

## **Review of Property Tax, Water and Solid Waste Relief Programs**

**Date:** June 22, 2022

**To:** Executive Committee

**From:** Controller

**Wards:** All

### **SUMMARY**

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This report is in response to motion 12a adopted by Council through item "[EX30.2: Capital and Operating Budgets](#)". This report reviews the Property Tax, Water and Solid Waste Relief programs for low-income seniors and persons with disabilities and summarizes recent changes to the program and proactive efforts taken by the City to address possible barriers to participation into the program, related fees and the timing of posting information and forms.

Revenue Services has proactively made changes to reduce any potential barriers and ensure equity and access to the Property Tax, Water and Solid Waste Relief programs for low-income seniors and persons with disabilities. Some of these initiatives include the implementation of an online application portal and automated income verification with the Canada Revenue Agency (CRA), amending the eligibility criteria on household income for individuals that own the property with the applicant but do not live at the property, and automatic increases to the income thresholds to keep up with inflation. Throughout the COVID-19 pandemic, the City has extended the application deadline by two months to the end of October.

To further increase awareness of the relief programs, the City has engaged in targeted demographic advertising campaigns in community newspapers, radio, websites and social media platforms regularly visited by those over the age of 55. Revenue Services is also involved with the Seniors Strategy Accountability Table to continue to build on program awareness, communications and direct interactions.

### **RECOMMENDATIONS**

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The Controller recommends that:

1. City Council receive this report for information.

## FINANCIAL IMPACT

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Annually, the City's Property Tax, Water and Solid Waste Relief programs provide over \$6.2 million in relief to eligible low-income seniors and persons with disabilities. This total includes approximately \$3.8 million in property tax relief, and approximately \$1.2 million in water relief and \$1.2 million in solid waste relief, provided to over 7,000 households. These amounts are identified and budgeted for each year within the non-program tax deficiency account, and within the respective rate-supported budgets for Toronto Water and Solid Waste Management Services, respectively.

As it is recommended that this report be received for information, and as no changes to the current relief levels or program eligibility are recommended, there are no financial impacts arising from the adoption of this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

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At its meeting on January 29, 2020, City Council adopted the report, "[GL11.3 - Automated Income Verification for Property Tax, Water and Solid Waste Relief Programs](#)" authorizing the City to enter into a Memorandum of Understanding with the Canada Revenue Agency to verify income and related information for the purposes of determining eligibility of applicants for the Property Tax, Water and Solid Waste Relief Programs.

At its meeting on June 29, 2020, City Council adopted the report, "[EX14.4- Eligibility Criteria for the City's Property Tax, Water and Solid Waste Relief and Rebate Programs](#)", which amended the eligibility criteria for the City's relief programs to ensure that applicants, who are otherwise eligible, are not disqualified where a co-owner is registered on title but does not reside at the property. The report also reviewed the implications of increasing the maximum household income thresholds that establish eligibility for each of the relief programs.

At its meeting on February 17, 2022, through "[EX30.2 – 2022 Capital and Operating Budgets](#)", City Council adopted motion 12a that:

1. City Council request the Director, Revenue Services to report to the Executive Committee in the second quarter of 2022 on the Property Tax, Water and Solid Waste Relief Programs that would include a review of any barriers to participations, related fees and the timing of posting information and forms.

## COMMENTS

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## Current Eligibility Criteria for all Relief Programs

The City provides financial relief to eligible low-income seniors and persons with disabilities through the property tax, water and solid waste relief programs. An applicant must apply annually and can select all available programs through one application. There are no related fees required to apply for the programs. Each program has its own eligibility criteria; however, there are some requirements common amongst all programs including:

- Property tax and utility accounts must not be in arrears
- Applicant must have owned and occupied the property as their principal residence for one year or more before August 31<sup>st</sup> of the year in which the application is made.
- Combined household income is based on the total income of all listed owners who live at the property, including spouses.
- Age requirements must be met by December 31<sup>st</sup> of the current tax year. Proof of age may be required for first time applicants.

Program specific eligibility criteria and type of relief offered is summarized in Table 2 below.

