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Item No. 15.1.5
Halifax Regional Council
February 11, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

SUBMITTED BY: Cathie O'Toole, Chief Administrative Officer

DATE: October 28, 2024

SUBJECT: Changes to Administrative Order 10, Respecting Partial Tax Exemption for Residential Taxation

ORIGIN

This report has been initiated by staff to recommend an amendment to Administrative Order 10, *Respecting Partial Tax Exemption for Residential Taxation* to change the eligibility criteria for partial tax exemptions.

EXECUTIVE SUMMARY

Halifax Regional Council is recommended to approve amendments to Administrative Order 10, known as the *Respecting Partial Tax Exemption Administrative Order*, to enhance the effectiveness and targeting of the Municipality's property tax exemption program for low-income homeowners. These amendments respond to a need for more precise eligibility criteria based on assessed property values and demographic conditions.

Administrative Order 10 has provided partial tax exemptions to approximately 1,400–1,800 low-income property owners each year, aiding eligible residents in managing their property tax obligations. The program, part of the Municipality's Affordable Access Program, last updated in 2022, uses the low-income cut-off level for a four-person household as a threshold for eligibility. Currently, eligibility is based on income without consideration of the property's assessed market value, resulting in exemptions for some properties with assessed values as high as \$1.6 million.

The proposed amendment to Administrative Order 10 introduces a cap on the residential taxable assessed value, setting the threshold at \$300,000. Exceptions to this cap would apply to seniors receiving the Guaranteed Income Supplement or individuals with disabilities receiving government assistance, who would remain eligible regardless of assessed value. Analysis suggests that in 2023, 15% of properties currently receiving exemptions would be ineligible under the new criteria, potentially saving the Municipality approximately \$230,000 annually.

Aligning the eligibility criteria with the Canada-Nova Scotia Targeted Housing Benefit, which also has a \$300,000 assessment cap, enhances consistency and ensures that subsidies are targeted toward households with fewer financial alternatives. This change is proposed for implementation in fiscal year 2026/27, giving affected property owners a one-year adjustment period.

RECOMMENDATION ON PAGE 2

The recommended amendments will strengthen the low-income tax exemption program by focusing resources on households most in need, fostering program credibility, and aligning with similar federal-provincial programs. The proposed changes are projected to improve resource distribution, manage budget effectively, and maintain public trust in municipal support initiatives.

RECOMMENDATION

It is recommended that Halifax Regional Council adopt the amendments to Administrative Order 10, the *Respecting Partial Tax Exemption* Administrative Order, as set out in Attachment 3 to this report.

BACKGROUND

Administrative Order 10, *Respecting Partial Tax Exemption for Residential Taxation*, has been in effect for many years in the Halifax Regional Municipality providing a partial tax exemption for approximately 1,400-1,800 low-income property owners, per year. The Administrative Order has been updated periodically, most recently in 2022 to increase the low-income cut off level to a four-person household and increase the maximum tax exemption amount.

The property tax exemption program is part of the Affordable Access Program which is a program for income qualified individuals to receive municipal subsidized programs and property tax rebates.

DISCUSSION

Proposed Low-Income Tax Exemption Program Change

The intent of Administrative Order 10, *Respecting Partial Tax Exemption for Residential Taxation*, is to provide a property tax rebate to eligible low-income homeowners. Income-qualified eligibility criteria is established using the annual Statistics Canada low-income cut-off level for a four-person household, before tax, based upon the population of Halifax Regional Municipality. This amount is updated annually and was increased to \$48,000 for 2024/25. Staff have not yet received the amount for 2025/26 from Statistics Canada; this data is expected early December. Proof of income from the Canada Revenue Agency is required for all people over the age of 18 occupying the residence, for entry into the program.

