

AGENDA

FINANCE AND GOVERNANCE STANDING COMMITTEE Monday, May 29, 2023 10 to 11:30 a.m. COMMITTEE ROOM 2, MUNICIPAL HALL, 770 VERNON AVE

WELCOME AND TERRITORIAL ACKNOWLEDGEMENT

The District of Saanich lies within the territories of the lək̓ʷəŋən peoples represented by the Songhees and Esquimalt Nations and the WSÁNEĆ peoples represented by the Tsartlip, Pauquachin, Tsawout, Tseycum and Malahat Nations.

We are committed to celebrating the rich diversity of people in our community. We are guided by the principle that embracing diversity enriches the lives of all people. We all share the responsibility for creating an equitable and inclusive community and for addressing discrimination in all forms.

1. MINUTES FOR ADOPTION (attached)

- March 13, 2023

2. 3rd TRIMESTER RESULTS REPORT (attached)

- January 1 to December 31, 2022
- For Committee review and recommendation to Council.

3. PROPOSED PERMISSIVE TAX EXEMPTION POLICY FOR AFFORDABLE RENTAL HOUSING

- Memo from Carley Friesen, Senior Planner dated May 19, 2023 (attached)
- For Committee review and recommendation to Council.

4. DAWSON HEIGHTS (3810 CEDAR HILL CROSS RD) PERMISSIVE PROPERTY TAX EXEMPTION/REDUCTION REQUEST

- Letter from the Dawson Heights Housing Ltd dated May 3, 2023 (attached)
- For Committee review and recommendation to Council.

... ADJOURNMENT ...

****MOVE TO IN CAMERA****

That the meeting to be closed to the public at this point in accordance with the *Community Charter*, Section 90 (1) (c) and Section 93 (a) of the Community Charter, Part 4, Division 3, as the subject matter being considered relates to labour relations or other employee relations.”

Next scheduled meeting is Monday, July 31, 2023, at 10 a.m.

**MINUTES OF THE
FINANCE AND GOVERNANCE STANDING COMMITTEE
COMMITTEE ROOM 2
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE
Monday, March 13, 2023, at 1:30 p.m.**

Present: Chair: Councillor Susan Brice
Members: Councillors Chambers, Harper, Phelps Bondaroff
Additional: Mayor Dean Murdock (1:40 p.m.)
Staff Members: Paul Arslan (Director of Finance), Jennifer Lockhart (Sr Manager,
Financial Services), Tara Judge (Committee Secretary)

Meeting called to order at 1:30 p.m. Cllr Brice welcomes members and read territorial acknowledgement.

MINUTES FOR ADOPTION

MOVED by Councillor Harper and seconded by Chambers: "That the minutes of the Finance and Governance Standing Committee meeting of July 18, 2022, be adopted as circulated."

CARRIED

2023 STRATEGIC PRIORITIES GRANTS AND COMMUNITY BUILDING GRANTS

A report from the Director of Finance dated March 2, 2023, was presented.

Cllr Brice detailed the typical process of reviewing grant applications, allocating dollar amounts and providing a recommendation to Council as to which applications to fund. The goal for grant funding is to recommend dollars that meet our strategic objectives and within available budget.

Requests for funding in 2023 amounts to \$433,498; the budget available for both the Strategic Priorities and Community Building Grants for 2023 is \$211,180. The total amount of grant funding last year (2022) was \$202,370.

Consensus was to review all the grant applications with a formal motion being made at the end of the review.

Individual motions will not be made after review of each item. The Senior Manager, Finance Services will keep a running tally with the Committee doing a final review at the end, at which time a formal motion with a recommendation to Council will be made.

Note that the Finance Department will be reviewing the application process to advance technology and have the application form fields automatically expand due to small font size, place character limits and better details need for attachments further detailing information.

STRATEGIC PRIORITIES GRANT	Amount Requested This Year	Amount Recommended for Approval
676 Kittyhawk Sponsoring Committee Society (on behalf of 676 Kittyhawk Air Cadet Squadron)	\$2,000	\$0
Action Committee of People with Disabilities	\$10,000	\$0
Capital Bike	\$7,375	\$2,000
Capital Region Food and Agriculture Initiatives Roundtable	\$15,000	\$15,000
Community Social Planning Council of Greater Victoria	\$20,000	\$12,490
Creatively United for the Planet Society	\$3,000	\$2,800
Crisis Intervention & Public Info Society of GV- Need 2 Suicide Prevention	\$10,000	\$5,000
Greater Victoria Acting Together	\$6,000	\$0
Greater Victoria Sports Tourism Commission	\$2,500	\$2,500
Greater Victoria Visitors & Convention Bureau (Destination Greater Victoria)	\$15,000	\$15,000
Greater Victoria Volunteer Society (Volunteer Victoria)	\$10,000	\$10,000
LifeCycles Project Society	\$25,000	\$18,000
Ocean Ambassadors Canada	\$2,983	\$0
Peninsula Streams Society	\$25,000	\$25,000
PKOLS - Mount Douglas Conservancy	\$5,290	\$5,290
Saanich Marine Rescue Society	\$11,000	\$5,000
Saanich Neighbourhood Place	\$60,000	\$25,000
Shelbourne Community Kitchen Society	\$15,000	\$15,000
The Humanity in Motion Society (dba SOWCOOL.org)	\$27,500	\$0
The Rithet's Bog Conservation Society	\$1,100	\$1,100
United Way Southern Vancouver Island	\$30,000	\$0
Vancouver Island Men's Therapy Centre Society (Men's Therapy Centre-MTC)	\$14,250	\$0
Vancouver Island South Film & Media Commission	\$60,000	\$35,000
Victoria Brain Injury Society	\$3,000	\$0
Victoria Sexual Assault Centre	\$5,000	\$0
Subtotal: Strategic priorities grant	\$385,998	\$194,180

COMMUNITY WELL-BEING AND PLACE-MAKING	Amount Requested This Year	Amount Recommended for Approval
Green Teams of Canada (for Greater Victoria Green Team Program)	\$6,000	\$0
Subtotal: Community well-being and place-making	\$6,000	\$0

COMMUNITY EVENTS	Amount Requested This Year	Amount Recommended for Approval
African Heritage Association of Vancouver Island (AHAVI)	\$7,500	\$0
Friends of the Dominion Astrophysical Observatory	\$10,000	\$0
Gorge Tillicum Community Association	\$8,000	\$8,000
Capital Bike (The Greater Victoria Bike to Work Society)	\$7,000	\$6,000
Victoria and Vancouver Island Greek Community Society	\$5,000	\$3,000
Royal Oak Business Improvement Association	\$4,000	\$0
Subtotal: Community events	\$41,500	\$17,000
Totals	\$433,498	\$211,180
Budget Available	\$211,180	\$211,180
Funds Still Available		\$0

Following the review of the grant applications the following motion was made:

MOVED by Councillor Chambers and seconded by Councillor Harper: "That the Finance and Governance Standing Committee advance their recommendations for grant funding totaling \$211,180 to Council."

CARRIED

GOWARD HOUSE SOCIETY FUNDING REQUEST

The Director of Finance presented the Goward House Society Funding Request report dated March 2, 2023.

The report outlined the increased cost were due to the impact of COVID-19. That funding be provided as a one time funding from the COVID-19 Restart Grant.

