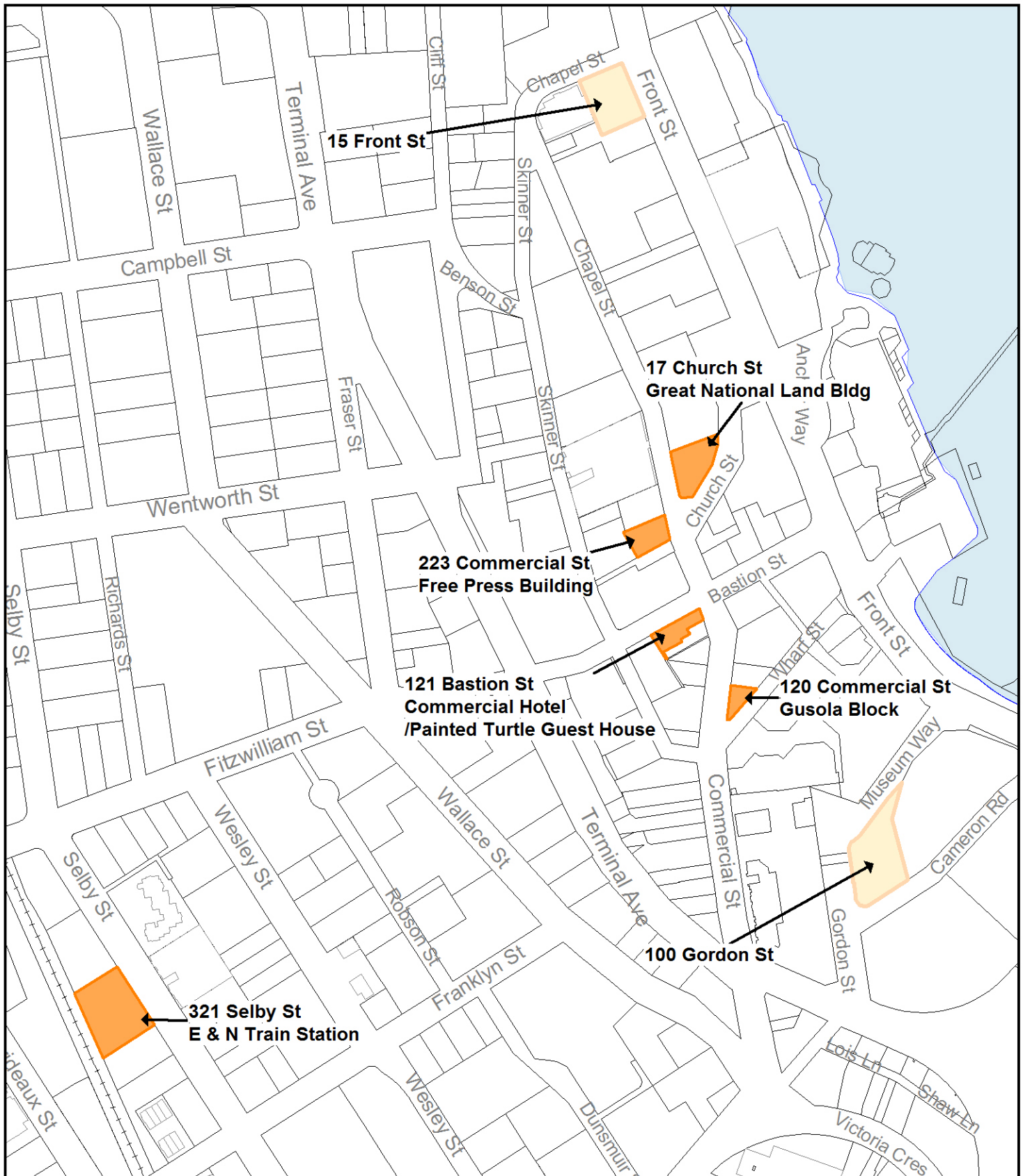


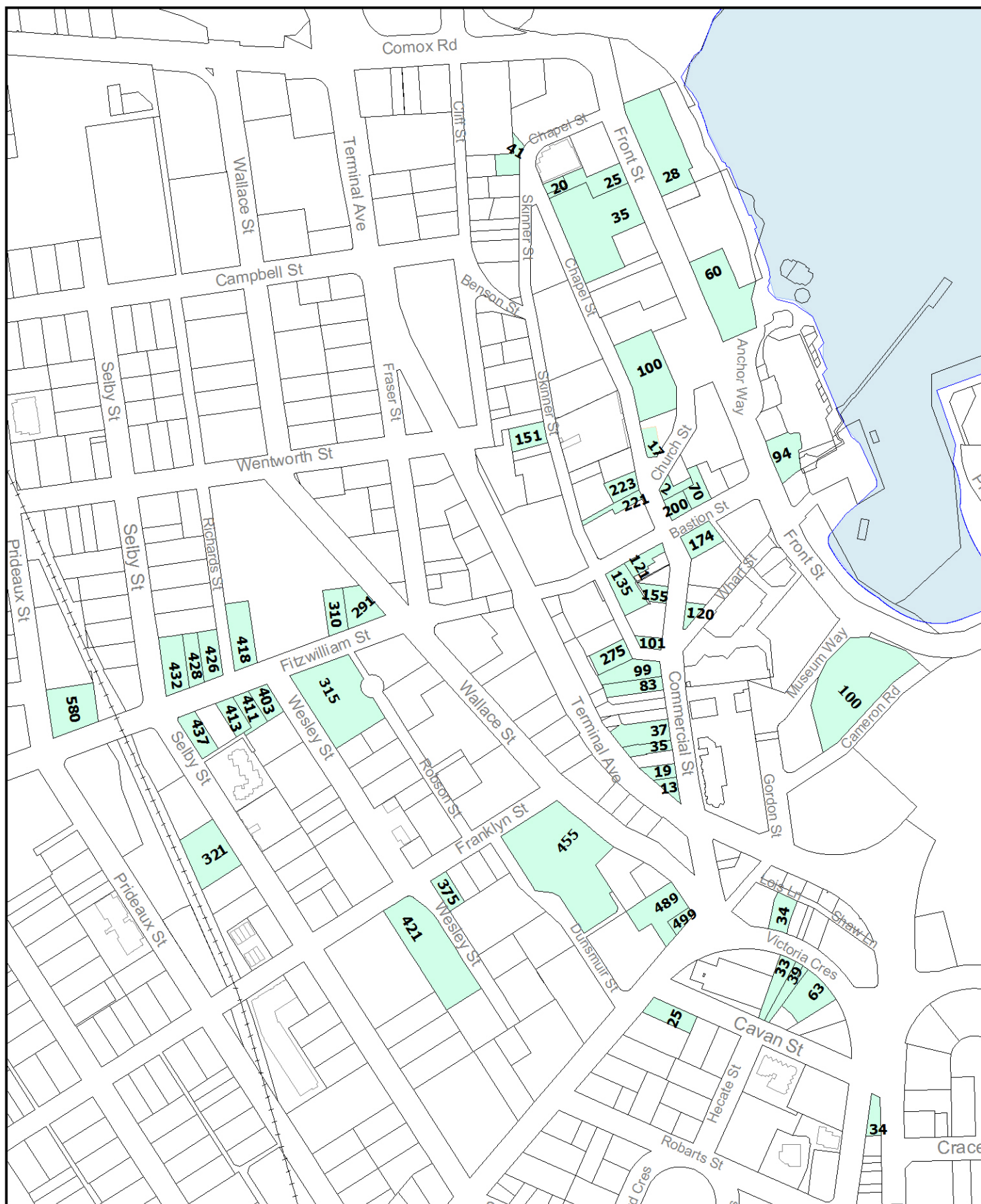
ATTACHMENT A - EXISTING DOWNTOWN PROPERTIES SUBJECT TO A TAX EXEMPTION PROGRAM




- Downtown Residential Conversion
Tax Exemptions Approved
- Hotel Revitalization
Tax Exemption Program

