

TO: PLANNING AND DEVELOPMENT COMMITTEE (PDC)
FROM: GENERAL MANAGER PLANNING AND DEVELOPMENT
SUBJECT: **REQUEST FOR PERMISSIVE TAX EXEMPTION – RENTAL PROTECTION FUND ACQUISITION BY ENTRE NOUS FEMMES HOUSING SOCIETY**
PURPOSE: To update Council on existing City policies in relation to the request from Entre Nous Femmes Housing Society for a permissive tax exemption for the provision of non-market rental housing.

RECOMMENDATION

THAT the report titled “Request for Permissive Tax Exemption – Rental Protection Fund Acquisition by Entre Nous Femmes Housing Society,” dated April 8, 2024, be received for information.

1.0 POLICY SECTION

Support for the protection and growth of rental housing in Burnaby, especially non-market rental housing provided by the community housing sector, aligns with the following City policies and plans:

- *HOME: Burnaby’s Housing and Homelessness Strategy* (2021);
- *Burnaby’s Housing Needs Report* (2021); and
- *The Mayor’s Task Force on Community Housing Final Report* (2019).

The authority to grant Permissive Tax Exemptions (PTEs) is set out in Section 224 of the *Community Charter*. Council adopted the *Permissive Tax Exemption Policy* on January 25, 2023 to set the parameters under which Council shall consider applications for PTEs from organizations that qualify under the *Community Charter*. *Burnaby Taxation Exemption Bylaw 2023*, adopted on October 30, 2023, provides PTEs for certain Class 6 (Business) and Class 8 (Recreation/Non-Profit Organization) properties for the years 2024, 2025 and 2026.

2.0 BACKGROUND

On February 14, 2024, the Planning and Development Committee (PDC) received a delegation from Entre Nous Femmes Housing Society (ENFHS) regarding the proposed acquisition of 6435 Royal Oak under the Rental Protection Fund (RPF). ENFHS, a non-profit organization, provides housing primarily for women and gender-diverse people, single-parent families, Indigenous Peoples, and other vulnerable groups.

The RPF, launched in January 2023 by the Province of British Columbia, is a \$500 million fund that provides capital contributions to non-profit housing operators to help purchase existing, occupied, purpose-built rental buildings to keep renters in their homes and prevent the loss of older market rental housing that have become affordable over time. The RPF is managed and distributed through a non-profit society, with oversight from the Aboriginal Housing Management Association (AHMA), BC Non-Profit Housing Association (BCNPHA), and the Co-operative Housing Federation of BC (CHF BC). The RPF is eligible only for non-profit societies, housing co-operatives, Indigenous housing providers, and charitable organizations to ensure properties acquired through the RPF remain in the community housing sector.

At the PDC meeting, ENFHS requested the City consider the provision of a PTE for the subject site to enable ENFHS to maintain the affordability of the rental units over time, in addition to providing greater support services for tenants. ENFHS outlined three scenarios for PDC's consideration - no reduction in property taxes, 50% PTE, and 100% PTE - and the impact each scenario would have on the long-term operation of the building (Attachment 1). The subject site currently has a three-storey rental building with 47 units consisting of studio, one-bedroom and two-bedroom units. More than half of the units are occupied by seniors and long-term tenants, with average rents ranging from \$860 for a studio to \$1,449 for a two-bedroom unit, significantly below average market rents in the Metrotown area. The subject site is designated High Density Mixed Use (RM4s/C2) in the Metrotown Downtown Plan. As required under RPF, the affordability of the building is secured for a minimum of 20 years. ENFHS is requesting the PTE from the City be for 20 years, in alignment with this RPF requirement.

3.0 GENERAL INFORMATION

3.1 Permissive Tax Exemptions (PTE)

In order to minimize erosion of the tax base, the City's long standing practice has been to exclude all forms of housing from being able to apply for a PTE. This started in 1974 when Council phased out tax exemptions on seniors housing, and again in 1988 when tax exemptions for community care and similar facilities were eliminated due to the considerable number of such facilities in Burnaby. These exclusions have been factored into the current *Permissive Tax Exemption Policy*, most recently updated in January 2023, which excludes Class 1 Residential properties of all types from the current PTE process.

Specifically, Section 5.03 of the *Permissive Tax Exemption Policy* states that applications for exemption will not be considered for private or non-profit social housing or health care facilities, with the exception of any general statutory exemption. Statutory tax exemptions are automatic exemptions from property tax provided by federal or provincial legislation. These tax exemptions are not at the discretion of municipalities and are directly applied to eligible properties by BC Assessment.

3.2 Next Steps

Staff will continue to work with ENFHS to better understand the proposed acquisition and the RPF process. In discussions with RPF staff, financial support from local government is viewed favourably and can help increase the success rate of non-profit organizations securing RPF funding approval. The protection and retention of older market rental buildings at risk of development supports numerous community planning objectives, including:

- Limiting displacement and improving housing security for existing tenants;
- Improving capacity of the community housing sector and their mission to deliver housing affordability and supports to vulnerable tenants;
- Protecting existing affordable rental housing;
- Reducing environmental impacts from building demolitions; and
- Preserving existing community connections within buildings and neighbourhoods.

Should ENFHS have any further requests for financial support from the City, staff will bring that forward for Council consideration. The City's Community Benefit Bonus Affordable Housing Reserve (CBBAHR) could be a potential source of funding support, although as a Community Sponsored Project¹, the CBBAHR may only be used as follows:

The intent of the bonused housing funds would be to augment the budgets of the community sponsored projects. The City's contribution could be used to support any component of a project's development costs, with the aim of enhancing the viability or overall value of the project. City funds would not be available for future operating costs.

Due to the limitation of the use of the CBBAHR on operating costs, the CBBAHR may only be used to support project development costs, subject to Council approval. Staff are currently reviewing the CBBAHR to ensure its use continues to achieve City objectives. A report about the review of City housing funds is anticipated to come forward to PDC and Council later in 2024.

¹ Community Sponsored Projects – These would include community based non-market rental projects being advanced by non-profit groups, with or without senior government funding support. The units would be targeted to low-income families or individuals, seniors, people with disabilities, or other groups who have particular housing needs that are difficult to meet through the public market. Community sponsored projects could include stand-alone developments advanced by non-profit organizations, or provision of units by a non-profit group in cooperation with a larger private development.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

As part of the review of City housing funds, staff will engage with the community housing sector to better understand how City financial supports may best be used to support non-profit housing projects, including under the Rental Protection Fund.

5.0 FINANCIAL CONSIDERATIONS

The City's current practice is to not provide PTE for residential properties, including non-market housing, in order to minimize erosion of the tax base.

Respectfully submitted,

E. W. Kozak, General Manager Planning and Development

ATTACHMENTS

Attachment 1 – Property Tax Exemption Request from Entre Nous Femmes Housing Society

REPORT CONTRIBUTORS

This report was prepared by Wendy Tse, Director Community Planning, and reviewed by Carla Schuk, Planner 3, Richard Mester, Manager Business Process and Reporting, Eva Juca, Manager Revenue and Taxation, Richard Rowley, Director Financial Revenue Services.