The current eligibility criteria of the program does not consider the value of the property. Upon analysis of the program, in 2023 there were numerous property owners who received an exemption where the market value of the home was in the \$700,000, \$800,000, \$900,000, and up to \$1,600,000 range. There was also one property that was purchased in 2021 for over \$1,000,000 and the property owner received a low-income property tax exemption in 2022. Table 1 shows the distribution of the market value¹ of properties that received an exemption in 2023. Table 2 shows the distribution of the taxable value of properties that received an exemption in 2023.

Table 1

Market Value (2023)	Number of Properties
\$0 - \$99,999	122
\$100,000 - \$199,999	365
\$200,000 - \$299,999	549

¹ PVSC market value from the 2023 assessment roll

\$300,000 - \$399,999	293
\$400,000 - \$499,999	158
\$500,000 - \$599,999	72
\$600,000 - \$699,999	36
\$700,000 - \$799,999	17
\$800,000 - \$899,999	3
\$900,000 - \$999,999	2
\$1,000,000 - \$1,099,999	4
\$1,100,000 - \$1,199,999	3
\$1,600,000 - \$1,699,999	1

Table 2

Taxable Value (2023)	Number of Properties
\$0 - \$99,999	287
\$100,000 - \$199,999	711
\$200,000 - \$299,999	386
\$300,000 - \$399,999	140
\$400,000 - \$499,999	58
\$500,000 - \$599,999	22
\$600,000 - \$699,999	12
\$700,000 - \$799,999	4
\$800,000 - \$899,999	1
\$900,000 - \$999,999	3
\$1,200,000 - \$1,299,999	1

The recommendation proposes adding eligibility criteria such that residential taxable assessed value for a given property is less than \$300,000, **OR** the applicant is either a senior in receipt of the Guaranteed Income Supplement (GIS) **OR** a person with a disability in receipt of assistance paid under the provincial or federal government, regardless of the residential taxable assessed value of the residential property. This change is proposed to become effective for the 2026/27 fiscal year, providing current property owners who would no longer be eligible a one-year period of notice. In 2023, 237 properties who received the exemption, or 15 per cent of total properties in the program, would have been ineligible based on adding the criteria that the residential taxable assessed value is less than \$300,000. The two tables above are total assessed values, and four properties have a portion of the property assessed commercial or resource. Based on the proposed changes, these four properties will still be eligible, providing the residential portion of the assessment is below \$300,000. HRM staff are not able to provide a demographic analysis of program participants in this report as this information is not currently collected in the program application. Staff is not able to provide data on how many seniors or recipients of government disability assistance are currently in receipt of the low-income tax exemption, as referenced in the Recommendation and Alternative 2 in this report. If Regional Council approve either the Recommendation or Alternative 2, this data will be collected and available in reports in future years.

Rationale: Maximum Residential Taxable Value of \$300,000

The [Canada-Nova Scotia Targeted Housing Benefit](#) (CNSTHB) is a program jointly funded by the Nova Scotia Department of Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation (CMHC). This program provides a monthly benefit to eligible, low-income applicants who spend at least half of their gross income on shelter costs (the costs of running their home). One of the eligibility criteria of this program is the current taxable assessed value of the home must be less than \$300,000. The recommendation in this report proposes an addition to the eligibility criteria for the low-income exemption in Administrative Order 10, *Respecting Partial Tax Exemption for Residential Taxation*, to align with CNSTHB and require the current residential taxable assessed value of the home to be less than \$300,000 unless the applicant is receiving government assistance referenced above. If a property is mixed use and has both a residential and commercial assessment component, only the residential portion of the assessment will be used to determine program eligibility. Property owners could apply to both HRM's low-income tax exemption program and the CNSTHB so aligning the eligibility criteria will make the process easier for property owners. The Province set the taxable assessed value using guidelines from CMHC; the recommended policy change is to align with the taxable assessed value of CNSTHB. The Province does not have any directive at this time to change the taxable assessed value annually however if the taxable assessed value of CNSTHB changes, a report will be presented to Regional Council recommending the low-income property tax exemption program change as well. Funding for CNSTHB is subject to annual provincial budget appropriations and compliance with Bilateral Agreement requirements, which concludes March 31, 2028. If the CNSTHB does not continue beyond 2028, staff will return with amendments to Administrative Order 10 proposing that the maximum residential taxable assessed value each year is increased by the Nova Scotia October CPI provided by the Nova Scotia Department of Finance in November, the same indexing used by Property Valuation Services Corporation for the annual assessment roll.