MOVED by Councillor Harper and seconded by Councillor Chambers: "That the Finance and Governance Standing Committee recommends a one time funding of \$10,000 to the Goward House Society from the COVID-19 Restart Grant."

CARRIED

COMMUNITY SOCIAL PLANNING COUNCIL FUNDING REQUEST FOR HOUSING SECURITY AND RENT BANK PROGRAMS

The Director of Finance presented the Community Social Planning Council Funding Request report dated March 2, 2023. The request is not consistent with any of the strategic actions with the Housing Strategy. An item that the Housing Committee may be able to discuss and advocate with other government agencies.

**MOVED by Councillor Phelps Bondaroff and seconded by Councillor Harper:
“That the Finance and Governance Standing Committee recommend to Council
ask that this item be referred to the Housing Committee.”**

CARRIED

SCHEDULING SUBSEQUENT COMMITTEE MEETING DATES FOR 2023

Staff to provide date for next meeting. Due to Leave of Absence from Councillor Phelps Bondaroff, will June. Chair Councillor Brice and Director of Finance Arslan will discuss future meeting dates.

On the motion from Councillor Brice the meeting adjourned at 3:03 p.m.

Chair

I hereby certify these Minutes are accurate.

Committee Secretary

District of Saanich

3rd Trimester Results Report

January 1, 2022 to December 31, 2022

Results reporting is prepared on a trimester basis by the District of Saanich as a means of providing the community, council and the organization with regular information on the strategic and financial performance of the municipality.

The Trimester Results Report provides information on:

1. Operational Results
2. Capital Program Results
3. Investment Analysis
 - Diversity
 - Liquidity
 - Return
4. Procurement Results
 - % of procurement processes with more than one bidder
 - Procurement
5. Building Permit Statistics



Operational Results

District of Saanich - 2022 3rd Trimester Performance Report Operating Budget Results - January 1 to December 31

Overall results for the period are encouraging, with most revenues reaching budgeted targets and investments exceeding budget due to higher interest rates. Expenditures are in line with expectations, however, vacancies and absences due to illness have impacted service delivery and subsequently operational expenditure.

Revenues:	2021 Actual	2022 Actual	Annual Budget 2022	2022 Budget Remaining	% Revenue Collected	
Property Taxation	(140,067,400)	(149,828,800)	(149,930,000)	(101,200)	100%	
Utility Tax and Other	(1,733,800)	(1,905,800)	(1,775,000)	130,800	107%	1
Water Utility Revenue	(23,977,400)	(24,810,400)	(25,519,600)	(709,200)	97%	
Sewer Utility Revenue	(26,928,800)	(27,713,100)	(28,056,900)	(343,800)	99%	
Solid Waste Revenue	(7,304,200)	(7,718,200)	(7,761,500)	(43,300)	99%	
Business License & Inspection Revenues	(4,255,300)	(3,495,000)	(3,657,200)	(162,200)	96%	
Recreation Revenues	(8,935,100)	(12,288,600)	(12,930,800)	(642,200)	95%	
Grants In Lieu	(3,034,900)	(3,183,100)	(3,115,800)	67,300	102%	
Provincial Grants	(1,500,000)	(1,396,700)	(1,500,000)	(103,300)	93%	2
Interest and Penalties	(1,808,400)	(3,872,900)	(1,785,800)	2,087,100	217%	3
Surplus Appropriations	(250,000)	-	(400,000)	(400,000)	0%	5
Other Revenues	(336,100)	(582,700)	(339,200)	243,500	172%	4
COVID-19 Restart Grant	(2,436,900)	(165,100)	(1,479,400)	(1,314,300)	11%	5
Total Revenue	(222,568,300)	(236,960,400)	(238,251,200)	(1,290,800)	99%	

Expenditures:	2021 Actual	2022 Actual	Annual Budget 2022	2022 Budget Remaining	% Expenditure Spent	
Administration	2,853,900	2,934,900	3,409,600	474,700	86%	1
Finance - Departmental	3,699,100	4,044,200	4,510,500	466,300	90%	1
Finance - Corporate	2,790,500	2,069,300	2,061,400	(7,900)	100%	
Fiscal Services	7,795,900	8,052,400	8,054,800	2,400	100%	
Corporate Services	7,642,100	9,235,400	9,381,000	145,600	98%	
Building, Bylaw, Licensing & Legal	5,617,500	5,007,300	5,526,000	518,700	91%	1
Police Protection	39,396,100	41,406,200	40,306,000	(1,100,200)	103%	
Fire Protection	20,674,500	22,500,400	22,300,800	(199,600)	101%	
Emergency Program	382,200	471,000	456,100	(14,900)	103%	
Planning	2,445,000	2,866,400	3,412,800	546,400	84%	1
Engineering	13,508,900	13,737,400	15,055,500	1,318,100	91%	2
Parks	8,679,100	9,994,200	9,627,700	(366,500)	104%	
Recreation and Community Services	20,577,600	22,824,600	25,335,300	2,510,700	90%	3
Library, Grants & Economic Development	7,586,500	7,879,600	7,752,300	(127,300)	102%	
Solid Waste Utility Expenditure	7,652,000	8,029,300	7,761,500	(267,800)	103%	
Water Utility Expenditure	16,465,400	16,557,900	16,934,600	376,700	98%	
Sewer Utility Expenditure	20,563,800	21,750,300	21,855,900	105,600	100%	
Capital Program (tax and fee funded only)	31,768,500	34,565,300	34,509,400	(55,900)	100%	
Total Expenditures	220,098,600	233,926,100	238,251,200	4,325,100	98%	
Revenues minus Expenditures	(2,469,700)	(3,034,300)	-	3,034,300		

Explanatory notes for variances over 5%

REVENUES:

- 1 *Utility Tax & Other (107% collected)* – 2% hotel tax has come in higher due to post COVID recovery in travel related accommodations
- 2 *Provincial Grants (93% collected)* – Traffic Fine Revenue grant this year is below the annual average which has occurred in the past.
- 3 *Interest and Penalties (217% collected)* - Interest revenue is exceeding budget due to higher interests set by Bank of Canada in response to rising inflation.
- 4 *Other Revenues (172% collected)* - Higher than expected WCB rebate and School Tax Admin fee.
- 5 *Surplus Appropriations / COVID-19 Restart Grant (0% to 11% applied)* - As and when needed to offset revenue reductions or COVID expenditure.

EXPENSES:

- 1 *Administration / Finance-Departmental / BLL / Planning (84% to 91% spent)* - Staff vacancies and savings in training and office related expenditure.
- 2 *Engineering (91% spent)* - Maintenance and operational programs impacted by staff vacancies and absences due to illness.
- 3 *Recreation & Community Services (90% spent)* - Programs impacted by current staff vacancies and absences due to illness and COVID restrictions at the beginning of the year.

