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Item No. 10.1
Halifax Regional Council
May 13, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: May 7, 2025

SUBJECT: Supplementary Report – Proposed Amendments to Administrative Order 10

SUPPLEMENTARY REPORT

ORIGIN

February 11, 2025 Halifax Regional Council motion (Item No. 15.1.5):

MOVED by Councillor Cleary, seconded by Councillor Hinch

THAT Halifax Regional Council defer item 15.1.5, Proposed Amendments to Administrative Order 10, Respecting Partial Tax Exemption for Residential Taxation for a supplemental report with information on the number of current properties in each municipal district, as well as an analysis and recommendation for setting the threshold at \$500,000 of capped assessment.

MOTION PUT AND PASSED

EXECUTIVE SUMMARY

Halifax Regional Council is recommended to approve amendments to Administrative Order 10, known as the Respecting Partial Tax Exemption Administrative Order, to increase the effectiveness of the program for low-income property owners. The amendments support eligibility criteria that is consistent with low-income households.

This recommendation of a maximum capped (taxable) assessed value of \$425,000 is the result of extensive analysis of the current program. Staff's intent was to ensure long-time residents would remain in the program while recognizing recent purchasers of high-value properties should be limited in their eligibility for an exemption. It further respects that the capped assessed value of a property is not stagnant, and a property that would qualify one year may not qualify the next due to indexing of the capped value by PVSC. The recommendation also includes implementing indexing the eligible maximum capped assessed value by the same amount as the PVSC index each year.

Note that the term "capped assessed value" in this report reflects the taxable value versus the market value. Generally, the taxable value and capped value are equal, but for clarity, the term "capped" herein is referring to the taxable value of the property.

RECOMMENDATION

It is recommended that Halifax Regional Council amend the main motion by deleting reference to “Attachment 3 of the staff report dated October 28, 2024” and substituting “Attachment 1 of the supplementary staff report dated May 7, 2025”, to be read as:

That Halifax Regional Council adopt the amendments to Administrative Order 10, the *Respecting Partial Tax Exemption* Administrative Order, as set out in Attachment 1 of the supplementary staff report dated May 7, 2025.

BACKGROUND

The Low-Income Exemption Program has experienced a significant increase in recipients for homes purchased in the year or two preceding the application with market values well in excess of the average property value for a single-family home in HRM. The current eligibility of household income alone does not consider those property owners who, for example, may be living on non-taxable savings and their only reportable income is investment income. This has prompted significant analysis over the past number of years to ensure the program is being applied equitably to homeowners most in need.

DISCUSSION

Staff completed significant analysis of the impact of placing a maximum capped assessed value as part of the eligibility criteria for the Low-Income Exemption Program. The result was a recommendation to limit the Low-Income exemption program to a maximum capped assessed value of \$300,000 with exceptions in place for property owners in receipt of the guaranteed income supplement or a provincial or federal disability program. The result of that recommendation would be 279 out of 1675 properties removed from the program. The approximate market values of the properties that would have been removed range from \$365,000 to over \$2 million. The most recent average capped assessed value of all single-family homes in HRM is \$338,500.

Subsequent analysis has been conducted to consider the impact of the maximum capped assessment at \$500,000 as set out in the motion of Council dated February 11th, and a maximum capped assessment of \$425,000 for comparison.

Current program analysis

The current program is assisting 1675 property owners. The average capped and market value of the households in the program, by district, is shown below:

| Average Market and Capped Values - Current | | | |
|---|-------------------------|-------------------------|--------------|
| Row Labels | Average of Capped Value | Average of Market Value | Count of AAN |
| Armdale - Peninsula West (090) | \$293,367 | \$515,172 | 75 |
| Bedford - Wentworth (160) | \$372,079 | \$571,822 | 114 |
| Cole Harbour - Westphal (040) | \$156,381 | \$279,254 | 149 |
| Dartmouth Centre (050) | \$200,439 | \$361,179 | 77 |
| Dartmouth South - Eastern Passage (030) | \$174,277 | \$299,458 | 118 |
| Halifax - Bedford Basin West (100) | \$250,600 | \$387,725 | 68 |
| Hammonds Plains - St. Margaret's (130) | \$211,261 | \$361,367 | 132 |
| Harbourview - Burnside - Dartmouth East (060) | \$211,411 | \$344,903 | 102 |
| Lower Sackville (150) | \$169,464 | \$295,597 | 116 |
| Middle & Upper Sackville - Lucasville (140) | \$155,317 | \$266,821 | 119 |
| Peninsula North (080) | \$249,023 | \$439,098 | 47 |
| Peninsula South - Downtown (070) | \$334,878 | \$586,972 | 18 |
| Preston - Chezzetcook -Eastern Shore (020) | \$133,275 | \$229,928 | 257 |
| Spryfield - Sambro Loop - Prospect Road (110) | \$187,935 | \$335,017 | 113 |
| Timberlea - Beechville - Clayton Park West (120) | \$257,474 | \$425,924 | 72 |
| Waverley - Fall River - Musquodoboit Valley (010) | \$168,267 | \$280,613 | 98 |
| Grand Total | \$200,955 | \$340,410 | 1675 |

