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June 22, 2015

CORPORATE SERVICES REPORT - FINANCIAL SERVICES – 2015-37

TO: Mayor Tony Van Bynen and Members of Council
Committee of the Whole

SUBJECT: Aging in Place, Financial Policy Considerations

ORIGIN: MFIP Intern

RECOMMENDATIONS

THAT Corporate Services Report - Financial Services – 2015-37 dated June 22, 2015 regarding Aging in Place, Financial Programs be received and the following recommendations be adopted:

- 1. THAT the attached study, Aging in Place, Financial Policy Considerations for the Town of Newmarket be received;**
- 2. AND THAT a draft implementation plan be brought back for consideration during the 2016 budget deliberations.**

COMMENTS

Purpose

The purpose of this report is to provide information on the financial well-being of seniors and provide options for enhancements to the current tax and charge alleviation programs to help seniors and residents age in place.

Budget Impact

To extend the program to support all low income senior residents through the Tax Assistance Program the preliminary estimate is that it will increase the payment to seniors to \$84,000 up from \$27,674 currently. To extend the program to support all low income residents through the Water and Wastewater program, the preliminary estimate is it will cost \$833,000 which represents 2.7% of the water and wastewater budget of 2015 up from \$27,936 currently.

Summary

The senior poverty rate in Canada has dropped considerably over the decades. This report proposes options to enhance the current financial assistance programs to assist those most impacted by poverty and making enrollment in the programs as easy as possible.

Background

As people experience living in their own home, they form attachments to their houses and create social ties within their communities. They build social networks, form fond memories, and learn where and how to access services. The concept of staying in one's home and/or community well into old age has been termed as 'aging in place'.

There are several financial programs that help seniors age in place. The Regional Municipality of York established the tax deferral program and is administered by the Town for local residents. With the adoption of Finance Report 2005-31, the Town of Newmarket established the first tax assistance program for seniors in 2006. The Town also offers a water and waste water rebate program to help low income residents pay for the fixed portion of their utility bill. The federal and provincial governments also provide programs that help seniors afford their home.

Analysis

Statistics show that seniors are relatively financially well off. In the 1970's, seniors once faced the highest rates of poverty in Canada; now they experience the lowest poverty rate of any age group. The poverty rate among seniors is almost half that of working-age Canadians. Moreover, affordability statistics suggest that seniors are no more likely to lose their homes to financial constraints when compared to the baby boomers.

Knowing the financial situation of seniors, there appears to be little justification for expanding the financial benefit package that the Town provides to seniors. However, in reviewing the current benefit package, opportunities for improving them have surfaced and recommended enhancements are proposed in the options section of this report.

Establishing a tax deferral program was originally a preferred method of providing tax assistance. However, the Town of Newmarket is not authorized to pass a by-law providing for deferrals or cancellation of property taxes according to s.319 of *the Municipal Act, 2001*. This is an upper-tier and single-tier municipal responsibility.

Beyond financial assistance, public health officials identify that community-based factors, such as land use and urban design, can improve the health status and quality of life for seniors. The 2010 report on *The State of Public Health in Canada: Growing Older - Adding Life to Years* suggests a list of items that municipalities can do to assist seniors other than through financial policies. The list was to provide:

- Clean, quiet and peaceful environments;
- Adequate, well-lit and well-maintained streets and sidewalks to reduce the risk of falling (e.g. snow-clearing in winter; a smooth, level, non-slip surface);
- Walking paths that are safe from users on wheels (bicycles, rollerblades, skateboards) with nearby accessible toilets;
- Accessible and affordable public transportation with priority seating;
- Streets and buildings that are hazard-free (e.g. suitable stairs – not too high or steep – with railings; non-slip flooring);
- Housing designs that integrate older people into the community; and
- Opportunities for seniors to participate in civic, cultural, educational and voluntary activities, by making these activities accessible and affordable.

Options

Given the analysis provided in the attached study, this report provides 8 recommendations to enhance the current programs offered by the Town.

1. Expanding the Tax Assistance Program to Renters

Seniors who live in rental apartments are equally exposed, if not more so, to the economic pressures that cause seniors to move out of their homes. An expansion of the tax assistance program to renters would make the program more effective as renters are more likely to experience lower incomes. It is appropriate to add tax assistance for renters because renters pay property taxes through their rent.

2. Creating Direct Income Criteria to include all low-income residents in Financial Assistance Programs

The Town of Newmarket offers income-tested benefit programs across many departments. Enrollment in each of them requires their own application. While each program requires proof of income, different programs require proof through different types of documentation (e.g. Guaranteed Income Supplement, Ontario Works, Notice of Assessment, etc.). This can add unneeded complexity for both the applicant and the Town's administration.

Although residents of all ages are eligible for the Water and Wastewater Rebate Program, for one to be enrolled in Ontario Works is much more difficult as a non-senior adult than for one to be enrolled in Guaranteed Income Supplement as a senior even if private income is the same in both scenarios. This is in part why 96% of all participants of the water rebate program are seniors.

3. Implementing a Marginal Rate for Benefits

The Town provides either a full grant to seniors or nothing – there is no partial amount.. This can be perceived as inequitable as those who saved to draw money from their RRSPs later in life may be punished for falling just above the cut off income. Therefore, to reward those that saved, there could be a decreasing benefit as incomes rise above the cut-off income.

