

## DOCUMENT 3

### Program Guidelines for the Heritage Community Improvement Plan

Original Approval: January 2020

Updated: April 2024

#### 1.0 Background

In July 2016 the City of Ottawa announced the creation of the Mayor's Heritage Matters Task Force – a cross-section of City staff and stakeholders assembled to work on a concerted effort to encourage the proper maintenance and protection of the city's heritage buildings.

One objective of the task force was to develop tools to assist in preventing future instances of demolition by neglect. It aimed to ensure that future generations would continue to enjoy our rich architectural heritage. The task force would bring forward any new solutions or improved ways of dealing with the small percentage of heritage properties that are vacant and not well maintained.

Staff conducted research into the best practices of financial tools in Ontario municipalities to identify options for the City in its efforts to ensure that all designated heritage buildings are properly maintained, and that assistance is available to eligible property owners. An incentive program could help to revitalize areas of the city where many vacant buildings are located.

On January 29, 2020, Council enacted a By-law No. 2020-40 to designate all lands within the geographic boundary of the City of Ottawa as the Heritage Community Improvement Plan Project Area and By-law No. 2020-41 to create the Heritage Community Improvement Plan to encourage the restoration and rehabilitation of buildings designated under the Ontario Heritage Act.

At its meeting of May 26, 2021, Council directed the Planning, Infrastructure and Economic Development Department (now the Planning, Real Estate and Economic Development Department) to undertake an analysis of Community Improvement Plans (CIPs) to determine the value and efficacy of the program as an economic development tool and report back to Committee and Council on future considerations for the Economic Development CIP program.

On November 7, 2023, Finance and Corporate Services Committee considered a report entitled "2023 City of Ottawa Community Improvement Plan Program Review" and recommended Council approve its nine recommendations, and on November 22, 2023, Ottawa City Council approved seven of these nine recommendations of the CIP review report, including the following recommendation:

6. Approve the extension of the Heritage Community Improvement Plan program until the end of this term of Council and direct staff to develop amending by-laws to the existing program to include revised criteria as described in this report.

## 2.0 Policy

Section 28 of the Planning Act allows municipalities with provisions in their Official Plans relating to community improvement to designate through by-law a “community improvement project area” to prepare and adopt a community improvement plan for the community improvement project area. Once the community improvement plan has been adopted by the municipality and comes into effect, the municipality may exercise authority under Section 28 (6), (7) or (7.2) of the Planning Act of Section 365.1 of the Municipal Act, 2001 in order that the exception provided for in Section 106 (3) of the Municipal Act, 2001 would apply.

Once a CIP has come into effect, the municipality may make grants or loans, in conformity with the community improvement plan, to registered owners, assessed owners and tenants of land and buildings within the community improvement project area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs of the community improvement plan (Section 28 (7)).

## 3.0 Program Details

The intent of the Heritage CIP is to encourage the restoration, rehabilitation and integration of buildings designated under the *Ontario Heritage Act* to ensure their conservation and continued contribution to a broad understanding of Ottawa’s history. The Heritage CIP program encourages the restoration of designated heritage properties and their specific heritage attributes through redevelopment proposals. These benefits are encouraged by offering a financial incentive in the form of a Tax Increment Equivalent Grant (TIEG). The grant is equivalent to a portion of the increase in the municipal property taxes directly attributed to the restoration. These TIEG grants are “self-financing” or in other words, funded through the property tax increase associated with the qualified restoration improvement.

Grants are paid only after restoration and development is completed, the Municipal Property Assessment Corporation (MPAC) has reassessed the property, and any property assessments appeals have been settled, and taxes have been paid in full.

For approved projects, the City will reimburse successful applicants in the form of an annual grant equal to seventy-five per cent (75%) of the municipal tax increment resulting from the project. Grants would extend for up to 10 years after project completion to a maximum of five-hundred thousand dollars (\$500,000), but not exceeding the total costs of the restoration work.

## 4.0 Project Eligibility

**The following criteria will be used to determine whether a project is eligible for the Heritage CIP:**

- Properties must be designated under Part IV of the *Ontario Heritage Act* or be Contributing (Category 1, 2, 3 or Grade I) properties designated under Part V under the *Ontario Heritage Act* .
- Projects must demonstrate the highest standards of heritage conservation.

- Projects must include the integration of the heritage resource into the development and result in mixed-use or multi-unit residential buildings.
- Projects must result in an increase in the number of housing units on the site.
- Projects must create a tax uplift to the City.
  
- Applicants cannot receive concurrent funding for the same project through the Heritage Grant Program for Building Restoration.
- The Heritage CIP Program may be combined with the Affordable Housing CIP but no other CIP programs.
- Applications for the Heritage CIP must be submitted concurrently with an application for permit under the *Ontario Heritage Act* as required. Projects where a heritage permit was issued prior to the passage of this by-law and where construction has not yet begun, will remain eligible to apply for the program.

**When multiple applications are received, the following criteria will be used to further evaluate and prioritize applications for the Heritage CIP, within the annual budget:**

- a. Urgency of the project (i.e., Restoration/rehabilitation requirement)
- b. Contribution to the public good (e.g., Contribution to the public realm, other Official Plan goals such as housing affordability and sustainability)
- c. Project is located within a Design Priority Area
- d. Projects that also achieve sustainability goals such as deconstruction, material salvage and re-use, or green building retrofits
- e. Projects that result in the largest increase in housing units on site

## **5.0 Application Requirements**

**The following items are required in order to submit an application for the Heritage CIP Program:**

1. Pre-application consultation with Heritage Planning and Economic Development staff
2. Application Form
3. Rationale that the project meets the Council-approved Standards and Guidelines for the Conservation of Historic Places in Canada and applicable Heritage Conservation District Plans
4. Heritage Permit application submission (including a Heritage Impact Assessment and Conservation Plan)
5. Independent tax study by a qualified consultant, having an Accredited Appraiser Canadian Institute (ACCI) designation or an AIMA (Associate) or MIMA (Accredited) designation from the Institute of Municipal Assessors, which provides an estimate of the property assessment increment related to the heritage restoration improvement.

