

Background and Previous Council Direction

Background

The Calgary Heritage Strategy and Policy (LUP007) includes the goal to support the identification, protection and management of Calgary's historic resources. There have been various past instances of Council direction aimed at exploring or creating incentives, including property tax credits, to support conservation of The City's built heritage, as summarized in the Previous Council Direction section below.

Notice of Motion EC2024-1116 provided direction to create an annual tax cancellation program, equivalent to 15 per cent of eligible Municipal Historic Resource (MHR) properties' municipal property tax levy. Funding for a pilot program of two years of these cancellations was allocated in the November 2024 Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets.

Property tax cancellations must be approved by Council in accordance with section 347 of the Municipal Government Act (MGA). This is the same mechanism through which the [Non-Profit Tax Mitigation Program](#) is operated, and the proposed program will function very similarly. However, because The City maintains an internal list of MHR properties, the Designated Historical Resource Property Tax Cancellation program will not require an application from the property owner. Once approved by Council, tax cancellations through this program will be processed directly to eligible property owners' property tax accounts, and will be indicated on their annual property tax bill or, if processed after annual billing, on a statement of account mailed to the taxpayer.

Previous Council Direction

| DATE | REPORT NUMBER | DIRECTION/DESCRIPTION |
|-----------------|-----------------------------|--|
| 2024 November 5 | C2024-1097 | <p>Mid-Cycle Adjustments to 2023-2026 Service Plans and Budgets</p> <p>In summary, Council approved direction to initiate a two-year pilot to better understand base budget requirements for property tax cancellation of municipal historic resource properties by:</p> <ul style="list-style-type: none"> Allocating one-time operating budget of \$150,000 in each of 2025 and 2026 to City Planning and Policy, and allocating one-time operating budget of \$450,000 in 2025 and \$550,000 in 2026 to Common Revenue services towards "Designated Historical Resource Property Tax Cancellation and Subclass"; and Use the actual amounts from the 2025 and 2026 pilot to inform the addition of base funding for ongoing property tax cancellation of historic resource properties in the 2027-2030 budget cycle. |
| 2024 October 29 | EC2024-1116 | <p>Notice of Motion – Designated Historical Resource Property Tax Cancellation and Subclass</p> <p>In summary, Council approved direction to:</p> |

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|------------------|------------------------------|--|
| | | <ul style="list-style-type: none"> • Bring forward an amendment to the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets [...] requiring a base operating budget of \$600,000 in 2025 and an additional \$100,000 in 2026 to cover tax cancellation amounts equivalent to 15 per cent of the municipal property tax levy; • Bring forward a policy to administer and recommend annual tax cancellations [...] returning to Council no later than Q2 2025; • Identify options for a Municipal Historic Resource subclass. |
| 2022 November 08 | C2022-1051 | <p>2023 – 2026 Service Plans and Budgets</p> <p>Neither the Residential Heritage Tax Incentive nor the non-residential Grant Program were included in the 2023-2026 Service Plans and Budgets (SPBs).</p> <p>Additionally, neither program was reflected in amendments to the 2023-2026 SPBs in the 2024 Adjustments (C2023-1148) or the 2025 Adjustments (C2024-1097).</p> |
| 2022 May 17 | EC2022-0527 | <p>Residential Heritage Tax Incentive</p> <p>That the Executive Committee receive this Report for the Corporate Record.</p> |
| 2020 July 27 | PUD2020-0758 | <p>Heritage Conservation Tools and Incentives Update Report</p> <p>That Council direct Administration to:</p> <ul style="list-style-type: none"> • Undertake a two-year phased program (2021 – 2023) to implement the heritage area policy tools, using the recommended thresholds, through the local area planning process, Land Use Bylaw amendments, or associated land use redesignations, and return to the Standing Policy Committee on Planning and Urban Development to report on the progress in Q1 2024; • Alter the City-wide Historic Resource Conservation Grant Program by: <ul style="list-style-type: none"> • Preparing a mid-cycle budget request for a \$2 million increase to the base budget and funding for the City-wide Historic Resource Conservation Grant Program from \$500,000 to \$2.5 million; • Restructuring the grant program to direct \$2 million to non-residential conservation projects with a cap of \$1 million per project, and reserve \$500,000 for residential projects with the existing cap of \$125,000; and, • Return to the Priorities and Finance Committee no later than Q1 2022 with the residential tax credit financial incentive package for consideration in the 2023-2026 budget deliberations. |

2019 March 05

[PFC2019-0223](#)

City of Calgary Heritage Assets

That with respect to Report PFC2019-0223, the following be approved, after amendment:

That the Priorities and Finance Committee direct Administration to conduct further analysis on heritage preservation tools and financial incentives and report back to SPC on Planning and Urban Development no later than Q4 2019.

