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Halifax Regional Council  
April 23rd, 2002

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

**SUBMITTED BY:**

  
Jim Hobin, Chair, HRM Grants Committee

**DATE:** March 4, 2002

**SUBJECT:** By-law T-209, An amendment to By-law T-201, Tax Exemption for Non-Profit Organizations (2002-2003)

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### **ORIGIN**

Each year applications are received from non-profit and charitable organizations for assistance with payment of property taxes under By-law T-201 (formerly T-200). These applications are reviewed by staff and members of the Grants Committee for final approval by Regional Council.

### **RECOMMENDATION**

It is recommended that Council approve By-law T-209, An Amendment to By-law T-201, Respecting Tax Exemption for Non-Profit Organizations where:

1. The addition of new organizations is recommended as itemized in Section A of the Discussion section of this report;
2. Applications be declined as per Section B;
3. The deletion of organizations as recommended in Section C;
4. Council approve a public hearing date be set

**PLEASE RETAIN FOR PUBLIC HEARING**

**BACKGROUND**

A total of 28 applications were received for 2002-2003 fiscal year. The application deadline is November 30<sup>th</sup> of the preceding year; the 7 applications received after this date are noted (Late). Late applications may be declined assistance based on budget capacity. No further applications will be accepted and the program is closed for 2002-03.

**DISCUSSION****A. Approved****1. Chezzetcook and District Lions Club, 89 East Chezzetcook Road (Former Head of Chezzetcook School), Head of Chezzetcook**

The Chezzetcook and District Lions Club is a registered charity and serves communities within the Chezzetcook, Porters Lake, and Musquodoboit Harbour area. The Club currently has 20 active members whose primary fund-raising activity is a weekly bingo. On April 25th, 2000, the Club purchased a former school property from HRM for the sum of \$1.00; the Agreement of Purchase and Sale includes a buy-back agreement giving HRM first right of refusal to re-acquire the property in the event of a sale. The property is currently assessed at commercial for a total of \$3,703 in annual property tax. The Club have requested 100% tax exemption.

*Staff recommend a conversion to the residential tax rate. The annual cost to HRM is estimated to be \$2,096/year.*

**2. Halifax Regional Search and Rescue, 116 Lakeview Road, Lakeside**

Halifax Search and Rescue is a charitable society. The operation provides volunteer services which enhance the municipality's core mandate in public safety and complement HRM Police Services, HRM Fire & Emergency Services, and HRM Emergency Measures Operations.

The sale of the HRM-owned former school property located at 116 Lakeview Road to Halifax Search and Rescue is currently in negotiations. Any Agreement of Purchase and Sale will include a buy-back agreement giving HRM first right of refusal to re-acquire the property in the event of a sale. The property is currently taxed at the commercial rate for a total of \$3,809 in annual property tax.

*Staff recommend 100% tax exemption, pro-rated as of the date of transfer of title. The annual cost to HRM is estimated to be \$3,809/year.*

**3. Head of Saint Margaret's Bay/Boutiliers Point Recreation Association (Former St. Margaret's School), 11 Station Road, Head of St. Margaret's Bay.**

The Association is a registered charity. The organization rents facility space to community groups and amateur arts groups.

In June, 2001, HRM entered into a lease/facility management agreement with the Recreation Association for a three(3) year term while tenants establish the viability of operating the facility. The rent is \$1 year and the occupant is responsible for all capital and operating costs. At the expiry of the lease, the Association, or alternately a coalition of tenant groups, will be given first option to buy the property.

Presently, users include youth groups (Guides, Scouts), sports teams, St. Margaret's Bay Food Bank, the local trails association, and arts groups (theatre, dance). These programs conform to the municipality's mandate in recreational and cultural programming. The facility serves a rural community outside the core service area.

By virtue of the lease agreement the property will become taxable in 2002 (commercial), staff estimate annual taxes will be \$9,000-\$10,000. The Provincial Assessment Services have been notified and asked to determine an assessment category.

*Staff recommend 100% tax exemption. The annual cost to HRM is estimated to be \$9,738/year.*

#### **4. Lake Echo Recreation Association, 3168 Highway #7, Lake Echo.**

Lake Echo Recreation Association is a non-profit organization whose programming enhances the municipality's core mandate in public access to recreational opportunities, especially in rural communities that might not have the local population to support a comprehensive government-run operation. This service contract replaces a program that might otherwise be the responsibility of HRM Parks & Recreation.

The property located at Lake Echo was formerly owned by Halifax County and as of April, 1996, by HRM. The Association has a Facility Management Agreement with HRM as of April, 1999, for the operation of a community recreation centre and lakefront recreational programming with public access. The property was formerly on By-law T-200 at 100% exempt.

*Staff recommend 100% tax exemption. The annual cost to HRM is estimated to be \$48,487/year.*

#### **5. Mission to Seafarers, 844 Marginal Road, Halifax.**

The Mission to Seafarers is a registered charity located adjacent to the Halifax port. The Society provides support services to seafarers entering the port of Halifax, including individuals or groups seeking political asylum or refugee status in Canada. The building offers free telephone service, a chapel, referral services, ship visits, advocacy for the rights of mariners, counselling, and social interaction.

