

Local Improvement-Tax Exempt Properties

Amélioration locales – propriétés exemptes de taxes

COMMITTEE RECOMMENDATIONS

That Council approve:

1. the collection of the special assessment charges for the Manotick Sanitary Sewer Local Improvement (for the five properties identified in Table 1) be held in abeyance, with the complete elimination of the charge on January 1, 2035, provided that the owner consents to the registration of a lien on title by March 31, 2014 that should the property be sold prior to January 1, 2035, the full amount of the charge shall be due and payable and;
2. should any of the properties identified in table 1 be sold prior to January 1, 2035, interest be charged in accordance with the local improvement by-law from the date notification of the sale to the payout date and;
3. that property owners identified in table 1 be responsible for the lien registration fee as outlined in recommendation a above.

RECOMMANDATIONS DU COMITÉ

Que le Conseil approuve:

1. la mise en suspens de la collecte d'une taxe d'évaluation foncière extraordinaire pour l'amélioration de l'égout sanitaire de Manotick, [pour les cinq propriétés désignées dans tableau 1] ainsi que la suppression totale de cette taxe le 1^{er} janvier 2035, dès lors que les détenteurs de ces propriétés consentent à l'inscription, avant le 31

mars 2014, d'un privilège grevant leur titre de propriété et stipulant que, si leur propriété est vendue avant le 1^{er} janvier 2035, le montant total des taxes sera alors exigible et;

- 2. si l'une des propriétés indiquées dans le tableau 1 était vendue avant le 1^{er} janvier 2035, les intérêts seraient applicable conformément au Règlement sur les aménagements locaux, entre la date de notification de la vente et la date de paiement, et;**
- 3. que les propriétaires mentionnés dans le tableau 1 aient la charge des droits d'enregistrement du privilège comme il est expliqué dans la recommandation a susmentionnée.**

DOCUMENTATION / DOCUMENTATION

- 1. Marian Simulik, City Treasurer, report dated January 28, 2014 (ACS2014-CMR-FIN-0003)**

Marian Simulik, Trésorière Municipale, rapport daté du 28 janvier 2014 (ACS2014-CMR-FIN-0003)

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique**

**and Council
et au Conseil**

**January 28, 2014
28 janvier 2014**

**Submitted by
Soumis par:
Marian Simulik, City Treasurer/Trésorière municipale**

**Contact Person
Personne ressource:
René Bisson, Manager, Billing and Tax Policy / Gestionnaire, Facturation et
Politique fiscale
613-580-2424 x14224 rene.bisson@ottawa.ca**

Ward: RIDEAU-GOULBOURN (21)

File Number: ACS2014-CMR-FIN-0003

SUBJECT: Local Improvement-Tax Exempt Properties

OBJET: Amélioration locales – Propriétés exemptes de taxes

REPORT RECOMMENDATIONS

That the Finance and Economic development Committee recommend that Council approve:

- 1. the collection of the special assessment charges for the Manotick Sanitary Sewer Local Improvement (for the five properties identified in Table 1) be held in abeyance, with the complete elimination of the charge on January 1, 2035, provided that the owner consents to the registration of a lien on title**

by March 31, 2014 that should the property be sold prior to January 1, 2035, the full amount of the charge shall be due and payable and;

2. should any of the properties identified in table 1 be sold prior to January 1, 2035, interest be charged in accordance with the local improvement by-law from the date notification of the sale to the payout date and;
3. that property owners identified in table 1 be responsible for the lien registration fee as outlined in recommendation a above.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil d'approuver :

1. la mise en suspens de la collecte d'une taxe d'évaluation foncière extraordinaire pour l'amélioration de l'égout sanitaire de Manotick, [pour les cinq propriétés désignées dans tableau 1] ainsi que la suppression totale de cette taxe le 1^{er} janvier 2035, dès lors que les détenteurs de ces propriétés consentent à l'inscription, avant le 31 mars 2014, d'un privilège grevant leur titre de propriété et stipulant que, si leur propriété est vendue avant le 1^{er} janvier 2035, le montant total des taxes sera alors exigible et;
2. si l'une des propriétés indiquées dans le tableau 1 était vendue avant le 1^{er} janvier 2035, les intérêts seraient applicable conformément au Règlement sur les aménagements locaux, entre la date de notification de la vente et la date de paiement, et;
3. que les propriétaires mentionnés dans le tableau 1 aient la charge des droits d'enregistrement du privilège comme il est expliqué dans la recommandation a susmentionnée.

BACKGROUND

On December 11, 2013, Council referred a motion to waive special assessment charges for five tax exempt properties in Manotick to the appropriate standing committee and

directed staff to provide a report on the policy implications, as well as extending the payment deadline for the five properties. This report addresses the issue in the referral motion.

