



ATTACHMENT A

Development Incentives Review

City of Nanaimo
October 23, 2023

Purpose of incentives & Legislation

- **Purpose:** Development projects have the potential to bring significant benefits to cities, including job creation, increased tax revenue, and overall economic growth. However, attracting developers to invest in underperforming areas and/or sectors can be challenging. Local governments play a crucial role in encouraging such investments by proactively offering incentives to make development financially viable.
- **Legislation:** Under section 226 of the *BC Community Charter*, municipalities have the authority to utilize development incentives as a means to achieve a wide range of objectives ranging from economic growth, environmental sustainability, to social well-being. Incentive programs can be tailored to align with these objectives and ensure that development projects contribute to the overall vision of the community.
- **City Plan Reimagined** supports the continued development and revitalization of the downtown core as a Primary Urban Centre. Critical mass of housing, employment and civic activities are encouraged along with the highest density and mix of uses being permitted.
- **In this report** we will cover the spectrum of incentives offered by local governments across major Canadian cities. We will review the incentives being offered by other BC communities and the City of Nanaimo. Based on results achieved, stakeholder feedback, and Council input, recommendations for improving existing incentives will be made. The final part of this report recommends potential new incentives that align with the 2022 City Plan-Nanaimo Reimagined.



Spectrum of Incentives in Canadian Cities

Similar to British Columbia, other provinces also have their own legislation that govern municipal powers and development regulations. The specific incentives allowed can differ based on the local context and the priorities of each province. Provincial legislation limits the amount and types of incentives that municipalities can offer. The following types of incentives are offered across many cities:

1. **Tax Incentives:** A tool that offers tax incentives to property owners who build or renovate buildings in certain areas of the city to encourage economic development and attract new businesses to those areas. Examples include, tax reduction, exemption, tax credits and tax deferrals. Some governments align incentives with specific outcomes such as green building materials, energy efficient measures, employment of disadvantaged workers etc.
2. **Reduced Development fees:** Some municipalities offer reduced developed fees for businesses that meet certain criteria, such as creating new jobs or investing in underutilized properties.
3. **Expedited Permitting:** Streamlining the permitting process for new developments can reduce the time and cost of construction and encourage new development. Some municipalities have preapproved building designs to speed up the permitting process.
4. **Zoning Changes:** Modifying zoning regulations to allow for more flexible land use can encourage development in underutilized areas.
5. **Small Business Development Centers:** Establishing small business development centers that offer training, counseling, and networking opportunities to entrepreneurs can help to foster a supportive business environment and encourage new businesses to start up.
6. **Infrastructure Improvements:** Making infrastructure improvements such as upgrading roads, bridges, and public transportation can make an area more attractive to developers and businesses.
7. **Public-Private Partnerships:** Establishing partnerships between the government and private developers can result in more efficient development of public land and can provide access to financing and other resources.

Spectrum of Incentives in Canadian Cities cont'd

8. **Innovation Districts:** Creating innovation districts that focus on technology, research, and development can encourage the growth of high-tech industries and attract skilled workers to the area. This can be achieved by providing specialized infrastructure, such as high-speed internet, incubators, and research facilities.
9. **Community Revitalization Grants:** Some local governments provide community revitalization grants to developers to help fund community development projects that benefit the wider community. These can include heritage grants, beautification projects.
10. **Workforce Development:** Local governments can also encourage commercial and industrial development by investing in workforce development programs. These programs can include training programs, job placement services, and apprenticeship programs. By providing a trained and skilled workforce, local governments can make their city more attractive to businesses looking to invest.
11. **Brownfield Redevelopment:** Many municipalities offer financial incentives, technical support and regulatory assistance to property owners and developers who are interested in redeveloping brownfields.
12. **Energy Efficiency and Sustainability:** Municipal grants or rebates to developers who incorporate sustainable and environmentally friendly design and construction practices i.e. green building materials, rainwater conservation etc. Municipal contributions towards supporting energy efficiency retro-fits i.e. low flow toilets etc.
13. **Marketing and Branding:** Marketing and branding initiatives can help to promote the city as an attractive destination for businesses, investors, and tourists. This can involve developing a unique identity, highlighting local strengths and assets, and creating a positive image of the city.

Common Incentives in BC Municipalities

Most municipalities in BC offer incentives in the following four areas: affordability, sustainability, heritage conservation and revitalization. These can take the form of tax reductions, exemptions, grants and/or rebates.

