

March 29, 2016

To: His Worship the Mayor
and Members of City Council

Re: Regina Property Tax Exemptions

**RECOMMENDATION OF THE FINANCE AND ADMINISTRATION COMMITTEE
- MARCH 8, 2016**

That this report be received and filed.

FINANCE AND ADMINISTRATION COMMITTEE – MARCH 8, 2016

The Committee adopted a resolution to concur in the recommendation contained in the report.

Councillors: Wade Murray (Chair), Bryon Burnett, Shawn Fraser, Bob Hawkins, and Barbara Young were present during consideration of this report by the Finance and Administration Committee.

The Finance and Administration Committee, at its meeting held on March 8, 2016, considered the following report from the Administration:

RECOMMENDATION

That this report be forwarded to the March 29, 2016 City Council meeting for informational purposes.

CONCLUSION

City Council requested an explanation of existing exemption policies. This report is a summary of the existing assessment exemption policies and programs in response to that request. Two lists of all properties within the exemption program are included with Appendix A being a list of all properties receiving non-housing exemptions, and Appendix B is a list of all properties receiving housing exemptions.

The Cities Act provides the framework for much of the property assessment and taxation provisions including exemptions. There is also provision in other legislation for specific exemptions such as *The Health Districts Act*, *The Residential Services Act*, *The University of Regina Act* and many other Acts.

Unless specifically exempted, all property in a municipality is subject to assessment and taxation pursuant to *The Cities Act*. There are several specific exemptions provided in subsection 262(1) of *The Cities Act*. City Council has also approved policies, such as the Housing Incentive Policy (HIP) and the Heritage Incentive Policy allowing for exemptions on certain properties. City Council has the authority pursuant to subsection 262(3) of *The Cities Act* to exempt from taxation, in whole or in part, any land or improvements designated by bylaw. City Council may enter into agreements, on any terms and conditions, to exempt properties from taxation for not more than five years.

In 2015 the City of Regina had six separate programs that provide for property tax exemptions, each having their own policies and processes. The programs are summarized in the following table:

INCENTIVE NAME	2015 TOTAL EXEMPTION	2015 MUNICIPAL LEVY
HOUSING INCENTIVE PROGRAM (HIP)	\$2,696,621.50	\$1,570,234.66
DOWNTOWN RESIDENTIAL INCENTIVE PROGRAM (DRIP)	\$11,477.23	\$6,683.16
RESIDENTIAL HOUSING INCENTIVE PROGRAM (RHIP)	NIL	NIL
HERITAGE INCENTIVE POLICY	\$175,336.69	\$99,180.59
ECONOMIC DEVELOPMENT INCENTIVES PROGRAM (EDIP)	\$228,589.20	\$129,009.17
BOUNDARY ALTERATION TAX MITIGATION	\$567,307.82	\$332,257.55
TOTAL EXEMPTIONS	\$3,679,332.44	\$2,137,365.13

City Council has, upon request of customers or groups, approved specific property exemptions. Some of these exemptions are included in the Annual Property Exempt from Property Tax Bylaw and others are individual agreements. These are summarized in the following table:

INCENTIVE NAME	2015 TOTAL EXEMPTION	2015 MUNICIPAL LEVY
AHMADIYYA MUSLIM JAMA	\$14,105.84	\$7,960.94
CURLING CLUBS	\$27,306.16	\$27,306.16
REGINA TRADES & SKILLS	\$10,561.34	\$5,960.53
ANNUAL BYLAW	\$2,735,696.41	\$1,544,062.19
TOTAL EXEMPTIONS	\$2,787,669.75	\$1,585,289.82

All exemptions approved under the Section 262(3) of *The Cities Act* must be approved through a bylaw passed by City Council.

BACKGROUND

City Council has the authority pursuant to Subsection 262(3) of *The Cities Act* to exempt from taxation, in whole or in part, any land or improvements designated by bylaw.

Unless specifically exempted, all property in a municipality is subject to assessment and taxation pursuant to *The Cities Act*. Council may enter into agreements, on any terms and conditions, to exempt properties from taxation for not more than five years.

There are several specific exemptions provided in subsection 262(1) of *The Cities Act*. City Council has also approved policies allowing for exemptions, which are consistent with the objectives and goals in *Design Regina: The Official Community Plan Bylaw No. 2013-48*.

DISCUSSION

Exemption programs originate from various business areas and committees in the corporation. The programs have administrative processes that may involve several business areas playing a role in determining the qualification for the program, the amount of exemption to be applied, monitoring continued compliance requirements and the processing of the exemptions.

