

2. EXEMPTION OF PROPERTY TAXES - HOUSE OF REFUGE

COMMITTEE RECOMMENDATIONS

That Council:

1. **Provide tax exemption of municipal and education taxes to any church renting premises to any house of refuge in Ottawa-Carleton;**
2. **Approve a grant to the St George Warden Church to absorb the municipal and education taxes for the years 1996, 1997 and 1998 estimated to be \$ 52,000.00;**
3. **Direct staff to develop a process to confirm the continuation of the tax exemption requirement.**

DOCUMENTATION:

- 1 Councillor Diane Holmes report dated 29 Jun 98 is immediately attached.

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
Your File/V/Réf.

DATE 29 June 1998

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

FROM/EXP. Councillor Diane Holmes

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

REPORT RECOMMENDATIONS

That the Corporate Services and Economic Development Committee recommend Council:

- 1. Provide tax exemption of municipal and education taxes to any church renting premises to any house of refuge in Ottawa-Carleton;**
- 2. Approve a grant to the St George Warden Church to absorb the municipal and education taxes for the years 1996, 1997 and 1998 estimated to be \$ 52,000.00;**
- 3. Direct staff to develop a process to confirm the continuation of the tax exemption requirement.**

PURPOSE

This report is intended to provide members of Council with an update on the status of private legislation concerning exemption of municipal and education property taxes for houses of refuge.

Discussion

At the 3 June 98 meeting, Regional Council approved the following recommendations:

- 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 Corporate 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.*

Immediately attached is correspondence dated 12 June 98, from the Office of Legislative Counsel to the solicitor representing Daybreak, indicating that a private bill is no longer possible, given the changes contained in *the Small Business and Charities Protection Act, 1998*, which received Royal Assent on 11 June 98. Section 442.1 of the Act contains an optional provision giving upper-tier municipalities the authority to provide rebates to charities with respect to all property classes.

In the section that discusses charitable rebates, the specific subsections read as follows:

“2.1 The program may provide for rebates to eligible charities or similar organizations for taxes on property that is not eligible.”

“3. the Program may provide for rebates that are greater than those required under subsection (3).”

Subsection (3) of the rebates section identifies the minimum rebate amount to be 40% of the total taxes payable by the eligible charity. Given this clause, Regional Council has been provided with the authority to exempt similar organizations as defined by Council.

*Approved by
D. Holmes*

Attachs:

26-15-98 09:15AM FROM OFFICE OF LEGISLATIVE COUNSEL TO 816132371413

P002



Office of Legislative Counsel
Bureau des conseillers législatifs

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99 Wellesley Street West, Queen's Park
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June 12, 1998

Nancy L. Miles
Bell, Baker
Barristers and Solicitors
Suite 500, 116 Lisgar Street
Ottawa, Ont.
K2P 0C2

Dear Ms. Miles:

Re: Private bill respecting the Daybreak Non-Profit Shelter

A few weeks ago, I wrote to you about the possible impact that Bill 16 (the *Small Business and Charities Protection Act, 1998*) might have on the application for private legislation by the Daybreak Non-Profit Shelter.

That Bill (as it was amended during clause-by-clause) has recently received Royal Assent. It significantly affects the Daybreak Non-Profit Shelter's application for private legislation. It is no longer possible to apply for a private bill to cancel municipal and school taxes for 1998 and subsequent years. Instead, municipalities now have the power to give tax rebates (of both municipal and school taxes) to charities with respect to all classes of property within the municipality. So, the Daybreak Non-Profit Shelter can request a tax rebate directly from the municipality.

The provision of Bill 16 affecting the application for private legislation is the provision that re-enacts section 442.1 of the *Municipal Act*. That provision was amended after I wrote to you. A copy of the new version of that provision is enclosed for your information.

*6-15-98 09:15AM

FROM OFFICE OF LEGISLATIV

TO 816132371413

P003

2.

I would be most grateful if you could let me know whether the Daybreak Non-Profit Shelter would like to proceed with its application for private legislation cancelling municipal and school taxes for 1997 or earlier years.

