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2021 Financial Relief Program in Response to Covid-19 Staff Report to Council

Report Number: 2021-02

Department(s): Financial Services

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Meeting Date: January 11, 2021

Recommendations

1. That the report entitled 2021 Financial Relief Program in Response to COVID-19 dated January 11, 2021 be received; and,
2. That Council approve the 2021 Financial Relief Program, which consists of:
 - i. Waiving Penalty and Interest on Unpaid Property Taxes for Eligible Residential Property Owners until December 31, 2021;
 - ii. Increase Property Tax Assistance to the Elderly from \$320 to \$450;
 - iii. Increase Water and Waste Water Rebate from \$354 to \$420;
 - iv. Water Rebate of \$1,000 for Eligible Small Businesses; and,
3. That Council approve the 2021 Financial Relief Program to begin on February 1, 2021 until December 31, 2021; and,
4. That Council approve a one (1) temporary part-time staff to assist Financial Services Department in administering the Financial Relief Program in 2021; and,
5. That Staff be directed to report back to Council if revisions to the program is required based on resident feedback, new Provincial initiatives or a substantial change in the state of pandemic; and,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to seek approval for a new Financial Relief Program to replace the current Program. The current Financial Relief Program was approved by Council to be extended until January 31, 2021. As a result, this new program will take effect on February 1, 2021

Background

On April 27, 2020, Council approved a Financial Relief Program for residents and business owners to assist those financially affected by the COVID-19 Pandemic. The relief program was originally set to end on January 1, 2021 but was recently extended to January 31, 2021. Currently, the relief available to property owners are listed below:

- No penalty and interest charges on property tax payments until January 1, 2021
- No penalty and interest charges for late payment of water/wastewater bills until January 1, 2021
- Reducing water and wastewater rates by 4.69 per cent beginning May 1, 2020
- Waiving all Non-Sufficient Fund (NSF) penalties until the end of June 2020
- No penalty and interest charges for all Town accounts receivable including development agreements, leases and sponsorships

In addition to the current Financial Relief Program, the Town of Newmarket provides the following financial assistance to eligible residents:

- Tax Assistance to the Elderly Program; and,
- Water Rebate Program.

Tax Assistance to the Elderly Program

In 2020, eligible low-income seniors receiving the Federal Guaranteed Income Supplement could apply for a tax rebate of \$320 through Newmarket's Tax Assistance to the Elderly Program. In normal circumstances, the tax rebate available for low-income seniors would have been \$326 in 2021. On average, 112 residents apply and receive this rebate annually. This amount is annually adjusted with the budgetary increase – 1.98% for 2021.

Water Rebate Program

Residents/seniors who receive any of the following: Guaranteed Income Supplement or Ontario Disability Support Program or Ontario Works Assistance can apply to receive a monthly rebate of \$29.50 (or \$354 annually) applied directly to their utility bill. Approximately 208 residents applied and received this rebate in 2020. In normal circumstances, the water rebate available for eligible residents would have remained the same at \$29.50 monthly or \$354 annually in 2021.

Discussion

With the current financial relief program assistance set to end on January 31, 2021, staff is proposing to replace the program with a more targeted alternative that will provide assistance to those affected by the pandemic. As a result, staff is proposing the following Financial Relief be available for 2021:

1. Waive Penalty and Interest on Unpaid Property Taxes for Eligible Residential Property Owners;
2. Increase Property Tax Assistance to the Elderly from \$320 to \$450;
3. Increase Residential Water and Waste Water Rebate from \$354 to \$420; and,
4. Water Rebate of \$1,000 for Eligible Small Businesses

1. Waive Penalty and Interest on Unpaid Property Taxes for Eligible Residential Property Owners

As part of the current Financial Relief Program, by waiving penalty and interest charges, all property owners are effectively able to defer paying their taxes until January 31, 2021. Upon further review, staff determined that this current approach is not sustainable. A more targeted approach is necessary to ensure that assistance reaches those severely affected by the pandemic. As a result, staff is proposing an application-based method of waiving penalty and interest on unpaid property taxes until December 31, 2021.

In addition to the change in how penalty and interest is waived (now through an application basis), staff is also recommending that this initiative be offered to residential property owners only. The following addresses the concerns regarding the availability of a similar assistance for tenants and business property owners.

Tenants

Although the Town can waive penalty and interest on taxes for the landlord/property owner, the Town does not have the authority to enforce rent payment reductions on landlords as a result. Applying for Provincial assistance such as the Canada Recovery Benefit (CRB) provides a better alternative for tenants affected by the pandemic.

