

HRM GRANTS COMMITTEE
MINUTES

March 7, 2011

PRESENT: Councillor Russell Walker, Chair
Councillor Barry Dalrymple, Vice-Chair
Councillor Peter Lund
Deputy Mayor Jim Smith
Councillor Jennifer Watts
Mr. Geoff Baker
Ms. Gina Byrne
Mr. Andrew Higdon
Mr. David Woo

REGRETS: Councillor Brad Johns
Mr. David Khokhar
Ms. Monica Jordan

STAFF: Ms. Peta-Jane Temple, Team Lead, Tax, Grants and Special
Projects
Mr. André MacNeil, Financial Consultant
Ms. Chris Newson, Legislative Assistant

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1. CALL TO ORDER

The meeting was called to order at 1:08 p.m. in the Media Room, 1st Floor City Hall, 1841 Argyle Street, Halifax.

2. APPROVAL OF THE MINUTES – January 17, 2011

MOVED by Mr. Andrew Higdon, seconded by Deputy Mayor Jim Smith, that the minutes of January 17, 2011, as presented, be approved. MOTION PUT AND PASSED.

3. APPROVAL OF THE ORDER OF BUSINESS AND ADDITIONS / DELETIONS

Additions:

- 8.1 Non Profit Housing Tax Model – *Mr. André MacNeil*
- 8.2 Non Profit Tax Exemption Sub Committee Appointments – *Ms. PJ Temple*
- 8.3 Report Approval Process – *Ms. PJ Temple*
- 8.4 Grant Committee Status – *Councillor Watts*

Deletion: Item 7.3 and 7.4 to be deleted from the agenda as the reports were not available.

MOVED by Deputy Mayor Smith, seconded by Mr. Andrew Higdon, that the Order of Business, as amended, be approved. MOTION PUT AND PASSED.

4. CONSIDERATION OF DEFERRED BUSINESS - NONE

5. BUSINESS ARISING OUT OF THE MINUTES - NONE

6. CORRESPONDENCE

6.1 SHUBENACADIE CANAL COMMISSION

A letter dated January 21, 2011 from Mr. Allan Billard, Director, Shubenacadie Canal Commission, was before the Committee.

The January 21, 2011 correspondence was circulated to the Committee for information purposes only. No further action required.

7. REPORTS

7.1 HMCS SACKVILLE

A copy of the Regional Council motion of January 25, 2011 was before the Committee.

A copy of the January 31, 2011 response letter from staff to HMCS Sackville was before the Committee.

A copy of the information on the HMCS Sackville submitted to Regional Council on January 25, 2011 by Councillor Sloane was before the Committee.

A copy of the January 20, 2011 letter from Mr. John Jay, Chairman, Canadian Naval Memorial Trust, was before the Committee.

A copy of the February 11, 2010 letter from Mr. Dan English, Chief Administrative Officer for HRM, was before the Committee.

Ms. Peta-Jane Temple, Team Lead Tax, Grants and Special Projects, advised that a report has been placed on hold pending receipt of additional information in regard to: the International Design Competition; description and break down of the business case for the proposed project; and confirmation from other levels of government on whether they are contributing to/in support of the proposed expansion project for the Maritime Museum of the Atlantic.

Councillors Watts and Dalrymple clarified that the motion from Regional Council was simply requesting a report on whether or not the HRM Grants Program had the ability to fund such a request and should the program fund this type of project. The motion was not intended to seek approval for funding at this time.

Councillor Dalrymple noted that the Council motion was intended to raise discussion at the Grant Committee level on whether or not the Partnership Fund could be accessed/utilized for this type of request. Once a decision had been reached on whether or not HRM has the ability to fund such a request, the applicant would be asked to submit an application providing the required documentation.

Ms. Temple explained that the Community Grants program could consider such a request. The maximum Capital Grant would be \$25,000. A feasibility study can include Consultants in direct relation to a capital project, however; the program does not make multi-year commitments. The proposed project would not meet the criteria for the Cultural Reserve Fund.