The motion to waive the special assessment charges introduced on December 11, 2013 was:

WHEREAS the deadline for owners of property in the Manotick (Core) Area in respect of the sanitary sewer local improvement as to the payment options they are selecting is December 20th, 2013;

THEREFORE BE IT RESOLVED THAT the *Rules of Procedure* be suspended to permit the introduction of the following motion:

WHEREAS local improvements constructed by the City have, through 2012 and 2013, been brought before the Court/Committee of Revision; and

WHEREAS in the instances of the properties set forth below, they are exempt from taxation but would be subject to the special assessment charges resulting from the local improvements; and

WHEREAS the special assessment charges will impose a significant financial burden in respect of these properties;

THEREFORE BE IT RESOLVED THAT Council waive the collection of the special assessment charges in respect of the properties noted below in the Manotick (Core Area) Sanitary Sewer Local Improvement:

Table 1 - Tax Exempt Properties

Address	Property	Amount
5550 Ann Street	Manotick Legion	\$16,169.35
5567 Manotick Main Street	Manotick United Church	\$28,280.85
1138 Bridge Street	St. James Anglican Church	\$34,068.99
5533 Dickinson Street	Knox Presbyterian Church	\$11,191.97
5525 Dickinson Street	Watson's Mill	\$11,306.78
TOTAL		\$101,017.94

BE IT FURTHER RESOLVED THAT the allocation of the amounts waived pursuant to this motion be allocated to the sewer reserve through the annual “Capital Close and Adjustments Report”.

Ultimately, Council carried the following referral motion:

That this issue be referred to the appropriate Standing Committee and that staff provide a report on the policy implications, and that the deadline for the five properties be extended to 30 days after the Council decision.

As the collection of local improvement special assessment charges is done through the property tax collection process, it is the opinion of staff that the appropriate Standing Committee for the consideration of this item is the Finance and Economic Development Committee.

DISCUSSION

Within the local improvement areas considered by the Court/Committee of Revision in 2013, the list above identifies the only non-municipal/school properties that are fully exempt from taxation. While the owners of these properties are not required to pay property taxes, the legislation regarding local improvements provides that the special assessment charges on account of such local improvements are due from the owners unless Council decides otherwise.

It is long-standing City practice to charge all properties for water and sewer services through the rates, whether or not they are exempt from the payment of property taxes. If a watermain or sewer service had to be specifically extended to service a new institution similar to the five listed above, the institution would still be required to pay the cost of such extension. On the other hand, the City does exempt places of worship from development charges and provides for the possibility, by Council resolution, of the exemption from development charges of a not-for-profit facility where a public facility is being provided.

Given the mixed approach above to the recovery of capital costs for water and sewer from these type of properties, staff recommend that special assessment for the Manotick Sanitary Sewer Local Improvement properties not be due from them provided they continue to be owned by their current owners. If any of the properties were sold, then the full local improvement charge in respect of that property would become

payable to the City. Interest would be charged in accordance with the local improvement by-law from the date notification of the sale to the payout date. To secure this condition, the property owners would be required to agree to the registration by March 31, 2014 of a lien on title.

Real estate law in Ontario requires that there be a deadline for such a condition and staff are recommending a period of 21 years, i.e. to January 1, 2035. If the property were sold after that date, the local improvement charges would not be payable.

Therefore, staff recommend that Council approve that for the five properties identified in Document 1 that the collection of the special assessment charges for the Manotick Sanitary Sewer Local Improvement be held in abeyance, with the complete elimination of the charge on January 1, 2035, provided that the owner consents to the registration of a lien on title by March 31, 2014 that should the property be sold prior to January 1, 2035, the full amount of the charge plus interest from the date notification of the sale to the payout date shall be due and payable. Property owners would also be responsible for the lien registration fee.

RURAL IMPLICATIONS

The subject properties are located within a rural ward. The recommendation will permit the land use to continue at no additional cost in respect of the local improvement provided the properties are not sold.

CONSULTATION

The property owners have been advised of the proposed approach in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

Staff consulted with Councillor Scott Moffatt.

LEGAL IMPLICATIONS

As noted in the report, real estate law in Ontario requires that a conditional obligation in respect of land be resolved within a set period of time. A 21 year period is within the period of time permitted for the determination as to whether a condition is met or not, in the present case whether the current owners continue to own the property.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to this report.

FINANCIAL IMPLICATIONS

While waiving these special assessment charges on these properties will confer a benefit to the not-for-profit owners of the properties, it should be recognized that a corresponding burden will fall on the City's taxpayers.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications to this report.

TECHNOLOGY IMPLICATIONS

There are no technical implications associated with this report.

TERM OF COUNCIL PRIORITIES

The recommendation in this report is consistent with Council's Strategic Priority of being financially responsible to the residents of Ottawa by practising prudent fiscal management of existing resources.

SUPPORTING DOCUMENTATION

None.

DISPOSITION

Legal Services will work with the five property owners to register a lien on title to require the payment of the local improvement charges if the property is sold. The disbursements are to be borne by the property owners but no other processing fees would be payable.