

PROPERTY TAX REBATE FOR SENIORS

Recommendation

The Director of Finance in consultation with the Sr. Manager of Property Tax & Assessment recommends:

That this report be received for information purposes.

Purpose

Following the deputation of Mr. Gaetano Iuorio, at Committee of the Whole, on June 14, 2004, Committee requested that staff report on the Provincial legislation in British Columbia relating to property tax rebates for seniors.

Background - Analysis and Options

Province of British Columbia:

The Province of British Columbia has three separate property tax mitigation programs currently in place, as follows:

1. Provincial Regular Grant – There is a basic homeowner grant of up to \$470 available to Canadian citizens and landed immigrants on their principal residence for persons under 65 who are not disabled or receiving a war veterans allowance. The grant begins to decrease for homes with a current value assessment over \$585,000, and is eliminated for homes assessed at \$632,000 or greater.
2. Provincial Additional Grant – Persons 65 years of age or older, disabled persons or veterans may qualify for a grant of up to \$745 on their principal residence. This grant reduces or is eliminated on the same basis as #1.

Local municipalities are reimbursed for the cost of the grants above, by the BC Provincial government. Provincial and municipal staff we consulted with were not aware of any additional grants being provided at the cost of local municipalities.

3. Provincial Property Tax Deferral – In BC you can defer the full amount of your property taxes on your principal residence, each year if you are over 60 years of age or disabled. The deferred taxes are repaid upon sale of the property, or transfer of title to someone other than the spouse of the qualifying senior.

There is an initial administration fee of \$60 to apply for the deferral, as well as an annual renewal fee of \$10. Interest is charged on the deferred taxes at a rate not greater than 2% below the current borrowing rate. The deferral is not allowed when a homeowner has less than 25% equity remaining in the property.

For comparison purposes, here is a summary of the programs available at a municipal level to City of Vaughan residents:

City of Vaughan / York Region:

The following property tax grant and tax increase mitigation programs are currently available:

The City provides a grant of \$225 per year, to qualifying seniors 65 years of age or older that are receiving a guaranteed income supplement from the Federal Government. This compares to local property taxes of \$737.00 for the average home in Vaughan.

In addition, the Region of York provides a property tax increase deferral program allowing homeowners to defer all or a portion of their property tax increase each year. Repayment of the deferral is required upon sale of the property, or transfer of title to someone other than the spouse of the qualifying senior.

Seniors between 55 and 64 must have a gross annual household income of less than \$23,000 for a single or \$40,000 for two or more persons and may only defer increases in excess of \$300. Seniors 65 or older are not subject to an income restriction or the \$300 threshold.

There is also a deferral program available to low income-disabled persons regardless of age.

There are no fees charged in relation to either of the above programs and there is no interest charged on property taxes that are deferred.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

Although a senior in BC may qualify for a grant higher than a Vaughan senior, the cost of the grant is not born by the local municipality in BC, as it is here. It is actually a Provincial grant, and it appears there are no local municipalities providing additional grants at their cost.

In terms of the tax deferral, our program allows deferral of tax increases, in order to assist seniors on fixed incomes, while still protecting the senior's equity. In BC, the equity in the property will erode much faster when the full amount of taxes are deferred with interest. We do not charge interest or any administration fees for the deferral program while BC charges both.

Attachments

None

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Respectfully submitted,

Barry E. Jackson, CGA
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