1. **Property Tax Exemptions for Revitalization:** Property tax exemptions or reductions for a specified period of time to encourage the revitalization of specific areas. These exemptions generally apply to residential, commercial, or industrial properties that undergo significant renovations or improvements.
2. **Heritage Revitalization Agreements (HRAs):** Provide property tax relief or grants in exchange for the restoration and preservation of heritage properties.
3. **Community Amenity Contributions (CACs):** Negotiated between developers and local governments as part of the development process. Enhanced development rights may be granted in exchange for providing community amenities or public benefits, such as parks, affordable housing, or infrastructure improvements.
4. **Downtown Revitalization Tax Exemptions:** Some municipalities offer tax exemptions or reductions for properties located in designated downtown revitalization areas. These incentives aim to attract investment, promote economic activity, and enhance the overall livability and attractiveness of downtown areas.
5. **Brownfield Tax Exemptions:** Tax exemptions or reductions for the redevelopment of brownfield sites, which are underutilized or contaminated properties. These incentives encourage the cleanup and redevelopment of these sites by offsetting some of the associated costs through property tax relief.
6. **Rental Housing Property Tax Exemptions:** property tax exemptions or reductions for purpose-built rental housing developments. These incentives aim to stimulate the construction of rental units and address housing affordability challenges.

Notable programs in BC Municipalities

Although majority of the BC Communities offer similar development incentive programs, it is worthwhile discussing some notable programs.

- 1. Guaranteed Permitting Timelines:** To minimize the wait time between applying and receiving a building or rezoning permit, the City of Surrey offers guaranteed permitting timelines. For example, single family and tenant improvements permits are issued within 10 weeks. Rezoning permits for single family are guaranteed within 12 weeks. Rezoning for multifamily, commercial, and industrial are guaranteed within 16 weeks (4 weeks is added if Advisory Design Panel Review is required). Site servicing reviews are guaranteed within 2.5 weeks. Having guaranteed permitting timelines provides certainty to developers building new homes and business spaces.
- 2. Health-Tech Innovation Boulevard:** This hub aims to foster innovation and accelerate the commercialization of health technology businesses. It is a partnership between the City of Surrey, Simon Fraser University, Fraser Health Authority and industry partners. Services include; accelerator programs, Co-working spaces, R&D, networking opportunities. City of Surrey has invested in the development of the hub's facilities; industry partners provide funding and resources to support the programs and initiatives.
- 3. Purpose-built rental housing:** The City of Kelowna offers a tax exemption program for new purpose-built rental housing throughout the designated core areas. This program offers a ten-year tax exemption on the increased assessment value of improvements.
- 4. Brownfield Redevelopment:** City of Vancouver offers financial incentives, technical support (for site investigation and remediation, inventory of sites) and regulatory assistance (brownfield toolkit and guidelines) to property owners and developers who are interested in redeveloping brownfields.

Tax Exemption Programs results in select BC Communities

- As part of our research, we conducted interviews with key staff members from six different communities in British Columbia, namely Prince George, Vernon, Kamloops, Kelowna, Chilliwack, and Penticton.
- These communities all implement programs similar to Nanaimo aimed at encouraging multi-family and commercial developments within specific downtown zones. Many also offer incentives on institutional, industrial, brownfield, public parking, technology companies and hotel motel developments.
- It's worth noting that the specific qualifying criteria, applicable zones, exemption durations, and the value of exemptions vary depending on each community's unique objectives and priorities.
- Our analysis indicates that these communities have experienced varying levels of success in implementing and benefiting from these programs. For details see **Appendix A** (p.25-27)

City of Nanaimo Incentives

The City of Nanaimo offers a broad range of grants, rebates and exemptions. These include:

1. Operating grants to non-profit organizations providing a community service,
2. Social planning grants,
3. Culture and event grants,
4. Heritage grants,
5. Recreation and sport grants,
6. Sustainability grants and rebates,
7. Other miscellaneous grants,
8. Tax exemption programs for revitalization.

See **Appendix B** (p. 28 - 32)for a complete list of Nanaimo incentives.

- When comparing Nanaimo with other municipalities in British Columbia, it's apparent that Nanaimo offers a diverse range of incentives.
- Each city department takes on the responsibility of introducing, overseeing, and reporting on incentives that are relevant to their respective areas.
- In this review and evaluation, our primary focus is on incentives that are linked to revitalization and development. Specifically, we will examine two incentives: the Downtown Revitalization Tax Incentive (DRTE) program and the Hotel and Motel Tax Exemption (HMRTE) program.
- As the three heritage incentive programs also tie into development, their outcomes are outlined in **Appendix C** (p.33) to keep Council informed. Heritage initiatives are overseen by the city's heritage planner.



Downtown Revitalization Tax Exemption (DRTE)

Purpose:

- To encourage the development of new multi-family residential, new commercial, and additions/renovations to existing commercial buildings within the revitalization area.

Appendix D (p.34)

Eligible Projects:

- New multi-family residential buildings (4 or more units)
- New commercial buildings
- Additions or renovations to existing commercial buildings
- All of the above must have a building permit value of \$500,000 or more.
- Properties currently under another revitalization tax exemption program in Nanaimo are not eligible for this program.

Revitalization Tax Exemption Agreement:

- Property owners must enter into an agreement with the City of Nanaimo.
- The agreement outlines eligibility conditions for a specific property as defined by the bylaw.
- Approval into the program must precede the issuance of a building permit.

