

Heritage Property Tax Rebate Program Review Update

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To:	Toronto Preservation Board Planning and Growth Management Committee
From:	Chief Planner and Executive Director, City Planning Division
Wards:	All
Reference Number:	Pg10022

SUMMARY

The purpose of this report is to inform Council of the upcoming review of the Heritage Property Tax Rebate Program. The report also recommends that Council postpone program applications in 2011 until such time as the program review is completed and any required changes to the program can be implemented.

As part of initiating the Heritage Property Tax Rebate Program, a review of the program is to be undertaken after two years of operation at full capacity. The 2009 tax year applications, which were due March 1, 2010, represent the second year at full operation. In order to report on the program and recommend any changes, staff is recommending that the 2010 tax year applications (due March 1, 2011) be postponed until a full report on the success of the program and any changes required to the program can be prepared for consideration by Council.

RECOMMENDATIONS

The City Planning Division recommends that:

1. City Council postpone the Heritage Tax Rebate Program for the 2010 tax year until such time as a full review of the program is completed and presented to Council and any changes to the program can be implemented.

Financial Impact

There is no new financial impact resulting from the suspension of the program or undertaking a review of the Heritage Property Tax Rebate Program.

DECISION HISTORY

In July 2006, City Council approved the creation of the Heritage Property Tax Rebate Program. This is a cost shared program with the provincial government and is administered by the City. It offers property tax rebates of up to 40% on eligible heritage elements of a property with a Heritage Easement Agreement.

The 2006 staff report indicated that a review of the program is required once it has operated at full availability for two years. The 2009 tax year applications mark the second year at full operation.

ISSUE BACKGROUND

Heritage Preservation Staff (HPS) have been operating the Heritage Tax Rebate Program since 2007 (for the 2006 tax year). Applications are due by March first of the year following the tax year for which a rebate application is made. For the 2006 and 2007 tax year the program was offered only to a small number of properties that were recognized as National Historic Sites and protected by a Heritage Easement Agreement.

Although the program eligibility was scheduled to open up to all properties with a Heritage Easement Agreement (registered by September 2006) for the 2007 tax year, the expansion was postponed one year due to cost containment measures. As with the 2006 tax year, the program was available only to National Historic Sites with a Heritage Easement Agreement for the 2007 tax year.

For the 2008 tax year, program eligibility was expanded to include all properties with a Heritage Easement Agreement registered by September 2006. The 2009 tax year (for which applications were due March 1, 2010) marked the second year of the program operating at full availability to eligible properties. Staff members are currently processing applications and will begin a full review of the program this fall.

COMMENTS

Program Review

The Heritage Property Tax Rebate Program has been operating at full availability for two years. Due to the municipal election, HPS staff will not be able to report on the program and any required changes until 2011, just prior to the application deadline for the next cycle of the program. As a result, staff is recommending that applications for the 2010 tax year be suspended until a full review of the program can be undertaken and recommendations can be presented to City Council.

MPAC Assessments

In order to evaluate the amount of rebate that a property is eligible for, the City relies on the Municipal Property Assessment Corporation (MPAC) to assign values to the various elements of a property. Once the value of various heritage attributes is determined, the City uses the data to calculate the final amount of the rebate.

Due to divergent methods of calculation between MPAC and the City of Toronto, MPAC has had to undertake a re-calculation of property portions eligible for the rebate since the 2006 tax year. This re-calculation is important because HPS staff have determined that MPAC calculation methods had diverted from agreed upon formulas and returned lower than anticipated rebates. In order to ensure the effectiveness of the program and the utility of the rebate to heritage property owners, City staff have returned the assessments for re-calculation according to the original evaluation methodology.

Incomplete Dataset

Because the rebate calculations for past years are currently under review by MPAC, HPS staff is unable to report accurately on the success of the program. Until such time as the review is complete, staff cannot complete the program review. Once the revised calculation sheets are received by the City and rebates are paid out, the program review can begin.

Review Process and Other Heritage Incentive Programs

The review of the Heritage Tax Rebate Program will examine areas where policy and procedure can be improved and it will also evaluate the program's success in terms of securing the conservation of historic properties. It will also be evaluated in consideration of existing complimentary heritage conservation incentives such as the Toronto Heritage Grant Program.

By examining options to fund the Grant Program in coordination with the review of the Tax Rebate Program, staff will have the opportunity to ensure that all heritage incentive dollars are used in the most productive manner possible, eliminate program redundancies or overlap and streamline access to incentive programs for heritage property owners.

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