## 6.0 Eligible Costs

Eligible costs for the Heritage Community Improvement Plan program include the following:

- Restoration of heritage attributes (as identified by heritage staff when no heritage attributes are documented). All projects must conform to the Council-approved Standards and Guidelines for the Conservation of Historic Places in Canada.
- Costs associated with hiring a heritage consultant/architect to oversee the work
- Heritage reports (e.g. Heritage Impact Assessment, Conservation Reports)

## 7.0 Approval Process

Staff from the Heritage Planning Branch along with Economic Development and Long Range Planning and Financial Services will examine each application. Applications recommended for approval will be forwarded to the Finance and Corporate Services Committee and City Council for approval. Applications will also be forwarded to the Built Heritage Committee for information.

Unless a building permit is issued and work has commenced within 18 months of signing the agreement, the agreement is expired except in extraordinary circumstances that affect the construction industry (i.e., pandemic) where an extension may be granted at the discretion of the City.

## 8.0 Financing

As the municipality receives the additional property taxes that result from the increased assessment associated with the redevelopment, the City will reimburse the owner in the form of an annual grant. Grants would extend up to 10 years after project completion to a maximum of five-hundred thousand dollars (\$500,000), but not exceeding the total eligible costs of the restoration work.

The assessed and municipal property taxes (“base rate”) will be determined before commencement of the project. The increase in municipal property taxes (or “municipal tax increment”) is calculated by subtracting the municipal property taxes *before* reassessment from the municipal property taxes *after* reassessment as determined by the Municipal Property Assessment Corporation (MPAC) following project completion. The amount of the grant payment will be recalculated annually based on the municipal property taxes levied and the resultant municipal tax increment paid by the owner for that year.

While the City cannot guarantee that the benefit of the Heritage CIP TIEG program will flow through to tenants, the owner is required to inform the tenant of their participation in the Heritage CIP. There is no requirement for the property owner and tenant to submit an application jointly. The owner must provide evidence to the City that the tenant is aware of the program so that they may negotiate lease terms with complete information.

Heritage CIP incentives will only be available to the owner that signed the original grant application and incentives are not transferable. If all or part of a property is sold within a grant eligibility period, then grant payments will immediately be discontinued.

However, the City may, at its discretion, transfer all or part of a grant amount to a new property owner subject to the new owner entering into an agreement (where applicable) with the City that fulfills the requirements of the original agreement, plus any new requirements.

Coordinated development proposals that include abutting properties under the same or separate ownership would be subject to a maximum grant amount, which may not exceed five-hundred thousand dollars (\$500,000) per heritage building.

The program will provide an annual upset limit of five-hundred thousand dollar (\$500,000) upset limit subject to the yearly budget process.

The Heritage CIP is subject to an annual budget allocation approved by Council. Heritage CIP grants will be identified as applications are received and reviewed. Operating pressures associated with approved Heritage CIP grants will be brought forward through the budget process in the anticipated year(s) of payout and funded through the increment taxes that would be generated from the community improvements as described in this document.

The provisions of any grant commitment will be administered in accordance with any administrative rules governing this and other grants.

## **9.0 Administration**

The Economic Development and Long Range Planning (EDLRP) Branch manage and administer the Program with participation from the Heritage Planning Branch (HPB), Development Review Services (DRS), and Financial Services.

Final approval of all new grants is contingent on Council approving the first year of grant payment at the time of the annual City budget approval. Once a grant application is approved and an agreement is entered into between the City and the applicant, the City is obliged to continue annual grant payments as set out in the agreement. However, the recipient's accounts with the City – taxes, water, any fines etc. – must be in good standing, and on an annual basis, the current year's property taxes have been paid before the grant is released.

Where a Heritage CIP TIEG has been approved for a project, staff in EDLRP will inform the applicant and immediately begin a process to initiate a formal agreement, which would be prepared by the City's Legal Department, based on the detailed information supplied by the applicant in the CIP grant application. Each year until the end of the TIEG period or until the maximum grant amount has been reached, staff will review the project to ensure that the owner has paid the property taxes in full for that year and all other amounts to be paid to the City are in good standing.

## **10.0 Monitoring**

The City may conduct periodic reviews of the grant program and activities relating to community improvements under this Plan to determine effectiveness. Council may utilize this information to amend this Plan as necessary.

The feedback from monitoring the CIP may lead to minor revisions to the grant programs. Therefore, the City may periodically review and adjust the terms and requirements of any of the programs contained in this Plan or discontinue any of the programs contained in this Plan, without amendments to the Plan, subject to Council approval. Such minor changes or discontinuation of programs would be provided to the Minister of Municipal Affairs and Housing for information purposes. Increases in funding provided by existing financial incentives or changes to eligibility criteria that would increase funding provided, the addition of any new programs to this Plan would require a formal amendment to the CIP in accordance with Section 28 of the *Planning Act*.

The Heritage CIP and program guidelines will be reviewed at the end of the 2022-2026 term of Council.