Capital Program Results

District of Saanich - 2022 3rd Trimester Performance Report Capital Program Results up to December 31, 2022

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2022 Budget	Budget Transfers	Revised 2022 Budget	Actual	Percent Spent	Schedule Status	Budget Status	
Arena Rd, 340 Ker Ave to Dysart Rd	Sewer	One time	1,037,000		1,037,000	-	0%			1
Cycling Infrastructure Program	Transportation	Annual	2,280,302	(1,265,000)	1,015,302	306,971	30%			
Madock Ave	Sewer	One time	1,105,000		1,105,000	-	0%			2
Torquay Dr, San Juan Ave to Ash Rd	Water	One time	1,106,000		1,106,000	839,970	76%			2
Rutledge Playground Replacement & Splash Pad	Parks	One time	1,119,900		1,119,900	-	0%			
Tempest - online	IT	One time	1,207,670		1,207,670	167,172	14%			
Sanitary Sewer CIPP Lining	Sewer	Annual	1,215,327		1,215,327	598,462	49%			
Detailed Design - Sewer	Sewer	Annual	1,275,666		1,275,666	631,100	49%			
Detailed Design - Water	Water	Annual	1,285,537	(46,000)	1,239,537	458,655	37%			
Royal Oak Avenue Sidewalk	Transportation	One time	1,451,700		1,451,700	1,498,698	103%			
Lift Station Replacement	Sewer	One time	1,485,000		1,485,000	73,514	5%			2
Portage Pump Station Construction	Sewer	One time	1,495,000		1,495,000	1,559,825	104%			4
Cordova Bay Road (Walema to Rambler)	Transportation	One time	1,500,000		1,500,000	-	0%			
Storm Drain - Detailed Design	Drainage	Annual	1,516,630		1,516,630	953,380	63%			
Gorge-Albina Sewer Sinkhole	Sewer	Multiyear	1,574,470		1,574,470	1,169,872	74%			
Bridge Rehabilitation	Transportation	Multiyear	1,577,200		1,577,200	167,659	11%			
Wilkinson Road (Greenlea to Quick's Bottom Park Trail)	Transportation	One time	1,646,300		1,646,300	-	0%			
Vanalman	Sewer	One time	1,650,000		1,650,000	1,103,326	67%			2
Tattersal (Quadra to Salisbury)	Various	One time	1,724,000		1,724,000	15,603	1%			2
Meter Replacements	Water	One time	1,735,007		1,735,007	270,614	16%			
Mann Ave. Vanalman Ave. & Parkridge	Water	One time	1,510,500	516,000	2,026,500	1,593,750	79%			2
Vanalman (Commerce Circle to Mann)	Drainage	One time	1,802,000		1,802,000	1,458,292	81%			2
Saanich Operation Centre Redevelopment	Facilities	Multiyear	1,870,703		1,870,703	431,333	23%			
Short Term Solutions to Advance Active Transportation	Transportation	One time	1,900,000		1,900,000	779,255	41%			
CHRC - Furnace Replacement	Facilities	Multiyear	3,043,400		3,043,400	71,850	2%			
Pavement Renewal Program	Transportation	Annual	3,685,912	(626,000)	3,059,912	1,632,893	53%			
Gorge Drainage Improvements Phases 1&2	Drainage	Multiyear	3,521,700		3,521,700	1,454,929	41%			
Fire Hall #2 - Project Redevelopment	Facilities	Multiyear	4,368,803		4,368,803	1,476,194	34%			
Sidewalk Installation Program	Transportation	Annual	7,621,833	(3,140,000)	4,481,833	4,144,763	92%			
West Saanich/Prospect Lk/Sparton Rd	Transportation	One time	4,834,250	1,243,600	6,077,850	6,556,590	108%			3
Sinclair Rd, Finnerty Rd to Cadboro Bay	Various	One time	5,769,665		5,769,665	68,703	1%			
Gorge Road (Sidewalk & Bikelanes)	Transportation	One time	954,294	5,075,000	6,029,294	457,236	8%			
SCP - Mechanical Upgrades	Facilities	Multiyear	6,306,918	210,000	6,516,918	1,934,514	30%			4
Shelbourne Street Improvement Project	Various	Multiyear	28,784,887		28,784,887	17,254,292	60%			

1 Delayed in schedule to await possible grant funding

2 Project start date was delayed due to internal and contracted resources

3 Project delays due to change in scope of the project

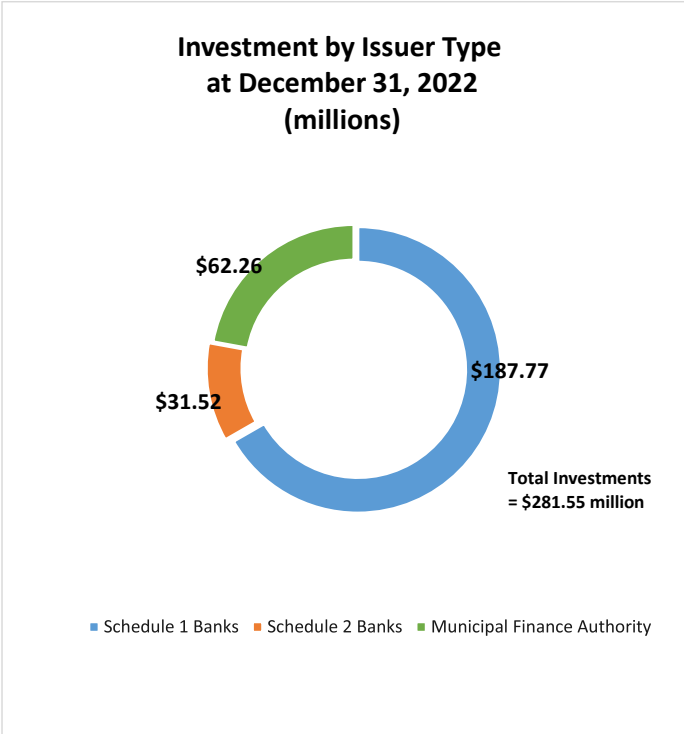
4 Project delays and possible budget increase due to unknown site conditions discovered during construction

* Budget transfers are usually done from program budgets such as sidewalks, cycling or paving to individual projects once the scope of the work is determined

	On target
	Caution
	Delayed

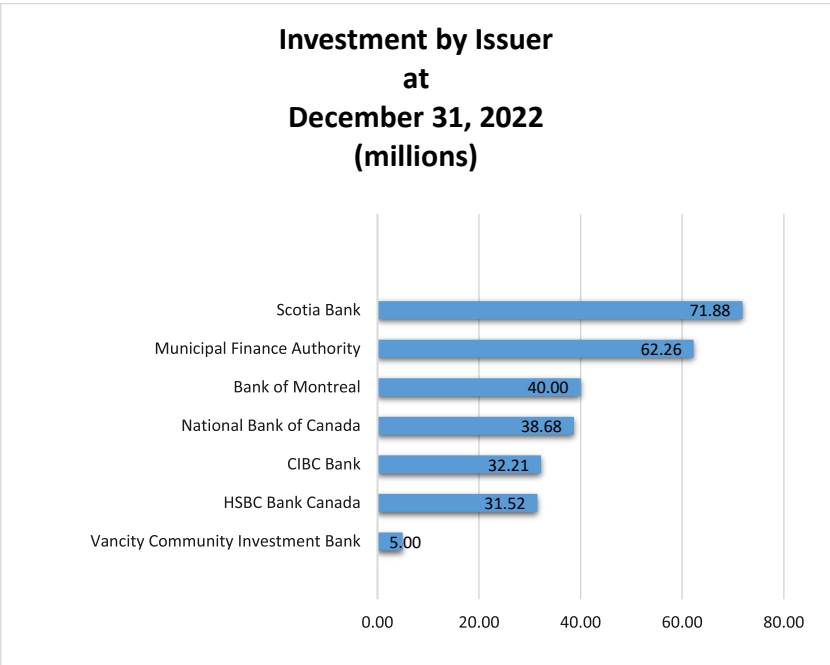
Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$281.55 million. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.