The Mission receives a modest grant of \$2,800 from the province; the Catholic Diocese contributes \$5,000, and the balance of the budget is fund-raising, service fees, and donations. About 90% of the Mission's funding is self-generated. The Mission has a large, active Board of Directors and a consistent volunteer base. Prior to 2001, the facility had never been taxed at the commercial rate. The significant increase in taxes has created financial strain. The property is currently assessed at the commercial rate and taxes are \$8,219.

*Staff recommend a conversion from the commercial to the residential rate. The annual cost to HRM is estimated to be \$4,997/year.*

#### **6. Philae Building Society, 3530 Connolly Street, Halifax.**

The Society is a registered charity. The Shriners are a service club whose fund-raising assists children in Nova Scotia and PEI with medical treatment and travel expenses; notably to the IWK and Montreal Children's Hospitals. All finances are raised by members of the Club. There are no staff members and the

work of the Society is undertaken by the 1,300 members. The commercial property taxes are \$15,201.00 a year.

*Staff recommend a conversion from the commercial to the residential rate. The annual cost to HRM is estimated to be \$9,240/year.*

#### **7. St. Margaret's Sailing Club, 5 Foxberry Hill Road, St. Margaret's Bay**

The Club is a registered charity. The Club provides sailing classes and water safety courses for local residents, with an emphasis on children's summer programs. The Club has noted an increase in participation as the population of the St. Margaret's Bay area has grown. Last year, for example, 60 children registered for classes but an additional 18 who applied could not be accommodated due to a lack of boats. The Club has made two requests of HRM:

- (1) a conversion from the commercial tax to the residential rate;
- (2) 100% tax exemption for 4 years so that funds can be spent on replacement of dinghy fleet.

*Staff recommend conversion to residential tax rate. This recommendation is based on the Club's charitable Society status under the Income Tax Act. The annual cost is estimated to be \$6,123/year.*

#### **8. Nature Conservancy of Canada, Atlantic Division, Big Gun Island (Ostrea Lake) and Abraham Lake, Musquodoboit Harbour.**

The Nature Conservancy of Canada is a national charity whose mandate is land conservation and wildlife preservation. The Atlantic Division has worked closely with local government and volunteer groups on various projects, such as the successful acquisition of Francis Nose Island located in Musquodoboit Harbour, an important area for migratory birds.

Abraham Lake: consisting of two parcels of land, totalling 634 acres, this nature reserve was donated to the Nature Conservancy of Canada by Scott Paper Worldwide. The land is forested and completely surrounds Abraham Lake, and is adjacent to the Liscomb Game Sanctuary. This area contains one of the few remaining old growth stands of Red Spruce, Eastern Hemlock, and White Pine in the province. It is a site of ecological significance.

Big Gun Island: Big Gun island is located within the Musquodoboit Harbour, which is recognized as a wetland of international importance under the Ramsar Convention. The islands in the harbour provide nesting habitat for bald Eagles, Osprey, Great Blue Herons, and Common Goldeneye Eagles. The inter-tidal marshes surrounding the islands provide a vital role as a resting and feeding area for migratory birds. The government is limited in its ability to regulate human use of the flats due to private land ownership. Hence, the Nature Conservancy has been assisting local government in purchasing the islands. The Society has requested tax exemption status for three properties: one is Big Gun Island, Musquodoboit Harbour, and the other two comprise a total of 634 acres of woodland at Abrahams Lake.

*Staff recommend 100% tax exemption. The annual costs is estimated to be \$3,778/year.*

**9. Society for Women Healing from Addictions and Abuse, 3178 Highway #3, Lakeside**

The Society is a charitable organization who have recently opened a residential addictions recovery facility for women. It is the only residential addictions program in HRM and addresses a service gap previously identified by the former City of Halifax, Task Force on Drugs, in the mid-1980's. This is a new organization with a new facility and as such is in a developmental stage.

The property is taxed at the residential rate and taxes are \$1,645/year. The applicant has requested a reduction in the residential rate.

*Staff recommend 50% residential tax. The annual cost to HRM is estimated to be \$853/year.*

**10. West Chezzetcook/Grand Desert Community Interest Group, Lot 2AC, Hill Road, West Chezzetcook**

This organization is a registered charity whose activities focus on Acadia House Museum and the preservation of Acadian culture in the local community. The Group recently purchased a small property adjacent to the museum site; the building is the oldest Acadian house in the community. The house will be repaired and renovated and will enable the transfer of washroom and kitchen facilities; Acadia House Museum can then be restored with greater authenticity.

The property registration is not yet complete but notification has been sent to the provincial Assessment Services division for a determination of tax category. Currently, the property is assessed at the residential rate and taxes are \$611.00/year.

