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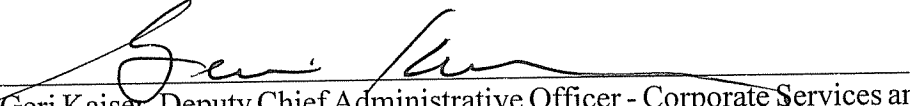
Halifax Regional Council
September 4, 2007

TO:

Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Dan English, Chief Administrative Officer


Geri Kaiser, Deputy Chief Administrative Officer - Corporate Services and Strategy

DATE:

August 30, 2007

SUBJECT:

By-law T-219 An Amendment to By-law T-200 Respecting Tax Exemption for Non-Profit Organizations: City of Halifax Non-Profit Housing Society (Harbour City Homes) - Settlement of Claim and Arrears.

ORIGIN

The In Camera report to Regional Council dated June 26th, 2007, regarding a proposed settlement agreement with Harbour City Homes was approved. This report addresses Harbour City Homes' outstanding property tax arrears. The proposed tax settlement was approved by the HRM Grants Committee November 6, 2006, and has been updated in this report to include 2007 assessment values, taxes billed, and recommended property transactions.

RECOMMENDATION

It is recommended that:

1. Application for tax exemption retroactive to April 1st, 1996 for all properties owned or operated by Harbour City Homes be declined;
2. Regional Council direct staff to set a public hearing date to approve the recommendations set out in the Discussion section of this report and amendments to Schedule 26 and Schedule 30.

BACKGROUND

In 1987, the former City of Halifax accessed federal funds for the construction of affordable housing projects through the creation of a non-profit organization, the City of Halifax Non-Profit Housing Society. At amalgamation the partnership was to have been dissolved. While the society became a fully independent non-profit entity the matter of property title was not resolved. As such, Harbour City Homes owns¹ and operates some properties, and HRM owns² some properties and leases to Harbour City Homes.

In an effort to resolve the tax status of the properties in dispute, level of exemption, and tax arrears staff recommend additions and adjustments under By-law T-200. Given the scope and complexity of this file, By-law T-219 pertains only to Harbour City Homes; other applicants to the program will be reviewed under a separate report. The aim is to provide a summation of the issues, to identify any retroactive corrections or concessions, and to direct further actions required to bring closure to outstanding claims.

The Municipal Government Act (1998) authorizes municipalities, at their discretion, to provide full or partial tax exemption to registered non-profit organizations and charities located within the boundary of the municipality. HRM has implemented such a program under By-law T-200. The amendment to the by-law is appended to this report as Attachment 3.

EXECUTIVE SUMMARY

In reviewing this case, HRM staff have tried to provide equitable and consistent application of By-law T-200 while not setting a precedence that could be challenged in other cases of insolvency, acute or chronic tax arrears. The rationale for retroactive tax assistance, if applicable, is provided so as to explain differences in duration or level of assistance. Staff have also reviewed past decisions with respect to the resolution of tax arrears, including payment plans. Staff recommend:

- Application for 25% tax exemption retroactive to April 1st, 1996, for all properties owned and/or operated by Harbour City Homes be declined.
- Full tax exemption (Schedule 26) be awarded to five (5) properties owned and/or operated by Harbour City Homes that are municipally registered heritage properties, retroactive to April 1st, 2001, the date at which Harbour City Homes first made application to By-law T-200 for tax assistance (By-law T-203).
- Full tax exemption be awarded to two (2) registered heritage properties retroactive to April 1st, 2001, the date of initial application, to March 31st, 2004, the date at which the properties were added to the by-law.

Rationale: the by-law has been applied to registered heritage properties as it existed at the time of application.

¹ Title appears under several names including: City of Halifax Non-Profit Housing Society; Halifax Non-Profit Housing Society; Old North End Community Housing Limited.

² Title appears under the name City of Halifax Regional Municipality.

- Tax exemption at 25% of the Residential rate (Schedule 30) be awarded on three (3) former housing demonstration projects owned by HRM and leased to Harbour City Homes, retroactive to April 1st, 2004, the date at which Schedule 30 was implemented for affordable housing properties (By-law T-212). A fourth property, 2421 Creighton Street, Halifax, has been added based on CHMC and Nova Scotia Community Services recognition of this property as part of the initial Housing Demonstration Project agreement.

Rationale: although HRM holds title to these properties documentation indicates the initial intent was for Harbour City Homes to assume ownership. Hence, the staff recommendation recognizes intent in this regard and thereby the lease agreements. The by-law has been applied as of the date affordable housing was included under By-law T-200.

- Full tax exemption (Schedule 26) be awarded to one (1) former housing demonstration project located at 2444-2450 Barrington Street, Halifax, effective April 1st, 2006, and partial tax exemption at 25% of the Residential rate (Schedule 30) effective April 1st, 2007.
- **Rationale:** the property has never been taxed. HRM appealed the exemption and Assessment Services corrected the account back-dated to December 2, 1987. HRM Financial Services will not seek retroactive payment and has made the account billing effective date April 1st, 2006. Because the error was HRM's as owner of the property, and Harbour City Home's financial year-end is December 31st, staff recommend full exemption in fiscal year 2006-07 and partial exemption starting April 1, 2007. This time-line allows Harbour City Homes to budget for property taxes where previously there had been none.
- Tax exemption at 25% of the Residential rate (Schedule 30) be awarded on three (3) properties owned by HRM and leased to Harbour City Homes, effective as of the closing date of the Agreement of Purchase and Sale.

Rationale: HRM holds title to these properties and leases the premises to Harbour City Homes. Staff recommend that title be transferred in 2007.

