

DATE OF MEETING March 14, 2018

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SUBJECT DOWNTOWN REVITALIZATION TAX EXEMPTION PROGRAM

OVERVIEW

Purpose of Report

To provide information in support of the establishment of a Downtown Revitalization Tax Exemption Program.

Recommendation

That the Finance and Audit Committee:

1. Recommend that Council provide approval to establish a Downtown Revitalization Tax Exemption Program; and
2. Recommend that "Revitalization Tax Exemption Bylaw 2018 No 7261 (to create a new Downtown Revitalization Tax Exemption Program) pass three readings at a future Council meeting.

BACKGROUND

At the 2017-DEC-07 Finance and Audit Committee Meeting, Staff presented background information on the criteria for a new Downtown Revitalization Tax Exemption Program (the 'DRTEP').

The proposed DRTEP is consistent with the Downtown Neighborhood Plan's vision to encourage more people to live downtown, to expand the downtown housing stock and to improve the downtown economy by generating new and expanded commercial development. Over time, a stronger development climate and an increasing population base will attract more business and investment to the Downtown core, including new and revitalized shops, restaurants and a variety of services.

The 2017-DEC-07 Committee Report is contained in Attachment D. The program would provide a 10-year tax exemption on the municipal portion of the landowner's taxes and apply to the following projects:

- Construction of new multi-family residential units (four or more) with a permit value greater than \$500,000.
- Construction of new commercial buildings with a permit value greater than \$500,000

- Additions or renovations (improvements) to existing commercial buildings with a permit value greater than \$500,000. The value of construction must be at least 50% of the current assessed value.

While the Committee was supportive of the program in principle, Staff was directed to provide further clarification on three specific items:

1. *Confirm which properties in the downtown core are already in a tax exemption program.*

Attachment A illustrates the five properties that are in the Heritage Tax Exemption Program (HTEP) and which properties have applied to be in the Hotel Revitalization Tax Exemption Program.

2. *Address potential conflict with the new DRTEP and the existing Heritage Tax Exemption Program.*

Within the proposed DRTEP program area, there are 53 properties listed on the Heritage Building Registrar (Attachment B). There are 46 privately owned properties and seven city-owned properties on the Heritage Building Registrar. Investors who wish to redevelop these properties will be required to apply under the HTEP and will be ineligible for the DRTEP program. However, if a property has an existing heritage building and sufficient vacant lot area to add a new multi-family or commercial development, both programs can be utilized with the condition that the portion with the heritage building receives the HTEP exemption and the new development could apply under the DRTEP.

3. *Consider Expanding the proposed DRTEP zone to include Haliburton Street.*

Staff have reviewed this request and recommend that a separate Revitalization Tax Exemption area be created for the South End Neighbourhood. Staff would work with the South End Community Association (SECA) and ensure that the tax exemption program is consistent with the South End Neighbourhood Plan. There may be other neighbourhoods in the City where Council may wish to establish tax exemption programs and each should have its own program.

Staff recommend that the DRTEP be based on the area outlined in Attachment C.

Council, at their Regular Meeting of 2018-JAN-15, moved and seconded that

“Council direct Staff to return to an upcoming Finance and Audit Committee Meeting with a bylaw regarding the Downtown Revitalization Tax Exemption Program, for Council’s consideration. The motion carried unanimously.”

The proposed Downtown Revitalization Tax Exemption Bylaw is attached (Attachment E).

OPTIONS

That the Finance and Audit Committee:

1. Recommend that Council provide approval to establish a Downtown Revitalization Tax Exemption Program; and
 2. Recommend that "Revitalization Tax Exemption Bylaw 2018 No 7261 (to create a new Downtown Revitalization Tax Exemption Program) pass first reading.
 3. Recommend that "Revitalization Tax Exemption Bylaw 2018 No 7261 pass second reading.
 4. Recommend that "Revitalization Tax Exemption Bylaw 2018 No 7261 pass third reading.
 - **Budget Implication:** Impacts on the budget will depend on the number of projects undertaken and the value of the exemptions. The stimulation of development downtown will help grow the tax base, which the City would benefit from after the 10-year exemption ends.
 - **Legal Implication:** The process and regulations for establishing a Revitalization Tax Exemption are outlined in the Community Charter.
 - **Policy Implication:** The Official Community Plan (OCP) recognizes the downtown core as the 'heart' of the City and encourages revitalization efforts.
 - **Engagement Implication:** Staff met with a group of developers who have recently invested in the downtown core to gather their feedback on the initiative.
 - **Strategic Priorities Implication:** The Revitalization Program would build on Council's commitment to the "economic health" pillar in the City's Strategic Plan.
 - **Political Implication:** Further investment in the downtown core will help diversify downtown and counteract some of the negative attention the downtown core has been receiving as of late.
2. That Council provide other direction.

SUMMARY POINTS

- The new Development Cost Charge Bylaw will take effect on 2018-APR-02. At that time, new developments in the downtown core will be subject to DCCs. Staff propose the creation of a Downtown Revitalization Tax Exemption Program to stimulate development in this area of the City.
- The 10-year tax exemption only applies to the municipal portion of the property owners taxes.
- The Downtown Revitalization Tax Exemption Program will apply to the construction of new multi-family, new commercial and additions/renovations to commercial buildings within the DRTEP zone.
- Properties within the Heritage Registrar will not be eligible for the DRTEP program, unless the parcel is of sufficient size to support retention of the historical building and able to support a new residential or commercial building.
- The DRTEP zone is the same area as the former DCC Exempt Area.

ATTACHMENTS

Attachment A: Existing Downtown Properties Subject to a Tax Exemption Program
Attachment B: Existing Downtown Heritage Building Registrar
Attachment C: Proposed DRTEP Zone
Attachment D: 2017-DEC-07 Committee Report

Attachment E: Downtown Revitalization Tax Exemption Bylaw

Submitted by:

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Concurrence by:

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