

ITEM 9

MANAGER'S REPORT NO. 69

COUNCIL MEETING Oct. 21/74

Re: Brief on Property Taxation Presented to the  
Select Standing Committee on Municipal Matters

The following brief was presented to the Select Standing Committee on Municipal Matters in the Vancouver City Hall on October 18, 1974 by the Municipal Manager, on behalf of the District of Burnaby.

The brief was prepared by the Municipal Treasurer in consultation with the Municipal Manager.

This is for the information of Council.

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SUMMARY

BRIEF ON PROPERTY TAXATION TO THE SELECT STANDING COMMITTEE  
ON MUNICIPAL MATTERS

RECOMMENDATIONS

THAT leasees of lands owned by a university be taxable in the hands of leasees in the same manner that leasees of lands owned by the Crown, Federal or Provincial, or municipalities are taxable; and

THAT institutions of learning catering to the educational needs of citizens of the entire Province, other Provinces and foreign countries, be the subject of grants in lieu of taxes by the Province at the level set by the Province for all other Provincially owned land and improvements, to the municipalities in which these institutions of learning are located; and

THAT the Province give municipalities grants in lieu of full taxation on elderly citizens multi-family properties, whether assisted by grants from the Elderly Citizens Housing Aid Act or not, when the accommodation is intended for those in receipt of Mincome; and

THAT these grants also be given on projects qualifying according to the terms of Section 327(1) of the Municipal Act as it read prior to 1974.

Continued ...

BRIEF ON PROPERTY TAXATION TO THE SELECT STANDING COMMITTEE  
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1. Tax exemption - privately used university lands and the improvements erected thereon

Section 40 of the Universities Act, RSBC 1963, provides:

"The property, real and personal, vested in a University is exempt from taxation under the Municipal Act, the Public Schools Act, and the Taxation Act; and any real property so vested which is disposed of by lease to a college affiliated with the University, so long as it is held for college purposes, continues to be entitled to the exemption from taxation provided in this section."

In the District of Burnaby, Simon Fraser University leases university lands to B.C. Hydro, B.C. T.V. Broadcasting Co., B.C. Telephone Co., Burnaby Fish and Game Club, Coast Marksmen's Club, Vancouver Sport and Bench Rifle Club, Lower Mainland Archery Association, Shell Canada, and the Bank of Nova Scotia. These lands and the improvements privately erected thereon have, in the year 1974, an assessed value of land of \$920,082 and improvements, \$2,541,458, which if taxed would realize the following:

General	\$ 34,885
School	94,463
Hospital, Regional District & M.F.A.	739
	<u>\$ 130,087</u>

If the fee of these lands was vested in the Crown, Provincial or Federal, the municipality or the school district, the portions of lands leased and the improvements thereon would, by statute, be taxable for all purposes in the hands of the leasees.

The time may come when large areas of the university lands may be used for residential purposes much in the same fashion that University of B.C. endowment lands are used except that Burnaby and not the University will be expected to provide trunk water and sewerage outlets, fire protection, police protection, health and other such services, not at the cost of the users or the university, but at the expense of the municipality, as it is now with present leasees and the university itself. It is possible, too, that other commercial interests will establish themselves on university lands, as will research institutes. It is quite possible that the university is charging economic lease rentals which include a factor for realty taxation. If this is so, this tax factor will be lost to the university if the properties become taxable.

In several municipalities, properties in downtown locations have been bequeathed to the University of Victoria and the University of British Columbia which, though used for other than University purposes, are, because of the Universities Act, tax exempt. So far, to our knowledge, this has not happened in Burnaby, but the time will come when it does.

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Section 40 of the Universities Act was upheld by the Court of Appeal in 1968 and it has been the subject of several briefs by Burnaby to the Department of Municipal Affairs and to the Department of Education, without avail.

**RECOMMENDATION:** THAT Section 40 of the Universities Act be amended to conform with Sections 335 and 336 of the Municipal Act so that lands and the improvements erected thereon leased by a university to others, become taxable in the hands of leasees.

**2. Tax exemption - universities and Provincially operated vocational schools and institutions**

School properties, unless revenue bearing, are tax exempt. (Section 337 of the Municipal Act.) The B.C. Institute of Technology and the B.C. Vocational School appear to be classified as schools and, as such, tax exempt. Also tax exempt is Simon Fraser University, which gains its tax exempt status from the Universities Act.

