

HERITAGE TAX INCENTIVE PROGRAM APPLICATION –RESIDENTIAL USES INFORMATION



Introduction to City Regulations

In 1997, the City of Victoria endorsed the Corporate Strategic Plan. This Plan identifies as one of its key goals for the Downtown core: *To develop a vibrant and healthy Downtown core, which supports residential, business and leisure activities.* In 1998, Council approved a tax incentive program to assist in the conversion of Downtown heritage buildings for residential use. The intent is to assist the preservation, rehabilitation and seismic upgrade of designated heritage buildings in the Downtown. In 2017, Council approved the expansion of the tax incentive program beyond Downtown to include all eligible heritage designated buildings citywide.

What is the Tax Incentive available?

The Tax Incentive is a total exemption from property taxes for up to a ten-year period. The property owner is still liable for Local Improvement charges appearing on the property tax notice.



What are the qualification requirements?

- The subject building must be protected by a Heritage Designation Bylaw.
- The proposed work on the building must result in substantial rehabilitation and create new residential uses on the upper floors.
- The building must be privately owned. Government-owned properties are not eligible.

What Work is Eligible?

Eligible seismic upgrading costs specific to the conversion of existing space to residential uses, for example:

- Professional design and engineering reports, drawings, cost estimates and specifications as required for the project.
- Seismic upgrading of building components, including Code upgrading, bracing of walls, floors, and roof systems, masonry reinforcement, affixing of cornices or other exterior architectural features to the building structure, etc.

Seismic upgrading should conform to the “*Standards and Guidelines for The Conservation of Historic Places in Canada*”. All proposed work must comply with:

- Existing *Building Code* requirements;
- City of Victoria permits and bylaws.

Owners must obtain a Heritage Alteration Permit for all exterior work undertaken (where required).

In cases where the applicant also applies for a Building Incentive Program Grant from the Victoria Civic Heritage Trust, staff will coordinate applications to ensure no duplication of incentives is provided for the same work.

Note that the tax exemption will not be given retroactively and work must not commence before approval is given.

What information do I need?

The attached Application describes the information requirements. To provide appropriate building details, a Heritage Alteration Permit Application will be required in conjunction with the Heritage Tax Incentive Program for Non-Residential Use Application.

Please note that the information provided is considered public information and available for public viewing.

Supplementary Information Sources

To view the City’s Heritage Registry, go to:

http://www.victoria.ca/cityhall/departments_plnpln_hrtinv.shtml

Information on the City’s Heritage program and rehabilitation guidelines:

- City of Victoria Heritage Program – Building Our Past – Relevant documents and information available on-line at:

http://www.victoria.ca/cityhall/departments_plncmm_hrt.shtml

- Standards and Guidelines for the Conservation of Historic Places in Canada – available on line at http://www.pc.gc.ca/docs/pc/guide/nldclpc-sgchpc/index_E.asp

What is the process for approval?

The Planning Process involved in dealing with the Heritage Tax Incentive Program is provided in the attached flowchart. It is essential that all steps be undertaken. Note that a Heritage Alteration Permit application is also required for the project. The timing of this Heritage Alteration Permit in relation to this application should be discussed with staff.

Who gets a say?

The Victoria Civic Heritage Trust will review the application at its monthly Architectural Conservation Committee and Board of Director's meetings. Their recommendations are provided to City Council. City Council is the final authority in granting eligibility to the program. Applicants are advised to submit a copy of this application and all relevant plans to the Executive Director, Victoria Civic Heritage Trust at Box 8388, Victoria, B.C. and arrange an appointment to review the application. Telephone 250-727-8482.

How long will the process take?

It is estimated that the approval process will take approximately three months. A complex application may require more time. Planning Staff will advise you of meeting dates. The Victoria Civic Heritage Trust generally meets the 3rd Monday of the month.

The Planning Process involved in dealing with a Heritage Tax Incentive Program Application is provided in this handout. It is essential that all steps be undertaken.

What happens after the application is approved?

You can submit your building plans prior to final approval by Council. However, no work can be undertaken without a building permit in place.

Upon completion of the project, representatives from the Victoria Heritage Civic Trust will confirm that the work has been carried out as proposed before qualifying for the tax exemption. In addition, a certification of costs and compliance by the project engineer must be provided.

The term of the tax exemption will commence in the year following the year in which the final occupancy permit is issued for the project.

Term of Exemption

The *Municipal Act* allows a municipality to exempt taxes for heritage projects. Projects eligible for the City of Victoria Tax Incentive Program will be subject to the following calculation:

$$\begin{array}{lcl} \text{Term of exemption} & = & \frac{\text{Cost of seismic upgrading}}{\text{current taxes}} \\ (\# \text{ of years}) & & \end{array}$$

Following project completion, the project will be exempt from taxes for the specified number of years. The actual value of the exemption will be determined by the revised assessment determined by the B. C. Assessment Authority and the current year's tax rate for each year.

Example:

A building being proposed for rehabilitation needs \$200,000 worth of seismic upgrading. It currently pays \$20,000 per year in property taxes. The maximum eligible term of exemption, which City Council may approve, is therefore:

$$\begin{array}{lcl} \frac{\text{Seismic Upgrade Cost}}{\text{Current Annual Taxes}} & \frac{\$200,000}{\$20,000} & = \quad 10 \text{ Years} \end{array}$$

The B. C. Assessment Authority provides an estimate of the increased property assessment resulting from the rehabilitation which results in a potential increase in annual taxes to \$42,000 per year.

The **actual** value of the exemption may amount to (estimate) $\$42,000 \times 10 \text{ years} = \$420,000$.

Who can I talk to?

