MUNICIPALITY OF NORTH Cowichan

Report

Date	September 8, 2026	File:	
Subject	2027 Permissive Tax Exemption Bylaw No. 4090		

PURPOSE

To provide Council with the Permissive Tax Exemption applications received for the 2027 assessment roll and to receive first three readings on Permissive Tax Exemption Bylaw No. 4091, 2026.

BACKGROUND

Section 224 of the *Community Charter* provides Council with the authority to exempt, by bylaw, certain lands, improvements, or both, from municipal property taxes. In 2023, Council identified the need to strengthen the existing policy and introduce more rigorous criteria. Following a workshop and Committee of the Whole discussions, a new policy and application form were developed and subsequently adopted on June 19, 2024. The updated policy and application form (Attachment 1) remain in effect and continue to reflect Council's direction, requiring applicants to clearly demonstrate how they meet the established criteria.

The current Permissive Tax Exemption Bylaw, set to expire in 2027 for Community Organizations, grants exemptions to 154 properties, resulting in an estimated $864,898 in foregone tax revenue based on 2026 assessment values and tax rates, which excludes the RCMP Detachment on Ford Road ($240,730). According to Section 4.2 of the revised policy, 'At the time the bylaw is approved, the estimated aggregate value of permissive tax exemptions will not surpass 2% of the current year's total budgeted property tax levy'. For 2026, this 2% threshold amounts to $917,546. As it stands, the bylaw currently does not exceed the 2% cap, and if Council chooses to grant all applications submitted for the 2027 tax year, the amount of foregone revenue would still be below Council's policy of 2% of the 2026 tax levy.

DISCUSSION

North Cowichan has received six applications, encompassing seven properties, for consideration of permissive tax exemptions. These exemptions, if approved, would span the 2027 tax year. Of the six applications received, three are from organizations that have previously been granted tax exemptions and have since acquired new properties. The House of Grace Society, CLT 0003 Community Society, and Chemainus Community Schools Association are the new applicants for 2027.

Clements Centre Society

Under Permissive Tax Exemption Bylaw No. 3972, 2024, the Clements Centre Society currently receives exemptions on five properties, resulting in approximately $35,959 in forgone municipal tax revenue. The Society requests that a newly acquired property at 5855 Clements Street be added to the permissive tax exemption program. The Society submitted a similar request during the previous year's permissive tax exemption review; however, the application was not approved, as granting the exemption would have caused North Cowichan to exceed the Council-established maximum annual permissive tax exemption threshold of 2% of the municipal tax levy for the 2026 taxation year. The current application meets all mandatory requirements of the Permissive Tax Exemption Policy. If Council grants a 100% exemption, the estimated additional forgone revenue would be $4,516 annually. Alternatively, a 50% exemption would result in estimated additional forgone revenue of $2,258.

Maple Bay Yacht Club
The Maple Bay Yacht Club is requesting permissive tax exemptions for two additional properties that are leased from the Province of British Columbia. While the properties are Crown-owned, the lease agreements require the Yacht Club to pay all applicable property taxes. The Yacht Club currently receives a 50% permissive tax exemption on its Class 8 property, resulting in approximately $3,607 in annual forgone municipal tax revenue. A similar request for these properties was submitted during the previous year's permissive tax exemption review; however, the application was not approved as the total value of approved exemptions had already reached North Cowichan's 2% cap for the 2026 taxation year. The current application meets all mandatory requirements of the Permissive Tax Exemption Policy. If Council grants a 50% exemption on the two additional Class 8 properties, the estimated annual forgone revenue will increase by approximately $7,102.

Ducks Unlimited
Ducks Unlimited currently receives permissive tax exemptions on six properties, resulting in approximately $15,687 in annual forgone municipal tax revenue. The Society requests that a newly acquired property at Somenos Lake be added to the permissive tax exemption program for the 2027 taxation year. The application meets all mandatory eligibility requirements set out in the Permissive Tax Exemption Policy. If Council grants a 100% exemption for this property, the estimated additional annual forgone revenue would be approximately $3, as the property is currently assessed at only $1,000.

House of Grace Pregnancy Centre Society
House of Grace Pregnancy Centre Society is requesting a permissive tax exemption for its leased unit #202 located at 5855 York Street. In accordance with the lease agreements, the Society is responsible for paying all property taxes associated with the premises. The unit is located within the same building as The Sword Ministries, which currently receives a permissive tax exemption. The application meets all mandatory eligibility requirements outlined in the Permissive Tax Exemption Policy. The Society has submitted applications for permissive tax exemptions in previous years, specifically in 2023, 2025, and 2026; however, each application was considered and ultimately denied by Council. The Society is once again seeking consideration for a permissive tax exemption for the 2027 taxation year. If Council grants a 100% exemption, the estimated annual forgone revenue would be approximately $2,261. Alternatively, a 50% exemption would result in estimated forgone revenue of approximately $1,131 annually.