Table 1: 2022 Property Tax, Water and Solid Waste Relief Program Eligibility Criteria

Program	Type of Relief	Eligibility Criteria
Property Tax Increase Cancellation Program	Cancellation of property tax increases	<ul style="list-style-type: none"> <li>• Combined annual household income must be \$46,305 or less</li> <li>• Residential property assessment must be \$975,000 or less</li> <li>• 65 years of age or older, OR</li> <li>• 60-64 years old and receiving Old Age Security; Old Age Security Spouse's Allowance, OR</li> <li>• Person with disabilities receiving disability benefits</li> </ul>
Property Tax Increase Deferral Program	Property tax increases are deferred and must be paid back to the City if an individual no longer owns the property	<ul style="list-style-type: none"> <li>• Combined annual household income of \$50,000 or less</li> <li>• 65 years of age or older, OR</li> <li>• 60-64 years old and receiving Old Age Security; Old Age Security Spouse's Allowance, OR</li> <li>• 50 or older and receiving a pension or pension annuity from a pension plan, OR</li> <li>• Person with disabilities receiving disability benefits</li> </ul>
Water Rebate Program	A rebate representing a 30%	<ul style="list-style-type: none"> <li>• Same criteria as deferral program above, plus</li> </ul>

Program	Type of Relief	Eligibility Criteria
	reduction from the Block 1 water rate.	<ul style="list-style-type: none"> <li>Consume less than 400 m<sup>3</sup> annually, and</li> <li>Have metered water service in the home</li> </ul>
Solid Waste Rebate Program	Rebate on the solid waste portion of an individual's utility bill	<ul style="list-style-type: none"> <li>Same criteria as deferral program above, plus</li> <li>Be billed for small, medium, large garbage collection bin, OR</li> <li>Be a single family residential bag-only customer.</li> </ul>

Based on the current eligibility criteria, the City is able to approve the majority of the applications it receives. Table 2 summarizes the total number of applications processed for 2021 and the number of applications approved for each program.

Table 2: Application Approval Percentage Rate for City's Property Tax, Water and Solid Waste Relief Programs

Applications	Property Tax Increase Cancellation	Property Tax Increase Deferral	Water Rebate	Solid Waste Rebate
Applications Processed	7,617	1,031	7,319	7,388
Applications Approved	6,592	237	6,495	6,627
<b>Approval Percentage</b>	<b>86.5%</b>	<b>23.0%</b>	<b>88.7%</b>	<b>89.7%</b>

It is important to note that the approval rate for the deferral program is generally low because the majority of these applicants (93.6%) were already approved for the cancellation program, therefore there would be no amount of property tax increase to defer.

Applicants can be refused for not meeting one or more of the program requirements which vary among the four programs. The refusal reasons by program for the 2021 tax year is summarized in Appendix 1. Applicants that do not meet the eligibility criteria are generally refused for the following reasons.

- Property assessment value is greater than \$975,000 (cancellation program only)
- Household income is greater than criteria threshold
- Did not meet age requirements or provide documentation to support age requirements
- Does not live at the subject property

To reduce the number of refused applications, the City has taken several measures to overcome any potential barriers to participation in the programs.

### **Automated Income Verification and Online Application Portal**

For the 2020 tax year, the City introduced an online application portal that provides applicants near real time response to determine which relief programs they may be eligible for. Prior to submission of the online application, the applicant must provide consent to the City along with the consent of their spouse or other household members to verify household income through the CRA for the purposes of determining eligibility. This process reduces turnaround time and an applicant's eligibility can be processed within 72 hours provided the name, social insurance number and date of birth submitted to the CRA can be successfully validated. All other eligibility criteria can be validated and assessed by the online applications rules and information already existing within the tax system.

This new process has reduced the amount of paper work that an applicant has to submit, and reduces interactions between staff and applicant which can lengthen the application review process and be administratively burdensome. The online portal also reduces the amount of electronic and physical documentation processing and storage.

The City continues to accept paper based applications so as not to create any barriers to applicants that may not have access or are not comfortable in using the technology.

### **Expanding Eligibility Criteria for Property Co-ownership**

In 2020, City Council approved amendments to the eligibility criteria which ensures that the income of another individual or family member listed on title of the property, but not living at the property, is not included as part of the household income verification.

As an applicant may co-own their principal residence with another individual (such as their children) for estate planning or other purposes, their income would be considered as part of the application process to determine eligibility. However, with this recent amendment to the applicable by-laws, if the individual(s) can provide proof of residency through a driver's license or utility bill for example, that demonstrates they do not live at the property in which the application is being considered, their income would not be used for the purposes of determining eligibility. This program amendment removes an additional barrier that would prevent an applicant from participating.

