

DATE OF MEETING October 24, 2022

AUTHORED BY BILL CORSAN, DIRECTOR, CORPORATE AND BUSINESS DEVELOPMENT

**SUBJECT 340 CAMPBELL STREET – AMENDMENT OF PROJECT UNDER REVITALIZATION TAX EXEMPTION BYLAW 2018 NO. 7261**

## **OVERVIEW**

### **Purpose of Report**

To obtain Council approval to amend the Tax Exemption Agreement for a multi-family development building at 340 Campbell Street |

### **Recommendation**

That Council approve the amended Revitalization Tax Exemption Agreement for a proposed 163-unit multi-family development at 340 Campbell Street.

## **BACKGROUND**

The owner of 340 Campbell Street, 340 Campbell Holdings Ltd. (the “Owner”), has applied for and received a development permit (DP1223) to construct a 163-unit multi-family residential development (the “Project”).

The Owner sought and was granted a ten-year tax exemption for the Project by Council on 2022-AUG-29 under “Revitalization Tax Exemption Bylaw 2018 No. 7261”. The tax exemption required the Owner to obtain a building permit prior to 2022-OCT-31.

The Owner was unable to obtain a building permit prior to 2022-OCT-31 deadline identified in the existing Tax Exemption Agreement due to unexpected issues with their lender.

### **About the Revitalization Tax Exemption Program**

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. |

## **DISCUSSION**

The Project is a significant development that will help transform the north end of Wallace Street and is anticipated to increase the downtown population by 300 people. The Project aligns with

many goals of the City Plan, in particular the objective of downtown being the primary urban centre for the City.

The property is currently assessed as a Class 6 (business) property with an assessed value of \$2,846,000 in 2022, resulting in \$34,963.23 of municipal taxes being paid to the City of Nanaimo. The mixed-use building is proposed to have a Class 1 (residential) value of \$28,832,744. The exemption relates to municipal taxes only and the Owner will still be responsible for property taxes charged by other agencies. Based on projected 2023 rates, the estimated exemption equates to approximately \$94,000 of municipal taxes per annum.

### **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 (DP1223).
- The Owner must obtain a building permit from the City for Project on or before 2023-APR-30 (revised from 2022-OCT-31).
- The Project must be officially opened and available for use as a 163-unit multi-family residential development and for no other use, no later than 2025-APR-30 (revised from 2024-OCT-31).
- 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-APR-30.

### **OPTIONS**

1. That Council approve the amended Revitalization Tax Exemption Agreement for a proposed 163-unit multi-family development at 340 Campbell Street.
  - The advantages of this option: 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 development to proceed with the Project as originally envisioned.
  - The disadvantages of this option: 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 163-unit multi-family residential development at 340 Campbell Street.
  - The advantages of this option: None identified.
  - The disadvantages of this option: Not approving this 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 340 Campbell Street, Campbell Street Holdings Ltd., has applied for and received a development permit (DP1223) to construct a 163-unit multi-family residential development.
- Council’s approval for an amended 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 2023-APR-30; the Project must be completed no later than 2025-APR-30; and the tax exemption shall be for ten years as of the date of the occupancy permit, but no later than 2034-APR-30.

**ATTACHMENTS:**

ATTACHMENT A: Amended Revitalization Tax Exemption Agreement |

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