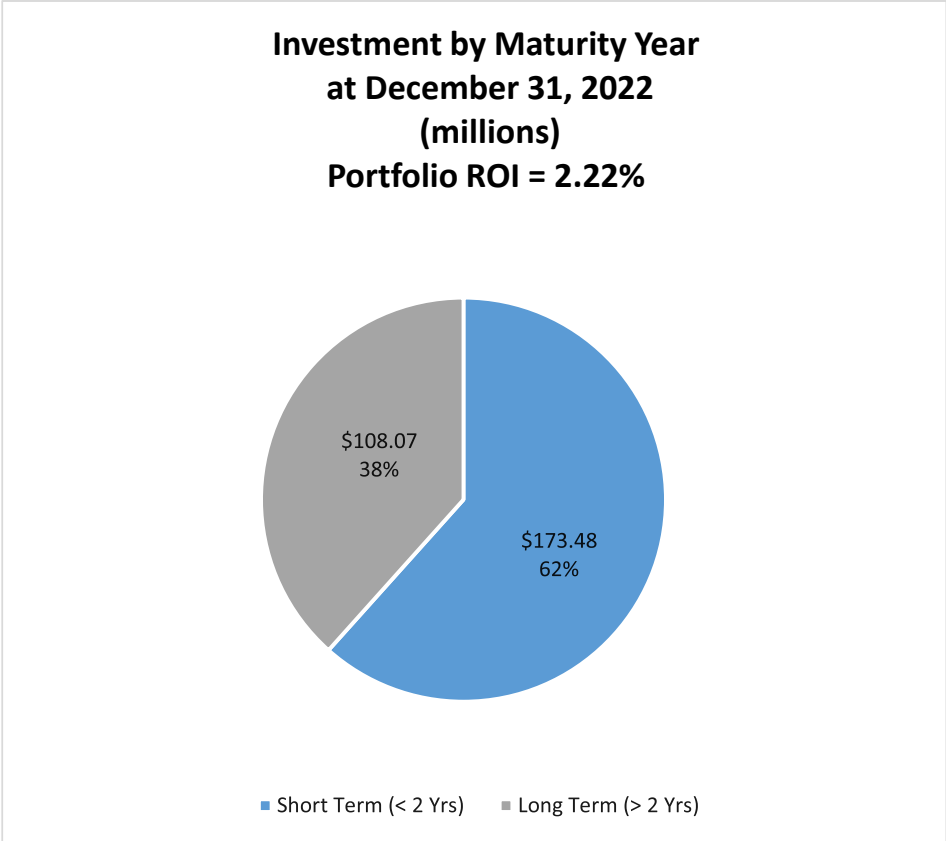
Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions.



Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. Funds held within the current year and into 2023 consist of high interest savings accounts, MFA Money Market Fund, and GIC's. Longer term funds include GIC's due within two years and the MFA Short Term Bond Fund and the Government Focused Ultra-Short Bond Fund. Longer terms include various capital reserve funds.



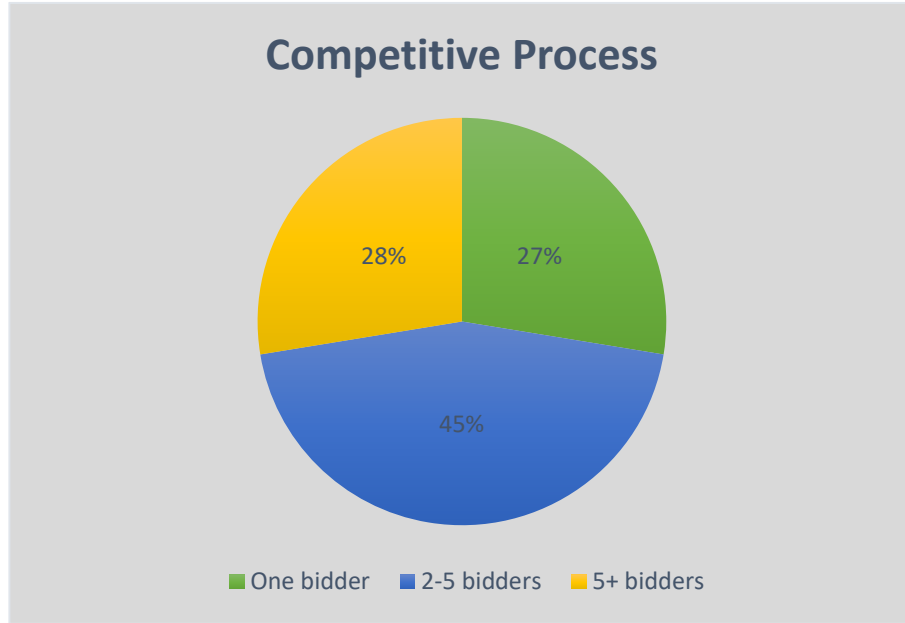
Return on Investment

Saanich's investment portfolio earned 2.22% (0.95% in 2021) while maintaining the investment security established in the Investment Policy. Deposit rates for GIC's and high interest savings accounts ranged between 0.92% and 4.80%. The market investment rates for 2022 increased due to the Bank of Canada increasing the prime rate eight times during the year to help decrease inflation.

Procurement Results

Competitive Process

72% of procurement processes in the trimester had more than one bidder.



Procurement

Value \$200,000+				
Procurement Description	Value	Years	Supplier	# Bids
Supply of Cab & Chassis	\$1,232,311	5	Suburban Motors Ltd	2
SCP Upgrades - Mechanical	\$1,141,223	One Time	MGM Mechanical Ltd	1
Albina - Tillicum Gorge Infrastructure Improvement Project	\$ 715,676	One Time	Associated Engineering (BC) Ltd	4
Supply of Hot & Cold Asphalt	\$ 659,700	3	Island Asphalt Company	2
Environmental Consulting Services	\$ 593,037	One Time	SLR Consulting (Canada) Ltd.	9
Cleaning & Rental Services of Coveralls, Linen Products & Floor Mats	\$ 500,000	5	Alsco Uniform and Linen Service	3
SCP Upgrades - Civil / Excavation	\$ 403,001	One Time	Socor Contracting Ltd	1
Supply of Cab & Chassis (Isuzu)	\$ 343,945	5	Berks Intertruck Ltd	3
Overhead Door Maintenance	\$ 300,000	5	Depend A Dor	2
Lifesaving Society Program Supplies	\$ 255,000	5	Lifesaving Society BC & Yukon	Sole
Senior Project Manager Project Bundle 5	\$ 252,000	One Time	Vantix	9
Senior Project Manager Project Bundle 6	\$ 252,000	One Time	Affinity Staffing Inc	9
Senior Project Manager Project Bundle 7	\$ 252,000	One Time	Myra Systems	5
Mechanical and Architectural Upgrades at CHRC	\$ 251,475	One Time	Prism Engineering	5
Supply of Dive Boat	\$ 200,833	One Time	Sherwood Marine Centre	2

