

**Date:** 2020-06-22

**Subject:** **Review of Tax Fairness for the Villages of Rosedale Residents**

**Secondary Title:** Click or tap here to enter text.

**Contact:** Mark Medeiros, Interim Treasurer, Finance  
Corporate Support Services

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**Report Number:** Corporate Support Services-2020-102

**Recommendations:**

1. That the report titled: **Review of Tax Fairness for the Villages of Rosedale Residents** to the Committee of Council meeting of September 23, 2020, be received.

**Overview:**

- **Representatives from the Villages of Rosedale (VOR) delegated before Committee of Council on December 4, 2019 requesting tax fairness for residents in their condominium complex.**
- **Council directed staff to report back on potential opportunities with regard to property tax grants or rebates, participation in the City's program for Snow Removal Financial Assistance, and to request the Province to examine the feasibility for municipalities to introduce property tax exemptions for senior's condominiums.**
- **Council has the authority to provide grants or aid to any person, group, or body for any purpose that Council considers to be in the interest of the municipality.**

- **The Snow Removal Financial Assistance program is available to residents 65 years of age, own and occupy the property on which the application is made and not live in a condominium dwelling whereby all snow removal is the direct responsibility of the condominium corporation.**
- **Council may lobby the provincial Minister of Finance to review the current property tax classification requirements for residential condominium properties.**

### **Background:**

On June 20, 2018, representatives for the Villages of Rosedale (VOR) presented a delegation regarding tax fairness for residents in their condominium complex. A staff report in response to the delegation was delivered on April 3, 2019. The property is a gated residential condominium community located off Sandalwood Parkway between Dixie Road and Highway 410.

As described in the delegation, VOR is an adult lifestyle community with a number of indoor and outdoor recreation facilities such as a private golf course, tennis courts, lawn bowling greens, shuffleboard courts, and a clubhouse / recreation centre at the hub of the complex. Each of these amenities form part of the common areas and are not subject to property tax. Instead, the value of the amenities is embedded in the market value of each of the units as is customary for these property types. The complex currently has 1,202 units existing or under construction and is expected to grow to 1,544 units by 2022.

The amenities, roads, parklands and other features at the VOR are not accessible to the general public as it is private property. The property taxes paid by VOR residents, and all taxpayers, provide use and access to City assets, programs and services throughout the City.

On December 4, 2019, staff presented a follow up report to council with estimates of costs to provide certain services at the VOR and another estimate to provide services for all residential condominiums across the City.

Council referred the matter requesting that staff research potential tools for providing tax relief for condominiums. It was also Council's directive to request the Province examine the feasibility for municipalities to introduce property tax exemptions for seniors condominiums. It should be noted that the VOR advertises itself as an "adult lifestyle community" but there are no legal limitations regarding who can purchase property

within the condominium. VOR estimates that their current demographic is about 90% retired residents.

## **Current Situation:**

### Property Tax Relief

Under Section 365.(1) of *Municipal Act, 2001* (the “Act”) the City has passed a by-law to provide for the cancellation, reduction, or refund of taxes levied. The current by-law restricts eligibility requirements to low-income seniors and low-income persons with disabilities. The Region of Peel has passed a complementary by-law under Section 319 of the “Act” which enables both the upper and lower-tier municipalities to administer a single program at the lower-tier level.

Applicants that meet the eligibility requirements as defined in the by-laws would be eligible for this tax rebate. For 2020 taxation, the rebate is \$421 and applications are accepted until December 31<sup>st</sup>. This program is available to any eligible resident in Brampton including VOR residents. In 2019, 39 applicants in the VOR complex took advantage of the program generating a total rebate of \$16,224.

Under Section 107.(1) of *the “Act”*, a municipality may give grants or aid to any person(s) or groups that Council considers appropriate for any purpose deemed to be in the interests of the municipality.

Staff does not recommend this option as it would create an inequitable property tax allocation amongst residential condominiums.