The following are property tax exemptions provided through current City policies:

Housing Incentive Policy (HIP):

The HIP supports objectives and policies established by City Council through *Design Regina: The Official Community Plan Bylaw 2013-48* including inner-city revitalization, growth management and economic development, below market and special needs housing, compatible infill and cost effective, sustainable development.

The current policy was approved by City Council, effective as of January 1, 2016. The previous policy was effective from November 1, 2014 to December 31, 2015. Applications are received each year and the program allows for tax exemptions for a term of up to five years.

Originally, the HIP was approved by City Council on August 17, 2009 and supported objectives and policies established by Council through the *Regina Development Plan Bylaw No. 7877* (Official Community Plan). The plan included inner-city revitalization, growth management and economic development, affordable and special needs housing, compatible infill and cost effective sustainable development.

In 2015, a total of 569 accounts received City Council approved HIP exemptions. The total exempt assessment has increased to 192,426,660 for total exemption levies of \$2,696,621, of which the total exempt municipal portion is \$1,570,234.

The past five year total exemption is \$6,228,971 in levies of which the municipal portion is \$3,563,278.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	569 ACCOUNTS	192,426,660	\$2,696,621.50	\$1,570,234.66
2014	415 ACCOUNTS	119,650,085	\$1,637,516.93	\$939,720.90
2013	276 ACCOUNTS	75,401,195	\$997,832.64	\$559,281.25
2012	215 ACCOUNTS	25,018,015	\$618,959.42	\$342,372.67
2011	142 ACCOUNTS	11,512,910	\$278,040.65	\$151,669.20
		5 YEAR TOTAL	\$6,228,971.14	\$3,563,278.68

Downtown Residential Incentives Policy (DRIP):

City Council initially adopted an incentive policy for residential development in the downtown on March 10, 1997. The purpose of this policy is to support the downtown by encouraging the conversion of existing buildings no longer suited for commercial to residential purposes, or for the construction of new residential development, to increase the viability and population density in the downtown area.

In November 2013, this policy was reviewed and updated to reflect the needs and demands of the current economic situation of Regina. This revised policy took effect on January 1, 2014. As of January 1, 2016 all housing type of exemptions are included in the Housing Incentive Policy. The current policy provides an exemption for a maximum of five years.

The DRIP and RHIP (below) policy results may be an indicator that Regina’s population growth is slowing and rental demands are easing and that fewer former warehouses remain suitable for conversion. In 2015, five accounts received the DRIP, which had previously been approved by City Council. The total exempt assessment is 819,000 for a total exemption levy of \$11,477, of

which the total exempt municipal portion is \$6,683 in 2015.

The past five year total exemption is \$360,160 in levies of which the municipal portion is \$199,661.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	5 ACCOUNTS	819,000	\$11,477.23	\$6,683.16
2014	5 ACCOUNTS	819,000	\$11,208.70	\$6,432.34
2013	41 ACCOUNTS	8,063,100	\$106,703.77	\$59,807.10
2012	41 ACCOUNTS	4,747,200	\$116,661.80	\$64,581.63
2011	41 ACCOUNTS	4,747,200	\$114,108.66	\$62,157.55
		5 YEAR TOTAL	\$360,160.16	\$199,661.78

Residential Housing Incentives Policy (RHIP – Warehouse District):

The RHIP - Warehouse District Policy was approved by City Council in August 2006, which provides an exemption of up to \$7,500 for the development of residential units in the historic Warehouse District. These programs combined with City contributions to social and affordable housing formed the core of the City’s investment in housing. As of January 1, 2016 all housing type of exemptions are included in the Housing Incentive Policy.

The purpose of the RHIP – Warehouse District is to encourage the adaptive re-use and preservation of existing buildings in the Warehouse area, diversity in the housing options in the District, and new residential construction. The program provides a property tax exemption for the conversion of commercial properties to residential units and for new residential construction.

In 2013, three accounts received the RHIP - Warehouse District, which had previously been approved by City Council. No funding applications have been submitted for this program in 2014 or 2015. The total exempt assessment is 116,308 for a total exemption levy of \$1,539, of which the total exempt municipal portion is \$862 for 2013.