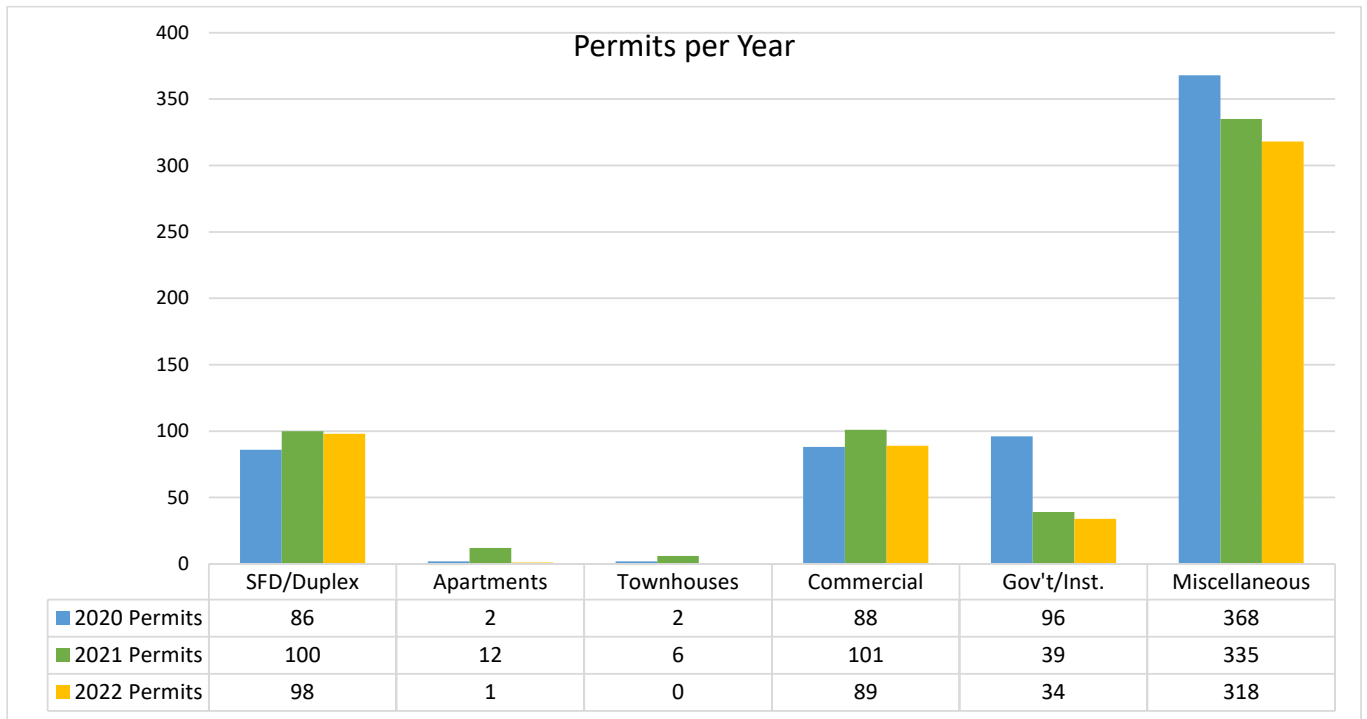
Value \$75,000 to \$200,000

Procurement Description	Value	Years	Supplier	# Bids
Senior Business Analyst Project Bundle 1	\$ 189,000	One Time	IT/IQ Tech Recruiters Inc	6
Senior Business Analyst Project Bundle 2	\$ 189,000	One Time	Compugen	3
Senior Business Analyst Project Bundle 3	\$ 189,000	One Time	Affinity Staffing Inc	3
Watermain Replacement on Pat Bay Hwy Crossing	\$ 188,784	One Time	McElhanney Ltd	3
Curbtender Refuse Body	\$ 173,299	One Time	Fort Fabrication & Welding Ltd.	Cooperative
SCP Upgrades - Electrical	\$ 159,120	One Time	Sasco Contractors Ltd	2
Supply of Flygt Parts	\$ 150,000	4	Beaver Electrical / Duncan Electric	2
Transportation Design for Iona-Broadmead-Kremlin Improvement Project	\$ 146,466	One Time	ISL Engineering & Land Service Ltd.	5
Underground Utility Replacement: Sanitary, Storm, Water - 4 Project Locations	\$ 122,733	One Time	AECOM Canada Ltd.	7
Supply and Delivery - Drum Chipper	\$ 118,284	One Time	Radius Industrial Works Inc.	Cooperative
Land Capacity Analysis	\$ 102,879	One Time	Licker Geospatial Consulting	4
Gore-Tex Jackets for Saanich Fire Department	\$ 95,000	One Time	Cascade Wear Ltd.	Single
Archaeological Services for Capital Project Works	\$ 77,575	One Time	Golder Associates	Single
Pottery Clay	\$ 75,000	3	Vancouver Island Pottery Warehouse	Sole

In addition there were 56 procurement processes with value less than \$75,000

Building Permit Statistics

Permit Type	Year to Date			No. of Permits			Dwelling Units			Construction Value (millions)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022			
SFD/Duplex	86	100	98	111	149	126	52.5	72.8	67.3			
Apartments	2	12	1	50	360	76	24.5	127.4	10.6			
Townhouses	2	6	0	5	33	0	3.0	11.6	0.0			
Commercial	88	101	89	0	0	0	29.5	33.8	27.1			
Gov't/Inst.	96	39	34	0	97	0	157.0	49.3	17.3			
Miscellaneous	368	335	318	39	35	48	29.3	31.4	35.1			
Totals	642	593	540	205	674	250	\$ 295.9	\$ 326.2	\$ 157.4			



Memo

To: Finance and Governance Standing Committee

From: Carley Friesen, Senior Planner

Date: May 19, 2023

Subject: Proposed permissive tax exemption policy for affordable rental housing

In January 2021 a report was made to the Finance and Governance Committee on permissive tax exemptions for affordable housing. The report gave an overview of permissive tax exemptions, outlined all housing projects receiving statutory tax exemptions and permissive tax exemptions, and outlined additional affordable rental housing projects that could be included if a new policy for affordable housing were introduced. Following receipt of the report, staff were directed to bring back a subsequent report and options with respect to permissive tax exemptions, focusing on the goal of increasing the affordable housing stock, with options for remaining status quo, and providing tax exemptions for improvements only, for new developments or affordable housing.

The *Housing Strategy* provides further direction to explore policies and incentives, including permissive exemptions, to assist with increasing and preserving affordable housing supply.

Permissive tax exemptions for non-profit housing in Saanich have historically been approved for supportive housing for seniors or persons with disabilities. This was not through any specific Council policy, rather through entrenched practice. These exemptions have been for the full value of land and improvements and follow the 4-year exemption cycle as administered by the District. Providing certainty through formalizing this approach in policy would be beneficial to supportive housing providers and would assist Council in consistent decision making. As the policy closely follows existing Council practice, this would be considered 'housekeeping' policy.

Most of Saanich's affordable housing is provided directly by non-profit housing providers. Federal and provincial housing grants and programs provide funding, and operational costs are largely covered by rents. Permissive tax exemptions are one tool local governments may use to contribute to non-market housing in the community. Non-profit housing providers are limited from increasing rents, and stakeholders have indicated that permissive tax exemptions can assist in covering increasing operational expenses, and in some cases can allow them to lower tenant rents.

Any decision to expand permissive tax exemptions for affordable rental housing will have a financial impact on Saanich. Exempting these properties reduces the total assessed value for Class 1 residential properties and shifts the tax burden over to other Saanich residential property owners.

