. This housing types is defined as housing from 30 days to 3 years that includes the provision of support services. This category includes halfway houses and recovery houses. In this type of housing, clients with physical or developmental disabilities or other unique conditions share personal care resources.

Non-market housing includes housing for low and moderate-income households. This type of housing is government subsidized, there is no additional support required for households to be able to live independently. Non-market housing is typically administered by non-profit housing societies. Tenants are typically selected through criteria that is developed by the non-profit and BC housing and can include income testing.

Subsidized Housing (aka Social Housing) includes both supported and unsupported housing. This housing provides ongoing support services to residents who cannot live independently and who are not expected to become fully self-sufficient for a variety of reasons. This type of purpose-built building or scattered apartments include housing for low-income seniors, housing urban aboriginals and housing designed to accommodate physical/mental illnesses or substance use.

Caretaker residence units will only be exempt if the property owner and/or not-for-profit operator can provide a copy of a caretaker agreement in place describing the functions performed and rent is not collected on the caretaker resident unit.

Supportive Housing – Class 3

This property class only includes eligible supportive housing property that have been designated by the Provincial Cabinet. The property is funded by the Provincial Government or the local health authority for the provision of housing that includes on-site support services for persons who were previously homeless, at risk of homelessness, and who are affected by mental illness or who are recovering from drug or alcohol addictions or have other barriers to housing.

In Mission, there is one property with a Class 3 – Supportive Housing classification. The Hope for Freedom Society located at 34641 Lougheed Highway is not assessed any taxes given the \$2 assessment value (\$1 each for land and improvements).

Council has no discretion on Class 3 – Supportive Housing properties.

Further PTE considerations include:

- PTE applications must meet the full terms of the eligibility criteria upon the application submission deadline.
- The PTE will end at the time of ownership change or any other failure to adhere to City bylaws. This will ensure the PTE is only granted for the applicant and any changes in ownership mid-year will result in taxes being levied.
- The amount of taxation approved each year by Council must be collected to balance the municipal budget. In the case PTEs granted, this results in a shift of these taxes onto taxpayers in the same class.
- Granting of PTEs have a corresponding impact in that if a municipal exemption is granted, this results in the other levels of tax also shifting onto the remaining taxpayers who do not receive an exemption.
- All PTE considerations are at the discretion of Council. Council may deny or provide partial or full exemptions.
- Council elected to review the PTE policies every four years.
- PTEs are not granted automatically – they must be approved by October 31st for the following year by Council by Bylaw. PTEs are completely discretionary. Council may choose the extent and period for which a PTE may granted.

Financial Implications

There are no financial implications associated with this report.

Communication

If approved, the updated policies and application forms will be made available on the City's website and existing PTE holders will be advised as part of their annual courtesy reminder for application submission.

Summary and Conclusion

The FIN.49(C) Permissive Tax Exemption Council Policy had not been reviewed since its adoption in 2015 (Attachment C).

Council directed staff to update the Council policy for the term and eligibility criteria for places of worship and other not-for profit organizations.

The attached policies (Attachment A and B) are subject to Council approval for implementation effective for 2026 PTE applications.

Report Prepared by: Parissa Bhullar, Manager of Financial Services

Reviewed by: Doug Stewart, Director of Finance

Approved for Inclusion: Mike Younie, Chief Administrative Officer

Attachment(s)

Attachment A: FIN.59(C) – 2025 Permissive Tax Exemption Policy: Places of Worship

Attachment B: FIN.49(C) – 2025 Permissive Tax Exemption Policy: Not-For-Profit Organizations

Attachment C: FIN.49 – 2015 Permissive Tax Exemption Policy