

## **Committee of the Whole Report**

For the Meeting of January 7, 2021

**To:** Committee of the Whole **Date:** December 10, 2020

From: Susanne Thompson, Deputy City Manager and Chief Financial Officer

**Subject:** Heritage Property Tax Exemptions – Summary of Exemptions since 2006

## RECOMMENDATION

That Council receive this report for information.

## **EXECUTIVE SUMMARY**

At the September 17, 2020 Committee of the Whole meeting, a heritage tax exemption application was under consideration. As part of that discussion, Council requested that staff bring a report forward outlining a summary of heritage exemptions granted over the last number of years and that an annual update be provided.

Under the City's Heritage Tax Incentive Program, which began in 1998, property tax exemptions are granted for up to 10 years to assist heritage-designated building owners with the high cost of seismic upgrading. To date, this program has led to the creation of 699 residential units in 43 rehabilitated heritage buildings and has attracted \$292 million in private investment primarily in the downtown.

Appendix A outlines heritage exemptions granted since 2006 for 24 properties: five have expired, 16 are active, and three are pending completion of the projects and occupancy of the buildings. The majority provides for a 100% exemption for 10 years; however, a few have either a shorter term or a partial exemption, typically reflecting the proportion of the overall development that related to the heritage component. In other words, where the upgrading also involved an addition, only the proportion for the original heritage building is granted an exemption.

For each property, the assessed value has increased due to the upgrades. The payback period can be calculated in a number of ways and the attachment shows two scenarios: one that compares the incremental tax increase to the pre-work assessed values and taxes the City used to collect, and one that compares the incremental tax increase to the post-work assessed value and taxes the City could have collected had the work been done even if an exemption was not granted. Due to the myriad of reasons assessed values and mill rates change each year, each scenario uses base years only for the calculations.

Respectfully submitted,

Susanne Thompson
Deputy City Manager and
Chief Financial Officer

## Report accepted and recommended by the City Manager **List of Attachments** Appendix A: Summary of Heritage Exemption since 2006