TORONTO

STAFF REPORT
ACTION REQUIRED

Restructuring of the Heritage Property Tax Rebate Program

Date:	May 28, 2014
To:	Toronto Preservation Board Planning and Growth Management Committee
From:	Chief Planner & Executive Director, City Planning Division
Wards:	All
Reference Number:	P:\2014\Cluster B\PLN\PGMC\PG14069

SUMMARY

This report recommends that Council adopt a new program structure for the Heritage Property Tax Rebate Program (HPTRP). The new program structure is the result of analysing and assessing other tax rebate models; the effects, advantage and disadvantages of the current model and extensive community consultation.

The revised program structure provides tax rebates for costs related to eligible maintenance and conservation work for commercial and industrial properties that are designated under either Part IV or V of the Ontario Heritage Act (OHA).

The new HPTRP structure will provide a rebate of 40% of taxes paid, capped at 50% of eligible maintenance and conservation costs, and subject to a maximum annual rebate of $500,000.00 for Part IV designated properties and $50,000.00 per year for Part V designated properties (for a maximum of two consecutive years within a 5 year period). Applicants are also required to demonstrate that there is a minimum expenditure equivalent to 20% of taxes paid for properties subject to a Heritage Easement Agreement or Maintenance and Conservation Agreement and that all other program requirements are met.

The new program structure will create better tracking and key performance indicators, increase transparency and fairness, and improve processing time. The new program structure will assist property owners in developing maintenance and conservation

programs consistent with Official Plan goals for heritage incentive programs and heritage conservation excellence.

This report also recommends that the Heritage Grant Program be amended to exclude commercial and industrial heritage properties designated under Parts IV and/or V of the Ontario Heritage Act. This will allow the Heritage Grant Program to focus grants on residential and tax-exempt properties such as places of worship.

RECOMMENDATIONS

The City Planning Division recommends that:

1. City Council direct staff to process heritage property tax rebate applications received in 2015 for the 2014 tax year, in accordance with Chapter 103, Heritage, Article VII of the Municipal Code, for properties that have participated in the program at any time since the 2010 tax year.

2. City Council direct that the total annual costs of the municipal portion of rebates provided for the 2014 tax year shall not exceed $2 million.

3. City Council set a maximum rebate for the 2015 tax year of $500,000 for Part IV designated commercial and industrial properties subject to a Heritage Easement Agreement and $50,000 for Part V designated contributing commercial and industrial properties subject to a Maintenance and Preservation Agreement.

4. City Council direct staff to implement a standardized Maintenance and Conservation Agreement as described in this report and in accordance with section 37 of the Ontario Heritage Act, to be used exclusively for Part V designated commercial and industrial properties identified as contributing properties within the corresponding Heritage Conservation District Plan.

5. City Council authorize the Chief Planner and Executive Director to enter into standard Heritage Easement Agreements and Maintenance and Conservation Agreements, as described in this report and in a form and content satisfactory to the City Solicitor for the purposes of the Heritage Property Tax Rebate Program.

6. City Council direct staff to amend the eligibility criteria for the Heritage Grant Program to exclude commercial and industrial heritage properties designated under Parts IV and/or V of the Ontario Heritage Act.

7. City Council authorize the City Solicitor to introduce the necessary bills in Council to extend the current Heritage Property Tax Rebate Program for those properties that have participated in the program at any time since the 2010 tax year, for the 2014 taxation year and to amend Chapter 103 of the Municipal Code

to implement a new Heritage Property Tax Rebate Program structure as described in this report for the 2015 taxation year that:

a. provides rebates of 40% of taxes paid on designated commercial and industrial properties that are subject to a Heritage Easement Agreement or Maintenance and Conservation Agreement
b. is capped at 50% of Eligible Maintenance and Conservation Costs
c. is subject to a maximum annual rebate of $500,000.00 for Part IV designated properties, and $50,000.00 annually for Part V designated properties for a maximum of two consecutive years within the term of a 5 year Maintenance and Conservation Agreement
d. requires a minimum expenditure equivalent to 20% of taxes paid.

Implementation Points

It is recommended that the revised program not be implemented until the 2015 tax year with first rebates under the new structure being paid in 2016. This will allow time for the new program to be prepared, implemented and promoted. This will also allow applicants to take advantage of a full year to plan and undertake eligible maintenance and conservation work on their properties, in anticipation of 2015 rebates.