- A total of eight (8) properties be deferred tax exemption on the basis that (a) exemption shall be realized on three properties through consolidation of the parking lot with an abutting residential property owned by Harbour City Homes as recommended under the terms and conditions of sale, and (b) pending confirmation that parking lots not ancillary to use conform to zoning, and a decision regarding the potential market sale or leasing of surplus lands presently used for parking.
- HRM shall invoke the set-off clause of the Municipal Government Act (1998) and apply all retroactive awards (principal and interest) against the society's debt to HRM.

DISCUSSION

1. Harbour City Homes Taxable Status

Prior to amalgamation in 1996, the properties owned by the former City of Halifax and those owned by City of Halifax Non-Profit Housing Society were taxed. The properties did not appear on the City of Halifax Ordinance 170 but it appears that manual adjustments occurred to waive property tax. While no documentation can be located to explain the authority or rationale for this decision, it appears that tax was exempt at the City's discretion based on the fact that the non-profit society was formed by and operated

within the municipality's jurisdiction and organizational structure. However, with termination of the municipality's role in direct delivery of social services at amalgamation HRM no longer provided housing services thus the former tax exempt status was not applicable.

2. Application to By-law T-200

Harbour City Homes first made application to By-law T-200 in November, 2000, for partial tax exemption on a total of 26 properties for the 2001-2002 fiscal year (By-law T-200). See: Attachment 2. To date, a total of eighteen (18) properties have been added to By-law T-200. A decision on nineteen (19) properties was deferred pending resolution of legal proceedings against HRM, payment of arrears or an approved payment plan, and resolution of property ownership issues. As of July 2007, Harbour City Homes tax accounts had a combined total of \$138,445 in receivables for property tax (\$137,675 in principal and interest) and fines (~\$770) on a total of 25 properties. See: Attachment 1.

3. Claim of Tax Relief Commitment as of 1996.

Harbour City Homes contends that 25% tax relief was promised by HRM in 1996 and commensurate with such a commitment that interest paid to date be reversed and applied against the outstanding principal.

Staff recommend that application for 25% tax exemption for all properties retroactive to April 1st, 1996, be declined.

Rationale: Harbour City Homes is not listed under the former City of Halifax Ordinance 170 prior to the repeal of all former by-laws and their replacement by HRM By-law T-200 in 1997. The society made its' first application to the program in November 2000, for the 2001-02 fiscal year (By-law T-203). Further, affordable housing did not receive any partial tax exemption under By-law T-200 until the introduction of Schedule 30 in 2004 (By-law T-213). Prior to 2004, only emergency shelters and supervised housing received partial exemption. The proponent cannot provide any documentation to substantiate any formal commitment to full or partial tax exemption.

4. Recommended Additions to By-law T-200 and/or Retroactive Adjustments

Notwithstanding the staff recommendation to decline a retroactive 25% tax exemption uniformly across Harbour City Homes' portfolio, staff recommend that specific adjustments be made on a case-by-case basis. All figures are rounded.

4.1. Heritage Properties:

While the inclusion of affordable housing organizations did not exist under By-law T-200 prior to 2004, some of the properties owned and operated by Harbour City Homes would have been eligible to apply for assistance on the basis of registered heritage status. Presently, the By-law recognizes (a) the value to the general public of heritage preservation, and (b) the higher costs associated with heritage conservation through a 100% tax exemption irrespective of the type of organization (for example, sports clubs, housing associations, social service providers who own a heritage property or those parties who operate an HRM-

owned heritage property under a facility management agreement)³. Presently, Harbour City Homes owns or operates seven (7) properties that are municipally registered heritage properties but only two (2) are on By-law T-200 at 100% exempt.

4.1.1. 2223 Brunswick Street, Halifax

The property known as Fraser House is a municipally registered heritage building owned and operated by Harbour City Homes. The property is assessed at the Residential tax rate (\$3,469).

Staff recommend 2223 Brunswick Street, Halifax, be 100% tax exempt (Schedule 26) as a registered heritage property, effective retroactively to April 1st, 2001 (principal and interest) the date at which Harbour City Homes first made application to HRM By-law T-200 for tax assistance (By-law T-203), on the condition that the property remain a municipally registered heritage building. The retroactive award (April 1st, 2001, to March 31st, 2007) is estimated to cost \$17,840.

As of April 1st, 2007, the annual cost is estimated to be \$3,469.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

4.1.2. 2229 Brunswick Street, Halifax

The property known as Beamish House is a municipally registered heritage building owned and operated by Harbour City Homes. The property is assessed at the Residential tax rate (\$3,677).

Staff recommend 2229 Brunswick Street, Halifax, be 100% tax exempt as a registered heritage property, effective retroactively to April 1st, 2001 (principal and interest) the date at which Harbour City Homes first made application to HRM By-law T-200 for tax assistance (By-law T-203), on the condition that the property remain a municipally registered heritage building. The retroactive award (April 1st, 2001, to March 31st, 2007) is estimated to cost \$20,613.

As of April 1st, 2007, the annual cost is estimated to be \$3,677.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

4.1.3. 2237 Brunswick Street, Halifax

The property known as Smyth House is a municipally registered heritage building owned and operated by Harbour City Homes. The property is assessed at the Residential tax rate (\$2,064).

Staff recommend 2237 Brunswick Street, Halifax, be 100% tax exempt as a registered heritage property, effective retroactively to April 1st, 2001 (principal and interest) the date

³ Examples include: Banook Canoe Club; Halifax Junior Bengal Lancers; Feeding Others of Dartmouth Society; Dartmouth Non-Profit Housing Society; Canadian Mental Health Association: NS Division; North Star Rowing Club.

at which Harbour City Homes first made application to HRM By-law T-200 for tax assistance (By-law T-203) on the condition that the property remain a municipally registered heritage building. The retroactive award (April 1st, 2001, to March 31st, 2007) is estimated to cost \$12,354.