Schools generally are of benefit only to residents of the school district in which they are located. By and large, the same applies to regional colleges. Not so with vocational schools, institutes of technology and universities. These are for the use of all the citizens of the Province and, to some extent, citizens of other Provinces and foreign countries as well. They provide no special benefits to the citizens of the municipality in which they are located, yet these same citizens are expected to pay for all of the services these educational institutions require from the municipalities.

This has a curious parallel. The Province of B.C. regards penal institutions as rehabilitation centres rather than places of punishment. In effect, they are educational institutions not to be compared with health centres. Yet the Province contributes 15 mills in lieu taxation on Oakalla in Burnaby and similar institutions elsewhere in the Province. They are of no benefit to the municipality in which they are located and their residents come from many walks of life from many parts of the Province.

**RECOMMENDATION:** THAT institutions of learning catering to the educational needs of citizens of the entire Province, other Provinces and foreign countries, be the subject of grants in lieu of taxes by the Province at the level set by the Province for all other Provincially owned land and improvements, to the municipalities in which these institutions of learning are located.

**3. Tax exemption - elderly citizens' housing establishments**

The Province, through its Ministry of Housing, is endeavouring to encourage the construction of housing of all kinds, and through the Elderly Citizens Housing Aid Act and by other means, the construction of accommodation of elderly citizens in particular. Nevertheless, policies of the Province concerning taxation of this housing tend to frustrate this endeavour.

Housing for elderly citizens, like all housing, requires a host of municipal services. For many years prior to 1974, housing for elderly citizens came under two sections of the National Housing Act:

Section 15 whereby assistance was contributed by the Province under the Elderly Citizens Housing Aid Act and whereby under Section 327(1) of the Municipal Act such properties were statutorily exempt from taxation; and

Section 40 whereby the Federal Government provided a subsidy amounting to 75% of deficits in operations including full property taxes, and the Province and participating municipality paid 12 1/2% each.

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These properties were operated by the B.C. Housing Commission who paid the municipalities concerned grants equivalent to full taxation of the current year.

Effective 1974, the Province abolished the requirement that municipalities contribute the 12 1/2% subsidies and, at the same time, left intact the municipalities' right to collect from the B.C. Housing Commission grants equivalent to full taxation.

At the same time, Section 327(1) was amended to provide that elderly citizens housing in receipt of grants under the Elderly Citizens Housing Aid Act after 31 March 1974 could no longer claim exemption from taxation and Section 328 was amended to permit municipalities to grant tax exemption in these self-same circumstances.

It is submitted that these steps are contrary to the declared intention of the Province to provide more housing, particularly for elderly citizens. It seems inconsistent on the one hand to relieve municipalities of the need to subsidize low rental housing, including some elderly citizens housing, and at the same time permit the municipalities to receive for these establishments sums representing full taxation, and on the other hand make it virtually impossible for elderly citizens housing projects to be developed without a subsidy, if municipalities do not grant tax exemption.

In Burnaby, there are thirteen elderly citizens projects qualifying for tax exemption under the pre-1974 Section 327(1) of the Municipal Act with the following loss in revenue:

General	\$ 71,699.40
School	66,964.08
Regional Hospital, Regional District and M.F.A.	2,807.60
	<u>\$ 141,471.08</u>

There are three institutions not coming within Section 327(1) wherein rentals affordable by those in receipt of Mincome would be prohibitive if tax relief were not forthcoming and as a consequence were granted tax exemption with the following loss in revenue to Burnaby:

General	\$ 57,951.03
School	51,127.44
Regional Hospital, Regional District and M.F.A.	2,143.61
	<u>\$ 111,222.08</u>

A further two applications are on hand.

Four others, as a condition of rezoning, have been told that the Municipality will not give them tax relief if they proceed with their developments. This policy of Council will, of course, hamper these and future elderly citizens housing developments in the community.

**RECOMMENDATIONS:** THAT the Province give municipalities grants in lieu of full taxation on elderly citizens multi-family properties, whether assisted by grants from the Elderly Citizens Housing Aid Act or not, on projects when the accommodation is intended for those in receipt of Mincome; and

THAT these grants also be given on projects qualifying according to the terms of Section 327(1) of the Municipal Act as it read prior to 1974.