

DATE OF MEETING July 6, 2020

AUTHORED BY BILL CORSAN, DIRECTOR, COMMUNITY DEVELOPMENT

SUBJECT 531 KENNEDY STREET – AMENDMENT OF PROJECT UNDER THE REVITALIZATION TAX EXEMPTION BYLAW

OVERVIEW

Purpose of Report

To obtain Council approval to amend the Tax Exemption Agreement for a multi-family building at 531 Kennedy Street.

Recommendation

That Council approve the amended Revitalization Tax Exemption Agreement for a proposed eight-unit multi-family 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 building (the “Project”).

The Owners sought and were granted a ten-year tax exemption for the Project by Council on 2019-JUN-10 under “Revitalization Tax Exemption Bylaw 2018 No. 7261”. The tax exemption required the Owner to obtain a building permit prior to 2019-DEC-31.

The Owners were unable to obtain a building permit prior to the 2019-DEC-31 deadline identified in the existing Tax Exemption Agreement.

Staff are recommending Council amend the tax exemption agreement, with a requirement for the building permit to be acquired by 2020-JUL-31. The building permit is currently ready to be picked up.

About the Revitalization Tax Exemption Program

The main goal of the Revitalization Tax Exemption (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.

DISCUSSION

The Project is located within the downtown core and meets the objectives of the RTE program.

The property is currently assessed at \$441,000 and will pay \$3,027 in 2020 taxes, of which \$1,734 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.

Key Terms of Revised RTE Agreement

- The Owners will employ best efforts to ensure the Project will be built in accordance with the approved development permit (DP1055).
- The Owners must obtain a building permit from the City for the Project on or before 2020-JUL-31 (revised from 2019-DEC-31).
- The Project must be officially opened and available for use as an eight-unit multi-family building and for no other use no later than 2021-DEC-31 (revised from 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 BP125391, but no later than 2030-DEC-31 (revised from 2029-DEC-31).

OPTIONS

1. That Council approve the amended Revitalization Tax Exemption Agreement for a proposed eight-unit multi-family building at 531 Kennedy Street.
 - Advantages: The Project was previously accepted into the Downtown Revitalization Tax Exemption program as it met the goals of encouraging commercial and multi-family development in the downtown core. Providing an amendment to the tax exemption will enable the developer to proceed with the project as originally envisioned.
 - Disadvantages: None identified.
 - Financial Implications: There is no direct impact on the budget. The City will collect tax from one fewer property in those years.
2. That Council deny the amended Revitalization Tax Exemption Agreement for a proposed eight-unit multi-family building at 531 Kennedy Street.
 - Advantages: None identified.
 - Disadvantages: Not approving the Project is inconsistent with “Revitalization Tax Exemption Bylaw 2018 No. 7261”. 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.
 - Financial Implications: No budget implication to the City. The Owner will pay the full property tax bill going forward.

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 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 2020-JUL-31; the Project must be completed and rented no later than 2021-DEC-31; and the tax exemption shall be for ten years as of the date of the occupancy permit, but no later than 2030-DEC-31.

ATTACHMENTS:

ATTACHMENT A: Amended Revitalization Tax Exemption Agreement |

Submitted by:

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Concurrence by:

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