Staff have drafted a proposed policy to provide options to Council for providing permissive tax exemptions for new and existing affordable rental housing. The main goal identified for the permissive

tax exemption for affordable rental housing is to incent the development of new supply (in combination with other incentives), and to support the viability of existing projects.

As this policy presents a new approach, and there are limited BC local governments with similar policies, both new policies would be in place for a defined amount of time and enable approval of permissive tax exemptions with a 'sunset' date. This will allow Council to review the effect of the policies on both new and existing housing developments, and determine if the policy should be extended, or adjusted.

Applicants are eligible if they are a non-profit organization as defined in the Community Charter, and if their project is providing affordable rental housing.

The proposed policy suggests two new permissive tax exemption policies, and a policy to formalize Council's existing practice of providing permissive tax exemptions for supportive housing.

- **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

- **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 until 2027
- The final year for application is 2026

- **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

Attachments: 1

*Report – Permissive Tax Exemptions – Affordable Housing
January 8, 2021*



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: January 8, 2021
Subject: Permissive Tax Exemptions – Affordable Housing

RECOMMENDATION

That the Committee direct staff with respect to the approach to permissive exemptions for affordable housing to be included in the Permissive Tax Exemption Policy under development.

PURPOSE

The purpose of this report is to provide information relating to the District of Saanich's current practices for approving exemptions for non-profit housing, the tax status of existing affordable housing in Saanich and the impacts of broadening the scope of allowable exemptions.

BACKGROUND

On January 20, 2020 the Finance and Governance Committee passed the following motion:

That staff be directed to provide a report to the Finance and Governance Committee on the financial impact of exempting current affordable housing properties and potential future affordable housing projects.

This motion resulted out of Council's decision to exempt a new affordable housing complex at 1780 Townley. Non-profit housing exemptions had historically only been approved for supportive housing for seniors or persons with disabilities. This was not through any specific Council policy, rather through entrenched practice.

Requests have been received in the past for affordable housing that did not meet this informal test, but Councils considering those requests denied them, upholding the entrenched practice. The Townley exemption decision was the first one that provided tax free status to housing that was simply subsidized affordable housing and brought into question whether Council wished to continue the past practice or expand exemption eligibility into other forms of affordable housing.

Council has full control over its application of permissive exemptions for eligible properties. Exemptions are currently for full value of land and improvements, but Council can establish any number of methods for determining the exemption. Examples include exempting only the improvement assessed value or a percentage of the total assessed value. If Council's goal was

to incent new development the exemption might be for a limited period or on a reducing percentage over a defined number of years.

DISCUSSION

1. Affordable Housing – Tax Exempt/Non-taxable

There are a variety of categories of affordable housing and the mechanisms through which they receive property tax relief. For purposes of this report, all tax exemption values include taxes for all taxing jurisdictions, not just Saanich.

Provincial

Grant in Lieu – BC Housing owns and manages over 40 properties in Saanich that are statutorily exempt from taxation, however the calculated value of the exempt property tax is provided to the municipality through a Grant in Lieu from the province. Saanich receives a lump sum payment by August each year. The grant revenue is included in the annual budget and reduces the overall tax levy for Saanich taxpayers. As a provincial program, the housing is financially supported by all BC residents through provincial revenue sources. The grant for 2020 was \$303,169.

Address	2020 Grant In Lieu	Address	2020 Grant In Lieu
4967 DUSTIN CRT	4,711	1631 EARLSTON	4,317
5191 JERSEY	4,701	1149-1 UNION RD	2,765
1212 ROYAL OAK DR	4,446	1149-2 UNION RD	2,705
1216 ROYAL OAK DR	4,511	1149-3 UNION RD	2,705
780 ROYAL OAK DR	3,306	1149-4 UNION RD	2,765
958 FALAISE CR	4,691	3434 CEDAR HILL RD	3,210
4541 VIEWMONT	3,981	828 VERNON AVE	2,599
761 PASKIN	4,511	880 VERNON AVE	22,147
758 GREENLEA DR	4,116	880 VERNON AVE	24,491
950 EDGE PL	30,892	893 BRETT AVE	3,159
1236 MARIPOSA	3,661	100 SIMS AVE	2,765
4148 CAREY RD	6,065	3220 HARRIET RD	2,826
240 KAMLOOPS AVE	3,064	110 HAMPTON RD	4,492
270 NICOLA PL	3,305	33 HAMPTON RD	2,872
3812 CAREY RD	22,848	2965 ORILLIA ST	3,285
910 MCKENZIE AVE	6,050	3034 EARL GREY ST	2,928
4137 HAWKES AVE	3,039	2972 WASCANA ST	5,574
4241 CAREY RD	3,566	2850 DYSART RD	4,028
4060 CORNERS PL	27,060	967 SCOTIA RD	35,304
1740 FELTHAM RD	4,057	1998 FORRESTER ST	5,103
1531 PRAIRIE ST	4,072	1662 STANHOPE PL	6,481
TOTAL			303,169

Regional

Several properties are under the legal ownership of the Capital Regional District (CRD) and are therefore statutorily exempt from property taxation as regional district property. Prior to 2016 these properties were fully taxable as they were legally owned by the Capital Regional Housing Corporation (CRHC) which does not have statutory exemption status. A CRD decision to transfer these properties to the regional district triggered the tax exempt status. Victoria and Saanich took on the bulk of the financial impact of this decision as all the properties were located in these two municipalities. Saanich's reduction in tax revenue at the time of transition was estimated at \$124,000.

CRD Owned Exempt Properties

Address	2020 Exemption Value
825 LODI AVE	16,165
4288 CAREY RD	9,743
3910 CAREY RD	10,406
1821 MCKENZIE AVE	6,201
1827 MCKENZIE AVE	14,440
2964 HARRIET RD	9,713
3169 TILICUM RD	8,655
945 PORTAGE RD	12,272
955 CLOVERDALE AVE	5,363
3330 GLASGOW AVE	17,053
788 SHAWNEE RD	4,992
3816 CAREY RD	23,310
Total	\$ 138,314

Not for Profit/Charitable Organizations

There are a wide variety of non-profit and charitable organizations that own and manage affordable housing in Saanich. Some of these currently receive a permissive tax exemption where the property provides assistance and support to seniors and persons with disabilities. Many of the properties are subsidized housing and receive financial support through rent subsidies from the British Columbia Housing Mortgage Corporation (BCHMC). The following table lists all of the housing owned by non-profit or charitable organizations that are provided with a permissive tax exemption by Saanich Council:

Owner/Operator	Address	Description	Estimated 2020 Exemption
Baptist Housing Mount View Heights Care Society	3814 Carey Rd	Seniors Complex Care Residence	184,847
Baptist Housing Society of BC	3200 Linwood Ave	Seniors Residence	12,626
Broadmead Care Society	846 Nigel Ave	Care Home - 24 hour care for complex health conditions	10,492
Cridge Centre for the Family	1251 Santa Rosa Ave	10 Bed Residence for survivors of traumatic brain injury	5,198
Cridge Centre for the Family	Confidential	Women's Transition House	6,005
Independent Living Housing Society	1610 Hawthorne St	ILHS supports adults with diverse abilities to live independently in a variety of accessible settings	3,651
Independent Living Housing Society	1765 Feltham Rd		4,172
Independent Living Housing Society	1015 Falmouth Rd		3,982
Independent Living Housing Society	910 Easter Rd		3,905
Independent Living Housing Society	238 Obed Ave		3,160
Island Community Mental Health Association	970 Greenridge Cres		Licenced care facility helping young adults with mental illness
Island Community Mental Health Association	972 Greenridge Cres	4,262	
Luther Court Society	1525 Cedar Hill X Rd	Complex care with 24/7 professional nursing care/ Assisted Living	61,112
Shekinah Homes Society	3034 Donald St	Housing for people with developmental disabilities	4,723
Shekinah Homes Society	3028 Millgrove St		5,324
Victoria Association for Community Living	754 Lindsay St	Housing for people with an intellectual disability	4,082
Victoria Association for Community Living	4133 Mariposa Hts		3,651
Victoria Association for Community Living	595 Burnside Rd West		4,442
Victoria Association for Community Living	4482 Tyndall Ave		5,659
Victoria Senior Citizens Housing Society	1780 Townley St		Affordable housing for seniors and families
Total			\$ 388,823

