



The Corporation of the City of Courtenay

# Staff Report

**To:** Council

**File No.:** 1960-20 [2025]

**From:** Director of Financial Services

**Date:** September 17, 2025

**Subject:** Consideration of 2026 Permissive Property Tax Exemptions

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## **PURPOSE:**

To seek Council adoption of the 2026 permissive property tax exemption bylaws.

## **EXECUTIVE SUMMARY:**

The permissive property tax exemption bylaws are considered by Council on an annual basis and must be adopted before October 31st each year in order to take effect for the following taxation year. Staff have compiled and reviewed all applications received for the 2026 taxation year and have prepared a summary report and bylaws Tax Exemption 2026, Bylaw No. 3194, 3195, 3196 and 3197, 2025 for Council's consideration.

## **BACKGROUND:**

Section 224 of the Community Charter provides Council with the authority to grant permissive exemption to land and improvements owned, or held by, certain other organizations that meet legislatively prescribed conditions.

Permissive Property Tax Exemption Policy 1960.01 (Rev #2) (Attachment #1) contains the following provisions to note when considering new applications going forward:

1. The total value of all permissive exemptions must not exceed 2% of the total municipal portion of the property tax levy. ( $\$37,068,000 \times 2\% = \$741,360$ )
2. When the activities of an organization are not confined to the City of Courtenay, a maximum exemption of 40% applies.
3. Prescribed grandfathered permissive exemption percentages (75%-100%) will not change in the event an organization re-locates within the municipality. However, a reduction of the exemption shall apply if the nature of the services provided by the organization changes at its new location.
4. An applicant already receiving grant-in-aid from the municipality and/or other sources might not be considered eligible for exemption by Council.

The permissive tax exemption process follows strict deadline; therefore the 2026 permissive tax exemptions have been prepared using the existing policy with the following inclusions per Council direction:

- Not-for-profit daycares
- Permissive tax exemptions guided by policy priorities and cardinal directions of the Official Community Plan

Note the overall permissive tax exemption policy document will be updated following discussion and direction from the September 10, 2025 Council meeting.

**DISCUSSION:**

A permissive property tax exemption is a means for Council to support not-for-profit organizations within the community which furthers Council’s objectives of enhancing quality of life for the citizens of the City while being responsible with municipal funding. Approval of an exemption or partial exemption is entirely within Council’s discretion.

Each year there are requests from local organizations for funding assistance, either by way of requests for grants, or by way of requests for exemption from property taxation. While it is noted that the applicants all provide worthy services, provision of an exemption from taxation results in either a reduction of revenue available for City operations or in an increase of the tax burden for the remaining taxable property owners in the City and can become cost prohibitive.

The attached listing and information are provided for Council consideration.

**Permissive Exemptions Summary:**

In accordance with Policy 1960.01, the exemption value limit for 2026 has been calculated as 2% of the value of the 2025 municipal property tax levy. The cumulative exemption value limit for 2026 is \$741,360 (\$680,140 – 2025). The proposed total exemptions for City portion of property taxes for 2026 is \$574,836, an increase of \$64,922 from \$509,914 in 2025.

**New Applications**

The City received two new permissive tax exemption applications. The total amount recommended for exemption is \$3,392, this is the City’s portion and other taxing authorities’ portions.

*Tax Roll #825.000 – Comox Valley Lifeline Society – 392 10<sup>th</sup> Street*

The Comox Valley Lifeline Society submitted application for exemption for 2026. The Society provides personal emergency response systems for at risk individuals. Currently, 50% of the individuals are Courtenay residents. Estimated 2026 40% PTE value - \$3,392 (Municipal and Regional)

Staff recommend 40% exemption based on the percentage of services provided to Courtenay residents.

*Tax Roll #750.012 – Courtenay Kiwanis Village Society – 750 Pidcock Ave*

FOLIO	LEGAL DESCRIPTION	CIVIC ADDRESS	REGISTERED OWNER/LESSEE	PERCENTAGE EXEMPTION
750.012	LOT B, DISTRICT LOT 127, PLAN 49034 014-675-684	750 PIDCOCK AVE	COURTENAY KIWANIS VILLAGE SOCIETY	40%

In 2025 and prior years, this property was fully taxable. The Courtenay Kiwanis Village Society took over the administration of the low-income senior housing from BC Housing effective July 1, 2025. The property has 20 low income rental units for seniors, however; under the current permissive tax exemption policy, housing is not exempt from property taxation. Estimated 2026 40% PTE value - \$2,678 (Municipal and Regional)

The Grandfathered properties are the exception to the current policy. For example, the Courtenay Kiwanis Village Society receives 75% permissive tax exemption for the following properties:

Roll #	Civic Address	Proposed Exemption 2025	Estimated Value 2025
757-000	1061 8th Street	75%	6,781
757-001	1051 8th Street	75%	18,360
758-000	635 Pidcock Ave	75%	12,352

The PTE policy does not identify housing projects as being eligible for an exemption, however there are several legacy housing projects that do receive exemptions. Based on the current permissive tax exemption policy, Staff do not recommend providing a 2026 permissive property tax exemption for this property.

