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**Item No. 11.1.3**  
**Halifax Regional Council**  
**March 23, 2010**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
\_\_\_\_\_  
Dan English, Chief Administrative Officer

  
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Wayne Anstey, Deputy Chief Administrative Officer - Operations

**DATE:** February 11, 2010

**SUBJECT:** **Proposed By-law T-226 - an Amendment to By-law T-200: Tax Exemption for Non-Profit Organizations**

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**ORIGIN**

By-law T-225 was approved by Regional Council through a public hearing process. This second report, By-law T-226, provides for the timely removal of additional properties from the program, the merger of four non-profit housing cooperatives, and minor corrections.

The report recommendations were discussed at the Grants Committee meeting of March 4, 2010. Due to a lack of quorum, the committee members present requested the report proceed directly to Council to expedite a public hearing.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Approve the changes to By-law T-200 as shown in Attachment 1.
2. Approve in principle the adoption of By-law Number T-226 Respecting Tax Exemption for Non-Profit Organizations as shown in attachment 2, and also give notice of motion to begin the formal adoption process.

## **BACKGROUND**

This report proposes amendments to the By-law T-200 schedules in a timely manner which, if approved by Regional Council, realize additional savings to the program of \$6,607. The report also addresses the recent merger of four non-profit housing coops. See: **Attachment 1**.

## **DISCUSSION**

- In late September, 2009, HRM was advised that the **Lung Association of Nova Scotia** had sold their property to a private party. Tax exemption is non-transferable and as such the society should be removed from the by-law pro-rated as of the date of closing. The private owner is responsible for full payment of the balance of taxes unless there is an agreement between the two parties to the contrary.
- The **Nova Scotia Nature Trust** and **Nature Conservancy of Canada** have successfully received exemption under Conservation Property Tax Exemption Act (2008). A total of three (3) parcels of land should be removed from the by-law.
- HRM has been notified of the merger of four non-profit housing cooperatives under a new entity; the **North End United Housing Cooperative**. The new co-op has a combined total of 131 units. Of the four former co-ops, one is on the by-law under the name of the former owner (Charles Court), two have applied to the program under their former name and been deferred pending budget capacity (James MacDonald and Seaview), and the fourth (Anathoth) has not made application. Because tax exemption is non-transferable, the former owner, Charles Court, should be removed from the by-law and the applications deferred but in the name of the North End United Housing Cooperative.
- **Marine Drive Community Centre Association** no longer leases land from the Government of Nova Scotia. As a provincially owned and operated property, it is exempt and any tax paid to HRM is via a provincial grant in lieu. Staff also propose that the property owned by the Association<sup>1</sup> (the centre itself) be removed in fiscal year 2010 because the group no longer has non-profit society status and have not met the minimum reporting requirements of the program.

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<sup>1</sup> A former school sold to the Association by HRM for \$1.

- In 2008, the assessed value of the property leased by **Pier 21 Society** increased by \$27,482.47. The property is on By-law T-200 at 100% exempt<sup>2</sup>. The increased cost to the program is retroactive to 2008 and noted in this report given the impact on the program's budget in 2009-2010 fiscal year.

All figures stated in Attachment 1 are rounded up to the nearest dollar.

### **BUDGET IMPLICATIONS**

If the recommended deletions are approved, the balance of account M311-8006 is **\$15,555**.

Previous balance		\$36,432
Removal of 5 properties - saving to program		
Lung Association of Nova Scotia	\$3,221	
Nova Scotia Nature Trust	384	
Nature Conservancy of Canada (2 properties)	2,863	
Marine Drive Community Centre (land only)	<u>139</u>	\$ 6,607
Less Pier 21 tax adjustments (2008 and 2009)		<u>(\$27,484)</u>
Revised Balance		<b>\$15,555</b>

This balance differs from the previous balance of \$36,432<sup>3</sup> reported under By-law T-225 by a \$20,087 due to the removal of five (5) properties in 2009 and an increase in the assessed value of Pier 21 resulting in an increase in cost to the program of \$27,484.

The removal of two properties owned by Harbour City Homes simply corrects a typographical error with no impact on the program budget.