### **Income Thresholds**

Since 2015, through a motion adopted by City Council, the household income eligibility for the property tax increase cancellation program is automatically adjusted based on the Consumer Price Index (CPI) annual change for all items for Toronto. For the 2022 tax year, the income threshold for property tax increase cancellation program is \$46,305 and \$50,000 for all other programs.

Statistics Canada provides two different measures of gross low income - the Low Income Cut-Off (LICO) and the Low Income Measure (LIM). The LICO estimates an income threshold below which a family will likely devote a larger share of its after-tax income on the necessities of food, shelter and clothing than the average family. The LIM is a relative measure of low income set at 50% of adjusted median household income. While these benchmarks are based on different family and community sizes and not specific to low-income seniors and persons with disabilities in Toronto, the income thresholds used for the relief programs are set higher than these benchmarks. For 2020 the LICO and LIM for 2 persons in communities with a population of 500,000 or more before tax is \$33,141 and \$37,576 respectively.

## **Property Assessment**

The Current Value Assessment (CVA) threshold for the property tax increase cancellation program is set at \$975,000 or less. There is no CVA threshold for the deferral and utility relief programs. This threshold was increased by City Council in 2019 from \$850,000. Based on data released in April 2022 by the Canadian Housing Statistics Program, in 2020 the average assessment value for homeowners aged 55 and over in the City of Toronto was \$950,000 which is lower than the current threshold for the City's tax cancellation program.

Due to the COVID-19 pandemic, the province wide 2020 Assessment Update is postponed and property assessment values will continue to remain the same for the 2022 and 2023 taxation years. While assessments changes from the provincial update are phased in over four years, it is anticipated that CVA's will be reflective of the impact from an active real estate market prior to and throughout the pandemic.

As there is no immediate impact on the current value assessment threshold used for the cancellation program, it is not recommended to increase this threshold at this time, however Council may wish to consider increasing the threshold for the 2024 tax year so as not to disqualify applicants facing significant assessment related increases.

## **Collection of Arrears**

Property tax accounts that have prior year taxes owing and utility accounts that have outstanding balances would not qualify for the relief programs. To minimize the number of refusals due to arrears, staff from the Rebates and Collections units work with the applicant to provide opportunities to pay any outstanding amounts before processing a final decision on the application.

## **Communication of Relief Programs**

Applicants must apply for the tax, water and solid waste relief programs annually, so it is important that current and potential new applicants are not only aware of the benefits and requirements of the program, but also when the application period is open and the deadline to apply.

Each year, the relief programs are promoted through the general brochures inserted into the interim and final tax bills and utility bills annually. Relief program pamphlets and applications are distributed to the Mayor's office, Members of Council, all inquiry and payment counters and City senior centres. Revenue Services also has a mailing registry of approximately 8,000 property owners made up of relief program applicants and customers who requested paper-based applications to distribute relief program brochures and applications.

Promotional postcards directing potential applicants to the relief programs website are distributed to all Toronto public libraries, community centres, TPH-TESS hubs and inquiry and payment counters. The City's website is updated with the most recent information and the programs are promoted on frequently visited pages. Applicants can apply online through the application portal or obtain a paper-based application that is AODA compliant, downloadable and fillable. Paper applications are also included in the final tax bill to residents that have previously applied for the programs.

Online applications currently make up approximately 17% of the total applications received. As the majority of applicants tend to be the same residents each year, uptake for the online portal may be low due to acceptance of this new option for those who have been accustomed to submitting a paper application. Staff continue to promote awareness of the online application portal on all brochures, postcards and applications.

As the application deadline approaches, the City has increased advertising campaigns through targeted demographic paid advertising. This includes print ads taken in community newspapers like Metroland and radio ads through Zoomer Radio where the average age of listeners is 63 years old. Paid advertisements are also taken on websites and social media platforms used by the 55+ demographic and the City posts on the corporate Twitter and Facebook accounts. Involvement with the Seniors Strategy Accountability Table has provided Revenue Services opportunities to communicate the relief programs directly to seniors, City divisions and various senior focused groups.

Applications are reviewed and updated annually to ensure that they meet all legislative requirements and are accessible. The applications are typically available in May of each year and while the deadline to apply is set at August 31<sup>st</sup>, Council has extended the due date to October 31<sup>st</sup> throughout the pandemic and this due date continues for the 2022 taxation year.