**Change in Circumstances and/or Use of the Property applications**

Tax Roll # 1171.006 – Wachiay Friendship Centre – 1679 McPhee Ave

FOLIO	LEGAL DESCRIPTION	CIVIC ADDRESS	REGISTERED OWNER/LESSEE	PERCENTAGE EXEMPTION
1171.006	LOT 5, PLAN 13075, SECTION 41, DL 15 EXCEPT PLAN VIP68431 PID 004-711-823	1679 MCPHEE AVENUE	WACHIAY FRIENDSHIP CENTRE SOCIETY	40%

The Wachiay Friendship Centre applied for permissive tax exemption for this property. This property received a 40% permissive tax exemption before and during the construction of the 40-unit supportive housing complex. However, now that the housing complex is complete, similarly to Courtenay Kiwanis Village Society, it does not meet the criteria of the current permissive tax exemption policy. The PTE policy does not identify housing projects as being eligible for an exemption, however there are several legacy housing projects that do receive exemptions. The estimated 2026 40% PTE value - \$30,110 (Municipal and Regional).

Given the policy language staff do not recommend providing a 2026 permissive property tax exemption for this property.

Tax Roll #1074.050 – Salvation Army Canada West Church – 1580, 1590 Fitzgerald Ave

FOLIO	LEGAL DESCRIPTION	CIVIC ADDRESS	REGISTERED OWNER/LESSEE	PERCENTAGE EXEMPTION
1074.050	LOT A, PLAN 54316P, SECTION 41, CD, PLAN 7449	1580 FITZGERALD AVENUE 1590 FITZGERALD AVENUE	GOVERNING COUNCIL OF THE SALVATION ARMY CANADA WEST	100%

For 2025 and prior years this property was a place of worship and received a 100% Statutory exemption under section 220 of the Community Charter for the building and the land on which the building occupied. The land surrounding the place of worship received a 100% permissive tax exemption under section 224 of the Community Charter.

The building on this property has since been demolished and an integrated facility including a place of worship is under construction. As per City staff discussion with BC Assessment representative, for the 2026 taxation year the property may be divided into different assessment classes based on square footage and the usage of the space. There is a chance that the property will not qualify for a statutory exemption as a place of worship as no services are being held through construction. If Council would like to ensure continuity of exemption this property should be provided a PTE, however; this property at this time is not providing community benefit and therefore should not be eligible for an exemption under the policy. In the future, the square footage of the property designated as a place of worship will receive a Statutory exemption under section 220 of the Community Charter, while remaining area will be taxable and could be included in a future PTE.

Estimated 2026 100% PTE value - \$7,792 (Municipal and Regional) – Assumed no statutory exemption

Staff do not recommend providing a 2026 permissive property tax exemption for this property.

**POLICY ANALYSIS:**

Section 224 of the Community Charter provides Council with the authority to exempt certain properties from property taxation. Policy 1960.01 (Rev #2) – Permissive Property Tax Exemption (Attachment #1) was prepared in accordance with Section 224 of the Community Charter and approved by Council in August 2017. The Permissive Property Tax Exemption Policy is being updated, thus staff recommend the 2026 permissive tax exemptions based on the policy that is currently in place.

**FINANCIAL IMPLICATIONS:**

The estimated cumulative value of the municipal portion of the new and grandfathered exemptions for the 2026 taxation year totals \$574,836, as detailed in the table below. This is within the calculated 2026 limit of \$741,360 as prescribed in Policy 1960.01 – Permissive Exemption from Property Taxation. As a reference, the amount of permissive property tax exemption approved last year by Council for 2025 represents \$509,914.

Estimated value of exemptions for consideration for 2026 Grandfathered and Recommended		Value of Permissive Tax Exemption		
Categories	Bylaw Expires	City only	Other Authorities	Total
New applications - as per recommendation		\$ 2,070	\$ 1,322	\$ 3,392
Annual bylaw - Not for profit organizations	2026	\$ 353,806	\$ 250,035	\$ 603,841
Annual bylaw - Churches, land surrounding the building	2026	\$ 36,257	\$ 28,523	\$ 64,780
Ten year bylaw	2031	\$ 182,703	\$ 118,205	\$ 300,908
Total estimated value of exemptions for 2026		\$ 574,836	\$ 398,085	\$ 972,921

**ADMINISTRATIVE IMPLICATIONS:**

Preparation of the annual tax exemption bylaws for consideration by Council is an annual task undertaken

by staff in the Financial Services Department. Subsequent to Council approval of the above recommended property tax exemptions and proposed bylaws, the next steps include:

- a) Arranging for the statutory advertising of the proposed bylaws
- b) Returning the bylaws to Council for final adoption
- c) Preparation of letters of notification to the applicants
- d) Forwarding the bylaws to the BC Assessment Authority no later than October 31, 2025

**STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following fundamental directions:

WE PROTECT THE NATURAL SPACES we love and upon which our lives depend.

