



Town of Kensington Policy

Policy Title:	Residential Tax Incentive	Policy Number:	03-103-10
Committee:	Finance & Administration	Approval/Effective Date:	January 1, 2011

Introduction

The objective of the Tax Incentive Policy is to encourage further residential development and to provide incentives to existing residents to improve the exterior of their homes. Furthermore, allowing the Tax Incentive Policy to be extended to existing residential owners, via improvements/expansions of their residences, an incentive is provided to improve or maintain the quality of their property. This policy is aimed at enhancing and maintaining the long term sustainability of the Town of Kensington and to augment the residential tax base of the future.

Guiding Principles

- Property taxes must be kept current, cannot be in arrears.
- Applicant must obtain a building permit prior to commencement of construction.
- Applicant must meet all Federal, Provincial and Municipal legislation and regulations.
- Applicant must submit application prior to commencement of construction.
- Tax Incentive shall not apply to water and sewer rates.
- Applicant will receive a tax rebate according to the Policy at the end of each year respectively.
- Renovations to existing properties must result in an increase in property assessment to be eligible.
- Certain sections of this Policy may be omitted at the discretion of the Town Council.
- Applicant must provide a copy of their official statement of assessment as issued by the Province of Prince Edward Island and provide the new assessment once the work is completed.

- Effective date of the Tax Incentive Policy is January 1, 2011

Eligible Properties

This Policy is applicable to all residential properties within the boundaries of the Town of Kensington. Properties owned or used by government and/or government agencies are not eligible except where a non-profit community group has assumed, by long term lease or legal agreement, responsibility for improvements, maintenance and taxes of the building. In these instances, the organization may make application. Proof that the property is not in tax arrears will be required. The Town's decision on eligibility will be final.

Incentive Available

The incentive is based on the increase of the real property tax assessment as a result of the improvement/construction. The annual incentive is calculated on the increased assessment portion of the municipal component of property tax subsequent to the construction being completed. The incentive allows for the temporary graduated suspension of only the increase of the municipal portion of the assessed value of properties for a period of four years. The incentive is a diminishing incentive over a four year period as follows:

- Year 1 – 100% Rebate on the increased Municipal portion of the Property Tax Assessment.
- Year 2 – 75% Rebate on the increased Municipal portion of the Property Tax Assessment.
- Year 3 – 50% Rebate on the increased Municipal portion of the Property Tax Assessment.
- Year 4 – 25% Rebate on the increased Municipal portion of the Property Tax Assessment.
- Year 5 – 0% Rebate as the Tax Incentive Policy expires.

Timely Application Required

A property owner shall make application under this Policy simultaneously with the application for a building permit from the Town of Kensington; otherwise the policy will not apply to that project. The onus to make a timely application is upon the property owner.

At the time of application the applicant must provide to the satisfaction of the Town verification that there are no property taxes owing on the property.

Agreement

The applicant and the Town of Kensington shall enter into an agreement (See Appendix A) upon completion of the project. The agreement shall include but may not necessarily be limited to:

- Verification that there is no property taxes owing on the property.
- An approved Town of Kensington Building Permit for work completed on the property has been acquired.

- Official statements of assessment as issued by the Province of Prince Edward Island demonstrating that there has been an increase in the property tax assessment and showing the amount of the increase.

To remain eligible under this Policy, the applicant must submit annually by November 30th, information to the satisfaction of the Town of Kensington demonstrating that there is no property taxes owing on the property previously developed in order to apply for any additional properties to be considered by the Town of Kensington Tax Incentive Policy.

Other Programs

A property owner can receive the benefit under this Policy and any other Federal or Provincial incentive program but must inform the municipality of such additional program support.

Interpretation, Application and Appeal

The proper interpretation or application of the Policy shall be determined by the Chief Administrative Officer of the Town of Kensington. Where the interpretation of the Policy raises questions in dispute, the matter shall be referred to the Finance and Administration Committee, which shall make recommendations to Town Council. Town Council's determination shall be final and binding.

Administration

The Town of Kensington Tax Incentive Policy shall be administered by the Finance and Administration Committee.

Amendment

Town staff may make minor amendments to this Policy following consultation with the Finance and Administration Committee. The Committee shall make appropriate recommendations to the Town Council. Only after approval and adoption by the Kensington Town Council shall these minor amendments and recommendations become binding.

This Policy shall be evaluated on an ongoing basis to determine whether or not the goals and objectives of the Policy are effectively and efficiently being met. Town Council, upon the recommendation of the Finance and Administration Committee may amend, alter or terminate this Policy.

Date of Passage: _____

I certify that this policy was adopted by Town Council as indicated above.

Chief Administrative Officer

Date

Appendix A

TOWN OF KENSINGTON

Town of Kensington's Property Tax Incentive Policy

FORM OF AGREEMENT

BETWEEN

THE APPLICANT: _____
(herein after called the Applicant) PARTY OF THE FIRST PART

AND:

TOWN OF KENSINGTON (herein after called the "Town") PARTY OF THE
SECOND PART

WHEREAS the Parties hereto are desirous of entering into a formal agreement setting out the terms and conditions of incentive and service;

NOW THEREFORE THIS AGREEMENT WITNESS TO that in consideration of the premises and of the mutual and several promises and undertakings hereinafter expressed, the Parties hereto covenant, undertake and mutually agree and promise each other as follows:

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Year 1 of the program is to be considered the year following the completion of construction.

IN WITNESS THEREOF, the parties hereby caused these Presents to be signed and sealed on the dates stated:

IN THE PRESENCE OF:) **SIGNED SEALED AND DELIVERED**
) by the Contractor on the
)
) ____ of _____, 20____
)
)
)
 _____) _____

IN THE PRESENCE OF:) **SIGNED SEALED AND DELIVERED**
) by the Town of Kensington on the
)
) ____ of _____, 20____
)
)
)
 _____) _____