



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 9.1

Halifax Regional Council

August 5, 2008

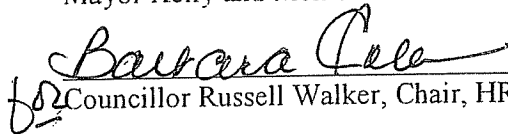
August 12, 2008

September 9, 2008

September 30, 2008

TO: Mayor Kelly and Members of the Halifax Regional Council

SUBMITTED BY:



Councillor Russell Walker, Chair, HRM Grants Committee

DATE: July 25, 2008

SUBJECT: By-law T-223, An Amendment to By-Law T-200, Respecting Tax Exemption for Non-Profit Organizations 2008 - 2009 - Renewals and Records Management

ORIGIN

Grants Committee meeting of July 7, 2008

RECOMMENDATION

It is recommended that Regional Council approve in principle:

1. The renewal of tax exemption status for 2008-2009 for 187 organizations on By-law T-200 at a combined net cost of \$2,208,029.44. This figure includes the proposed changes set out in recommendations 2, 3, 4 shown below:
2. The removal of Club 75/80, Covenant Place, and the Community Care Network (2 lots) for a combined annual saving of \$10,419.46 in 2008-09 as detailed in Attachment 1 of the Staff report dated June 23, 2008;
3. A change in level of exemption for Northwoodcare Inc., Dartmouth Kinsmen Club, and Harbour City Homes for a net saving of \$22,826.84 as detailed in Attachment 1 of the report dated June 23, 2008;
4. The addition of Bide A While Animal Shelter, 67 Neptune Crescent, for a net increase of \$11,716.71.

BACKGROUND

See staff report dated June 23, 2008, Attachment 1 to this report.

BUDGET IMPLICATIONS

See staff report dated June 23, 2008, Attachment 1 to this report.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

See staff report dated June 23, 2008, Attachment 1 to this report.

ALTERNATIVES

See staff report dated June 23, 2008, Attachment 1 to this report.

ATTACHMENTS

1. Staff Report dated June 23, 2008, By-law T-223 Respecting Tax Exemption for Non-Profit Organizations: 2008 - 2009

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208.

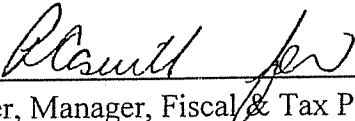
Report Prepared By: Barbara Coleman, Legislative Assistant.



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
July 7, 2008

TO: Chair and Members HRM Grants Committee

SUBMITTED BY: 
Bruce Fisher, Manager, Fiscal & Tax Policy

DATE: June 23, 2008

SUBJECT: **By-law T-223 Tax Exemption for Non-Profit Organizations 2008-2009:
Renewals and Records Management**

ORIGIN

This report originates with staff of HRM Finance. The report recommends renewals and related records management for the 2008-09 fiscal year. A separate report will be submitted for deferred and new applicants.

RECOMMENDATION

It is recommended that the HRM Grants Committee approve in principle:

1. The renewal of tax exemption status for 2008-2009 for 187 organizations on By-law T-200 at a combined net cost of \$2,208,029.44. This figure includes the proposed changes set out in recommendations 2, 3, and 4 shown below:
2. The removal of Club 75/80, Covenant Place, and the Community Care Network (2 lots) for a combined annual saving of \$10,419.46 in 2008-09 as detailed in Attachment 1 of this report;
3. A change in level of exemption for Northwoodcare Inc., Dartmouth Kinsmen Club, and Harbour City Homes for a net saving of \$22,826.84 as detailed in Attachment 1 of this report;
4. The addition of Bide A While Animal Shelter, 67 Neptune Crescent, for a net increase of \$11,716.71.

BACKGROUND

The Municipal Government Act (1998), Section 71, permits municipalities, at their discretion, to provide partial or full tax exemption to non-profit organizations and charities who "...provide a service that might otherwise be a responsibility of Council". HRM has implemented such a program under By-law T-200. Legislation requires a public hearing.