Financial Impact

The revised program structure does not change the budget allocation for the program (currently set at $2,000,000 for the municipal portion), but does recommend that it be allocated in a different way. The new method of allocating rebates increases transparency and provides better tracking and key performance indicators for rebates.

The provincial government shares the cost of rebates with the City. The municipal portion of rebates provided are budgeted for and funded from the City's Non-Program Heritage Tax Rebates Account, and the provincial education portion of rebates provided are fully recoverable from the Province/school boards. The new model will generally increase the proportion of rebates funded from the education portion of taxes, given that rebates will only be provided to commercial and industrial properties where the education portion of property taxes is approximately 47%. No program budget adjustment is currently recommended and accordingly there is no new financial impact as a result of the adoption of this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council on June 8 and 9, 2010, postponed the Heritage Tax Rebate Program for the 2010 tax year pending a full review of the program.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.PG38.8

City Council on July 16, 17, 18 and 19, 2013 directed that staff in consultation with the Municipal Property Assessment Corporation, to calculate rebates for the tax years 2010,

2011 and 2012 in the same manner as for the tax years 2008 and 2009 and to process heritage tax rebate applications received in 2011, 2012 and 2013 for the tax years 2010, 2011 and 2012, in accordance with Chapter 103, Article VII of the Municipal Code, as amended and further directed staff to report back in the fourth quarter of 2013 on changes to the Heritage Property Tax Rebate Program to be implemented in 2014 for the 2013 tax year and subsequent years, separate from the processing of rebates for the 2010, 2011 and 2012 tax years notwithstanding its decision of June 8 and 9, 2010 that these two items be concurrent.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PG31.6

In February of 2014, City Council adopted a report that directed staff to process heritage property tax rebates applications for the 2013 taxation year in accordance with Chapter 103, Article VII, of the Municipal Code pending further review of the program in 2014.
http://www.toronto.ca/legdocs/mmis/2014/pg/bgrd/backgroundfile-66959.pdf

ISSUE BACKGROUND

At its meeting of July 16, 17, 18 and 19, 2013, Council directed staff to report back on changes to the Heritage Property Tax Rebate Program. Staff have reviewed the program and found that several changes can be made that will improve the functioning, tracking and general success of the program in supporting the maintenance and conservation of heritage properties in the City. The proposed changes to the program are laid out in this report.

Legislative Framework

The authority to provide property tax rebates for heritage properties is provided for under Section 334 of the *City of Toronto Act* (the "Act"). This provision allows tax rebates for properties designated under Part IV or V of the OHA which are subject to heritage easement agreements held by the City or the Ontario Heritage Trust, or maintenance and conservation agreements held by the City. The rebate must be between 10% and 40% of taxes paid on the eligible heritage property. The Act also provides flexibility in how the program is applied by allowing for other eligibility criteria to be added at the City's discretion.

The Province contributes the education portion of property taxes, the percentage of which varies depending on the tax class for a property. There is no set maximum to the Provincial contribution for the overall costs of running the program.

Current Program

In 2006 and 2007, the program was open to National Historic Sites only. In 2008, eligibility was expanded to include properties that are designated under Part IV of the OHA and subject to Heritage Easement Agreements (HEAs) approved by Council on or before September 30, 2006.

The current program offers a 40% rebate of taxes paid on eligible heritage property (defined as those portion of the property identified as heritage attributes within the HEA), up to a maximum rebate (combined municipal + education portions) of $500,000 per year. This typically resulted in an average rebate of 18% of the overall property taxes paid on the property.

Within the current application process, applicants submit an initial, comprehensive application package in the first year, including a building condition assessment, and then provide a simplified renewal application for each of the next four years. In the sixth year, a five year renewal package is submitted and applicants are required to submit a new building condition assessment and proof of insurance.

Program Status

Heritage Preservation Services (HPS) has processed applications for 56 properties for the 2010-2013 tax years. Revenue Services has calculated approximately half of the final net rebates for these properties for the 2010-2012 tax years. Gross rebates are estimated by HPS, as set out in the table below. However, these estimates will be subject to adjustment upon calculation of net rebates as determined by Revenue Services, reflecting deductions for other rebates payable (e.g., vacancy or charity rebates), appeals, or other adjustments. For the 2013 tax year there were five new program participants and ten properties that did not renew their participation.

