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PO Box 1749
Halifax, Nova Scotia
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Halifax Regional Council

August 8th, 2006

September 5, 2006

September 12, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Russell Walker
Deputy Mayor Russell Walker, Chair, HRM Grants Committee

DATE: June 17, 2006

SUBJECT: By-law T-701: Tax Deferral - Revised Criteria for Residency

ORIGIN

This report originates with staff of HRM Financial Services in response to changes to the Municipal Government Act (1998), Section 69A which provides municipalities with the discretionary authority to provide a partial tax exemption in the event of full or partial destruction of property. While reviewing the legislative change it was noted that under By-law T-700 a homeowner would be ineligible for a tax deferral when they do not reside on the property. The proposed amendments are intended to restore eligibility, for a period of one year, in the event of temporary re-location due to the destruction of property. This change is in accordance with the implicit intent of the legislation: to assist lower income homeowners facing financial hardship.

To guide staff in the consistent interpretation and application of policy, detailed procedures are set out under separate cover in the program's Residential Tax Assistance Programs: Staff Guidebook (2006).

RECOMMENDATION

It is recommended that :

1. Regional Council approve the revisions to By-law T-700 as detailed in the Discussion section of this report.
2. Regional Council set a date for a public hearing.

BACKGROUND

While reviewing the policy implications of the government's change to Section 69A of the Municipal Government Act (1998) staff identified a need to revise By-law T-700 with respect to residency criteria. Presently, the by-law restricts eligibility to an owner-occupied residence. If the home were completely or partially destroyed by fire, explosion or an acute weather event and the owner temporarily re-located while the building was repaired or re-built they would not be eligible to apply for a tax deferral; the property would not be owner-occupied.

- The proposed amendment will not allow for non-residency due to negligence such as but not limited to poor maintenance, choice of building material, mold, poor design, environmental contamination, personal health condition, dispute, abandonment, or water/sewer malfunction. The proposed revisions also exclude loss of residency due to a criminal act on the part of the owner(s) such as arson.
- This is not a retroactive change to the by-law and, if approved by Regional Council, would come into effect in the current fiscal year, commencing April 1, 2006.

Please Note: the recommendations contained in this report apply only to lower income homeowners (<\$27,000) who apply to the *Residential Tax Deferral Program* and not to the public at large. Consideration of any prorated tax relief for property owners whose home is destroyed, and whose gross household income exceeds \$27,000, would be a separate program. Eligibility for any additional program might not be restricted by income or with a specified income range. Revised eligibility criteria for tax rebates for lower income homeowners has been recommended under Administrative Order 10.

DISCUSSION

Presently, in the event that a dwelling is completely or partially destroyed by fire, explosion or an acute weather event to the extent that the owner could not reside on the premises they would lose their eligibility for the *Residential Tax Deferral Program*. Presently, the by-law states:

Section 2.1 (d) "residential property" shall be the owner's principal place of residence; the building in which *the owner or owners reside* [emphasis added]

Recommended Amendments:

Addition to Section 2.1

(e) In the event that the owner's principal place of residence ("home") is completely or partly destroyed as a direct consequence of fire, explosion, or an acute weather event so as to render the premises uninhabitable and the owner must reside temporarily at another location during re-construction or repair application may be made to the Treasurer of the Municipality for a property tax deferral or deferral of local improvement charges calculated on a pro-rated basis on that portion of the Residential assessment or Resource with Dwelling assessment that applies to the land"

Additional documentation shall be required to demonstrate that the destruction of the

residence was a direct consequence of fire, explosion, or an acute weather event, that the dwelling is deemed uninhabitable or unsafe, and that destruction was not the consequence of a criminal act by the owner (such as arson).

Such consideration shall apply only to a residential dwelling and shall exclude ancillary buildings, recreational cottage, guest house, or a non-conforming structure used for habitation.

Addition to Section 3.7

(e) Eligibility awarded under 2.1 (e) of this by-law shall be for a period of one (1) year.

If after one (1) year the owner has not re-built, repaired, sold, or disposed of the property and wishes to remain eligible for a deferral they may appeal in writing to the Treasurer of the Municipality. Consideration of an appeal shall be on the basis of (a) an unreasonable delay in re-construction due to financial hardship or (b) insurance settlement.

Interpretation:

To assist staff understand the intent and limitations of the proposed changes, and to apply them with consistency, the Residential Tax Assistance Programs: Staff Guidebook (2006) will be updated to include operational definitions for destruction by fire, explosion, or an acute weather event and detail specific exclusions.

Supplementary Application Form:

In the case of an appeal of eligibility, the applicant(s) will be required to submit a supplementary application. Staff will be expected to verify the claim of destruction using reports from HRM Fire & Emergency Services, any applicable insurance claim, issue of a building permit, and the adjusted assessment value. A sample application form is included in **Attachment 2**.

