



Municipality of the District of Argyle

Item: Property tax reduction request

Date: June 27, 2022

VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

Background:

We are in receipt of a request for a reduction of property taxes from a former resident of the Municipality of Argyle. The property in question has an amount owing of \$11,854.82, with the substantial amount charged to the property for 2 property clean ups led by us and charged to the resident.

This process was in accordance with the Dangerous or Unsightly Policy which is attached for your consideration.

MGA and policy considerations:

The MGA section 344 (Part XV) highlights the powers of a municipality to address Dangerous or Unsightly premises. Included in these sections is the power to approve a policy to support the regulations listed in these sections.

Section 71 advises Council under what conditions taxes may be exempted. MODA does have a bylaw exempting certain organizations, almost exclusively due to their charitable and non-profit status. No profit-oriented business or resident is listed in this bylaw.

There are no powers in our policy to address any request to reduce a property tax bill, except for Section 5.4 (TLC Relief). The applicant would have qualified for a refund of the clean up if they met the criteria in that section. The refund would have been the lower of \$2,000, 20% of the total remediation cost, or 100% of the tipping fees.

The applicant did not meet the criteria listed in section 5.4, largely due to a default in payment (under section 5.3 (c)) and that the property had to be cleaned a second time as it was unsightly again.

Therefore, what was a property loan is now entirely payable at an interest rate of 13%. Prior to default, the loan payments were made monthly and had interest of 4% per year. It should be noted that the Municipality did not recover any of its cost of clean up through the sale of any materials on site. The clean ups were led both times by John Duffus.

CAO's Recommendation:

First, it should be noted that the request to reduce via letter is appropriate on the part of the applicant, and is a reasonable attempt on his part, particularly if a pending sale is occurring. We have no information on the status of sale, or the purchaser. A request of this nature can only be considered by Council, as the policy does not authorize staff to comply with this request.

Factors that support a tax reduction include:

1. Potential sale of the property – the applicant is currently housed in the Municipality of Yarmouth. A sale of this property would surely result in additional visual improvements on the part of the new owner (does not guarantee this). An improved location would likely result in an increased assessment value for taxation purposes and would be appealing to the neighbors.
2. A reduction in taxes owing could be a difference maker on a potential sale of the property, which would be in our mutual interest to see happen. \$11,855 is a rather large tax bill for anyone to pay and is likely affecting the price of the sale.
3. The amount is not really a tax payable, it is a loan payable due to unsightly clean up. This request is not for a tax reduction, it is for a loan reduction.

Factors that support a request denial include:

1. Precedent. There is no precedent for this and could open other property owners to allow for their property to decline, not make regular payments, and get a refund anyway. Not only is this not noted in our policy, but it would also be contrary to our policy. There are many properties in the municipality that require improvements; choosing to accept a reduction here would benefit this taxpayer, but other taxpayers would pay for the choice.
2. Further to the precedent for clean up, it would also create a potential precedent for any property taxes owing that a resident seeks reduction for. The reduction option is already available to them through a property appeal process. a reduction in tax is either overriding the value set by PVSC as assessment or is overriding Council's power to charge a property tax at a set rate. It should be noted here that we often receive requests for exceptional cases to reduce taxes – mostly due to successful appeals, which are almost always applied prospectively (not retroactively), or due to changes of use from commercial to residential and disagreements around when those are to be applied.
3. The account is currently in default for many months, a reduction would appear to reward behavior that runs contrary to our policy intent.
4. The applicant failed to meet the criteria for a partial rebate under our TLC rebate section of the policy. If we decide to rebate anyway, I recommend that Council revisit or eliminate the rebate section as well as a motion to reduce taxes.
5. When the applicant defaulted, the loan became entirely payable as taxes owing on the property, in accordance with our policy. While there is an argument to support this as a loan, the default made it taxes owing, which is far more restrictive when a write down is concerned.

6. With the current housing market as it is, there is zero percent chance the property should be sold for less than the taxes on that property, unless it is a transaction with a family member or someone at non-arm's length. A tax reduction may or may not improve the probability of sale.

CAO recommends that we deny the request, when considering the factors listed above. If council chooses to affirm the request, I would limit the refund to the lesser of the three calculations included in the policy, as there was ample consideration put into that calculation.

Suggested motion:

Move that the request for the reduction of taxes on property account number 03517063 be denied by Council, and that the applicant be given the reasons for the denial.

Move that the request for the reduction of taxes in the amount of \$_____ be approved by Council, and that the TLC relief policy be amended by staff for Council's future consideration.