*Staff recommend 100% tax exemption as a museum site. The annual cost to HRM is \$611/year.*

**11. Nova Scotia Nature Trust, (Late)**

The Nova Scotia Nature Trust is a registered charity. The organization works with private landowners to protect significant natural areas throughout the province. The Trust provides stewardship of the lands to protect public access, habitat, and wildlife. Through land purchases, conservation easements, and cooperative agreements with private owners the Trust works to protect woodlands, islands, coastal and lakeshore properties.

**11.a 545 Purcells Cove Road, Halifax**

The property located at 545 Purcell's Cove Road is privately owned but in 2002 the land will be donated to the Nature Trust. The land is currently assessed at the residential rate and taxes are \$1,100.00/year.

**11.b Lot 1 - E.M Robertson Sub-Division, Moody Lake, Harrietsfield****11.c Lot 2 - E.M Robertson Sub-Division, Moody Lake, Harrietsfield****11.d Lot 3 - E.M Robertson Sub-Division, Moody Lake, Harrietsfield**

The three lots located at Moody lake, Harrietsfield, are vacant un-developed lands acquired by the Nova Scotia Nature Trust. The lands are currently assessed at the residential rate and taxes are \$93.17/year.

*Staff recommend 100% tax exemption on each of four (4) properties. The combined annual cost is estimated to be \$1,380/year.*

**12. Home of the Guardian Angel, 2893 Agricola Street, Halifax (Late)**

The Home of the Guardian Angel is a registered charity. The Society operates two facilities in HRM: the Single Parent Centre, Sylvia Avenue, Spryfield, and a second location on Agricola Street, Halifax. The new facility on Agricola Street replaces the Coburg Road site which had to be vacated for re-development by the Archdioceses. The Agricola Street, Halifax, property is presently taxed at the commercial rate and taxes are \$3,799/year.

The Society provides family support services for parents and children including adoption services, advocacy, education, referral, peer support and wellness programs. The organizations also provides counselling and support to adopting couples, single parents, and adoptees. The services and facilities of the organization are funded primarily through grants from the provincial government, the Roman Catholic Archdiocese of Halifax, Health Canada, Metro United Way, donations, and fund-raising.

*Staff recommend conversion from the commercial tax rate to 75% of the residential rate. The annual cost is estimated to be \$3,835/year.*

**13. Beacon House, Lower Sackville (Late)**

Beacon House Interfaith Society is a registered charity. This organization operates a food bank and distributes clothing and household items to families and individuals from the communities of the Sackville, Fall River, Beaver Bank, Enfield, Wellington, Bedford, and surrounding areas. Rates of volunteerism are high and the service well established with solid community support.

Since 1986, Beacon House has rented a portion of the former Middle Sackville School. The facility is owned by HRM and under a rental agreement to the 50 Plus Club. The Society's rent has increased from \$600/month to \$900/month but the quality of the space leased and its amenities have deteriorated. In addition to the building's condition and operating cost, the Society is faced with increased demand for its services and have decided to pursue the purchase of their own facility.

The Society have requested 100% tax exemption to assist them in the purchase of a building and establish their operations at a new site.

*Staff recommend 100% tax exemption for the new facility, pro-rated from the date of title acquisition. The annual cost of this award cannot be confirmed until the purchase is complete.*

**14. Sackville Lions Club, Lot #2-C, Old Beaver Bank Road, Lower Sackville.**

The Lions Club is a registered charity. The service club raises funds in support of local hospitals, community health programs, and social benevolence.

The Lions Club currently owns 'Venture Hall' located adjacent to the new site. The hall is presently on By-law T-201 at 100% tax exempt (the annual cost to HRM is \$12,421.43). The second site (Lot #2 ) is owned by the provincial government (NS Housing & Municipal Affairs) and leased to the organization. The terms of the lease require payment of property taxes. The property is assessed at the commercial rate and current taxes are \$9,570.00/year.

*Staff recommend 100% tax exemption, pro-rated from the date of the signing of the lease. The cost to HRM is \$9,570/year.*

**15. Scotia Chamber Players, 6181 Lady Hammond Road, Halifax (Late)**

Scotia Chamber Players is a registered charity. The organization is best known for hosting the annual Scotia Festival of Music but in addition to this event their facility provides concert and rehearsal space for a wide variety of local musicians and groups, both amateur and professional. The property is currently taxed at the commercial rate for \$4,661.13/year. With the proposed addition of a 110-seat concert room and sound recording studio the assessed value of the property will increase. The society is requesting 100% exemption.

*Staff recommend 100% tax exemption on the basis of charitable status and the provision of a performing arts facility that is accessible to local non-profit groups and schools. The annual cost of this award is estimated to be \$4,661/year, until the new addition is completed and a revised assessment completed.*

**16. Dartmouth Clay Target Association, 2500 Cow Bay Road, Eastern Passage (Late)**

The Association owns approximately 9 acres of land in Eastern Passage and will commemorate its 100th anniversary in 2002. In 1998, the Club leased its premises to an independent operator who then added a bar service and video lottery terminals. These changes to operations resulted in a commercial tax assessment. Taxes are \$2,640.00/year. In 2000, the independent operator declared bankruptcy and the Club was left in disarray. In an effort to return to their traditional focus as a community-based recreational Club the membership have applied for and received non-profit status. The Club have asked HRM to assist in their re-organization with a conversion from the commercial tax rate to the residential tax rate.

