

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON  
 MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT  
 RAPPORT

Our File/N/Réf.  
 Your File/V/Réf.

DATE 4 May 1998

TO/DEST. Coordinator,  
 Corporate Services and Economic Development Committee

FROM/EXP. Regional Solicitor

SUBJECT/OBJET **EXEMPTION OF PROPERTY TAXES - HOUSES OF REFUGE**

### **DEPARTMENTAL RECOMMENDATION**

**That the Corporate Services and Economic Development Committee recommend Council initiate a private members bill to provide relief of municipal and education property taxes to any “house of refuge” renting church premises in Ottawa-Carleton.**

### **BACKGROUND**

Daybreak was started in 1982 by a group seven Centretown churches. Their mandate is to address the shortage of affordable single housing for single adults with special needs. Daybreak operates four houses - three are owned by the charitable organization, and are exempt from property taxes. The fourth is leased from St. George's Anglican Church at an annual rental cost of \$1,200 per annum. This house is subject to taxes because it is leased, even though it leases from a church which is itself a charitable organization. This is because of the ownership-occupying requirement in the *Assessment Act*.

As a charitable institution, Daybreak is eligible to be exempt from property taxes on the houses it owns and operates. Daybreak is exempt from property taxes on its 3 houses located on Flora, Somerset and Marlborough Streets.

The problem for the house at 77 Gloucester arises from the situation that a charitable institution must both own and occupy the premises for which exemption from property taxes is being sought.

The church from which it leases a property is exempt on property it owns and uses as a place of worship. However, exempt owners lose their exemptions on portions of their property that they lease to others even if the lessees are themselves exempt. The general principle of the *Assessment Act* is to grant an exemption to a property only when it is owned by an eligible organization and

occupied by the same organization. There are only two exceptions - - churches renting to other churches, and exempt organizations renting space to publicly-funded education institutions. Daybreak may not be the only “house of refuge” that is facing this situation. Bruce House may also face a property tax bill from which they should otherwise be exempt.

Daybreak is requesting the provincial government to amend the statute requiring both ownership and occupancy by the charitable group so that it would be exempt from property taxes. The solution to this issue may be a Region initiated Private Bill which would grant the Regional Municipality of Ottawa-Carleton special by-law making powers with a view of exempting “houses of refuge” from taxation in these situations. Given that Daybreak and the institution from which it leases are both tax-exempt institutions, it is reasonable to support and initiate the private members bill sought by Daybreak.

*Approved by  
J. Douglas Cameron*

#### **FINANCE DEPARTMENT COMMENT**

Based on 1997 assessment and mill rates, the property taxes applicable to this property are \$18,364.

*Approved by T. Fedec  
on behalf of the Finance Commissioner*

**ANNEX "A"****AN ACT RESPECTING THE REGIONAL MUNICIPALITY OF  
OTTAWA-CARLETON**

Preamble      The Corporation of the Regional Municipality of Ottawa-Carleton has applied for special legislation to regulate the exemption of certain charities from taxation which lease land from a church or other religious organization.

It is appropriate to grant the application.

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

- (1.1) The Council of the Regional Municipality of Ottawa-Carleton may pass a by-law that land that would be exempt under paragraph 11 or 12 of subsection (1) of the *Assessment Act* if the entity that uses and occupies the land also owned it, is exempt from taxation if the land is owned by a church or religious organization or by an entity described in paragraph 11 or 12 of subsection (1).