Yours truly

Laura Hopkins
Laura Hopkins
Legislative Counsel

Encl.

cc: Richard Patten, MPP

SUMMARY OF DAYBREAK & BRUCE HOUSE TAX ACCOUNTS

1. Daybreak

Year	Taxes Levied	Disposition by Year
1985	\$5,671.44	taxes paid
1986	\$6,028.67	grant provided to offset taxes in full
1987	\$6,542.16	grant provided to offset taxes in full
1988	\$6,940.60	grant provided to offset taxes in full
1989	\$7,583.34	grant provided to offset taxes in full
1990	\$8,122.92	grant provided to offset taxes in full
1991	\$8,587.17	grant provided to offset taxes in full
1992	\$8,971.74	grant provided to offset taxes in full
1993	\$12,286.49	grant provided to offset taxes in full
1994	\$14,355.91	grant provided to offset taxes in full
1995	\$16,330.33	grant provided to offset taxes in full
1996	\$18,278.11	taxes remain outstanding (with cumulated interest, taxes total \$20,782.27)
1997	\$18,364.12	taxes remain outstanding (with cumulated interest, taxes total \$21,595.70)
1998	\$9,079.65	taxes remain outstanding (with cumulated interest, taxes total \$9,476.90)

Note 1 : Total taxes outstanding as at June 24, 1998 : \$51,854.87

Note 2 : Taxes represent realty assessment for rented location at 77 Gloucester St
(building owned by Wardens St. George Church)

Note 3 : Daybreak locations at 110 Marlborough Ave, 126 Flora St., and 578 Somerset are
owned by Daybreak and have been classified as exempt

Note 4 : Total taxes written off by the City between 1986 and 1995 as shown above are
\$95,749.33. In addition, a \$2400 grant was also provided in 1996.

2. Bruce House

Bruce House is not assessed and, accordingly, no taxes have been levied to their
premises at 1338 Wellington Street



LOGEMENT DAYBREAK HOUSING

Celebrating 15 years of community service.

En fêtant 15 ans de service communautaire

June 25, 1998

Councillor Diane Holmes
Regional Municipality of Ottawa-Carleton
111 Lisgar Street
Ottawa, ON K2P 2L7

Dear Ms Holmes,

Re: Tax exempt status for "houses of refuge"

On June 10 Regional Council endorsed an amendment to Bill 16 as well as Daybreak's private legislation to provide tax relief to any "house of refuge" renting church premises in Ottawa-Carleton, specifically Daybreak and Bruce House. However on June 11, Bill 16 received Royal Assent and eliminated the possibility of Daybreak applying for this private legislation. Bill 16 now empowers municipalities to give tax rebates.

Therefore Daybreak requests that you support a motion to grant 100% tax exemptions in the case of "houses of refuge" renting from churches.

Daybreak was founded in 1983 by 7 Centretown Churches in response to the lack of affordable housing for low income singles. At present we own 3 houses and rent 77 Gloucester Street from St. George's Church. Over the past 15 years Daybreak has provided supportive housing for over 500 men and women in Ottawa-Carleton.

Daybreak has never paid taxes because the City realized we were an anomaly - a charity renting from another charity. From 1985 to 1995 the City gave Daybreak grants to cover the regional, municipal, and education taxes, but in 1996 only the City's portion of \$2400 was paid.

Since the private legislation endorsed by Council included tax cancellation retroactive to January 1, 1996 we would now ask for the Region's assistance in expunging the remaining tax arrears for 1996 and 1997 on 77 Gloucester Street so that we will not have to make 10 vulnerable women homeless.

We thank you for the support that you have shown Daybreak. We need your continuing support for Daybreak's very survival.

Yours sincerely,

Betty Neelin
Betty Neelin
President

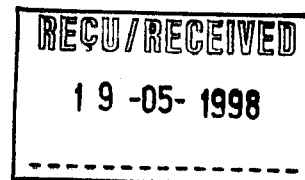


The Right Reverend J. A. Baycroft • Bishop of Ottawa

Son Excellence Monseigneur J. A. Baycroft • Evêque d'Ottawa

May 15, 1998

Councillor Diane Holmes
Regional Municipality of Ottawa-Carleton
111 Lisgar St.,
Ottawa, ON K2P 1L7



Dear Councillor Holmes:

I am writing to you at this time to urge you to lend your support to the resolution of the Private Bill regarding the Daybreak Non-profit Shelter Corporation, a copy of which I believe has been sent to your office recently. As the preamble to the proposed legislation makes clear, Daybreak and St. George's Anglican Church are joint applicants, Daybreak being the body that is renting the facilities at 77 Gloucester Street from St. George's. As you review the documentation you will readily understand why we need the City of Ottawa and the Regional Municipality of Ottawa-Carleton to support this Bill in order to allow Daybreak's very valuable contribution to our community life in the downtown core of our city to continue.

