

Brandon Heritage Incentive Program Case Studies

The following case studies are meant to show how the new City of Brandon heritage incentive program could affect municipal property taxes of Municipal Heritage Sites. These case studies use parameters of actual applications under the old heritage incentive program. Under the old incentive program, both case studies qualified for the maximum credit of \$5,000.00. Actual property taxes are used for the 2015-2017 period, while all taxes beginning 2018 are assumed a 2% annual increase for demonstration purposes.

Case Study 1—Residential Site

Address: 547 – 13th Street
Site Name: Johnston Estate
Eligible Project Costs: \$14,407.50
50% of Eligible Project Costs: \$7,203.75

Tax Year	2016	2017	2018	2019	Total
Incentive Program Year	1	2	3	4	
Municipal Property Taxes	\$2,308.36	\$2,330.65	\$2,377.26	\$2,424.81	\$9,441.48
Exemption Rate	100%	90%	80%	37%	
Exemption Amount	\$2,308.36	\$2,097.59	\$1,901.81	\$895.99	\$7,203.75
Net Taxes Owed	\$0.00	\$233.06	\$475.45	\$1,528.82	\$2,237.33
Additional Savings to Property Owner Compared to Old Incentive Program					\$2,203.75

A graduated municipal property tax exemption, reduced by 10% for every subsequent year, applies to Municipal Heritage Sites used for residential purposes. In this case, the program ends in the fourth year as the total amount of municipal property taxes payable has already reached 50% of eligible project costs. This is an improvement to the old incentive program where only 35% of the eligible project costs would be covered. Because the tax exemption is graduated, the more costly the project, the less likely a property owner will experience “tax bill shock” at the end of the program as the program will last longer.

Case Study 2—Non-Residential Site

Address: 1031 Rosser Avenue
 Site Name: Chrest-Fraser Block
 Eligible Project Costs: \$595,468.48
 50% of Eligible Project Costs: \$297,734.24

Tax Year	2015	2016	2017	2018	2019	2020
Incentive Program Year	1	2	3	4	5	6
Municipal Property Taxes	\$4,760.70	\$5,437.39	\$5,489.80	\$5,212.28	\$5316.53	\$5,422.86
Exemption Rate	100%	100%	100%	100%	100%	100%
Exemption Amount	\$4,760.70	\$5,437.39	\$5,489.80	\$5,212.28	\$5316.53	\$5,422.86
Net Taxes Owed	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tax Year	2021	2022	2023	2024	Total	
Incentive Program Year	7	8	9	10		
Municipal Property Taxes	\$5,531.31	\$5,641.94	\$5,754.78	\$5,869.87	\$54,437.46	
Exemption Rate	100%	100%	100%	100%		
Exemption Amount	\$5,531.31	\$5,641.94	\$5,754.78	\$5,869.87	\$54,437.46	
Net Taxes Owed	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Additional Savings to Property Owner Compared to Old Incentive Program						\$49,437.46

A full municipal property tax exemption applies to Municipal Heritage Sites used for purposes other than only residential. In this case, the portion of eligible project costs that can be covered by municipal property tax exemption exceeds the maximum ten-year period. Given the scale of the project costs compared to the property taxes payable, only 9% of the eligible project costs would be covered under the new program. However, this is still a significant improvement to the old incentive program where only 0.8% of the eligible project costs would be covered. Property owners must prepare to pay full municipal property taxes annually at the end of the program.