Exemption Scope, Amount & Term:

- The tax exemption applies exclusively to municipal portion of the property taxes.
- The tax exemptions provided under this bylaw cover 100% of the increased assessed value of both land and improvements.
- The maximum duration of a tax exemption under this program is 10 years.

DRTE Results:

Incentive Introduction and Progress:

- The incentive was introduced in May 2018.
- Currently, three developments have been granted tax exemption status.
- Another three have applied for the incentive, pending approval. **Appendix E** (p.35-36)

Projected Impact:

- Once completed, these six developments will contribute to the creation of 709 new multi-family units and three commercial units.

Current Exemption Status:

- Presently, only one project is benefiting from an exemption of \$5,379 in property taxes in 2023.

DRTE Residential projects consultation feedback

P R O S



Project Feasibility and Developer Support:

Developers credit the incentive for making projects possible.

The program benefits property owners involved in holding and/or renting properties.



Successful Residential Units and Competitive Advantage:

The program has a track record of successfully creating purpose-built residential units.

Offers a competitive edge in attracting development to Nanaimo compared to communities that don't offer such programs.



Financial Viability for Rentals and Low Vacancy Rates:

Supports the financial feasibility of rental ventures by reducing operational expenses, especially in the current high-interest rate environment.

Current vacancy rate for bachelor and 1-2 bedroom suites is below 2%, showing a need for more rental.



Vibrant Downtown and Economic Growth:

Contributes to a dynamic downtown environment with increased foot traffic, new businesses, and more employment opportunities.

C O N S



Benefit Distribution

Developer gains no benefit if selling the stratified units.

New owner enjoys the benefit, not original intent of the program.



Staff Perspective

Projects are not adhering to the initial established timelines from the perspective of City staff.

Some developers are required to reapply for the incentive.



Slow Progress

Slow progress on development projects. Many have not yet applied for a building permit.

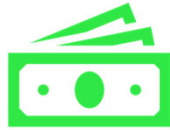
DRTE Commercial projects Consultation feedback

P R O S



Developer-owned Business Advantage:

The program proves beneficial if the developer owns and operates a business in the property.



Business Development Support

The program can aid new business development by enabling lower rents through passing on tax savings from owner to tenants. i.e. Triple net lower.



Vibrant Downtown and Economic Growth:

Contributes to a dynamic downtown environment with increased foot traffic, new businesses, and more employment opportunities.

C O N S



Perception of Downtown Safety:

A negative perception exists about downtown being "unsafe".



Leaseholder disadvantage:

Developers feel the incentive isn't advantageous for landowners who lease property, as triple net costs are borne by the tenant.



Low Commercial Space demand in downtown

Developers indicate minimal demand for new commercial space in downtown Nanaimo.

DRTE Considerations



Program Duration and Impact:

Program has been active for 4.5 years. COVID-19 Provincial restrictions caused delays in construction activity for nearly 2.5 years.



Program Success and Feedback:

Program success is evident based on developer interest, positive feedback, and comparison to similar program results in other municipalities. Particularly successful for residential developments.



Vacant Properties and Development Challenges:

As of May 2023, there are 233 vacant properties in the downtown revitalization zone **Appendix F** (p.37) Some properties are challenging to develop due to factors such as contamination, geotechnical, topography and parcel size.



Cost Reduction Grant for DCCs:

Consider offering a grant to reduce Development Cost Charges (DCCs). Developers want upfront benefit, would require annual budget allocation by City. Could tie into contributing to creating affordable rental housing.



Pre-Approved Building Designs:

Explore pre-approved building designs for specific lots in designated areas. Saves developers time and leads to financial savings.



Increased Awareness:

Send information brochure to every property owner in affected area to raise awareness about incentives.



Streamlined Approval Process:

For qualifying properties, consider staff-level approval instead of Council approval to expedite the process.

Hotel & Motel Revitalization Tax Exemption (HMRTE)

Purpose:	Eligible Projects:	Revitalization Tax Exemption Agreement:	Exemption Scope, Amount & Term:
<ul style="list-style-type: none">• To encourage the development and redevelopment of hotels and motels to improve the inventory of quality rooms available for meetings and event clients, sports tourism and the leisure market.	<ul style="list-style-type: none">• New hotel or motel buildings and/or renovations to existing hotels or motels with a minimum building permit value of two million dollars or greater anywhere in the City.	<ul style="list-style-type: none">• Property owners must enter into an agreement with the City of Nanaimo.• The agreement outlines eligibility conditions for a specific property as defined by the bylaw.• Approval into the program must precede the issuance of a building permit.	<ul style="list-style-type: none">• The tax exemption applies exclusively to municipal property taxes.• The tax exemptions provided under this bylaw cover 100% of the increased assessed value of both land and improvements.• The maximum duration of a tax exemption under this program is 10 years.