Tax Year	Estimated Provincial Portion	Estimated City Portion	Estimated Total Gross Rebates
2010	$1,024,401	$1,227,030	$2,251,431
2011	$1,196,379	$1,433,025	$2,629,404
2012	$1,295,400	$1,551,633	$2,847,032
2013	$1,257,497	$1,541,247	$2,798,744

Program Review

At Council's request, HPS staff undertook a comprehensive review of the Heritage Property Tax Rebate Program, including a situation analysis, a survey of current eligible participants, community consultation, legislative review, consultation with provincial government partners and examination of incentive programs in other jurisdictions. The purpose of this review was to identify problems, gain feedback from program participants and to explore alternatives for more effective program delivery.

Consultation

To ensure that all affected stakeholders had an opportunity for input into the program, review and redesign, HPS staff undertook a series of consultations between August 2013 and April 2014, as set out below.

Questionnaire

In August 2013, HPS staff circulated a questionnaire to current program participants and owners of eligible properties to solicit feedback on how the program is performing, and to identify how the program may be revised to better support heritage conservation goals. Responses identified the processing time for rebates and the complicated application process as issues.

Community Consultation
HPS convened a community consultation in September 2013. Program participants and owners of eligible properties were invited to hear an update of the program's status, the results of staff's preliminary program review, and to provide a forum for property owners to share their concerns and ideas about how the program could be improved.

Staff heard from current participants that, while the program was found to be useful, in many cases it was considered as compensation for owning a heritage property. It is important to note that the Ontario Heritage Act explicitly states that property owners are not entitled to compensation for owning a designated property, and the intent of the program was not to create a compensation framework for any real or perceived financial impact as a result of designation.

A second community consultation was held in April, 2014 to share staff recommendations with current and potential program participants. There was general enthusiasm for opening up the program to commercial properties in Heritage Conservation Districts.

Changes to the Heritage Grant Program
Staff are recommending that the Heritage Grant Program be amended to exclude commercial and industrial heritage properties designated under Parts IV and/or V of the OHA. This will allow the Heritage Grant Program to focus grants on residential and tax-exempt properties, such as places of worship.

During the community consultations some residential property owners expressed preference for remaining in the tax rebate program over the Heritage Grant Program, although staff analysis indicates that most residential properties participating in the rebate program would likely see greater benefit under the grant program.

Ontario Ministries of Finance and Tourism, Culture and Sport
HPS staff consulted twice with provincial government partners at the Ministry of Tourism, Culture and Sport and the Ministry of Finance. The purpose of the first meeting was to describe the results of the program review, to identify potential revisions to the program and to request feedback on the applicability of the revised program under the City of Toronto Act.

At the second meeting, HPS staff described the recommended changes to the program. Ministry staff was generally supportive of the new program structure.

Other Models Examined

Staff reviewed other incentive programs from around Ontario, including Peterborough, Port Hope, Kingston and Kitchener; across Canada, including Edmonton, Winnipeg and Regina, as well as the Commercial Heritage Property Investment Fund (CHPIF); and from the United States (Federal Historic Tax Credit). The purpose of this review was to identify other models and/or program criteria that may better serve the program's objectives than the current model.

Most jurisdictions in Ontario offer a 'straight rebate' on the entire tax bill, rather than calculate taxes paid on the attributable portions of the property, regardless of whether the rebate is used to offset the cost of conservation work. This was determined to be inappropriate for Toronto given the wide variety of property types and the number of properties where a relatively small proportion of the heritage attributes are conserved (i.e. facades).

A number of Ontario jurisdictions, including Peterborough, Kingston and Port Hope, require the property owner to demonstrate that conservation work has been undertaken in order to receive the property tax rebate, or offer higher rebates where conservation work is demonstrated. The City of Peterborough offers higher rebates for commercial class properties in the city's central area. This allows for greater certainty and accountability that the rebates are being used for conservation work.

The Commercial Heritage Properties Incentive Fund (Parks Canada, now discontinued) and the Federal Historic Tax Credit (National Parks Service, United States) utilize tax rebates and credits, respectively, to encourage investment in the conservation of heritage properties. Although their administrative and legislative frameworks are different from the City of Toronto Act, these programs demonstrate that tax incentives can spur significant investment through matching fund programs and leverage better conservation practice by requiring minimum retention of heritage attributes in order to qualify (i.e., no façade retention alone).

