

10. EXEMPTION OF PROPERTY TAXES - HOUSES OF REFUGE

COMMITTEE RECOMMENDATIONS, AS AMENDED

That Council approve the following:

1. That the RMOC endorse an amendment to Bill 16 in order to include a provision with respect to the Assessment Act to exempt all houses of refuge from municipal and education property taxes within the Province of Ontario in accordance with Schedule A of the 4 May 1998 report to Community Services and Economic Development Committee;
2. That, in the interim, the RMOC endorse private legislation to provide relief of municipal and education property taxes to any “house of refuge” renting church premises in Ottawa-Carleton specifically Daybreak and Bruce House.

DOCUMENTATION:

1. Regional Solicitor’s amended recommendations dated 1 June 98 and report dated 4 May 98 are immediately attached.
2. Copies of correspondence dated December 22, 1997 from the Honourable E. Eaves, Minister of Finance, and from David Patten, M.P.P. dated May 28, 1998, appear at Appendix 1.

Our File/N/Réf.
Your File/V/Réf.

DATE 1 June 1998

TO/DEST. Co-ordinator,
Corporate Services and Economic Development Committee

FROM/EXP. Regional Solicitor

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

DEPARTMENTAL RECOMMENDATIONS

That the Corporate Services and Economic Development Committee recommend to Council that:

- 1. The Region endorse an amendment to Bill 16 in order to include a provision with respect to the Assessment Act to exempt all houses of refuge from municipal and education property taxes within the Province of Ontario in accordance with Schedule A of the 4 May 1998 report to Community Services and Economic Development Committee;**
- 2. In the interim that the Region endorse private legislation to provide relief of municipal and education property taxes to any "house of refuge" renting church premises in Ottawa-Carleton specifically Daybreak and Bruce House.**

Approved by
J. Douglas Cameron

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).

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December 22, 1997

Ms. Betty Neelin, President
Daybreak Non-Profit Shelter Corp.
77 Gloucester Street
Ottawa ON K2P 0A1

Dear Ms. Neelin:

Thank you for your letter regarding the situation of Daybreak Non-Profit Shelter. I appreciate the work that Daybreak is accomplishing in providing shelter assistance to residents in need.

In Bill 149, the government undertook to clarify the language regarding property tax exemptions but decided not to expand existing exemptions at this time. Under property tax reform, all existing exemptions will be continued.

As you are aware, Daybreak is exempt of property tax on properties that it owns and occupies. The church from which you lease 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. 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 space to other churches, and exempt organizations renting space to publicly-funded education institutions.

An argument can certainly be made that these provisions are inconsistent, and I have directed staff to review the provisions for exemptions. However, I do not believe that it would be fiscally responsible to expand exemptions under the Assessment Act without a firm understanding of the cost to municipalities and to the Province through the education funding system. And that data cannot be obtained in time to resolve Daybreak's situation.

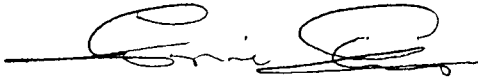
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Ms. Betty Neelin
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I would like to suggest an alternative option. You may wish to approach an Ottawa Member of the Legislature to bring forward in the Spring session of the Legislature, a private bill to provide relief of municipal and education property taxes to Daybreak, or to any "house of refuge" renting church premises. If you wish to proceed with such an option, the government will not object to this policy direction as long as the private bill is endorsed by the City of Ottawa and the Region of Ottawa-Carlton.

I appreciate your bringing your concerns to my personal attention.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ernie Eves", written over a horizontal line.

Ernie Eves, Q.C.
Minister of Finance

Daybreak Non-Profit Shelter Act, 1998

EXPLANATORY NOTE

The purpose of the Bill is described in the Preamble.

