

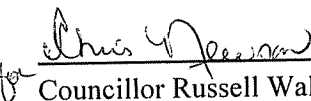
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**Halifax Regional Council**  
**February 13, 2007**

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

**SUBMITTED BY:**  \_\_\_\_\_  
Councillor Russell Walker, Chair, HRM Grants Committee

**DATE:** January 8, 2007

**SUBJECT:** **By-law T-220 Respecting Deferred Applications to By-law T-200 and Appeals: Tax Exemption for Non-Profit Organizations: 2006-2007.**  
**SUPPLEMENTARY REPORT**

**ORIGIN**

At the public hearing of November 28, 2006, (By-law T-218) Regional Council agreed to defer a decision regarding partial tax exemption for affordable and supportive housing pending further review of provincial and federal subsidies. Application by Alice Housing, Ecology Action Centre, and Westmoor 57 Cooperative were referred back to the HRM Grants Committee. Subsequent to the public hearing, property tax accounts have been established by Assessment Services for two (2) HRM-owned properties that are presently leased to non-profit organizations. Namely, one property leased to Harbour City Homes (this will be considered at a later date under By-law T-219) and one property under a lease-to-buy agreement with Feed Nova Scotia. These two accounts will be billed full property tax in 2006 unless assisted under By-law T-218. This report was approved by the Grants Committee at their meeting of January 8, 2007.

**RECOMMENDATION**

It is recommended that Regional Council:

1. Approve application for property tax exemption to Alice Housing and Feed Nova Scotia as detailed in Attachment 1 of this report;
2. Decline application for tax exemption from Quest: Society for Adult Support and Rehabilitation as detailed in Attachment 2 of this report;
3. Recognize Westmoor 57 Co-Operative as eligible for consideration under By-law T-200 in 2007-2008 conditional upon confirmation of their ineligibility for the Nova Scotia Assessment Cap Program;
4. Defer application from the Ecology Action Centre to the 2007-2008 program;
5. Set a date for a public hearing.

## **BACKGROUND**

Under By-law T-218 (November 28, 2006) a decision regarding applications from non-profit housing cooperatives, supportive housing, and long-term care facilities was deferred pending confirmation of property tax reporting by organizations in receipt of provincial or federal subsidies (ie. core operating subsidies or per diem rates). Further, on a motion by Councillor Fougere the recommendation to decline Westmoor 57 Co-Operative and on a motion by Councillor Streach the recommendation to approve a partial tax exemption to the Ecology Action Centre were referred back to the HRM Grants Committee. This report also addresses appeals arising from the public hearing and assessment corrections.

## **DISCUSSION**

### **1. Program Eligibility: Non-Profit Housing Cooperatives**

On November 8th, 2006, HRM staff and Councillor Fougere met with staff representatives from Service Nova Scotia & Municipal Relations (Co-Operatives Branch and Assessment Services) and the Nova Scotia Department of Community Services (Housing Services Division) to gather information re: non-profit housing cooperatives and government assistance. The aim was for HRM staff to make recommendation to the HRM Grants Committee regarding eligibility.

*HRM Grants Committee recommend that By-law T-200 recognize non-profit housing cooperatives in accordance with each of the following criteria:*

- Registration as a Co-Op Association<sup>1</sup> under the Nova Scotia Registry of Joint Stocks;
- Confirmation of non-profit status in accordance with the Co-Operative Associations Act (1977), Section 61 (A-F);
- Receipt of CMHA assistance under the National Housing Act, Section 6.1, administered by the Nova Scotia Department of Community Services.

*HRM Grants Committee recommend that applications from non-profit housing cooperative to the 2006-2007 program be deferred to the 2007-2008 program in accordance with the program's budget capacity.*

### **2. Program Eligibility: Social Housing**

*HRM Grants Committee recommend that applications from nursing homes, small options homes, and public housing facilities be declined assistance in 2006-2007. Further, that staff arrange meetings with representatives from Nova Scotia Community Services, Nova Scotia Department of Health, and Corrections Canada regarding municipal property tax and per diem rates or core operating subsidies for special needs housing.*

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<sup>1</sup> A Co-Op Association is membership-based non-profit housing. The other category of registration, Co-Operative Housing, would be ineligible because the occupants are not recognized as non-profit.

Staff will report to the HRM Grants Committee with recommendations regarding eligibility and/or level of public subsidy at a later date.