BUDGET IMPLICATIONS

Staff anticipate that the budgetary impact of the proposed changes would be minimal in that persons otherwise disqualified from the program would be eligible to apply but the value of any deferral would be lower due to the lower assessment value/tax value. All taxes deferred are payable upon transfer of title.

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 defeat the recommended changes and continue with the status quo.

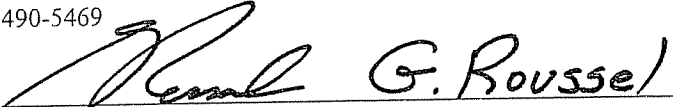
This action is not recommended because the present eligibility criteria disqualify some homeowners who have not only lost their home but are (a) lower income, (b) will face higher property taxes after the home is re-built, or (c) a loss in personal equity should they be forced to sell at a lower market value less taxes deferred to date.

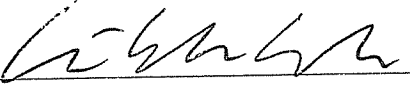
ATTACHMENTS

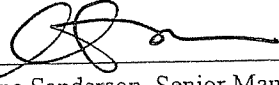
1. By-law T-701 an amendment to By-law T-700
2. Appeal of Eligibility Application Form.


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.

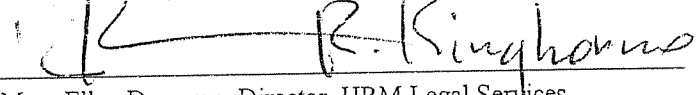
Report Prepared by: Peta-Jane Temple, Team Lead Tax, Grants & Special Projects
490-5469

Financial Review: *for:* 
Barb Palmeter, Financial Consultant, HRM Financial Services

for:  A. MacNeil
Bruce Fisher, Manager, Financial Planning, Finance


Catherine Sanderson, Senior Manager, HRM Financial Services

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

for: 
Mary Ellen Donovan, Director, HRM Legal Services

Attachment 1.

HALIFAX REGIONAL MUNICIPALITY

BY-LAW T-701

RESPECTING TAX DEFERRALS

BE IT ENACTED by the Council of the Halifax Regional Municipality that By-Law T-700 Respecting Tax Deferrals be amended as follows:

1. The By-Law is amended by adding, immediately following section 2.1 (d) Interpretation:

(e) In the event that the owner's principal place of residence ("home") is completely or partly destroyed as a direct consequence of fire, explosion, or an acute weather event so as to render the premises uninhabitable and the owner must reside temporarily at another location during re-construction or repair application may be made to the Treasurer of the Municipality for a property tax deferral or deferral of local improvement charges calculated on a pro-rated basis on that portion of the Residential assessment or Resource with Dwelling assessment that applies to the land.

Additional documentation shall be required to demonstrate that the destruction or the residence was a direct consequence of a fire, explosion, or acute weather event, that the dwelling is uninhabitable or unsafe, and that destruction was not the consequence of a criminal act by the owner (such as arson).

Such consideration of eligibility shall apply only to a residential dwelling and shall exclude ancillary buildings, recreational cottage, guest house or a non-conforming structure used for habitation.

2. The by-law is further amended by adding immediately following Section 3.7 the following:

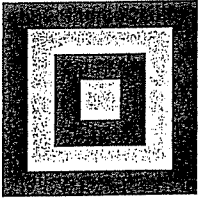
3.7 Eligibility awarded under 2.1 (e) of this by-law shall be for a period of one (1) year.

(a) If after one (1) year the owner has not re-built, repaired, sold or disposed of the property and wishes to remain eligible for a deferral they may appeal in writing to the Treasurer of the Municipality. Consideration of an appeal shall be on the basis of (a) an unreasonable delay in re-construction due to financial hardship or (b) insurance settlement.

Done and passed in Council this xx day of August, 2006.

Mayor

Municipal Clerk



**Residential Property Tax Exemption Program,
Residential Property Tax Deferral Program and
Deferral of Local Improvement Charges Program
2006-2007**

HALIFAX
REGIONAL MUNICIPALITY

PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Eligibility Appeal: Non-Residency Due to Destruction of Property

Assessment Account Number: (on your tax bill)	Customer Number: (on your tax bill)
Name of Applicant(s):	Telephone Number: (902)
Property Location: (civic address)	Mailing Address: (if different from the civic address)
Date of Property Destruction:	
Cause of Destruction: <input type="checkbox"/> Fire <input type="checkbox"/> Explosion <input type="checkbox"/> Acute Weather Event (eg. hurricane, tornado, blizzard, wind storm)	

Briefly explain what destroyed your home and attach support information from your insurance agent, contractor, etc.:

I/we hereby request eligibility be granted for a property tax rebate or tax deferral while I am unable to live in my home during re-construction and must temporarily reside at another location. I understand this appeal is for a period of 1 (one) year. I declare that the information provided by me is true and correct to the best of my knowledge.

Signature(s) _____ Date _____

Office Use Only	
Months remaining in tax year after property loss (pro-rated value of rebate or deferral):	months
Adjusted value of rebate or deferral:	\$