



The Corporation of the Municipality of

**Central Elgin**

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## **Municipality of Central Elgin Heritage Property Tax Reduction Program Information Brochure**

The Ontario Government has enabled local municipalities to offer tax relief to owners of heritage properties to help owners maintain and restore these unique and valuable resources. On November 24, 2008 Council of the Municipality of Central Elgin approved the implementation of a Heritage Property Tax Reduction Program, effective January 1, 2009.

Normal upkeep and maintenance are the responsibility of every property owner. However it is widely recognized that heritage properties may require more intensive care, custom work or restoration at a somewhat higher cost than one would encounter with newer buildings. To assist property owners, the municipality has adopted a **Heritage Property Tax Reduction Program**. Property tax relief supports heritage conservation by recognizing that owners of heritage properties often incur above average costs to maintain aging structures and the heritage attributes of these properties.

### **1. Amount of Tax Relief**

In the Municipality of Central Elgin, the amount of the annual tax reduction is **30%** of taxes payable on the eligible property. Property taxes are made up of three components: the municipal component (Central Elgin), the school board component and the county component (County of Elgin).

**Please be advised that at this time, only the municipal and school board component of the taxes will be subject to the 30% reduction. The County of Elgin has been requested to include its share of county tax in the Heritage**

Property Tax Reduction Program. If the County of Elgin agrees to the municipality's request, the cost of the relief will then be shared by the upper-tier municipality (County of Elgin), lower-tier municipality (Central Elgin), and the school boards in the same proportion as those bodies share in the tax revenues.

Should the County of Elgin not agree to provide a reduction, the Municipality of Central Elgin will not fund the County's share. The result would be that only the municipal and school board components would be eligible for the reduction.

## **2. Eligibility Criteria for Heritage Properties**

To be eligible for tax relief, the property must comply with both provincial and municipal eligibility requirements.

Provincial Requirements: An eligible heritage property must be **designated as a property of cultural heritage value or interest** under Part IV of the *Ontario Heritage Act* (an individual property designation) or it must be part of a **heritage conservation district** under Part V on the *Ontario Heritage Act*; and in either case, the property must be subject to a **Heritage Easement Agreement** under section 22 or 37 of the *Ontario Heritage Act*.

A Heritage Easement Agreement is required because designation alone does not oblige owners to maintain their properties on an ongoing basis. The purpose of the tax relief measure is to offer an incentive for heritage property conservation. Therefore, relief will be available to those owners who have made a commitment to maintain and preserve their heritage properties on an ongoing basis.

The property must be subject to a **Heritage Easement Agreement by December 31<sup>st</sup>** of the taxation year for which the tax relief is sought. Further information regarding property designation and Heritage Easement Agreements can be found in Appendices B and C.

Municipal Requirements (Municipality of Central Elgin): An eligible property must meet the following criteria, to the satisfaction of the Chief Administrative Officer/Clerk:

- a) be classified as a Group 1 property (of major significance and importance, worthy of designation) or Group 2 property (significant, worthy of preservation)
- b) be in a good and habitable condition.

The purpose of reviewing a property's heritage classification is to ensure that main heritage attributes are evident (such as the building dates from an early age, retains most of its original architectural features and is representative of an architectural style, period or method of construction). The municipality also wants to ensure that the building is in good condition and is habitable (as opposed to derelict and vacant). Further information regarding property evaluation and classification, and the interpretation of 'good and habitable condition' can be found in Appendix D.

Additional Municipal Requirements:

The property must not be the subject of any municipal by-law contraventions, work orders or other outstanding municipal requirements, as of the date the application is received by the municipality.

There must also be no outstanding municipal fines, arrears of taxes, fees or penalties assessed against the property.

### **3. Applying for a Tax Reduction and Application Deadline**

Eligible heritage property owners must apply to the Municipality of Central Elgin to take advantage of the tax relief measure. An initial application is required for the first year that the property enters the program, and subsequent renewal applications are required every year (each application covers a one-year period). The renewal application is required to ensure that the property is in compliance with the Heritage Easement Agreement. For renewal applications, the owner will be required to submit new photographs and verify in writing that the building is being maintained in accordance with the easement requirements.

**An application must be made no later than the last day of February in the year following the year for which the owner is seeking the tax relief. For the 2009 tax year, the deadline is February 28, 2010.**

### **4. Application Fees**

There is no up-front application fee. The application fee will be deducted from the amount of the tax reduction once it is calculated. The amount of the application fee is 20% of the annual heritage reduction amount for the first year and 10% of the annual heritage reduction amount for every renewal application. For example, in the initial year, if the tax reduction amount was calculated at \$1000, a sum of \$200 would be retained by the municipality as the application fee. This fee helps cover the administrative costs of the program. The fee is deducted for only the year of application.

The minimum tax reduction amount that shall be paid for an individual property is \$200.00.

