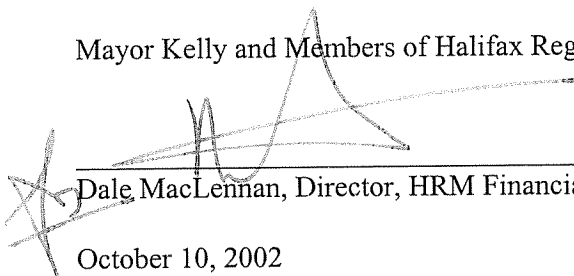


Halifax Regional Council

October 29, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

 Dale MacLennan, Director, HRM Financial Services

DATE: October 10, 2002

SUBJECT: Tax Assessment of Small Options Housing

INFORMATION REPORT

ORIGIN

At the meeting of Regional Council, July 16, 2002, Councillor Sarto requested a staff report regarding whether Small Options Homes should be paying property tax at the commercial rate. This issue was referred to staff of the HRM Grants Program.

BACKGROUND

Small Options Homes are supervised residential accommodations for adults with disabilities. Up to 3 adults are housed with 24 hour care, 7 days a week. The program was created by former municipal social service departments in response to a provincial freeze on licensed homes and an increase in demand due to de-institutionalization. With the service exchange agreement of 1996 responsibility for the program was assumed by the Nova Scotia Department of Community Services, Community Supports for Adults. These homes are now part of a continuum of care which goes from institutional care, Group Homes, Small Options Homes, and Supervised Apartment programs.

Operators of Small Options Homes receive a per diem from Community Services for each placement. Some homes are operated by registered non-profit organizations in properties they either own or rent (eg. Regional Residential Services Society, Metro Community Housing Association) and others are owned and operated by private interests.

DISCUSSION

Irrespective of whether the property is owned and operated by a non-profit organization or private owner, the tax assessment category is residential. This classification is a consequence of the purpose for which the property is used and not a function of ownership or income-generating activities. Even though a homeowner might receive personal income by providing supervised care for a per diem payment (in effect a fee-for-service) the property is used for a residential housing purpose.

The same residential tax assessment category is used for other revenue-generating residential properties such as rooming houses, an apartment in a private residence, and apartment buildings. Again, this tax category denotes a property used for a residential housing purpose. In contrast, if a portion of a private residence was used to operate a small business such as a hairsalon, car repairs, store etc the revenue-generating activity is not residential housing and is therefore taxed at the commercial rate.

In conclusion, staff confirm that the tax assessment classification for Small Options Homes at the residential rate is in accordance with the Assessment Act and consistent with other forms of revenue generating residential housing.

It should be noted that several Small Options Homes operated by community non-profit organizations receive a tax subsidy through the *Tax Exemption for Non-Profit Organizations Program*. Presently, these subsidies are at 75% of the residential tax rate (operators pay 25% of the tax).

COMMUNITY IMPACTS

For 2002-2003 there are 113 Small Options Homes (329 beds) located within the Central Region.

BUDGET IMPLICATIONS

None.

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.

ALTERNATIVES

Not applicable.

ATTACHMENTS

None.

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.

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