Note: 10 Year tax freeze for the Great National Land Bldg at 17 Church Street. Term of freeze 1998 - 2007.

ATTACHMENT B - EXISTING DOWNTOWN HERITAGE BUILDING REGISTRAR

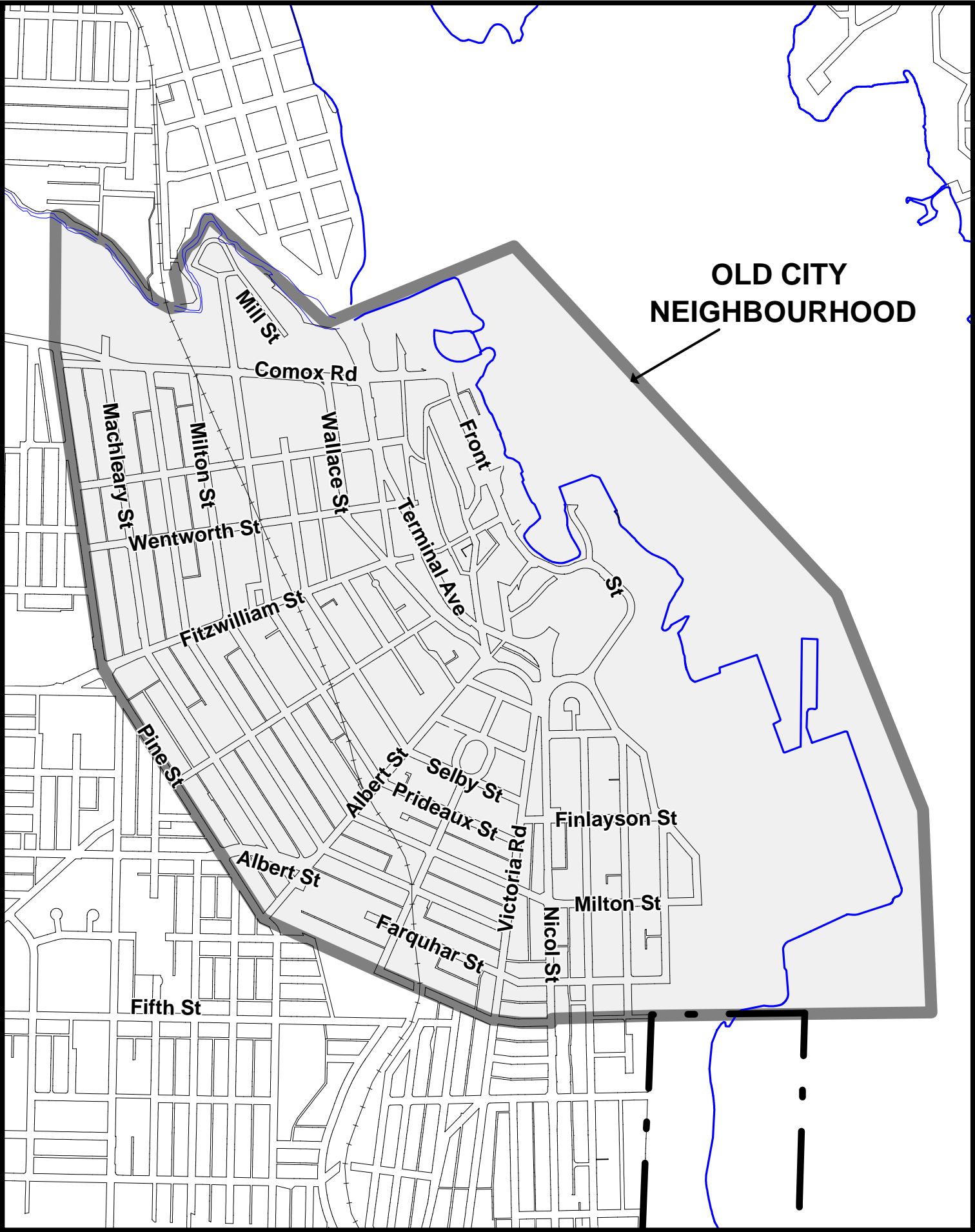


 Heritage Buildings Listed in
Heritage Conservation Area 1
Eligible for Heritage Tax Exemption

ATTACHMENT B
EXISTING DOWNTOWN HERITAGE BUILDING REGISTRAR

1. #70 – 76 Bastion Street (BC Telephone Exchange)
2. 121 Bastion Street (Commercial Hotel)
3. #133 – 141 Bastion Street (Eagle's Hall)
4. 100 Cameron Road (Rowbottom Residence – Miner's Cottage)
5. 25 Cavan Street (Provincial Liquor Store)
6. 20 Chapel Street (Christian Science Society Building)
7. 41 Chapel Street (Shaw Residence)
8. 100 Chapel Street (St. Paul's Anglican Church)
9. #2 – 4 Church Street (The Earl Block – Grassick's)
10. #5 – 17 Church Street (Great National Land Building)
11. 13 Commercial Street (Nanaimo-Duncan Utilities/BC Hydro)
12. 19 Commercial Street (Nash Hardware)
13. 35 Commercial Street (Caldwell Block)
14. #37 – 45 Commercial Street (The Hall Block)
15. #83 – 87 Commercial Street (The Rogers Block)
16. #93 – 99 Commercial Street (The Hirst Block – Dakin Block)
17. 101 Commercial Street (Ashlar Lodge – Masonic Temple)
18. 120 Commercial Street (Gusola Block)
19. #143 – 155 Commercial Street (The Parkin Block)
20. #172 – 174 Commercial Street (A.R. Johnston & Co. Grocers)
21. #200 – 206 Commercial Street (The Halse Block)
22. 221 Commercial Street (Modern Café)
23. 223 Commercial Street (Free Press Building)
24. #306 – 314 Fitzwilliam Street (Ranger's Shoes)
25. 315 Fitzwilliam Street (St. Andrew's United Church)
26. #403 – 409 Fitzwilliam Street (S&W Apartments)
27. 411 Fitzwilliam Street (Mitchell's Market)
28. #413 – 417 Fitzwilliam Street (T&B Apartments)
29. 418 Fitzwilliam Street (Zorkin Building/Adirim's Junk Store)
30. 426 Fitzwilliam Street (Angell's Trading)
31. 428 Fitzwilliam Street (Central Dairy)
32. 432 Fitzwilliam Street (Occidental Hotel)
33. 437 Fitzwilliam Street (Rawlinson & Glaholm Grocers)
34. 580 Fitzwilliam Street (Vancouver Island Regional Library)
35. 375 Franklyn Street (Harris Residence)
36. 421 Franklyn Street (Franklyn Street Gymnasium)
37. 25 Front Street (The Globe Hotel)
38. 28 Front Street (Tom Brown's Auto Body)
39. #31 – 35 Front Street (Nanaimo Court House)
40. #54 – 66 Front Street (Nanaimo Post Office)
41. 94 Bastion Street (The Bastion)
42. 34 Nicol Street (Nanaimo Fire Hall #2)
43. 321 Selby Street (Esquimalt & Nanaimo Railway Station)
44. 151 Skinner Street (Reid Residence)