DISCUSSION

Cost Increase of Renewals:

In 2007-2008, the program was \$49,629.44 over budget which was off-set by a one-time application of the residual remaining in the *HRM Community Grants Program (By-law T-222)*.

As of April 1, 2008, there were 189 organizations, 350 properties, listed on By-law T-200. If renewed at 2008-2009 assessment values and tax rates, with no adjustments¹, the cost is estimated to be \$2,229,559.03; an increase of \$143,996.03 over the 2007-08 cost. The increase is due primarily to changes in assessment values and municipal tax rates. Other factors that can have a significant impact and are beyond HRM's immediate control are (a) changes in occupancy such as a tenant's increase in rental space, (b) building enhancements, (c) new construction, or (d) a lack of assessment appeal on the part of owners, especially those in receipt of full tax exemption.

Policy Implications:

The importance of due diligence on the part of program participants is well illustrated by the Hubbards Cove Waterfront Development Association. Rising tax rates, especially for waterfront property, was threatening the group's sustainability. In 2007, the group appealed their assessment and confirmed the property had been significantly over-valued based on a building that is not usable and is to be demolished. The group are seeking retroactive consideration based on an error in the assessment valuation and if successful could realize a saving to HRM's tax program.

In the opinion of staff the current program lacks sufficient controls with respect to due diligence and timely notification. Presently, the program automatically absorbs any increase in tax due to the actions of the owner such as an increase in rental space or capital enhancements to a building. There is no monitoring of appeals.

Budget Issues:

In 2008-2009, the program's budget was increased by \$190,900, from \$1,991,800 to \$2,182,700². **This figure represents only the requested budget increase for organizations currently on the by-law ie. excludes new applicants.** As such, the program is over budget by \$46,859 prior to any additions, deletions, or changes in level of exemption.

¹ The term "adjustments" refers to additions, deletions, or changes in level of exemption.

²This budget figure is based on last year's total approved by Council (\$2,014,152) indexed for this year's average increase in residential taxes (4.0%), and adjusted to compensate for the phase-out of the business occupancy tax (4.2%).

During this year's budget process it was agreed that the budget for renewals would be indexed and added to the base budget rather than as a separate item. This helps to avoid the confusion between any increase in the cost of maintaining the existing program versus the cost of an increase in scope of service (ie. the addition of new groups or new properties).

BUDGET IMPLICATIONS

If approved, the combined value of the proposed adjustments realize a saving of \$51,453.30 less a cost increase of \$29,923.71 (Harbour City Homes and Bide A While Animal Shelter Society) for a net saving to the program of \$21,529.59.

When this net saving is deducted from the estimated cost of renewals for 2008-2009 (\$2,229,559.03 minus net savings of \$21,529.59 = \$2,208,029.44) the program's budget of \$2,182,700 is exceeded by \$25,329.44. As such, there is no budget capacity in M311-8006 to fund deferred or new applicants.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report does not comply with the Municipality's Multi-Year Financial Strategy, the approved Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

Because the total value of the recommended tax exemptions exceeds the budget by \$25,329.44, this report does not comply with the approved Operating Budget.

ALTERNATIVES

The Grants Committee could amend or overturn a staff recommendation.

ATTACHMENTS

1. Records Management
2. Schedules of Tax Exemption Levels: By-law T-200
3. By-law T-223: An Amendment to By-law T-200

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 Finance 490-5469

Attachment 1

Records Management

Records management includes the removal of properties sold or title transferred, name or address changes, assessment account number changes or corrections, and the tracking of pre-commitments or conditional awards.