*Staff recommend conversion from commercial tax rate to residential tax rate. The annual cost is estimated to be \$1,667/year.*

*HRM will request the Club seek a revised assessment to reflect the change in operations.*

**17. St. Margaret's Arena and Community Centre, 12 Westwood Boulevard, Upper Tantallon**

As per an agreement entered into by HRM and St. Margaret's Arena Association on December 20, 1996, whereby the St. Margaret's Arena Association was to repurchase the Arena from HRM section 6.01 (d) of the signed agreement refers to property taxes as follows:

- '(d) The purchaser had obtained confirmation from the Vendor that the Property will qualify for a full exemption from municipal property taxation under the Vendor's Tax Exemption By-law.'

*Grants Program staff view that the omission of the St. Margaret's Arena from By-law T-201 should be rectified and that the organization should be added to By-law T-201 for the full 2002-2003 fiscal year at 100% exemption. The annual cost is estimated to be \$34,724/year.*

**18. Metro Non-Profit Housing Association, Halifax**

Purchased property from Creighton/Gerrish Development Association on January 25, 2002. The Metro Non-Profit Housing Association purchased a 19 unit apartment building from Creighton Gerrish to provide safe supported housing to individuals who are homeless or at risk. The Association sponsors a drop-in centre that offers advocacy, referral, day programs, and access to health resources. The building's revenue will sustain these programs.

*Staff recommend 75% tax exemption on this property (at the same rate as properties owned by organization already on By-law T-201), pro-rated as per the date of transfer of title.*

**19. Club 24, 3 Dundas Street, Dartmouth (Late)**

The Club is registered as a non-profit 'NS Limited by Guarantee' registered under the Companies Act (registered in 1951) whereby the organization is financed through start-up funds from its membership; should the operations cease any surplus is returned to each contributing member. The organization provides facilities for the use of local Alcoholics Anonymous groups for meetings and social activities. An Al-Anon group also maintains an office from the Dartmouth site. Revenues are primarily self-generated through contributions from members, social activities, and fundraising. The Club recently purchased a property in Dartmouth which is assessed at the commercial rate and taxes are \$2,570/year.

*Staff recommend 50% tax exemption. The annual cost is estimated to be \$2,450/year.*

**20. Upper Musquodoboit Fellowship Club, Lot 80 -1, Sheet Harbour Road, Upper Musquodoboit (Late)**

The Club is a registered charity whose activities serve the social and recreational needs of local senior citizens. The Club's current premises are tax exempt under By-law T-201 and in December, 2002, an abutting lot is due to be donated to the Club by the present owner Sharon St. James Credit Union. The value of this vacant parcel of land is presently assessed at \$4,000 and taxes are \$48.72.

*Staff recommend 100% tax exemption pro-rated for the balance of the fiscal year, effective as per the date of the transfer of title to the property from Sharon St. James Credit Union to Upper Musquodoboit Fellowship Club.*

**B. Declined****1. The Association for the Development of Children's Residential Facilities, 131 Prince Albert Road, Dartmouth**

The Association for the development of Children's Residential Facilities is a registered charity. The organization operates six (6) "therapeutic residential youth care" facilities. As stated in the audited financial statement for 2000-2001:

"The Association derives substantially all of its revenues from the Province of Nova Scotia. As a result the Association is economically dependent on the Provincial government" (p.9).

At this time, application has been made for only one (1) property, Hawthorne House, located at 131



Prince Albert Road, Dartmouth. The facility has six beds for short and long-term stays for male adolescents aged 14-16 years. The status of children accepted to the facility include temporary or permanent care and custody agreements. Referrals are made through social work and mental health service providers.

The property taxes are presently at the residential rate and are \$1,756/year. The applicant has asked for 100% tax exemption based on a decrease in provincial funding and increased operating costs.

A review of the financial statement 2000-2001 shows that Hawthorne House experienced a decrease of \$59,246 in grants over the previous year the per diem revenue increased by \$37,359 for a total decrease in revenue of \$21,887. However, almost half of the facility's operating deficit can be attributed to an increase in staff wages/benefits over the previous year. In addition, a year-to-year comparison of the budgets for the six facilities operated by the Association indicate an overall increase of \$100,284 (a decrease of \$47,101 in grants offset by an increase in per diem revenues of \$147,385).

The Grants Program staff recommendation is based on an analysis of the organization's capacity to pay property taxes and the assertion that a decrease in provincial government funding for Hawthorne House does not warrant the provision of an operating subsidy from HRM.

*Staff recommend no decrease in tax level. Remains at residential rate.*

## **2. Granite Springs Golf Club (1680030 Nova Scotia Limited), 4441 Prospect Road, Bayside.**

This is a business partnership and is ineligible under By-law T-200 which limits the purpose of the Tax Exemption for Non-Profit Organizations Program to registered non-profit organizations and charities. The applicant is a private golf club whose revenues are from membership fees, food and beverage sales, pro-shop, and cart rentals. The account is in arrears.