Results of Program Review

The review found that the program may not be working as effectively as possible for a number of reasons, as set out below:

- The program relies on complex formulas to determine the eligible heritage portion of the property to which the rebate applies
- The current application process is costly (because of the need to engage an architect to prepare drawings)
- Extensive time is required to process applications and necessitates the review of each application by the Municipal Property Assessment Corporation (MPAC) whose legislated three-month service standard adds significantly to the processing time for new applications
- Some applicants have also expressed reluctance to participate in the program because they are concerned that their participation will result in additional scrutiny and potential reassessment of their property by MPAC. The uptake of less than 25% of currently eligible properties suggests that it is either too difficult to apply for or that property owners may not be in compliance with the terms of their heritage easement agreements
- Due to the nature of the rebate paid to applicants, it is difficult to track how the funds rebated to applicants are used or if the rebate is being directly invested in the conservation and maintenance of the heritage properties, as a result, the

program does not have meaningful performance indicators, making it difficult to gauge its effectiveness

- Because the current program does not require applicants to demonstrate how they are investing rebate funds in the heritage property, it does not effectively encourage better conservation and investment in heritage properties, or support properties in heritage conservation districts
- Finally, participation in the program is restricted to properties that are subject to HEAs approved by Council before September 30, 2006 and those designated under Part IV of the OHA. This excludes participation by most heritage properties in the City

COMMENTS

As a result of the analysis undertaken in the review of the program, staff are proposing a new program structure that will increase transparency and create key performance indicators by creating a cost-sharing structure with property owners. The new program will provide rebates of 40% of taxes paid on designated commercial and industrial properties capped at 50% of Eligible Conservation Costs (defined below in this report) and subject to a maximum annual rebate of $500,000.00 for Part IV designated properties and $50,000.00 for Part V designated properties, for a maximum of two consecutive years within the term of a 5 year Maintenance and Conservation Agreement. There will also be a minimum expenditure requirement equivalent to 20% of taxes paid. Properties must also be subject to a HEA or Maintenance and Conservation Agreement, registered on title.

In order to broaden eligibility to contributing commercial and industrial properties within HCDs, staff have determined that a new tool should be created that will allow for shorter-term additional protection under section 37 of the OHA. HEAs are currently used for the additional protection of properties that are individually significant and designated under Part IV of the OHA. HEAs are registered on title to the property in perpetuity. Staff are recommending that Council authorize shorter term agreements for the protection of contributing commercial and industrial properties within HCDs designated under Part V of the OHA. The new agreement will be called a Maintenance and Conservation Agreement (MCA) and will be used exclusively for contributing commercial and industrial properties in HCDs.

An MCA is an agreement that will be entered into by the property owner and the municipality under section 37 of the OHA. The MCA will be registered on title and will provide for the protection and conservation of contributing commercial and industrial properties in HCDs for a period of 5 years. Based on the in-force HCD plan, the heritage attributes of the property to be conserved, relating to the identified character and heritage values of the district, will be set out in the MCA, along with commitments for the maintenance and conservation of the property. MCAs will only be used for purposes of the HPTRP, for commercial and industrial properties designated under Part V of the OHA that are identified as contributing properties (or equivalent) in an adopted HCD plan.

REVISED HERITAGE TAX REBATE PROGRAM STRUCTURE

Purpose

The purpose of the revised HPTRP is to assist owners of commercial and industrial heritage properties with the cost of maintenance and conservation. Contributing commercial and industrial heritage properties designated under Parts IV and/or V of the OHA that are subject to HEAs or MCAs will be eligible to apply for the program. Through cost sharing for Eligible Conservation and Maintenance Work, property owners will have ongoing access to financial assistance in the form of a tax rebate.

The purpose of the program is not to provide compensation for any real or perceived effect on property value, increased responsibility of a property owner, or increased expense of property maintenance as a result of designation and protective agreements. The program is a recognition that owners of heritage properties who have entered into HEAs or MCAs have undertaken the responsibility to protect and conserve the irreplaceable heritage of our City and, as a result, the City will help fund that public benefit through the HPTRP.

Program Structure

The revised HPTRP will consist of a two-step application process.