Bylaws, Regulations, Council Policies

Council Policy

- [Calgary Heritage Strategy and Policy, LUP007](#)

Legislation and Regulations

Historic Resource Designations

Below is the content from the *Historical Resources Act*, RSA 2000, c H-9 that is relevant to the designation of properties as Municipal Historic Resources (MHRs).

Designation as Municipal Historic Resource

- 26** (1) In this section and in [sections 27](#) and [28](#),
- (a) “council” means the council of a city, town, village, summer village or municipal district;
 - (b) “municipality” means a city, town, village, summer village, municipal district, improvement district or special area.
- (2) A council of a municipality, after giving the owner 60 days’ notice, may by bylaw designate any historic resource within the municipality whose preservation it considers to be in the public interest, together with any land in or on which it is located that may be specified in the bylaw, as a Municipal Historic Resource.
- (3) A council that designates an historic resource as a Municipal Historic Resource under subsection (2) shall
- (a) cause a copy of the bylaw to be served on the owner of the historic resource and on the owner of any land that will be subject to the bylaw, and
 - (b) if the bylaw relates to or includes any land, cause a certified copy of the bylaw to be registered at the appropriate land titles office.
- (4) On the registration of a certified copy of the bylaw at the appropriate land titles office, the Registrar of Land Titles shall endorse a memorandum on the certificate or certificates of title to any land affected by the bylaw.
- (5) A bylaw under subsection (2) is effective when it is passed.
- (6) Notwithstanding any other Act, no person shall
- (a) destroy, disturb, alter, restore or repair an historic resource that has been designated under this section, or

- (b) remove any historic object from an historic resource that has been designated under this section,
- without the written approval of the council or a person appointed by the council for the purpose.
- (7) The council or the person appointed by the council, in its or the appointee's absolute discretion, may refuse to grant an approval under subsection (6) or may make the approval subject to any conditions it or the appointee considers appropriate.
- (8) On the service of a notice of intention under subsection (2), subsection (6) applies to the historic resource and land as if a bylaw under subsection (2) had been passed until the council passes the bylaw or revokes the notice of intention or until the expiry of 120 days from the receipt of the notice.
- (9) Notwithstanding subsection (8), a person who has been served with a notice of intention under subsection (2) may apply to the Court of King's Bench for an order shortening the period of 120 days mentioned in subsection (8).
- (10) If the council repeals a bylaw made under subsection (2), it shall
- (a) cause a copy of the repealing bylaw to be served on the owner, and
- (b) if the bylaw under subsection (2) was registered against the certificate or certificates of title to any land, cause a certified copy of the repealing bylaw to be registered in the appropriate land titles office.
- (11) On the registration of a certified copy of the repealing bylaw in the appropriate land titles office, the Registrar of Land Titles shall endorse a memorandum on the certificate or certificates of title to the land concerned cancelling the registration of the bylaw under subsection (2).
- (12) A notice or bylaw under this section may be served on the owner by personal service or registered mail or in any other manner as the Court of King's Bench may direct.

Property Tax Cancellations

Below is the content from the *Municipal Government Act*, RSA 2000, c M-26 (the "MGA") that is relevant to **property tax cancellations**.

Cancellation, reduction, refund or deferral of taxes

- 347 (1) If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:
- (a) cancel or reduce tax arrears;
- (b) cancel or refund all or part of a tax;
- (c) defer the collection of a tax.
- (2) A council may phase in a tax increase or decrease resulting from the preparation of any new assessment.

Property Assessment Sub-classes

Below is the content from the MGA and the *City of Calgary Charter, 2018 Regulation*, Alta Reg 40/2018 (the "Charter") that is relevant to **property assessment sub-classes**.

Content modified or added by the Charter is **bolded and in blue text**. The available non-residential subclasses are **highlighted** for ease of reference.