**An Act respecting Daybreak Non-Profit
Shelter (Ecumenical) Corporation**

Preamble

The Incumbent Rector and Wardens of St. George's Anglican Church and Daybreak Non-Profit Shelter (Ecumenical) Corporation have applied for special legislation to authorize the cancellation of taxes for municipal and school purposes in respect of certain land the Church owns in the City of Ottawa. Daybreak represents that it was incorporated under the laws of Ontario by letters patent dated April 8, 1982 and that it is a registered charity within the meaning of the *Income Tax Act* (Canada). The applicants also represent that Daybreak has a 35 year lease on the land located at 77 Gloucester Street in the City of Ottawa. At that location, Daybreak operates a house for single adults with special needs.

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:

Definitions

1. In this Act,

"City" means The Corporation of the City of Ottawa;

"Church" means St. Georges Anglican Church in the Anglican Diocese of Ottawa;

"Daybreak" means Daybreak Non-Profit Shelter (Ecumenical) Corporation;

"land" means the land, as defined in the *Assessment Act*, municipally known as 77 Gloucester Street in the City of Ottawa;

"Region" means The Corporation of the Regional Municipality of Ottawa-Carleton.

Municipal taxes

2. (1) The City may pass by-laws cancelling the taxes payable for municipal purposes, other than local improvement rates, on the land if,

(a) the land is owned by the Church;

(b) the land is leased from the Church by Daybreak;

(c) the land is occupied and used solely for the purposes of Daybreak; and

(d) Daybreak is a registered charity within the meaning of the *Income Tax Act* (Canada).

Conditions

(2) The tax cancellation may be subject to such conditions as are set out in the by-law.

Duration

(3) The by-law ceases to have effect if any of the conditions described in subsection (1) is not met.

Regional taxes

3. (1) The Region may, by by-law, direct the City to cancel the taxes payable on the land for regional purposes.

Notice

(2) The clerk of the Region shall forward a copy of the by-law to the City.

Tax cancellation

(3) When the City receives the by-law, it shall cancel the taxes payable on the land for regional purposes.

Duration

(4) The by-law ceases to have effect if any of the conditions described in subsection 2 (1) is not met.

Notice of revocation

(5) The clerk of the Region shall notify the City if the Region revokes the by-law.

School taxes

4. (1) While the tax cancellation by-law made under section 2 is in effect, the City shall not levy or collect taxes on the land under subsection 257.7 (1) of the *Education Act*.

Arrears

(2) Subsection (1) does not apply with respect to the collection of tax arrears.

Notice to assessment commissioner

5. (1) The clerk of the City shall forward a copy of the tax cancellation by-laws to the assessment commissioner, to the Minister of Education and Training, to the Minister of Finance and to each school board that is entitled to share in the assessment on the land.

Same

(2) The clerk shall notify the assessment commissioner, the

Minister of Education and Training, the Minister of Finance and each school board if a tax cancellation by-law ceases to be in effect.

Collector's roll

(3) The treasurer of the City shall strike from the collector's roll each year that portion of the taxes that is no longer due and payable by reason of a tax cancellation by-law.

Chargeback

6. (1) Section 421 of the *Municipal Act* applies with necessary modifications to taxes cancelled under this Act.

Notice

(2) The clerk of the City shall notify the Minister of Education and Training and the Minister of Finance of the amount of taxes charged back to a school board under subsection (1).

Retroactive

7. A tax cancellation by-law may be made retroactive to January 1, 1996.

Commencement

8. **This Act comes into force on the day it receives Royal Assent.**

Short title

9. **The short title of this Act is the *Daybreak Non-Profit Shelter Act, 1998.***



May 28, 1998

Mr. Bob Grey, General Manager
DAYBREK
Non-Profit Shelter (Ecumenical) Corp.
77 Gloucester Street
Ottawa, ON K2P 0A1

Dear Mr. Grey:

This letter will confirm my intention to introduce a private bill, prepared by the property owner, authorising the Regional Municipality of Ottawa Carleton to cancel the taxes payable on the property. The relief of municipal and education property taxes is in recognition of Daybreak operating as a "house of refuge" renting church premises in Ottawa-Carleton. To the best of my knowledge, Daybreak is the only "house of refuge" that is currently facing this situation.

Yours sincerely,

A handwritten signature in cursive script that reads "Richard Patten".

Richard Patten, MPP
Ottawa Centre