Chemainus Community Schools Association
Chemainus Community Schools Association is requesting a permissive tax exemption for the 2027 taxation year for the childcare facility currently under construction at 8025 Berridge Street in Crofton. The facility is being developed by North Cowichan and is anticipated to be completed in 2027. Under the proposed lease agreement, the Association will be responsible for paying all property taxes levied

on the property. As a result, the Association has been advised to apply for a permissive tax exemption. The Association is a registered society and meets all mandatory eligibility requirements set out in the Permissive Tax Exemption Policy. Based on the property's current assessed value of $392,000, which reflects land value only, a 100% exemption would result in estimated annual forgone municipal tax revenue of approximately $1,202, while a 50% exemption would result in estimated forgone revenue of approximately $601. As the assessment is expected to increase significantly upon completion of the childcare facility, the actual forgone revenue for the 2027 taxation year may be higher than these estimates.

CLT 0003 Community Society

CLT 0003 Community Society is requesting a permissive tax exemption for the 2027 taxation year for the affordable housing development currently under construction at 3181 Sherman Road. North Cowichan worked closely with the Community Land Trust throughout the planning and development of this project and has previously provided financial support through a significant grant-in-aid to offset development cost charges. As part of these discussions, the Society was also encouraged to apply for a permissive tax exemption. The Society is a registered non-profit organization and meets all mandatory eligibility requirements outlined in the Permissive Tax Exemption Policy. Based on the property's current assessed value of $2,547,000, which reflects the land value only, a 100% exemption would result in estimated annual forgone municipal tax revenue of approximately $22,239, while a 50% exemption would result in estimated forgone revenue of approximately $11,120. As construction progresses and the completed affordable housing development is reflected in the property's assessment, the actual forgone revenue for the 2027 taxation year may be higher than these estimates.

Legislative Timeline and Approval Process

Typically, applications for permissive tax exemptions are first presented to the Committee of the Whole for review, with Council subsequently directing staff to prepare the associated bylaw for consideration of first three readings at a regular Council meeting. Due to the upcoming general local election on October 17, 2026, the September 8, 2026 Committee of the Whole meeting is the last regularly scheduled meeting prior to the election. To ensure North Cowichan can meet the legislated timeline for permissive tax exemptions, staff have cancelled the scheduled Committee of the Whole meeting and instead scheduled a Special Council Meeting. This approach allows Council to consider the applications and, if desired, provide first three readings of Permissive Tax Exemption Bylaw No. 4090, 2026 at the same meeting. Following first three readings, the bylaw can be advertised in accordance with the *Community Charter* and subsequently brought forward for adoption before the end of September. A Special Electronic Council Meeting will be required on September 24, 2026 to consider adoption of the bylaw, ensuring the final bylaw can be submitted to BC Assessment by the October 31, 2026 deadline.

Proposed Bylaw

The proposed bylaw before Council identifies the new applications through highlighting for ease of reference. All other organizations included in the bylaw have previously been approved by Council for permissive tax exemptions extending through the 2027 tax year. While Council retains the discretion to amend the bylaw and remove any properties currently receiving an exemption, staff have previously advised these organizations that their municipal tax exemptions would remain in effect through the 2027 tax year.

OPTIONS

1. **(Recommended Option)** THAT Council gives first, second and third reading to Permissive Tax Exemption Bylaw No. 4090, 2026.
   - As noted above, if all applicants were granted a permissive tax exemption for the 2027 tax year, the total value of foregone revenue would remain within Council's established 2% cap of the 2026 municipal tax levy.

2. (1) THAT Council gives first and second readings to Permissive Tax Exemption Bylaw No. 4090, 2026.
   (2) THAT Council amends Permissive Tax Exemption Bylaw No. 4090, 2026 by removing the following properties from "Schedule B - Community Organizations" of the bylaw:
      a. [insert Owner and Roll# to be removed]
      b. [insert Owner and Roll# to be removed]
      c. [insert Owner and Roll# to be removed]
   (3) THAT Council gives third reading, as amended, to Permissive Tax Exemption Bylaw No. 4090, 2026.
   - This option provides Council with the opportunity to review all permissive tax exemption applications and remove any applicants it does not wish to support, while still maintaining sufficient time to proceed with third reading, statutory notice requirements, and bylaw adoption prior to the legislated deadline for permissive tax exemptions.

IMPLICATIONS

If Council approves all applications for permissive tax exemptions for the 2027 taxation year, the estimated additional annual forgone municipal tax revenue would be approximately $44,426, based on 2026 property assessments and tax rates. Even with the approval of all applications at the requested exemption levels, the total value of permissive tax exemptions would remain within Council's established 2% cap of the 2026 municipal tax levy. Alternatively, if Council were to approve a 50% exemption for all requested properties, the estimated additional annual forgone revenue would be approximately $22,213, which would also remain within the 2% cap.

It should be noted that the 2027 taxation year represents the final year of the current four-year permissive tax exemption term. As part of the next review cycle, all existing recipients, currently totalling 154 organizations, as well as any new recipients approved for the 2027 taxation year, will be required to submit new applications for Council's consideration for the subsequent four-year term covering 2028 to 2031.

RECOMMENDATION

THAT Council gives first, second and third reading to Permissive Tax Exemption Bylaw No. 4090, 2026.

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Attachments:
(1) Permissive Tax Exemption Policy
(2) Clements Centre Society application
(3) Maple Bay Yacht Club application
(4) Ducks Unlimited application
(5) House of Grace Pregnancy Centre application
(6) Chemainus Community Schools Association application
(7) CLT 0003 Community Society application
(8) Permissive Tax Exemption Bylaw No. 4090, 2026