

Permissive Tax Exemption (PTE) Policy for Affordable Rental Housing

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Finance and Governance Committee

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Direction

Council Motion 2021 (Following Townley Approval)

- *“That the Finance and Governance Standing Committee direct staff to bring back a subsequent report and options (with respect to PTEs) focusing on Council’s primary goal of increasing the affordable housing stock. Options may include to remain status quo or provide tax incentives for new developments or affordable housing with exemptions being provided for improvements only with land to be excluded.”*

Housing Strategy Action 1.2A (Top Action)

- *“**Facilitate the development** of non-market and below-market housing by clarifying current incentives and identifying potential new incentives, such as...permissive tax exemptions...”*

Draft OCP

- *“8.3.1 Continue to assess the full range of municipal tools available to attract, encourage and incentivize non-market housing, including...Considering property tax exemptions...”*

Current PTE Framework

Current PTE Policy (Financial Plan Bylaw 2022, No.9764)

“The District of Saanich will continue to support local organizations through PTEs. The objective is to consider exemptions individually on their merits, in context with the Saanich Strategic Plan, consistent with the other Saanich policies and the principles of accountability, reasonableness, equality/fairness, inclusiveness, and accessibility.”

- Council has full discretion over approving a PTE
- PTEs are approved on a 4 year cycle and include both land and improvements
- In 2021 the total amount of PTEs was \$3,079,375

Current PTE for Housing

Current practice

- Council practice is to approve PTEs for housing with support services
- Applications for affordable senior's housing (without support services) have been denied
- The established policy is broad, and the application of the policy in relation to housing is largely based on past practice

PTE for Affordable Rental Housing: Considerations

Legislation

- Can only be used for non-profit housing
- Related to the purposes of the corporation

Saanich Considerations

- Shifting tax burden
- One tool in a suite of tools for new supply
- One option to support existing providers

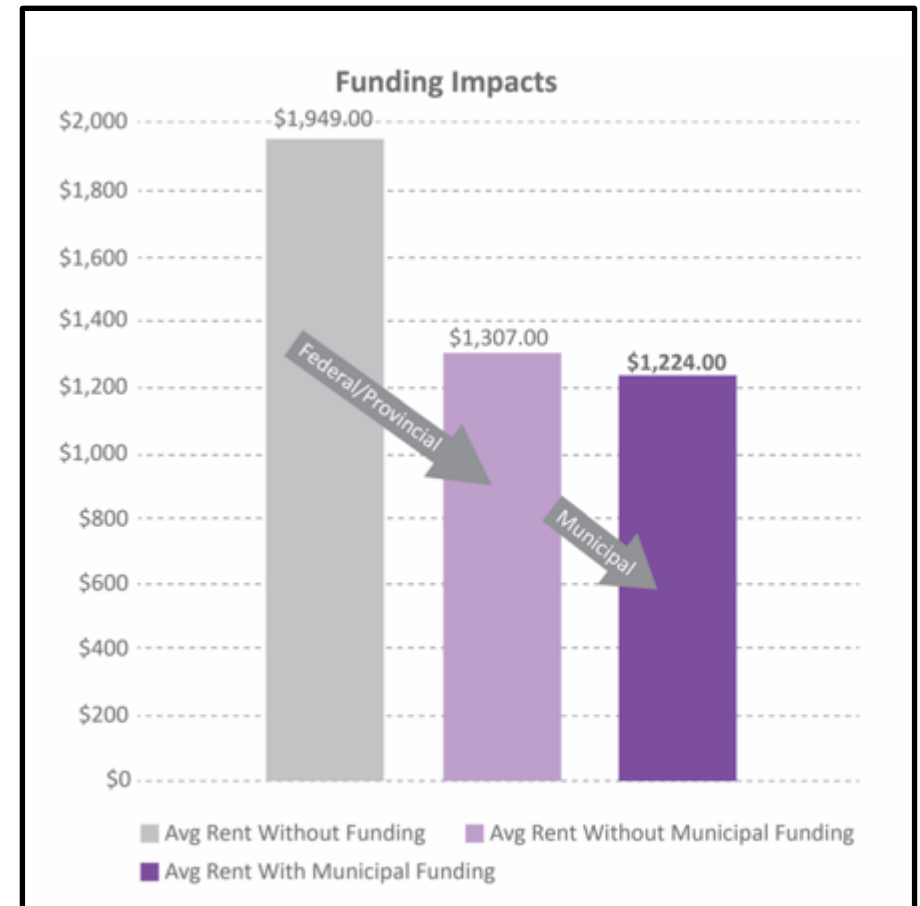
Limited experience

- Sunset the policy after a defined period

PTE for Affordable Rental Housing : Objectives

Objectives

- Use only for non-profit housing providers
- Recognize the importance of non-market housing
- Contribute to the local government portion of funding
- Incentivize new supply
- Support viability of existing supply



Proposed Policy – Attract New

Permissive tax exemption for new affordable rental housing

Council may consider applications for permissive tax exemptions for new affordable rental housing. The following considerations would apply:

- New affordable rental housing (any projects obtaining occupancy in 2023 or later) developments are eligible for permissive tax exemptions of 100% of tax-assessed land and improvements
- Approved permissive tax exemptions will apply from the approval year, for a fixed 5-year term
- The final year for application is 2030