The applicant acknowledges they are a business but substantiate their request for "public recreation exemption" based on:

- (1) Employment for local residents
- (2) Links to the tourism industry (dining room)
- (3) Off-season recreational use by residents for walking, cross-country skiing, and ATV's.

Staff recommend the application be declined on the basis of the following:

- a. The Municipal Government Act (1998) prohibits direct tax subsidies to commerce, business and industry:  
"....shall not grant a tax concession or other form of direct financial assistance to a business or industry" (MGA, Section 57(2), p.28).
- b. The applicant is ineligible under the terms and conditions of the program.
- c. Employment is not a municipal mandate.
- d. The Grants Program does not provide financial assistance to tourism operators: economic development initiatives are currently funded through The Greater Halifax Partnership, Halifax Regional Development Agency, and HRM Tourism, Culture and Heritage.

e. Golf clubs already receive special consideration under the provincial Assessment Act under Section 29(1) as lands in excess of 3 acres are assessed at the resource rate.

f. The Assessment Act (1990) makes provision for seasonal operations under Section 11 (6), p.14: "...where the business is closed for at least four months of the year, the business occupancy assessment shall be that proportion of the business occupancy assessment otherwise assessable that is equal to the portion of the year that the business is usually open".

During a presentation to the Grants Committee on February 11, 2002 representatives of the Club noted the increase in property taxes from \$28,000 in 1998 to \$63,000 in 2000. Staff have reviewed the Granite Springs tax assessment as compared to other golf clubs in the municipality.

Two sections of the Assessment Act (1990) can apply in this case: (1) the resource category of assessment is applied to lands under 50,000 acres under Section 2 (s) (ii), and (2) tax exemption can only be applied to lands in excess of 3 acres upon application by a non-profit or charitable organization under Section 29 (1). The resource acreage has been applied proportionally to the Club's property but the golf course is a commercial enterprise and does not qualify for exemption.

In the opinion of staff the municipality's tax bill is accurate as based on the assessment value. The Granite Springs Golf Club have followed the appropriate course of action in entering an appeal to the Assessment Services Division. The appeal will review the market value of the property.

*Staff recommend the application be declined as ineligible. Arrears are due in full. The Club could ask for a payment plan to assist with cash-flow.*

### **3. Tourism Industry of Nova Scotia, 1099 Marginal Road, Suite 201, Halifax.**

The Association is an advocacy and educational organization serving the tourism industry in Nova Scotia. Individual, company, and organizational memberships include transportation, travel agents, the hospitality industry, food and beverage, events and conferences. The Association currently leases premises from the Halifax Port Authority. It should be noted that the audited financial statement shows a \$5,000 decrease in rent over the previous year and an operating surplus. The account is in arrears and should proceed to collection.

Although the organization is a non-profit group it's membership serves business, industry and commerce and as such it serves the needs of professional affiliations in the private sector. The ability to pay property taxes exists and can be met through an increase in membership fees, service fees, or sales.

*Staff recommend the application be declined on the basis of a subsidy to business interests with the capacity to pay property taxes.*

### **4. Coastal Communities Economic Development Co-Operative Limited, 200 Government Wharf, Eastern Passage.**

This organization is registered as a non-profit co-operative. The Co-Operative applied last year and was declined (see Report to Council, January 16, 2001). The facility is the former Northland Fisheries fish plant and the initial intent was to develop a marina, restaurant, recreational amenities, and offices. To date, the facility has not been re-developed and has sporadic use for fund-raisers, a CAP site, and meetings.

Independent of government grants, the principle form of fund-raising to date has been the sale of \$20,000 of shares. In light of the sale of shares to private interests, public subsidy could realize a personal income tax benefit to individual shareholders. Indirect public subsidy of personal investments is not compatible with the intent of By-law T-201. Further, the organization is undertaking its own internal review of operations and anticipate the development of a new business plan.

During their presentation to the Grants Committee meeting of February 11<sup>th</sup>, 2002 representatives of the Cooperative indicated that the community consultation process required by HRM took 18 months to complete and resulted in delayed revenue generation required for the re-development of the site. Staff do not support the waiver of property taxes owing for this period: community consultation is required of all potential development agreements or re-zoning approvals and the payment of property taxes during this time-frame is incumbent upon the property owner. Similarly, taxes are also collected on vacant land purchased with the intent of future construction.

*Staff recommend the application be declined on the basis of a subsidy to business interests.*

#### **5. Fisherman's Cove Development Association, Lot #94-1 Shore Road, Eastern Passage.**

This organization is registered as a non-profit co-operative. The property, owned by the provincial government and leased to Fisherman's Cove Development Association, is a waterfront development which has a total of 17 buildings.

The properties are used by various small business enterprises such as a restaurant, souvenir shops, crafts, food sales, boat tours, and independent boat-owners. rental rates are modest so as to assist operators establish and maintain operations. Tenants pay business occupancy tax. The financial statement for 2000-2001 indicates that the principle source of operating revenue is from Human Resources Development Canada.