HM RTE Results:

Incentive Introduction and Progress:

- The incentive was introduced in 2012.
- Two hotels have benefited from this incentive. (Courtyard by Marriott and Quality Inn). **Appendix E** (p.35-36)

Projected Impact:

- These hotels have contributed a total of 217 additional rooms. They have also introduced various supplementary amenities, including restaurants, indoor pools, fitness areas, and meeting rooms.

Current Exemption Status:

- The combined assessment of these two properties is approximately \$35.3 million.
- Combined municipal tax exemption for both properties is \$203,801 in 2023.

HM RTE Feedback

P R O S



Project Feasibility:

Developers affirmed that the incentive was pivotal in making their projects viable.



Positive for New Builds:

The incentive is particularly effective for new construction projects.



Responsive City Support:

The City demonstrated responsiveness in addressing development challenges during project construction.



Competitive Advantage:

The incentive gives Nanaimo an edge in attracting new Hotels/Motels to the area.



Urban Improvement & Employment Creation:

Has led to safety and vibrancy improvements (Quality Inn on Selby street).
Generates fresh employment opportunities.



Addressing Accommodation Shortage:

Helps alleviate the scarcity of quality accommodations in Nanaimo.

C O N S



Limited Applicability for Renovations:

Not proving effective for renovation projects, Entry point of \$2 million is considered too high.



Enhanced Awareness Needed:

Efforts needed to increase awareness about the program.

HM RTE Considerations



Program Duration and Recent Use:

Program has been operational for around 12 years.

Two new recent hotels builds have taken advantage of this incentive.



Positive Feedback From New Builds:

Positive feedback received for new construction projects utilizing the program.

Suggested to maintain the two-million-dollar threshold for new properties.



Growing Demand and Hotel Landscape:

A 2016 CBRE feasibility study projected demand for an additional hotel beyond the Marriott Courtyard property.

Reduction in room supply with the closure of some hotel properties in recent years.



Investment threshold for Renovations:

Suggested lowering investment threshold to \$250,000 to encourage renovations by smaller property owners.



Visual Improvements Grant:

Explore grant programs to encourage external envelope visual enhancements.



Increased Awareness:

Proposed mailing program information brochure to all hotel/motel property owners in Nanaimo for greater awareness.



Streamlined Approval Process:

Recommend considering staff-level approval for incentive agreement if property qualifies, instead of Council-level approval.

New Incentives CityPlan Reimagined

- As part of this review staff also looked at potential new incentives which align with the new City Plan Reimagined.
- Five key core areas of focus, and types of potential new incentives for each were identified.
- The types of tools or instruments that can be utilized to deliver the incentives are also listed.
- New incentives are simply for the Governance and Priorities committee's consideration. If there is interest, appropriate staff can come back with more details.

Reimagined City Plan

Incentivize affordable housing



- **1. The City Plan aims to increase the supply of affordable housing. C3.2**
 - Property tax exemptions or reductions or grants for affordable housing projects
 - Density bonuses for developers who include a certain percentage of affordable housing units in their projects. Reduce or waive community amenity contributions, parking relaxations in transit nodes and corridors.
 - Expedited permit processing for affordable housing projects
 - Incentives to secure a share of the rental units for below market rent for a five- or ten-year term. Target households with low and moderate income for these units.
 - Waived or reduced development cost charges (DCCs) for affordable housing projects
 - Partnership with non-profit organizations to provide funding or land for affordable housing projects

Reimagined City Plan

Support green infrastructure

2. The City Plan emphasizes the importance of green infrastructure in creating sustainable and resilient communities. C1

- Grants for property owners who install green infrastructure such as rain gardens, permeable pavement, or green roofs
- Reduced stormwater utility fees for properties with green infrastructure
- Expedited permit processing for green infrastructure projects
- Tax incentives for developers who include green infrastructure in their projects
- Partnership with community organizations to provide education and outreach on the benefits of green infrastructure
- Incentives for bringing brownfield sites into more productive use. City of Vancouver offers: financial incentives, technical support, and regulatory assistance to property owners and developers who are interested in redeveloping brownfields. C.17



Reimagined City Plan

Support small businesses

3. The City Plan recognizes the importance of small businesses in creating vibrant and diverse communities. C5

- Financial incentives such as grants, or tax breaks for small businesses that locate within designated commercial districts or areas that are undergoing revitalization: Sector development i.e, Tech sector Victoria, or Innovation hubs in Surrey.
- Expedited permit processing for small business projects
- Waived or reduced business license fees for small businesses
- Partnership with business associations to provide support and resources for small businesses
- Facilitation of networking events and business training opportunities for small businesses



Reimagined City Plan

Encourage infill development



4. The City Plan promotes infill development as a means of increasing the City's density and reducing urban sprawl. D2

- Density bonuses for developers who build on underutilized or vacant land within existing neighborhoods
- Expedited permit processing for infill development projects
- Waived or reduced DCCs for infill development projects. Establish grants that can then be applied to reduce DCC charges.
- Partnership with community organizations to identify suitable infill development sites. City could acquire those sites and bring them to the point of being “investment ready” and sell. i.e. Jean Burns building.
- Financial incentives such as grants or tax exemptions for infill development projects
- Allow secondary suites in new and old duplexes and townhomes.
- Allow flexibility in parking standards, i.e. Parking requirements could be lowered depending on the project location and site context.

