

HRM Grants Committee
May 6, 2013

TO: Chair and Members of HRM Grants Committee

Original Signed

SUBMITTED BY: _____
Greg Keefe, Director of Finance & Information Technology

DATE: April 16, 2012

SUBJECT: Addendum to By-law T-229 Respecting Tax Exemption for Non-Profit
Organizations: Appeals 2012-2013

SUPPLEMENTARY REPORT

ORIGIN

March 19th, 2013 – At the public hearing regarding By-law T-229 respecting tax exemption for non-profit organizations, eight (8) appeals were referred back to the Grants Committee for further consideration

LEGISLATIVE AUTHORITY

89 (1) to (6) The Council may, by policy, exempt from taxation, to the extent and under the conditions set out in the policy. Section 89 (6) restricts retroactive awards to the current fiscal year.

RECOMMENDATION

It is recommended that HRM Grants Committee recommend Regional Council:

1. Uphold their approval of increase in exemption level for the Society of St. Vincent De Paul, 438 and 440 Herring Cover Road, Halifax, as recommended under By-law T-229;
2. Defer requests for an increase in exemption level from Dartmouth Adult Services Centre, Canoe-Kayak Canada; the Deanery Project Cooperative; Musquodoboit Harbour Lions Club; the Kinsmen Club of Dartmouth, Canadian Blood Services; and the Village Green Recreation Association pursuant to section 89(6) of the HRM Charter.

BACKGROUND

As required by legislation requirement, a public hearing was held regarding proposed renewals and amendments to the exemption schedules under By-law T-200. Presently, the *Tax Exemption for Non-Profit Organizations Program* does not have formal criteria for appeals. Therefore, the public hearing serves as an opportunity for an applicant or member of the general public to submit a written or verbal presentation for Regional Council's consideration. Past practice has been for Council to refer appeals to the Grants Committee.

At the March 19th, 2013 public hearing eight (8) appeals were referred to the Grants Committee. Each appeal has been reviewed on the basis of any new information provided by the applicant and/or any error or omission.

DISCUSSION

Legislative Authority:

Section 89(6) of the HRM Charter (2008) states: A policy made pursuant to this Section has effect in the fiscal year following the fiscal year in which it is published, unless the policy sets a different effective date, including an effective date retroactive to the beginning of *the current fiscal year* [emphasis added]. In effect, *a tax exemption is not permitted retroactive to a prior fiscal year*.

Appeals 2012-2013:

A review of appeals finds no basis in error or omission. As per section 89(6) of the HRM Charter a retroactive award to a prior year is not an option, therefore any request for an exemption or increase in current exemption level is deferred to the 2013-14 program. In the case of the Society of St. Vincent de Paul, the original recommendation with respect to increasing the exemption level on two properties was not amended or overturned by Regional Council and were therefore approved (the appeal relates only to 436 Herring Cove Road). Hence, the budget allocation for 438 and 440 Herring Cove Road, Halifax, were accrued.

1. Society of St. Vincent De Paul, 440 Herring Cove Road, Halifax

The recommendation advanced under By-law T-200 proposed an increase from 50% exempt at the Residential rate (schedule 28) to 100% exemption for the premises located at 438 and 440 Herring Cove Road, Halifax (schedule 26). A reduction in exemption level from 100% to 50% was recommended for the premises located at 436 Herring Cover Road, Halifax. This building was formerly used for client services but has been used primarily for storage following the construction of a new warehouse/office. This building (a former residence) is in poor condition and a liability; the society plans to demolish the structure and possibly replace with a storage shed at a later date with interim use for parking or open space in the interim. The society has made application to the 2013-14 *Community Grants Program* for a capital grant in the amount of

\$18,000. Once the demolition is complete, the owner can contact Property Valuation Services to request a re-evaluation of the assessment value.