The past five year total exemption is \$26,932 in levies of which the municipal portion is \$14,740.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	0 ACCOUNTS		NIL	NIL
2014	0 ACCOUNTS		NIL	NIL
2013	3 ACCOUNTS	116,308	\$1,539.19	\$862.72
2012	4 ACCOUNTS	211,248	\$5,191.43	\$2,873.85
2011	10 ACCOUNTS	840,429	\$20,201.49	\$11,004.20
		5 YEAR TOTAL	\$26,932.11	\$14,740.77

Heritage Incentive Policy:

Property tax exemptions are permitted under Section 28(a) of *The Heritage Property Act*. The City had a policy originally adopted by City Council, known as the *Municipal Heritage Incentives for the Preservation of Heritage Properties*. This provided an eight year exemption in the downtown area and five years in all other areas of the city.

City Council approved the current Heritage Incentive Policy on August 25, 2014, which increased the partial property tax exemption for a maximum of 10 years.

In 2015, nine accounts received Heritage Tax Incentives, which had previously been approved by City Council. The total exempt assessment is 8,341,105 for a total exemption levy of \$175,336, of which the total exempt municipal portion is \$99,180.

The past five year total exemption is \$591,279 levies of which the municipal portion is \$328,390.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	9 ACCOUNTS	8,341,105	\$175,336.69	\$99,180.59
2014	15 ACCOUNTS	3,230,051	\$58,774.46	\$32,996.57
2013	24 ACCOUNTS	5,492,031	\$97,573.26	\$53,429.26
2012	28 ACCOUNTS	4,008,939	\$115,674.18	\$64,879.05
2011	27 ACCOUNTS	4,819,714	\$143,920.59	\$77,904.58
		5 YEAR TOTAL	\$591,279.18	\$328,390.05

Economic Development Incentives Program (EDIP):

City Council adopted an Economic Development Incentives Program that is administered under the authority of subsection 262(4) of *The Cities Act*, which allows for tax exemptions for up to five years under agreement. The program was designed by the Regina Regional Economic Development Authority (RREDA), now known as Economic Development Regina Inc. (EDRI) and is jointly administered by the City and EDRI.

EDRI manages the application process, evaluates applications and makes recommendations to City Council. EDRI also manages the eligibility criteria, evaluation of the program, the annual monitoring and reporting to the City Administration of the business performance targets and any prorating of the tax exemption as set out in the written agreement.

EDRI is the primary contact for information on the Economic Development Incentive Program. Contact points in the City that are likely to get inquiries regarding the program advises that EDRI is the primary contact and can provide information and applications. The City will be the primary contact for information on the property assessment, taxes, bylaws and agreements. The City and EDRI will copy each other on correspondence with participants regarding the program.

In 2015 there is one account receiving an Economic Development Incentive which has previously been approved by City Council. The total exempt assessment is 10,453,996 for a total exemption levy of \$228,589, of which the total exempt municipal portion is \$129,009.

EDRI is currently reviewing the EDIP and a further report will come forward with recommendations on the program.

The past five year total exemption is \$1,300,245 in levies of which the municipal portion is \$691,482.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	1 ACCOUNT	10,453,996	\$228,589.20	\$129,009.17
2014	1 ACCOUNT	10,936,996	\$223,405.55	\$124,167.28

2013	2 ACCOUNTS	12,422,169	\$256,970.45	\$139,344.13
2012	3 ACCOUNTS	6,870,642	\$246,092.57	\$127,601.20
2011	4 ACCOUNTS	9,586,672	\$345,187.43	\$171,360.31
		5 YEAR TOTAL	\$1,300,245.20	\$691,482.09

Boundary Alteration Tax Mitigation:

Historically, when the City is involved in boundary alterations, tax mitigation is one of the tools used to reduce the impact to landowners.

The initial impact of a boundary alteration on individual landowners is that their property taxes are payable to the City instead of a different jurisdiction. As different municipalities provide different levels of service and have different mill rates, the property owners may see significant changes in their property valuation, taxes and service levels. Property owners impacted by boundary alterations will be aware of the property tax changes from switching municipal jurisdictions.

While each property’s assessment and taxation is unique, City Council typically reviews tax mitigation principles and the recommended tax tools from Administration to allow new City land owners to transition into the City’s tax system. Administration is responsible to communicate this with new City land owners.

City Council approved tax mitigation principles for the 2014 boundary alteration, resulting in partial exemptions for a period of five years. Previously, while no boundary alteration exemption was required in 2009, partial exemptions were provided during the 2007 boundary alteration.