4. Consider Whether Tax Assistance Should Add To or Replace the Tax Deferral Program

Currently, the benefit of the tax assistance program is used to pay off any tax deferrals. Since the tax assistance benefit is greater than one could reasonably expect to defer in one year, the tax assistance benefit eclipses the benefit of the tax deferral program. By-law 2005-31 could be amended to state the benefits of the program be additive.

5. Promoting the Financial Programs

Given the participation levels of the financial assistance program, there may be a lack of awareness of them. Active promotion of the program may increase enrollment of the financial assistance programs.

6. One Application Process

Having one application for all income-tested benefits can help reduce paper work for the applicants and reduce the Town's administrative costs. By having applicants provide the appropriate information and indicating which programs they wish to participate in, one application can be sufficient. Having one application would also raise awareness of the other income-tested programs and enhance the applicant's privacy.

7. Research land use and urban design factors that can be improved to assist seniors to age in place

As per the recommendation of *The State of Public Health in Canada: Growing Older - Adding Life to Years* the Town can consider non-financial programs to assist seniors in Newmarket.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report links with Newmarket's Council Strategic Priorities of Community Engagement – Engaging Our Changing Resident Demographics.

The Council Priorities are supported by the Financial Services Priority of “Compassionate Measures”. The targeted outcomes are a review of our current grant program measures and offer suggestions for enhancements, such as proposing new ways to streamline the application process.

This report links to Newmarket's vision of “Well-respected” by being an influential contributor in Regional and Provincial affairs. This report makes recommendations to implement income tested benefit programs where the common practice is to provide benefit based primarily on age. In a report on June 11th to the Committee of the Whole - York Region, it said: *“there appears to be an impending policy shift across Canada and other municipalities, away from providing subsidies and deferrals based on age to an income-tested model.”* Newmarket can be a leader in this regard.

CONSULTATION

Newmarket's Supervisor, Property Tax & Assessment was consulted to determine the tax and rebate policies addressing poverty alleviation in Newmarket. The tax clerks were consulted to determine the application of the tax assistance and rebate programs. Tax heads from the regional and local municipalities in York Region were consulted to determine current practices. Newmarket's Economic Development Officer, Statistics Canada and York Region were consulted to attain poverty and housing affordability statistics. Newmarket's Director of Recreation and Culture was consulted with respect to coordinating means testing to streamline the application process for potential participants.

HUMAN RESOURCE CONSIDERATIONS

Not applicable to this report.

BUDGET IMPACT

Operating Budget (Current and Future)

This report recommends program options and has no immediate budget impact. Once Council has determined the options to pursue, staff will provide reports to implement the options chosen.

Tax Assistance Program

The cost of expanding the tax assistance program to renters is estimated to be \$84,000 annually. The cost of the program currently is \$27,674. The method for calculating this cost was to take the population of Newmarket's seniors, 8,895, and multiply the population by the senior poverty rate, 5%. The result was that 445 seniors are below the poverty line. The average senior household size in Newmarket is estimated to be 1.5 people. To find the total number of households below the poverty line, the number of seniors below the poverty line - 445, was divided by the number of seniors per household - 1.5, which resulted in 297 households. To determine the total cost of the program, the number of families below the poverty line was multiplied by the rebate of \$284 per year, which resulted in \$84,000 per year.

To provide a long term impact assessment of this policy, the senior population is expected to be 2.5 times bigger by 2031. Also, the benefit increases every year assuming a 1.5% per year service level increase and inflation 2% in inflation, the benefit will be \$632 in today's dollars. The cost of the program if this option is chosen is estimated to be \$470,000 per year in 2031 in today's dollars.

Water and Wastewater Rebate

Since the non-senior age cohort is more populous than the 65 plus cohort, it is estimated that the cost of the program will increase from \$27,936 per year to \$833,000. The method for calculating this cost was to take the population of Newmarket - 87,900, and multiply the population by the poverty rate - 10.2%. The result was that 8,966 people are below the poverty line. The average household size in Newmarket is 3.1 people. To find the total number of households below the poverty line, the number of people below the poverty line - 8,699, was divided by the average number of people per household - 3.1, which resulted in 2,802 households. To determine the total cost of the program, the number of families below the poverty line was multiplied by the rebate of \$288 per year, which resulted in \$833,000 per year. This cost reflects 2.7% of the annual budget of the water and wastewater utility.

Capital Budget

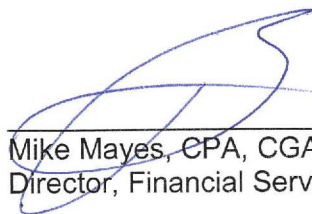
This report has no budget impact.

CONTACT

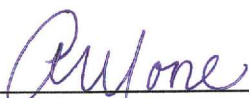
For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca



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MFIP Intern, Financial Services



Mike Mayes, CPA, CGA
Director, Financial Services/Treasurer



Anita Moore, AMCT
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KY/MM/nh
Attachment

- Aging in Place, Financial Policy Considerations for the Town of Newmarket (14 pages)