



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.3.2
Halifax Regional Council
July 31, 2018

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: July 19, 2018

SUBJECT: Tax Relief for Non-Profit Organizations: Proposed Renewal of Tax Relief for
Leases Removed from Administrative Order 2014-001-ADM Schedules – Fiscal
Year 2018

ORIGIN

July 18, 2018 meeting of the Audit & Finance Standing Committee, Item No. 12.5.1.

LEGISLATIVE AUTHORITY

Section 8 of the Audit and Finance Standing Committee's Terms of Reference:

'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;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget.'

RECOMMENDATION

That Halifax Regional Council approve a grant for the six (6) organizations listed in Table 1 of the staff report dated March 14, 2018 for fiscal year 2018-19, effective April 1, 2018, unless otherwise stated, at an estimated combined cost of \$52,251 from Account M311-8006 (Grants and Tax Concessions).

BACKGROUND

A report from the Grants Committee dated June 7, 2018 with attached staff report dated March 14, 2018 pertaining to proposed renewal of tax relief for leases removed from Administrative Order 2014-001-ADM schedules – fiscal year 2018 was before the Audit & Finance Standing Committee for consideration at its meeting held on July 18, 2018.

For further information, please refer to the attached Grants Committee report dated June 7, 2018.

DISCUSSION

The Audit & Finance Standing Committee considered the June 7, 2018 Grants Committee report and forwarded the recommendation to Halifax Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

Financial implications are addressed in the attached Grants Committee report dated June 7, 2018.

RISK CONSIDERATION

Risk consideration is outlined in the attached Grants Committee report dated June 7, 2018.

COMMUNITY ENGAGEMENT

The Audit & Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, minutes, and meeting video of the Audit & Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The Audit & Finance Standing Committee did not discuss alternative recommendations. Alternatives are outlined in the staff report dated March 14, 2018 attached to the June 7, 2018 Grants Committee report.

ATTACHMENTS

Grants Committee report dated June 7, 2018.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Krista Vining, Legislative Assistant, Office of the Municipal Clerk, 902.490.6520

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 12.5.1
Audit and Finance Standing Committee
July 18, 2018

TO: Chair and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Councillor Russell Walker, Chair, Grants Committee

DATE: June 7, 2018

SUBJECT: Tax Relief for Non-Profit Organizations: Proposed Renewal of Tax Relief for Leases Removed from Administrative Order 2014-001-ADM Schedules – Fiscal Year 2018

ORIGIN

June 6, 2018 meeting of the Grants Committee, Item No. 9.1.5.

LEGISLATIVE AUTHORITY

Grants Committee Terms of Reference – “The HRM Grants Committee shall review, evaluate and make recommendations to Regional Council regarding annual cash grants, rent subsidies, property tax exemptions, less than market value property sales and leases to registered non-profit organizations and charities managed by a duly appointed Grants Committee.”

RECOMMENDATION

The Grants Committee recommends that the Audit & Finance Standing Committee recommend Regional Council approve a grant for the six (6) organizations listed in Table 1 of the staff report dated March 14, 2018 for fiscal year 2018-19, effective April 1, 2018, unless otherwise stated, at an estimated combined cost of \$52,251 from Account M311-8006 (Grants & Tax Concessions).

BACKGROUND

A staff report dated March 14, 2018 pertaining to Tax Relief for Non-Profit Organizations: Proposed Renewal of Tax Relief for Leases Removed from Administrative Order 2014-001-ADM Schedules for fiscal Year 2018 was before the Grants Committee for consideration at its June 6, 2018 meeting.

For further information, please refer to the attached staff report dated March 14, 2018.

DISCUSSION

The Grants Committee reviewed the March 14, 2018 staff report at its meeting held on June 6, 2018 and forwarded the recommendation to the Audit & Finance Standing Committee as outlined in this report.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated March 14, 2018.

RISK CONSIDERATION

As outlined in the attached staff report dated March 14, 2018.