45. 275 Skinner Street (Palace Hotel)
46. #33 – 35 Victoria Crescent (Commercial Building)
47. 34 Victoria Crescent (Davidson Block/Queens Hotel)
48. #39 – 45 Victoria Crescent (Nanaimo Pioneer Bakery – Johnson's Hardware)
49. 63 Victoria Crescent (Eagle Hotel/Terminal Hotel)
50. #291 – 299 Wallace Street (Willard Service Station)
51. 455 Wallace Street (City Hall)
52. #481 – 489 Wallace Street (Brumpton Block)
53. 499 Wallace Street (Merchant's Bank of Canada)





Committee Report

File Number: 00000

DATE OF MEETING December 7, 2017

AUTHORED BY AMRIT MANHAS, ECONOMIC DEVELOPMENT OFFICER

SUBJECT Downtown Revitalization Tax Exemption Program**OVERVIEW****Purpose of Report**

To provide recommendations for establishing a Downtown Revitalization Tax Exemption Program.

Recommendation

That the Finance and Audit Committee:

1. Recommends that Council provide approval in principle to establish a Downtown Revitalization Tax Exemption; and,
2. Direct Staff to return to an upcoming Council Meeting with a bylaw for Council's consideration.

BACKGROUND

The City of Nanaimo's Official Community Plan (OCP) supports the continued development and revitalization of the downtown core and recognizes it as the "heart" of the Harbour City. The downtown core is the historical, cultural, professional and business centre of Nanaimo. Denser residential developments and unique and interesting commercial and service space is supported by the current OCP.

In 2004, the Community Charter was introduced, offering a tax exemption opportunity to BC communities for environmental, economic, social and other types of developments. In Nanaimo, a revitalization tax exemption program was introduced in 2011 to encourage the development and redevelopment of hotels and motels to improve the inventory of quality accommodation available for tourists. To qualify, the value of the new construction or renovations for hotels and motels is set to a minimum \$2 million investment. The City of Nanaimo has recently seen uptake in this program as two new hotels have taken advantage of this incentive.

The City of Nanaimo currently offers 13 different grant and tax exemption programs, detailed in Attachment A. Four of the grants are related to property development improvements:

- Hotel and Motel Tax Exemption Program
- Heritage Building Tax Exemption
- Heritage Façade Grant
- Heritage Home Grant

At the 2017-AUG-10 Special Finance and Audit Committee Meeting, a motion was passed to review and provide a report for Council's consideration on potential expansion of the existing tax

exemption programs. In light of revoking the downtown development cost charges exemption bylaw, Staff propose the Downtown Revitalization Tax Exemption Program (the "DRTEP"). It is anticipated that this incentive will be more effective in infusing new investment into the downtown core. Research from other BC communities utilizing similar programs is detailed in Attachment B. Incentive programs in Prince George, Vernon, Kamloops, Chilliwack and Penticton were reviewed. All of these communities offer incentives for multi-family and commercial developments in specified downtown zones. Many offer incentives on institutional, industrial, brownfield, public parking, technology companies and hotel/motel developments. The qualifying criteria, applicable zones, term of exemptions and value of exemptions vary based on community objectives. The communities reviewed have enjoyed varying degrees of success with these programs. However, they all concede building awareness about the available incentives is the key to success.

The purpose of the DRTEP in Nanaimo is to encourage the construction of new buildings and alterations/renovations of existing buildings within the Downtown area, as shown in Attachment C.

A property owner must enter into a Revitalization Tax Exemption Agreement with the City of Nanaimo that determines the conditions for eligibility for a specific property. Acceptance into the program must happen prior to the issuance of a building permit. Properties currently subject to another revitalization tax exemption program within the City of Nanaimo are ineligible for this program. The types of properties that will be eligible for tax exemptions under the DRTEP are as follows:

- i. Construction of new multi-family residential units (four or more).**
Properties that are subject to a building permit for a new multi-family residential development having a permit value, as determined by the Manager of Building Inspections, of \$500,000 or greater, where the Building Permit was issued on or after (date bylaw passed) and an occupancy permit has been issued. New construction must conform to the land use designations and policies of the City's residential zoning bylaw.
- ii. Construction of commercial buildings.**
Properties that are subject to a building permit for new commercial development having a permit value, as determined by the Manager of Building Inspections, of \$500,000 or greater, where the building permit was issued on or after (date bylaw passed) and an occupancy permit has been issued. New construction must conform to the land use designations and policies of the City's commercial zoning bylaw.
- iii. Additions or renovations (improvements) to existing commercial buildings.**
Properties that are the subject to a building permit for additions or renovations to an existing building having a permit value, as determined by the Manager of Building Inspections, of \$500,000 or greater, where the Building Permit was issued on or after (date bylaw passed) and an occupancy permit has been issued. Additionally, the value of construction must equal 50% of the current assessed value of the building, as determined by the BC Assessment Authority, or the current appraised value of the building, as determined by a member of the British Columbia Branch of the Appraisal Institute of Canada. New construction must conform to the land use designations and policies of the City's zoning bylaw.

The maximum assessment exemption under this bylaw will be the difference between the value of the land and improvements in the year prior to construction, and the year in which the tax certificate first applies. The assessment exemption only applies to the municipal property taxes, and not to other property taxes such as School, Regional District, Hospital District, BC Assessment Authority and BC Municipal Finance Authority.

The amount of tax exemptions that will be provided under this bylaw is 100% of the increased assessed value of land and improvements. The maximum term of a tax exemption provided under this program is 10 years. To qualify for the downtown revitalization tax exemption each property owner must comply with the terms and conditions established in the DRTEP bylaw.

Three projects of varying scale and typical savings under the DRTEP are detailed in Attachment D. For instance, a six-storey, 19-unit multi-family residential development (\$6.8 million assessment) would have an annual tax exemption of \$33,458 and over ten years these savings equate to \$334,579.97. A commercial 14-unit medical office development (\$7.4 million assessment) would have an annual tax exemption of \$96,637.70 and over ten years the savings would be \$966,377.01. If approved by Council, the next steps for Staff are to draft the bylaw and market the incentive program.

