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**Subject:** Low-Income Seniors & Disability Property Tax Deferral Program

**Report to:** Corporate Services Committee

**Report date:** Wednesday, October 9, 2024

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## Recommendations

1. That this report **BE RECEIVED** for information.

## Key Facts

- The purpose of this report is to provide Council with information regarding the Region's low-income seniors and disability property tax deferral program specifically in response to a motion made by the City of Niagara Falls.
- Per the Municipal Act (Section 319), in a two-tier system, a tax deferral program must be mandated by an upper-tier municipality.
- In 2006, the Niagara Region passed By-law 96-2006, a By-law to establish criteria for applications for tax deferrals by low-income seniors and low-income disabled persons in accordance with section 319 of the Municipal Act.
- On February 6, 2024, the Council of the City of Niagara Falls passed a motion asking the Region to consider amending By-law 96-2006 to remove the \$200 threshold as identified in the definition of "eligible deferral amount" and throughout the By-law.
- There has been minimal uptake on the tax deferral program with the existing parameters. There is no certainty that reducing the \$200 threshold would increase uptake.
- No consensus on specifics of a program change was established amongst the 12 local municipalities through related communications and meetings with the local area treasurers' group. However, there are alternative options for local municipalities to consider under Section 365 of the Municipal Act.
- Staff have reviewed Provincial and other municipal programs in comparison to the Region's program. Provincial property tax relief programs are more accessible and appealing than the municipal tax deferral program as they are administered through income tax returns and are more geared to income. As a result, these programs are more targeted to the populations that require support.

## **Financial Considerations**

There are no financial impacts associated with this recommendation. If Council were to consider an alternative to Staff's recommendation and reduce the dollar threshold associated with the low-income seniors and low-income disabled person's tax deferral program, there is no certainty that the uptake levels would increase. This program does not operate as a grant program and all tax increases deferred are repaid to the Region upon sale/transfer of property, owner death or eligibility issues. Reducing or eliminating the dollar threshold would increase the amount of taxes deferred for eligible program participants which would have an impact on the Region's overall tax collections in the year deferrals are granted. In addition, reducing or eliminating the dollar threshold would increase the administration efforts required by staff at the local level.

## **Analysis**

Section 319 of the Municipal Act permits upper-tier municipalities to pass a By-law providing for tax deferrals or cancellation of property tax increases for low-income seniors and low-income persons with disabilities. In 2006, the Niagara Region passed By-law 96-2006 which establishes criteria for applications for tax deferrals by low-income seniors and low-income disabled persons.

In accordance with the Municipal Act (Section 319) and further described in By-law 96-2006 the program parameters are as follows:

- Applies to annual property tax increases.
- Applies to current taxes only and not tax arrears or outstanding taxes.
- Residential ownership of 1 year minimum to qualify.
- Eligibility requires applicant to be 65 years of age or older and in receipt of the monthly Guaranteed Income Supplement provided under Part II of the OAS act or have a disability and in receipt of on-going benefits under the Ontario Disability Support Program.
- Documentation of proof of age, as applicable, and income receipt required.
- Eligibility for the deferral program is required for each taxation year.
- Accumulated amount of deferral cannot exceed 50% of the property's Current Value Assessment (CVA).
- Tax increase for the taxation year in which the application is made must be more than \$200. Tax deferral applies to amounts over the \$200 threshold.
- No interest charges will be added to the deferral amount.
- Repayment upon sale/transfer of property, owner death, or eligibility issue.

On February 6, 2024, the Council of the City of Niagara Falls passed a motion asking the Region to consider amending By-law 96-2006 to remove the \$200 threshold. Additionally, discussion has taken place at the Local Area Treasurers meetings on this property tax deferral program. This report and analysis has been prepared in response to the City of Niagara Falls' motion and to provide an update regarding discussions occurring at the Local Area Treasurers meetings on the subject.

Municipal Act Sections 319 and 365 were reviewed by Legal and Finance staff in preparing this report. Based on this review, it was determined that lower tier municipalities do not have authority to pass a by-law for a deferral program under section 319; however can pass a by-law in any year to provide for the cancellation, reduction or refund of taxes under Section 365. For reference the relevant extracts of these sections is provided below:

- Section 319
  - (1) For the purposes of relieving financial hardship, a municipality, other than a lower-tier municipality, may pass a by-law providing for deferrals or cancellation of, or other relief in respect of, all or part of a tax increase for 1998 and subsequent years on property in the residential property class for persons assessed as owners who are, or whose spouses are,
    - low-income seniors as defined in the by-law; or
    - low-income persons with disabilities as defined in the by-law.
  - (2) A municipality, other than a lower-tier municipality, shall pass a by-law under subsection (1).
  
- Section 365
  - (1) The council of a local municipality may, in any year, pass a by-law to provide for the cancellation, reduction or refund of taxes levied for local municipal and school purposes in the year by the council in respect of an eligible property of any person who makes an application in that year to the municipality for that relief and whose taxes are considered by the council to be unduly burdensome, as defined in the by-law.

