

Staff Report

Report To: Community Services Committee
Report From: Jocelyn Wainwright, Junior Planner
Meeting Date: June 19, 2024
Report Code: CS-24-048
Subject: Heritage Property Tax Relief Program – 2023 Tax Refund Applications and Request to Increase Program Budget

Recommendations:

THAT in consideration of Staff Report CS-24-048 respecting the applications to the Heritage Property Tax Relief Program for the 2023 tax year and the request to increase the program budget, the Community Services Committee recommends that City Council directs staff to:

1. Process refunds for those properties outlined in Schedule 'A' of this report, in accordance with the Heritage Property Tax Relief Program of the Community Improvement Plan and the City's Heritage Property Tax Relief By-law No. 2009-148;
2. Issue notice to the County of Grey of the heritage property tax rebates for the 2023 tax year and request that the County pass a by-law to authorize a 20% refund of taxes levied for upper-tier purposes for those properties outlined in Schedule 'A' of this report; and
3. Include a proposed increase of \$10,000 for the annual Heritage Property Tax Relief Program budget for consideration in the 2025 City Operating Budget meetings.

Highlights:

- The City approved a new Community Improvement Plan (CIP) in 2020; the Heritage Property Tax Relief Program is among the programs offered under the CIP.

- City has offered a Heritage Property Tax Relief Program to eligible designated heritage property owners since 2009.
- The program provides a 20% rebate on the City, Education, and County portion of taxes to eligible applicants.
- 13 out of 16 eligible heritage property owners have submitted applications for the 2023 tax year.
- The total amount of the rebate is \$29,471. The City portion is \$19,125, which exceeds the allocated budget of \$15,000.
- In accordance with Section 3.7 of the City's Heritage Property Tax Relief By-law, where funding is insufficient in any year to provide a refund to every eligible applicant, refunds will be prorated.
- The budget has not been increased since the program became active in 2009. Staff are requesting that an increase of \$10,000 be considered in the 2025 Operating Budget to reflect the growing demand for the program.

Strategic Plan Alignment:

This report supports the delivery of Core Services.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

[Community Improvement Plan \(CIP\) – December 2020](#)

[Heritage Property Tax Relief Program By-law No. 2009-148](#)

Background & Proposal:

The City has offered a Heritage Property Tax Relief Program through the Community Improvement Plan (CIP) since 2009 under the authority of the Ontario Planning Act, the Municipal Act, and the Ontario Heritage Act. City Council first activated the program via By-law 2009-148.

Through continuous care and maintenance, major restoration projects of heritage buildings can be avoided. This program provides an incentive to owners of designated heritage properties to make regular investments in the ongoing conservation of their properties. The program's purpose is to assist

owners of designated heritage properties in maintaining and restoring their properties for the benefit of the entire community.

Traditionally, the program provided a rebate of up to 20 percent (20%) of the Municipal and Education portions of property taxes. Beginning in 2020, tax year, the County began participating in the program by providing a 20% rebate on the County portion of taxes to eligible applicants.

To be considered eligible for a heritage property tax rebate, owners of designated heritage properties must have one of the following agreements in place:

1. A Heritage Easement Agreement with the City or the Ontario Heritage Trust registered on title of the property; **or**,
2. A Heritage Conservation and Maintenance Agreement (HCMA) with the City.

The City's Heritage Property Tax By-law requires that the property owner enter into either a Heritage Easement Agreement or an HCMA because designation under the Ontario Heritage Act alone does not compel owners to maintain their properties on an ongoing basis.

A Heritage Easement is a voluntary legal agreement between the owner of a heritage property and the Ontario Heritage Trust or the Municipality under Section 22, or Section 37 of the Ontario Heritage Act, respectively. Like an HCMA, a Heritage Easement establishes mutually accepted conditions that will ensure the maintenance and preservation of the heritage property. A Heritage Easement is registered on title whereas an HCMA is not.

The majority of participants in the Heritage Property Tax Relief Program have entered into HCMAs with the City.

The purpose of this report is to:

1. obtain Committee/Council approval to issue Heritage Tax Refunds to eligible applicants for the 2023 tax year; and,
2. to request that an increase to the program budget be considered for the 2025 Operating Budget.

Analysis

Of the 16 eligible designated that can apply, 13 have made applications for the 2023 tax year.