COMMUNITY ENGAGEMENT

The Grants Committee meetings are open to public attendance. The Grants Committee is comprised of one elected member from each Community Council, a Chair appointed from the membership of the Audit and Finance Standing Committee and six (6) members of the public. The agenda, minutes, and reports for the Grants Committee are posted on the HRM website.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

The Grants Committee did not discuss alternative recommendations.

ATTACHMENTS

1. Staff report dated March 14, 2018.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Liam MacSween, Legislative Assistant, 902.490.6521

Item No. 9.1.5
HRM Grants Committee
June 11, 2018

TO: Chair and Members of Grants Committee

SUBMITTED BY: **Original Signed**

Jerry Blackwood, Acting Director of Finance & Asset Management/CFO

Original Signed

Bruce Zvaniga, Acting Chief Administrative Officer

DATE: March 14, 2018

SUBJECT: **Tax Relief for Non-Profit Organizations: Proposed Renewal of Tax Relief for Leases Removed from Administrative Order 2014-001-ADM Schedules – Fiscal Year 2018**

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 31st 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

Recommendation on page 2.

- (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

It is recommended that the Grants Committee recommend that the Audit & Finance Standing Committee recommend Regional Council approve a grant for the six (6) organizations listed in Table 1 of this report for fiscal year 2018-19, effective April 1, 2018, unless otherwise stated, at an estimated combined cost of \$52,251 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 Subsection 5A (5) 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. Regional Council approved the provision of a grant in 2015-16. In subsequent years (2016 and 2017) renewal has been granted by a resolution of the Council. For consistency, these awards have been awarded at the level previously granted under the formal tax relief program.

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 on 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.

Under Subsection 5A(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 2018 tax relief program the 3-year threshold date is March 31, 2014. The six (6) 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 in fiscal year 2018 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.

Table 1. Recommended Tax Relief Grant for Renewals (M311-8006) 2018 Assessment Value and 2017 Tax Rates						
#	Organization/Owner	Civic Address	Rationale	2018 Estimated Tax	Estimated Tax Relief	Pays
Former Schedule 26						
1	Abenaki Aquatic Club/HRM Land Lease	20A-22 Swanton Drive, Dartmouth	Lease expired March 30, 2008	\$19,838	(\$19,838)	\$0
1	Association of Special Needs Recreation/HRM Land License	82 Cobblestone Lane, Musquodoboit Harbour	License expired April 20, 2013	\$845	(\$845)	\$0
1	Sackville NS Lions Club/HRM Land Lease	101 Beaver Bank Road, Lower Sackville	Lease expired May 31, 2004	\$13,312	(\$13,312)	\$0
1	Senobe Aquatic Club/HRM Land Lease	PID#00636308 Nowlan Street, Dartmouth	Lease expired August 31, 2003	\$1,725	(\$1,725)	\$0
Former Schedule 27						
1	South End Daycare/HRM Partial Occupancy Lease	5594 Morris Street, Halifax	Lease expired March 31, 2013	\$16,650	(\$15,147)	\$1,503
Former Schedule 29						
1	Atlantic Division: Canoe-Kayak Canada/HRM Land Lease	20 Boathouse Lane, Dartmouth	Land lease not executed	\$2,167	(\$1,384)	\$782
6				\$54,537	(\$52,251)	\$2,285

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.

2018-19 Budget M311-8006 (pending Council approval)	\$4,170,000
Less Proposed Awards to Leases to be Renewed (Table 1)	(\$52,251)
Balance	\$4,117,749

If municipal tax rates increase in 2018 there would be a corresponding increase in the cost of awards: a 2% contingency for any rate increase would increase the cost to \$53,296 and is within the program's proposed budget.

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

1. The Grants Committee could refuse to recommend that a grant for tax relief for any or all of the organizations listed in Table 1 of this report.
2. The Grants Committee could amend their recommendation for a grant for tax relief for any of the organizations listed in Table 1 of this report by imposing specific terms and conditions as the Council deem appropriate to resolve the timely renewal of an expired municipal lease or license agreement.

ATTACHMENTS

None

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance & Asset Management
902.490.5469; Shelley Hutt, Grants Program Technician, Finance & Asset Management