### **3. Appeals**

**Alice Housing:** At the HRM Grants Committee meeting of December 4<sup>th</sup>, 2006, the committee overturned staff's initial recommendation and voted to award a partial tax exemption in the amount of 50% of the Residential tax rate. The rationale for the level of award is as follows:

The property provides support services that might otherwise be included in the association's residential facilities but cannot be accommodated due to space constraints.

The nature of the service is not considered an emergency shelter or independent affordable housing because residency can be for up to two years and counselling services are mandatory. As such, the committee views the applicant as a form of supportive housing but not in the same category as those who provide 24 hour attendant care or supervision, for example persons with disabilities or homeless youth.

For clarity, during the debate staff confirmed that presently there is a continuum of subsidy for non-profit residential facilities: from 75% exempt for special needs supportive housing; 50% for residential addictions recovery; and 25% for independent living in non-profit rental housing. Properties that are municipally registered heritage buildings may receive 100% exemption. The committee felt that on-site services provided by Alice Housing for a limited term of up to 2 years falls between assisted living and independent living. Hence, the committee recommended a partial tax exemption at 50% of the Residential rate.

*HRM Grants Committee recommend partial tax exemption at 50% of the Residential tax rate, effective April 1<sup>st</sup>, 2006. The estimated annual cost is \$1,199.*

**Westmoor 57 Co-Operative:** Assessment Services has agreed to review the interpretation of the Assessment Act (1996), Section 33 (1), that assessed individual occupants of Westmoor 57 Co-Operative as if they were individual title-holders on the basis of shareholder status. This co-operative is membership-based, not shareholder owned. As such, members do not have an equity position, shares or dividends, and would therefore be ineligible for the Provincial Assessment Cap Program.

*HRM Grants Committee recommend that Westmoor 57 Co-Operative be eligible for consideration for tax assistance in 2007-2008 conditional upon a determination of their ineligibility for the NS Assessment Cap Program. Staff will review the tax billing status in addition to non-profit housing status.*

**Ecology Action Centre:** For consistency, the application from the Ecology Action Centre has been deferred to 2007-2008 and any award will be subject to budget capacity.

### **4. Amended Assessment: Feed Nova Scotia**

The property occupied by Feed Nova Scotia is owned by HRM and under a lease-to-buy agreement. The property has not been assessed for property tax and therefore has not appeared on the municipal tax roll. This error has been corrected by Assessment Services effective April 1<sup>st</sup>, 2006. As owner, it is HRM's responsibility to ensure the property's correct assessment status.

*HRM Grants Committee recommend 100% tax exemption effective April 1<sup>st</sup>, 2006. The estimated annual cost is \$15,247.*

### **BUDGET IMPLICATIONS**

The 2006-2007 budget for the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200) was \$1,846,800. Under By-law T-218 (October, 2006) a total of 169 organizations (340 properties) were renewed for a combined total value of \$1,802,650. The addition of four (4) applicants for a combined total of \$47,060 and removal of ten (10) properties for an estimated saving of \$62,846 left a balance of \$59,936.

If approved, the estimated combined cost of adding two (2) properties to By-law T-200 (Feed Nova Scotia and Alice Housing) is \$16,448. A balance of \$43,488 remains. However, it should be noted that if the assessment to Alice Housing is revised to the Commercial tax rate HRM's annual subsidy will increase to ~\$6,034/year and reduce the future balance to ~\$38,653. In addition, if approved, the proposed settlement agreement with Harbour City Homes includes a one-time tax exemption at an estimated combined cost of ~\$82,000 to \$120,000 (~\$27,500 to ~\$37,000 annually thereafter). As such, this year's program's will be over budget (~\$43,345 to \$81,345 depending upon Regional Council's approval of By-law T-219).

Clearly, there will be insufficient capacity remaining in the program for 2007-2008 given the number of applications deferred and new applications to next year's program received by the application deadline of November 1<sup>st</sup>, 2006. Options to address this issue include (a) a budget increase request, (b) close the program to new applicants and/or to requests for increased assistance, or (c) reduce current levels of assistance either by category or across all recipients.

### **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.

### **ALTERNATIVES**

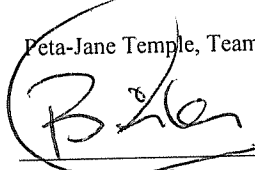
1. Regional Council could overturn a recommendation of the HRM Grants Committee.