## **Other Jurisdictions**

There are various programs offered by municipalities and provinces across Canada to assist low income seniors and persons with disabilities with property taxes. Appendix 2 of this report summarizes any tax, water and solid waste relief programs available in other Canadian jurisdictions and the general eligibility criteria compared against the City of Toronto's programs.

It is difficult to provide direct comparisons among other cities due to the varied nature of the programs, income and cost of living; however, it appears that most of the relief comes in the form of property tax deferrals. Tax deferrals do not impact municipal tax revenues in the long term, since in most cases the deferred tax revenues are collected

following a change in ownership. Some GTHA municipalities offer set amount credits/rebates applied against the property taxes however require the applicant to receive the Guaranteed Income Supplement (GIS) which sets a much lower income threshold than the City of Toronto.

The City of Ottawa and Hamilton offer full or partial property tax deferrals in the form of loans subject to interest payable upon the sale of the property. Both cities charge a fee for initial application and annual renewal. Montreal and Vancouver do not offer tax relief programs directly as these are administered at the provincial level.

Most of the cities examined in this report do not offer any relief programs for water billing. It should be noted that only the City of Calgary offered a rebate towards garbage and recycling, as they were the only other municipality that charged based on bin size.

## **CONTACT**

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Casey Brendon, Director, Revenue Services  
Phone: (416) 392-8065, Fax: (416) 696-3778, E-mail: [Casey.Brendon@toronto.ca](mailto:Casey.Brendon@toronto.ca)

## **SIGNATURE**

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Andrew Flynn  
Controller



## APPENDIX

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### APPENDIX 1 – Applicant Refusal Reasons By Program

#### Property Tax Increase Cancellation Program

Refusal Reason	Percentage (%)
Property assessment is greater than \$975,000	38.0%
Household income is greater than \$45,000	36.4%
Did not meet age related requirement	11.0%
Does not live at subject property	4.4%
Less than one year at current address.	3.5%
Not an assessed owner	2.3%
Application Received Date later then Application Submission Deadline.	2.1%
Account does not have an increase.	1.4%
Tax Account in arrears.	0.9%
Amount of Cancellation less than \$10.00.	0.2%

#### Property Tax Increase Deferral Program

Refusal Reason	Percentage (%)
Approved for the cancellation program	93.6%
Household Income is greater than \$50,000	2.9%
Did not meet age related requirement	0.9%
Less than one year at current address.	0.7%
Does not live at subject property	0.5%
Application Received Date later then Application Submission Deadline.	0.4%
Not an assessed owner	0.4%
Tax Account in arrears.	0.3%
Account does not have an increase.	0.3%
Amount of Deferral is less than \$10.00.	0.1%

### Water Rebate Program

<b>Refusal Reason</b>	<b>Percentage (%)</b>
Household Income is greater than \$50,000	26.1%
Water account is not a metered account.	18.3%
No utility account associated to tax account.	16.3%
Did not meet age related requirement	13.8%
Does not live at subject property	6.8%
Water consumption is not less than 400 cubic meters.	6.8%
Not an assessed owner	3.8%
Less than one year at current address.	3.5%
Application Received Date later then Application Submission Deadline.	3.5%
Tax Account in arrears.	1.0%
Water account in arrears.	0.3%

### Solid Waste Rebate Program

<b>Refusal Reason</b>	<b>Percentage (%)</b>
Household Income is greater than \$50,000	34.2%
No utility account associated to tax account.	22.1%
Did not meet age related requirement	18.9%
Does not live at subject property	8.8%
Not an assessed owner	5.5%
Less than one year at current address.	4.9%
Application Received Date later then Application Submission Deadline.	3.9%
Tax Account in arrears.	1.3%
Assessed property owner(s) not the same as the active utility client.	0.3%