Daybreak provides affordable housing to people who are dealing with a variety of issues including mental illness and/or addictions and/or abuse. They have done so out of our premises very effectively for over ten years now, and it would be nothing sort of a tragedy for their work to be so seriously hampered due to the retraction of the City of Ottawa's previous accommodation of Daybreak's property tax exemption needs. This solution (i.e. the one contained in the private legislation) serves to address the problem of allowing Daybreak to continue to function out of our facility at 77 Gloucester Street without having to pay \$18,000 per year in property taxes that would undoubtedly cripple their operation. As a Councillor of the Regional Municipality of Ottawa-Carleton, I repeat my sincere request that you support this proposed legislation.

Yours in Christ,

The Right Reverend John A. Baycroft
Bishop of Ottawa

JAB:lh

REÇU/RECEIVE

25-06-1998

ARCHDIOCESE OF OTTAWA · ARCHIDIOCÈSE D'OTTAWA

Office of the Archbishop

Bureau de l'archevêque

Le 22 juin 1998

M. Bob Chiarelli
Président de la Municipalité régionale
111, rue Lisgar
Centre Ottawa-Carleton
OTTAWA, Ontario
K2P 2L7

OBJET: le presbytère de l'église Sainte-Jeanne d'Arc et Bruce House, 461 ave Evered,
Ottawa / la résidence Daybreak, 77 rue Gloucester, Ottawa.

Monsieur Chiarelli
Chers membres du Conseil,

Par la présente, je désire appuyer, auprès du Conseil régional d'Ottawa-Carleton, la demande faite par la paroisse Sainte-Jeanne d'Arc (et Bruce House) ainsi que la demande faite par Daybreak touchant un octroi tenant lieu de taxe, ou une forme officielle d'exemption de taxes.

Bruce House est un organisme sans but lucratif offrant un hébergement et un centre de soins pour des personnes atteintes du sida. Je suis heureux que le presbytère de notre paroisse ait pu être transformé facilement en oeuvre d'assistance sociale.

Daybreak est un organisme oecuménique sous le parrainage de plusieurs église du Centre-Ville, gérant des résidences pour célibataires à faible revenu.

L'Église se veut proche de toutes les catégories de pauvres dans notre région et elle appuie les initiatives concrètes d'organismes de la base.

Beaucoup de bénévoles s'engagent dans ces deux oeuvres. Leur temps au service de la communauté est trop précieux pour le dépenser en recherches légales compliquées touchant les exemptions de taxes normalement offertes à toutes les oeuvres de bienfaisance. Votre décision dans ces deux dossiers similaires simplifiera la tâche des deux Conseils d'administration gérant ces organismes de charité.

Je remercie d'avance le Conseil régional d'Ottawa-Carleton qui étudiera avec bienveillance cette requête.

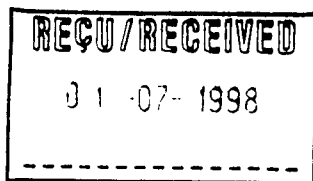
L'archevêque d'Ottawa,

+ 
+Marcel Gervais

c.c. Corporation Daybreak
Bruce House (paroisse Sainte-Jeanne d'Arc)

Bell Baker

BARRISTERS & SOLICITORS



Nancy L. Miles
(613) 237-3448 ext. 312
nmiles@bellbaker.com

■
David C. Thompson, Q.C.

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Helmut R. Brodmann

Wade L. Smith

Nancy L. Miles

Gordon J. Kirk

Jennifer E. Birrell

Ronalee J. Carey

■
Counsel

John C. Clarke, Q.C.

June 29, 1998

Betty Neelin
President
Daybreak
77 Gloucester Street
Ottawa, Ontario K2P 0A1

Dear Ms. Neelin:

**RE: Application for Special Legislation
Our File 9811-4188**

This is further to the passage of Bill 16 by the Ontario Legislature on June 11, 1998.

As you will recall, when the City of Ottawa changed its policy concerning granting Daybreak amounts equivalent to the annual taxes on the property, there was an immediate concern as to the recurring costs involved and in finding alternate financing to cover these additional amounts.

It was readily apparent that the charitable donations to Daybreak could only be increased so much.

Certain options were then explored. One of these options was to pursue the acquisition of the property from St. George Anglican Church and the Anglican Diocese. A second option was to pursue an amendment to the public legislation, the *Assessment Act*, to ensure a permanent exemption for houses of refuge, which did not both own and occupy the premises they were using. The third option was to pursue a private bill to have the City of Ottawa be given the authority to cancel the taxes for Daybreak with respect to the specific location at 77 Gloucester Street.