Business Property Owners

On November 5, 2020, The Province released the *2020 Ontario Budget*, which included a number of measures aimed to support business owners affected by the pandemic. Examples of assistance available to business owners include:

- Support for Employers in COVID-19 Hotspots. The Province will provide financial assistance to businesses affected by modified stage 2 restrictions (or lockdown). Assistance is extended to property taxes and energy bills (the energy bills covered under this initiative includes Hydro and Gas).
- Reduction of Business Education Tax (BET) rates for eligible businesses
- New Optional Small Business Tax Class – currently under review by York Region

If approved, waiving penalty and interest on unpaid property taxes for eligible residential property owners will take effect on February 1, 2021. Eligible residents can apply to have their penalty and interest waived until December 31, 2021. In order to be eligible, the applicant must:

1. Be a residential property owner in Newmarket;
2. Have suffered reduced hours, job loss or significant loss of income as a result of the pandemic
 - a. Be required to provide documents to support financial hardship (e.g., letter from employer, CRB, CRSB, CRCB or EI eligibility letter); and,
3. Designate one residential property for financial relief

The application form will be made available through the Town's website. Staff is also looking at the possibility of utilizing electronic forms that can be submitted online.

The administration of this program is manually intensive and will require staff to review and approve applications as well as adjust penalty and interest on a monthly basis. Staff anticipates an additional 0.25 of a full-time employee (approximately \$25,000) is required to administer the program.

2. Increase Property Tax Assistance to the Elderly from \$320 to \$450 in 2021

In 2020, low-income seniors who qualified for the Federal Guaranteed Income Supplement were eligible to apply for a property tax rebate of \$320. Since 2015, the number of eligible applicants in the program has stayed relatively the same (average of 112 annually).

The effect of the pandemic on the elder population highlighted the need for all levels of Government to provide support to ensure their well-being. Many, including seniors have to cope with the economic uncertainties of this pandemic. As a result, staff is recommending to temporarily increase the rebate available to low-income seniors by approximately 40% or \$130 in 2021. Effectively increasing the rebate from \$320 to \$450 in 2021.

3. Increase Residential Water and Waste Water Rebate from \$354 to \$420

The Town offers eligible residents a water and waste water rebate if they qualify for any of the following:

- Guaranteed Income Supplement under the Old Age Security Act;
- Support under the Ontario Disability Program; and,
- Ontario Works Assistance

If eligible, the resident can submit an application to the Town for review. In 2020, eligible residents received a credit of \$29.50 per month or \$354 for the year, applied directly to their monthly utility bill.

As part of the 2021 Financial Relief Program, staff is recommending a temporary increase of \$66 or approximately 19% in 2021. Effectively increasing the rebate from \$354 to \$420 in 2021 or \$35 monthly. If approved, eligible residents who qualify for this program will receive a rebate equal to that of their basic monthly meter charge (basic monthly meter charge in 2021 is \$35).

4. Water Rebate of \$1,000 for Eligible Small Businesses

As indicated earlier, the Province of Ontario will be providing property tax and energy bill (e.g., Hydro and Gas) rebates to businesses that are affected by the Provincial lockdown and modified stage 2 measures. Staff recognized that this Provincial initiative falls short in providing a rebate for the water portion of business' utility bills.

As a result, staff is recommending a \$1,000 water rebate directed to Eligible Small Businesses in 2021. This is a temporary rebate available only in 2021. Staff identified approximately 420, Non-residential utility accounts that are eligible for this rebate. For the purpose of this rebate, the eligibility is outlined as follows:

- The utility account must be identified as Non-residential (ICI account);
- Meter size must be less than 2"

Staff is aware that the definition used to define small businesses for the purpose of this rebate is simplified. However, in order to reduce administration costs and to ensure that this assistance reaches as many businesses as possible, staff is recommending the definition above. In addition, this rebate is not limited to property owners only. Eligible Small Business tenants will receive this rebate if the utility account is registered under their name.

Eligible Small Businesses do not need to apply for the rebate. The water rebate of \$1,000 will be applied in ten (10) instalments or \$100 per instalment, directly on the utility bill. Business owners should expect to see a \$100 rebate line item on their utility bill starting February 2021 until November 2021.

Conclusion

Due to the recent announcement from the Province to place York Region under “lockdown” measures, continued assistance to residents and business owners is still necessary in 2021.

In developing the revised Financial Relief Program for 2021, staff adhered to the following principles:

- Administration costs associated with the program must be kept to a minimum; and,
- Assistance must be directed to individuals in need of financial assistance/support

The result is a list of four (4) initiatives to make up the 2021 Financial Relief Program, including the Provincial Property Tax and Energy Rebate for Businesses affected by the Provincial restrictions. These are illustrated in Table A – 2021 Financial Relief Summary.