The maximum 2024 market value of properties on the current program is approximately \$2.2 million. The maximum assessed taxable value is approximately \$2 million. Altogether, there are 13 properties with a 2024 market value greater than \$1 million in the program, with 10 of the properties receiving the maximum annual exemption of \$1300 as the annual household income reported below \$32,000.00.

Maximum capped value of \$500,000 Analysis

A maximum capped assessment value of \$500,000 would result in 61 properties being removed from the current program in the 2026/27 tax year. Staff notes that analysis of these properties determined many of these 61 properties were purchased within the last three years. The average tax payable, net of exemption, is just over \$6100 for these properties; the average total tax payable is approximately \$7100 and 10% of the homes have total taxes greater than \$10,000. The average exemption is \$1050 due to the high value of the homes.

The minimum market value of the properties removed under the \$500,000 maximum capped assessed value is approximately \$625,000. Staff also noted that of the properties purchased within the last three years, many were purchased at a price greater than the current PVSC assessed market value. For example, staff noted an approximate purchase price within the last three years of \$900,000 on a property with a 2024 assessed market value of approximately \$700,000 and an approximate capped value of \$545,000. Similarly, a property purchased within the past four years for approximately \$625,000 has a capped value of approximately \$520,000 with the current assessed market value still less than the original purchase price.

The 1614 properties remaining in the program with a capped assessed value at \$500,000 would have average capped and market values by district as noted below. The number of properties removed from the current program in each district is also provided.

| Average Market and Capped Values - \$500,000 Max Capped Value | | | | |
|---|----------------------|----------------------|--------------|-----------|
| District | Average Capped Value | Average Market Value | Count of AAN | Removed |
| Armdale - Peninsula West (090) | \$277,977 | \$498,996 | 71 | 4 |
| Bedford - Wentworth (160) | \$256,173 | \$444,711 | 80 | 34 |
| Cole Harbour - Westphal (040) | \$156,381 | \$279,254 | 149 | 0 |
| Dartmouth Centre (050) | \$200,439 | \$361,179 | 77 | 0 |
| Dartmouth South - Eastern Passage (030) | \$163,489 | \$286,887 | 115 | 3 |
| Halifax - Bedford Basin West (100) | \$240,314 | \$379,462 | 66 | 2 |
| Hammonds Plains - St. Margaret's (130) | \$193,658 | \$339,811 | 129 | 3 |
| Harbourview - Burnside - Dartmouth East (060) | \$211,411 | \$344,903 | 102 | 0 |
| Lower Sackville (150) | \$169,464 | \$295,597 | 116 | 0 |
| Middle & Upper Sackville - Lucasville (140) | \$151,483 | \$261,819 | 118 | 1 |
| Peninsula North (080) | \$249,023 | \$439,098 | 47 | 0 |
| Peninsula South - Downtown (070) | \$191,571 | \$400,729 | 14 | 4 |
| Preston - Chezzetcook - Eastern Shore (020) | \$129,514 | \$224,982 | 255 | 2 |
| Spryfield - Sambro Loop - Prospect Road (110) | \$184,326 | \$331,343 | 112 | 1 |
| Timberlea - Beechville - Clayton Park West (120) | \$222,232 | \$382,803 | 66 | 6 |
| Waverley - Fall River - Musquodoboit Valley (010) | \$164,695 | \$276,151 | 97 | 1 |
| Grand Total | \$183,646 | \$319,357 | 1614 | 61 |

Maximum capped value of \$425,000 Analysis

A maximum taxable assessed value of \$425,000 would result in 99 properties being removed from the current program in the 2026/27 tax year. The minimum market value of the properties that would be removed under this cap is approximately \$470,000 with 98 of the 99 having market values exceeding \$500,000, and 87 having market values exceeding \$600,000. The homes with market values below \$600,000 were purchased in 2021 and later. Therefore, the market value remains close to the capped assessed values.