The Co-operative applied for tax exemption in 2000-2001 (see report to Regional Council, January 16, 2001). The applicant made a presentation to the Grants Committee and was subsequently declined a tax subsidy based on the commercial nature of operations. The Municipal Government Act (1998) states that a municipality: "....shall not grant a tax concession or other form of direct financial assistance to a business or industry" (MGA, Section 57(2), p.28). The local MLA has indicated an interest in pursuing tax exemption under a private members bill before the Legislature. Such action has no bearing on the present review under By-law T-201 and may be precedence setting.

The account is currently assessed at the commercial rate for a total of \$15,121/year. The account is four 4 years in arrears but payment plan negotiations are underway with HRM Financial Services.

The Association has requested the following tax subsidies:

100% exemption on all non-revenue generating buildings;

Conversion from the commercial tax rate to the residential tax rate on the remainder of buildings;

Reduction to a maximum of 65% of the residential rate, based on the seasonality of Fisherman's Cove.

Staff recommend the application be declined on the basis of the following:

- a. The Municipal Government Act (1998) prohibits direct tax subsidies to commerce, business and industry: "...shall not grant a tax concession or other form of direct financial assistance to a business or industry" (MGA, Section 57(2), p.28).
- b. The applicant is ineligible under the terms and conditions of the program.
- c. The Grants Program does not provide financial assistance to tourism operators: economic development initiatives are currently funded through The Greater Halifax Partnership, Halifax Regional Development Agency, and HRM Tourism, Culture and Heritage.
- d. The Assessment Act (1990) makes provision for seasonal operations under Section 11 (6), p.14: "...where the business is closed for at least four months of the year, the business occupancy assessment shall be that proportion of the business occupancy assessment otherwise assessable that is equal to the portion of the year that the business is usually open".

*Staff recommend the application for tax relief be declined and that the arrears owing are payable in full. A payment plan will assist the organization with cash-flow.*

### **Applications from Nursing Homes**

The issue of reduced property taxes for registered non-profit nursing homes was debated extensively by Regional Council in 2000. In a report to Council dated April 10<sup>th</sup>, 2001, staff recommended: (a) that any consideration of tax subsidy be considered under the terms and conditions set out in By-law T-201, (b) that the present level of taxation be maintained pending revisions to the by-law, and (c) that a new by-law be tabled in 2002-2003 fiscal year.

For the 2002-2003 year, HRM has received three (3) applications from nursing homes seeking a reduction in property taxes. An application received from the Mother Berchman Centre, Rockingham, was withdrawn: the applicant was ineligible to apply to the program because they are not the property owner

#### **6. Ocean View Manor, 1909 Caldwell Road, Eastern Passage**

This Home for Special Care facility is a registered charity. The 184 bed facility is owned and operated by Ocean View Manor Society and is currently assessed at the residential rate. Property taxes are \$46,322/year.

*Staff recommend the application for tax exemption be declined and that the present level of taxation be maintained pending revisions to the by-law in 2002-2003.*

#### **7. Saint Vincent's Guest House Foundation, 2080 Windsor Street, Halifax**

This Home for the Aged is operated by a registered charity. The facility is owned by the Roman Catholic Episcopal Corporation and operated by the Foundation. The property is currently assessed at both the residential rate (95.8%) and exempt commercial (4.2%). Property taxes total \$45,232/year.

*Staff recommend the application for tax exemption be declined and that the present level of taxation be maintained pending revisions to the by-law in 2002-2003.*

#### **8. Dartmouth Senior Care Society, 10 Mount Hope Avenue, Dartmouth**

This 'Nursing Home' (Oakwood House) is operated by a registered charity. The facility is owned and operated by Dartmouth Senior Care Society and is currently assessed at the residential rate. Property taxes total \$47,287/year. The facility also offers palliative care, day respite programs. The Society also operates an enriched seniors housing complex (Acadia Place) annexed to the nursing home which is also taxed at the residential rate.

*Staff recommend the application for tax exemption be declined and that the present level of taxation be maintained pending revisions to the by-law in 2002-2003.*

Note: the review and proposed changes to the current By-law are intended to align tax subsidies to the municipal mandate in program and service delivery. Facilities for persons with special needs will be reviewed relative to HRM's mandate, financial capacity, and programming priorities.

### **C. Records Management**

#### **1. Blue Water Business Development Corporation Limited, Sheet Harbour**

HRM has received notice that the property located at 22756 No 7 Highway, Sheet Harbour has been sold. Blue Water Business Development Corporation should be deleted from the by-law for an estimated saving of \$6,923/year.

#### **2. Dufferin Lodge #89 (Masonic Hall), Port Dufferin**

In August, 2001, HRM received written notice from the Treasurer of Dufferin Lodge #89 that the building located on Smiley's Point Road, Port Dufferin had been sold. The Lodge should be removed from By-law T-201 for an estimated saving of \$589/year.