Ms. Gina Byrne noted that the Grants Committee has been trying to get away from long term funding and she was not in support of any multi-year funding for projects as there is not sufficient funding in the Grants Program to support multi-year funding.

Mr. Temple clarified that funding for the Partnership Fund was suspended for one year due to fiscal constraints, however; there should be an unspent balance in that account.

Ms. Byrne commented that the proposed project should have been discussed with Regional Council outside the Grants Committee as it is a project involving a provincial government asset.

Councillor Watts noted that if the Partnership Fund were to be considered for this project there would have to be an open call, with deadlines, as the Committee could not draw from the fund for one project without considering others.

Councillor Lund suggested that the Committee forward an Information Report to Regional Council, to be prepared by staff, outlining the options in regard to potential funding for the proposed project. He requested that no funding be confirmed without the Federal and Provincial government's confirmation of their support / commitment for this project.

MOVED by Councillor Barry Dalrymple, seconded by Ms. Gina Byrne that the Grants Committee forward an Information Report to Regional Council advising that discussion has been held on the matter referred to them by Regional Council on January 25, 2011 and that the only applicable application to deal with this request at this time is through the Community Grants Program to a maximum of \$25,000 with a deadline of March 31, 2011. Staff are requested to notify the proponent of the report being forwarded to Regional Council. MOTION PUT AND PASSED.

7.2 LATE APPLICATIONS – TAX EXEMPTION FOR NON PROFIT ORGANIZATIONS 2011 – 2012 PROGRAM ELIGIBILITY

A Memorandum dated February 22, 2011 was before the Committee.

Ms. Peta-Jane Temple, Team Lead, Tax, Grants and Special Events, advised that there is legislation in place that requires all parties in receipt of a tax exemption to renew that request on an annual basis including submission of financial information. The process has been for HRM Staff to place a call for any new applicants each fall for the following year's program. The new applications / renewals must be reviewed in advance of the budget process each year in order for staff to project how much more money would be required in the budget. Staff received only a 5% response rate to their request for the groups to complete the form. Ms. Temple explained that staff are considering what recourse/incentive there may be to ensure the recipients submit the required information.

Currently, the tax exemptions are continued each year regardless of whether or not any documentation has been submitted. Staff understands that there may be frequent change over in personnel for many volunteer groups, however; it is not unreasonable to expect the 200+ groups to take responsibility for themselves by following the requirements or risk the consequence of being removed from the tax exemption list. The following options were presented for the Committee's consideration:

- Set a final deadline for application/renewal for tax exemption - any information/documentation not received by that date results in the group being removed from the tax exemption list.

- Maintain the status quo for this year - send a notice that on a go forward basis an annual application, with supporting documentation, will be required in order to be considered for tax exemption. Any group that does not submit the required documentation by the deadline will be automatically removed from the Tax Exemption program with no option for appeal.
- Maintain the status quo with no repercussions.

Mr. Higdon commented that it was unfair to those groups on the waiting list to continue the practice of automatic tax exemption without submission of an annual application / supporting documentation.

Councillor Dalrymple noted that, with volunteer groups, there are often personnel changes that may delay mail being forwarded to the appropriate person, therefore; any action should be incremental. He suggested a letter be sent announcing a second deadline and that if no response is received there will be a penalty. He also suggested that the Councillors be provided with a list of those groups who do not respond by the deadline in order for the Councillor, if he/she chose, to remind those groups in his/her district that they must provide the documentation or risk being removed from the tax exemption eligibility list.

Ms. Temple supported the incremental progressive penalty suggestion with no option for appeal as the appeals could result in a huge municipal tie up. The groups have to be educated to take responsibility for themselves.

In response to a question by Mr. David Woo, Ms. Temple advised that the municipality could not afford to send the letters by Registered Mail and that some groups do claim that they have not received the letters. She noted that it was up to the individual groups to keep HRM up to date with their contact information. She also noted that the Councillors are not responsible for the groups either, the groups themselves are responsible.

