



POLICY DCS-07: Property Tax Increment Grant

Development and Cultural Services

Approval Date: June 9, 2015
Approval Authority: Council, Resolution No. 11; Resolution No. 20
Effective Date: July 15, 2015
Revision Date/s: June 12, 2018

1. Purpose:

The purpose of the Property Tax Increment Grant is to provide an economic incentive for the rehabilitation of properties by providing a grant to the owner of the property to pay a portion of the local taxes (excluding education taxes) attributable to the increased assessment over a five (5) year period.

2. Policy Statement

The Property Tax Increment Grant is designed to phase in any tax increase relating to a revised property assessment resulting from the property improvements. The amount of the tax increment grant is equal to the difference between the municipal portion of the property tax prior to the improvements and the municipal portion of the property taxes after the improvements.

The effect of this grant would be to phase in any tax increase relating to a revised property assessment resulting from the property improvements, by providing a tax rebate for a period of five (5) consecutive years.

Once the grant is made under this program, the property to which it is applied will not be eligible for another grant under the Property Tax Increment Grant program.

All applications for funding under the Property Tax Increment Grant program shall be reviewed and approved by Norfolk County Council.

3. Maximum Grant Available

See Sections 11 and 12.

4. Eligible Areas

The program is available in the urban, hamlet, agricultural and lakeshore areas.

5. Eligible Applicants

The Applicant must be the registered owner of the property.

6. Eligible Projects and Costs

- A. Type of Buildings: All non-residential buildings are eligible properties.
- B. Building Permit Value: The building permit for the project must have a minimum permit value of six thousand five hundred dollars (\$6,500) in order for the project to qualify.
- C. Performance Expectations: Projects considered for Property Tax Increment Grants must demonstrate specific performance expectations directly related to full-time permanent job creation, capital investment, business expansion, community and downtown revitalization goals, etc.)
- D. Grant Available for Existing Structures Only: Eligibility for Property Tax Increment Grants is restricted to projects comprising building renovations, refurbishing, repurposing, and expansions. Substantial physical improvements or alterations made to existing structures including façade, structural, and site improvements are eligible costs.
- E. Derelict and Underutilized Structures: Eligible costs include adaptive re-use of derelict or underutilized structures, such as the conversion of closed school sites or a barn to other uses.
- F. Agricultural Property Improvements: Eligible costs include substantial physical improvements or alterations made to existing agricultural properties, buildings and facilities, source protection activities, renovations or additions to barns/storage buildings, and agricultural food processing facilities and greenhouses where improvements result in an increase in the assessed value and taxes on the property.
- G. Agri-Tourism Uses: Eligible costs include agri-tourism uses including renovations for bed and breakfast establishments and other facilities open to the public, provided that such uses are consistent with the requirements of the County Official Plan.

7. Other Eligibility Requirements:

The following eligibility requirements shall apply to the Property Tax Increment Grant:

- A. Application Required before Commencement of Work: All Applicants shall submit an application for the specific program(s) to Norfolk County prior to the commencement of any works.
- B. No Retroactive Approvals: Financial incentives offered in the Community Improvement Plan will not be offered retroactively for costs incurred prior to the approval of the application.

- C. Agreement: All Applicants that are approved to receive a Property Tax Increment Grant will enter into Site-Specific Funding Agreement with Norfolk County that specifies the terms of the grant.
- D. Public Disclosure of Information: Information regarding the grant amount issued, the nature of the project and photographs thereof, the total investment of the project by the private sector, and the address of the property to which the grants are associated are all public information that will be included in promotional material and/or in a media release. Applicants will be required to allow this information to be released to the public and to participate in public reviews of the program in future.
- E. Priority Applications: In the event that the budget remaining for the year is insufficient to fund all applications on hand, projects demonstrating the greatest impact to the community (i.e. job creation and total capital investment) will be chosen for funding.
- F. Transference: Approved grants are not transferable to any other property, but may be transferred to a new owner of an approved property, provided the new owner meets and agrees to the terms and conditions of the grant.
- G. Availability of Funds: As part of the annual budget deliberations, Council will review the availability of funds for grant purposes.
- H. Council's Right to Discontinue or Cancel Program: Norfolk County may discontinue or cancel a program at the sole discretion of Council.