Staff recommend the program be reviewed after five years.

OPTIONS

1. That the Finance and Audit Committee provide Approval in Principle to establish a Downtown Revitalization Tax Exemption Program and direct Staff to return to an upcoming Council Meeting with a bylaw for Council's consideration.
 - **Budget Implication:** It would depend upon the number of projects undertaken and value of exemptions. New builds and renovations will also lead to the City's tax base increasing over time.
 - **Policy Implication:** The OCP recognizes the downtown core as the "heart" of the City and encourages revitalization initiatives.
 - **Engagement Implication:** Staff met with four downtown developers to gather feedback on this initiative.
 - **Strategic Priorities Implication:** This would build on Council's commitment to the "economic health" pillar in the City's strategic plan.
2. That the Finance and Audit Committee not provide Approval in Principle for the Downtown Revitalization Tax Exemption Program.
 - **Budget Implication:** Not incentivizing downtown development could result in less projects and less tax revenue over the long run.
 - **Policy Implication:** Not supporting the OCP's vision for downtown revitalization, as growth in development will likely be stagnant.
 - **Strategic Priorities Implication:** Council's lack of commitment to the "economic health" pillar of the City's strategic plan.
3. That the Finance and Audit Committee provide other direction.

SUMMARY POINTS

- In light of revoking the downtown development cost charges exemption bylaw, Staff propose the Downtown Revitalization Tax Exemption Program.
- The purpose of the Downtown Revitalization Tax Exemption Program in Nanaimo is to encourage the construction of new buildings and alterations/renovations of existing buildings within the old City neighborhood.
- A property owner must enter into a Revitalization Tax Exemption Agreement with the City of Nanaimo that determines the conditions for eligibility for a specific property.
- The exemption only applies to the municipal property taxes on the assessed value of the property..

ATTACHMENTS

Attachment A: City Grants
Attachment B: City Incentive Review
Attachment C: Tax Exemption Zone
Attachment D: Example Savings

Submitted by:

Bill Corsan
Deputy Director, Community Development

Concurrence by:

Dale Lindsay
Director, Community Development

| Attachment A - City Grants | | |
|---|---|--|
| City of Nanaimo Tax Exemption Programs and Grants | | |
| | Name | Purpose |
| 1 | Hotel & Motel Tax Exemption Program | To encourage the development and redevelopment of hotels and motels to improve the inventory of quality accommodation within the City of Nanaimo |
| 2 | Community Program Development Grant | Develop programs that enhance residents' exposure to a variety of experiences. \$10,000 budget, administred by Parks and Recreation |
| 3 | Culture & Heritage Operating Grant | Supports the activities of professional arts, culture and heritage organizations that play a significant role in contributing to the culture profile and economic vitality of Nananimo |
| 4 | Culture & Heritage Project Grant | Assists culture and heritage organizations in the realization of specific projects to benefit the public, contribute to the cultural and economic vitality of Nanaimo |
| 5 | Downtown Event and Revitalization Funding | Assists with the costs of staging annual, festive, outdoor public events in downtown Nanaimo. |
| 6 | Heritage Building Tax Exemption | Encourage new downtown residential units in existing heritage buildings and to preserve heritage buildings in the downtown core |
| 7 | Heritage Façade Grant | Encourage the rehavilitation and enhancement of heritage buildings in the downtown core. Up to \$10,000 per façade |
| 8 | Heritage Home Grant | Encourage homeowners of heritage buildings to fix up and maintain their historic homes. Grants up to \$2,500 per house |
| 9 | Permissive Tax Exemptions | Property tax exemption for qualifying organizations under division 7 of the Community Charter |
| 10 | Security Check Fee Grants | In partnership with the RDN. Helps cover the cost of security check fees for eligible community |
| 11 | Social Planning Grants | Assist organizations in responding to issues of a social nature, to foster social inclusion and social |
| 12 | Travel Assistance Grant | To help amateur groups and individuals to travel to regional, national or international |
| 13 | Other Grants | Educational funding, emergency funding, capital grants and facility rental grants can be awarded to qualifying organizations |

Attachment B - City Incentive Review

| Prince George | |
|---------------------------|--|
| Description | Residential Dev't (medium density mixed use or med to high density multi family), Commercial, LEED certified Dev't |
| Minimum Investment | \$50,000 to \$500,000 |
| Location | two downtown areas |
| Improvements | new construction or renovations |
| Exemption | 100% of inc in assessed value of improvements and 50% assessed value of land. 10 yrs primary area, 5 yrs secondary growth area. |
| Results | To date 22 commecial projects have been accepted into this program and received tax exemptions equalling \$7.7 million. 3 residential projects have also received tax exemptions of \$4.4 million. |