The society has the option to consolidate their three (3) parcels of land to form one (1) property identification number and one (1) assessment account for tax billing purposes. If consolidated, there would be only one level of exemption applied to the entire site, irrespective of how the buildings operate in relation to each other. The latter approach would simplify the tax billing process for the owner.

Given the pending demolition of the premises located at 436 Herring Cove Road, Halifax, a reduction to 50% of the Residential rate was considered appropriate. The recommendation to increase the exemption level to 100% for 438 and 440 Herring Cove Road, Halifax, was not overturned or amended, as such the increase in exemption level was approved when Regional Council approved By-law T-229. The cost of the increase in 2012-13 was \$2,470.90 and this expenditure has been accrued.

It is recommended that Regional Council uphold their prior approval to add the Society of St. Vincent De Paul, 438 and 440 Herring Cove Road, Halifax, to schedule 26, effective April 1, 2012. The estimated cost is \$2,470.90.

It is recommended that the Society of St. Vincent De Paul's request for an increase in exemption from 50% exempt at the Residential rate (Schedule 29) to full exemption (Schedule 26) for the premises located at 436 Herring Cove Road, Halifax, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

2. Dartmouth Adult Service Centre Association (DASC), 59 Dorey Avenue, Dartmouth

In 2009, the Association purchased an HRM property for less than market value and constructed a vocational facility for persons with special needs. Under By-law T-225 the property was awarded an exemption at a Conversion from the Commercial to Residential rate and a subsequent increase to 50% exempt at the Residential rate (By-law T-229). In 2011, the applicant's request for an increase to 75% exempt was declined.

As noted in prior reports, the level of tax exemption awarded 'vocational enterprises' varies and is a function of (a) the lack of detailed program policy, and (b) historical precedence. Inconsistencies of this nature will be addressed in the proposed re-design of *the Tax Exemption for Non-Profit Organizations Program*.

It is recommended that the Dartmouth Adult Services Centre Association's request for an increase in exemption from 75% exempt at the Residential rate (Schedule 27) for the premises located at 59 Dorey Avenue, Dartmouth, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

3. Canoe-Kayak Canada: Atlantic Division Association, 34 Boathouse Lane, Dartmouth

In 2008, Regional Council approved a revised land lease agreement between HRM and Canoe Kayak Canada: Atlantic Division in support of an expansion and enhancement of the building located on site. The portion of the property identified in the lease agreement occupied by the Association has not yet been sub-divided, surveyed, or assessed. Therefore, HRM cannot determine a dollar value for the exemption awarded at a Conversion from the Commercial to Residential rate (Schedule 29). The land appears to be one parcel and has been exempt under the 100% exemption provided to the abutting tenant (North Star Rowing Club). Resolution of this file is in progress. In addition, a legal opinion has been sought to determine if properties leased by non-profit organizations are eligible under section 89 of the HRM Charter. The matter of leased properties will be addressed under the proposed program re-design.

The basis of the appeal is that similar facilities currently receive full exemption (Schedule 26). A review of membership-based sports clubs on the by-law indicates inconsistency. Paddling clubs, soccer, a snowmobile club, and an archery club receive full exemption whereas curling, sailing, and tennis clubs do not. The rationale for this inconsistency appears to be simply precedence.

It is recommended that Canoe-Kayak Canada: Atlantic Division's request for full exemption (Schedule 26) for the premises located at 34 Boathouse Lane, Dartmouth, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

4. The Deanery Project Cooperative, 37 Deanery Road, Lower Ship Harbour

The Deanery Project Cooperative's application to the 2012-13 project was declined based on private ownership (as of the application deadline of November 30th, 2011). The basis of appeal is that title has been conveyed to the cooperative. Deferral to the 2013-14 program is recommended pursuant to legislation. A deferral will also allow for confirmation of the terms of conveyance that will be reviewed in relation to a request to the 2013-14 *Community Grants Program* in the amount of \$24,962.