8. Implementation Procedure:

- A. Application: The Applicant must submit an application including a detailed proposal and **at least two estimates** for consideration, prior to commencement of the improvement works. The General Manager of Development and Cultural Services, or designate, shall review each application to ensure the eligibility of the Applicant.
- B. Required Documentation: Submission of drawings and/or plans may be required as part of the application.
- C. Disclosure of Tax Arrears, Liens, Orders, Claims, etc.: If lands or buildings have any tax arrears or any other legal claim, lien or order that may adversely affect title of the property, other than a mortgage in good standing, this information shall be disclosed to Council during its review of the Application.
- D. Approval by Council: The General Manager of Development and Cultural Services, or designate, shall submit a report to Norfolk County Council with a recommendation for the Application. Applications for funding under the Property Tax Increment Grant program must be reviewed and approved by Norfolk County Council.

- E. Pre-Improved Assessed Value: The pre-improved assessed value of the property will be the MPAC assessed value of the property on the date of the application for the building permit.

9. Completion of Project

The Chief Building Official, or designate, will inspect and approve improvements of the building upon completion, as required. Improvements must be consistent with any existing design guidelines or other policies.

- A. Audit: Norfolk County may undertake an audit of work completed and associated costs if it is deemed necessary.
- B. Compliance with Policies and Standards: All works approved through the Community Improvement Plan shall comply with all Municipal policies and standards, including zoning, design guidelines (if any) and heritage matters and will be subject to planning and development approvals and building permits pursuant to the Ontario Building Code.
- C. Outstanding Work Orders: Any outstanding work orders registered against the subject property must be satisfied prior to the grant being made, or be satisfied as part of the proposed work.
- D. Conditions for Issuing Grant: For the grant to be paid, the final project must be significantly consistent with the project outlined at the application stage. Otherwise, staff may refuse to issue a grant.

10. Site-Specific Funding Agreement

- A. Implementation of Agreement: On completion of the project, if the construction complies with all applicable program guidelines, including verification of eligible costs, the owner(s) and Norfolk County will implement a Site-Specific Funding Agreement.
- B. Nature of Agreement: The Site-Specific Funding Agreement will stipulate the pre-improved and post-improved assessed value, applicable municipal tax rate of that year, the amount of the grant in that year, the method to be used to calculate the grant in the subsequent four years, and the anticipated delivery dates of the grant.

11. Grant Calculation

- A. Calculation: The grant is calculated based on the increased assessment value after the renovation/construction, as determined by the Municipal Property Assessment Corporation (MPAC), at the tax rate that was applicable in the year the renovation or construction was completed.
- B. Period: The grant will be provided for approved projects on a declining basis over a five (5) year period. Assessment is fixed from year one and the change

in assessment will be determined by MPAC assessment such that the market value portion of increased assessment is not eligible.

- C. Ineligible Tax Increases: Tax increases resulting from general re-assessments, changes in tax legislation, or increases in the tax rate are not eligible to be considered for the purposes of calculating this grant.

Sample Grant Calculation:

Year of Increased Assessment Value	Grant as a Percentage of the Year One of the Municipal Portion on Increased Assessment Value
Year 1	100%
Year 2	80%
Year 3	60%
Year 4	40%
Year 5	20%
Year 6	0%

12. Maximum Grant Value

The total value of grants received for a subject property shall not exceed the cost of rehabilitating the lands and buildings. The amount of the grant over the life of the program shall not exceed eligible costs as per Section 28(7) and 28(7.2) of the Planning Act, as amended.

13. Grant Payment

- A. Schedule: The grant will be provided in accordance with a schedule to the registered owner(s) of the property on an annual basis, as outlined in the Site-Specific Funding Agreement between the owner(s) and Norfolk County.
- B. Other Conditions: Norfolk County shall not pay an annual grant that exceeds the County's portion of the property tax collected in any year.
- C. Demolition Forfeits Grant: If the property is demolished, in whole or in part, before the expiration of the grant period, the grants shall stop and all previously received grant payments will be repayable to Norfolk County.
- D. Annual Confirmation of Taxes Paid: It is the responsibility of the Applicant to confirm that taxes, utilities and any other municipal financial obligations have been paid in November of each year, and to request that the grant be paid in

December of each year if taxes are paid. The grant payment must be recorded in the County financial system in the appropriate fiscal year. Applicants who do not confirm that taxes are paid and request the grant before the deadlines may forfeit their right to the grant.

E. County Option to Terminate Future Grant Payments: All property tax installments owing for each year must be fully paid for the entire year prior to the provision of any annual grant amount under this program. If a property tax installment is missed, or payment is late, Norfolk County will have the option, without notice and at its own discretion, to terminate all future grant payments.

F. Attachment

14. Attachment

Form FO-208: [Application for Community Improvement Plan Incentive](#)

15. Document Update

This policy document replaces former policy documents PED-07 or DCS-07 Rehabilitation Tax Increment Based Grant Program, approved December 8, 2009, Council Resolution No. 8 under By-Law No. 8-OP-2006.