

LATE PAYMENT CHARGES RELIEF FOR LOW INCOME SENIORS IN ARREARS

Recommendation

The Commissioner of Finance & Corporate Services and the Director of Financial Services in consultation with the Director of Legal Services recommends:

1. That a program for low-income Seniors (those receiving the Federal Guaranteed Income Supplement) currently in arrears and own a residential property be provided relief for late payment charges as outlined in Attachment 1;
2. That staff contact those current low income seniors as identified regarding this program; and
3. That the City of Vaughan By-law 328-2004 relating to late payment charges be amended accordingly.

Economic Impact

Should Council implement a program as outlined below, staff estimate the impact on the City's late payment charge revenue would be approximately \$22,000 per year. It is anticipated that this program will also encourage seniors in arrears to enter into payment arrangements.

Purpose

On September 6, 2005 Committee of the Whole directed staff to prepare a report and make recommendations regarding not charging late payment charges on low-income seniors in arrears. The purpose of this report is to provide Council with information related to a proposed program, Attachment 1, to relieve late payment charges for low-income seniors that are currently in arrears.

Background - Analysis and Options

Late payment charges are imposed pursuant to City of Vaughan By-law 328-2004, which is approved annually by Council. Finance staff have consulted with Legal staff and determined that the City may confer the benefit on persons 65 years of age and over. This is permitted since the proposed program confers a benefit to this specific group.

In order to determine the economic impact of such a program, staff reviewed the property tax account for all residents that have applied for the City's low-income senior grant. Of over 900 qualifying residents it was determined that 54 have property tax arrears and may qualify for late payment charge relief. There may be other low-income seniors in Vaughan with property tax arrears that have not applied for the grant, however we have no mechanism to identify them. If all 54 identified residents took advantage of the program, the cost to the City would be approximately \$22,000 per year.

The current practice for seniors applying for the City's grant is to forward a copy of the senior's grant application to Revenue Canada asking for verification of the receipt of the Guaranteed Income Supplement (GIS) which is payable only to low-income persons as determined by the Federal Government's standards. This approach has worked extremely well and should be incorporated into any new program geared to low-income seniors.

The proposed program, Attachment 1, can be administered within the current property tax software, so long as the benefiting senior agrees to have their monthly payments made through the pre-authorized payment plan. This software contains the ability to apply late payment charges as required. Therefore once three consecutive payments have been made, the account can be coded to "no penalty", until such time as the account is current or default has occurred.

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

This program for the relief of penalty and interest for low-income seniors complies with the Municipal Act and can be effectively administered within the property tax system.

Attachments

Attachment 1: Recommended Program Conditions

Respectfully submitted,

Clayton D. Harris, CA
Commissioner of Finance & Corporate Services

Barry E. Jackson, CGA
Director of Financial Services

Recommended Program Conditions

Staff recommends that the following conditions be included in the program:

- The owner(s) must occupy the property in respect of which residential property taxes are imposed as his, her or their principal residence and they must be 65 years of age and over.
- The owner or owners have or have been assessed as the owner of residential property in the municipality for a period of not less than one year immediately preceding the date of the application for the programme.
- The owner or spouse of the owner must be in receipt of the Guaranteed Income Supplement as provided under the Old Age Security Act and verified by Human Resources Development Canada.
- The senior must complete an application form that will be sent to Revenue Canada so as to verify their low-income status.
- The owner must agree to a payment plan sufficient to retire the debt in a time frame deemed reasonable by the City Treasurer.
- The owner must agree to have the payments made through the City's pre-authorized payment plan (PAP).
- The owner must make three consecutive payments through the City's PAP before the application of late payment charges is suspended at which time the 3 months of accumulated penalty and interest will be credited.
- If the owner defaults on three payments in one year, up to one year of past penalty and interest will be retroactively added and future late payment charges will therefore be applicable and the property owner will be removed from the program.
- "NSF" cheque fees will apply per the City Fees and Charges By-law No. 286-2004.