Reimagined City Plan

Prioritize active transportation

5. The City Plan prioritizes active transportation modes such as walking, cycling, and public transit. C2 & C3 also D5, D6

- Financial incentives such as grants or tax breaks for developers who include bike parking, showers, or changing facilities in their projects
- Expedited permit processing for private sector bike infrastructure projects
- Partnership with community organizations to provide education and outreach on the benefits of active transportation
- Expansion of public transit services to improve connectivity and accessibility.
- Discounted or free public transportation for a limited time period to encourage new transit ridership.
- Implementation of bike share programs or other alternative transportation options: City of Victoria's "Smart Cities Challenge" project, which aims to develop new transportation options that are sustainable, affordable, and accessible to all residents. The project includes initiatives such as the development of a bike-sharing program, the creation of new pedestrian walkways, and the installation of smart traffic lights that adjust to traffic flow in real-time.



Summary

- Section 226 of the *Community Charter*, enables municipalities to use incentives to attract investment, promote economic activity and enhance the overall livability and attractiveness of select area. Incentives are also utilized to boost stagnant sectors of the economy.
- Two of the revitalization tax exemption programs offered by the City of Nanaimo are the Hotel and Motel Revitalization Tax Exemption (HMRTE) and the Downtown Revitalization Tax Exemption (DRTE) program.
- These incentive programs have been moderately successful and minor amendments will ensure they remain relevant and attractive to the development community while meeting Council's objectives.
- Staff have reviewed best practices from other communities and met with local stakeholders to gather feedback on what is working, and what can be improved. The proposed changes reflect these discussions.
- Tax exemption programs have no direct impact on the City budget. A new project is essentially a delayed or deferred tax revenue stream, that potentially would not exist otherwise or would come to fruition many years later. The intent of incentives is to incent projects that are not happening organically, but the community has identified a need.
- Furthermore the value of the revitalization projects has a multiplier effect in that it contributes to the creation of a vibrant environment, increased foot traffic, new business opportunities and more employment opportunities.
- The Governance and Priorities Committee is being asked to provide direction on several amendments proposed by staff.

Appendix A (1 of 3): Select community Tax Exemption programs and results

Prince George	
Incentive 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 commercial projects have been accepted into this program and received tax exemptions equaling \$7.7 million. 3 residential projects have also received tax exemptions of \$4.4 million.
Vernon	
Incentive Description	Construction of new buildings, additions to existing buildings, renovations to existing buildings. Working to accumulate land bank and getting non-profits to build projects. Reduction in DCC for purpose built rental properties. \$4000 per unit. Phased development cost charges based on location of project.
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 increase 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.

Appendix A (2 of 3): Select community Tax Exemption programs and results

Chilliwack	
Description	Residential Dev't (4 or more units), commercial, institutional, 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 avail for public for rental not exceeding 1 month in duration) recently introduced Daycare tax exemption program.
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	17 properties in total 2008-2020. Expanded area in 2011 to include North Shore. No one asking for extentions, pick up tax exemption at same time as occupancy. Uptake not great- Developers want more incentives. Hotel motel tax, no real uptake, Cheap motels being used for monthly housing. Social activists and existing tourism orgn not happy about the Hotel/Motel Tax exemption. Recently introduced a daycare exemption. In July 2022, program expanded to include enlarged area and commercial dev't. Reviewing incentives in the near future.

Appendix A (3 of 3): Select community Tax Exemption programs and results

Penticton	
Description	Downtown, industrial & hotel motel investment zones. Downtown, indust zone est 2014. Receive occu by Dec 2018
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	27 projects. 20% new projects, 80% reinvestments in existing businesses. \$33 m construction value. Approx. 1.1 m in tax breaks. Program is considered a success, the development community really likes it. Got politically controversial towards the end as large projects took advantage of the program, many considered this an unfair advantage. These time limited programs are now closed.
Kelowna	
Description	Urban centre incentives & housing incentives: residential, com, mixed-use in City Centre and Rutland urban area (larger dev't in this area only). Rental housing grants program and a rental housing tax exemption program.
Minimum Investment	\$300,000 or greater
Location	City Centre, Rutland Urban Areas, Housing: Core area, Glenmore Valley, University South Village.
Improvements	New construction
Exemption	100%, 75%, 50% on "revitalization amount" depending on the type & area of dev't. Grant amounts for housing varies based on 2 bedroom, 3 bedroom etc. and the amt of applications received in the year. \$300K annual budget. Purpose built rental housing obtains grant funding which is then used to offset DCC. Approved grants applied against DCC at time of BP.
Results	Program is considered a success. 3500 purpose built apartments, 1529 in the application process.