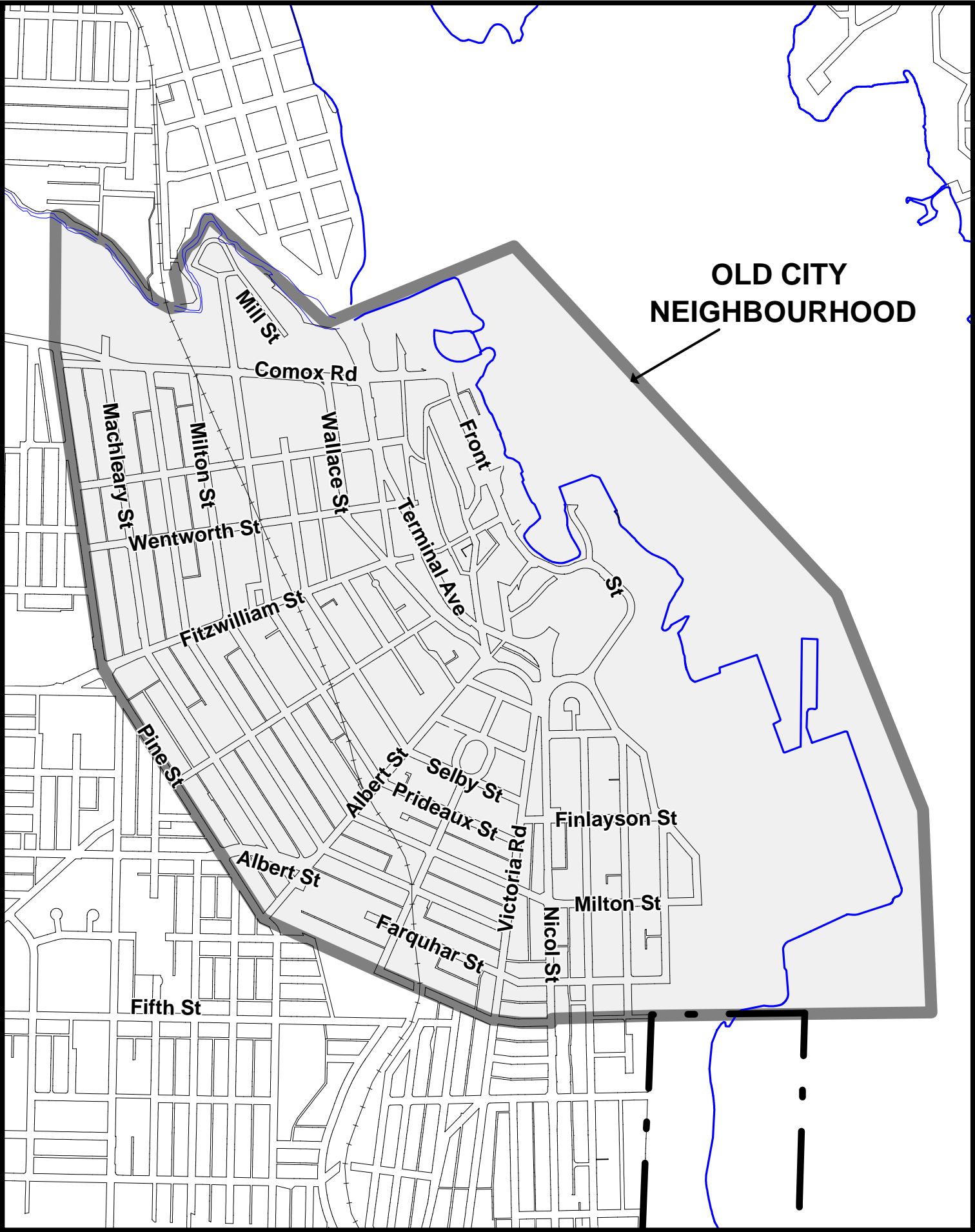
| Vernon | |
|---------------------------|---|
| Description | construction of new buildings, addtions to existing buildings, renovations to exsiting buildings |
| Minimum Investment | \$200,000 or greater new, \$50,000 or greater for renos |
| Location | City Centre District |
| Improvements | new construction or renovations |
| Exemption | 100% of inc in assessed value of land and improvements for 5 yrs, then a sliding scale down to year 10. |
| Results | 17 projects of varying scale have taken advantage of this initiative since inception. |

| Chilliwack | |
|---------------------------|---|
| Description | Residential Dev't (4 or more units), commercial, instituional, industrial |
| Minimum Investment | \$200,000 or greater for all types, \$1 million for industrial |
| Location | downtown |
| Improvements | new construction or renovations |
| Exemption | Residential - 100% for 5 yrs. 50% year 6. Industrial - yr 1 - 100% year 2 -80% yr 3-60% and so on. |
| Results | 850 residential units and 16 commercial developments have received exemptions under the downtown bylaw. There have been 7 exemptions under the industrial exemption bylaw. The total municipal taxes exempted, up to and including 2016, are \$4.4 million. |

| Kamloops | |
|---------------------------|--|
| Description | Multifamily residential (3 or more), high tech, brownfield, hotel motel, public parking (10 parking spaces avil for public for rental not exceeding 1 month in duration) |
| Minimum Investment | \$100,000 |
| Location | City centre |
| Improvements | new construction or renovations |
| Exemption | 100% of inc in assessed value of improvements 10 yr. term |

| | |
|----------------|-------------------------------------|
| Results | Waiting for response from community |
|----------------|-------------------------------------|

| Penticton | |
|---------------------------|---|
| Description | downtown, industrial & hotel motel investment zones |
| Minimum Investment | \$100,000 or greater for most. Some are as low as \$50,000 improvements |
| Location | 3 separate zones |
| Improvements | new construction or renovations |
| Exemption | 100% of inc in assessed value of improvements 5 yr. term, in some cases 10 yr |
| Results | Waiting for response from community |



ATTACHMENT D - Example Savings

Typical small commercial Development

| Tax exemption calculation | | | |
|-----------------------------------|--------------|----|---------------|
| Post construction assessment 2017 | 1,600,000 | | |
| Pre construction assessment 2016 | 149,600 | | |
| assessed value of improvements | 1,450,400 | | |
| Full Taxes 2017 | \$ 30,864.51 | | |
| municipal tax rate comm | 12.9529 | | |
| Savings under DTEP | \$ 18,786.89 | 10 | \$ 187,868.86 |

Medium size commercial development

| Tax exemption calculation | | | |
|-----------------------------------|---------------|----|---------------|
| Post construction assessment 2017 | 8,447,700 | | |
| Pre construction assessment 2014 | 987,000 | | |
| Assessed value of improvements | 7,460,700 | | |
| Full Taxes 2017 | \$ 179,979.20 | | |
| municipal tax rate comm | 12.9529 | | |
| Savings under DTEP | \$ 96,637.70 | 10 | \$ 966,377.01 |

Multi family residential -19 units

| Tax exemption calculation | | | |
|-----------------------------------|--------------|----|---------------|
| Post construction assessment 2017 | 7,489,700 | | |
| Pre construction assessment 2013 | 611,000 | | |
| assessed value of improvements | 6,878,700 | | |
| Full Taxes 2017 | \$ 61,374.25 | | |
| municipal tax rate res | 4.8640 | | |
| Savings under DTEP | \$ 33,458.00 | 10 | \$ 334,579.97 |

DOWNTOWN REVITALIZATION TAX EXEMPTION BYLAW

Bylaw No. 7261

CITY OF NANAIMO

BYLAW NO. 7261

REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261

WHEREAS pursuant to section 226 of the *Community Charter*, Council may, by bylaw, establish a revitalization tax exemption program for the purpose of encouraging revitalization in the City of Nanaimo;

AND WHEREAS Council wishes to establish a revitalization tax exemption program in the City of Nanaimo in order to encourage new investment in the City of Nanaimo downtown core and revitalization of the City's downtown core through construction of new commercial and residential buildings and alteration or renovation of existing buildings;

AND WHEREAS Council has included within this Bylaw a description of the reasons for and the objectives of the program and a description of how the program is intended to accomplish the objectives, as required by section 226(4) of the *Community Charter*;

AND WHEREAS Council has given notice of its intent to adopt this Bylaw in accordance with section 227 of the *Community Charter* and considered this Bylaw in conjunction with the objectives and policies set out in section 165(3.1)(c) of the *Community Charter* in the City's financial plan.

