



SUBJECT: Report recommending amendments to the Heritage Property Tax Rebate Program

TO: Development and Infrastructure Committee

FROM: Planning and Building Department

Report Number: PB-88-16

Wards Affected: All

File Numbers: 501-07-2

Date to Committee: November 8, 2016

Date to Council: November 28, 2016

Recommendation:

Amend the Heritage Property Tax Rebate Program, as set out in Planning and Building Department report, PB-88-16, and in accordance with By-law XX-2016 for residential properties for the 2016 tax year; and

Present to Council for approval, By-law XX-2016, a by-law to provide heritage property tax rebates in respect of eligible heritage property (designated properties); and

Direct the Director of Planning and Building to notify and inform all owners of residential designated heritage properties about the changes to the Heritage Property Tax Rebate Program and provide an application for the 2016 tax year; and

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.

Purpose:

The purpose of this report is to provide an overview of the first two years of the Heritage Property Tax Rebate Program and to recommend a housekeeping amendment to the program By-law to allow the program to reach its approved maximum rebate of 40% without yearly Council approval.

This report also addresses the objectives of the Strategic Plan, specifically:

An Engaging City

- Community Building through Arts and Culture via Community Activities

Background and Discussion:

In October 2012, Heritage Burlington presented to Council, its report, “A New Approach to Conserving Burlington’s Heritage”. The report received Council approval on October 15, 2012. Of the many recommendations contained in the report, one pertained to the establishment of a Heritage Property Tax Rebate Program for residential designated properties. In December 2014, Council adopted By-law 77-2014 to establish the program.

The Heritage Property Tax Rebate Program was established under the Municipal Act, 2001 and permits municipalities to provide property tax relief between 10 and 40 percent to owners of eligible heritage properties. The province shares in the cost of the program by funding a rebate of the same percentage on the education portion of the tax bill. In 2015, Halton Region enacted by-law 133-15, a By-law to authorize the Regional Municipality of Halton to provide a matching reduction or refund of the regional portion of property taxes for eligible heritage property. For the 2015 tax year, eligible property owners in Burlington received rebates of 25% of the city, region and education portions of the tax bill.

As was initially approved by Council, the program was structured to increase in 5% increments from its initial rebate amount of 20% to 40% by the 2018 tax year, however the original by-law was not structured to accommodate the escalating rebate amount. This was done to provide a mechanism for staff to report back to Council on the first year of the program and to allow, if required, for the addition of commercial properties into the program.

The program has been very successful for residential properties. It has once again received a high participation rate of 70% among eligible property owners and is now one of the only heritage property tax rebate programs with participation at a regional level.

The table below shows some key statistics from the 2014 and 2015 tax years:

	2014 Tax Year (20%)	2015 Tax Year (25%)
Eligible Properties	46	51
Number of Applicants	34	36 (8 first time applicants)

Applications Approved	27	37 (includes 1 o/s from last year)
Regional Participation	No	Yes
Total Amount Rebated	\$18,421.40	\$54,297.27
Total City Contribution	\$11,937.69	\$ 22,967.09
Average Rebate Received	\$682.37	\$1,467.26

Strategy/process

The program has been successful in its eligible property participation rate. As previously noted, based on the number of designated residential properties and data from other municipalities, staff had expected to receive a significantly smaller number of applications for the program’s initial years. Staff are recommending that by-law XX-2016 be enacted to allow the program to reach its 40% maximum by the 2018 tax year. It is also recommended that staff report back to Council in 2020 on the program for an update and discussion of any necessary changes to the program.

Options considered

Given the success of the program in its first two years, staff are recommending that By-law XX-2016 be enacted to allow the program to reach its maximum rebate amount of 40% for the 2018 tax year. Staff recommend that an update to Council be provided by 2020 to assess the program’s first five-year period and in order to ensure that the program is continuing to operate effectively.