APPENDIX B (1 of 5)-City Grants, Rebates, Exemption Programs

Cash Grants

Category	Description
Operating Grants	<p>These appear as annual line items in the Financial Plan.</p> <p>Generally provide a service to the community and many occupy City owned buildings, e.g., Port Theatre, Nanaimo Museum, VIEX grounds, Nanaimo Area Land Trust, Tourism Nanaimo Society, Nanaimo Prosperity Corporation, Nanaimo Systems Planning Organization Society, etc.</p>
Social Planning Grants	<p>Application based grants administered by the Community Planning department.</p> <p>These programs assist organizations in responding to issues of a social nature with initiatives that enhance social cohesion, address the root causes and effects of poverty, contribute to the vitality of the community, and foster social inclusion and social equity.</p>
	Social Response Grant
	Funds initiatives and projects of a more significant scope.
	Community Vitality Grant
	Funds initiatives and projects of a smaller scale.
Culture and Event Grants	<p>Application based grants administered by the Culture & Special Events department.</p> <p>Downtown Event Revitalization Grant Supports events and initiatives, which attract residents and visitors to downtown, support vibrancy and stimulate business activity.</p> <p>Culture Operating Grant Support the activities of professional arts, culture and heritage organizations that play a significant role in contributing to the cultural profile and economic vitality of Nanaimo.</p> <p>Culture Project Grant Assist culture and heritage organizations to realize projects that benefit the community and contribute to the cultural, social and economic vitality of Nanaimo.</p>

APPENDIX B (2 of 5)-- Cash Grants cont'd

Heritage Grants	Application based grants administered by the Community Planning department.
	Heritage Façade Grant
	Provides funding, up to \$10,000 per facade facing on to a city street, to encourage the rehabilitation and enhancement of heritage buildings located in the City's downtown core.
	Heritage Home Grant
	Funding that encourages homeowners of heritage buildings to fix up and maintain their historic homes.
Recreation & Sport Grants	Application based grants administered by the Parks, Recreation and Culture department.
	Travel Assistance Grant
	To assist amateur groups and individuals to travel to regional, national or international championships.
	Sport Tournament Grant
	To assist sports groups with the costs of hosting tournaments.
	A review of this grant is planned to update the intended purpose and criteria to incorporate sports tourism.
	Community Program Development Grant
	Funding for community groups and partners to seed new or expand programs that enhance residents' exposure to a variety of experiences.
	Partners in the Park Grant
	This is a public participation program designed to bring the ideas and efforts of volunteers together with the City of Nanaimo, Department of Parks, Recreation in order to create, develop and improve parks and open spaces.

APPENDIX B (3 of 5)-- Cash Grants cont'd

Sustainability Grants	<p>Application based grants administered by Community Development and Engineering departments.</p> <p>Community Watershed Restoration Grant Funding to support community organizations, environmental non- profits, or individual residents that aim to carry out projects focussing on urban stream and riparian restoration enhancement, natural environment protection, and climate change adaption solutions.</p> <p>Community Environmental Sustainability Project Grant - NEW grant program that will support small environmental sustainability and climate projects that would improve environmental health of natural systems, enhance residents' connections to nature, provide educational values and contribute to climate mitigation and adaptation. Program criteria to be developed.</p> <p>Sustainable Parking Grant Funding to allow development support for implementing secured innovative active transportation parking, long boards, skateboards, bicycle racks, etc.</p>
Miscellaneous Grants	<p>Application based grants administered by the Finance, Bylaw and Community Planning departments.</p> <p>Security Check Grant Funding to assist with the cost of security check fees for eligible community organizations.</p> <p>Permissive Tax Exemption (PTE) Cash Grant An organization may only be added to the Permissive Tax Exemption roll for the following year. (I.e.: you apply in 2022 to be tax exempt in 2023). In some cases it may be appropriate to give an organization a cash grant during the current year. An annual budget is available to fund these occurrences.</p> <p>Other Grants A small budget for grants that do not fit into any other grant stream.</p> <p>Vandalism Relief Grant Funding to assist downtown area businesses with the costs association to property damage through break-ins, vandalism, or graffiti. The Greater Nanaimo Chamber of Commerce administers this program.</p> <p>Neighbourhood Association Grant - NEW Funding to provide support for neighbourhood associations to offset costs for operational needs such as liability insurance, printing, online meeting platforms, organizational software, website development, and community events.</p>

