

**Submission to the Government of Alberta**  
**Re: Proposed Changes to Community Organization Property Tax  
Exemption Regulation (COPTER)**

**Presented by:**  
**The Calgary Chamber of Voluntary Organizations (CCVO)**

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## CCVO Comments on Proposed Changes to COPTER

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### Introduction

The Calgary Chamber of Voluntary Organizations (CCVO) is pleased to provide feedback on the proposals put forward for the *Community Organization Property Tax Exemption Regulation* (COPTER), as part of the *Municipal Government Act* (MGA) review. CCVO exists to promote and strengthen the nonprofit and charitable sector by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector. Our responses focus on the changes that potentially or directly affect the nonprofit sector. In our submission, we specifically focus on the following topic areas:

- Nonprofit tax relief for facilities under construction or renovation
- Criteria for residential property exemptions
- “Restricted” definition

### Topic: Nonprofit tax relief

***Recommendation: Guiding principle 1(d) -- “appropriate access to nonprofit facilities and programs” -- should not be interpreted to cancel out tax exempt status for organizations constructing or renovating facilities that would otherwise qualify for exemption.***

Currently, organizations that are otherwise eligible for tax exempt status lose that exemption when their facilities are under construction or not accessible because they are undergoing renovations (see: <http://www.calgary.ca/PDA/Assessment/Pages/Nonprofit-Tax-Mitigation.aspx>). In Calgary, organizations may apply to the City to have their tax cancelled retroactively in these situations.

CCVO proposes that the “appropriate access” test should be interpreted in the context of the intended use of the facility not whether the facility is physically accessible to users at a given point in time. This would reduce the administrative burden and cost to nonprofits, who would then be freed up to focus their time and money pursuing their vital mission goals. It would also save taxpayer dollars by reducing the costs associated with City staff and Council processing the applications.

We propose that when organizations are renovating existing facilities that are known to be tax-exempt, the exemption should continue during the renovation. When organizations are constructing a new facility, the intended use of which is not yet known to the City, the administrative burden of a separate application process should be removed by streamlining the

process to identify the intended use of the facility. This could occur, for example, by identifying the intended use of the facility in the building permit application.

Further, we believe that these clarifications should be embedded in the COPTER legislation. Doing so will ensure the protection of the tax exemption for nonprofits, as it is our understanding that there is nothing to compel future city councils to maintain the nonprofit tax mitigation policy currently in place.

**Topic: Criteria for Residential Property Exemptions**

***Comment: Sections 21.3.b.i and 21.4.b are too restrictive and would have a significant adverse impact on the finances of nonprofits providing social housing.***

Sections 21.3.b.i and 21.4.b are too restrictive. As drafted, they do not provide the City of Calgary with sufficient flexibility regarding residential property exemptions. Nonprofits that provide social housing use a diverse range of models and strategies to deliver their services. Requiring rental accommodation to be 75% or less of the market value (21.3.b.i) and 24/7 onsite support (21.4.b) risk significantly and adversely impacting these nonprofits' finances. These proposed changes risk impacting disadvantaged Calgarians through higher costs passed along to them, decreased services due to cost-cutting, and/or lower quality housing due to the percentage of operational dollars diverted towards paying property tax instead of being invested in social housing purchases. For example, CCVO is hearing from some nonprofits that the funds diverted would be in the hundreds of thousands of dollars (or more), representing a significant percentage of these organizations' operating budgets.

CCVO encourages the Province to ensure that nonprofits who exist to provide much needed social housing can realize the cost savings of property tax exemption by following clear, but less restrictive, criteria. We are available to the Province as a resource for convening organizations for further feedback on this topic.

**Topic: "Restricted" Definition**

***Comment: The definition of "restricted" in section 9 would benefit from further clarity.***

CCVO suggests there is room to further clarify what is included under the definition of "restricted" within COPTER, and particularly as it relates to the increasing ways in which nonprofits and for-profits co-habit office space, collaborate, and otherwise intersect (e.g., increasingly, via social enterprise). In the City Charters Overview Package for the Fall 2016 Stakeholder Consultation regarding the proposed City Charters, it was highlighted that "the tax exempt status for private entities in nonprofit office space is not clear" (p. 10, <https://www.alberta.ca/documents/City-Charters-Overview-Package.pdf>). CCVO agrees that there is a lack of clarity in these instances. Furthermore, given the breadth and diversity of Calgary's nonprofit sector, it is challenging to arrive

at definitions that are easily applied to the many different missions, service activities, and facility uses that exist.

As the Province works to arrive at clearer definitions of the terminology contained within COPTER, CCVO is available as a resource to help interpret how definitions may apply across the nonprofit sector, and to help shape policy that meets the needs of both the nonprofit sector and government.

In closing, CCVO appreciates the opportunity to provide input into the proposed changes to COPTER. We remain available for further consultation and to convene nonprofit sector stakeholders to inform policy that supports an enabling relationship between the Province and nonprofit sector.

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