NOW THEREFORE, in open meeting assembled, the Council of the City of Nanaimo enacts as follows:

PART 1 – INTERPRETATION

1. This Bylaw may be cited for all purposes as "REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261".
2. In this Bylaw:
 - (a) "**Agreement**" means a Revitalization Tax Exemption Agreement between the owner of a parcel and the City, substantially in the form of and with the content of Schedule "A";
 - (b) "**Assessed Value**" means the BC Assessment Authority land and improvements assessed value of a parcel that is subject to an Agreement for the purposes of calculating property taxes;
 - (c) "**Baseline Assessment**" means the BC Assessment Authority's last published land and improvements Assessed Value immediately before the building permit for the Project has been issued;
 - (d) "**Bylaw**" means this bylaw, including its recitals and schedules;
 - (e) "**City**" means the City of Nanaimo;
 - (f) "**Council**" means the Council of the City of Nanaimo;

- (g) **"Multi-Family Residential Development"** means a multi-family residential development that contains at least four (4) self-contained dwelling units;
- (h) **"Program"** means the revitalization tax exemption bylaw program established by this Bylaw;
- (i) **"Project"** means a revitalization project on a parcel that complies with this Bylaw and is eligible for consideration under section 10;
- (j) **"Revitalization Area"** means those parts of the downtown core of the City shown outlined on Schedule "C";
- (k) **"Tax Exemption"** means a revitalization tax exemption obtained pursuant to this Bylaw; and
- (l) **"Tax Exemption Certificate"** means a Tax Exemption certificate issued by the City pursuant to this Bylaw, substantially in the form of Schedule "B".

PART 2 – ESTABLISHMENT AND OBJECTIVES OF THE PROGRAM

- 3. The Program is hereby established.
- 4. The reason for and objective of the Program is to:
 - (a) encourage new investment in the Revitalization Area;
 - (b) encourage the construction of new commercial and multi-family residential buildings and alteration and renovation of certain existing buildings in the Revitalization Area; and
 - (c) encourage revitalization of the Revitalization Area.
- 5. The Program is intended to accomplish its objectives by:
 - (a) providing tax certainty to parcel-owners; and
 - (b) reducing the municipal tax burden on parcels where a Project is being undertaken.

PART 3 – TAX EXEMPTION CERTIFICATE CONDITIONS

- 6. The terms and conditions upon which a Tax Exemption Certificate may be issued are as set out in this Bylaw, the relevant Agreement, and the Tax Exemption Certificate in relation to a particular parcel.
- 7. No Tax Exemption Certificate will be issued with respect to a parcel until:
 - (a) the owner of the parcel has submitted an application under Part 7 and the application has been accepted by the City Manager or his or her delegate;
 - (b) the building and occupancy permit for the Project, as described in the owner of the parcel's application under Part 7 has been issued; and

- (c) the Agreement has been executed by both the owner of the parcel and the City.

PART 4 –CALCULATION OF TAX EXEMPTION

8. The amount of the annual Tax Exemption will be equal to that part of the municipal property tax for the parcel and improvements imposed under section 197(1)(b) of the *Community Charter*, calculated by deducting the Baseline Assessment from the current Assessed Value and applying the difference to the current municipal tax rate.
9. Tax Exemptions under this Bylaw do not include exemptions from any tax other than those municipal property taxes established under section 197(1)(a) of the *Community Charter*.

PART 5 – ELIGIBLE PROJECTS

10. The categories of Project described under subsections 10(a), 10(b), and 10(c) are eligible for a Tax Exemption:
- (a) Projects within the Revitalization Area that:
- i. have been issued a building and occupancy permit for a new Multi-Family Residential Development;
 - ii. have a permit value, as determined by the Manager of Building Inspections, of at least five hundred thousand dollars (\$500,000.00); and
 - iii. conform with all applicable City enactments and policies, including but not limited to all residential zoning bylaws and land use policies,
- (b) Projects within the Revitalization Area that:
- i. have been issued a building and occupancy permit for a new commercial development;
 - ii. have a permit value, as determined by the Manager of Building Inspections, of at least five hundred thousand dollars (\$500,000.00); and
 - iii. conform with all applicable City enactments and policies, including but not limited to all commercial zoning bylaws and land use policies;
- (c) Projects within the Revitalization Area that:
- i. have been issued a building and occupancy permit for additions or renovations to an existing building for a commercial development;
 - ii. have a permit value, as determined by the Manager of Building Inspections, of at least five hundred thousand dollars (\$500,000.00);
 - iii. have a construction value of at least fifty percent (50%) of either the Assessed Value of the building or the current appraised value building, as determined by a member in good standing of the British Columbia branch of the Appraisal Institute of Canada, whichever amount is the greater; and

- iv. conform with all applicable City enactments and policies, including but not limited to all applicable zoning bylaws and land use policies.
- 11. The form and character of any Project must be consistent with the applicable Development Permit Area Design Guidelines contained within the Official Community Plan Bylaw.
- 12. A Project is not eligible for a Tax Exemption if:
 - (a) the parcel or any improvements on it is subject to another tax exemption from the City;
 - (b) there are property taxes in arrears with respect to the parcel or any improvements on it; or
 - (c) the Project involves proposals to alter buildings listed on the City of Nanaimo Heritage Register.

PART 6 – TERM AND ASSIGNMENT

- 13. The maximum term of a Tax Exemption is ten (10) years.
- 14. The Tax Exemption runs with the parcel and is assignable to subsequent parcel-owners only in accordance with the Agreement.

PART 7 – APPLICATION FOR ADMISSION TO PROGRAM

- 15. If an owner of a parcel wishes Council to consider granting a Tax Exemption, the owner must make a written application to the City Manager or his or her delegate, and must submit all of the following with the application:
 - (a) a copy of the current Property Assessment Notice for the parcel issued by the British Columbia Assessment Authority;
 - (b) a completed written application in a form prescribed by the City;
 - (c) a description of the Project, including details regarding the extent and value of the Project, which will be confirmed via the building permit process; and
 - (d) an Agreement in executable form.
- 16. An application under section 15 must be made by the owner and accepted by the City Manager or his or her delegate before the building permit for the Project is issued.

PART 8 – ISSUANCE OF TAX CERTIFICATION CERTIFICATE

- 17. Once the requirements established under this Bylaw and the Agreement have been fulfilled, a Tax Exemption Certificate must be issued for the parcel.

PART 9 – CANCELLATION

- 18. A Tax Exemption Certificate may be cancelled by Council if any of the conditions set out in the Agreement, the Bylaw, or the Tax Exemption Certificate are not met.

19. If The Tax Exemption Certificate is cancelled during a year in which the owner of a parcel has received a Tax Exemption, the owner of the parcel shall pay to the City within thirty (30) days of cancellation a recapture amount calculated as equal to a percentage of the amount of the Tax Exemption with the percentage being equivalent to the percentage of the taxation year remaining from the date of cancellation.
20. If the amount is not paid under section 18, any amount unpaid will bear interest at a rate of one percent (1.0%) per month, compounded annually.

PART 10 – DELEGATION

21. The Director of Finance for the City is designated the municipal officer for the purpose of section 226(13) of the *Community Charter*.

PASSED FIRST READING __, ____, 2018

PASSED SECOND READING ____, ____, 2018

PASSED THIRD READING __, ____, 2018

Notice of intention to proceed with this Bylaw was published on __, ____, 2018 and __, ____, 2018 pursuant to section 94 and 227 of the *Community Charter*.