Staff have explored the option of extending the program to commercial properties; however the impact to these properties is minimal as the city currently has a very small number of designated commercial properties, most of which have multiple tax classifications. The resulting rebate amount is thus very low and staff are not recommending that a Commercial Heritage property Tax Rebate program be implemented at this time. In the event that a commercial program is desired in the future by Council or Heritage Burlington, staff note that minor amendments can be made to the By-law, which would allow this program to be implemented.

Financial Matters:

Total Financial Impact

This year, the city provided a total of \$ 22,967.09 in rebates to 36 property owners that participated in the program however, the total cost of the program, \$54,297.27, was shared with the Province and the Region. All contributions resulted in an average rebate to property owners of \$1,467.26.

Source of Funding

The Heritage Property Tax Rebate Program is funded through the Heritage Burlington budget. To date, \$34, 904.78 has been spent out of the initial \$103,450 allocated.

Connections:

Heritage Burlington has been very involved in the Heritage Property Tax Rebate Program and has been consulted on staff recommendations in this report.

Public Engagement Matters:

There was no required public engagement associated with staff recommendations or this program, however, staff remain committed to communicating with heritage property owners about available resources, including this program. Staff will be preparing a notice to go to all designated heritage property owners that will include an application for the 2016 tax year. Additionally, in the spring, staff will send a notice to all properties listed on the Municipal Register, but which aren't designated under the Ontario Heritage Act, with additional information about heritage designation and the program.

Conclusion:

The success of the Heritage Property Tax Rebate Program in its first two years has been encouraging and staff believe the success of the program will lead to further participation and property designations. Staff are recommending that the by-law for the program be updated to reflect the escalating increase in the rebate amount to a maximum of 40% by the 2018 tax year. Staff are also recommending that a review of the program be completed before 2020.

Respectfully submitted,

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Appendices:

- a. XX-2016, a by-law to provide heritage property tax rebates in respect of eligible heritage property

Notifications:

Clerk, Halton Region

Ontario Heritage Trust

Chair, Heritage Burlington

Designated Heritage Property Owners

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.

Appendix A: By-law XX-2016

City of Burlington By-law XX-2016

A by-law to provide for tax rebates in respect of eligible heritage property
File: 501-01-7 (PB-96-14)

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 rebates 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 deems it necessary to amend By-law 77-2014, enacted and passed on the 18th day of December 2014; and

Now therefore the Council of The Corporation of the City of Burlington hereby enacts as follows:

Definitions

1. In this By-law:
 - a) “City” means the Corporation of the City of Burlington;
 - b) “Contravention” means an offence under a municipal By-law for which enforcement proceedings have been commenced and includes any non-compliance with an easement agreement and/or heritage conservation agreement;
 - c) “Council” means the Council of The Corporation of the City of Burlington;
 - d) “Eligible Heritage Property” means a residential property or portion of a residential 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;
 - e) “Heritage Property Tax Rebate” means a tax rebate granted pursuant to the Heritage Property Tax Rebate Program;
 - f) “Heritage Property Tax Rebate Program” means the financial assistance program established by this By-law to assist an Owner of a residential Eligible Heritage Property to maintain and conserve their property;
 - g) “MPAC” means the Municipal Property Assessment Corporation;
 - h) “*Ontario Heritage Act*” means the *Ontario Heritage Act* R.S.O.1990, c 0.18, as amended;
 - i) “Owner(s)” means the owner of an Eligible Heritage Property, and may include a corporation and partnership and the heirs, executors, administrators and other legal representatives of a person to whom the context can apply according to law;

Subject to Availability

1. The Heritage Property Tax Rebate Program contemplated by this By-law may be eliminated by Council through repeal of the By-law at any time with no notice whatsoever to affected persons. This program is subject to annual city budget review and approval.
2. The Heritage Property Tax Rebate Program is subject to any regulations that the Minister of Finance may make regarding tax rebates or reductions for heritage properties.
3. The Heritage Property Tax Rebate Program shall be administered by Planning and Building Department in association with the Finance and Legal Departments of the City.