If approved, the removal of Charles Court Housing Cooperative and Marine Drive Community Centre Association (ANN#03403963) will not realize a budget saving until 2010.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

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<sup>2</sup> The cost of full exemption to the Pier 21 Society is ~\$109,000. When the current lease is revoked and the museum operated by a crown corporation on behalf of the federal government the property should be removed from By-law T-200. Property taxes will then be paid in the form of a federal grant in lieu. The savings could be re-directed to applicants on the program's waiting list.

<sup>3</sup> The balance in the staff report of August 12, 2009, was incorrectly reported as \$32,083 due to the omission of two properties to be removed (for a revised total of 18 properties removed for a combined saving of \$20,783). This error was noted at the By-law T-225 public hearing and the balance corrected to \$36,432.

**ALTERNATIVES**

1. Halifax Regional Council could amend the proposed date for the removal of Charles Court Housing Cooperative to the closing date of September 18, 2009, in preference to the date proposed by staff of April 1, 2010, for an additional saving to the program in 2009 of ~\$5,000.

This action is not recommended: In part, the merger of four cooperatives to form the North End United Housing Cooperative was to address long-term financial viability and operating efficiencies. An un-budgeted increase of \$5,000 late in the fourth quarter of the fiscal year could place further strain on the new cooperative, especially given that a \$3,144,000 capital project is underway to upgrade the portfolio. Over the course of this multi-phased project, valued at a total of ~\$7,900,000, the co-op will pay ~\$300,000 to HRM in applicable fees. The scale of investment may also trigger an increase in the assessment value of the portfolio and a corresponding increase in tax payable in future years.

**ATTACHMENTS**

1. Recommended Deletions and Corrections.
2. By-law T-226 Respecting Tax Exemption.

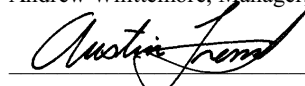
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, HRM Community Development. 490-5469.



Report Approved by: \_\_\_\_\_  
Bruce Fisher, Manager, Tax & Fiscal Policy, Finance

  
Andrew Whittemore, Manager, Community Relations & Cultural Affairs, 490-1585

Report Approved by: \_\_\_\_\_  
  
Austin French, Acting Director, Community Development, 490-6717

**Attachment 1**

**Recommend Removal from By-law T-200**

**HEALTH**

**1. Lung Association of Nova Scotia, 17 Alma Crescent, Halifax**

In September, 2009, the Lung Association sold their premises. The group will lease at this location while work proceeds on the property they have acquired on Lady Hammond Road, Halifax. Tax exemption is non-transferable and as such the organization should be removed from By-law T-200. The association shall pay \$1,127.28 pro-rated for the term of their occupancy and HRM shall pay \$2,111.82. The balance of \$3,220.20 (Commercial rate) is to be paid by the new owner.

*Recommend removal of the Lung Association of Nova Scotia, 17 Alma Crescent, Halifax, from By-law T-200 (Schedule 29) effective September 30, 2009. The 2009 exemption shall be pro-rated over 183 days to reflect the association's ownership but the new owner shall pay full Commercial tax for the balance of the fiscal year (ie. October 1, 2009 to March 31, 2010). In 2009, the cost-saving to the program is \$3,221 .*

**ENVIRONMENT**

**2. Nature Trust of Nova Scotia, ANN#01986813, Porcupine Hill, Pope's Harbour**

The Nature Trust of Nova Scotia successfully appealed the tax status of this parcel of land under the Conservation Property Tax Exemption Act (2008) and can be removed from By-law T-200. Note: three (3) properties remain on the by-law pending evaluation of exempt eligibility by the Nova Scotia Department of Environment.

*Recommend removal of ANN#01986813 owned by the Nature Trust of Nova Scotia from By-law T-200 (Schedule 26). The annual saving to the program is \$384.*

**3. Nature Conservancy of Canada**

The Nature Conservancy of Canada successfully appealed the tax status of two parcels of land under the Conservation Property Tax Exemption Act (2008) and can be removed from By-law T-200 for a combined annual saving of \$2,863.

**ANN#8884986 Abraham Lake Road, Abraham Lake**

*Recommend removal of ANN#8884986 owned by the Nature Conservancy of Canada from By-law T-200 (Schedule 26). The annual saving to the program is \$1,217.*

**ANN#896969 Big Gun Island, Ostrea Lake**

*Recommend removal of ANN#896969 owned by the Nature Conservancy of Canada from By-law T-200 (Schedule 26). The annual saving to the program is \$1,646.*

**AFFORDABLE HOUSING**

**4. Harbour City Homes, 2223 Brunswick Street and 2229 Brunswick Street, Halifax**

In 2007 (by-law T-219), Harbour City Homes was awarded an increase in level of exemption (from 25% exempt on Schedule 30 to 100% exempt on Schedule 26) for two registered heritage properties. These properties are incorrectly listed twice.

