



Memo

TO: Chief Administrative Officer
FROM: Director of Finance
DATE: September 7, 2021
SUBJECT: Permissive Tax Exemption – 20 South Shore Road

An application from King George Seniors Affordable Housing for a permissive tax exemption for the property located at 20 South Shore Road has been received.

Council may, by bylaw, exempt a property from a portion of the property tax for specific periods of time as deemed appropriate. The table below provides historical property tax assessment value and taxation revenue data to aid in the discussion.

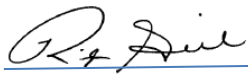
Year	Assessment	50% Permissive Exemption	Taxable Value	Property Taxes Paid
2001	1,540,000	-	1,540,000	16,856
2002	1,540,000	-	1,540,000	18,977
2003	1,541,000	-	1,541,000	19,991
2004	1,541,000	-	1,541,000	16,371
2005	1,541,000	-	1,541,000	18,788
2006	1,694,000	-	1,694,000	16,258
2007	1,740,000	-	1,740,000	14,745
2008	1,913,000	-	1,913,000	14,690
2009	1,912,000	956,000	956,000	7,512
2010	1,883,800	941,900	941,900	8,021
2011	1,833,800	916,900	916,900	8,001
2012	1,659,800	829,900	829,900	7,533
2013	1,515,800	757,900	757,900	7,508
2014	1,431,800	715,900	715,900	7,596
2015	1,535,400	767,700	767,700	8,249
2016	1,591,400	795,700	795,700	8,452
2017	1,865,400	932,700	932,700	9,152
2018	587,200	293,600	293,600	2,784
2019	615,000	307,500	307,500	2,701
2020	684,000	342,000	342,000	3,080
2021	667,000	-	667,000	5,393

Bylaw 996-2017 was passed by Council in September 2017. This bylaw granted a 50% exemption on property taxes from 2018 to 2020.

At that time, it was not known that the assessment was to be reduced by 68.5% to \$587,200 for 2018 and later. Therefore, after the tax exemption the assessed value was reduced from the previous \$932,700 to \$293,600. The reduction in tax revenue was more than 70%.

Note: There was no exemption provided in 2021

Staff is looking for Council direction prior to the permissive exemption bylaw if that is the decision of Council.



Ronnie Gill, CPA, CGA

Comments and Recommendation from the CAO:

What is evident from the foregoing table is that there has been more than a progressive reduction in the assessment values for the subject property since 2009. After 2017 the assessment for the property plummeted and even without the permissive tax exemption for 2021, the total taxes paid were less than what was paid in 2009, the first year of the tax exemption. In the year the permissive tax exemption was granted, the taxes payable were almost halved from the previous year.

Missing from the table is the breakdown of land and improvement assessments for each year. The assessment for the building in 2021 was a mere \$332,000, far less than what is the total assessment for a multi-unit residential complex building with an equivalent number of suites further up the street and less than many a residential home in Lake Cowichan.

In view of the drastic reduction in assessment values, it would be unreasonable to consider further reductions in the taxes collected from this property if the intent is simply to have further tax reductions absorbed by the other taxpayers.

It is recommended that council not consider providing a permissive tax exemption for this property.



Joseph A. Fernandez
Chief Administrative Officer