Property owners with a home where the taxable assessed value of the home is greater than \$300,000 should have more financial options available by leveraging equity in their home than property owners with a home valued under \$300,000. The taxable assessed value is also the capped value, not the market value. In the 2024 assessment roll, 90% of single-family properties were capped. Property owners with equity in their homes should be able to access loan products, traditional mortgages, home equity line of credit, amongst other financial lending instruments. Importantly, the Municipality is not recommending these as options for homeowners, but pointing out available options homeowners with higher assessed values may have relative to those on the lower end of the housing value distribution.

HRM staff are not proposing any changes to the eligibility criteria of By-Law T-700, *Respecting Tax Deferrals*. If Regional Council accepts either the recommendation or an alternative option in this report, there would not be any changes to the eligibility criteria of By-Law T-700, *Respecting Tax Deferrals*. Program participants who may no longer be eligible for a low-income tax exemption due to a change in the eligibility criteria could apply for a property tax deferral.

Relative Affordability

The Canada Mortgage and Housing Corporation (CMHC) affordability calculator calculated that a family with an annual household income of \$48,000 before taxes, the 2024/25 low-income cut off amount, and a down payment of \$20,000 could afford to buy a home priced up to \$122,000². There were numerous properties in the past few years receiving the low-income tax exemption that were purchased a year or two prior to receiving the low-income property tax exemption and were purchased for an amount much higher than \$127,000. Table 3 shows a few examples of these properties with the sale price, and characteristics of the property.

² Assumptions include the Bank of Canada 5-year conventional mortgage rate of 6.49% as of October 23, 2024; monthly expenses of \$1,000; no debt repayments; low-income cut-off household income of a family of four

Table 3

Sale Price (estimate)	Sale Year	Low-Income Exemption Year	Size of Property (Sq Ft, range)
\$1,100,000	2021	2022	3,500 +
\$800,000	2020	2022	3,500 +
\$800,000	2021	2022	3,500 +
\$800,000	2022	2022	2,500 – 3,500
\$700,000	2021	2022	2,500 – 3,500
\$970,000	2023	2024	2,500 – 3,500
\$670,000	2021	2024	2,500 – 3,500
\$700,000	2024	2024	1,500 – 2,500
\$540,000	2022	2023 & 2024	1,500 – 2,500
\$800,000	2023	2023	2,500 – 3,500

Properties Receiving the Exemption

Table 4 demonstrates characteristics of properties that received the low-income property tax exemption in 2023 that would no longer be eligible, if the eligibility criteria included criteria that the assessed taxable value of the property is less than \$300,000. The market value and taxable values are provided in the assessment roll from Property Valuation Services Corporation.

Table 4

2023 Market Value (estimate)	Low-Income Exemption Year	Size of Property (Sq Ft, range)
\$1,200,000	2023	3,500 +
\$1,000,000	2023	2,500 – 3,500
\$1,100,000	2023	3,500 +
\$1,200,000	2023	3,500 +
\$1,100,000	2023	3,500 +
\$1,100,000	2023	3,500 +
\$1,600,000	2023	3,500 +
\$1,100,000	2023	3,500 +

Program Composition and Income Detail

In 2022, the compilation of program participants was approximately a quarter of assumed low-income property owners in the Municipality (based on the 2016 Census). As of the 2021 Statistics Canada Census, the number of low-income households in the Municipality was 17,760³ and 24.4% of those households own their home (both with and without a mortgage). The number of low-income households in the 2021 Census is down by over 10,000 relative to the 2016 Census. The 2021 Census showed broad based income growth, a large contributing factor of which was the COVID-19 federal benefits many were receiving at the time of the Census. As a result, the 2016 Census data was used for analysis in this report. In 2022, the Municipality provided a low-income tax exemption to 1,521 properties, 24% of low-income households that own their home (with and without a mortgage).