Step One in the application process is the "**Project Proposal**." The Project Proposal sets out the scope of the conservation or maintenance work that a property owner plans to undertake during a given tax year. The Project Proposal must be prepared by a qualified heritage professional and it will set out the type of work proposed, detailed specifications for completing the work and estimated costs. The following materials will be required as part of a complete Project Proposal:

- Heritage Property Tax Rebate Program Project Proposal form
- A copy of the most recent tax bill for the property
- A copy of any registered HEA or MCA
- Photographs of the property in its current state
- A scope of Eligible Maintenance and Conservation Work (defined below in this report)
- Detailed specifications of all proposed Eligible Maintenance and Conservation Work
- Complete architectural plans and elevations for any work involving development, interior or exterior structural alterations, or any alterations affecting the structure or gross floor area of the property
- Detailed cost estimates for all Eligible Maintenance and Conservation Work, detailed by each specialized trade and/or type of work

The project proposal will be reviewed by HPS to ensure that the proposed Maintenance and Conservation Work meets the Official Plan expectation that projects funded by municipal incentives achieve “excellence in conservation.” Excellence in conservation is measured against consistency with the *Standards and Guidelines for the Conservation of Historic Places in Canada*, and the eligibility requirements of the program.

Upon approval of Eligible Maintenance and Conservation work, HPS will issue a Statement of Eligible Expenses (SEE), indicating what work and material costs related to the maintenance and conservation of the property are eligible for a tax rebate. Approved Eligible Maintenance and Conservation Work must be completed as set out in the SEE and in accordance with all other program requirements in order to maintain project eligibility. If, due to unforeseen circumstances, a project cannot be completed as approved in a SEE, HPS may issue a revised SEE based on submission of an acceptable revised scope of work, so long as work has not commenced.

Project Proposals and SEEs maybe be submitted and issued for multi-year project approvals, however expenses incurred in each year are always due by the end of February of the year following the completed work, as part of a complete Rebate Application.

Project Proposals can be submitted at any time prior to and including the last day of August for work to be completed in the same year. Project Proposals may also be submitted prior to the year in which the work will take place.

Step Two in the application process is the **Heritage Property Tax Rebate Application.** The “Rebate Application” will set out the work that has been completed since the Project Proposal was submitted and include photographic records and invoices/receipts of all completed work.

HPS staff will verify, through review of submitted documentation and site visits, that the Eligible Maintenance and Conservation Work set out in the Project Proposal has been completed satisfactorily. Provided that the Eligible Maintenance and Conservation Work has been completed to the satisfaction of the Manager of HPS (the "Manager") in accordance with the requirements of the OHA, all HPTRP requirements, and OHA conditions as may be applicable, staff will issue instructions to Revenue Services to process the rebate of 40 % of taxes paid to a maximum of 50% of Eligible Maintenance and Conservation Costs (not to exceed in the case of Part IV properties , $500,000.00 annually and in the case of Part V properties, $50,000.00 annually for a maximum of two consecutive years within the term of a five year MCA)

The following materials will be required as part of a complete Rebate Application:

- A completed Heritage Property Tax Rebate Application form
- Confirmation that an HEA or MCA has been authorized
- A copy of the project Statement of Eligible Expenses (SEE)
- A copy of the tax bill for the year in which work was completed, with proof of payment,

- Photographs of the property showing the completed Eligible Maintenance and Conservation Work
- Invoices from contractors, marked as paid, with a breakdown of costs by each skilled trade and/or type of work for the eligible maintenance and conservation work
- A certificate of insurance showing that the property is insured as per the requirements of the HEA or MCA.

The Rebate Application is due on the last day of February each year, for Eligible Maintenance and Conservation work completed during the previous tax year. The Rebate Application is the point at which invoices and receipts for completed work must be submitted to the City. Late applications will not be accepted.