## APPENDIX 2 - Tax and Utility Relief Programs in Other Canadian Municipalities

Municipality	Eligibility	Tax Relief Program	Water and/or Solid Waste (where applicable)
City of Toronto	<ul style="list-style-type: none"> <li>Low income seniors (65+), 60-64 OAS eligible or persons with disabilities</li> <li>Household income &lt; \$45,305/yr</li> <li>Residential assessment &lt; \$975,000</li> </ul>	Property Tax Increase Cancellation <ul style="list-style-type: none"> <li>\$633 (2021 Average)</li> </ul>	<ul style="list-style-type: none"> <li>Water Rebate – Up to \$496.06 (2021) ; Average rebate \$182 (2020)</li> <li>Solid Waste Rebate – \$72.41 - \$227.01 (2021 – based on bin size)</li> </ul>
	<ul style="list-style-type: none"> <li>Low income seniors (65+), 60-64 OAS eligible or persons with disabilities</li> <li>Household income &lt; \$50,000/yr</li> </ul>	Property Tax Increase Deferral <ul style="list-style-type: none"> <li>\$632 (2021 Average)</li> </ul>	
City of Mississauga	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities</li> </ul>	\$445 Property tax rebate (2021)	Storm water charge – 100%
City of Brampton	<ul style="list-style-type: none"> <li>\$19,656 / \$25,968 GIS or ODSP eligible</li> </ul>	\$400 Property tax credit	
York Region	<ul style="list-style-type: none"> <li>Seniors (65+), or persons with disabilities receiving ODSP</li> <li>Low income seniors (55-64), \$23,000 (single person)/ \$40,000 (2+ household)</li> </ul>	Full or partial deferral of property tax increase	
City of Vaughan (York)	<ul style="list-style-type: none"> <li>Seniors 65+</li> <li>\$19,656 / \$25,968 GIS eligible</li> </ul>	\$387 Property tax credit (2022)	

Municipality	Eligibility	Tax Relief Program	Water and/or Solid Waste (where applicable)
Town of Newmarket (York)	<ul style="list-style-type: none"> <li>Seniors 65+</li> <li>\$19,656 / \$25,968 GIS eligible</li> </ul>	\$450 Property Tax rebate (2021)	\$450 per year for eligible GIS, Ontario Works, ODSP or similar program recipients
Durham Region	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities</li> <li>\$19,656 / \$25,968 GIS or ODSP eligible</li> </ul>	Deferral of annual reassessment related tax increases	
City of Oshawa (Durham)		\$535 Property tax grant (2022)	
City of Pickering (Durham)		\$525 Property tax grant (2022)	
City of Ottawa	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities, OAS or ODSP eligible</li> <li>Household income &lt; \$45,357</li> <li>\$151 application fee; \$53 annual renewal fee</li> </ul>	Full property tax deferral at reduced rate of interest	Water Utility Bill Deferral Program
	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities, OAS or ODSP eligible</li> <li>Household income &lt; \$30,000</li> <li>Residential assessment &lt; \$500,000</li> <li>\$151 application fee; \$53 annual renewal fee</li> </ul>	Partial deferral of property taxes at a reduced rate of interest	

Municipality	Eligibility	Tax Relief Program	Water and/or Solid Waste (where applicable)
City of Hamilton	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities</li> <li>Household income &lt; \$36,900</li> </ul>	Property tax increase deferral	
	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities</li> <li>Household income &lt; \$38,160</li> <li>\$200 application fee; \$100 annual renewal fee</li> </ul>	Full property tax deferral subject to interest	
	<ul style="list-style-type: none"> <li>Low income seniors (65+) or persons with disabilities</li> <li>Household income &lt; \$36,900</li> <li>Residential assessment &lt; \$495,800</li> </ul>	\$200 Property tax rebate (2021)	
City of Montreal	<ul style="list-style-type: none"> <li>Seniors (65+)</li> <li>Household income &lt; \$54,700</li> </ul>	<ul style="list-style-type: none"> <li>Provincial program</li> <li>Grant to offset property tax increase due to significant increase in assessment</li> </ul>	
City of Vancouver	<ul style="list-style-type: none"> <li>Seniors (65+) or persons with disabilities</li> <li>Residential assessment &lt; \$1,975,000</li> </ul>	<ul style="list-style-type: none"> <li>Provincial program</li> <li>Homeowner property tax grant of \$845</li> </ul>	
	<ul style="list-style-type: none"> <li>Seniors (65+) or persons with disabilities</li> <li>Residential assessment &gt; \$1,975,000</li> <li>Household net income &lt; \$32,000</li> </ul>		

Municipality	Eligibility	Tax Relief Program	Water and/or Solid Waste (where applicable)
City of Calgary	<ul style="list-style-type: none"> <li>Individuals or households that meet the Statistics Canada Low Income Cut-Off (LICO)</li> </ul>	Property tax increase credit/grant	Rebate from waste and recycling services if qualified for property tax assistance program
	<ul style="list-style-type: none"> <li>Seniors (65+)</li> </ul>	<ul style="list-style-type: none"> <li>Provincial program</li> <li>Full or partial deferral of property taxes subject to low interest home equity loan</li> </ul>	