HRM staff would like to increase program uptake in the low-income property tax exemption to income qualified property owners. Efficiency Nova Scotia (ENS) has a low-income program offering energy efficiency upgrades to income-qualified participants with a similar low-income cut-off level qualification from Statistics Canada. HRM staff met with Efficiency Nova Scotia (ENS) staff to discuss initiatives to increase the uptake of the property tax rebate available to low-income property owners in the Halifax Regional Municipality. ENS will provide information about the Halifax Regional Municipality's Affordable Access Property Tax Program to their program participants located in the Municipality by distributing a postcard as shown in Attachment 1, at homes where ENS is doing upgrades. ENS has also added scripting in their contact center about the Municipality's Affordable Access Property Tax Exemption Program to callers inquiring about the ENS low-income program.

FINANCIAL IMPLICATIONS

The recommendation is expected to generate savings of approximately \$230,000 per year, based on the 237 exemptions provided to property owners in 2023 that would no longer qualify. The savings may be lower as staff do not have demographic information on participants so do not know how many of the 237 exemptions with assessments over \$300,000 are in receipt of the Guaranteed Income Supplement or government disability assistance. Staff will collect that data and re-evaluate the program cost at that time. The appropriate savings would be re-allocated to exemptions for property owners that are expected to apply to the program because of the additional community engagement from the collaboration with Efficiency Nova Scotia. The average rebate provided to property owners that would no longer qualify was \$1000. The average rebate provided to property owners whose property is assessed lower than \$300,000 was \$825. The property owners with homes assessed over \$300,000 have higher property tax bills and would qualify for the top exemption bracket.

Staff are recommending a slight increase to the program budget for 2025/26; this will be presented to Regional Council during the upcoming budget process. This increase is to accommodate increases to average property tax bills and an expected increase in the low-income cutoff amount. As proposed, the recommended change in this report won't come into effect until 2026/27. The program is trending on budget for 2024/25.

RISK CONSIDERATION

The continuation of the program in its current form is a credibility risk to the Municipality. Administering grant and tax expenditure programs requires cost/benefit analysis that grants resources to those most in need. A small portion of current program participants may not be perceived by the public as requiring

³ Low-income household data is calculated using the Market Basket Measure – Canada's official measure of poverty based on the cost of a specific basket of goods and services representing a modest, basic standard of living developed by Employment and Social Development Canada

financial assistance based on the sale prices in Table 3. Proposed changes will result in a better targeted, robust program that meets the spirit and purpose of the program.

COMMUNITY ENGAGEMENT

No community consultation has taken place. Current participants in the Affordable Access Property Tax program will be advised of the changes with the information package that is sent out to prior year applicants in June. HRM standard and social media releases and website updates will distribute information to the broader community. The change is proposed to become effective for the 2026/27 fiscal year, providing one year's notice to current program applicants that they may not be eligible for the program based on the proposed changes to the eligibility criteria. The communication will include information about the Municipality's deferral program and will reference other assistance programs for income qualified property owners.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

That Halifax Regional Council:

1. Adopt the amendments to Administrative Order 10, the *Partial Tax Exemption* Administrative Order, as set out in Attachment 5 to this report. This would add eligibility criteria requiring the taxable assessed value of the property is less than \$300,000. All other current eligibility, including income eligibility, will still be in effect in the Administrative Order.
2. Adopt the amendments to Administrative Order 10, the *Partial Tax Exemption* Administrative Order, as set out in Attachment 7 to this report. This would add eligibility criteria requiring the applicant is either a senior in receipt of the Guaranteed Income Supplement (GIS) or a person with a disability in receipt of assistance paid under the Nova Scotia Disability Support Program. All other current eligibility, including income eligibility, will still be in effect in the Administrative Order.
3. Refuse to adopt amendments to Administrative Order 10, the result of which would maintain status quo.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, 2008 SNS, c 39:

Low income tax exemption policy

86 (1) In this Section and Section 88, "income" means a person's total income from all sources for the calendar year preceding the fiscal year of the Municipality and, where so determined by the Council, includes the income of all other members of the same family residing in the same household, but does not include an allowance paid pursuant to the War Veterans Allowance Act (Canada) or pension paid pursuant to the Pension Act (Canada).