Assigning assessment classes to property

- 297 (1)** When preparing an assessment of property, the assessor must assign one or more of the following assessment classes to the property:
- (a) class 1 - residential;
 - (b) class 2 - non-residential;
 - (c) class 3 - farm land;
 - (d) class 4 - machinery and equipment.
- (2)** A council may by bylaw divide class 1 into sub-classes on any basis it considers appropriate, and if the council does so, the assessor may assign one or more sub-classes to property in class 1.
- (2.1)** A council may by bylaw divide class 2 into the sub-classes prescribed by the regulations, and if the council does so, subject to subsection (2.4), the assessor must assign one or more of the prescribed sub-classes to a property in class 2.
- (2.2)** The council may by bylaw
- (a)** establish a sub-class for derelict property within class 2 and define “derelict” for the purposes of the bylaw, or
 - (b)** establish a sub-class for contaminated property within class 2 and establish
 - (i)** the characteristics or effects that amount to contamination for the purposes of the bylaw, and
 - (ii)** the levels of contamination above which a property is to be considered as contaminated for the purposes of the bylaw,
 or do both.
- (2.3)** A definition of “derelict” under subsection (2.2)(a) and any characteristics, effects or levels established by bylaw under subsection (2.2)(b) must apply generally across the City and must not be specific to sites or areas within the City.
- (2.4)** If the council
- (a) establishes a sub-class under subsection (2.2)(a) or (b), or
 - (b) divides class 2 into the sub-classes prescribed by the regulations,
- the assessor may, subject to subsections (2.5) to (2.7), assign that sub-class to a property in addition to or instead of assigning one or more of the sub-classes prescribed by the regulations to the property.
- (2.5)** A sub-class for derelict property must not be assigned to a property unless the property meets the definition of “derelict” in the bylaw and has been unoccupied for at least one year.
- (2.6)** A sub-class for contaminated property must not be assigned to a property unless there is evidence of contamination at or exceeding the level at which the property is to be considered as contaminated for the purposes of the bylaw.
- (2.7)** A sub-class for derelict or contaminated property must not be assigned to designated industrial property or machinery and equipment.

- (3) If more than one assessment class or sub-class is assigned to a property, the assessor must provide a breakdown of the assessment, showing each assessment class or sub-class assigned and the portion of the assessment attributable to each assessment class or sub-class.
- (3.1)** For the purposes of subsection (2.1), the following sub-classes are prescribed for property in class 2:
- (a) vacant non-residential property;
 - (b) small business property;
 - (c) other non-residential property.
- (3.2) The sub-classes referred to in subsection (3.1)(a), (b) and (c) may be applied to both the Urban and Rural Service Areas for Lac La Biche County and the Regional Municipality of Wood Buffalo as if the service areas were separate entities.
- (3.3) For the purposes of subsection (3.1)(b), property in a municipality is small business property of a business if
- (a) the property
 - (i) is owned or leased by the business, and
 - (ii) is not designated industrial property,
 - (b) the business is operating under a business licence or a municipal bylaw that identifies the business, and
 - (c) the business has, on December 31 of the relevant assessment year or on an alternative date specified in a municipal bylaw, a number of full-time employees across Canada that
 - (i) is less than 50, or
 - (ii) is less than any number less than 50 that is specified in a municipal bylaw, whichever is lower.
- (3.4) Despite subsection (3.3)(a)(i), a property that is leased by a business is not a small business property of a business if the business has subleased the property to someone else.
- (3.5) A municipality may by bylaw prescribe procedures to allow for the effective administration of the small business property sub-class tax rate, including, without limitations, a method for determining and counting full-time employees and the frequency of that count.
- (4) In this section,
- (a) “farm land” means land used for farming operations as defined in the regulations;
 - (a.1) “machinery and equipment” does not include
 - (i) any thing that falls within the definition of linear property as set out in [section 284\(1\)\(k\)](#), or
 - (ii) any component of a manufacturing or processing facility that is used for the cogeneration of power;
 - (b) “non-residential”, in respect of property, means property that is not classed by the assessor as farm land, machinery and equipment or residential;
 - (c) “residential”, in respect of property, means
 - (i) property or a portion of a property currently used for permanent living accommodation,

- (ii) a vacant property where permanent living accommodations is the primary permitted use for that land assigned as a land use designation under a land use bylaw passed by a municipal council, or
 - (iii) a property or a portion of a property where permanent living accommodations is a permitted or discretionary use assigned as a land use designation for that land under a land use bylaw passed by a municipal council if a development permit has been issued by the municipality or construction has commenced to build permanent living accommodations on the land,
- but does not include
- (iv) a property or a portion of a property on which industry, commerce or farming operations currently take place, or
 - (v) a vacant property that has more than one primary permitted use assigned as a land use designation under a land use bylaw passed by the council.
- (5) Where a property has been assigned as either class 1 or class 2 for the purposes of section 353(2)(a) and (b), the assessment roll for that property must show both assessment classifications.

Note: Section 297(4)(b)-(c) are read differently than as above for the purposes of sections 359 and Part 9, Division 5 of the Municipal Government Act (relating to requisitions/provincial education taxes and equalized assessments).