



MANAGEMENT REPORT

Date: March 24, 2025
To: Mayor and Members of Council
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: COU25-024
Attachments: None

Title: Tax Deferral or Cancellation Programs for Fixed Income Households

Objective: To provide information to Council regarding tax deferrals or cancellation programs.

Background: On February 10, 2025, Council passed the following motion:

THAT staff be directed to investigate options for a tax deferral or cancellation program for fixed-income households and to report back to Council in advance of the 2026 Budget discussion.

The following are some examples of existing programs in other municipalities:

- [County of Brant - Property Tax Rebates and Assistance](#)
- [Wellington County - Tax Rebates](#)
- [Greater Sudbury - Enhanced Tax Deferral Program for Older Adult and Disabled Homeowners](#)
- [Ottawa - Full Property Tax Deferral Program](#)

Analysis: Staff have reviewed programs currently available to City of Stratford taxpayers and optional programs implemented by other municipalities. Most programs refer to low-income households rather than fixed-income households. Options range from no change to current programs available to a full tax rebate program for low-income residents. The options are outlined below for consideration and direction for next steps.

During budget deliberations, concerns were identified by members of the public and Council about the increase in tax rates, specifically for low-income and fixed-income households.

Under the Municipal Act, tax forgiveness and reduction policies are primarily aimed at assisting low-income seniors and low-income persons with a disability, however there are a few exceptions where municipalities have opened options for other low-income households.

Any tax forgiveness or deferral program would have an economic impact in that the general concept is that what one taxpayer receives relief for, other taxpayers need to bear the cost of in one form or another. There has been no budget allocated to support any programs to date as the options are both limited, and not widely used. Depending on the option(s), if any, identified by Council to be pursued, thresholds and parameters would need to be established, and a funding source allocated (i.e. an expense line budgeted for this to ensure the City's overall budget can be balanced).

If programs were to be limited to low-income households and any forgiveness limited to a portion of the current-year increases, it is not expected that this would have a significant budget impact. However, if more substantive programs were implemented, the financial effect would be to transfer this element of the burden for these taxpayers to another subset of taxpayers (those who receive a benefit pay less, and those who do not, pay more for this benefit to be provided to others).

Legislative Frameworks

There are several sections of the Municipal Act, 2001, which provide legislative frameworks to defer or cancel taxes for property owners facing financial hardships.

- 1) Section 357 of the Municipal Act, 2001, provides direction on the cancellation, reduction and refund of taxes. If a property owner applies, the Treasurer may cancel, reduce or refund all or part of taxes levied if there is a significant change (i.e. reclassification) of the property to a lower tax class, the land has become vacant, the land has become exempt from taxes, a building on the land has been damaged / demolished by fire, the applicant is unable to pay because of sickness or extreme poverty, a mobile unit was removed, an error was made in the calculation of taxes or repairs / renovations prevented normal use of the land.

For the purposes of this analysis, the focus is on Section 357(1)(d.1) "the applicant is unable to pay taxes because of sickness or extreme poverty".

Section 357(11) states "the council may pass a by-law authorizing the Assessment Review Board to exercise the powers and functions of the council under subsections (1) and (5) with respect to applications made under subsection (1)". A by-law was passed in 2019 to delegate this authority to the Assessment Review Board for applications under the sickness and extreme poverty provision. There have been no applications received since then.

- 2) Section 319(1) of the Municipal Act, 2001, provides that a municipality may pass a bylaw providing for deferrals or cancellation of all or part of a tax increase for

residential properties for persons assessed as owners who are either low-income seniors or low-income persons with disabilities. Stratford has not done this to date, and most programs outlined in the report below would fall into this section as they relate to the person, rather than the property.

- 3) Section 365 (1) of the Municipal Act, 2001, provides that Council may, in any year, pass a by-law to cancel, reduce or refund taxes of an eligible property of any person who makes application for relief whose taxes are considered by the Council to be unduly burdensome. An “eligible property” is a property classified as residential, farm or managed forest. Stratford has not done this to date. This section would be used if Council were considering relief programs for low-income residents that are not seniors or persons with a disability.

Programs Currently Available for City of Stratford Residents

- i. **Section 357 Cancellation, Reduction or Refund of Property Taxes due to Sickness or Extreme Poverty**

Under the City’s program, Council’s role in holding a hearing has been delegated to the Assessment Review Board, who reviews all applications and determines entitlement to a cancellation, reduction or refund. Documentation is needed to support claims that because of sickness or poverty a ratepayer is unable to pay property taxes and awards are intended as a one-time assistance, not as an ongoing support / reduction in taxes. This is a legislated process for the cancellation, reduction or refund of property taxes and not subject to Council’s amendment or expansion.

Information on how to apply for a cancellation, reduction or refund of property taxes under this program is available on the City’s website under [Tax Bill Information](#), and is also available on the Municipal Property Assessment Corporation’s website under [Filing for a Property Tax Adjustment With Your Municipality](#).