Mr. Woo commented that the situation is somewhat similar to the personal cap rate on personal taxes; if no one reminds him to do it then the cap comes off until the next year.

Ms. Temple noted that HRM could do a better job at educating the groups as the groups feel that once they are on the tax exemption list they are there in perpetuity.

Ms. Gina Byrne suggested a percentage penalty for those groups who do not reapply as required.

Ms. Temple noted that having a penalty outside the current process would result in the group(s) being taken off one schedule and placed on another. The penalty of NOTICE OF REMOVAL would be more effective as it would be clear to the groups that if they do not apply they will be liable to pay taxes in full.

Deputy Mayor Smith agreed with the incremental steps to address the culture that HRM has created in allowing the groups to ignore the process. HRM requires the application and financial information in order to make decisions. A group could, for good reason, be offered a one time extension.

Councillor Lund suggested that the Legislation be clearly quoted when the letters are sent to the groups so that the groups are aware that the application process and submission of supporting documentation is a legislative requirement.

MOVED by Councillor Lund, seconded by Mr. Andrew Higdon that the Grants Committee request that staff forward an Internal Memorandum to all of Regional Council in regard to the background surrounding the issue of Late Applications – Tax Exemption For Non Profit Organizations 2011 – 2012 Program Eligibility with a copy of the letter to be sent advising that as of March 31, 2011 the delinquent groups on By-Law T-228 will be listed for removal.

Councillor Walker requested that the District the group is in be included in the Memorandum to Council, based on civic addresses, so that the Councillors will be aware of which groups are in their districts.

MOTION PUT AND PASSED.

7.3 PROPERTY MATTER – LESS THAN MARKET VALUE SALE – 9 LEARY’S COVE ROAD, EAST DOVER (PID#40066383) TO THE VILLAGE GREEN RECREATION SOCIETY

This item was deleted during the approval of agenda as the report was not received.

7.4 TAX APPEAL: ANGLICAN DIOCESE OF PRINCE EDWARD ISLAND AND NOVA SCOTIA – ST. PAUL’S CHURCH, SEABRIGHT, LOT 2 ST. PAUL’S LANE ANN#09666672

This item was deleted during the approval of the agenda as the report was not received.

7.5 COMMUNITY GRANTS PROGRAM: PROPOSED AMENDMENTS TO APPEALS PROCESS AND SECTOR ALLOCATIONS

A Supplementary Report dated January 19, 2011 was before the Committee.

MOVED by Councillor Dalrymple, seconded by Councillor Lund that the Grants Committee recommend that Halifax Regional Council approve that:

- 1. The Community Grants Program contingency for appeals be increased to 5% of the program’s annual budget;**

2. **The Arts & Crafts sector allocation be reduced to \$75,000, effective April 1, 2011;**
3. **The program's appeals process be amended with respect to appeals initiated by elected officials as set out on pages 3 and 4 of the Discussion section of the January 19, 2011 Supplementary Report.**

MOTION PUT AND PASSED.

8. ADDED ITEMS

Items 8.1 and 8.2 were dealt with together at this time.

8.1 NON PROFIT HOUSING TAX MODEL

Ms. Temple explained that, with this year's budget, it may be possible to address some of the requests on the waiting list for Non Profit Housing Tax Exemption. A chronological list of deferrals, dating back to 2006, is being prepared by staff.

Mr. André MacNeil, Financial Consultant, verbally presented the tax exemption models for non profit housing properties as follows: 1. Tax Exemption based on low income, 2. Tax Exemption based on applying a minimum tax.

Discussion ensued on Option 1, Low Income based approach.

Mr. MacNeil presented a table outlining maximum rebates for various income levels. In regard to a Co-Op, staff would ask for information such as how many in the Co-Op have an income of less than \$x amount. The gross income line on the tax returns would be used to determine the income level. Privacy would be respected and no names would be included.