## **5. Application Submission Requirements**

The following information is required as part of the Heritage Property Tax Reduction application form:

- Confirmation that the property is designated under the *Ontario Heritage Act* either individually or in a heritage conservation district.
- Confirmation that the property is subject to a Heritage Easement Agreement with the Municipality of Central Elgin.
  - Submission of the name of your insurance carrier and policy number.
  - Submission of a letter or certificate from your insurance company/broker/agent is required stating that the owner has a valid insurance policy which insures the building against normal perils that are coverable by all risk property insurance in an amount equal to the replacement cost of a similar scaled new building with an exterior design complementary to the existing structure.
- Submission of a current photograph of each elevation of the building (north, south, east and west) with the date of the photograph on the back.
- Confirmation that the property is occupied and in good and habitable condition.
- Confirmation that the property is not the subject of any municipal by-law contraventions, work orders or other outstanding municipal requirements.
- Confirmation if the property is the subject of any other municipal tax reduction or rebate program.
- Identification of any anticipated work for the upcoming year.

## **6. Inspection of Property**

Upon application, the property owner consents to the municipality conducting an inspection of the interior and exterior of the eligible heritage property at any reasonable time, if required. The purpose of the inspection is to ensure compliance with the relevant Heritage Easement Agreement and to confirm the eligibility criteria.

## **7. Staff Review of the Application**

The administration of the Heritage Property Tax Reduction Program primarily involves staff from the Clerk's Department (Heritage) and Finance Department (Taxation Division). Additional staff review for the purpose of ensuring compliance involves Building Standards, By-law Enforcement and Legal Services.

The initial Application Form allows staff to confirm that eligibility criteria are met and to capture key property information such as current photographs of the property, verification that the building is being maintained in accordance with the Heritage Easement Agreement, proof of insurance coverage and any anticipated restoration and maintenance costs for the coming year.

## **8. Impact on Other Tax Reduction Programs**

Where a heritage property is currently receiving tax reductions or refunds under other municipal programs, such as commercial/industrial vacancy refunds or charity rebates, the amount of the heritage property tax reduction will be calculated on the adjusted taxes after the other rebates have been taken into account.

## **9. Eligible Property Tax Classes**

Tax reductions may apply to eligible property within any or all, of the commercial, industrial, farm, residential or multi-residential tax classes.

## **10. Eligible Portion of Property**

The property tax reduction applies to the building or structure (or portion of) that is an eligible heritage property, and the lands eligible are calculated as percentage of the total taxes levied on the property. The Town will determine the reduction amount with the assistance of the Municipal Property Assessment Corporation (MPAC). The intent is to ensure that the portion of the building and land that is valued by MPAC relates only to the eligible portion. For example, if a heritage farmhouse is located on a 10-acre parcel of land, the eligible portion would only be the farmhouse building and its land. The balance of the 10 acre farm would not be eligible for the tax reduction. However, in some cases, there may be a cultural heritage feature associated with the building such as a significant tree or cultural landscape element that has been identified in the designation by-law. In these instances, the eligible portion may include the building and some additional land.

## **11. Penalties**

The municipality wants to make certain that a property that receives a Heritage Tax Reduction is in compliance with municipal by-laws and not the subject of any contraventions, work orders, penalties, fees, arrears of taxes, fines or any other outstanding requirements. Therefore, the Heritage Tax Reduction shall be repaid in full by the owner for every year where there is an outstanding contravention or where there are outstanding municipal fines, arrears of taxes, fees or penalties assessed against the owner.

A contravention is defined as “an offence under a municipal by-law, Act or regulation for which enforcement proceedings have been commenced”. This would include non-compliance with a Heritage Easement Agreement.

The purpose of this policy is to ensure that a contravention prior to application disqualifies an owner from making an application for the year or years during which the contravention exists. Once there is compliance, however, the owner becomes eligible for tax reductions for future years.

Where an owner commits a contravention after having received a Heritage Tax Reduction, the total amount of the tax reduction is to be repaid while there is non-compliance with the contravention. The municipality may require the owner to pay interest on the amount of any repayment required. There will be no in-year adjustments. Any contravention in any year will disqualify the owner from a tax reduction for that entire year.

## **12. Limitations**

The Heritage Tax Reduction Program is subject to any regulations that the Ontario Minister of Finance may make governing by-laws on tax refunds and reductions for heritage properties.

The Heritage Tax Reduction program, as adopted by Central Elgin Council on November 24, 2008 and set out in By-law 1100 and is subject at all times to the availability of funding for the program. Please take note that nothing in the implementing by-law requires the municipality to provide funding for this program and the Heritage Tax Reduction contemplated by By-law 1100 may be eliminated by Council through repeal of the by-law at any time. Funding for the Heritage Tax Reduction Program will be reviewed on an annual basis.

Heritage property owners should carefully consider the impacts of this program before applying. In essence, to receive the tax reduction requires a commitment by the property owner. Should a property owner wish to opt out of the program in future years or should the program be subsequently eliminated by a future Council, the Heritage Easement Agreement would remain on the property.

### **13. Further Information**

Further details concerning this program can be found in “Heritage Tax Reduction By-law” (By-law 1100) passed by Council on November 24, 2008 or by contacting the Finance Department at the Municipality of Central Elgin.

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