As of April 1st, 2007, the annual cost is estimated to be \$2,064.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

4.1.4. 2415 Brunswick Street, Halifax

The property known as David Starr House is a municipally registered heritage building owned and operated by Harbour City Homes. The property is assessed at the Residential tax rate (\$2,709).

Staff recommend 2415 Brunswick Street, Halifax, be 100% tax exempt as a registered heritage property, effective retroactively to April 1st, 2001 (principal and interest) the date at which Harbour City Homes first made application to HRM By-law T-200 for tax assistance (By-law T-203) on the condition that the property remain a municipally registered heritage building. The retroactive award (April 1st, 2001, to March 31st, 2007) is estimated to cost \$12,394.

As of April 1st, 2007, the annual cost is estimated to be \$2,709.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

4.1.5. 2275 Brunswick Street, Halifax

Although 2275 Brunswick Street, Halifax, does not appear on any application or listing from Harbour City Homes, staff have included the property in this summation review. The property known as Huestis House is a municipally registered heritage property and assessed at the Residential rate (\$2,070). The property is owned by HRM and leased to Harbour City Homes. The party billed for property tax is City of Halifax Non-Profit Housing Society⁴. Staff recommend transfer of title in 2007.

Staff recommend 2275 Brunswick Street, Halifax, be 100% tax exempt at the Residential rate (Schedule 26), effective as of April 1st, 2001. The retroactive award (April 1st, 2001, to March 31st, 2007) is estimated to cost \$11,541.

As of April 1st, 2007, the annual cost is estimated to be \$2,070.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

⁴ Staff have recommended the transfer of title to Halifax Non-Profit Housing Society under a separate report.

4.1.6. 2519-2521-2523 Brunswick Street, Halifax

This property was added to By-law T-200 in October 2004 (By-law T-213) at 100% exempt under Schedule 26. For consistency, staff recommend a retroactive award effective as of the date Harbour City Homes made formal application to the program.

The property known as Anderson House is a municipally registered heritage property owned and operated by Harbour City Homes. The property is assessed at the Residential tax rate (\$3,121). The property was added to By-law T-200 in October 2004 (By-law T-213) at 100% exempt under Schedule 26.

Staff recommend 2519-2521-2523 Brunswick Street, Halifax, be 100% tax exempt rate (Schedule 26), effective retroactively for the period April 1st, 2001 to March 31st, 2004 (principal and interest). The retroactive award (April 1st, 2001, to March 31st, 2004) is estimated to cost \$7,273.

As of April 1st, 2007, the annual cost is estimated to be \$3,121.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

4.1.7. 2461-2463 Brunswick Street, Halifax

This property was added to By-law T-200 in October 2004 (By-law T-213) at 100% exempt under Schedule 26. For consistency, staff recommend a retroactive award effective as of the date Harbour City Homes made formal application to the program. The property known as James West House is owned and operated by Harbour City Homes. The property is assessed at the Residential tax rate (\$1,806).

Staff recommend 2461-2463 Brunswick Street, Halifax, be 100% tax exempt rate (Schedule 26), effective retroactively for the period April 1st, 2001 to March 31st, 2004 (principal and interest). The retroactive award (April 1st, 2003, to March 31st, 2004) is estimated to cost \$3,485.

As of April 1st, 2007, the annual cost is estimated to be \$1,806.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2001 to March 31st, 2007 be applied against debt to HRM.

4.2. Former Housing Demonstration Projects:

In 1986, the former City of Halifax agreed to a cost-shared housing initiative with the provincial and federal governments for the construction of 231 units (6 properties) of affordable housing. These properties have not been added to the by-law to date because of an outstanding settlement agreement between HRM and Harbour City Homes; one property has been demolished. Typically, any tax subsidy would be prorated, effective as of the date of closing for the Agreement of Purchase and Sale. Because the sale has not been executed the application for tax exemption has not advanced.

While legal title to the following properties has been 'owned' by HRM, the initial agreement indicates that the ultimate goal was that when the project was complete City of Halifax Non-Profit Housing Society would have "...ownership and management" (Agreement, Clause 6, page 2). Staff have, therefore, made a distinction between this inter-governmental initiative and other properties acquired or leased by Harbour City Homes. The recommendations related to this specific Housing Demonstration Project Agreement 'recognize' these properties as if Harbour City Homes had title. The retroactive application of partial tax exemption to April 1st, 2004, is the date at which Schedule 30 (25% exempt for affordable housing) was implemented.

4.2.1. 2350-2362 Gottingen Street/5515 Buddy Daye Street, Halifax

The property is a 16-unit apartment building with street level commercial leasing located on a corner lot (the complex has two civic addresses) and is assessed at Residential (\$9,436) and Commercial (\$4,549) tax rates. The property is owned by HRM and staff recommend transfer of title in 2007.

Staff recommend 25% exempt at the Residential rate (Schedule 30) on the apartment complex only (excludes any commercial assessment) effective retroactively to April 1st, 2004, the year in which Schedule 30 was introduced. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The retroactive award on the Residential portion only (April 1st, 2004, to March 31st, 2007) is estimated to cost \$6,345 for both principal and interest.

As of April 1st, 2007, the estimated annual cost is \$2,463.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2004 to March 31st, 2007 be applied against debt to HRM.

4.2.2. 2386-2388 Gottingen Street, Halifax

The property is a 24-unit apartment building assessed at the Residential rate (\$12,384). The property is owned by HRM and staff recommend transfer of title in 2007.