Removal from By-law T-200

SOCIAL SUPPORTS

Club 75/80, Lot S-1, 43 East Petpeswick Road, Musquodoboit Harbour

The property is assessed at the Commercial tax rate (\$2,317.80). Presently, the property is on Schedule 26 at 100% tax exempt. In April, 2008, title to the property was transferred to the Musquodoboit Harbour & District Lions Club. Property tax exemption is non-transferable and as such the property should be removed from By-law T-200. A letter of notification sent to both former and new owner June, 2008. *Staff recommend removal of Club 75/80 from Schedule 26, effective April 1, 2008. The saving to the program in 2008-2009 is \$2,317.80.*

Covenant Place, 7044 Highway 207, West Chezzetcook

Covenant Place Support and Renewal was part of the original By-law T-200 in 1997 (Schedule 2). There are two properties listed at 75% exempt at the Residential rate (for a combined value of \$6,350.75). Evidently, a portion of a private property was used as temporary shelter for youth. The organization's charitable status was revoked in 2006, society status defaulted in 2007, and the tax bill is in the name of a private property owner. The organization does not meet the program's eligibility criteria and should be removed from the by-law. A letter of notification was sent May 17, 2008. *Staff recommend removal of Covenant Place from Schedule 27, By-law T-200, effective April 1, 2008. The saving to the program in 2008-2009 is \$6,350.75.*

Community Care Network, 2437 and 2447 Maynard Street, Halifax

In 2003, the Community Care Network acquired three (3) properties on Maynard Street, Halifax. The three properties were added to By-law T-200, Schedule 26, in 2004 at 100% tax exempt (By-law T210). Two properties, both vacant land, are to be sold to the Metro Non-Profit Housing Association with a closing date of August, 2008. Property tax exemption is non-transferable and as such the properties should be removed from By-law T-200. A letter of notification was sent May 17, 2008. *Staff recommend removal of Community Care Network, 2437 and 2447 Maynard Street, Halifax, from Schedule 26 effective September 1, 2008.*

The estimated combined pro-rated saving in 2008-2009 is \$1,750.91 (7 months @\$250.13/month).

Change in Level of Exemption

AFFORDABLE HOUSING

Northwoodcare Incorporated, Lot 1-10 5523 Bloomfield Street Halifax - Change in Level of Exemption

In 2003, Northwoodcare Inc. was added to Schedule 26 at 100% tax exempt (By-law T-213) during the holding and construction period for a new 60-unit seniors affordable housing complex. The property is assessed at the Residential rate (\$52,433.34). Once construction was complete the applicant was to apply for partial exemption and, if approved, the by-law amended accordingly. In error, HRM has provided a 25% exemption for 2005 and 2006, and full exemption in 2007. The civic address has also changed (formerly 5534 Almon Street, Halifax). To correct this error, HRM must remove the property from Schedule 26 and add to Schedule 30. *Staff recommend the removal of Northwoodcare Inc., from Schedule 26, effective April 1, 2008, and addition to Schedule 30 at 25% exempt at the Residential rate, effective April 1, 2008. The estimated annual cost to the program is \$13,108.35.*

The saving to the program is \$39,324.99.

SERVICE CLUB

Dartmouth Kinsmen Club, Lot BF-2, 30 Caledonia Road, Dartmouth

In March, 2008, the Dartmouth Kinsmen Club were added to Schedule 26 at 100% tax exempt (By-law T-222) to July 1, 2008. The timing of the exemption was to allow the club to secure new tenants with the move of the Dartmouth Boys & Girls Club expected with the opening of the new HRM East Dartmouth Recreation Centre. The level of exemption is to be adjusted in 2008-09. The property is assessed at the Commercial tax rate (\$4,555.85). *Staff recommend removal of Dartmouth Kinsmen Club from Schedule 26, effective July 1, 2008, and addition to Schedule 28 at 50% exempt at the Residential rate, effective July 1, 2008. The estimated pro-rated cost to the program in 2008-09 is \$1,139 (3 months at 100% exempt @\$379.65/month) plus 9 months at 50% exempt at the Residential rate costs \$1,708 for a combined total cost in 2008-09 of \$2,847.*

The estimated net saving to the program in 2008-2009 is \$1,708.85.