### Snow Removal Financial Assistance

The Financial Assistance Program was implemented to help senior citizens and physically challenged homeowners with costs incurred from hiring a service provider to remove snow from their sidewalks and driveways. Qualifying applicants can receive a grant of up to \$200 for non-corner lot properties or up to \$300 for corner lot properties with sidewalks on two sides of the property and where both sidewalks are not cleared by City forces.

In order for a VOR resident to qualify for the program, they must be 65 years of age or more at the date of the application or be permanently disabled in such a way as to restrict physical mobility, own and occupy the property on which the application is made, not have claimed a credit on any other property for the same winter season and not live in a condominium dwelling whereby all snow removal is the direct responsibility of the condominium corporation.

Therefore, VOR residents would need to provide documentation that the condominium does not provide this service as part of their condominium fees.

### Lobby Provincial Government

The provincial Ministry of Finance directs property tax policy in Ontario and the Municipal Property Assessment Corporation (MPAC) is responsible for determining property tax classification. Residential condominiums are defined as part of the residential tax class through the *Assessment Act, 1990* and specifically in Ontario Regulation 282/98. Many property types are included in the residential tax class, it is not limited to just typical housing such as single family detached, semi-detached, townhouses, or condominiums. For example, golf courses, not-for-profit service, cultural, and recreational sports clubs organizations, group homes, and several other property types are also assessed in the residential class for property tax purposes.

The City has no jurisdiction to alter the provincially regulated classification of properties but can request the Minister of Finance review the current legislation. The communication could suggest that the Minister review the requirements for residential condominium properties and consider a separation from the broader residential property class currently legislated under Ontario Regulation 282/98.

### **Corporate Implications:**

#### Financial Implications:

Should Council opt to provide a grant to VOR, the City would be providing grant funding to maintain infrastructure for which the public does not have legal access. Outside specific contractual arrangements, there are no other instances where the City provides maintenance services or funds to offset maintenance costs on private property. Similarly, the City does not subsidize infrastructure on any private property outside of *Local Improvement Act* projects.

To account for growth in municipal infrastructure (roads, sidewalks, streetscaping, parks, ponds, street lighting, etc.) an increase to the annual budget provision is made for ongoing maintenance activities such as additional road lane kilometers and parkland hectares. The current operating costs for roads per lane km and parkland per hectare have been derived from actual operating results. The annual operating costs for Villages of Rosedale are estimated at \$177,000 using the costs currently incurred by the City in the 2020 Budget for typical operations.

If eligibility is approved, the snow removal financial assistance program would see an annual operating increase of over \$200,000 based on 860 finished dwelling units and the demographics indicated that approximately 90% of the VOR are retired. This

number would increase annual as units are occupied and further applications are received.

#### Other Implications:

The potential exists for other residential condominium properties to request similar relief. The cost estimates for subsidizing the operating costs of @ 160 residential condominiums would range between \$2.4 to \$3.6 Million annually. This does not include the added administration costs the City would incur to maintain the subsidies on an annual basis.

Any changes to the current property tax classification rules that result in lower taxation for residential condominiums would be diverted to the other existing tax classes where approximately 77% would be borne by the remaining residential ratepayers.

#### **Strategic Plan:**

This report achieves the Strategic Plan priority of Good Government by practicing proactive, effective and responsible management of finances, policies and service delivery and promotes transparency in the reporting of the City's financial affairs.

#### **Term of Council Priorities:**

This report fulfils the Council Priority of a Well-run City through collaborative citizen engagement and effective managing of municipal assets.

#### **Conclusion:**

City Council has the authority to provide a grant to VOR under Section 107.(1) of the "Act". The annual grant to offset certain operating costs at the VOR would be approximately \$177,000. The amount would constitute a line item in the City's annual budget, thus having an impact on the final tax rates charged to all property taxpayers.

To account for the additional snow removal financial applications, an additional \$200,000 would be required annually, with incremental increase required as new units become occupied.

Municipal councils do not have the authority to amend property tax policy in Ontario. Residential condominiums are designated by the Province in the residential tax class through Ontario Regulation 282/98. However, City Council can lobby the Provincial government to consider legislative changes to the classification of residential condominium properties under the regulation in the *Assessment Act, 1990*.

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**Attachments:**