General Applicant services are provided by the City of Victoria Planning & Development Department staff located on the 2nd floor of City Hall. The Heritage Planner and the Heritage Secretary will advise you on how to keep your permit application moving smoothly. The business hours of the Planning & Development Department are 8:00 am to 4:30 pm, Monday to Friday, except statutory holidays.

<p>City of Victoria Heritage Secretary 1 Centennial Square Victoria, BC V8W 1P6 Phone: (250) 361-0384 Fax: (250) 361-0386</p>
--

HERITAGE TAX INCENTIVE PROGRAM / RESIDENTIAL USE PLANNING PROCESS

<i>STAGES</i>	<i>WHO</i>	<i>WHAT</i>
First Steps	Applicant	Confirm with City Staff that the project qualifies for the program.
Make the Application	Applicant	Submit 3 copies of the application with all the supporting materials and fee. Note that a Heritage Alteration Permit may also be required.
Evaluation	BC Assessment Authority	Review by Assessment Authority for an estimate of an increase of property values.
	Victoria Civic Heritage Trust	Review by Victoria Civic Heritage Trust.
	Applicant	Attend Victoria Civic Heritage Trust meeting to answer questions.
Committee Review	Staff	Staff recommendations are presented to the Committee of the Whole.
	Committee of the Whole	Committee of the Whole reviews application and may recommend changes, approval, rejection, referral or tabling.
	Applicant	Be present at the Committee of the Whole meeting to answer any questions.
Refinements	Applicant/Staff	As a result of the Committee of the Whole review, refinements resulting from referrals or requests for clarification may be required.
Development Agreements	Staff/Applicant/City Solicitor	Preparation of any covenants, as required.
Bylaw Preparation	Staff/City solicitor	If the Committee recommendation is to approve, then a draft bylaw will be prepared by the City Solicitor and proceed to Council for 1 st and 2 nd readings.
Council Decision	Council	Final voting on the tax exemption bylaw requires a 2/3 majority vote by Council for final approval.

**HERITAGE TAX INCENTIVE PROGRAM –
/ RESIDENTIAL USE - APPLICATION**

Address _____



Contact info

Name of Owner: _____
Address of Owner: _____
City: _____ Postal Code: _____
Phone: _____ Fax: _____ Email: _____

Name of Agent (if different from owner): _____
Address of Agent: _____
City: _____ Postal Code: _____
Phone: _____ Fax: _____ Email: _____

Name of Architect: _____
Address of Architect: _____
City: _____ Postal Code: _____
Phone: _____ Fax: _____ Email: _____

Name of Engineer _____
Address of Engineer: _____
City: _____ Postal Code: _____
Phone: _____ Fax: _____ Email: _____

Name of Contractor _____
Address of Contractor: _____
City: _____ Postal Code: _____
Phone: _____ Fax: _____ Email: _____

Name of Land
Surveyor _____
Address _____
City: _____ Postal Code: _____
Phone: _____ Fax: _____ Email: _____

**HERITAGE TAX INCENTIVE PROGRAM –
- APPLICATION**

Address _____



Project info

Existing occupancy/use of building: _____

Proposed occupancy/use of building: _____

Heritage Designation Number of Property _____ Zoning: _____

List of Eligible Improvements _____

Total Value of All Eligible Work _____ Total Project Cost _____

To support my Application, I have attached three copies of the following:

Building Information

The Heritage Alteration Permit application describes the building project information requirements. The Heritage Alteration Permit application should be submitted in conjunction with this application. In addition, an architect's report is to be provided which describes the following:

- A detailed description of the proposed development highlighting new repairs and capital improvements
- The heritage conservation rationale describing the approach to preserve the heritage elements of the structure
- A construction schedule
- When applicable, an engineer's report on the structural improvements and costs

Conditions

1. Residential accommodation created under this program must continue to be used for residential or live/work purposes for the duration of the tax exemption period.
2. A covenant identifying the term of the tax exemption and use of the upper stories must be registered on the land title and future strata titles.
3. Final costs of seismic upgrading will be verified by the Victoria Civic Heritage Trust.
4. The term of the tax exemption will commence **in the year following** the year in which a final occupancy permit is issued for the residential portion of the building. (This is due to provincial legislation governing the BC Assessment Authority, the agency responsible for implementing the exemption.)
5. Applicants must receive Committee of the Whole approval in principle of the Tax Incentive Bylaw prior to commencing work. (Note: Heritage Alteration and Building Permit approvals are still required.)
6. Strata titling may require approval of an encroachment by Council.

Strata Titling and Encroachments

If the applicant is planning to strata title the residential apartments created by the proposed project and there are encroachments, such as overhanging cornices, underground sidewalk basements or bay windows, the Provincial Land Titles Office requires the City to approve an encroachment agreement before the strata title plan will be registered. Applicants must submit a survey plan and file an application with the City's Property Manager in parallel with this application.

Declaration

- ☐ I hereby submit this Application with the Heritage Alteration Permit as required.
- ☐ I hereby declare that all the above statements and the information contained in the supporting documents are to the best of my belief true and correct in all respects.
- ☐ Upon completion, I will provide a certification of costs and compliance with approved plans by the project engineer.
- ☐ I understand that if the project is strata titled, I am required to submit an application for an encroachment agreement, if applicable.
- ☐ I have read and understand the conditions.

HAVE YOU ATTACHED THE FOLLOWING?

- 1. Certificate of Title**
- 2. Seismic upgrading cost estimates (Note: Two contractor quotes or Quantity Surveyor estimates are required) and architectural drawings**
- 3. Structural Engineer's Certificate of Seismic Upgrading Cost Estimates**
- 4. Survey Plan (showing all above/below ground encroachments)**

Signature of Registered Owner/
Authorized Signatory

Date

Signature of Agent

Date