All three options have been pursued, the last one most recently.

Regional Council approval was given to a private bill to be introduced



■
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by Daybreak shortly, sponsored by Richard Patten, MPP for Ottawa Centre. The City of Ottawa's Policy, Priorities and Budgeting Committee on June 11, 1998, approved the same private legislation. Prior to the Committee report going to Ottawa Council, however, we received the enclosed letter from the office of Legislative Counsel indicating that Bill 16 had just been passed, in part re-enacting Section 442.1 of the *Municipal Act*.

As you will see from the letter from Legislative Counsel, it is their position that, "it is no longer possible to apply for a private bill to cancel municipal and school taxes for 1998 and subsequent years". This is further to a previous letter from Legislative Counsel written to us which advised,

"Parliamentary practice requires that private bills be used to achieve only those goals in law that can not be achieved in any other way. The proposed section 442.1 of the *Municipal Act* makes it possible for municipalities to give a 100% rebate of municipal and school taxes to affected charities. Because this mechanism is available in law for 1998 and subsequent years, the private bill mechanism ceases to be available to authorize the cancellation of municipal and school taxes for those years".

The private bill which we were proposing gave the power to the City of Ottawa to pass a by-law cancelling taxes with respect to Daybreak as located at 77 Gloucester Street. Section 442.1, as amended, now makes it mandatory for the Region to have a tax rebate program. This tax rebate program was initially developed to deal with the hardship which may be caused by charities renting in industrial and commercial areas after the abolition of the business occupation tax. The amendment, however, permits the Regional Municipality to, in its program, provide not merely for a 40% rebate to charities, but to provide a rebate up to 100%. It further allows the Regional Municipality to provide this rebate program not merely to charities registered under the *Income Tax Act*, but to other "similar organizations" and for taxes on property that is not "eligible" (ie. not just commercial or industrial). The net result of this is that the Region now has the ability to develop a policy that would provide for a 100% rebate of taxes for Daybreak.

It is true that a tax cancellation program is not the same as a tax rebate program. However, philosophically they come out to the same thing, which is a mechanism for Daybreak not to have to pay any taxes, either through cancellation or through rebate. To pursue the private legislation at this time, with the written opposition of Legislative Counsel, will be very costly and we can not be assured of the success of it. We would not recommend proceeding with the private legislation for 1998 and future years without the agreement of Legislative Counsel.

The issue of retroactively is still a concern for Daybreak. It appears, from the wording of section 442.1, that the rebate program is mandatory and that the program must provide

for a rebate for 1998 and subsequent years (section 442.1(3)). Subsection (4) of section 442.1 does indicate that the tax rebate program may have many options in addition to the bare bones of what is required in subsection (3). In subsection (4) is a statement that the program "may provide for rebates that are greater than those required under subsection (3)". The fact that it does not just state that the program can provide for the amount of a rebate or a percentage of the rebate on taxes is, in our opinion, significant as it opens the door for an interpretation that when the Legislature indicates that the program may provide for rebates greater than those required, it could be a rebate that relates to taxes payable by a charity previous to 1998. We do acknowledge, however, that there is still ambiguity in the legislation.

In summary, therefore, it is our opinion that based on the information we have currently received, an application for private legislation for 1998 taxes and subsequent years would meet with the opposition of the Office of Legislative Counsel and may, philosophically at least, run into opposition at the committee stage based on its duplication of the municipal authority under a tax rebate program in section 442.1 of the *Municipal Act*. We feel it is far more expedient to pursue the creation of a regional tax rebate program which would generically encompass not only Daybreak but all houses of refuge leasing from another charitable organization such as a church. This would be consistent with the Region's support for the private bill and its support of the amendment to Bill 16 which was unsuccessful. If a 100% rebate is obtained generically for Daybreak, then the process would be an application to the City of Ottawa for the tax rebate, as the lower-tier municipality is the administrator of the tax rebate program.

With respect to the 1996 and 1997 arrears, it is our opinion that it is at least arguable that the Region has the ability to provide a rebate program for previous years based on some wording in the *Municipal Act*. In the alternative, it appears that the tax cancellation authority by private bill is still available for the years 1996 and 1997. We have discussed with you the cost involved in such an application. The far more expedient route would be to pursue a one-time grant from the lower or upper tier municipality to expunge the arrears.

Yours very truly,

BELL BAKER



Nancy L. Miles

NLM/mp

Enclosure

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