

DATE OF MEETING | JUNE 10, 2019 |

AUTHORED BY | BILL CORSAN, DEPUTY DIRECTOR, COMMUNITY DEVELOPMENT |

SUBJECT **531 KENNEDY STREET – ACCEPTANCE OF PROJECT UNDER
“REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261”**

OVERVIEW

Purpose of Report

To obtain Council approval of a multi-family rental building at 531 Kennedy Street into the Downtown Revitalization Tax Exemption Program. |

Recommendation

That Council approve the Revitalization Tax Exemption Agreement for a proposed eight-unit multi-family rental building at 531 Kennedy Street.

BACKGROUND

The owners of 531 Kennedy Street, Shea William Stoney, Sharon Louise Stoney, Roberto Allegrini and Sharon Yotui Allegrini (the “Owners”), have applied for and received a development permit (DP1055) to construct an eight-unit multi-family rental building (the “Project”). |

The Owners are seeking a ten-year tax exemption for the Project. The Revitalization Tax Exemption (RTE) Agreement, Attachment A, requires Council approval under the “Revitalization Tax Exemption Bylaw 2018 No. 7261”.

The property is currently assessed at \$441,000 and will pay \$3,059 in 2019 property taxes, of which \$1,756 are to the City of Nanaimo. The municipal portion of the taxes will be based on the land value only for a ten-year period, after which the property will be fully taxable.

The main goal of the RTE program is to encourage new multi-family and commercial investment in the downtown core.

The program applies to all major renovations, additions, demolition and rebuilds, and new construction in the downtown core associated with commercial and multi-family residential housing over a construction value of \$500,000. The RTE applies to the municipal tax portion and only applies to the increase in assessment resulting from the capital improvement. The RTE program runs for a maximum length of ten years.

Key Terms of RTE Agreement

- The Owner will employ best efforts to ensure the Project will be built in accordance with the approved development permit (DP1055).

- The Owner must obtain a building permit from the City for the Project on or before 2019-DEC-31.
- The Project must be officially opened and available for use as an eight-unit multi-family rental building and for no other use no later than 2021-JUN-30.
- Term of Tax Exemption – Provided the requirements of the RTE Agreement are met, the tax exemption shall be for ten years as of the date of the occupancy granted under permit, but no later than 2029-DEC-31.

OPTIONS

1. That Council approve the Revitalization Tax Exemption Agreement for a proposed eight-unit multi-family rental building at 531 Kennedy Street.
 - **Budget Implication:** There is no direct impact on the budget. The City will collect tax from one fewer property in those years.
 - **Policy Implication:** The Downtown Revitalization Tax Exemption program was established to encourage commercial and multi-family development in the downtown core. This project is consistent with the goals of the program.
 - **Strategic Priorities Implication:** The draft 2019-2022 Strategic Plan identifies Economic Health as a key pillar. Encouraging investment in the downtown core is an important element.
 - **Political Implication:** Creation of affordable rental housing in the downtown, close to transit and existing services, showcases Council's commitment to the downtown core.
2. That Council deny the Revitalization Tax Exemption Agreement for a proposed eight-unit multi-family rental building at 531 Kennedy Street.
 - **Budget Implication:** No budget implication to the City. The Owner will pay the full property tax bill going forward.
 - **Policy Implication:** Not approving the project is inconsistent with the RTE Bylaw.
 - **Political Implication:** Not providing approval to the RTE Agreement would discourage further investors from applying to the program and may slow investor interest in the downtown core.

SUMMARY POINTS

- The owners of 531 Kennedy Street, Shea William Stoney, Sharon Louise Stoney, Roberto Allegrini and Sharon Yotui Allegrini, have applied for and received a development permit (DP1055) to construct an eight-unit multi-family rental building.
- Council's approval for a ten-year tax exemption for the residential building under "Revitalization Tax Exemption Bylaw 2018 No. 7261" is being sought.
- Key Terms of Agreement: The Owners must obtain a building permit on or before 2019-DEC-31; the Project must be completed and rented no later than 2021-JUN-30; and the tax exemption shall be for ten years as of the date of the occupancy permit, but no later than 2029-DEC-31.

ATTACHMENTS

ATTACHMENT A: Revitalization Tax Exemption Agreement |

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