Analysis focused on the additional 38 homeowners removed from the program if the maximum taxable assessed value was established at \$425,000 rather than \$500,000. The individual properties reviewed were those with the lowest capped-to-market ratio which indicates longer home ownership.

Although it was difficult to assess each homeowner's situation, staff found in many cases (26 of 38), the homes have been purchased since 2020. It was also noted that household income for these properties was reported as low as \$1.00 yet the homeowners have current mortgages on the property. There are others who are longer-term homeowners with market values averaging \$666,000. The average annual tax bill of the 38 properties reviewed is approximately \$5,000. With the exemption taken into consideration, the average net tax payable is \$4,000 for these properties. Only one of these homeowners is currently deferring their property taxes and could continue to do so regardless of any changes to this Administrative Order.

The 1559 properties remaining in the program with a capped assessment value at \$425,000 would have average capped and market values by district as noted below. The number of properties removed from the current program in each district is also provided.

| Average Market and Capped Values - Maximum \$425,000 | | | | |
|--|-------------------------|-------------------------|--------------|-----------|
| District | Average of Capped Value | Average of Market Value | Count of AAN | Removed |
| Armdale - Peninsula West (090) | \$264,579 | \$483,795 | 66 | 9 |
| Bedford - Wentworth (160) | \$236,881 | \$428,256 | 73 | 41 |
| Cole Harbour - Westphal (040) | \$156,381 | \$279,254 | 149 | 0 |
| Dartmouth Centre (050) | \$197,363 | \$357,362 | 76 | 1 |
| Dartmouth South - Eastern Passage (030) | \$163,489 | \$286,887 | 115 | 3 |
| Halifax - Bedford Basin West (100) | \$216,875 | \$356,135 | 60 | 8 |
| Hammonds Plains - St. Margaret's (130) | \$185,216 | \$329,519 | 125 | 7 |
| Harbourview - Burnside - Dartmouth East (060) | \$211,411 | \$344,903 | 102 | 0 |
| Lower Sackville (150) | \$169,464 | \$295,597 | 116 | 0 |
| Middle & Upper Sackville - Lucasville (140) | \$137,502 | \$243,577 | 113 | 6 |
| Peninsula North (080) | \$249,023 | \$439,098 | 47 | 0 |
| Peninsula South - Downtown (070) | \$191,571 | \$400,729 | 14 | 4 |
| Preston - Chezzetcook -Eastern Shore (020) | \$128,277 | \$224,021 | 254 | 3 |
| Spryfield - Sambro Loop - Prospect Road (110) | \$171,206 | \$318,595 | 107 | 6 |
| Timberlea - Beechville - Clayton Park West (120) | \$210,721 | \$372,610 | 63 | 9 |
| Waverley - Fall River - Musquodoboit Valley (010) | \$161,504 | \$271,807 | 96 | 2 |
| Grand Total | \$176,933 | \$311,746 | 1576 | 99 |

Summary

The following table provides a summary of the current program average capped and market values by district including the count of the current homeowners who are included in the Low-Income Exemption Program. It also lists the number of homeowners to be removed from the program at the recommended maximum capped assessment value of \$425,000 as well as the suggested capped value of \$500,000. The initial recommendation of \$300,000 capped assessed value is also included for comparison.