Table A - 2021 Financial Relief Summary				
Initiatives	2021	2020	Difference (\$)	Difference (%)
Waive Penalty and Interest for Unpaid Property Taxes for Eligible Residential Property Owners*	\$800	\$600	\$200	33%
Property Tax Assistance to the Elderly	\$450	\$320	\$130	41%
Residential Water/Waste Water Rebate	\$420	\$354	\$66	19%
Assistance Available for Residential Property Owners	\$1,670	\$1,274	\$396	13%
Provincial Property Tax and Energy Rebate for Businesses**	\$8,750	\$0	\$8,750	New in 2021
Water Rebate for Eligible Small Businesses	\$1,000	\$0	\$1,000	
Assistance Available for Businesses	\$9,750	\$0	\$9,750	
*Penalty and Interest waived on a single-detached home with a Current Value Assessment (CVA) of \$700,000				
**If the Lockdown/Stage 2 measures continue to be in effect until March 31, 2021, a small commercial property with a 2020 CVA of \$1.3M will receive approximately \$8,750, broken up as follows:				
- Property Tax Rebate of \$5,750 [Property Tax of \$23,000 x (3/12)]				
- Hydro Rebate of \$3,000 [Based on an annual Hydro bill of \$12,000 x (3/12)]				

Staff developed the recommendations for the 2021 Financial Relief Program with information available as of the date of this report. If revisions to the program is required based on resident feedback, new Provincial initiatives or a substantial change in the state of pandemic, Staff will report back to Council with a recommendation.

Business Plan and Strategic Plan Linkages

These measures do not directly support any of Council's stated long-term priorities. The 2021 Financial Relief Program however, meets Council's desire to help residents financially impacted by the pandemic.

Consultation

- Economic Development Staff reviewed and support the \$1,000 Water Rebate available for Eligible Small Businesses
- The Town engaged residents in the 2021 budget process through an online survey that asked residents to rank the budget priorities that are most important to them. Results from the survey showed that residents wanted the Town to continue to maintain all its service levels, while providing more support for local businesses during the pandemic
- Finance Staff will consult with Human Resources Staff to review options of hiring one (1) temporary part-time employee to assist with the Financial Relief Program in 2021

Human Resource Considerations

To assist with reviewing, approving and administration of Waiving Penalty and Interest for Eligible Residential Property Owners, staff is looking for approval for one (1) temporary part-time employee. Finance Staff will work with Human Resources Staff to prioritize hiring from the pool of Town of Newmarket Employees that were laid-off as a result of the pandemic. The cost required is approximately \$25,000.

Budget Impact

To fund the program, staff is recommending the use of the following:

Contingency Reserves

The waiving of penalty and interest on unpaid property taxes for eligible residential property owners and the tax rebate for the elderly will require approximately \$276,500 in 2021. Staff recommends drawing this amount from Contingency reserves. The budget impact which makes up the \$276,500 is illustrated in Table B – Contingency Reserve Draw.

Table B – Contingency Reserve Draw		
Impact to Budget	Effective	Amount
2020 Financial Relief Program extension to January 31, 2021	January 31, 2021	\$83,000
2021 Financial Relief Program – Waiving of Penalty and Interest on Unpaid Property Taxes for Eligible Residential Properties	February 1, 2021 to December 31, 2021	\$180,000
2021 Financial Relief Program – Property Tax Assistance to the Elderly	February 1, 2021 to December 31, 2021	\$13,500
Total Budget Impact in 2021		\$276,500

Region's Water Increase Announcement of 0% for 2021

The Regional Municipality of York supplies water to the Town and treats the Town's wastewater. The Town anticipated a 2.9% increase in fees for 2021. As a result, the increase was built into the budget. However, the Region waived the increase for 2021, which resulted in a savings of up to \$500,000. Town staff is proposing to use the savings to fund the water rebates available to residents and eligible small businesses.

- The Water/Waste Water Rebate for residential properties will cost approximately \$85,000. With a current budget of \$75,000 for 2021, the impact to the Town is \$10,000
- The \$1,000 Water Rebate for Eligible Small Businesses is a new, temporary initiative for 2021. As a result, there is no budget set for this rebate. The financial impact to the Town is estimated to be \$420,000 (Rebate of \$1,000 x 420 Eligible Small Businesses)

The Region's recent announcement to waive the water rate increase provides savings of up to \$500,000 in 2021. As a result, this amount does not affect the budget for 2021.

Attachments

None

Approval

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Director of Financial Services

Esther Armchuk, LL.B
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