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**Item No. 15.1.6**  
**Halifax Regional Council**  
**July 11, 2023**

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

**SUBMITTED BY:** Original Signed

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Cathie O'Toole, Chief Administrative Officer

**DATE:** June 9, 2023

**SUBJECT:** **Changes to AO10 to Streamline Fire Exemption Application Process**

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**ORIGIN**

Staff-initiated report.

**LEGISLATIVE AUTHORITY**

*Halifax Regional Municipality Charter, SNS 2008, c 39:*

Tax reduction policy respecting destroyed buildings

87 (1) The Council may, by policy, provide for the reduction, to the extent that the Council considers appropriate, of the taxes payable with respect to a property if a building situate on the property has been destroyed or partially destroyed by fire, storm or otherwise and the assessment of the property does not reflect that the building has been destroyed or partially destroyed, and provide for the reimbursement of any overpayment resulting from the reduction.

(2) A policy adopted pursuant to subsection (1) may be made retroactive to April 1, 1999.

(3) Upon a request by the Clerk, the Director of Assessment shall value the property for the purpose of a policy adopted pursuant to subsection (1) but, for greater certainty, may not change the assessment of the property except in accordance with the Assessment Act. 2008, c. 39, s. 87

Administrative Order 10 *Partial Tax Exemption Administrative Order*

**RECOMMENDATION**

It is recommended that Halifax Regional Council adopt the Amendments to Administrative Order 10, the *Partial Tax Exemption Administrative Order*, as set out in Attachment B to this report.

## **BACKGROUND**

Provincial legislation allows the Municipality to provide property tax relief for residential properties destroyed or partially destroyed by fire. The existing Partial Tax Exemption Administrative Order 10 (AO10) requires all customers to apply for property tax relief if their home was destroyed by fire.

This report recommends updates to AO10 to remove the requirement to make applications for tax relief for customers whose homes were completely destroyed in the 2023 fire.

## **DISCUSSION**

The wildfire in May/June of 2023 impacted many customers in the Tantallon/Hammonds Plains area. The Municipality currently offers a property tax exemption program for customers whose homes were destroyed or partially destroyed by fire. The existing process is as follows:

**Step 1:** Revenue team receives a file from HRFE indicating a property was destroyed by fire.

**Step 2:** Revenue team notifies Property Valuation Services Corporation (PVSC) and requests PVSC provide a revised opinion of value that reflects the damage sustained due to fire for the **sole purpose** of the municipality calculating tax relief/rebate amounts **if** the municipality deems the property eligible.

- If the municipality determines the damaged property **does not** meet tax relief eligibility in accordance with municipal policy, PVSC's revised opinion of value has **no** application.
- If the municipality determines the damaged property does meet tax relief eligibility, an adjustment is applied for the fiscal year to the customer's final tax bill. Relief is prorated based on the revised value from the date of the fire.

If the customer had a preauthorized payment (PAP) in place, their PAP will be automatically recalculated and reduced by the Municipality. If the customer's bank collects property tax as part of their mortgage payment the bank will not automatically adjust the customer's payment. If a customer in this scenario would like their mortgage payment reduced to reflect the lower amount of property tax owing the customer must contact their bank to discuss.

**Step 3:** Revenue team receives an application from the impacted customer applying for tax relief.

This report proposes a change to Step 3 outlined above to waive the requirement for customers impacted by the 2023 fires to apply to the exemption program. The Municipality has a list of customers whose homes were destroyed or visually impacted by the fire. The Municipality can provide this list to PVSC to provide a revised opinion of value that reflects the damage sustained to streamline the application process for customers.

The Municipality does not have the legislative authority to extend property tax relief to commercial properties destroyed by fire.

## **FINANCIAL IMPLICATIONS**

The waiving of the application process has no financial implications.

For reference, the number of homes and tax relief provided is listed below.

Year	Number of Homes approved for relief	Total \$ Value of Relief Provided
2022	8	\$8,827.90
2021	6	\$10,695.13
2020	15	\$13,211.65
2019	10	\$10,901.54
2018	19	\$20,312.94

Note, the financial implications of providing the exemption to the homes destroyed by the 2023 is unknown at this time because the Municipality requires PVSC to provide their opinion of the revised values. PVSC are conducting this work over the coming weeks.

### **RISK CONSIDERATION**

No risk considerations were identified.

### **COMMUNITY ENGAGEMENT**

No community engagement was performed.