In 2015, there were 182 accounts receiving Boundary Alteration Tax Mitigation which had previously been approved by City Council. The total exempt assessment is 27,692,892 results in a total exemption levy of \$567,307, of which the total exempt municipal portion is \$332,257.

The past five year total exemption is \$1,223,585 in levies of which the municipal portion is \$706,836.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	182 ACCOUNTS	27,692,892	\$567,307.82	\$332,257.55
2014	183 ACCOUNTS	32,278,321	\$655,360.50	\$373,888.21
2013	0 ACCOUNTS		NIL	NIL
2012	0 ACCOUNTS		NIL	NIL
2011	4 ACCOUNTS	38,627	\$917.05	\$690.45
		5 YEAR TOTAL	\$1,223,585.37	\$706,836.21

Independent exemptions:

Subsection 262(1) of *The Cities Act* provides for some exemptions to specific charitable organizations. The City does not have a specific policy in providing exemptions for non-profit or charitable organizations. Some exemptions have been provided on specific case by case basis.

The process to have an exemption considered by City Council is for the organization to submit a letter to City Clerk requesting an exemption. The letter outlines why the organization believes it

should be exempt and the purpose of the organization. The City also requires the organization's incorporation documents and the financial statements for the past three years. The organization must clearly identify all sources of government funding received in the past.

Exemptions provided over the past five years falling under this category are as follows:

INCENTIVE NAME	2015 TOTAL EXEMPTION	2015 MUNICIPAL LEVY
AHMADIYYA MUSLIM JAMA	\$14,105.84	\$7,960.94
CURLING CLUBS	\$27,306.16	\$27,306.16
REGINA TRADES & SKILLS	\$10,561.34	\$5,960.53
ANNUAL BYLAW	\$2,735,696.41	\$1,544,062.19
TOTAL EXEMPTIONS	\$2,787,669.75	\$1,585,289.82

Annual Bylaw:

Historically City Council has exempted taxes for many groups which occupy City owned property and properties that support the community in various ways including charitable, sport, culture and recreation.

Although properties owned by the City are exempt, the organizations using those facilities may be taxable entities and therefore technically are subject to property tax, unless specifically exempted by City Council. While not all of these are non-profit or charitable situations, City Council has shown support for various organizations and examines their situation and contribution to the City when considering an exemption.

These properties are brought forward for yearly review by City Council to consider continuing the exemption. Funding for these exemptions is accounted for in the budget process through revenue projections on an annual basis.

In 2015, 46 accounts received an exemption included in the annual bylaw which was approved by City Council. The total exempt assessment is 125,273,236 for a total exemption levy of \$2,735,696 of which the municipal portion is \$1,544,062.

The overall five year total exemption is \$13,326,176 in levies of which the municipal portion is \$6,806,199.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	46 ACCOUNTS	125,273,236	\$2,735,696.41	\$1,544,062.19
2014	48 ACCOUNTS	122,492,650	\$2,614,887.01	\$1,453,427.67
2013	54 ACCOUNTS	129,641,167	\$3,151,526.26	\$1,426,863.96
2012	45 ACCOUNTS	65,556,664	\$2,441,920.99	\$1,216,951.54
2011	50 ACCOUNTS	65,199,764	\$2,382,145.40	\$1,164,893.78
		5 YEAR TOTAL	\$13,326,176.07	\$6,806,199.14

The Community Investment Grants have limited funding to disburse to groups that apply. In 2015 some organizations listed on the Annual Bylaw also received funding through Community Investment programs. The breakdown for 2015 funding is as of October 13, 2015 and is listed in

the following table:

ORGANIZATION	ACCOUNT NUMBER	2015 TOTAL EXEMPT MUNICIPAL LEVIES	2015 COMMUNITY INVESTMENTS FUNDS:	TOTAL SUPPORT RECEIVED IN 2015
THEATRE REGINA INC.	10025856	\$ 24,440.66	\$17,000.00	\$41,440.66
THE GLOBE THEATRE SOCIETY	10060139 10060140 10060141	\$7,498.15	\$125,000.00	\$132,498.15
MACKENZIE ART GALLERY INCORPORATED	10065555	\$132869.36	\$30,000.00	\$162,869.36
REGINA PLAINS MUSEUM	10091139	\$7,696.57	\$115,000.00	\$122,696.57
THE ART GALLERY OF REGINA	10065459	\$720.68	\$82,000.00	\$82,720.68
MOUNTED POLICE HERITAGE CENTRE	10115375	\$329,225.22	\$100,000.00	\$429,225.22
SASKATCHEWAN SCIENCE CENTRE INC.	10145969	\$227,623.37	\$170,000.00	\$397,623.37
REGINA SENIOR CITIZENS CETNRE INC.	10065491	\$19,314.35	\$134,600.00	\$153,914.35
REACH (Regina Education & Action on Child Hunger Inc.)	10115555	\$1,909.09	\$79,285.00	\$81,194.09
REGINA & DISTRICT FOOD BANK INC.	10018622	\$ 69,885.02	\$37,500.00	\$107,385.02
SOUTH ZONE REC. BOARD (COMMUNITY GARDEN PLOT)	10196513	\$105,473.11	\$5,476.00	\$110,949.11
** CATHEDRAL AREA COMMUNITY ASSOCIATION *(ACCOUNTS ARE COMMUNITY GARDEN PLOTS)	10065463 10035876* 10035875* 10035874* 10035873* 10035872* 10035871*	\$2,260.64	\$34,000.00	\$36,260.64
REGINA EXHIBITION ASSOC. LTD.	10065223	\$2,378.03	\$5,000.00	\$7,378.03
GRAND TOTALS		\$931,294.25	\$934,861.00	\$1,866,155.25

Curling Clubs

The Highland Curling Club and the Tartan Curling Club requested tax exemptions in 2015. City Council has the authority pursuant to subsection 262(3) of *The Cities Act* to exempt from taxation, in whole or in part, any land or improvements designated in the bylaw. City Council approved a two-year tax exemption on the municipal levy only, with the 2016 exemption being conditional on the owners developing and providing a business plan to the City by January 1,

2016 outlining the owner’s sustainable futures. The exemption was only for the municipal levy which in 2015 totals \$27,306. These curling clubs remain responsible for the applicable school and library taxes.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	Highland Curling Club	866,900	\$10,698.11	\$10,698.11
2015	Tartan Curling Club	1,345,800	\$16,608.05	\$16,608.05
		2015 Total	\$27,306.16	\$27,306.16

Ahmadiyya Muslim Jama (AMJ)

Ahmadiyya Muslim Jama (AMJ) requested and City Council, in report CR15-68, approved a property tax exemption for 2015 and future years until the Mosque they are constructing is completed on the property at 3810 Eastgate Drive. Once the Mosque is completed and the property is used as a place of public worship a statutory exemption would apply.

Section 262(1) (e) of *The Cities Act* provides an exemption from taxation for “every place of public worship and the land used in connection with a place of public worship.” There are limits as to the amount of land and the ownership of the property for exemptions. The exemption does not apply to any portion of a property used as a residence or vacant land.

Regina Trades & Skills

The Regina Trades & Skills Centre Inc. had requested a five year exemption for the land it leases at 1269 Albert Street. This land is adjacent to it building at 1275 Albert Street and is required for parking. City Council, in report CR13-69, approved a five year property tax exemption for the Trades & Skills Centre at 1275 Albert Street and it is now on the Annual Bylaw. The lease on the adjacent parking lot transferred with the sale and was not included in the exemption request for the building they own. This separate agreement is an exemption for the leased portion of land they use for parking.

In 2015 these two accounts received an exemption as previously approved by City Council. The total exempt assessment is 1,128,100 for a total exemption levy of \$24,667 of which the total exempt municipal portion is \$13,921.

The overall five year total exemption is \$34,989 in levies of which the municipal portion is \$19,658.

YEAR	DESCRIPTION	EXEMPT ASSESSMENT	TOTAL EXEMPT LEVIES	TOTAL MUNICIPAL LEVY
2015	2 ACCOUNT	1,128,100	\$24,667.18	\$13,921.47
2014	1 ACCOUNT	483,000	\$10,321.86	\$5,736.83
2013				
2012				
2011				
		5 YEAR TOTAL	\$34,989.04	\$19,658.30

RECOMMENDATION IMPLICATIONS

Financial Implications

There are none associated with this report.

Environmental Implications

There are none associated with this report.

Policy and/or Strategic Implications

There are none associated with this report.

Other Implications

There are none associated with this report.

Accessibility Implications

There are none associated with this report.

COMMUNICATIONS

There are none associated with this report.

DELEGATED AUTHORITY

There is no delegated authority associated with this report as it is for informational purposes only. The request for the information was received through an undertaking at City Council, therefore this report will be forwarded to City Council for information.

Respectfully submitted,

FINANCE AND ADMINISTRATION COMMITTEE



Ashley Thompson, Secretary