(2) The Council may, by policy, (a) grant an exemption from taxation, in the amount or to the extent set out in the policy, for a person whose income is below the amount set out in the policy; and (b) prescribe a scale of exemptions related to income.

ATTACHMENTS

- Attachment 1 – Property Tax Program Postcard
- Attachment 2 – Showing Proposed Changes to AO 10
- Attachment 3 – Amendments to Administrative Order 10
- Attachment 4 – Showing Proposed Changes to AO 10 (Alternative One)
- Attachment 5 – Amendments to Administrative Order 10 (Alternative One)
- Attachment 6 – Showing Proposed Changes to AO 10 (Alternative Two)
- Attachment 7 – Amendments to Administrative Order 10 (Alternative Two)

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Carolyn Penny, Senior Financial Consultant, Finance & Asset Management, 782.641.7172

Property Tax Exemption and Deferral Program

The Halifax Regional Municipality can help homeowners pay their property tax through a payment plan, a rebate, a deferral of property tax (payment is delayed to a later date) or a deferral of local improvement charges.

The program accepts applications from **June until December 31** each year, for the next calendar year.

Rebate: If your household income meets the qualifications, the municipality will pay a portion of your property taxes. Call **311** or visit **our website** to learn more.

HALIFAX



Think you meet the program qualifications?

You may be eligible for a rebate on your tax bill and/or a deferral of your property tax.

Please note, income qualifications for this municipal program may differ from those set for Efficiency Nova Scotia programs.

Learn more about the program and see if you qualify at

halifax.ca/TaxExemptions

HALIFAX

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.

3.8 The taxable assessed value of a residential property eligible for a low-income exemption shall be \$300,000 or below.

3.9 An applicant may apply for a low-income property tax exemption regardless of the taxable assessed value of the residential property if:

(a) the owner of the residential property is in receipt of the Guaranteed Income Supplement (GIS); or

(b) the owner of the residential property is a participant of a provincial or federal government disability support program.

3.10 For greater certainty, sections 3.8 and 3.9 do not apply to partial tax exemptions for fire damage.

**ATTACHMENT 3
(Amendments to Administrative Order)**

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

BE IT RESOLVED by the Council of the Halifax Regional Municipality that administrative Order 10, the Partial Tax Exemption Administrative Order, is amended as follows:

1. Adding the following section immediately after section 3.7:

3.8 The taxable assessed value of a residential property eligible for a low-income exemption shall be \$300,000 or below.

3.9 An applicant may apply for a low-income property tax exemption regardless of the taxable assessed value of the residential property if:

- a) the owner of the residential property is in receipt of the Guaranteed Income Supplement (GIS); or
- b) the owner of the residential property is a participant of a provincial or federal government disability support program.

3.10 For greater certainty, sections 3.8 and 3.9 do not apply to partial tax exemptions for fire damage.

2. This Amending Administrative Order shall come into effect April 1, 2026.

Done and passed in Council this day of , 202 .

Mayor

Municipal Clerk

I, Iain MacLean, 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 , 202 .

Iain MacLean, Municipal Clerk

ATTACHMENT 4 (Alternative One)
(Showing Proposed Changes)

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.

3.8 The taxable assessed value of a residential property eligible for the low-income exemption shall be \$300,000 or below.

**ATTACHMENT 6 (Alternative Two)
(Showing Proposed Changes)**

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.

3.8 An applicant for a low-income tax exemption must be:

(a) in receipt of the Guaranteed Income Supplement (GIS); or

(b) a participant of a provincial or federal government disability support program.