### **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

### **ALTERNATIVES**

Halifax Regional Council could choose to:

1. Adopt the amendments to Administrative Order 10 subject to modifications. This may require a supplementary staff report;
2. Refuse to adopt the amendments to Administrative Order 10. This would result in maintaining status quo. This is not recommended for reasons outlined in this report.

### **ATTACHMENTS**

Attachment A – Showing Proposed Changes to Administrative Order 10

Attachment B – Amendments to Administrative Order 10

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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.

Report Prepared by: Renée Towns, Director of Revenue, Treasurer, Finance & Asset Management.

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**ADMINISTRATIVE ORDER 10  
RESPECTING PARTIAL TAX EXEMPTION FOR RESIDENTIAL TAXATION**

**BE IT RESOLVED** as an Administrative Order of the Council of the Halifax Regional Municipality as follows:

**SHORT TITLE**

1. This Administrative Order shall be cited as Administrative Order Number Ten, the Partial Tax Exemption Administrative Order.

**INTERPRETATION**

2. In this Administrative Order,

(a) “exemption” means the amount by which taxes levied on a residential property are reduced pursuant to this Administrative Order;

(b) “income” includes wages, salaries, emoluments, gratuities and honorariums arising from employment; fees, earnings and profits from any profession, trade, business or calling after deducting the expenses of earning the same; interest and dividends received directly or indirectly from shares, stocks, bonds, debentures, deposits, mortgages, agreements for sale, estates, loans and other investments; pensions, annuities, retiring allowance, compensation and similar income from any person, business, estate, insurance or other company, government or government agency wherever earned and includes

- (i) all world income for deemed residents and for non-residents working outside of Canada; and
- (ii) any owner withdrawals from a self-employed applicant;

but does not include:

- (i) an allowance paid pursuant to the War Veterans Allowance Act (Canada)
- (ii) a child tax benefit;
- (iii) a GST or HST rebate;
- (iv) an oil rebate;
- (v) a pension paid to armed forces personnel pursuant to the Pensions Act (Canada).

(ba) “*Land Titles Clarification Act*” means the *Land Titles Clarification Act*, RSNS 1989, c. 250, as amended;

(c) “owner” means an ownership interest holder named in a registered instrument at the Nova Scotia Registry of Deeds, and includes

- (i) a part owner, joint owner, tenant in common or joint tenant of the property;
- (ii) in the case of the absence or incapacity of the person having title to the property, a trustee, an executor, a guardian, an agent, an heir, or next of kin;
- (iii) a person having the care or control of the property through adverse possession;
- (iv) a person with a life interest in the property; or
- (v) a person who has been issued a Certificate of Claim by the Minister responsible for Natural Resources pursuant to the *Land Titles Clarification Act* where such Certificate has been filed at the Nova Scotia Registry of Deeds;

but shall not include

- (i) a trustee in bankruptcy; or
- (ii) a corporation (other than a registered Canadian Charity); and

(d) “residential property” shall be the structure in which the owner or owners reside and that connected portion of land assessed as residential or resource with a dwelling under the Assessment Act of Nova Scotia (1989), provided that in the case of property assessed under two or more assessment categories, any partial property tax exemption shall be calculated on the residential assessment or resource with dwelling portion only, and property or land assessed as commercial, farmland, resource, forest, residential farmland, or residential forest shall not be deemed to be residential property.

### **3.0 ELIGIBILITY FOR PARTIAL TAX EXEMPTIONS**

**3.1** An application for a partial exemption from the payment of real property taxes rated upon residential property within the Municipality may be made in writing in the prescribed form to the Treasurer of the Municipality.

**3.2** The applicant must be an assessed owner of the residential property and occupy a structure on the property as the applicant’s principal residence.

**3.3** If application is made on behalf of an applicant by a trustee, guardian or executor, or other legal representative, proof of such legal agent status shall be filed with the application.

**3.4** Applications for a low-income exemption shall include proof of income from the prior year from Canada Customs and Revenue Agency, and in respect of self-employment income both the Canada Customs and Revenue Agency business statement and personal income tax statement, for all persons eighteen years of age or older occupying the property as their principal residence.

**3.5** An applicant for a fire damage exemption shall establish that the structure occupied as their principal residence has suffered a major fire, as identified by HRM Fire Services in a fire incident report. Properties damaged by a fire resulting from arson or other criminal activity carried out by, or with the consent of, the property owner are not eligible.