APPENDIX B (4 of 5)-- Rebate Programs

Category	Description
Appliance Rebate	The City in association with BC Hydro, offer customers rebates on the purchase of eligible ENERGY STAR clothes washers. BC Hydro administers this rebate program and it is subject to availability.
Burn it Smart Woodstove Exchange Rebate	Designed to encourage residents of Nanaimo to change out their older, smoky wood stoves for low-emission appliances including new CSA-/EPA-certified clean-burning wood stoves. This program is 100% funded through the RDN.
CleanBC Better Home Rebate	The Province of BC, Federal Government, and the City of Nanaimo have grants and financing programs to help cover costs for upgrades to reduce energy costs, improve comfort and climate resilience and reduce greenhouse gas emissions.
Toilet Rebate	Funding of up to a lifetime maximum of two (2) rebates per unit for buildings that change to new high-efficiency toilets.
EV Charging Infrastructure Rebate - NEW	This is a new program to support EV charging at single-family homes, apartment and condominium buildings. Program criteria to be developed.
Home Retrofit Support Rebate Program - NEW	The expected outcome is to assist homeowners in retrofitting their home heating system from high to low carbon emission. Program criteria to be developed.
Home Energy Assessment Rebate - NEW	To assist homeowners with the cost of home energy assessments and encourage them to carry out home retrofits and benefit from energy rebate programs. This is a new program to support home energy assessment rebates that ran out of funding from the Energy Step Code Education and Rebate Program.

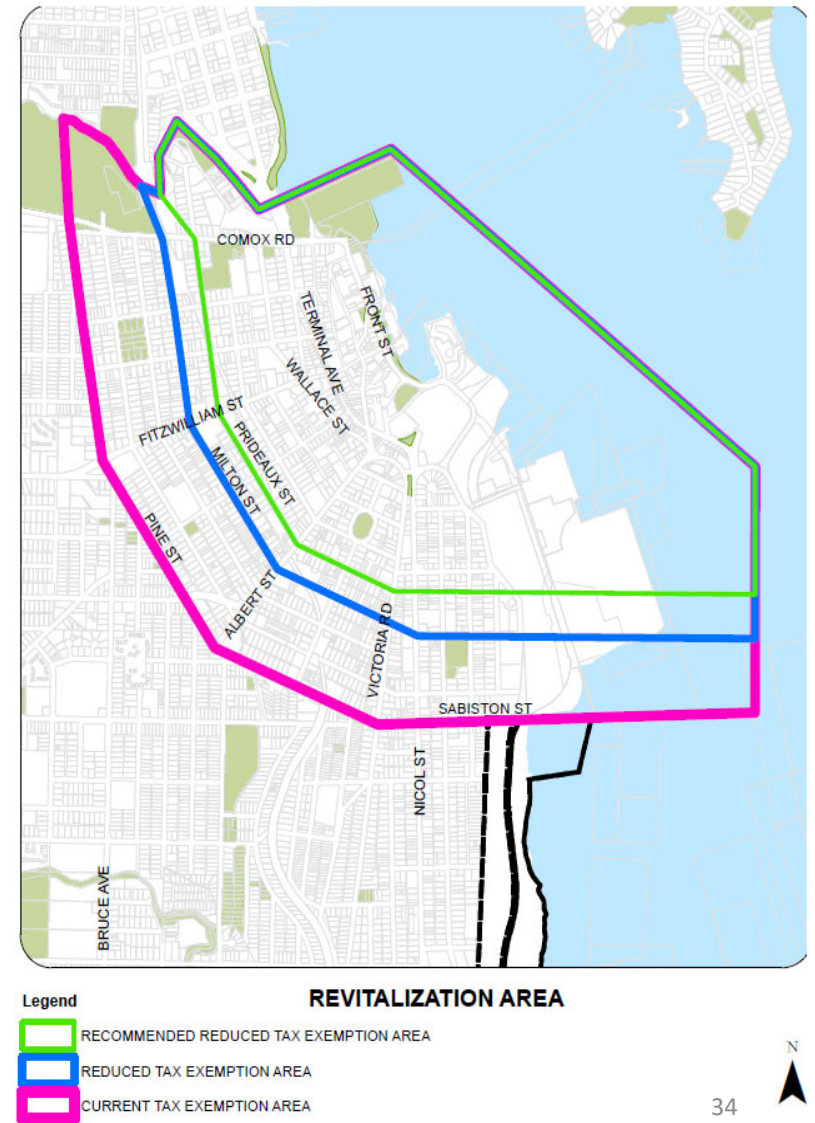
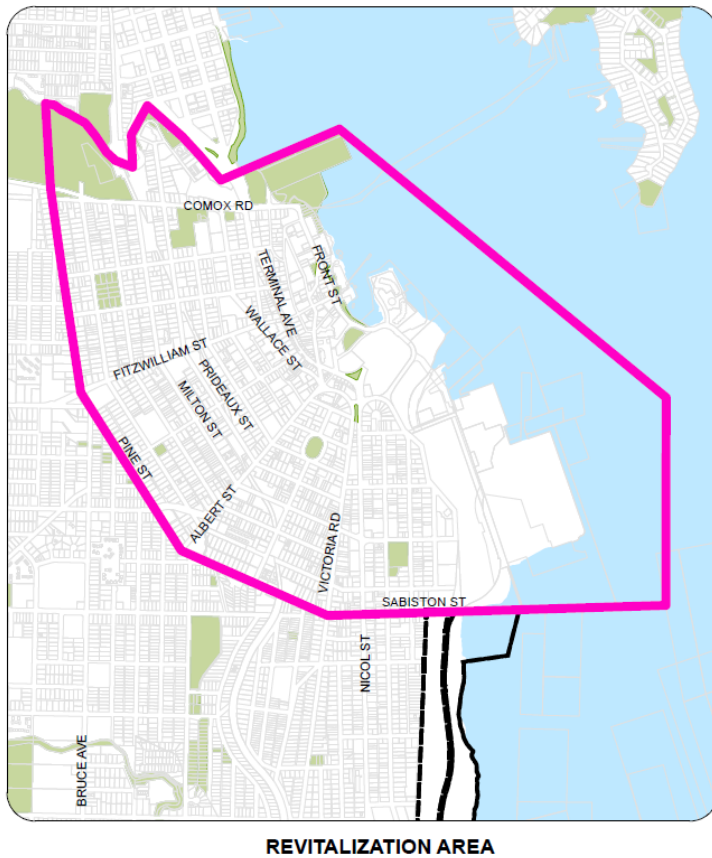
APPENDIX B (5 of 5)-- Tax Exemption Programs