#### **3. Sambro and District Fastball Association, Pennant Road, Sambro**

In September 2001, HRM received notice that the Sambro and District Fastball Association is no longer in operation. The property was leased from the Nova Scotia Department of Lands and Forests. The Association should be deleted from By-law T-201 for an estimated saving of \$98/year.

#### **4. Dartmouth Boys & Girls Club, 60 Farrell Street, Dartmouth**

The Boys & Girls Club is a registered charity. The organization provides recreational, educational and social activities for children and youth. The club's facility is located on lands owned by Nova Scotia Power and was assessed as taxable at the commercial rate. The annual taxes due were \$14,396 but because the Club provides a service within HRM's core mandate (community recreation) and serves an economically disadvantaged neighbourhood, the organization was awarded 100% tax exemption under By-law T-201. HRM asked provincial Assessment Services to review the tax status of the club given that Nova Scotia Power is currently tax exempt by special legislation.

In January, 2002, HRM was notified by Assessment Services that the account has been removed from the tax roll for 2002-2003 fiscal year. The account has been added to Nova Scotia Power's portfolio of tax

accounts. The Boys & Girls Club should be deleted from By-law T-201 for an estimated saving of \$15,769/year.

Note: Nova Scotia Power's tax exempt status is currently in dispute. Should NSP's tax exempt status be revoked the property at 60 Farrell Street may become taxable at which time the Boys & Girls Club will need to apply to the *Tax Exemption for Non-Profit Organizations Program*.

#### **5. Creighton/Gerrish Development Association, 2330 Gottingen Street, Halifax**

The Creighton-Gerrish Development Association is an inter-agency initiative whose goal is to build affordable single and family housing in the urban core. Construction is now completed on this property and the property has been sold to the Metro Non-Profit Housing Association, who have submitted an application for property tax exemption. An exemption was granted for this property on By-law T-206. This property should be deleted from By-law T-201 for an estimated saving of \$607/year.

#### **6. Alexandra Children's Centre, 5450 Russell Street, Halifax**

The Alexandra Children's Centre is a tenant of the Shambala School, this organization's taxation account has been deleted from the official tax roll by the Provincial Assessment Office. When a non-profit rents space from an exempt organization (such as a school) the non-profit is taxable at the business occupancy rate, once the Provincial Assessment Office has received confirmation of the non-profit status they can choose to delete the account in question. If the organization moves from their present location they will be eligible to re-apply to the HRM Grants Program for tax exemption. This property should be deleted from By-law T-201 for an estimated savings of \$5,707/year.

#### **7. Canadian Paraplegic Association, Lot 64 - 9D Crane Lake Dr., Bayers Lake, Halifax**

The Canadian Paraplegic Association had an empty lot out in Bayers Lake Industrial Park, which they have since sold to HRM. This property should be deleted from By-law T-201 for an estimated savings of \$1,059/year.

### **COMMUNITY IMPACTS**

There is general public support for exempting duly registered charities and non-profit organizations from commercial taxes where the operations do not constitute a commercial subsidy or unfairly disadvantage independent commercial interests. Since 1997, HRM has consolidated pre-existing and new tax exemptions into four (4) subsidy levels: conversion from commercial to full residential tax, and 50%, 75%, or 100% of the residential tax rate. In 2002-2003, revisions to the current by-law will be presented to Regional Council and public input sought through the public hearing process. The intent of the revisions will be to provide detailed criteria to align tax subsidies to the provision of services to the community and to the municipality's mandate in program and service delivery.

*Note:* the issue of the taxable status of HRM-owned properties under management agreement and those rented to community groups will be addressed in separate reports during 2002. An inter-departmental staff review is in progress.

**BUDGET IMPLICATIONS**

The approved budget for 2002-2003 *Tax Exemption for Non-Profit Organizations Program* is \$1,654,000. The reduction in municipal tax rates (-1.1%) should realize a saving of about \$18,194 and the deletion of organizations as outlined in Section C will re-direct \$6,940 to new applicants. The cost of new applications for the full 2002-2003 fiscal year is estimated at \$160,000, hence there is a projected budget over-run of about \$14,600.

Staff will aim to balance the Grants Program portfolio by year-end using a transfer of any unexpended funds from other programs.

**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 other relevant legislation.

The applicable legislation includes The Municipal Government Act (1998), the Assessment Act (1990), and By-law T-201.

**ALTERNATIVES**

Regional Council could appeal the Grants Committee's recommendations as outlined in Sections A or B and refer the case back to the committee for further review.

This action is not recommended unless there is reasonable doubt as to the accuracy of information provided in the report, there is an error in the application of the current by-law or protocols, or new information is forthcoming. In the event that an appeal is made, the case(s) will be withdrawn from By-law T-209 and the balance of the report will proceed to a public hearing. A separate report would then be submitted to Regional Council for the case(s) under review and a separate by-law hearing held at a later date.