**3.6** An applicant for a low-income exemption may be deemed to occupy a residential property as a principal residence, for up to twelve (12) months, while temporarily displaced due to fire damage. An applicant who wishes to remain eligible beyond this period, on the basis of a delay in re-construction due to financial hardship or insurance settlement delays, may make a request in writing with supporting materials to the Treasurer of the Municipality.

**3.7** A property tax exemption will not be granted in respect of a second home, cottage or a rental unit of the applicant or a residential unit used solely to run a business.

### **3A APPLICATIONS FOR HOMES DESTROYED IN WILDFIRE**

**3A.1** Notwithstanding section 3, where:

(a) a state of local emergency has been declared or three (3) or more residential properties have been subject to damage by a fire,

(b) a residential property has been destroyed by fire; and

(c) the Municipality has notified the owner of the residential property that a request has been forwarded to the Director of Assessment to have the property reassessed,

no application for partial exemption shall be required.

### **4.0 DETERMINATION OF EXEMPTION FOR LOW-INCOME HOUSEHOLDS**

**4.1** Partial real property tax exemptions in respect of a residential property shall be allowed if the total

income of all persons eighteen years of age or older occupying the property as their principal residence falls within the thresholds established pursuant this section.

### **Income Ranges**

**4.2** The maximum exemption shall vary according to the household income of the applicant in the prior year based upon the following formula:

(a) The lowest income range shall extend from \$0 to the annual Statistics Canada low income cut-off for a two-person household. This figure will be rounded up to the nearest \$1,000 and shall be based on the population of the entire HRM region.

(b) The program income eligibility threshold shall be established using the annual Statistics Canada low income cut-off for a four-person household, rounded up to the nearest \$1,000, based upon the population of the entire HRM region.

(c) Between the lowest income range and the eligibility threshold, the income ranges shall increase in equal increments.

### **Tax Brackets**

**4.3** The maximum exemption shall vary according to the amount of tax payable by the applicant in the current year. Three property tax brackets shall be determined, based upon:

(a) The upper value of the middle property tax bracket shall be equal to the average residential tax payable across HRM in the prior year on a property with a single dwelling, rounded up to the nearest \$100.

(b) The upper value of the lower property tax bracket shall be set \$1,000 lower than the upper value of the middle property tax bracket.

### **Maximum Exemption Levels**

**4.4** (a) The reference rebate, used to calculate maximum exemption values by income range and amount of property tax payable, shall be equal to 37.5 percent of the average residential tax payable across HRM in the prior year on a property with a single dwelling, rounded to the nearest \$50.

(b) The maximum exemption for those in the middle property tax bracket and the lowest income range shall be equal to the reference rebate.

(c) The maximum exemption at the lower property tax bracket and the lowest income range shall be \$100 lower than the reference rebate.

(d) The maximum exemption at the higher property tax bracket and the lowest income range shall be \$100 higher than the reference rebate.

(e) Within each property tax bracket, the maximum exemption values shall decrease, as income increases, in decrements equal to the maximum exemption at the highest income range.

## **5.0 DETERMINATION OF EXEMPTION FOR HOMES DESTROYED BY FIRE**

**5.1** Upon receipt of an acceptable fire damage tax exemption application, the municipal Clerk shall request the Director of Assessment to have the property reassessed to reflect the condition of the property following the fire. If reconstruction work has been done prior to the time of reassessment, the estimated assessment value for this program shall be based on the property condition prior to the reconstruction work.

**5.2** (a) The revised assessment shall be used for taxation, pro-rated for the period commencing from the date of the fire to the end of the fiscal year.

(b) Notwithstanding subsection 5.2 (a), if the fire occurs between the assessment State Date (December 1<sup>st</sup>) and the end of the fiscal year, the revised assessment shall be used for taxation, prorated for the period: from the date of the fire to the end of the fiscal year, plus the entire subsequent fiscal year.

**5.3** An applicant may apply for both the low-income and fire damage tax exemptions in respect of a residential property, if eligible for both. The low-income tax exemption shall be applied to the tax bill for the subject fiscal year after adjusting for the fire damage tax exemption.

**5.4** If the property taxes for the subject fiscal year, after adjusting for the fire damage tax exemption, are below the minimum tax payable identified in subsection 6.1, then the taxes would not be further reduced and the minimum tax payable would not apply.