- ii. **Provincial and Federal Programs**

The Province of Ontario has a Senior Homeowners’ Property Tax Grant, for low to moderate income seniors, up to a maximum of \$500. Details on this program are available on the provincial website at [Senior Homeowner's Property Tax Grant](#).

There is also a property tax grant available to senior homeowners and seniors who have a life lease or a lease of 10 or more years that is paid in full, who pay property taxes or property taxes are paid on their behalf, and who have low or moderate incomes. It is an annual payment that seniors must apply for each year when they file their income tax and benefit return. Details can be found on

the Canada Revenue Agency Website under [Ontario Senior Homeowner's Property Tax Grant questions and answers](#).

There is also the Ontario energy and property tax credit designed to help low- to moderate-income Ontario residents with the sales tax on energy and with property taxes. This program is administered by the Canada Revenue Agency via income tax returns as well, and details can be found here: [Ontario Energy and Property Tax Credit questions and answers](#).

What is Offered by other Municipalities

In 2024, The County of Brant did a search of nineteen (19) municipal websites for information on Tax Relief programs offered by municipalities across Ontario. These included a mix of size, tiers, geographic locations and included a number specifically having relief program offerings. A summary of those findings is outlined below:

Type of Relief Program	Number Offered	Notes
Section 357 Cancellations / Reductions due to Sickness / Extreme Poverty	This program is available in all jurisdictions – 6/19 municipalities actively promote it on their websites	All municipalities that had detailed information on this program have applications referred directly to the Assessment Review Board for arbitration.
Section 319 – Relief Programs for Low Income Seniors and Persons with a Disability	9/19 municipalities had this program advertised on their website.	This is an optional program. 6/9 were on the basis of a “deferral” of taxes, to be collected upon property transfer / sale. 3/9 were on the basis of a “rebate” of taxes, to be applied directly to the next tax bill and do not require repayment.
Section 365 – Relief for Low Income Residents (not limited to Seniors or Persons with a Disability)	2 municipalities (Norfolk County and City of Hamilton) extend programs to all low-income property owners.	1 offered this program as a rebate applied to property taxes and 1 offered this program as a Tax Assistance Loan, which would be subject to

Type of Relief Program	Number Offered	Notes
		interest and be registered on title to be repaid upon transfer / sale of property.

In addition to these municipalities, The City of Toronto has programs based on annual increases only: a Property Tax Increase Cancellation Program and a Property Tax Increase Deferral Program. Information on the City of Toronto’s program is available at [Property Tax Relief Programs](#).

Because the City of Toronto operates under the City of Toronto Act, which is separate legislation from the Municipal Act, 2001, this program was not explored in any detail other than to note that administering a program of this nature could be very administrative and would require a more in-depth analysis of staff resource requirements to assess applications submitted under such a program.

Considerations

- Need to define the group(s) to which a program is to be offered, to then determine the applicable legislative framework. Whether the intent is to develop programs to specifically support seniors and people with disabilities to have a broad program based on income thresholds regardless of age or ability will determine which section is used, and also how much is required for staffing resources.
- Rebate vs. Deferral

The “traditional” model for a Tax Relief Program under Section 319 of the Municipal Act was based on the premise of deferring taxes until the property is transferred / sold. This was aimed at helping property owners stay in their principal residence, without the fear of falling into arrears and/or possibly tax sale due to increasing costs.

This is the model for many other jurisdictions offering this type of relief. Three (3) municipalities surveyed are moving into a rebate model, which would apply the rebate towards future tax bills, helping to mitigate pressures from increasing taxes without requiring repayment.

While a deferral does not have a long-term financial impact to the City because the taxes are eventually recouped and usually with either interest or an administrative fee, a rebate would result in an actual loss of revenue to the municipality.

- Minimum / Maximum Application Limits

There are several different approaches to how much can be applied for under these relief programs. Typically, applicants can only apply based on their tax increase in a given year (not the whole amount of their taxes – just how much it increased). Also, typically there is a minimum amount that must be applied for (i.e. if your taxes did not increase by more than \$50, the administrative effort to undertake a deferral exceeds any benefit of the program). This minimum ranges from \$50 to \$100 in the survey results. Further, there is a maximum amount that can be deferred / rebated. For the deferral programs, this is based on the property's assessed values (i.e. total deferrals must not exceed taxes due on 45% of the property's assessed value).

- Eligibility

Section 319 programs are aimed at low-income seniors and low-income persons with disabilities and typically have an age requirement (for seniors) and often require that either the applicant or their spouse as property owners be registered under the Guaranteed Income Supplement Program or the Ontario Disability Support Program. Some Section 319 programs and the Section 365 programs which are just aimed at low-income residents, sometimes had a maximum household income, to be demonstrated through income tax documents.

Several of the programs also had eligibility indicating that an applicant could only apply for their primary residence or applied a maximum assessed value of the house (i.e. can only apply for property tax relief if your house is assessed under \$500,000). Nearly all programs required that property taxes be current (no arrears) to be eligible. Programs generally noted that eligibility is limited to one (1) property per applicant, being their principal residence and for residential taxes only.

