



SUBJECT: Amendments to Heritage Property Tax Rebate Program to include eligible commercial heritage properties

TO: Community Planning, Regulation & Mobility Cttee.

FROM: Community Planning Department

Report Number: PL-26-21

Wards Affected: All

File Numbers: 501-06-07

Date to Committee: May 4, 2021

Date to Council: May 18, 2021

Recommendation:

Approve the amendments to the Heritage Property Tax Rebate Program, as set out in community planning report PL-26-21; and

Approve By-law XX-2021 (Appendix A) being a by-law to amend By-law 61-2016 to add eligibility for designated commercial heritage properties; and

Direct the Director of Community Planning to notify and inform all owners of a designated commercial heritage property about the changes to the Heritage Property Tax Rebate Program and provide an application for the 2021 tax year.

PURPOSE:

The purpose of this report is to provide an update on the Heritage Property Tax Rebate Program, established in 2014 for designated residential property, and recommend the expansion of the program to designated commercial property.

This report has also been prepared in response to the following Council direction:

Direct the Director of Planning and Building to report back on the first 5 years of the program in 2020 and address any changes or next steps where appropriate (PB-88-16).

Vision to Focus Alignment:

- Building more citizen engagement, community health and culture
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Background and Discussion:

On October 15, 2012, Council approved Heritage Burlington's report, "A New Approach to Conserving Burlington's Heritage". One of the report recommendations pertained to the immediate establishment of a Heritage Property Tax Rebate Program (HPTRP) for residential designated properties. An additional recommendation was to investigate a similar program for commercial properties.

In December 2014, Council adopted By-law 77-2014 to formally establish the HPTRP for residential heritage properties at a rebate of 20 per cent of residential property taxes. As planned, the tax rebate for the residential heritage property increased in 5 per cent increments annually from 2014 at 20 per cent to 40 per cent of the taxes in 2018 for municipal and school purposes levied on the property.

Overview of Heritage Property Tax Rebate Applications (2014-2019 Tax Years)

Since its establishment, the Heritage Property Tax Rebate Program has received a high participation rate among eligible residential heritage property owners. Table 1 (below) provides key statistics from program inception.

Table 1: Overview of HPTRP application statistics for the 2014-2019 tax years

	2014 (20%)	2015 (25%)	2016 (30%)	2017 (35%)	2018 (40%)	2019 (40%)	Total
Eligible Properties	46	51	62	56	56	56	327
Applications Approved	27	37	39	43	46	43	235
Total Amount Rebated	\$18,421	\$54,297	\$66,433	\$91,537	\$109,153	\$98,922	\$438,763
Total City Contribution	\$11,937	\$22,967	\$27,985	\$39,108	\$47,196	\$43,159	\$192,352

Proposed Program Expansion to Commercial Heritage Properties

Through Report PB-88-16, staff reported back to Council in 2016 on the early effectiveness of the program. This report also addressed the above-noted direction from Heritage Burlington's 2012 "New Approach" report to explore the option of extending the program to commercial properties. At the time, staff did not recommend the addition of commercial properties into the program, however, with opportunity to review beyond 2016.

On March 3, 2021 Council supported to expand the Heritage Property Tax Rebate Program to include designated commercial heritage properties through the approval of the 2021 Operating Budget.

This report together with an amending by-law, attached as Appendix A, facilitates the implementation of the program expansion. Staff also note the interest expressed from the Heritage Burlington Advisory Committee in further supporting heritage property owners and heritage conservation in Burlington.

Strategy/process

The City of Burlington currently has 8 designated commercial heritage properties, which would be eligible for a rebate from the Heritage Property Tax Rebate Program with the expansion to commercial heritage properties.

Eligible properties which include both a residential and commercial tax classes, would receive a rebate on both tax classifications in the appropriate amount for each; 20 per cent for commercial and 40 per cent for residential.

A rebate amount equivalent to 20 per cent is consistent with other municipalities that offer a commercial heritage property tax rebate. Further, in general the heritage rebate amount will be greater for commercial properties due to the assessment values and higher tax rate than the residential rate.