### **5A Determination of Tax Relief For Successful Land Titles Application**

5A.1 This section shall apply to all properties within designated land titles clarification areas pursuant to the Land Titles Clarification Act.

5A.2 (1) Where a Certificate of Claim is issued and filed in the Registry of Deeds pursuant to the *Land Titles Clarification Act* and there are rates and taxes owing to the Municipality in respect of the lot of land described in such Certificate, the owner may apply to the Municipality for relief from taxes and interest owed.

(2) To be eligible for tax relief pursuant to this section,

(a) a Certificate of Claim pursuant to the *Land Titles Clarification Act* must have been issued by the Minister responsible for the Department of Natural Resources pursuant to that Act; and

(b) a Certificate of Claim must be on file at the Registry of Deeds.

5A.3 If an eligible owner meets the income test pursuant to subsection 4.2 of this Administrative Order, tax relief may be provided by the Municipality in the following amounts:

(a) one hundred percent (100%) of any interest arrears and any tax sale fees incurred on the tax account; and

(b) the greater amount of five hundred dollars (\$500.00) or twenty-five percent (25%) of the taxes owed to the Municipality and lienable arrears.

5A.4 If an eligible owner does not meet the income test pursuant to subsection 4.2 of this Administrative Order, tax relief may be provided by the Municipality in the following amounts:

(a) one hundred percent (100%) of any interest arrears and any tax sale fees incurred on the tax account; and

(b) an interest free two (2) year payment arrangement on the remaining taxes owed to the Municipality and lienable arrears.

5A.5 Tax relief is only eligible for the taxes paid for the most recent taxation year and only for the property to which the Certificate of Claim applies.

5A.6 Nothing in this section prevents an owner from applying:

- (a) to the HRM Tax Exemption and Deferral Program; or
- (b) to Council for tax relief in addition to the relief provided for pursuant to subsections 5A.3 or 5A.4 of this section.

## **6.0 MINIMUM TAX PAYABLE**

**6.1** The low-income tax exemption granted shall not reduce the tax payable on a property to less than the greater of:

- (a) \$100, or
- (b) 1% of the median point of the relevant income range described in Section 4.2, rounded to the nearest \$10.

## **7.0 APPLICATION DEADLINES**

**7.1** An application for a low-income tax exemption for a fiscal year shall be submitted by December 31st of that fiscal year. No application can be made for a retroactive low-income tax exemption.

**7.1A** Notwithstanding section 7.1, an application for exemption for the 2015/16 fiscal year shall be submitted by March 31, 2016.

**7.2** An application for a fire damage tax exemption shall be submitted within six (6) months after the fire.

**7.3** Notwithstanding, subsection 7.2, for fires that occurred between December 1<sup>st</sup>, 2008 and March 31<sup>st</sup>, 2010, an application for a fire damage tax exemption shall be submitted by September 30<sup>th</sup>, 2010.

### **7A.0 Treasurer**

7A.1 The Treasurer or delegate is granted the authority to provide partial tax exemptions and tax relief in accordance with this Administrative Order.

## **8.0 EXEMPTION AND DEFERRAL ALLOWED:**

**8.1** Nothing in this Administrative Order prohibits an applicant from being granted an partial real property exemption pursuant to this Administrative Order as well as a deferral in respect of those taxes pursuant to By-Law T-700, subject to the terms and conditions therein, in respect of the same fiscal period.

## **9.0 REPEAL**

**9.1** Administrative Order Number Ten dated the 12<sup>th</sup> day of September, 2006 and any amendments thereto is hereby repealed.

Done and passed in Council this 27<sup>th</sup> day of April, 2010.

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Mayor

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Acting Municipal Clerk

I, Cathy Mellett, Acting Municipal Clerk of Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed by a meeting of Halifax Regional Council held on April 27, 2010.

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Cathy Mellett, Acting Municipal Clerk

Notice of Motion: April 13, 2010  
Approval: April 27, 2010

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Amendment # 1 – Application deadline change

Notice of Motion: March 8, 2016  
Approval: April 12, 2016  
Effective Date: April 30, 2016

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Amendment # 2 – Criteria for tax relief applications

Notice of Motion” August 2, 2016  
Approval: September 6, 2016

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Amendment # 3 – Expand eligibility (s.4.2(a), 4.2(b), 4.4(a))

Notice of Motion” March 22, 2022  
Approval: May 3, 2022  
Effective: May 7, 2022