It is recommended that the Deanery Project Cooperative's request for full exemption (Schedule 26) for the premises located at 37 Deanery Road, Lower Ship Harbour, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

5. Musquodoboit Harbour Lions Club, 43 East Petpeswick Road, Musquodoboit Harbour

In 2009, the Musquodoboit Harbour Lions Club was added to By-law T-200 at a Conversion from the Commercial to Residential tax rate (Schedule 29). This level of exemption is consistent with other service clubs that do not offer alternate service delivery (ie. operate a park, playground, arena etc). The club has renovated the premises and now house the Eastern Shore

Food Bank and are seeking status as an HRM comfort centre. There is no formal Memorandum of Understanding on file between the club and HRM EMO.

It is recommended that the Musquodoboit Harbour Lions Club's request for full exemption (Schedule 26) for the premises located at 43 East Petpeswick Road, Musquodoboit Harbour, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

6. Kinsmen Club of Dartmouth, 30 Caledonia Road, Dartmouth

Prior to 2008, the club received full exemption on the basis of alternate service delivery ie. by accommodating the East Dartmouth Boys & Girls Club. With the construction of the HRM East Dartmouth Community Centre and the club's departure, the level of exemption was reduced to 50% exempt at the Residential rate. The award was conditional and intended as an interim step to transition the club to a Conversion from the Commercial to Residential rate as of April 1, 2013 (By-law T-229). The interim award was meant to assist the club replace tenancy and renew their land lease with HRM. Both conditions have been met. A conversion rate is consistent with other service clubs that do not provide alternate service delivery.

It is recommended that the Kinsmen Club of Dartmouth's request for full exemption (Schedule 26) for the premises located at 30 Caledonia Road, Dartmouth, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

7. Canadian Blood Services, Lot 1140-270 John Savage Avenue, Dartmouth - Late

The Canadian Blood Services provide blood collection, product testing, and delivery services to hospitals within Nova Scotia and PEI. The staff report dated December 5, 2012 (By-law T-229) Recommended a request for tax exemption be declined on the basis of the provision of health/medical services, status as an arms-length government agency (not volunteer, community-based service), and a late application. The basis of appeal is that a similar facility located in New Brunswick receives tax assistance. Consideration of a late application would be unfair to on-time applicants deferred or declined. Tax assistance for health/medical facilities will be reviewed under the proposed program re-design but Council has previously declined the inclusion of nursing homes on the basis of medical services/provincial jurisdiction.

It is recommended that the Canadian Blood Services' request for full exemption (Schedule 26) for the premises located at 270 John Savage Drive, Dartmouth, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

8. Village Green Recreation Association, 15 Leary's Cove Road, East Dover

The recommendation to decline the Association's request for full exempt and award a Conversion from the Commercial to Residential tax rate is based, in part, on prioritizing awards; converting commercial accounts before residential assessments or increasing existing awards. Technically, the appeal is moot: the property was on the 2012-13 tax roll as Exempt Commercial and has not been assessed or billed for taxes. A deferral to the 2013-14 program will not be an expense to the Association in the 2012 fiscal year.

It is recommended that the Village Green Recreation Association's request for full exemption (Schedule 26) for the premises located at 15 Leary's Cove Road, East Dover, be deferred to the 2013-14 Tax Exemption for Non-Profit Organizations Program pursuant to Section 89(6) of the HRM Charter.

FINANCIAL IMPLICATIONS

Full exemption for two properties owned by the Society of St. Vincent DePaul located at 438 and 440 Herring Cove Road, Halifax, has been accrued from account M311-8006 from the 2012-13 program budget. This award was not overturned or amended during the public hearing.

2012-13 Program Budget	\$2,985,000
Less Awards under T-229	<u>(\$2,758,764)</u>
Balance	\$226,236
Less St. Vincent De Paul Society award	<u>(\$2,470)</u>
Balance	<u><u>\$223,766</u></u>

COMMUNITY ENGAGEMENT

Not applicable.

ENVIRONMENTAL IMPLICATIONS

None.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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