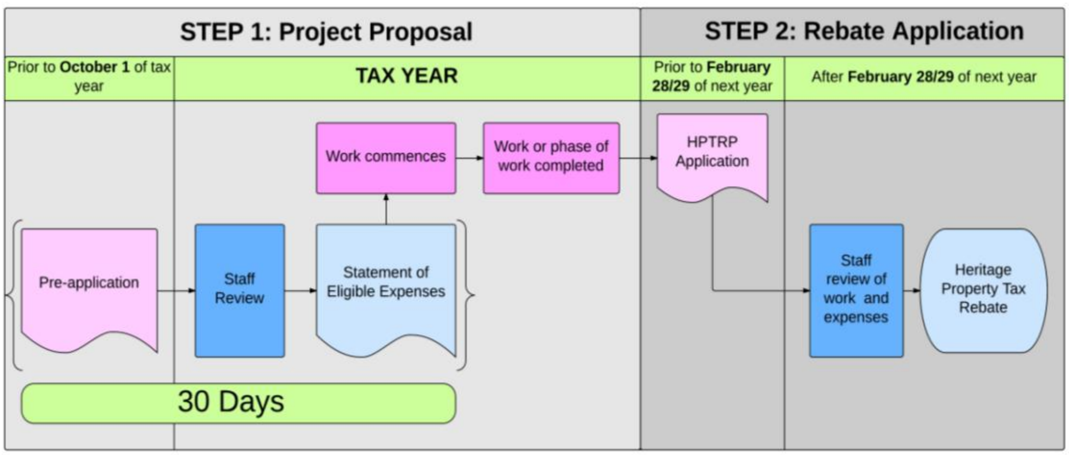

Figure 1.

How much is the rebate?

All designated commercial and industrial properties will be eligible for an annual rebate of 40% of taxes paid to a maximum of 50% of costs paid for Eligible Maintenance and Conservation Work, not to exceed, $500,000.00 annually in the case of Part IV properties, and $50,000.00 for Part V designated properties for a maximum of two consecutive years within the term of a 5 year a MCA. There will also be a minimum expenditure requirement equivalent to 20% of taxes paid.

Rebate caps may be adjusted from year to year based on budget forecasting to prevent program budget overruns. Caps will be adjusted and approved by Council through the regular annual budget process for the City Planning Division.

What types of properties are eligible?

Eligible Properties are:

1. Commercial and Industrial properties designated under Part IV of the OHA that are:
   a. subject to a registered HEA;

b. retain the designated heritage property, including all façade(s) facing a street or open space and a minimum 50% of the gross floor area; and
c. meet all other eligibility criteria;

2. Contributing commercial and industrial properties in a designated Heritage Conservation District that are:
   a. subject to a registered MCA;
   b. retain the designated, contributing heritage property, including all façades facing a street or open space and a minimum 50% of the gross floor area;
   c. meet all other eligibility criteria.

Gross floor area will be determined based on plans submitted by the applicant. The plans will set out the floor area of the building or buildings on the heritage property that are described in the corresponding statement of cultural heritage value and/or character statement (and will include all areas with heritage attributes) identified in the designation and HEA, or HCD plan and MCA. The gross floor area will be calculated from these plans, which must be stamped by an architect. (Plans showing the gross floor area of the eligible heritage property will only be required when work or alterations are proposed that will affect the gross floor area.)

Owners of commercial and industrial Part IV or V properties that are not subject to a HEA or MCA can request to enter into a HEA as part of the Project Proposal in order to meet eligibility requirements. Staff are proposing that Council delegate authority to the Chief Planner and Executive Director (the "CPO") to enter into standard HEAs and MCA's for purposes of the HPTRP. If the proposed Eligible Maintenance and Conservation Work includes alterations that are beyond the scope of the CPO's delegated authority to approve, the proposed alterations and agreements will require approval by Council. Council must authorize the agreements prior to submission of the Rebate Application and the agreements must be registered on title before any rebate is paid.

Residential and tax-exempt properties will not be eligible to apply for the HPTRP, but will be directed to the Heritage Grant Program. Conversely, commercial and industrial properties eligible for the HPTRP will be excluded from eligibility in the Heritage Grant Program. This will ensure that more grant dollars can be allocated to residential and tax-exempt properties, such as places of worship. Staff have determined that this will create a benefit to residential properties owners who on average can expect a larger grant as compared to their potential annual rebate under that HPTRP. Likewise, commercial and industrial properties will experience a greater value of rebate by comparison to what they have experienced under the grant program. By allocating the two program budgets towards specific property types both programs can leverage greater conservation opportunities and assist more property owners.