- Deferral / Rebate Calculations

One program reviewed had a further clause that the first 3% of any tax increase is the sole responsibility of the property owner and that any deferral would only be for the tax increase beyond the 3%.

All programs required that applicants apply on an annual basis – there is no automatic deferrals / rebates. Some were completely new applications, while some were more reverification of income / eligibility status.

Options for Council's Consideration

There are many combinations of options that Council could consider given the above variables but based on the research and other programs being used in other jurisdictions, staff have made the following list of options. The list is not exhaustive, and should Council wish to look at additional options, staff can take those back for further analysis if needed.

Wording for possible recommendations are included with the analysis of each option.

Option 1 – No Change

The City offers Tax Relief / Deferral Programs consistent with Section 357 of the Municipal Act, 2001. There are no indications of any applications under this deferral program in the past five years or more. Even with this option, staff could undertake some communications of what is currently available and to access this and the other provincial and federal programs and enhance the City website data regarding these programs to make residents more aware of their existence. The recommendation as presented at the beginning of this report will suffice to proceed with Option 1. No further resolution is required.

Option 2 – Enhancement / Update to Existing Programs – Create a Deferral Program(s)

Develop a deferral program “to provide tax deferrals for the purposes of relieving financial hardship” under section 319(1) for seniors and persons with disabilities.

- Wording on eligibility to be consistent with requirements for access to the Guaranteed Income Supplement and/or the Ontario Disability Support Payment and including a definition for Senior;
- Establish minimum and maximum deferral amounts;
- Provide clarity on the necessary agreements, lien arrangements and repayment terms.

If Council wishes to proceed with this option, a recommendation should be added to the effect of:

“That Option 2 – Create a Tax Deferral Policy for Low Income Seniors and Low Income Persons with a Disability” be approved and staff be directed to bring forward the full policy framework and necessary by-law for Council’s consideration”.

Option 3 – Enhancement / Update to Existing City Programs – Create a Rebate Program(s)

Instead of Option 2, Council could direct that a Section 319 program be created as a rebate program rather than a deferral program. This would result in rebates being applied directly against eligible property owners’ tax accounts rather than deferred and collected at the time of property sale / transfer. This change would have an impact on the City of Stratford annual budget, but it is difficult to say to what extent at this time as it would be dependent upon program uptake, the number of eligible accounts and the maximum rebates amount established by Council. If Council is interested in pursuing a rebate program rather than the traditional deferral program, the following recommendation should be considered: "

That Option 3 – Enhancement / Update to Existing Programs – Create a Rebate Program for Low-Income Seniors and Low-Income Persons with a Disability” be approved and staff be directed to bring forward the full policy framework and necessary by-law for Council’s consideration”.

Option 4 – Enhancement / Update to Existing City Programs - Create an Expanded Program of Low-Income Tax Deferral / Rebate Program Under Section 365 of the Municipal Act, 2001

Either instead of Options 2 or 3, Council could direct staff to investigate a program that would extend Tax Deferral / Rebate programs to all residents, rather than limiting access to seniors and those with a disability. If this is Council’s direction, staff will require additional time to draft a comprehensive policy and by-law, with appropriate eligibility criteria and deferral/rebate limits, taking into consideration the enhancements / items of clarification identified above.

If this option is selected, clarification should be provided as to whether the intent of the expanded program would be a deferral program or a rebate program or a combination of the two. The following recommendation is provided for consideration:

*“That Option 4 – Enhancement / Update to Existing City Programs - Create an Expanded Program of Low-Income Tax Deferral **OR** Rebate Program under Section 365 of the Municipal Act be approved and staff be directed to bring forward a staff report and draft by-law for Council’s consideration”.*

Summary

The City currently does not offer any optional programs, however this analysis of programs offered by other municipalities has identified a few enhancements that may be considered and other program models which Council may be interested in pursuing for the benefit of City of Stratford taxpayers.

Financial Implications:

Financial impact to current year and future year operating budget:

Option 1 would have no impact on the budget in the current or subsequent years. Any new program creation would have an impact on staffing to establish and manage the programs each year and could result in delays to other workplan activities in 2025. Rebate options are expected to have an impact to the City’s budget and levy process, but until there is some data to measure this impact, this is difficult to estimate. The broader the program, the more likely the financial impact will be more significant. The effect of a rebate or deferral program has a financial impact in the broad sense, redistributing burdens between different property owners, but does not have as much of an impact to the Corporation.

Alignment with Strategic Priorities:

Build Housing Stability

This report aligns with this priority as property tax programs can provide supports for those in the community with fixed or low-incomes and potentially result in keeping housing costs within affordable levels for property owners.

Alignment with One Planet Principles:

Health and Happiness

Encouraging active, social, meaningful lives to promote good health and wellbeing.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Culture and Community

Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living.

Staff Recommendation: THAT the report titled, "Tax Deferral or Cancellation Programs for Fixed Income Households" (COU25-024), be received;

THAT Council provide further direction on expanding programs, if any;

AND THAT Staff be directed to update the City's website regarding all programs available to residents, including details on how to access them.

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