Each of the 13 applications received is complete and meets the eligibility criteria outlined in Section 4 of the City's Heritage Property Tax Relief By-law (2009-148, as amended) to qualify for a rebate. Schedule 'A' lists eligible applicants for the 2023 tax year.

As noted, the County of Grey began participation in the program in 2021, for the 2020 tax year. It is necessary that staff issue notice to the County of the heritage tax rebates for the 2023 tax year and request that the County pass a by-law to provide a similar refund of taxes levied for upper-tier purposes for those properties listed in Schedule 'A' of this report, pursuant to Section 365.2 of the Municipal Act.

Financial Implications: 2023 Tax Year

City Council has allocated \$15,000 in the approved Operating Budget to the Heritage Property Tax Relief Program in 2024. The \$15,000 budget was established in 2009 and has not been increased.

For the 2023 tax year, 13 applications which meet all the eligibility criteria were received prior to the May 31 deadline. The total amount of rebate is \$29,471, which represents a 20% rebate on City, Education, and County portions of taxes. The City portion of the total rebate is estimated at \$19,125. This exceeds the allocated budget of \$15,000 by \$4,125.

In accordance with Section 3.7 of the City's Heritage Property Tax Relief By-law, tax refunds will be pro-rated to ensure spending remains within budget.

Financial Implications: Request to Increase Program Budget

As noted, the City has offered a Heritage Property Tax Relief Program through the Community Improvement Plan (CIP) since 2009 under the authority of the Ontario Planning Act, the Municipal Act, and the Ontario Heritage Act. In 2009, City Council set the budget for the program at \$15,000, which has not changed over the program's lifetime.

In the tax years 2009 to 2019, the \$15,000 budget was sufficient to cover the City's portion of the total rebate amount without requiring that the refunds be prorated among eligible applicants seven (7) out of the 11 years. Beginning in 2021, the City's portion of the rebate has consistently exceeded \$15,000, requiring that the refunds be prorated among applicants for the

2021, 2022, and 2023 tax years. It also merits note that not all eligible properties are applying each year.

The program has a strong participation rate among eligible property owners. On average, 84% of eligible property owners submit complete applications each year (tax years 2009 through 2023). It is anticipated that the program will keep growing as property owners designate their properties under the OHA and enter into Heritage Conservation and Maintenance Agreements with the City.

This year, staff have received applications to designate 791 2nd Ave W and 795 2nd Ave W under Part IV of the Ontario Heritage Act. Both property owners have shown interest in participating in the Heritage Property Tax Relief Program.

Given that the City's portion of the rebate has consistently exceeded the program budget over the last four years, the program's strong participation rate and anticipated growth, staff are recommending that staff bring forward an increase of \$10,000 in the 2025 draft Operating Budget for consideration by Council. Staff anticipate that an increase of \$10,000 to the annual program budget will be sufficient to not require prorating the current applicants and allow the program to grow the number of eligible participants. If approved, the proposed increase to the 2025 Operating Budget would see the Heritage Property Tax Relief program budget for the 2024 tax year increased to \$25,000.

Next Steps:

Anticipated Date	Step
June 2024	Issue notice to the County of Grey of the heritage property tax rebates for the 2023 tax year and request that the County pass a by-law to authorize a 20% refund of taxes levied for upper-tier purposes for those properties outlined in Schedule 'A' of this report.
July – September 2024	Process Tax Refunds.
August - December 2024	Consider increasing the annual budget for the Heritage Property Tax Relief Program

Anticipated Date	Step
	in the 2025 Operating Budget discussions.

Communication Strategy:

Each applicant will receive a tax rebate cheque or Electronic Funds Transfer and a letter outlining the City's heritage permit requirements and other heritage programs, such as the Façade and Structural Improvement Grant Program. This strategy is consistent from year to year for those participating in the program.

Consultation:

Crystal Moffatt, Tax Collector

Christine Gilbert, Deputy Treasurer

Kate Allan, Director of Corporate Services

Attachments:

Schedule 'A': Eligible Applicants

Schedule 'B': Eligibility Criteria

Schedule 'C': Heritage Property Tax Relief Program Tracking

Recommended by:

Jocelyn Wainwright, BLA, Junior Planner

Sabine Robart, MSc, RPP, Manager of Planning & Heritage

Pamela Coulter, BA, RPP, Director of Community Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Jocelyn Wainwright, Junior Planner, at jwainwright@owensound.ca or 519 376-4440 Ext. 1250.