Currently Staff do not recommend making any changes to the Region's deferral program. Currently the program has minimal uptake across the Region and Staff do not anticipate that reducing the \$200 threshold or removing it completely would increase uptake in the program. This program represents a tax deferral, and not a grant, therefore taxes will ultimately require repayment which may be undesirable for those seeking tax relief. The Region's tax deferral program is administered by the local area

municipalities who collect property taxes on the Region's behalf. Staff do not recommend making changes to the program without the support of all 12 local area municipalities who administer this program. Based on the discussion at the Local Area Treasurers meetings there was not unanimous support for removing or reducing the \$200 threshold. Any change to the program would have an impact on the administration of the program and a result of the input from the Area Treasurers Group, Region Staff do not recommend any changes. Additionally, there is no certainty that the uptake levels would increase if program parameters changed under the implied deferral structure. If uptake levels did increase, administration costs may be burdensome for marginal benefit to the public.

In addition to the Region's property tax deferral program for low-income seniors and low-income disabled persons the Provincial Government offers property tax relief programs including the following:

- Senior Homeowners' Property Tax Grant
  - A program that helps low-to-moderate income seniors with the cost of their property taxes. If senior's file their personal income tax and benefit return annually and qualify for the grant, they could get up to \$500 each year depending on your adjusted family income.
- Ontario Energy & Property Tax Credit
  - A program offered under the Ontario Trillium Benefit that provides a tax-free payment to help individuals with property taxes and sales tax on energy costs.
- Exemptions for Seniors and Persons with a Disability
  - The Province of Ontario provides a property tax exemption for a portion of the assessed value of a residential property that was built or modified to accommodate a senior or a person with a disability, who would otherwise need to live in a facility where on-site care is provided.

The Provincial programs were deemed more appealing and accessible for these groups of individuals through income tax submission. These programs are more targeted to the populations that require support as they are specifically geared to income levels as validated during the income tax submission. This has more alignment with the goals and objectives of offering these types of programs. These programs offer tax rebates and grants with no repayment required, as opposed to the Region's deferral program that requires repayment or a property lien. The ease of applying for these programs was also a significant factor that was considered since the provincial grants/credit could be automatically applied for through personal income tax returns, where all eligibility

evidence is required within the submissions. The application process for the Region program may be considered more burdensome on the applicant, as it requires a separate form and evidence of eligibility. It was also noted to be uncertain whether the relief given at the municipal level would impede the eligible amounts at the Provincial level.

A review of other municipal programs in Ontario reflected that most programs are similar to the Region's offering with some additional components. Other municipalities have property tax deferral thresholds, application fees, interest charges on deferral amounts, and maximum income amounts. Some municipalities also offer additional property tax rebate programs through the upper or lower tier level.

### **Alternatives Reviewed**

Local Area Treasurer meetings brought several comments and suggestions to the table, including those of Niagara Falls, St. Catharines, and Lincoln who all had varying actionable recommendations taken to their respective council bodies. Consensus was not established amongst the broader group as to a streamlined solution to make the program more appealing.

Threshold adjustments were analyzed through a third-party advisor, however there wasn't enough complete and accurate data to utilize the information, specifically the number of seniors and disabled persons who own homes, income levels, and the estimated uptake were all unknown factors that could not easily be determined.

Alternatives were discussed and reviewed at length with no further benefit recognized to modifying the existing program. The structure of the current program is that of a deferral program, therefore individuals utilizing this program are taking on a form of debt by accessing the program. There is an adversity for the low-income individuals using this program to take on this type of debt. The ease of use of the Provincial programs and the fact that these operate as tax rebates and grants with no repayment required makes these programs more appealing to the user. Reducing or removing the \$200 threshold would not eliminate the deferral component of the program.

### **Relationship to Council Strategic Priorities**

This report provides details related to a property tax deferral program offered by the Niagara Region, this addresses Council's Strategic Priority of Effective region. Effective Region is addressed through this recommendation to maintain status quo with our property tax deferral program in light of non-repayable provincial property tax relief,

ensuring allocation of resources and dollars only where gaps exist with other levels of government funding.

Equitable Region is a focus of the existing Regional offering by providing the tax deferral program free of fees and interest charges.

### **Other Pertinent Reports**

CSD 132-2006

(Please contact Niagara Region for a copy if required.)

BY-LAW NO. 96-2006

(Please contact Niagara Region for a copy if required.)

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**Prepared by:**  
Bobbi Epp, CPA  
Revenue Planning & Strategy Specialist  
Corporate Services

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**Recommended by:**  
Dan Carnegie  
Acting Commissioner/Treasurer  
Corporate Services

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**Submitted by:**  
Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with Blair Hutchings, Manager Revenue Planning & Strategy, and reviewed by Beth Brens, Associate Director Budget Planning & Strategy/Acting Deputy Treasurer.