| Average Market and Capped Values - Current | | | | Reduction @ Max Capped Values | | |
|---|-------------------------|-------------------------|--------------|-------------------------------|-----------|-----------|
| District | Average of Capped Value | Average of Market Value | Count of AAN | \$300k | \$425k | \$500k |
| Armdale - Peninsula West (090) | \$293,367 | \$515,172 | 75 | 40 | 9 | 4 |
| Bedford - Wentworth (160) | \$372,079 | \$571,822 | 114 | 63 | 41 | 34 |
| Cole Harbour - Westphal (040) | \$156,381 | \$279,254 | 149 | 7 | 0 | 0 |
| Dartmouth Centre (050) | \$200,439 | \$361,179 | 77 | 16 | 1 | 0 |
| Dartmouth South - Eastern Passage (030) | \$174,277 | \$299,458 | 118 | 14 | 3 | 3 |
| Halifax - Bedford Basin West (100) | \$250,600 | \$387,725 | 68 | 16 | 8 | 2 |
| Hammonds Plains - St. Margaret's (130) | \$211,261 | \$361,367 | 132 | 21 | 7 | 3 |
| Harbourview - Burnside - Dartmouth East (060) | \$211,411 | \$344,903 | 102 | 10 | 0 | 0 |
| Lower Sackville (150) | \$169,464 | \$295,597 | 116 | 1 | 0 | 0 |
| Middle & Upper Sackville - Lucasville (140) | \$155,317 | \$266,821 | 119 | 15 | 6 | 1 |
| Peninsula North (080) | \$249,023 | \$439,098 | 47 | 15 | 0 | 0 |
| Peninsula South - Downtown (070) | \$334,878 | \$586,972 | 18 | 6 | 4 | 4 |
| Preston - Chezzetcook -Eastern Shore (020) | \$133,275 | \$229,928 | 257 | 9 | 3 | 2 |
| Spryfield - Sambro Loop - Prospect Road (110) | \$187,935 | \$335,017 | 113 | 18 | 6 | 1 |
| Timberlea - Beechville - Clayton Park West (120) | \$257,474 | \$425,924 | 72 | 23 | 9 | 6 |
| Waverley - Fall River - Musquodoboit Valley (010) | \$168,267 | \$280,613 | 98 | 5 | 2 | 1 |
| Grand Total | \$200,955 | \$340,410 | 1675 | 279 | 99 | 61 |

The property owners who will be removed from the program, regardless of the maximum level that has been set, have the option of deferring all taxes at a rate of bank prime less 2%. As of the March 12, 2025 prime rate, that would result in taxes being deferred at a rate of 2.95% for as long as they qualify.

It should also be noted that, as proposed, any homeowners who are in receipt of Guaranteed Income Supplement or a government disability benefit will continue to receive the exemption regardless of the capped value of their homes. Staff further notes that the federal low-income cutoff level is expected to increase in 2026/27 to include gross household incomes less than an estimated \$58,000. This will allow

inclusion of residents not currently eligible, many of whom staff anticipate will be under the \$425,000 capped assessed value.

Indexing of Maximum Capped Value

The application of a maximum capped value could result in homeowners being included in the Low-Income Exemption Program one year and removed the following year as the capped value increases by the value of Nova Scotia CPI each year. To eliminate this possibility, it is recommended that the maximum capped value be indexed automatically each year by the same amount as the PVSC index to avoid such situations.

FINANCIAL IMPLICATIONS

The financial impacts for 2026/27 are estimated as follows:

1. The recommended option of \$425,000 maximum capped value will provide \$105,000 in savings;
2. The alternative option of \$500,000 maximum capped value will provide \$65,000 in savings.

It should be noted that in the 2026/27 fiscal year, it is anticipated that more property owners will qualify for the program as the maximum household income will increase from a current value of \$49,000 in 2025/26 to approximately \$58,000. It is difficult to assess the extent of the impact, but staff anticipates a higher number of property owners will be included in the program.

RISK CONSIDERATION

The continuation of the program based on its current eligibility criteria poses a credibility risk to the Municipality when the values of many the properties included exceed \$1 million. There is also considerable financial risk as the program can continually be accessed by those who are not necessarily in need, but own homes with assessed values that support the highest level of exemption.

As noted previously, property owners who may no longer qualify for an exemption because of the maximum capped value may still apply for deferral under By-law T-700. The deferral will remain in place if the property owner continues to qualify under the By-law at a below-market interest rate.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

That Halifax Regional Council:

1. Adopt the amendments to Administrative Order 10 with an amendment to modify the maximum taxable assessed value from \$425,000 to \$500,000.
2. Refuse to adopt amendments to Administrative Order 10, resulting in maintaining 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- Amendments to Administrative Order 10

Report Prepared by: Vicki Robertson, Director, Revenue and Treasurer. Finance & Asset Management,
902.817.1479

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 sections immediately after section 3.7:

3.8(1) Subject to section 3.9, the taxable assessed value of a residential property eligible for the low-income exemption shall be \$425,000 or below.

(2) The maximum taxable assessed value in subsection (1) shall be indexed without amendment to this Administrative Order on April 1, 2027, and in each subsequent year on April 1, in accordance with the corresponding Capped Assessment Program (CAP) rate for that year.

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 Administrative Order shall come into effect on and after April 1, 2026.

Done and passed in Council this _____ day of _____, 2025.

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 _____, 2025.

Iain MacLean, Municipal Clerk