SUBJECT: Request for Property Tax Exemption – 1155 and 1157 Beach Blvd and Policy Governing Requests for Property Tax Exemptions (FCS05028A) (City Wide)

RECOMMENDATION:

a) That the Culture and Recreation section of Public Health and Community Services, Legal Services and Corporate Counsel, and the Beach Canal Lighthouse Group, enter into discussions that would have the properties at 1155 and 1157 declared Municipal Capital Facilities, in order to have the properties assessed as exempt for property taxation purposes;

b) That the policy be accepted as the process for future requests from Community Groups requesting tax exemptions, and;

c) That the issue of “Property Tax Exemptions – 1155 and 1157 Beach Boulevard, Hamilton” on Outstanding Business of the Corporate Administration Committee be identified as completed and removed from the Outstanding List.

Joseph L. Rinaldo, General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

As the result of a delegation request from the Beach Canal Lighthouse Group, and an Information Report from staff (FCS05028) on March 2, 2005, at Corporate Administration Committee, staff were asked to develop a policy with regards to granting property tax exemptions from Community Groups. There are two procedures available for City Council if they so choose to pursue requests for tax exemptions.
The first is to simply fund such requests from the grants process, and the second involves declaring such properties Municipal Capital Facilities by by-law, which will then authorize the Municipal Property Assessment Corporation (MPAC) to change the assessment to exempt.

Appendix “A” to Report FCS05028A identifies the current properties for which tax exemptions have been granted, and the methods by which they have had their taxes reduced to $0.00. Five community groups currently have their property taxes declared exempt through by-law to declare them a Municipal Capital Facility. Three of the properties are located on City of Hamilton property. To be declared a Municipal Capital Facility, it is expected that the organization would be running a facility that is for the benefit of the entire community.

Two of the properties on the list are currently having their taxes paid through the grant process, while taxes on a third property are funded by the City as a result of a lease agreement. Neither of these properties would qualify under Provincial Rules as a Municipal Capital Facility.

BACKGROUND:

1155 and 1157 Beach Boulevard are currently owned by the Federal Government and will be severed and sold to the Beach Canal Lighthouse Group. The Lighthouse and Keepers Cottage will be operated as museums, as enhancements to the City run Museums. Upon an operating agreement entered into by the Culture and Recreation section of Public Health and Community Services, Legal Services and Corporate Counsel, and the Beach Canal Lighthouse Group, a report and a by-law will need to be approved by City Council to declare the properties a Municipal Capital Facility. This is consistent with other community run programs that have been declared Municipal Capital Facilities.

Section 110 of the Municipal Act 2001 allows for the council of a municipality, by by-law, to declare a property a Municipal Capital Facility and exempt from taxes, as long as it is operated for the community as a whole. This has been done for other such facilities, not owned by the City, where a program is being run for all citizens by a third party. It is Finance and Corporate Services recommendation that all community groups approaching the City of Hamilton for tax exemptions, be directed through the Culture and Recreation section of the Public Health and Community Services Department, with the help of Legal Services and Corporate Counsel, to ensure they would qualify as a Municipal Capital Facility under section 110 of the Municipal Act, 2001 and Ontario Regulation 401/02 specifically.
The Culture and Recreation section of Public Health and Community Services would be responsible for ensuring that proper operating agreements are entered into and monitored, as well as determining if the service provided would benefit the community, and is not in conflict with services offered by the City. Finance and Corporate Services would be consulted on these requests as to the financial implications of granting such requests.

**ANALYSIS OF ALTERNATIVES:**

That Community Groups that are running a facility, or a program in a facility, where the assessment is deemed taxable, apply for an annual operating grant from the City’s grant’s process to cover all or part of the property taxes. These groups would have to follow the grants process and compete for existing grant funding. Under the grants process, the municipality would cover 100% of the cost of the grant funds given out. There would be less grant money for existing applicants unless the grant budget was increased.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Properties that have taxable assessment would be returned as exempt, thereby lowering the total assessment value for that tax class. In calculating the tax rate for the year, slight adjustments would be required to increase the tax rate for those tax classes to cover the loss of revenues. Under the Municipal Capital Facility process, the Province would share in the loss of revenue for the Provincial Education portion of the taxes. It is not anticipated that such request would significantly impact the overall assessment totals, and hence the tax rate. Public Health and Community Services staff would be responsible for monitoring agreements to ensure the operations are running as intended.

**POLICIES AFFECTING PROPOSAL:**

Section 110 of the Municipal Act, 2001

Ontario Regulation 401/02

**CONSULTATION WITH RELEVANT DEPARTMENTS/AGENCIES:**

Public Health and Community Services – Culture & Recreation, Legal Services and Corporate Counsel, Municipal Property Assessment Corporation.

**CITY STRATEGIC COMMITMENT:**

A City where people come first.
Fiscal Responsibility.

JLR/If
CITY OF HAMILTON
APPROVED TAX EXEMPTIONS
REQUESTED BY COMMUNITY GROUPS

Exemptions Granted through Municipal Capital Facility Process

**Hamilton Society for the Prevention of Cruelty to Animals (HSPCA)**
245 Dartnell Road  060.761.07240.0000  2/11/97 Item 7 F&A

**Canadian Warplane Heritage Museum**
9300 Airport Road  902.310.32200.0000  12/3/1996  R96-095

**Art Gallery of Hamilton**
80 Main Street West  020.121.51000.0000  11/12/96 Item 7 F&A

**Optimist Club – Lakeland Pool**
300 Vanwagners Beach Road  050.481.03180.0000  1/20/98 Item 9 F&A  R98-049

**Hamilton Jewish Communal Projects Inc**
892 Lower Lions Club Road  140.130.02000.0000  12/6/2000 (Ancaster)  2000-125
1030 Lower Lions Club Road  140.130.02100.0000  12/6/2000 (Ancaster)  2000-125

**Property Taxes Paid Via Grants**

**Coronation Park Seniors Centre**
41 Reid Ave. S  050.411.07960.0000  CGCORSO 58201.608030

**Hamilton Senior Citizens**
255 King St W  020.121.50130.0000  CGKIWA 58201.608030

**Signed Agreements**

**Halton Region Conservation Authority**
0 3rd Conc Rd E  303.310.12600.0000  Flamborough agreement signed re taxes to October 31, 2036