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**Item No.**  
**HRM Grants Committee**  
**November 6, 2017**

**TO:** Chair and Members of Grants Committee

Original Signed

**SUBMITTED BY:** \_\_\_\_\_  
Amanda Whitewood, Director of Finance & Asset Management/CFO

**DATE:** August 14, 2017

**SUBJECT:** Tax Relief for Non-Profit Orgs: Proposed Renewal of Tax Relief for Leases  
Removed from AO 2014-001-ADM Schedules

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**ORIGIN**

March 18, 2014 – Implementation of Administrative Order 2014-001-ADM Respecting Tax Relief to Non-Profit Organizations.

June 20, 2017 – Amendments to Administrative Order 2014-001-ADM approved respecting pro-rated deductions for late renewals and policy with respect to an expired lease or an expired municipal license agreement.

**LEGISLATIVE AUTHORITY**

*HRM Charter (2008)*

**Section 79 (1)** “The Council may expend money required by the Municipality for... (av) a grant or contribution to a charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization or a registered Canadian charitable organization.

*Administrative Order 2014-001-ADM*

**Section 5A (5)** If the lease or license respecting the real property that is the subject of an application for the renewal of tax relief has expired,

- (a) the lease or license must have been expired for no more than three (3) years as of the March 31<sup>st</sup> immediately preceding the start of the fiscal year for which tax relief is sought; and
- (b) the applicant must provide to the Municipality written confirmation from the licensor or lessor that
  - (i) the lease or license contains a provision allowing the lessee or licensee to remain in possession after the lease or the license expired, or
  - (ii) the lessor or licensor consents to the lessee or licensee to remain in possession of the real property.

Audit & Finance Standing Committee. Terms of Reference, clause 8(a).” “The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:(a) new programs or services not yet approved or funded;”

**RECOMMENDATION**

**RECOMMENDATION ON PAGE 2**

It is recommended that the Grants Committee recommend that the Audit & Finance Standing Committee recommend Regional Council approve a grant for the (7) organizations listed in Table 1 of this report for fiscal year 2017-18, effective April 1, 2017, unless otherwise stated, at an estimated combined cost of \$104,047 from Account M311-8006 (Grants & Tax Concessions).

## **BACKGROUND**

Several organizations previously accepted into the program were in long-term lease agreements with the Municipality that reached the end of the term of the agreement and held-over. While these agreements generally meet the spirit of the program they do not meet the technical requirements of Section 5A of the Administrative Order and have been removed from the Schedules that form part of the Administrative Order as required under Section 18. As an interim measure, assistance was provided in the 2014-15 fiscal year under the Valuation Allowance but because these tax accounts are not uncollectable, or the consequence of an assessment appeal or billing correction, Regional Council approved the provision of a grant in 2015-16 and 2016-17 by a resolution of the Council. For consistency, these awards have been awarded at the level previously granted under the formal tax relief program.

In 2016, a total of ten (10) organizations received a grant. The list has been reduced by three (3) organizations. Dartmouth Lawn Bowls was reinstated in the 2016 program effective April 1, 2017, and the Sackville Lions are to be reinstated in the 2017 program effective April 1, 2017. The River Community Association was incorrectly identified as the tenant of the HRM-owned (Moser River Community Hall) facility and will not be reinstated.

**Note:** this approach is intended as interim and applies only to those organizations accepted into the program prior to the implementation of Administrative Order 2014-001-ADM in fiscal year 2014.

## **DISCUSSION**

Amendments to Administrative Order 2014-001-ADM were approved by Regional Council June 20, 2017. The amendment specific to expired leases addresses recipients of tax relief whose lease or municipal license agreement has expired. The approach falls within a default prevention and management process.

*Default Prevention:* The application of a pro-active approach includes early detection with timely remediation to decrease the severity or frequency of non-compliance. A constructive and consistent approach offers mutual benefit in reducing administrative inefficiencies and assisting organizations develop the capacity to self-manage.

*Default Management:* Allowing a recipient (or prospective applicant) to remedy the default before more intrusive measures are taken aids relationships and efficiencies. The process includes monitoring the situation, evaluating the risk of revoking eligibility or the provision of further financial or in-kind assistance, and requires that the party in default works to remediate the situation and develop their ability to prevent a recurrence.