Proposed Policy – Support Existing

Permissive tax exemption for existing affordable rental housing

Council may consider applications for permissive tax exemptions for existing affordable rental housing. The following considerations would apply:

- Affordable rental housing developments are eligible for permissive tax exemptions of 100% of tax-assessed improvements
- Approved permissive tax exemptions will apply from the approval year through 2027
- The final year for application is 2026

Proposed Policy – Define Existing Practice

Supportive housing for seniors or persons with disabilities

Council may consider applications for permissive tax exemptions for supportive housing for seniors or persons with disabilities. The following considerations would apply:

- The housing must include supportive services for seniors or persons with disabilities
- The housing will be eligible for a permissive tax exemption of 100% of land and improvements
- The exemption will follow a 4-year cycle as administered by the District

Financial Implications

EXISTING

Folio	Owner/Operator	Address	Land	Improvements	Assessed Value 2023	Land tax 2022	Improvements tax 2022	Total Property Tax 2022
62-3560-010	ABBYFIELD HOUSE ST. PETER'S SOCIETY	1133 REYNOLDS RD	1,218,000.00	34,700.00	1,252,700.00	5,258.33	149.81	\$5,408.13
62-6568-010	BEACON COMMUNITY ASSOCIATION	3221 CEDAR HILL RD	709,000.00	1,028,000.00	1,737,000.00	3,060.88	4,438.06	\$7,498.94
65-9535-010	BROADMEAD CARE SOCIETY	3272 HARRIET RD	1,185,000.00	166,000.00	0.00	0.00	0.00	\$0.00
43-1005-010	GREATER VICTORIA HOUSING SOCIETY	983 SUTCLIFFE RD	399,000.00	394,000.00	793,000.00	1,710.62	1,689.19	\$3,399.81
66-0846-100	GREATER VICTORIA HOUSING SOCIETY	2993 TILlicum RD	2,599,000.00	2,010,000.00	4,609,000.00	11,220.35	8,677.53	\$19,897.88
62-0609-010	M'AKOLA LEASEHOLD HOUSING SOCIETY	3360 QUADRA ST	1,479,000.00	1,918,000.00	3,397,000.00	6,385.11	8,280.35	\$14,665.46
55-5560-999	MT DOUGLAS HOUSING SOCIETY	1550 ARROW RD	2,438,000.00	8,852,000.00	11,290,000.00	10,525.28	38,215.68	\$48,740.96
49-2503-035	PACIFICA HOUSING ADVISORY ASSOCIATION	744 MILLER AVE	346,000.00	692,000.00	1,038,000.00	1,483.40	2,966.80	\$4,450.20
65-7424-005	PACIFICA HOUSING ADVISORY ASSOCIATION	630 JOLLY PL	917,000.00	1,306,000.00	2,223,000.00	3,958.85	5,638.24	\$9,597.09
65-9363-010	PACIFICA HOUSING ADVISORY ASSOCIATION	3230 IRMA ST	1,314,000.00	1,162,000.00	2,476,000.00	5,672.77	5,016.56	\$10,689.34
68-0159-010	PACIFICA HOUSING ADVISORY ASSOCIATION	3366 WHITTIER AVE	622,000.00	1,077,000.00	1,699,000.00	2,685.29	4,649.60	\$7,334.89
68-0324-010	PACIFICA HOUSING ADVISORY ASSOCIATION	3226 ALDER ST	1,385,000.00	1,679,000.00	3,064,000.00	5,979.29	7,248.55	\$13,227.84
68-1805-000	PACIFICA HOUSING ADVISORY ASSOCIATION	3474 BETHUNE AVE	1,066,000.00	1,389,000.00	2,455,000.00	4,602.11	5,996.56	\$10,598.68
53-8555-010	PROVINCIAL RENTAL HOUSING – MORE THAN A ROOF MENNONITE HOUSING SOCIETY	4353 WILKINSON RD	1,812,000.00	1,451,000.00	3,263,000.00	7,822.73	6,264.23	\$14,086.96
49-0623-010	SOCIETY OF SAINT VINCENT DE PAUL OF VANCOUVER ISLAND	4353 WEST SAANICH RD	5,839,000.00	1,401,000.00	7,240,000.00	25,033.43	6,006.48	\$31,039.91
49-0623-021	SOCIETY OF SAINT VINCENT DE PAUL OF VANCOUVER ISLAND	4383 WEST SAANICH RD	886,000.00	784,000.00	1,670,000.00	3,798.53	3,361.23	\$7,159.76
TOTAL			\$24,214,000.00	\$25,343,700.00	\$48,206,700.00	\$99,196.99	\$108,598.86	\$207,795.85

Strategic Implications

- Demonstrates support of existing, long-serving housing providers
- Attracts new non-profit housing providers and projects
- Competitive advantage – Saanich needs more affordable housing
- Aligns with goals in *Strategic Plan* and policies in draft *Official Community Plan*
- Addresses a priority action in the *Housing Strategy*

Next Steps

- Feedback from the committee
- Request the committee endorse the proposed policy