Options Considered

With the success of the eligible residential Heritage Property Tax Rebate Program in supporting heritage property owners conserving the City's cultural heritage resources, staff recommend the expansion of the program include eligible commercial heritage properties.

While there are currently 8 designated commercial heritage properties eligible for a rebate from the Heritage Property Tax Rebate Program, staff note that the City's Municipal Heritage Register currently lists 37 non-designated commercial heritage properties. The Heritage Register outlines a list of properties believed by Council to hold potential cultural heritage value or interest.

The *Ontario Heritage Act*, as amended, outlines the steps involved in the designation process. In order to satisfy the requirements of the Act, it is necessary for Council to demonstrate that a property meets the criteria for cultural heritage value prescribed by Ontario Regulation 9/06 prior to any decision regarding designation.

To confirm a property's cultural heritage value in accordance with O. Reg. 9/06, an evaluation report is typically required from a qualified heritage consultant, which would also include the necessary by-law components such as a Statement of Significance and List of Heritage Attributes should the property be found to meet any of the above criteria. It is ultimately Council's decision whether to designate a property under the *Ontario Heritage Act* (although decisions may be appealed).

Financial Matters:

Total Financial Impact

With a current total of 8 designated commercial heritage properties, impact of a 20 per cent rebate on commercial full city taxes would be approximately \$15,000.

Should this program expansion incentivize other commercial heritage properties to seek designation for their property to become eligible for the program, additional consideration from staff and Council may be required. Staff will report back to Council as needed in order to address any arising financial impacts.

Source of Funding

The Heritage Property Tax Rebate Program is funded through the Operating Budget. The 2021 Operating Budget approved funding in the amount of \$15,000 for the Heritage Property Tax Rebate Program for eligible commercial heritage properties for a 20 per cent rebate. This funding is in addition to the annual budget of \$45,000 for the Heritage Property Tax Rebate Program for eligible residential heritage properties.

The Region of Halton's 2021 Tax Policy report (FN-15-21) approved funding their portion of the tax rebate to include eligible commercial properties along with residential properties.

The Province of Ontario shares in the cost of the program by funding the education portion of the tax relief.

Other Resource Impacts

Community Planning staff administer the Heritage Property Tax Rebate Program with assistance from the Finance and Legal Services Departments. Other internal departments are consulted as needed when reviewing rebate applications to ensure that there are no outstanding fees, legal matters, or other contraventions related to the subject properties applying for a rebate.

To implement the expansion of the program to include eligible commercial heritage properties, support from Information Technology Services is required to update the City's data management software.

Engagement Matters:

Although there is no legislative requirement for public consultation and engagement associated with the staff recommendations contained in this report, staff are committed to communicating with heritage property owners about available resources, including this program. Upon approval and implementation of the proposed program expansion,

Community Planning staff will notify all designated commercial heritage property owners about the changes to the program, which will include an application for the 2021 tax year. Information will also be provided to non-designated commercial heritage property owners about the availability of the program in Q1 2022.

The Heritage Burlington Advisory Committee has been advised on the progress of this program review. Updates were prepared and presented to the committee at the January, February, and March 2021 committee meetings. At the April 14, 2021 Heritage Burlington Advisory Committee meeting, staff consulted with the committee on the recommendations outlined in this report, whereby the committee passed a motion to support.

Conclusion:

The Heritage Property Tax Rebate Program has been successful since its establishment in 2014 for eligible residential heritage property owners. Staff are recommending that the program by-law be amended to include eligible commercial heritage properties and provide a 20 per cent rebate of taxes levied by the City.

Respectfully submitted,

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Heritage Planner

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Appendices:

A. Draft By-law XX-2021

Notifications:

Ministry of Finance

Clerk, Halton Region

Ontario Heritage Trust

Jo-Anne Rudy, Committee Clerk to Heritage Burlington

Designated Heritage Property Owners

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Appendix A: By-law XX-2021

The Corporation of the City of Burlington

City of Burlington By-law XX-2021

To amend By-law 61-2016, being a by-law to provide tax reductions or refunds in respect of eligible heritage property, to add eligibility for commercial properties designated under Part IV or Part V of the Ontario Heritage Act.