Under Section 5 of Administrative Order 2014-001-ADM the following criteria apply to the continuation of tax relief for a lease or municipal license:

- the agreement expired no more than three (3) years as of March 31st immediately preceding the fiscal year for which tax relief is requested; and
- the contract includes a holdover provision wherein the owner consents to the tenant remaining in possession of the subject property. If there is no contractual holdover clause the applicant is responsible to provide the owner's written consent to HRM within one (1) year of the expiry.

For the 2017 tax relief program the 3-year threshold date is March 31, 2014. The seven (7) organizations listed below in Table 1 do not meet the revised eligibility criteria in terms of the duration of expiry. Hence, it is recommended that Regional Council award continuation of full or partial tax relief by resolution for 2017-18 by way of a grant in an amount equivalent to the value of the grant they would have received under

Administrative Order 2014-001-ADM had they been eligible. As of the date of this report the timing of any new agreement with the Municipality is unconfirmed.

<b>Table 1. Recommended Tax Relief Grant for Renewals (M311-8006)</b> 2017 Assessment Value and Tax Rates						
#	Organization/Owner	Civic Address	Rationale	2017 Estimated Tax	Estimated Tax Relief	Pays
<b>Former Schedule 26</b>						
1	Abenaki Aquatic Club/HRM Land Lease	20A-22 Swanton Drive, Dartmouth	Lease expired March 30, 2008 (6 years)	\$19,664	(\$19,664)	\$0
1	Association of Special Needs Recreation/HRM Land License	82 Cobblestone Lane, Musquodoboit Harbour	License expired April 20, 2013 (4 years)	\$838	(\$838)	\$0
1	Kinsmen Club of Sackville/HRM Land Lease	PID#00359968 1A Kingfisher Way and 71 First Lake Drive, Sackville	Lease expired August 1, 1992 (25 years)	\$52,093	(\$52,093)	\$0
1	Sackville NS Lions Club/HRM Land Lease	101 Beaver Bank Road, Lower Sackville	Lease expired May 31, 2004 (13 years)	\$13,204	(\$13,204)	\$0
1	Senobe Aquatic Club/HRM Land Lease	PID#00636308 Nowlan Street, Dartmouth	Lease expired August 31, 2003 (14 years)	\$1,711	(\$1,711)	\$0
<b>Former Schedule 27</b>						
1	South End Daycare/HRM Partial Occupancy Lease	5594 Morris Street, Halifax	Lease expired March 31, 2013 (4 years)	\$16,722	(\$15,187)	\$1,535
<b>Former Schedule 29</b>						
1	Atlantic Division: Canoe-Kayak Canada/HRM Land Lease	20 Boathouse Lane, Dartmouth	Land lease not executed	\$2,133	(\$1,350)	\$783
<b>7</b>		<b>7</b>		<b>\$106,365</b>	<b>(\$104,047)</b>	<b>\$2,318</b>

The seven organizations listed in Table 1 have been notified of the proposed alternate approach to their tax relief eligibility in fiscal year 2017 in a letter dated June 23, 2017.

**FINANCIAL IMPLICATIONS**

All figures in this report have been rounded to the nearest dollar and are estimates that exclude any assessment appeal, account corrections, termination or non-renewal.

<b>2017-18 Budget M311-8006</b>	<b>\$4,020,000</b>
Less Proposed Awards to Leases to be Renewed (Table 1)	(\$104,047)
<b>Balance</b>	<b>\$3,915,953</b>

**RISK CONSIDERATION**

The lack of a lease or municipal license agreement presents risk to the occupant in terms of funding or financing eligibility. There is also potential reputational or insurance liability to the Municipality should the expired lease not be updated to current standards.

**COMMUNITY ENGAGEMENT**

Not applicable.

**ENVIRONMENTAL IMPLICATIONS**

Not applicable.

**ALTERNATIVES**

The Grants Committee could overturn or amend their approval of a grant for tax relief for any of the organizations listed in Table 1 of this report or impose specific terms and conditions as the Council deem appropriate to resolve the timely renewal of an expired municipal lease or license agreement.

**ATTACHMENTS**

None.

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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