Staff recommend 25% exempt at the Residential rate (Schedule 30) on the apartment complex only (excludes any commercial assessment) effective retroactively to April 1st, 2004, the year in which Schedule 30 was introduced. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The retroactive award (April 1st, 2004, to March 31st, 2007) is estimated to cost \$8,298 for both principal and interest.

As of April 1st, 2007, the estimated annual cost is \$3,096.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2004 to March 31st, 2007 be applied against debt to HRM.

4.2.3. 2014-2020 Maynard Street, Halifax

The property is a 4-unit apartment building assessed at the Residential rate (\$2,632). HRM owns the property and staff recommend transfer of title in 2007.

Staff recommend 25% exempt at the Residential rate (Schedule 30) on the apartment complex only (excludes any commercial assessment) effective retroactively to April 1st, 2004, the year in which Schedule 30 was introduced. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The retroactive award (April 1st, 2004, to March 31st, 2007) is estimated to cost \$1,959 for both principal and interest.

As of April 1st, 2007, the estimated annual cost is \$658.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2004 to March 31st, 2007 be applied against debt to HRM.

4.2.4 2444 Barrington Street, Halifax

The property is a 23-unit apartment building that also includes Harbour City Home's main office. The building is assessed as Residential (\$13,945). Evidently, HRM as title holder appealed this assessment tax is payable with an effective date of April 1st, 1987. Because the error was HRM's as owner of the property, Financial Services will not seek retroactive taxes but have set a billing effective date as of April 1st, 2006.

Staff recommend 25% exempt at the Residential rate (Schedule 30) on the apartment complex only (excludes any commercial assessment) effective retroactively to April 1st, 2004, the year in which Schedule 30 was introduced. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The retroactive award (April 1st, 2006, to March 31st, 2007) is estimated to cost \$3,479 for both principal and interest.

As of April 1st, 2006, the estimated annual cost is \$3,486.

Any property tax and interest paid by Harbour City Homes for the period April 1st, 2004 to March 31st, 2007 be applied against debt to HRM.

4.2.5 2421 Creighton Street, Halifax

The property is owned by HRM and is vacant land used for a playground. Presently, there is no property tax account. However, if the transfer of title to Halifax Non-Profit Housing

Society is approved the sale is conditional upon consolidation of the lot with the abutting property located at 2386-2388 Gottingen Street, Halifax. As such, the property will become taxable under the existing tax account for the apartment building.

Pending the addition of this land to the tax account for 2386-2388 Gottingen Street, Halifax, the estimated annual cost is ~\$707.

4.3 Affordable Housing

The following properties were not part of an inter-governmental Affordable Housing Project, therefore any retroactive tax assistance is based on (a) property ownership, and (b) the year for which Harbour City Homes made formal application to By-law T-200.

Staff recommend 25% tax exemption (Schedule 30) for the three (3) properties listed below, effective as of the closing date of the Agreement of Purchase and Sale.

4.3.1. 5215 Artz Street, Halifax

The property is a single family dwelling assessed at the Residential rate (\$646). The property is owned by HRM. Staff recommend transfer of title in 2007.

Staff recommend 5215 Artz Street, Halifax, be 25% exempt at the Residential rate (Schedule 30), effective as of date of closing of the Agreement of Purchase and Sale. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The annual cost is estimated to be \$162.

4.3.2. 5219 Artz Street, Halifax

The property is a single family dwelling assessed at the Residential rate (\$622). The property is owned by HRM. Staff recommend transfer of title in 2007.

Staff recommend 5219 Artz Street, Halifax, be 25% exempt at the Residential rate (Schedule 30), effective as of date of closing of the Agreement of Purchase and Sale. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The annual cost is estimated to be \$155.

4.3.3. 5221 Artz Street, Halifax

The property is a single family dwelling assessed at the Residential rate (\$752). The property is owned by HRM. Staff recommend transfer of title in 2007.

Staff recommend 5221 Artz Street, Halifax, be 25% exempt at the Residential rate (Schedule 30), effective as of date of closing of the Agreement of Purchase and Sale. Partial exemption shall be conditional upon recognition as core need housing under the Canada Mortgage & Housing Corporation or shelter allowances provided under NS Social Assistance rates. The annual cost is estimated to be \$188.

4.4 Parking Lots: Ancillary to Use

4.4.1 **Parking Lot J, 2581 Brunswick Street, Halifax (PID#40261364)**

This parcel of land was owned by HRM and used for tenant parking for residents of the abutting property owned by Harbour City Homes. The property is owned by HRM. There was no lease agreement or tax account created. In October 2004, Regional Council approved the sale of this property at less than market value (no buy-back agreement) to Harbour City Homes as part of a proposed settlement for the expropriation of land for the MacDonald Bridge ramp conditional upon consolidation of the lot with 2581 Brunswick Street, Halifax.

Staff recommend no retroactive adjustment for private parking.

Staff advise there is no requirement to add parking Lot J, 2581 Brunswick Street, Halifax, to By-law T-200 because the condition of sale required lot consolidation. This parcel of land shall be 75% exempt at the Residential rate (Schedule 27) as per the lot consolidation and revisions to the municipal tax roll. There will, however, be an increase in the cost of the current tax exemption due to the addition of land.

4.4.2. **Parking Lot K, 2569-2573 Brunswick Street, Halifax (PID#40833360)**

This parcel of land was owned by HRM and used for tenant parking for residents of the abutting property owned by Harbour City Homes. There was no lease agreement or tax account created. In October 2004, Regional Council approved the sale of this property at less than market value (with no buy-back agreement) to Harbour City Homes as part of a proposed settlement for the expropriation of land for the MacDonald Bridge ramp conditional upon consolidation of the lot with 2569 Brunswick Street, Halifax.