Supportive Housing

In 2008, a new property classification was developed and formally established in the Assessment Act – Class 3 Supportive Housing. While these properties are technically fully taxable, they are assessed at \$1 each for land and improvements so do not generate any taxes owing. There are five such properties in Saanich.

Owner	Address
The Victoria Cool Aid Society	3207 Quadra St
BC Housing	291 Regina Ave
BC Housing/Society of Saint Vincent de Paul of Vancouver Island	4351 West Saanich Rd
Island Community Mental Health Association	3250 Alder St
BC Housing	3333 Seaton St
Victoria Women's Transition House Society	c/o #100 - 3060 Cedar Hill Rd

2. Affordable Housing - Taxable

Capital Regional Housing Corporation

CRHC owns and manages properties that are fully taxable. These properties are all rent subsidized townhomes and apartments. CRHC staff were contacted to determine why the ownership of these properties did not transfer to CRD and if there is any intention to transfer these properties to CRD ownership and change the tax status to exempt. A response was not received prior to the report deadline.

Address	Assessed Value 2020	Taxes Paid 2020
4511 CHATTERTON WAY	6,478,000	32,501
4450 VIEWMONT AVE	2,422,000	12,152
819 LODI AVE	3,077,000	15,438
750 MILLER AVE	2,129,000	10,682
4021 SAANICH RD	1,760,000	8,830
2249 MCCOY RD	1,210,000	6,071
3936 GORDON HEAD RD	4,631,000	23,235
898 SEVENOAKS RD	882,000	4,425
Total		\$ 113,334

Non-Profit Organizations

Several organizations own and operate affordable housing complexes in Saanich that are fully taxable. Where the organization is a non-profit society or charitable organization, there is potential for Council to approve a permissive exemption, however each property must be analyzed individually to determine conclusively whether it is eligible for a permissive exemption.

Owner/Operator	Address	Assessed Value 2020	Total Property Tax 2020
ABBNEYFIELD HOUSE ST. PETER'S SOCIETY	1133 REYNOLDS RD	1,284,000	6,431
BEACON COMMUNITY ASSOCIATION	3221 CEDAR HILL RD	1,341,000	6,716
BROADMEAD CARE SOCIETY	3272 HARRIET RD	1,323,000	6,626
GREATER VICTORIA HOUSING SOCIETY	981 SUTCLIFFE RD	707,000	3,535
GREATER VICTORIA HOUSING SOCIETY	2993 TILLCUM RD	3,334,000	16,698
M'AKOLA LEASEHOLD HOUSING SOCIETY	3360 QUADRA ST	2,925,000	14,649
MT DOUGLAS HOUSING SOCIETY	1550 ARROW RD	9,600,000	48,245
PACIFICA HOUSING ADVISORY ASSOCIATION	744 MILLER AVE	642,000	3,210
PACIFICA HOUSING ADVISORY ASSOCIATION	630 JOLLY PL	2,040,000	10,217
PACIFICA HOUSING ADVISORY ASSOCIATION	3230 IRMA ST	2,113,000	10,583
PACIFICA HOUSING ADVISORY ASSOCIATION	3366 WHITTIER AVE	1,468,000	7,352
PACIFICA HOUSING ADVISORY ASSOCIATION	3226 ALDER ST	2,623,000	13,137
PACIFICA HOUSING ADVISORY ASSOCIATION	3474 BETHUNE AVE	2,155,000	10,793
PROVINCIAL RENTAL HOUSING - MORE THAN A ROOF			
MENNONITE HOUSING SOCIETY	4365 WILKINSON RD	2,789,000	13,968
SOCIETY OF SAINT VINCENT DE PAUL OF VANCOUVER ISLAND	4353 WEST SAANICH RD	5,972,000	29,864
SOCIETY OF SAINT VINCENT DE PAUL OF VANCOUVER ISLAND	4383 WEST SAANICH RD	1,408,000	7,041
Total		\$ 41,724,000	\$ 209,065

Cooperative Housing

There are eight cooperative housing complexes located in Saanich. All cooperative housing is taxable.

Housing Cooperative	Address	Assessed Value	Taxes Paid 2020
BROADOAKS HOUSING COOPERATIVE	4541 CHATTERTON WAY	16,103,000	80,792
KAILASA HOUSING COOPERATIVE	4260 BURBANK CRES	6,345,000	31,834
NORTHRIDGE HOUSING COOPERATIVE	4275 BURBANK CRES	5,545,000	27,820
HOMeward HOUSING COOPERATIVE	815 LODI AVE	7,932,000	39,796
KRISINELEOS HOUSING COOPERATIVE	4270 PONDEROSA CRES	10,364,000	51,998
MARIGOLD COOPERATIVE HOUSING ASSOCIATION	3950 COLUMBINE WAY	23,969,000	120,257
GREENWAY HOUSING COOPERATIVE	3248 RUTLEDGE ST	7,889,000	39,581
ORCHARD GREEN HOUSING COOPERATIVE	3535 CALUMET AVE	6,345,000	31,834
Total			\$ 423,913

AUTHORITY TO APPROVE PERMISSIVE TAX EXEMPTIONS

The legislative authority for Councils to adopt property tax exemption bylaws is established in Section 224 of the Community Charter. The Saanich properties that currently receive a permissive exemption are through the provisions of Section 224(2)(a)

Tax exemptions may be provided under this section for the following:

- (a) land or improvements that*
 - (i) are owned or held by a charitable, philanthropic or other not for profit corporation, and*
 - (ii) the council considers are used for a purpose that is directly related to the purposes of the corporation;*

The requirement that the land or improvements be owned or held by a not for profit or charitable organization is key to the exemption process. Council does not have authority to exempt any affordable housing under this section that is owned by an individual or a for-profit corporation.

FINANCIAL IMPLICATIONS

Current

The lists provided for those properties that are owned by a regional government or not-for-profit/charitable organization and currently have full taxes levied are where the potential exists to provide relief from property taxation. It is important to understand that the rents on these properties are subsidized through BCHMC and so are supported by federal and provincial revenue streams. Layering on a municipal property tax exemption places additional financial support directly on only the municipal property tax payers of Saanich. Exempting these properties reduces the total assessed value for Class 1 residential properties and shifts the tax burden over to other Saanich residential property owners.

Future

There are several affordable housing projects underway in Saanich with which Council is familiar. Detailed analysis of each individual project would be required to estimate the tax impact of any policy decision. Given the focus on affordable housing across the region, it is certain that any decision to expand exemptions for affordable housing will have a financial impact on Saanich.