*Remove Harbour City Homes, 2223 Brunswick Street and 2229 Brunswick Street, Halifax, from Schedule 30, effective April 1, 2009. These two properties remain on Schedule 26. This is a typographical error and there are no net savings to the program.*

**5. Charles Court Housing Cooperative, 2543 Wood Avenue, Halifax.**

In 2008, the Nova Scotia Department of Community Services initiated talks with several non-profit housing coops to address financial viability, operating efficiencies, and capital upgrades. As a result of these discussions, four (4) coops merged to form the North End United Housing Cooperative for a combined total of 131 units. Of the four coops that now form the North End United Housing Cooperative, Charles Court is the only one that is on By-law T-200 (Schedule 30) as of 2004. Due process would be to remove Charles Court from the by-law pro-rated as of the date of title transfer ie. September 18, 2009. However, the units formerly in receipt of tax assistance cannot be reinstated because title is now held by a new owner. Tax exemption is non-transferable. Further, the North End United Housing Cooperative has a significantly larger portfolio, including two applications deferred (James MacDonald Cooperative and Seaview Housing Cooperative) and one that has not applied to the program (Ana Thoth Housing Cooperative)<sup>4</sup>.

Given the timing of this merger, staff recommend removal of Charles Court Housing Cooperative at the end of this current fiscal year and that HRM notify the new owner that taxes will be payable in full until such time as the North End United Housing Cooperative can be added to the program. This approach gives the new owner time to budget for full taxes in next fiscal year and does not provide preferential consideration relative to other cooperatives or housing groups on the program's waiting list.

*Recommend removal of Charles Court Housing Cooperative, 2543 Wood Avenue, Halifax, from By-law T-200 (Schedule 30) effective April 1, 2010. The estimated saving to the program in 2010-2011 is \$11,017.*

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<sup>4</sup> Staff have conferred with HRM Legal Services and confirmed that the North End United Housing Cooperative is not a successor; the entity is not identical to its predecessor insofar as it comprises four former separate entities.

## RECREATION

### **6. Marine Drive Community Centre Association, 9411 Highway #7, Head of Jeddore**

In 1997, the marine Drive Community Association leased the former school board sub-system office located in Head of Jeddore for \$1/year in lieu of operating and maintenance costs. In 2000, the property was sold to the tenant for \$1. In the same year, the association was added to By-law T-200 at a Conversion from the Commercial to Residential rate (Schedule 29). Services provided at the site, known as the "Centre by the Sea", included the Eastern Shore Volunteer Food bank, a CAP site, and parent resource centre/child care. In addition to the former school, the centre leased an abutting parcel of land from the Nova Scotia Department of Transportation.

In 2004, an appeal for an increase in tax subsidy was approved conditionally, ie. for a period of two years at which time there would be a further review of the type of service provided to the public and level of tax subsidy. Correspondence to the society regarding renewal have been unanswered. As such, a review of programming has not been undertaken. Further, the Registry of Joint Stocks shows that the society's status defaulted in 2007. In February, 2010, staff sent written notification to the group of the proposed removal from the program.

#### **Land Lease ANN#9122990, Highway #7, Head of Jeddore**

In November, 2008, the operation of the land was assumed by the owner, the Nova Scotia Department of Transportation. The property was assessed at the Residential rate (\$24,800). As government owned and operated the property is now exempt and taxes were not billed in the 2009-2010 fiscal year.

*Recommend removal of Marine Drive Community Centre Association, ANN# 9122990, Highway #7, Head of Jeddore from By-law T-200 (Schedule 26) effective April 1, 2009. The estimated annual saving to the program is \$139.*

#### **9411 Highway #7, Head of Jeddore**

The property is assessed at the Commercial rate (\$89,500).