In response to questions raised by the Committee, Ms. Temple explained that being a registered non profit Co-Op prohibits the residents from having an equity position as the Society would have the mortgage and would be the recipients of any savings. Currently, there are approximately twenty-five (25) to thirty (30) Non Profit Co-Ops in the system and only one, Charles Court, on the program. By targeting low income, the intent of providing the subsidy is achieved as it would run more parallel to the private home owner tax exemption program. Considering that there is now only one program, Harbour City Homes and Dartmouth Non Profit Housing, would be transitioned to this program.

Councillor Watts noted that the intent is to encourage a mix in any housing unit and not to have only low income persons in low income housing. Co-Ops should not be forced to be preferential to only low income.

Mr. MacNeil explained that there are generally three types of Co-Ops with some funded under various government programs; the funding arrangements are complex. Staff are aware of what the potential financial impact would be to HRM. The question is whether or not HRM wants to take this approach. The process seems simple in that a one page application would be sent out each year for the Co-Ops to complete.

Ms. Temple clarified that the tax model is not only about Co-Ops but also addresses the Housing Trust of Nova Scotia. The question to be clarified is who determines what is affordable housing and would that classification be in perpetuity. Completing the form each year would provide the information required if based on income.

Deputy Mayor Smith commented that the proposed approach does seem more equitable. He expressed concern for a potential situation where a small Co-Op, with one vacancy, may then start looking at who they let in. He questioned whether this program would be administered under the Grants Program and whether or not it was the same as the private home owner low income tax exemption program.

Ms. Temple advised that staff would suggest that the low income tax exemption matter be moved from the Grants Program to Fiscal Services as tax issues should be dealt with under taxation which is currently handled by Fiscal Services.

Deputy Mayor Smith retired from the meeting at 2:45 p.m.

Ms. Byrne concurred that the residential tax exemption matters should not be under the Grants Program. She commented that Co-Ops are not a bad thing for a community as they do help to develop communities by providing support for single mothers/Seniors.

Discussion ensued on Option 2, Applying a Minimum Tax.

Mr. MacNeil provided a verbal explanation of applying a minimum tax.

Ms. Temple explained that each province handles Co-Ops differently although many Co-Ops are formed under the National Housing Act with local government. The Dartmouth and Halifax Non Profit Housing groups are virtually identical but have a different Act of Incorporation. She noted that places such as the Metro Turning Point must also be reviewed as a shelter / supportive housing for persons with disabilities / non profit nursing homes could be alternative housing sources and may be considered at a different level of tax exemption.

Following staff's verbal presentation and discussion by the Committee, it was agreed that staff would prepare a draft recommendation report for Regional Council for the Grant Committee's review / comment at the April meeting.

8.2 NON PROFIT TAX EXEMPTION SUB COMMITTEE APPOINTMENTS

The Committee agreed that no Sub-Committee was required as the matter has progressed to the report stage. See Item 8.1, page 9.

8.3 REPORT APPROVAL/SIGNING PROCESS

Ms. Temple noted a delay in receiving approval and signatures for reports coming to the Grants Committee.

In response to Councillor Walker, the Legislative Assistant advised that it is the responsibility of each individual Business Unit to ensure their reports are provided to the Municipal Clerk's Office, with all signatures and financial approval in place, in time for the Committee's agenda package. The reports, once received by the Committee, are available to the public and intended to be forwarded on to Regional Council, therefore; the approval/signing process must be adhered to the same as if the report were going directly to Regional Council.

8.4 STATUS OF GRANT COMMITTEE

In response to a question by Councillor Watts on the status of the Grants Committee, the Legislative Assistant advised that Citizen Appointments to the Grants Committee will be on the March 16th Audit and Finance Standing Committee's agenda. The next step will be for the Audit and Finance Standing Committee to forward their recommendations to Regional Council by March 31, 2011.

9. NEXT MEETING DATE – April 4, 2011

10. ADJOURNMENT

The meeting adjourned at 2:58 p.m.

Chris Newson
Legislative Assistant

INFORMATION ITEMS - NONE