

DATE OF MEETING February 28, 2022

AUTHORED BY TERESA LEE, TECHNICIAN, REAL ESTATE

**SUBJECT 227 PRIDEAUX STREET – ACCEPTANCE OF PROJECT UNDER
“REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261”**

OVERVIEW

Purpose of Report

To obtain Council approval for a multi-family development at 227 Prideaux Street to be included in the Downtown Revitalization Tax Exemption program.

Recommendation

That Council approve the Revitalization Tax Exemption Agreement for a proposed 12-unit multi-family development at 227 Prideaux Street.

BACKGROUND

The owner of 227 Prideaux Street, Satgur Development Inc. (the “Owner”), has applied for and received a development permit (DP1179) to construct a 12-unit multi-family residential development (the “Project”).

The Owner is 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 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, demolitions 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.

The property is currently assessed as a Class 1 property at \$525,000 and will be levied an estimated \$4,011.82 in 2022 property taxes, of which \$2,343.16 are due to the City of Nanaimo. The proposed residential-use building is proposed to have a value of \$1,117,973. The estimated exemption equates to \$2,646.53 of municipal taxes per annum.

DISCUSSION

Key Terms of the RTE Agreement

- The Owner will employ best efforts to ensure the Project will be built in accordance with the approved development permit (DP1179).

- The Owner must obtain a building permit from the City for the Project on or before 2022-JUL-01.
- The Project must be officially opened and available for use as a 12-unit multi-family residential development and for no other use, no later than 2024-JUL-01.
- 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 the building permit, but no later than 2034-JUL-01.

OPTIONS

1. That Council approve the Revitalization Tax Exemption Agreement for a proposed 12-unit multi-family development at 227 Prideaux Street.
 - Advantages: 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. Economic Health, identified as a key pillar within the 2019-2022 Strategic Plan, encourages investment in the downtown core.
 - 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 Revitalization Tax Exemption Agreement for a proposed 12-unit multi-family residential development at 521 Hecate Street.
 - Advantages: None identified.
 - Disadvantages: Not approving the project is inconsistent with the RTE Bylaw. 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 Owner of 227 Prideaux Street, Satgur Development, has applied for and received a development permit (DP1179) to construct a 12-unit multi-family residential development.
- Council's approval for a ten-year tax exemption for the multi-family residential development under "Revitalization Tax Exemption Bylaw 2018 No. 7261" is being sought.
- Key Terms of Agreement: The Owner must obtain a building permit on or before 2022-JUL-01; the Project must be completed no later than 2024-JUL-01; and the tax exemption shall be for ten years as of the date of the occupancy permit, but no later than 2034-JUL-01.

ATTACHMENTS:

ATTACHMENT A: Revitalization Tax Exemption Agreement |

Submitted by:

Bill Corsan
Director, Corporate and Business
Development |

Concurrence by:

Laura Mercer
Director, Finance |