Additional Eligibility Criteria:
Eligible Properties must also meet the following additional criteria:

- Be a commercial or industrial tax class, where 50% of the current value assessment (CVA) is attributable to commercial or industrial taxes
- Undertake Eligible Maintenance and Conservation Work in the tax year equivalent to a minimum of 20% of taxes paid
- Not be subject to:
    - Substantial or complete disassembly
    - Substantial or complete reconstruction
    - Moving from the property

If a heritage property tax rebate application is submitted within one year of an application related to development, interior or exterior structural alterations, or any alterations affecting the structure or gross floor area of an eligible heritage property, the applicant may be required to submit drawings prepared by a heritage architect, clearly indicating that:

- 50% of the current gross floor area related to, or supporting the heritage values and attributes of the property will be retained
- 50% of the current exterior walls, plus all façades facing a right of way or open space, will be retained as exterior walls

What is “Eligible Maintenance and Conservation Work”?

"Eligible Maintenance and Conservation Work" for the purposes of the HPTRP will include physical maintenance and conservation of heritage attributes identified in a designation bylaw, HCD Plan, and HEA or MCA, (as well as those areas of a heritage property described by the cultural heritage values in a designation bylaw and HEA, or the cultural heritage value and character identified within an HCD Plan and MCA, and additional structures that support or protect the identified heritage attributes).

Specifically, Eligible Maintenance and Conservation Work is defined as the actions and materials required to repair, restore, preserve, rehabilitate and stabilize the identified heritage attributes and any of the following structural elements or actions that support or protect identified heritage attributes:

- Exterior walls and facades
- Roofs
- Foundations
- Chimneys
- Exterior windows and doors
- Exterior Stairs
- recreation of lost historic features (where sufficient documentary evidence exists)
- Studies including engineering, architectural or planning studies focused on conservation, if they are required to direct conservation work. Studies are only eligible if the related Eligible Maintenance and Conservation Work is undertaken and completed

Eligible Maintenance and Conservation Work must be consistent with the *Standards and Guidelines for the Conservation of Historic Places in Canada* and must comply with all additional requirements of the program.

What kind of work is ineligible?

The following types of work are not eligible for the purposes of the program:

- New construction that is not restoration
- Electrical and wiring
- Plumbing and sprinklers
- Heating, air conditioning or ventilation
- New windows, doors and fixtures, except when restoring historic features that are lost, but for which sufficient documentary evidence exists;
- New structures, buildings, additions
- Carpeting
- Window treatments
- Furniture or chattels
- Decks
- Demolition
- Building moving
- Addition of new features, fixtures or fittings
- Waterproofing or underpinning
- Landscaping, fencing or paving (that are not associated with the restoration or maintenance of identified attributes in the HEA/MCA of the designated property, or lost original documented features)
- Lighting
- Signage
- Financing, acquisition or leasing costs
- Upgrades for accessibility, thermal performance or compliance with the Ontario Building Code
- Conservation Plans or Heritage Impact Assessments
- Development feasibility studies
- Studies required as part of an agreement or development application

Budget Controls

This report does not recommend change to the current budget allocation of $2,000,000. The new program structure has several mechanisms that will keep the rebates within the current budget allocation, including maximum rebates capped at 50% of Eligible Maintenance and Conservation Costs as well as upset maximums or “caps” as described above. At the discretion of the manager, Heritage Preservation Services, the City may require an independent audit of expenses submitted for conservation projects prepared at the applicant's expense.

It is recommended, however, that additional budget control measures be brought forward as needed through budget forecasting prior to the annual City Planning budget process.

By examining the project proposals in a given year, City Planning staff can project demand for rebates and adjust the rebate caps downward accordingly, if necessary.

It is strongly recommended that the rebate percentage not be changed, in order to maintain predictability and consistency for applicants. However the caps can be dropped without changing the program structure. By dropping caps as necessary more applicants can be included where the forecast amount for rebates is anticipated to exceed the available budget. Further, staff can work with applicants during the project proposal to reframe scopes of work, extend work plans or prioritize certain projects over others when it is estimated that certain applications might cause pressure on the program budget.

NEXT STEPS

It is recommended that the current HPTRP program be continued for the 2014 tax year with rebates being paid in 2015. Applications under the new program structure will be promoted after adoption of the new program structure by City Council and project proposals will be received by staff in 2015 for work to be completed in that tax year. Rebates for work completed in 2015 will be paid after applications are received and approved in 2016.

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SIGNATURE

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