HERITAGE

Harbour City Homes, Lot B-1, 2429 Brunswick Street, Halifax

In 2004, the property located at 2429 Brunswick Street was added to By-law T-200 at 25% exempt at the Residential tax rate (By-law T-213). The property was not identified as a registered heritage building. In 2007, HRM negotiated tax arrears and tax status with Harbour City Homes as part of a larger settlement agreement at which time several registered heritage properties received a higher level of exemption, again this property was omitted (By-law T219). *Staff recommend the removal of 2429 Brunswick Street, Halifax, from Schedule 30, effective retroactive to April 1, 2007 (principle and interest) the date at which adjustments were made to Harbour City Homes accounts under By-law T-219, and addition to*

Schedule 26 at 100% tax exempt conditional upon municipal registered heritage status. The estimated combined cost of both the one-time retroactive award (April 1, 2007, to March 31, 2008) and full exemption in 2008-2009 is \$18,207.

As of April 1, 2008, the annual cost is estimated to be \$9,102.

Any property tax and interest paid by Harbour City Homes for the period April 1, 2007, to March 31, 2008, be applied against debt to HRM.

Change of Address

ENVIRONMENT

Bide A While Animal Shelter Society, 67 Neptune Crescent, Dartmouth

In 1998 the Bide A While Animal Shelter Society appears on By-law T-200, Schedule 5, at 100% tax exempt (By-law T-201). The property was assessed at the Commercial rate (\$3,680.41 in 2007-08). In April, 2008, the society sold their Eaton Avenue property; the new owner shall be responsible for the full payment of property taxes pro-rated to April 11, 2008, the date of closing for the Agreement of Purchase and Sale. The society moved into their newly constructed premises at 67 Neptune Crescent, Dartmouth, in April, 2008. The property is assessed at the Commercial tax rate (\$15,397.12). The age and size of the new facility results in a higher annual tax bill, therefore the net difference has an impact on the program's budget. *Staff recommend removal of Bide A While Animal Shelter Society, 12 Eaton Avenue, Dartmouth, from Schedule 26, effective April 11, 2008, and the addition of 67 Neptune Crescent, Dartmouth, to Schedule 26, effective April 1, 2008, at an estimated annual cost of \$15,398.*

The net increase in cost to the program budget in 2008-2009 is \$11,716.71.

Name Change

By-law T-200 should list tax exemption recipients by their current legal name.

Sheet Harbour & District Board of Trade, Main Road, Sheet Harbour

Sheet Harbour Board of Trade changed their name to the Sheet Harbour & Area Chamber of Commerce in 2001. *Staff recommend that Schedule 26 of By-law T-200 be amended to read Sheet Harbour & Area Chamber of Commerce. There are no cost implications.*

Hubbards Cove Waterfront Development Association, 20 Yatch Club Road, Hubbards

Hubbards Cove Waterfront Development Association changed their name to Hubbards Community Waterfront Association in 2008. *Staff recommend that Schedule 29 of By-law T-200 be amended to read Hubbards Cove Waterfront Development Association. There are no cost implications.*

Pre-Commitments

Under the *Tax Exemption for Non-Profit Organizations Program* an award might be issued in advance of the creation of a tax account (notably in cases where the property was formerly government owned). In such cases, the award is noted in by-law reports albeit without a dollar value for budget purposes.

Francis Margaret Pet Sanctuary, 3215 Highway #7, Lake Echo - Environment

The sanctuary was established as a non-profit society in 2002 and added to the by-law at 50% exempt at the Residential rate in anticipation of a property donation by a private citizen, effective as of the date of closing the transfer of title (By-law T-212). *The benefactor is deceased and the settlement of the estate is in progress.*

Beaver Bank Community Centre Association - Recreation

The Beaver Bank Community centre is owned by HRM but operated under a facility management agreement by the Beaver Bank Community Centre Association. In 2005, the centre was added to the by-law at 100% tax exempt for that portion of the property managed by the association as a recreation facility and excluding any commercial activity (By-law T-216). *There is no tax account for this property. Staff recommend a review of occupancy to determine any exclusive use through a lease or any on-site business activity.*