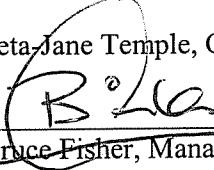
**ATTACHMENTS**

1. **By-law T-209** An Amendment to By-law T-201 The Tax Exemption By-law.

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: Peta-Jane Temple, Coordinator, Grants Program

Approved By:

  
Bruce Fisher, Manager, Financial Planning, Financial Services 490-4493

Attachment 1

HALIFAX REGIONAL MUNICIPALITY

BY-LAW NUMBER T-209

BY-LAW RESPECTING TAX EXEMPTIONS

Be it enacted by the Council of the Halifax Regional Municipality, under the authority of section 5 (1)(r) of the Assessment Act, Chapter 23, R.S.N.S. 1989, is amended as follows:

1. Schedule 26 of By-law T-201 is amended by:

- a) Adding AAN # 03376699, Halifax Regional Search and Rescue, 116 Lakeview Road, Lakeside
- b) Adding AAN # 03376397, Head of St. Margaret's Bay/Boutiliers Point Recreation Association, 11 Station Rd, Head of St. Margaret's Bay.
- c) Adding AAN# 02410877, Lake Echo Recreation Association, 3168 Highway #7, Lake Echo
- d) Adding AAN # 08884986, Nature Conservancy of Canada - Atlantic Division, 296 Acres, Abraham Lake
- e) Adding AAN # 08871965, Nature Conservancy of Canada - Atlantic Division, 388 Acres+-, Abrahams Lake
- f) Adding AAN # 00896969, Nature Conservancy of Canada - Atlantic Division, land dwell Big Gun Island, Ostrea Lake
- g) Adding AAN # 00275875, West Chezzetcook/Grand Desert Community Interest Group, Lot 2AC, Hill Road, West Chezzetcook
- h) Adding AAN # 01390295, Nova Scotia Nature Trust, 545 Purcells Cove Road, Halifax
- i) Adding AAN # 00412929, Nova Scotia Nature Trust, Lot 1 - E.M Robertson Sub-Division, Moody Lake Harrietsfield
- j) Adding AAN # 00412902, Nova Scotia Nature Trust, Lot 2 - E.M Robertson Sub-Division, Moody Lake Harrietsfield
- k) Adding AAN # 00412899, Nova Scotia Nature Trust, Lot 3 - E.M Robertson Sub-Division, Moody Lake Harrietsfield
- l) Adding AAN # 05887909, Beacon House, Lot H-1CA-B - Industrial Estates Sub. - Sackville Industrial Park - Lower Sackville
- m) Adding AAN # 07669925, Sackville Lions Club, Lot 2, Old Beaver Bank Road, Lower Sackville
- n) Adding AAN # 03730778, Scotia Chamber Players, 6181 Lady Hammond Road, Halifax
- o) Adding AAN # 06380441, St. Margaret's Arena and Community Centre, 12 Westwood Boulevard, Upper Tantallon
- p) Adding AAN # 04229584, Upper Musquodoboit Fellowship Club, Lot 80-1 Upper Musquodoboit
- q) DELETE AAN # 01133489, Creighton Gerrish Development Association, 2330 - 2334 Gottingen St., Halifax
- r) DELETE AAN # 01088017, Dartmouth Boys & Girls Club, 60 Farrell Rd., Dartmouth
- s) DELETE AAN # 06156932, Sambro and District Fastball Association, sports field, Sambro



## Attachment 1

### 2. Schedule 27 of By-law T-201 is amended by:

- a) Adding AAN # 02275287, Home of the Guardian Angel, 2893 Agricola Street, Halifax
- b) Adding AAN # 01133489, Metro Non-Profit Housing Association, 2330 - 2334 Gottingen St., Halifax
- c) DELETE AAN # 08707049, Alexandra Children's Centre, 5450 Russell Street, Halifax

### 3. Schedule 28 of By-law T-201 is amended by:

- a) Adding AAN # 08954909, Society for Women Healing from Addictions and Abuse, 3178 Highway #3, Lakeside
- b) Adding AAN # 01150774, Club 24, 3 Dundas Street, Dartmouth
- c) DELETE AAN # 03393666, Blue Water Business Centre, 22756 Main St., Sheet Harbour

### 4. Schedule 29 of By-law T-201 is amended by:

- a) Adding AAN # 03403882, Chezzetcook and District Lions Club, 89 East Chezzetcook Road, Head of Chezzetcook
- b) Adding AAN # 08736065, Mission to Seafarers, 844 Marginal Road, Halifax
- c) Adding AAN # 03234185, Philae Building Society, 3530 Connolly Street, Halifax
- d) Adding AAN # 08571848, St. Margaret's Sailing Club, 5 Foxberry Hill Road, St. Margaret's Bay
- e) Adding AAN # 01089145, Dartmouth Clay Target Association, 2500 Cow Bay Road, Eastern Passage
- f) DELETE AAN # 01855271, Dufferin Lodge #89, lot, hall, Port Dufferin
- g) DELETE AAN # 08939543, Canadian Paraplegic Association, lot 64 - 9D Crane Lake Drive, Halifax