For example, the current Nigel Valley site includes five parcels with a total of 116 units and tax status showing in the following chart:

Address	Description	Ownership	Taxation Status	Assessed Value	Taxes Paid 2020
846 NIGEL AVE	NIGEL HOUSE	BROADMEAD CARE SOCIETY	Permissive Exemption	2,095,000	-
880 VERNON AVE	BATTIN-FIELDING	BC HOUSING	Grant in Lieu - Provincial	4,890,000	-
843 NIGEL AVE	NEWBRIDGE APARTMENTS	ISLAND COMMUNITY MENTAL HEALTH	Taxable - Supportive	2	-
801 DARWIN AVE	DARWIN APARTMENTS	ISLAND COMMUNITY MENTAL HEALTH	Taxable	1,963,000	9,831
821 NIGEL AVE	NIGEL SQUARE	GREATER VICTORIA HOUSING SOCIETY	Taxable	1,965,000	9,841
Total					\$ 19,673

The new development includes a total of 811 units across nine sites. Some of the sites/units will be covered through grants in lieu where BC Housing retains ownership and some will not generate taxation where they are deemed to be supportive housing by BC Assessment. The assessed value of any taxable parcels is not known at this time so a determination of the value of the exemption cannot be provided.

Providing certainty through Council policy would be beneficial to affordable housing developers and would support Council in making consistent decisions. This may be particularly important as more affordable housing is built by both non-profit and for profit developers and BC Housing and non-profits partner to find creative solutions to the housing problem.

Challenges

Financial Need - It is difficult to determine whether or not there is financial need for a tax exemption for these properties. While the organizations would certainly benefit from an exemption and would likely be able to provide information on how the funds would be utilized to support the activities of the societies, a detailed analysis of financial statements would be required to determine need if it was a requirement for exemption. Capacity for this work does not exist in the Finance department under the current structure.

Land Holdings – A blanket exemption may capture significant land holdings that are not directly needed for the housing. Each property would need to be researched to determine if there were excess lands being held (for future development for example). Council may or may not deem it appropriate to exempt such lands. A simple solution would be to permit exemption of improvements only.

Other Uses – Determination of any commercial lease or use of a portion of the site would need to be determined. These uses may not be eligible for a permissive exemption or may not align with Council's intent to exempt affordable housing.

Layering of financial support – permissive tax exemption is only one financial tool that Council has to support affordable housing developments. Saanich Council has recently adopted a waiver program for Development Cost Charges (DCCs) which reduces by 50% the DCCs payable by non-profits building new affordable housing. This revenue must be made up by other municipal revenue streams which means that Saanich taxpayers are financially supporting the incentives to increasing affordable housing units. In addition, not for profits may benefit financially from Council allocating a portion of the Affordable Housing Fund to offset building costs. The AHF is built through contributions from the development community so in this case the affordable housing is supported by other development in Saanich rather than the taxpayers. All forms of financial support available should be considered if the exemption scope is to be broadened.

ORGANIZATIONAL IMPLICATIONS

The inclusion of additional scope for the permissive tax exemption process will be very challenging for the Revenue Services Division to manage in the short term. Exemption bylaws are required by October 31st for exemption in the subsequent year. This means that any policy implementation will need to be complete by June 2021 to put exemptions in place for 2022. Current staffing challenges are expected to remain through this summer and into fall of 2021 and the work on this initiative will continue to be the sole responsibility of the Finance Director. Due to other departmental priorities respecting procurement and long term financial planning, implementation may not be feasible until the 2023 taxation year. It is possible that a contractor could be retained to take on the bulk of the work which would require allocation of one time funding in the range of \$15,000 to \$25,000 but would need to be allocated prior to the usual budget process in April.

STRATEGIC PLAN IMPLICATIONS

The decisions resulting from this report should support the following Strategic Plan Goals:

- Affordable and diverse housing that meets our resident's needs now and in the future
- Financial decisions are based in stability, prudence and long term sustainability

ALTERNATIVES

1. Direct staff to retain the current approach to permissive tax exemptions for housing (only for supportive housing for seniors or persons with disabilities) in the draft Permissive Tax Exemption Policy (no additional funding required to implement).
2. Direct staff to include eligibility for all non-profit affordable housing in the draft Permissive Tax Exemption Policy (requires additional funding to implement in 2021)
3. Direct staff to include eligibility for partial exemptions for non-profit affordable housing in the draft Permissive Tax Exemption Policy (requires additional funding to implement in 2021)
4. Alternate approach as determined by the committee (may require additional funding to implement).

SUMMARY

Council has the ability under the current legislation to expand its use of permissive tax exemptions to provide financial support for a broader range of affordable housing in Saanich. Any criteria established would be ultimately approved through Council Policy. The determination of expanding housing exemptions should balance Council’s strategic goals for affordable housing and financial prudence/sustainability and recognize the administrative burden that may result.

Prepared by

Valla Tinney

Director of Finance

cc: Sharon Hvozdanski, Director of Planning

ADMINISTRATOR’S COMMENTS:

I endorse the recommendation of the Director of Finance.

Paul Thorkelsson, Administrator



DAWSON HEIGHTS

tara.judge@saanich.ca

May 3rd, 2023

Dear Finance and Governance Committee members,

Re: Consideration for permissive property tax exemption/reduction for The Dawson, 3810 Cedar Hill Cross Road, Saanich, BC V8P 2M4

I am writing on behalf of Dawson Heights Housing, a non-profit housing organization providing accommodations for people 55+. Previously known as Twilight Homes Limited we have been providing safe, secure and affordable housing since 1949. Our mandate is to provide safe housing, in a nurturing community for independent seniors on limited income.

At Dawson Heights, we do our best each year to ensure that apartments in The Dawson are well maintained and remain affordable in the face of rising costs for on-going maintenance and repairs, utilities and staffing. Ensuring that rents remain as affordable as possible for our tenants is critical as most are on fixed and limited incomes. Allowable annual increases as determined by the Residential Tenancy Board remain low at 2021 – 0%; 2022 – 1.5% and 2023 – 2%.

We have been exploring options to reduce expenses without sacrificing the quality of housing that we offer tenants.

I have had discussion with staff at BC Assessment (BCA) regarding placing a “below market rent” covenant on 3810 Cedar Hill Cross Road in the hope that such a covenant would reduce the valuation of the property and result in lower property taxes.

BCA application of value to properties is governed by legislation, which states that properties must be assessed on their market value and does not allow a reduced assessment for non-profit housing. A reduced assessment requires not only a covenant but also an operating agreement with BC Housing. If these two conditions are satisfied, a 70% discount is applied to the market rents used to calculate the total value of a property.

We do not have, and are not likely to have, an operating agreement on The Dawson. I am currently working with BC Housing on another housing project and an interesting point; the



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"below-market rents" currently being applied by BC Housing are in many instances 40% higher than the rents that are currently in place for apartments in The Dawson.

The BCA did recommend that I discuss with the municipality the possibility of a permissive tax exemption/reduction as we are willing to commit to a housing agreement/covenant with Saanich to ensure that rents in The Dawson remain at below market rents. Property taxes in 2022 were \$49,051.91

I respectfully ask that committee members consider approving some level of permissive tax exemption in light of our commitment.

Yours sincerely,



Karen Hope
Executive Director



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