WE ARE A CITY FOR ALL PEOPLE, created for and by residents with diverse identities, experiences, and aspirations. We are a city for being together in community.

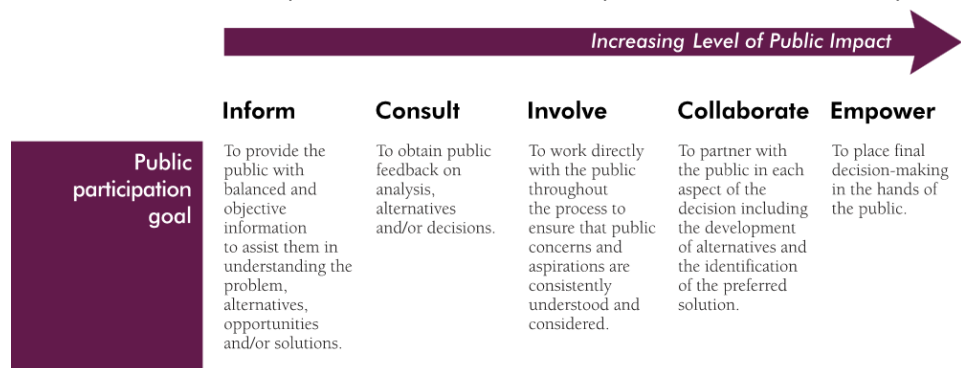
WE ARE ALSO A CITY OF CHOICE, in which residents have options across the city for homes, amenities, destinations, jobs and business, transportation, and spaces for gathering with friends, families, neighbours, and people not yet known to us.

COURTENAY WILL BE RESPONSIBLE FOR THE FUTURE by being more thoughtful, strategic, and efficient in all resources that we use whether it be land, energy, or public infrastructure, to ensure that actions deliver on multiple goals of fiscal responsibility, economic resilience, social equity, and ecological health.

**PUBLIC ENGAGEMENT:**

Pursuant to Section 227 of the Community Charter, statutory notice of the proposed permissive exemption bylaws must be published for two consecutive weeks prior to final adoption.

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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**OPTIONS:**

- 1. TO BE READ AS INDIVIDUAL MOTIONS:
  - 1) THAT Council give first, second and third readings to Tax Exemption 2026, Bylaw 3194, 2025
  - 2) THAT Council give first, second and third readings to Tax Exemption 2026, Bylaw 3195, 2025
  - 3) THAT Council give first, second and third readings to Tax Exemption 2026, Bylaw 3196, 2025
  - 4) THAT Council give first, second and third readings to Tax Exemption Churches 2026, Bylaw 3197, 2025

2. 1) THAT Council amend Tax Exemption 2026, Bylaw 3194, 2025 by adding Folios 750.012 and 1171.006 at 40% exemption and Folio 1074.050 at 100% exemption, AND THAT Council give first, second, and third readings to Tax Exemption 2026, Bylaw 3194, 2025.  
2) THAT Council give first, second and third readings to Tax Exemption 2026, Bylaw 3195, 2025.  
3) THAT Council give first, second and third readings to Tax Exemption 2026, Bylaw 3196, 2025.  
4) THAT Council give first, second and third readings to Tax Exemption Churches 2026, Bylaw 3197, 2025.
3. THAT Council provide alternative direction to staff.  
(While Option 2 provides time for further discussion, it also impacts the schedule required for the 2026 permissive tax exemption process. There is a statutory requirement to have the bylaws adopted by October 31<sup>st</sup> each year in order to take effect for the following taxation year.)
4. THAT staff be directed to explore and report back on permissive tax exemption policy additions for affordable housing projects and permissive tax exemptions recipients who are impacted by reconstruction or renovation projects in the 2026 permissive tax exemption policy work.

**ATTACHMENTS:**

1. Policy 1960.00.01
2. Permissive Tax Exemption Listing
3. Permissive Tax Exemption 2026, Bylaw 3194, 2025
4. Permissive Tax Exemption 2026, Bylaw 3195, 2025
5. Permissive Tax Exemption 2026, Bylaw 3196, 2025
6. Permissive Tax Exemption 2026, Bylaw 3197, 2025

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