ADOPTED __, ____, 2018

MAYOR

CORPORATE OFFICER

SCHEDULE "A"

Revitalization Tax Exemption Agreement

THIS AGREEMENT dated for reference the ____ day of _____, 20____is

BETWEEN:

XXXX

(the "Owner")

AND:

CITY OF NANAIMO
455 Wallace Street
Nanaimo, BC V9R 5J6

(the "City")

GIVEN THAT:

- A. The Owner is the registered owner in fee simple of lands in the City of Nanaimo at *[civic address]* legally described as *[legal description]* (the "Parcel");
- B. Council has established a revitalization tax exemption program and has included within the City of Nanaimo "REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261";
- C. The Parcel is situated within the Revitalization Area, as defined in the Bylaw; and
- D. The Owner proposes to construct new improvements or alter or renovate existing improvements on the Parcel as described in Appendix "A" attached to and forming part of this agreement (the "Project") and has applied to the City to take part in the revitalization tax exemption program in respect of the Project and the City has agreed to accept the Project under the program;

THIS AGREEMENT is evidence that in consideration of the promises exchanged below, the Owner and the City covenant and agree each with the other as follows:

- 1. In this Agreement, the following words have the following meanings:
 - (a) "Assessed Value" means the BC Assessment Authority land and improvements assessed value of the parcel subject to this Agreement for the purposes of calculating property taxes;
 - (b) "Baseline Assessment" means the BC Assessment Authority's last published land and improvements assessed value immediately before the commencement of the Project;

- (c) "Bylaw" means City of Nanaimo "REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261" as amended from time to time including any amendments thereto;
 - (d) "Renovation" means capital improvements of an existing building;
 - (e) "Tax Exemption" means a revitalization tax exemption determined in accordance with the Bylaw; and
 - (f) "Tax Exemption Certificate" means a revitalization tax exemption certificate issued by the City of Nanaimo pursuant to the Bylaw and the *Community Charter*.
2. The Project – the Owner will use its best efforts to ensure that the Project is constructed, maintained, operated and used in a fashion that will be consistent with and will foster the objectives of the revitalization tax exemption program, as outlined in the Bylaw. Without limiting the generality of the foregoing, the Owner covenants to use its best efforts to ensure that the Project will:
- (a) ; and
 - (b) .
3. Operation and Maintenance of the Project – throughout the term of this Agreement, the Owner shall operate, repair and maintain the Project and will keep the Project in a state of good repair as a prudent owner would do.
4. Revitalization Tax Exemption – subject to fulfillment of the conditions set out in this Agreement and the Bylaw, the City shall issue a Tax Exemption Certificate to the British Columbia Assessment Authority entitling the Owner to a Tax Exemption in respect of the property taxes due (not including local service taxes) in relation to the Parcel and the improvements thereon for the calendar year(s) set out in this Agreement. The Tax Exemption Certificate shall be substantially in the form of Appendix "B", which is attached to and forms part of this Agreement.
5. Conditions – the Owner must fulfill the following conditions before the City will issue a Tax Exemption Certificate to the Owner in respect of the Project:
- (a) the Owner must obtain a building permit from the City for the Project on or before _____, 20____;
 - (b) the Owner must complete or cause to be completed construction of the Project in a good and workmanlike fashion and in strict compliance with the building permit and the plans and specifications attached hereto as Appendix "C";
 - (c) the Project must be officially opened and available for use as *[describe permitted use]* (the "Exempt Use") and for no other use, by no later than _____, 20____ ; and
 - (d) the completed Project must substantially satisfy the performance criteria set out in Appendix "D" hereto, as determined by the City's Land Use Manager or designate, in his or her sole discretion, acting reasonably.

6. Calculation of Revitalization Tax Exemption – the amount of the Tax Exemption in each year shall be calculated in accordance with the Bylaw.
 7. Term of Tax Exemption – provided the requirements of this Agreement, and of the City of Nanaimo Revitalization Tax Exemption Bylaw 2018 No. 7261, are met the Tax Exemption shall be for the taxation years _____ to _____, inclusive. [10 year maximum]
 8. Compliance with Laws – the Owner shall construct the Project and, at all times during the term of the Tax Exemption or any renewal term, use and occupy the Parcel forming part of the Project in compliance with all statutes, laws, regulations, bylaws and orders of any authority having jurisdiction and, without limiting the generality of the foregoing, all federal, provincial, or municipal laws or statutes or bylaws, including all the rules regulations policies guidelines criteria or the like made under or pursuant to any such laws.
 9. Subdivision under Strata Property Act – if the Owner deposits a strata plan in the Land Title Office under the *Strata Property Act* that includes an improvement on the Parcel included in the Project, then the Tax Exemption shall be prorated among the strata lots in accordance with the unit entitlement of each strata lot for:
 - (a) the current and each subsequent tax year during the currency of this agreement if the strata plan is accepted for registration at the Land Title Office before _____, _____, 20____; or
 - (b) for the next calendar year and each subsequent tax year during the currency of this agreement if the strata plan is accepted for registration at the Land Title Office after _____, _____, 20____,
- provided that any strata subdivision must comply with the terms of any Housing Agreement in relation to the Parcel or the Project which limits ability to subdivide the Parcel or a building on the Parcel under the *Strata Property Act*.
10. Representations and Warranties – The Owner represents and warrants to the City that the Owner is the Owner of the Parcel for the purpose of property assessment and taxation.
 11. Cancellation – the City may in its sole discretion cancel the Tax Exemption Certificate at any time:
 - (a) on the written request of the Owner; or
 - (b) effective immediately upon delivery of a notice of cancellation to the Owner if at any time any of the conditions in the Tax Exemption Certificate are not met.
 12. If such cancellation occurs, the Owner of the Parcel for which the Tax Exemption Certificate was issued will pay to the City a recapture amount in accordance with the Bylaw, which amount will bear interest in accordance with the Bylaw.
 13. No Refund – for greater certainty, under no circumstances will the Owner be entitled under the City's revitalization tax exemption program to any cash credit, any carry forward tax exemption credit or any refund for any property taxes paid.

14. Notices – any notice or other writing required or permitted to be given hereunder or for the purposes hereof to any party shall be sufficiently given if delivered by hand or posted on the Parcel, or if sent by prepaid registered mail (Express Post) or if transmitted by facsimile to such party:

(a) in the case of a notice to the City, at:

THE CITY OF NANAIMO
455 Wallace Street,
Nanaimo, B.C.
V9R 5J6
Attention:
Fax:

(b) in the case of a notice to the Owner, at:

[insert name and address of owner]
Attention:
Fax:

or at such other address as the party to whom such notice or other writing is to be given shall have last notified the party giving the same.