Staff recommend no retroactive adjustment for private parking.

Staff advise there is no requirement to add parking Lot K, 2569-2573 Brunswick Street, Halifax, to By-law T-200 because the condition of sale required lot consolidation. This parcel of land shall be 25% exempt at the Residential rate (Schedule 30) as per the lot consolidation and revisions to the municipal tax roll. There will, however, be a slight increase in the cost of the current tax exemption due to the addition of land.

4.4.3. **Parking Lot I, Lot D-2, 2275 Brunswick Street, Halifax (PID#40286940)**

This parcel of land was owned by HRM and used by Harbour City Homes for tenant parking for residents of the abutting property located at 2275 Brunswick Street. In October 2004, Regional Council approved sale of the property at less than market value to Harbour City Homes conditional upon consolidation of the lot with 2275 Brunswick Street, Halifax.

Staff recommend no retroactive adjustment for private parking.

Staff advise there is no requirement to add parking Lot I, 2275 Brunswick Street, Halifax, to By-law T-200 because the condition of sale required lot consolidation. This parcel of land shall be 25% exempt at the Residential rate (Schedule 30) as per the lot consolidation and revisions to the municipal tax roll. There will, however, be a slight increase in the cost of the current tax exemption due to the addition of land.

4.4.4. Parking Lot H, Lot E-1, 2237 Brunswick Street, Halifax (PID#40286932)

This parcel of land is located between 2263 Brunswick Street (owned by the Roman Catholic Episcopal Corporation of Halifax) and 2237 Brunswick Street (owned by Harbour City Homes). In October 2004, Regional Council approved sale of this property at less than market value to Harbour City Homes conditional upon consolidation of the lot with 2237 Brunswick Street, Halifax.

Staff recommend no retroactive adjustment for private parking.

Staff advise there is no requirement to add parking Lot H, 2237 Brunswick Street, Halifax, to By-law T-200 because the condition of sale required lot consolidation. This parcel of land shall be 25% exempt at the Residential rate (Schedule 30) as per the date of lot consolidation and revisions to the municipal tax roll. There will, however, be a slight increase in the cost of the current tax exemption due to the addition of land.

5. Recommend Defer Tax Exemption

5.1 Parking Lots: Not Ancillary to Use

In October 2004, Regional Council declined a request from Harbour City Homes for the transfer of title to six (6) properties, including four (4) lots currently used for parking. Consistent with this decision staff recommend tax exemption be declined; typically, HRM does not donate land for parking lots. In some cases, the lot configuration might be such that development is an option.

5.1.1. Parking Lot H, 2236-2240-2246 Brunswick Street, Halifax (PID#00148676)

The property is owned by HRM and a request from Harbour City Homes for the donation of land was declined by Regional Council October 2004. The three (3) small parcels of land that comprise this parking lot are the lower portion of lands owned by HRM and abutting an HRM property leased to St. Josephs Child Care Centre. Presently, the land is used by Harbour City Homes for tenant parking but is not ancillary to use; there is no lease on file and the land is zoned P, Park and Institutional, Peninsula North Area 7. The existing zoning does not allow the use of parking for tenants across the street unless it is a legal non-conforming use (an accessory use).

Harbour City Homes request for the donation of this property was declined. There has been no subsequent confirmation of zoning compliance, no lease agreement with Harbour City Homes, and no tax assessment or account created. Staff of HRM Real Estate have been working with Planning & Development to confirm the lot configuration and possible consolidation.

Staff recommend a decision be deferred pending the execution of a lease agreement. The lease agreement should be registered so as to create a property tax assessment, tax account, and annual billing. Staff have recommended the future sale of this land for re-development.

5.1.2. Parking Lot F, Lot AM-16 Barrington Street, Halifax (PID#40261331)

The property is owned by HRM and a request from Harbour City Homes for the donation of land was declined by Regional Council October, 2004. The parcel of land is on the corner of Barrington Street and Artz Street and has been used by Harbour City Homes for tenant parking (plus rentals) for 5215, 5219, and 5521 Artz Street. There is also a market value interest from an abutting property owner who has no on-site parking and rents a parking spot on this land from Harbour City Homes. The property is assessed as Exempt Residential (\$0).

Staff recommend a decision be deferred pending the execution of a lease agreement. The lease agreement should be registered so as to create a property tax assessment, tax account, and annual billing. Staff have recommended the future sale of this land for re-development.

Staff recommend that the following six (6) properties be declined partial tax exemption status pending further review and a determination of retention or disposal. Property deed and property identification numbers (and/or civic address) need to be confirmed and land surveys completed:

5.1.3. Parking Lot A, 2559 Gottingen Street, Halifax

Tax account #00773395 assessment value is \$25,000 and taxes are \$337.

5.1.4. Parking Lot B, 2555 Gottingen Street

Tax account #00773387 assessment value is \$11,200 and taxes are \$144.

5.1.5 Parking Lot C, D and E North & Gottingen Street, Halifax (PID#40268500)

Tax account #00773417 assessment value is \$17,700 and taxes are \$238.

Tax account #00773409 assessment value is \$17,700 and taxes are \$238.

Tax account #00773654 assessment value is \$17,700 and taxes are \$238.

5.1.6 Parking Lot G, Brunswick Street

No tax account information on file.

6. Fines and Fees

As of July, 2007, there was a total of \$414 in false alarm charges, \$356 solid waste by-law infraction charges for a combined total of \$770.

