

Heritage Tax Incentive Program Residential Uses – Application Information

Introduction to City Regulations

In 1997, the City of Victoria endorsed the Corporate Strategic Plan - 1997. This Plan identified 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 heritage buildings for residential use. The intent is to assist in the preservation, rehabilitation and seismic upgrade of designated heritage buildings.

What is the Tax Incentive available?

The tax incentive is a total exemption from property taxes for up to a 10-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 with ground-level commercial.
- 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 *British Columbia 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.

Please 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 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 Residential Use Application.

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

Supplementary Information Sources

City of Victoria Website: <https://www.victoria.ca/EN/main/residents/community-planning/heritage.html>

Standards and Guidelines for the Conservation of Historic Places in Canada:
<https://www.historicplaces.ca/media/18072/81468-parks-s+g-eng-web2.pdf>

What is the process for approval?

The Planning process involved 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?

City Staff will review the application for completeness and then forward to the Victoria Civic Heritage Trust whom 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 meet with the Senior Heritage Planner to have a preliminary discussion prior to submitting the application and all required plans.

Eligibility Criteria

The following eligibility criteria for the Tax Incentive Program (TIP), is generally consistent with the intent of the program, Provincial legislation and City policy:

- a. The building must be Heritage-Designated.
- b. Eligible alterations are limited to seismic upgrading work, associated with retaining and conserving existing heritage fabric.
- c. Construction must not commence until the TIP Application has been advanced to Council for consideration (some strip-out work may be permitted in specific cases).
Retroactive applications will not be accepted.
- d. Proposals must retain internal structure and exterior façades of the heritage building to the highest level possible unless proven in a seismic assessment to be the only viable option for seismic upgrading and/or adaptive reuse and be verified as being necessary by an independent peer review.
- e. Rooftop additions must be sensitively located and smaller in scale than the existing building and are limited to:
 - One-storey on top of heritage buildings that are two to three storeys and must include step-backs of at least four metres from street elevations.
 - Two storeys on top of heritage buildings that are four-storeys or greater and must include step-backs that are at least three metres from street elevations.
- f. Excavation below the original building foundations is not permitted unless verified as

- required as part of a structural assessment.
- g. For Residential Use TIP applications, buildings must reuse/repurpose existing upper floors for residential use, with commercial on the ground floor. Eligible costs are limited to seismic upgrade work.
- h. All applications must include a seismic assessment of the heritage building with cost estimates for the seismic upgrade strategy and clearly separate out eligible heritage costs from any new construction and/or new development costs.
- i. Applications not meeting the above criteria will be considered ineligible and will not be accepted. Where an application has been accepted and its status changes to make it ineligible, application processing will be stopped.
- j. Incomplete applications will not be accepted and if necessary, will be returned to applicants to await a complete, accurate submission.

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 the meeting dates. The Victoria Civic Heritage Trust generally meets the third Monday of the month. Construction must not commence prior to approvals, and no retroactive applications will be processed.

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.

How much will the application cost?

The processing fee will be calculated and provided by staff.

What happens after the application is approved?

You can submit a building permit application 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:

$$\text{Term of exemption (\# of years)} = \frac{\text{Cost of seismic upgrading}}{\text{current taxes}}$$

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:

Seismic Upgrade Cost - \$200,000 = 10 Years
 Current Annual Taxes - \$20,000

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 x 10 years = \$420,000.

Who can I talk to?

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

PROCESS

<u>STAGES</u>	<u>WHO</u>	<u>WHAT</u>
First Steps	Applicant	Review the scope of work and seismic strategy with staff prior to applying. Refinements to the conservation and seismic strategy may be required for eligibility.
Make the Application	Applicant	Submit the application with all the supporting materials and fee is paid. Note that a Heritage Alteration Permit may also be required.
Evaluation	BC Assessment Authority Victoria Civic Heritage Trust Applicant	Review by Assessment Authority for an estimate of an increase of property values. Review by City Staff and by Victoria Civic Heritage Trust. Attend Victoria Civic Heritage Trust virtual/in-person meeting to answer questions.
Committee Review	Staff Committee of the Whole Applicant	Staff recommendations are presented to the Committee of the Whole. Committee of the Whole reviews application and may recommend changes, approval, rejection, referral or tabling. Be present at the Committee of the Whole meeting to answer any questions.
Further Refinements	Applicant/Staff	As a result of the COTW 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 of the Whole recommendation is to approve, then a draft bylaw will be prepared by the City Solicitor and proceed to Council for first and second readings and will be ratified at a Public Hearing
Council Decision	Council	Final voting on the Tax Exemption Bylaw requires a 2/3 majority vote by Council for final approval.



Sustainable Planning and Community Development
 1 Centennial Square
 Victoria, BC V8W 1P6
 T 250.361.0382 E: DevelopmentServices@victoria.ca

Heritage Tax Incentive Program Residential Uses – Application

**APPLICANT TO CONFIRM THAT THEY HAVE READ THE APPLICATION INFORMATION PAGES PRIOR TO
 SUBMITTING APPLICATION**

CONTACT INFORMATION

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

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

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

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

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

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

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

Address _____



Project information

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 the following:

Required Building and Financial 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

- Seismic Upgrade cost estimates -Two contractor quotes and/or one quantity surveyor estimate are required
- Structural Engineer's Certificate of Seismic Upgrading Cost Estimates - Survey Plan (showing above / below grade encroachments)
- Certificate of Title - other supporting documentation, such as: Conservation Plan, Heritage Impact Assessment
- a construction schedule

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 Title 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, eligibility criteria and parameters of the program.

Signature of Registered Owner/
Authorized Signatory

Date

Signature of Agent

Date