Application

4. The Owner of an Eligible Heritage Property seeking a Heritage Property Tax Rebate shall make an application in the form prescribed by the City. The City shall only accept such applications until the last day of February in the year following the tax year to which the application applies. Applications submitted outside of this time period will not be accepted and will be returned to the Owner.
5. A new application shall be made by the Owner of the Eligible Heritage Property in accordance with the terms of this By-law for each year subsequent to the passage of this By-law in which an Owner seeks a Heritage Property Tax Rebate. No Heritage Property Tax Rebates will be granted by the City where an Eligible Heritage Property or its Owner has unpaid taxes, local improvement charges, fees, or other monies owed to the City for any taxation year(s) prior to and including the year to which the application applies.
6. Eligible Heritage Property Owners will be required to enter into heritage conservation agreement with the City. The Heritage Conservation Agreement shall not be registered on the title of the Eligible Heritage Property.
7. Applications must be submitted on the Heritage Property Tax Rebate Program form to the City's Planning and Building Department.

Compliance with Agreements

8. The Owner must keep the Eligible Heritage Property insured against normal perils that are coverable on an all risk policy basis, including fire insurance, in an amount equal to the replacement cost of the Heritage Property.

Amount of Tax Rebate

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:
 - twenty percent (20%) of the taxes levied for city and school board purposes for the 2014 tax year;
 - twenty five percent (25%) of the taxes levied for the city, region and school board purposes for the 2015 tax year;
 - thirty percent (30%) of the taxes levied for city, region and school board purposes for the 2016 tax year;
 - thirty-five percent (35%) of the taxes levied for city, region and school board purposes for the 2017 tax year;
 - forty percent (40%) of the taxes levied for city, region and school board purposes for the 2018 tax year and each year after;

The rebate amount 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 uses in connection with it.

Limitations and Restrictions

10. Where one parcel of land has multiple heritage easement agreement(s) and/or heritage conservation agreement(s) registered, multiple Heritage Property Tax Rebates will not be provided in respect of the same Eligible Heritage Property as no more than one rebate will be issued per property per taxation year.
11. If the tax assessment of an Eligible Heritage Property changes as a result of proceedings under the *Assessment Act* or the *Municipal Act*, a Heritage Property Tax Rebate that has been granted by the City shall be recalculated using the new assessment value. If as a result of a recalculation the City has granted an Owner an amount greater than that which would have been granted based on the new assessed value, the City may recover the excess amount.
12. No Heritage Property Tax Rebate will be granted where the City, in its sole discretion, determines the heritage easement agreement and/or heritage conservation agreement applicable to the Eligible Heritage Property is not complied with to the satisfaction of the City's Director of Planning and Building.
13. The Eligible Heritage Property must be in a good and sound state of repair. No Heritage Property Tax Rebate will be granted where the Eligible Heritage Property is the subject of any outstanding property standards violations, work orders or outstanding taxes with the City.

14. In the event that an Owner of an Eligible Heritage Property demolishes an Eligible Heritage Property without obtaining a demolition permit, the City may require the Owner to repay all of any Heritage Property Tax Rebates provided to the Owner for each and every year of participation in the Heritage Property Tax Rebate Program under this By-law.
15. The City may require the Owner to pay interest on the amount of any repayment required by this By-law, at the prime rate of the City's bank, calculated from the date or dates the Heritage Property Tax Rebates were granted.

Rebate Payment

16. All Heritage Property Tax Rebates granted will be in the form of a refund cheque issued to the Eligible Heritage Property owner(s). The refund will be processed after March 1 of the year following the tax year to which the application applies.

Notice to Minister of Finance

17. The Clerk of the City of Burlington shall provide notice of this By-law to the Minister of Finance within thirty (30) days of the date of passing.

Enactment

18. This By-law comes into force on the day it is passed.
19. That By-Law No.77-2014 and By-law 90-2015 be hereby repealed in their entirety.

Enacted and passed this 31st day of October, 2016

Mayor Rick Goldring _____

City Clerk Angela Morgan _____