The payment of fines or fees is not included under By-law T-200. All fines and fees be payable in full, assisted through a mutually agreed payment plan. However, in the event of default from the payment plan HRM can request payment in full and shall pursue collection proceedings.

BUDGET IMPLICATIONS

Due to Regional Council's approval in principle of the proposed settlement agreement in 2006, \$156,000 was accrued at March 31, 2007 in Account 2091 Fiscal Services Accrual. Any amount in excess of this allocation will be posted to account M311-8006 *Tax Exemption for Non-Profit Organizations Program*. The funding availability has been confirmed by Financial Services.

- If approved by Regional Council, the combined one-time cost of retroactive awards (principal and interest) is estimated to total \$105,581 and paid from Account 2091 in 2007-08.

- The additional annual cost of awards recommended under By-law T-219 is estimated to be \$30,682 and paid from Account M311-8006 in 2007-08.
- In 2007-08, HRM's revenue will increase by HRM ~\$10,459 due the appeal of exempt status for 2444-2450 Barrington Street, Halifax. Additional revenues may be created through the execution of lease agreements and the creation of property tax accounts for parking lots.

If the exemption status recommended in this report is approved, the current year's taxes owing on all properties will be approximately \$36,472 in addition to the balance of arrears outstanding (including by-law infractions) of \$34,175 (\$139,756-\$105,581) after retroactive awards have been applied to the applicable accounts. The combined amount owing (\$70,647) could be paid through a two-year payment plan.

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 amend or decline a specific recommendation as identified in the Discussion section of this report.
2. Regional Council could appeal a specific recommendation and refer the matter back to staff for further consideration. Staff would prepare a supplementary report and a separate public hearing would be convened for appeals.

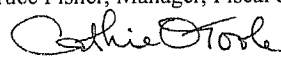
ATTACHMENTS

1. Property Ownership and Property Tax Status (August, 200x).
2. Harbour City Homes: Organizational Status and Property Tax History.
3. By-law Amendment: By-law T-219.

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.

Report Prepared by: Peta-Jane Temple, Team Lead Tax, Grants & Special Projects, HRM Financial Services, 490-5469

Report Approved by: 
Bruce Fisher, Manager, Fiscal & Tax Policy, HRM Financial Services, 490-4493


Cathie O'Toole, A/Director of Finance CGA, 490-6308

Attachment 1. Property Ownership Status and Tax Account Information: Summary (August 2006)								
			Current		Balance owing to March 31, 2007			
Civic Address	Owner Name on Deed	Name on Taxation Account	Property Tax Billed 2007	Exemption for 2007	By-law Infraction	*Back Taxes on Property	Retroactive Adjustment per T-219	Balance Due from/- Due to HCH
Registered Heritage Properties - 100% of Residential Rate - Schedule 26								
2223 Brunswick St	HCH	HCH	\$3,469	\$3,469		\$15,127	\$17,840	-\$2,713
2229 Brunswick St	HCH	HCH	\$3,677	\$3,677		\$12,064	\$20,613	-\$8,549
2237 Brunswick St	HCH	HCH	\$2,064	\$2,064		\$3,317	\$12,354	-\$9,037
2415 Brunswick St	HCH	HCH	\$2,709	\$2,709	\$356	\$7,113	\$12,394	-\$4,925
2275 Brunswick St	HRM	HCH	\$2,070	\$2,070		\$8,301	\$11,541	-\$3,240
2519-23 Brunswick St*	HCH	HCH	\$3,121	\$3,121		\$0	\$7,273	-\$7,273
2461-63 Brunswick St**	HCH	HCH	\$1,806	\$1,806		\$0	\$3,485	-\$3,485
Former Housing Development Projects - Addition to By-law at 25% of the Residential Rate - Schedule 30								
2350-2358 Gottingen St and 5515 Buddy Daye St (corner property)	HRM	HCH	\$13,985	\$2,463	\$25	\$29,755	\$6,345	\$23,435
2388 Gottingen St	HRM	HCH	\$12,384	\$3,096		\$27,454	\$8,298	\$19,156
2014-20 Maynard St	HRM	HCH	\$2,632	\$658		\$4,579	\$1,959	\$2,620
2444 Barrington St	HCH	HCH	\$13,945	\$3,486		\$14,199	\$3,479	\$10,720
2421 Creighton St***	HRM	HRM	\$0	\$0	\$0	\$0	\$0	\$0
Affordable Housing - 25% of Residential Rate - Schedule 30								
5215 Artz St	HRM	HRM ATTN: HCH	\$646	\$162		\$3,311	\$0	\$3,311
5219 Artz St	HRM	HCH	\$622	\$155		\$2,895	\$0	\$2,895
5221 Artz St	HRM	HRM ATTN: HCH	\$752	\$188		\$3,890	\$0	\$3,890
Sub-Total			\$63,882	\$29,124	\$381	\$132,005	\$105,581	\$26,805

* Presently on By-law T-200 (added Oct/2004 By-law T-213)