Eastern Shore Recreation Commission, 67 Park Road, Musquodoboit Harbour - Recreation

The property is owned by HRM but operated under a facility management agreement by the Eastern Shore recreation Commission. In 2004, the association was added to the by-law at 100% exempt for that portion of the property managed by the association as a recreation facility and excluding any commercial activity (By-law T-212). *There is no tax account for this property. Staff recommend a review of occupancy to determine any exclusive use through a lease or any on-site business activity.*

Head of St. Margaret's Bay/Boutlier's Point Recreation Association, 11 Station Road, Head of St. Margaret's Bay - Recreation

The property is owned by HRM and leased to the Head of St. Margaret's Bay/Boutlier's Point Recreation Association. In 2002, the association was added to the by-law at 100% exempt for that portion of the property managed by the association as a recreation facility and excluding any commercial *There is no tax account for this property. Staff recommend a tax account be created.*

North Star Rowing Club, 88A Christon Avenue, Dartmouth - Heritage

The property is owned by HRM and leased to the North Star Rowing Club. In 2001, the club was added to the by-law at 100% exempt for that portion of the property managed by the association as a recreation facility and excluding any commercial activity. *There is no tax account for this property. Staff recommend a tax account be created.*

Attachment 2

By-law T-200 Levels of Tax Exemption			
Category	Description	Subsidy Level	Schedule
Conversion	Property assessed as Commercial converted to the Residential tax rate.	Organization pays full tax at the Residential rate.	Schedule 29
Partial Exemption	Property assessed as Commercial, converted to the Residential tax rate and then a portion exempt	25% Exempt HRM pays 25% group pays 75%	Schedule 30
	OR Property assessed as Residential and a portion is made exempt.	50% Exempt HRM and group both pay 50%	Schedule 28
		75% Exempt HRM pays 75% group pays 25%	Schedule 27
Tax Exempt	Full exemption from property tax. HRM pays full amount	100% Exempt HRM pays 100%	Schedule 26

Attachment 3

HALIFAX REGIONAL MUNICIPALITY

BY-LAW NUMBER T-223

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, is amended as follows:

1. Schedule 26 of the By-law is amended by:

- a) Remove ANN#5242118, Club 75/80, Lot S-1, 43 East Petpeswick Road, Musquodoboit Harbour
- b) Remove ANN#03095169 and ANN#04280997, Covenant Place, 7044 Highway 207, West Chezzetcook
- c) Remove ANN#36927 and ANN#36897, Community Care Network, 2437 and 2447 Maynard Street, Halifax
- d) Remove ANN#3774988, Northwoodcare Incorporated, 5534 Almon Street, Halifax
- e) Remove ANN#769363, Dartmouth Kinsmen Club, Lot BF-2, 30 Caledonia Road, Dartmouth
- f) Add ANN#771104 ,Harbour City Homes, 2429 Brunswick Street, Halifax
- g) Remove ANN#0322474, Bide A While Animal Shelter Society, 12 Eaton Avenue, Dartmouth
- h) Add ANN#09765425, Bide A While Animal Shelter Society, 67 Neptune Crescent, Dartmouth
- i) Amend ANN#5907993 and ANN# 5775388, Sheet Harbour & District Board of Trade, Main Road, Sheet Harbour, to Sheet Harbour & Area Chamber of Commerce
- j) Amend ANN#141305, Hubbards Community Waterfront Association, 20 Yacht Club Road, Hubbards, to Hubbards Cove Waterfront Development Association

2. Schedule 28 is amended by:

- a) Add ANN#769363, Dartmouth Kinsmen Club, Lot BF-2, 30 Caledonia Road, Dartmouth

3. Schedule 30 is amended by:

- a) Add ANN# 3774988, Northwoodcare Incorporated Lot 1-105523 Bloomfield Street, Halifax