*Recommend removal of Marine Drive Community Centre Association, ANN# 03403963, Highway #7, Head of Jeddore from By-law T-200 (Schedule 26) effective April 1, 2010. The estimated annual saving to the program is \$2,853.*

## RECORDS MANAGEMENT

### Assessment Appeal

#### **7. Pier 21 Society, 1055 Marginal Road, Halifax**

The property is owned by the federal government and operated by the Halifax Port Authority. The Pier 21 Society lease space. The property is on By-law T-200 at full exemption (Schedule 26). In 2008, the property assessment increased. The society appealed and the value was amended retroactively in 2009 that created a retroactive adjustment to the value of the exemption awarded in 2008 in the amount of \$20,593. This amount will be paid from the 2009-2010 program as a one-time adjustment.

Due to the increase in assessed value (due, in part, to an increase in the amount of space leased by the society) there is an increase in taxes payable for the current year in the amount of \$6,891 (taxes increased from \$101,903 to \$108,794). The combined total of the adjustments is \$27,484.

*Recommend a one-time payment of the adjusted balance outstanding for fiscal year 2008-2009 and the net tax increase for 2009-2010 for the Pier 21 Society, 1055 Marginal Road, Halifax. The combined additional cost to the program in 2009-2010 is \$27,484.*

### Correction to Schedules

#### **8. Fultz Corner Restoration Society, 25 Sackville Drive, Sackville**

Schedule 26 of By-law T-225 incorrectly assigned the identical Assessment Account Number (ANN#02344203) to two properties. The correct ANN# for the parcel of land acquired by the Fultz House Restoration Society is ANN#10176697.

*Amend Schedule 26 to ANN#10176697, Fultz Corner Restoration Society, 25 Sackville Drive, Sackville.*

### Amendments to Deferred Applicants

#### **9. James MacDonald Housing Cooperative, 2467-2475 Brunswick Street, Halifax**

Title to the property was acquired by the North End United Housing Cooperative effective September 18, 2009.

*Amend the listing of deferred applicants to replace James MacDonald Housing Cooperative with the North End United Housing Cooperative.*



**10. Seaview Housing Cooperative, Block OB, Barrington Street, Halifax**

Title to the property was acquired by the North End United Housing Cooperative effective September 18, 2009.

*Amend the listing of deferred applicants to replace Seaview Housing Cooperative with the North End United Housing Cooperative.*

**11. Centre for Diverse Visible Cultures, Room 99, 2786 Agricola Street, Halifax**

Under By-law T-225 staff recommended the applicant be declined due to recurring rental arrears. Regional Council has since approved a new lease, effective September 1, 2009, with significantly reduced occupancy intended to address concerns regarding affordability.

*Reinstate the Centre for Diverse Visible Cultures on the list of applicants deferred pending proposed program re-design re: leased property.*

**Attachment 2**

**HALIFAX REGIONAL MUNICIPALITY**

**BY-LAW NUMBER T-226**

**BY-LAW RESPECTING TAX EXEMPTIONS**

Be it enacted by the Council of the Halifax Regional Municipality, under authority of Section 71 of the Municipal Government Act , Chapter 18, R S.N.S, By-law T-200 is amended as follows:

**Schedule 26 of By-law T-200 is amended by:**

Remove ANN#01986813, Nature Trust of Nova Scotia, Porcupine Hill, Pope's Harbour  
Remove ANN#8884986, Nature Conservancy of Canada, Abraham Lake Road, Abraham Lake  
Remove ANN#896969, Nature Conservancy of Canada, Big Gun Island, Ostrea Lake  
Remove ANN#09122990, Marine Drive Community Centre, Highway #7, Head of Jeddore  
Amend ANN#02344203 to ANN#10176697, Fultz House Restoration Society, 25 Sackville Drive, Sackville

**Schedule 29 of By-law T-200 is amended by:**

Remove ANN#03574555, Lung Association of Nova Scotia, 17 Alma Crescent, Halifax

**Schedule 30 of By-law T-200 is amended by:**

Remove ANN#00770914, Harbour City Homes, 2223 Brunswick Street, Halifax  
Remove ANN#00771511, Harbour City Homes, 2229 Brunswick Street, Halifax

MAYOR

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ACTING MUNICIPAL CLERK

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I, Cathy Mellett, Acting Municipal Clerk for the Halifax Regional Municipality, hereby certify that the above noted by-law was passed at a meeting of the Halifax Regional Council held on (month), (day), 2010.

ACTING MUNICIPAL CLERK

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