### **ATTACHMENTS**

1. Recommend Applications be Approved.
2. Recommend Applications be Declined.
3. By-law T-220

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

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Report Approved By:   
Cathie O'Toole, A/Director of Finance

**Attachment 1**

**RECOMMEND APPLICATION BE APPROVED**

**SOCIAL SUPPORTS**

**1. W. William Non-Profit Housing Association (Alice Housing), 82-84 Ochterloney Street, Dartmouth  
- Supportive Housing**

Alice Housing provides transitional accommodation for women and children leaving domestic violence. The property located at 82-84 Ochterloney Street, Dartmouth, contains administrative offices and meeting rooms for on-site programming to clients of the housing association. Presently, the property is assessed at the Residential rate (\$2,397). The applicant has requested partial tax exemption. HRM has requested Assessment Services review the assessment classification based on use.

*HRM Grants Committee recommend partial tax exemption at 50% of the Residential tax rate (Schedule 28), effective April 1<sup>st</sup>, 2006. The estimated cost in 2006-2007 is \$599.*

**2. Feed Nova Scotia, 213-217 Bedford Highway, Halifax - Social Services**

The property located at 213-217 Bedford Highway, Halifax, is owned by HRM and under a lease-to-buy agreement with Feed Nova Scotia. The association, formerly known as the Metro Food Bank, was added to By-law T-200 at amalgamation (Schedule 9) at 50% exempt at the Residential rate. However, an assessment account was not created and property taxes have not been billed and collected, or non-collection accounted for under By-law T-200. The applicant has requested 100% exemption.

In 2006, HRM requested Assessment Services assess the property to effect inclusion on the municipal tax roll. A correction has been made effective April 1<sup>st</sup>, 2006. The property is now assessed at \$414,200 and shall be taxed at the Commercial rate (\$15,247).

*HRM Grants Committee recommend 100% tax exemption (Schedule 26) effective April 1<sup>st</sup>, 2006. The estimated annual cost is \$15,247.*

**Attachment 2.**

**RECOMMEND DECLINE**

**1. Quest: Society for Adult Support and Rehabilitation, Halifax -**

With the closure of the Halifax County Rehabilitation Centre responsibility for the care of severally developmentally handicapped persons was transferred to a non-profit organization (managed by staff transferred from the Centre). Application has been made for partial tax exemption on two Small Options Homes and a leased portion of an apartment building. The properties are owned by the Province of Nova Scotia and operated by the Metropolitan Housing Authority (MHA).

**2406 Gottingen Street, Halifax**

The property is a subsidized public housing complex for seniors (Sunrise Manor) owned by the Nova Scotia Housing Development Corporation and operated by MHA. The property is taxed at the Residential rate (\$79,113).

Note: there is no assessment based on the tenant's proportional occupancy and the value of tax (\$79,113) is for the entire facility.

**1 Albyn Avenue, Dartmouth**

The property is owned by Nova Scotia Housing Development Corporation and operated by MHA. Quest leases the premises for a Small Options Program. The property is taxed at the Residential rate (\$2,010).

**Lot A4, 5 Roywell Drive, Lawrencetown**

The property is owned by Nova Scotia Housing Development Corporation and operated by MHA. Quest leases the premises for a Small Options Program. The property is taxed at the Residential rate (\$1,738).

*Staff recommend decline. The facilities are owned by the provincial government and HRM is presently part of a cost-sharing agreement with the Provincial and Federal governments whereby 25% of the Metropolitan Housing Authority's annual operating deficit is subsidized. HRM's share is 12.5% (\$2,450,000 in the 2006-2007 budget: Fiscal Services, p.J7).*

*See: Information Report to Regional Council, October 28<sup>th</sup>, 2002, re: Tax Assessment of Small Options Homes; such facilities are part of a continuum of social services administered under the Nova Scotia Department of Community Services and include non-profit and private operators subsidized through a per diem rate.*

*Staff will also follow-up on the prospect of the construction of a residential facility by Quest to be located in the Sackville area.*

**Attachment 3.**

**HALIFAX REGIONAL MUNICIPALITY**

**BY-LAW NUMBER T-220**

**BY-LAW RESPECTING TAX EXEMPTIONS**

Be it enacted by the Council of Halifax Regional Municipality, under the authority of Section 71 of the Municipal Government Act, Chapter 18, R.S.N.S 1989, is amended as follows:

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

a) Adding ANN#08945942, Alice Housing, 82-84 Ochterloney Street, Dartmouth.

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

a) Adding ANN#04773071, Feed Nova Scotia, 213-217 Bedford Highway, Halifax.