15. No Assignment – the Owner shall not assign its interest in this Agreement except to a subsequent owner in fee simple of the Parcel.
16. Severance – if any portion of this Agreement is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this Agreement.
17. Interpretation – wherever the singular or masculine is used in this agreement, the same shall be construed as meaning the plural, the feminine or body corporate where the context or the parties thereto so require.
18. Further Assurances – the parties hereto shall execute and do all such further deeds, acts, things and assurances that may be reasonably required to carry out the intent of this Agreement.
19. Waiver – waiver by the City of a default by the Owner shall be in writing and shall not be deemed to be a waiver of any subsequent or other default.
20. Powers Preserved – this Agreement does not:
- (a) affect or limit the discretion, rights or powers of the City under any enactment or at common law, including in relation to the use or subdivision of the Parcel;
 - (b) affect or limit any enactment relating to the use or subdivision of the Parcel; or
 - (c) relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Parcel, and without limitation shall not confer directly or indirectly any exemption or right of set-off from development cost charges, connection charges,

application fees, user fees or other rates, levies or charges payable under any bylaw of the City.

21. Reference – every reference to each party is deemed to include the heirs, executors, administrators, personal representatives, successors, assigns, servants, employees, agents, contractors, officers, licensees and invitees of such party, wherever the context so requires or allows.
22. Enurement – this agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day and year first above written.

Executed by the CITY OF NANAIMO by
its authorized signatories:

Mayor

Corporate Officer

Executed by __ by its
authorized signatories:

Name:

Name:

APPENDIX "A" to Revitalization Tax Exemption Agreement

Map of Affected Parcel

APPENDIX "B" to Revitalization Tax Exemption Agreement
Tax Exemption Certificate

APPENDIX "C" to Revitalization Tax Exemption Agreement
Plans and Specifications for the Project

APPENDIX "D" to Revitalization Tax Exemption Agreement
Performance Criteria for the Project

SCHEDULE "B"

Revitalization Tax Exemption Certificate

In accordance with the City of Nanaimo "REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261" (the "Bylaw"), and in accordance with a Revitalization Tax Exemption Agreement dated for reference the _____ day of _____, 20__ (the "Agreement") entered into between the City of Nanaimo (the "City") and _____ (the "Owner"), the registered owner(s) of *[insert legal description of property]* _____ (the "Parcel"):

This certificate certifies that the Parcel is subject to a revitalization tax exemption equal to the following assessment value of the Parcel: Class 01 Residential: _____ and Class 06 Business/Other: _____ multiplied by the municipal rate of tax in effect for Class 01 – Residential and/or Class 06 – Business/Other, for each of the taxation years 20__ to 20__ inclusive.

The Tax Exemption is provided under the following conditions:

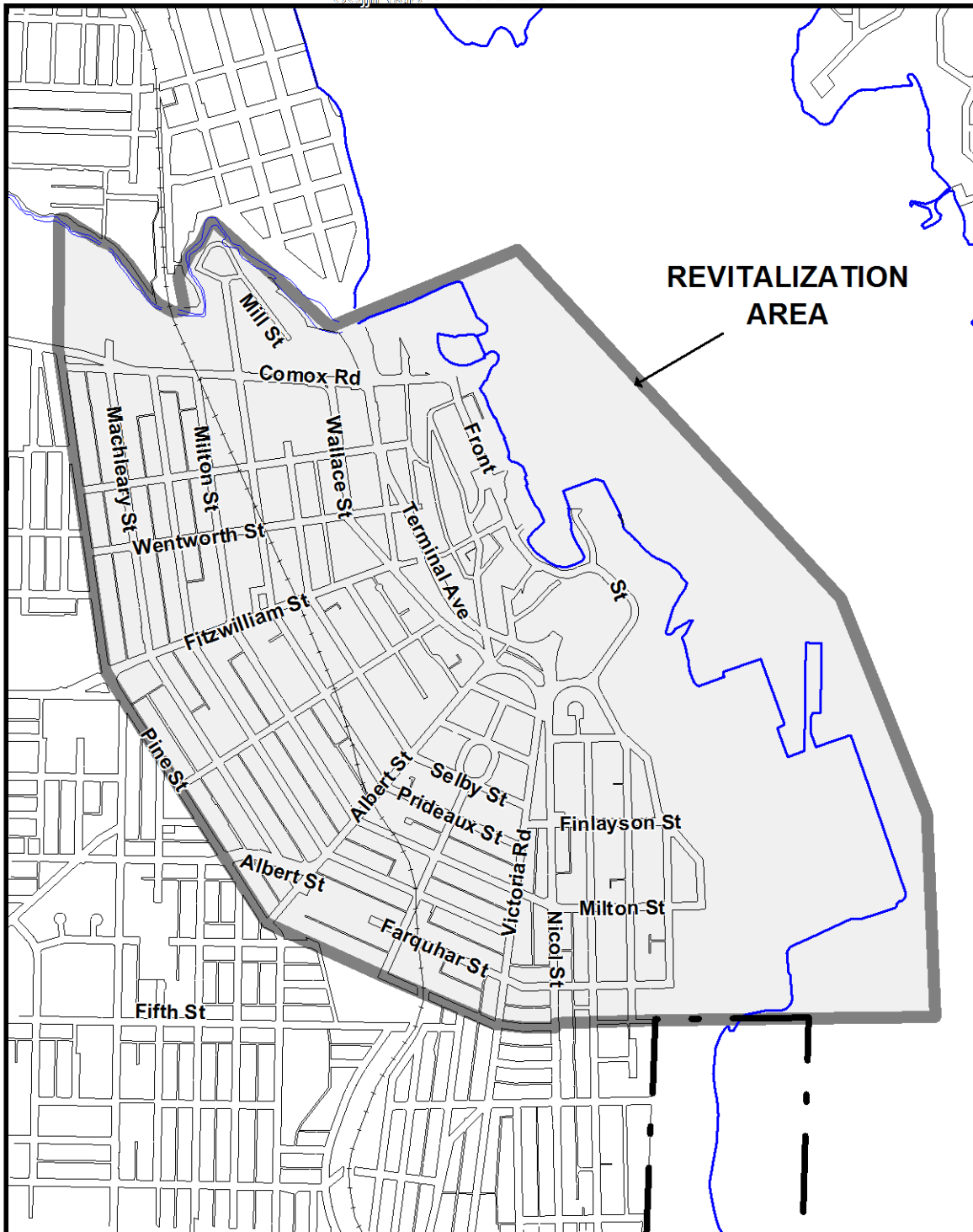
1. The Owner does not breach any term, condition or provision of, and performs all obligations set out in, the Agreement and the Bylaw;
2. The Owner has not sold all or any portion of his or her equitable or legal fee simple interest in the Parcel without the transferee taking an assignment of the Agreement, and agreeing to be bound by it;
3. The Owner, or a successor in title to the Owner, has not allowed the property taxes for the Parcel to go into arrears or to become delinquent;
4. The Exempt Use (as defined in the Agreement) of the Project is not discontinued;
5. The Agreement is not otherwise terminated.

If any of these conditions are not met then the Council of the City of Nanaimo may cancel this Revitalization Tax Exemption Certificate. If such cancellation occurs, the Owner of the Parcel, or a successor in title to the Owner as the case may be, shall remit to the City the recapture amount calculated in accordance with the Bylaw.

SCHEDULE "C"

Revitalization Area

SCJP 10/11/14 ATTACHMENT C- Revitalization Area



DCC Exempt Area