** Presently on By-law T-200 (added Oct/2004 By-law T-213)

*** Lot to be consolidated with 2386-88 Gottingen Street as a condition of sale.

Attachment 1. Continued

			Current		Balance owing to March 31, 2007			
Civic Address	Owner Name on Deed	Name on Taxation Account	Property Tax Billed 2007	Exemption for 2007	By-law Infraction	*Back Taxes on Property	Retroactive Adjustment per T-219	Balance Due from HCH
Parking Lot Ancillary to Use - Will be added to By-law upon Consolidation								
Parking Lot J, 2581 Brunswick Street	HRM	HRM	\$2,077	\$1,558	\$389	\$2,585	\$0	\$2,974
Parking Lot K 2569-2573 Brunswick St	HRM	HRM	\$0	\$0	\$0	\$0	\$0	\$0
Parking Lot I 2275 Brunswick St	HRM	HRM	\$0	\$0	\$0	\$0	\$0	\$0
Parking Lot H 2237 Brunswick St	HRM	HRM	\$0	\$0	\$0	\$0	\$0	\$0
Parking Lots: Not Ancillary to Use								
Parking Lot H 2236-2240-2246 Brunswick St	HRM	HRM	\$0	\$0	\$0	\$0	\$0	\$0
Parking Lot F Lot AM -16 Barrington St	HRM	HRM	\$0	\$0	\$0	\$0	\$0	\$0
Defer Decision for Tax Exemption								
Parking Lot A 2559 Gottingen St	HRM	HRM ATTN: HCH	\$337	\$0		\$1,520	\$0	\$1,520
Parking Lot B 2555 Gottingen St	HCH	HCH	\$144	\$0		\$719	\$0	\$719
Parking Lot C, D and E North & Gottingen St	HCH	HCH	\$714	\$0		\$2,157	\$0	\$2,157
Parking Lot G Brunswick St	No tax account on file							
Sub-Total			\$3,272	\$1,558	\$389	\$6,981	\$0	\$7,370
TOTAL			\$67,154	\$30,682	\$770	\$138,986	\$105,581	\$34,175

Attachment 2

Harbour City Homes Organizational Status and Property Tax History

- Old North End Community Housing Limited was incorporated in February, 1977, and registered as a business (**Nova Scotia Limited by Guarantee**) with the Registry of Joint Stocks. The business registration was revoked in November, 1978.
- City of Halifax Non-Profit Housing Society was incorporated in March, 1979, and registered as a **non-profit society** with the Registry of Joint Stocks.
- Harbour City Homes name was registered by the City of Halifax Non-Profit Housing Society in July, 1986, and registered as a **Partnership/Business** with the Registry of Joint Stocks. The registration information states “This company is registered by City of Halifax Non-Profit Housing Society”.

Tax Status History

City of Halifax Ordinance 170 (1981-1998): In 1981, the former City of Halifax enacted Ordinance 170, the Tax Concession Ordinance. The policy included two levels of tax exemption: Schedule A at 50% exempt and Schedule B at 66% exempt, excluding entertainment facilities (kitchen, dining room) or bar. The City of Halifax Non-Profit Housing Society or Harbour City Homes are not listed under this by-law.

Halifax Regional Municipality By-law T-200 (1997-Present): In 1997, By-law T-200, was approved by Regional Council. The City of Halifax Non-Profit Housing Society or Harbour City Homes are not listed under this by-law.

Halifax Regional Municipality By-law T-201 (1998): In June, 1998, By-law T-201 was approved by Regional Council. The by-law repealed tax exemption policies for non-profit organizations formerly administered by the Halifax County (By-law 51), Dartmouth (By-law T-403), Town of Bedford (By-law T1244) and City of Halifax (Ordinance 170). The by-law proposed four levels of exemption : 100% exempt, 75% exempt, 50% exempt, and a Conversion from commercial to residential tax rate. As an interim measure, from 1999-2001, additional schedules and levels of exemption were used to transition organizations to new exemption levels.

By-law T- (By-law T-203): In November, 2000, Harbour City Homes applied to By-law T-200 for a “reduction in residential tax rate” on 26 properties for the fiscal year 2001-2002. The council report of August, 2000, indicates that several applications were deferred pending further review, including Harbour City Homes. At the time of application, Harbour City Homes were in arrears on 22 tax accounts for a combined total of \$17,748 in addition to the current year’s billing of \$35,139 for a combined liability of \$52,887 on 32 properties. **Staff notes also indicate that Harbour City Homes was not registered as a non-profit society and therefore recommended that, in addition of resolution of arrears, that only those properties owned by City of Halifax Non-Profit Housing Society be considered eligible for consideration** (Memo dated November 22, 2000).

Of the 26 properties for which Harbour City Homes made application, HRM held title to 7 (*) listed and the City of Halifax Non-Profit Housing Society held title to 19 properties. An additional 13 were not included in the tax exemption application: these were parking lots owned by HRM and leased to Harbour City Homes:

32A/32B Old Sambro Road, Spryfield
34A/34B Old Sambro Road, Spryfield

5215 Artz Street, Halifax (*)
2219 Brunswick Street, Halifax
2223 Brunswick Street, Halifax
2229 Brunswick Street, Halifax
2237 Brunswick Street, Halifax
2275 Brunswick Street, Halifax (*)
2415 Brunswick Street, Halifax
2429 Brunswick Street, Halifax
2461-63 Brunswick Street, Halifax
2485-87 Brunswick Street, Halifax
2519-23 Brunswick Street, Halifax
2569-75 Brunswick Street, Halifax
2579 Brunswick Street, Halifax
2581 Brunswick Street, Halifax
5219 Artz Street, Halifax (*)
5221 Artz Street, Halifax (*)
2289-99 Brunswick Street, Halifax
2525-2535 Brunswick Street, Halifax
2537-47 Brunswick Street, Halifax
2497 Brunswick Street, Halifax
2515 Brunswick Street, Halifax
2014-20 Maynard Street, Halifax (*)
2388 Gottingen Street, Halifax (*)
5515 Gerrish Street, Halifax (*)

By-law T-212 (December 16th, 2003): In 2003, By-law T-212 noted that application for partial tax exemption was deferred pending the settlement of an expropriation claim against HRM and resolution of arrears. Application had also been made for a short-term deferral of 2003-04 property taxes due to the cost of property damage caused by Hurricane Juan and the society's \$50,000 insurance deductible.