File: 501-01-07 (PL-26-21)

WHEREAS Section 365.2 of the *Municipal Act*, 2001, S.O. 2001, c. 25 as amended, provides that a local municipality may establish a program to provide tax reductions or refunds in respect of eligible heritage property; and

WHEREAS the Council of the Corporation of the City of Burlington at its meeting on October 15, 2012, approved a tax rebate program to assist owners of properties designated under Part IV of the *Ontario Heritage Act*, R.S.O. 1990, c. O. 18, as amended, with the maintenance of their properties; and

WHEREAS the Council of the Corporation of the City of Burlington enacted and passed By-law 77-2014, on the 18th day of December 2014, being a by-law to provide for tax rebates in respect of eligible heritage property; and

WHEREAS the Council of the Corporation of the City of Burlington enacted and passed By-law 90-2015, on the 23rd day of November 2015, being a by-law to amend By-law 77-2014, being a by-law to provide for tax rebates in respect of eligible heritage property; and

WHEREAS the Council of the Corporation of the City of Burlington enacted and passed By-law 61-2016, on the 28th day of November 2016, being a by-law to repeal and replace By-law 77-2014 and By-law 90-2015, enacted and passed the 18th day of December 2014; and

WHEREAS the Council of the Corporation of the City of Burlington deems it necessary to amend By-law 61-2016, enacted and passed on the 28th day of November; and

NOW THEREFORE the Council of The Corporation of the City of Burlington hereby enacts as follows:

1. Section 1 d), Definitions, of By-law 61-2016 is amended as follows:

a) By adding the words in bold type so that it reads:

“Eligible Heritage Property” means a residential **or commercial** property or portion of a residential **or commercial** property:

- i. that is located in the City of Burlington; and
- ii. that is designated under Part IV of the *Ontario Heritage Act* R.S.O. 1990, c. 0.18, as amended or is part of a heritage conservation district under Part V of the *Ontario Heritage Act*; and
- iii. that is subject to either an easement agreement with the City under section 37 of the *Ontario Heritage Act*; a heritage easement agreement with the Ontario Heritage Trust under section 22 of the *Ontario Heritage Act*; or a heritage conservation agreement with the City;

2. Section 1 f), Definitions, of By-law 61-2016 is amended as follows:

b) By adding the words in bold type so that it reads:

“Heritage Property Tax Rebate Program” means the financial assistance program by this By-law to assist an Owner of a residential **or commercial** Eligible Heritage Property to maintain and conserve their property.

3. Section 9, Amount of Tax Rebate, of By-law 61-2016 is amended by deleting section 9 in its entirety and replacing it with the following new section 9:

A Heritage Property Tax Rebate granted by the City for an Eligible Heritage Property shall be based on the assessed property value as determined by MPAC. The amount of a Heritage Property Tax Rebate shall be equivalent to the value of:

For Residential Properties

- forty percent (40%) of the taxes levied for City and school purposes for the 2018 tax year and each year after.

For Commercial Properties

- twenty percent (20%) of the taxes levied for City and school purposes for the 2021 tax year and each year after.

The rebate amount for both residential and commercial properties is based on the taxes levied that are attributable only to:

- a. the building or structure, or portion of the building or structure, that is the Eligible Heritage Property, and
- b. the land used in connection with the Eligible Heritage Property.

Notice to Minister of Finance

4. The Clerk of the City of Burlington shall deliver a copy of this By-law to the Minister of Finance within thirty (30) days of the date of passing.

Enactment

5. This By-law comes into force on the day it is passed.
6. Other than that which is outlined above, all other regulations and requirements outlined in By-law 61-2016 remain in effect.

Enacted and passed this XX day of May, 2021.

Mayor Marianne Meed Ward _____

City Clerk Kevin Arjoon _____