By-law T-213 (October 12th, 2004): Two (2) registered heritage properties owned and operated by Harbour City Homes (title held by City of Halifax Non-Profit Housing Society) added to Schedule 26:

2519-2521-2523 Brunswick Street, Halifax.
2461-2463 Brunswick Street, Halifax.

The balance of 24 properties were declined or deferred citing ownership, arrears, and legal proceedings against HRM.

Within the context of municipal participation in a national affordable housing strategy, Schedule 30 was created: 25% of the Residential rate conditional upon rental rates at or below 30% of combined household income. The aim was to provide a level of assistance commensurate with that given to low income homeowners under Administrative Order 10 (tax "rebates").

By-law T-213 (November 23rd, 2004): Supplementary Report: Upon appeal, Harbour City Homes application was reviewed to correct the assignment of property ownership. The following twelve (12) properties, owned by City of Halifax Non-Profit Housing Society, were awarded partial exemption under Schedule 30:

Lot A-12, 2485-87 Brunswick Street
Lot A-9, 2569-75 Brunswick Street

Lot 1, 2289-99 Brunswick Street
Lot AM-18, 2525-2535 Brunswick Street
Lot AM-17, 2537-47 Brunswick Street
Lot A-12, 2485-87 Brunswick Street
Lot A-9, 2569-75 Brunswick Street
Lot 1, 2289-99 Brunswick Street
Lot AM-18, 2525-2535 Brunswick Street
Lot AM-17, 2537-47 Brunswick Street
Lot B1-2429 Brunswick Street
Lot B1-2429 Brunswick Street

The following eight (8) properties were declined partial tax exemption upon the basis of HRM ownership:

Lot G-1, 5515 Gerrish Street, Halifax (*)
Lot D-1, 2275 Brunswick Street, Halifax (*)
Lot A-15, 5215 Artz Street, Halifax (*)
Lot 14, 5219 Artz Street, Halifax (*)
Lot A-13, 5521 Artz Street, Halifax (*)
Lot A-B, 2014-2020 Maynard Street, Halifax (*)
Lot GR, 2444 Barrington Street, Halifax (*)
Lot A, 2388 Gottingen Street, Halifax (*)

By-law T-216 (August 2nd, 2005): In 2005, one (1) property declined: a parking lot at 2559 Gottingen Street owned by HRM and leased to Harbour City Homes. A decision on four (4) former housing demonstration project properties was deferred pending (a) a signed payment plan with HRM, and (b) the conclusion of applicable Agreement of Purchase and Sale.

2350-2358 Gottingen Street, Halifax (*)
2388 Gottingen Street (*)
2014-2020 Maynard Street, Halifax (*)
2444-2450 Barrington Street, Halifax (*)

Application History

- Harbour City Homes first made application for tax assistance in November, 2000, for the 2001-2002 fiscal year, for a total of 26 properties (By-law T-212). A decision was deferred pending the settlement of an expropriation claim by Harbour City Homes against HRM. The application included a request for a short-term deferral of tax due to property damage attributed to Hurricane Juan and the society's insurance deductible. Deferral declined; the lack of appropriate or insufficient insurance is not a criteria for tax relief.
- In 2004, two (2) heritage properties were added to Schedule 26 (100% exempt) and twelve (12) affordable housing properties added to Schedule 30 (25% exempt) under By-law T-213. A decision regarding a further eight (8) properties was declined based on ownership (Harbour City Homes was/is a tenant).
- By-law T-200 states an applicant shall be in good standing. Property owners with arrears may be declined tax exemption; any award made shall be conditional upon compliance with a payment plan. Further, any organization in debt to HRM is ineligible for consideration under the *Community Grants Program* criteria.

Attachment 3.

HALIFAX REGIONAL MUNICIPALITY

BY-LAW NUMBER T-219

BY-LAW RESPECTING TAX EXEMPTIONS

Be it enacted by the Council of the Halifax Regional Municipality, under the authority of Section 71 of the Municipal Government Act, Chapter 18, R.S.N.S. 1989, By-law T-200 is amended as follows:

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

- a) Adding AAN # 00770914, Harbour City Homes, 2223 Brunswick Street, Halifax - Fraser House
- b) Adding AAN # 00771511, Harbour City Homes, 2229 Brunswick Street, Halifax - Beamish House
- c) Adding AAN # 05238625, Harbour City Homes, 2237 Brunswick Street, Halifax - Smyth House
- d) Adding AAN # 00772186, Harbour City Homes, 2415 Brunswick Street, Halifax - David Starr House
- e) Adding AAN # 05208335, Harbour City Homes, 2275 Brunswick Street, Halifax - Huestis House (upon agreement of purchase and sale)

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

- a) Adding AAN # 04630254, Harbour City Homes, 2350-2358 Gottingen Street, 5515 Gerrish Street, Halifax
- b) Adding AAN # 04077601, Harbour City Homes, 2388 Gottingen Street, Halifax
- c) Adding AAN # 00773867, Harbour City Homes, 2014-20 Maynard Street, Halifax
- d) Adding AAN # 05209692, Harbour City Homes, 5215 Artz Street, Halifax (upon agreement of purchase and sale)
- e) Adding AAN # 05209684, Harbour City Homes, 5219 Artz Street, Halifax (upon agreement of purchase and sale)
- f) Adding AAN # 05209706, Harbour City Homes, 5221 Artz Street, Halifax (upon agreement of purchase and sale)
- g) Adding AAN # 01824775, Harbour City Homes, 2444-2445 Barrington Street, Halifax (upon agreement of purchase and sale)