Category	Description
Permissive Tax Exemption (PTE)	Provides eligible non-profit organizations with an exemption from all property taxes. PTE Bylaw must be adopted each year before Oct 31st.
Downtown Revitalization Tax Exemption (DRTE)	Offers incentives for new multi-family residential, new commercial buildings, and additions/renovations to existing commercial buildings within the revitalization area. Provides a ten-year tax exemption on the municipal portion of property taxes within the revitalization area.
Hotel Motel Revitalisation Tax Exemption (HMRTE)	To encourage the development and redevelopment of hotels and motels to improve the inventory of quality rooms available for the many tourists that visit our community. Provides a ten-year tax exemption on the municipal portion of property taxes within the revitalization area.
Heritage Building Tax Exemption	Has two main goals : <ul style="list-style-type: none"> · To encourage new downtown residential units in existing heritage buildings; and · To preserve heritage buildings in the downtown core. Provides up to a 10-year exemption on all property taxes.
Relief Program for Commercial Properties - NEW	Based on new Legislation, municipalities are eligible to apply a reduced tax rate to a portion of the land value for eligible commercial properties. Designed for commercial properties paying high property taxes due to development potential.

Appendix C (1 of 1): Heritage Building Incentives

Program	Downtown Residential conversion Tax Exemption (Heritage Bldgs)
Purpose	Encourage new downtown residential units in existing heritage buildings and to preserve heritage buildings in the downtown core
Criteria	Property listed on the City's Heritage Register
Results	Four properties have taken advantage of this incentive. Private investment value is over \$6 million. Value of exemption is \$860,000.
Feedback	Positive feedback on this program over the years.
Recommendations	Based on feedback to date, no changes are currently recommended to this program.
Program	Heritage Façade Grant
Purpose	Encourage the rehabilitation and enhancement of heritage buildings in the downtown core. Up to \$10,000 per façade
Criteria	Property listed on the City's Heritage Register
Results	Introduced in 2003. 43 properties have taken advantage of this grant. The \$405,000 of city's investment to date has leveraged near \$7.5 million in private sector investment over the years.
Feedback	Current budget for this grant is \$20,000 per annum, and it is sufficient to meet the requests each year. Positive feedback on this program over the years.
Recommendations	Based on feedback to date, no changes are currently recommended to this program.
Program	Heritage Home Grant
Purpose	Encourage homeowners of heritage buildings to fix up and maintain their historic homes. Grants up to \$2,500 per house
Criteria	Property listed on the City's Heritage Register
Results	Introduced in 2006. 31 properties have taken advantage of this incentive. City's grant amount to-date is near \$59,000 which leveraged \$229,000 in private investment for improvements to property.
Feedback	Positive feedback on this program over the years.
Recommendations	Based on feedback to date, no changes are currently recommended to this program.

Appendix D: DRTE AREA



Appendix E (1 of 2): DRTE & HMRTE Project List

Downtown Revitalization Tax Exemption (DRTE)

1. **531 Kennedy Street:** A 2-storey, 8-unit multi-family rental apartment building. Estimated completion property value: \$1,773,000.
2. **507 Milton Street:** A 25-unit strata residential building with 3 commercial units. Estimated development value: \$7,539,000.
3. **521 Hecate Street:** A 3-storey, 10-unit multi-family strata residential development. Anticipated completion: On or before April 30, 2024. Estimated completion value: \$1,416,275.
4. **340 Campbell Street:** A six-storey building with 163 residential units. Building permit requested extension to May 25, 2025. Estimated completion value: \$28,832,744.
5. **235 Wallace Street:** A 195-unit multi-family residential development. Building permit issued by March 31, 2023. Anticipated completion: March 31, 2026. Estimated building value: \$75,000,000.
6. **77 Chapel Street:** A new application for a residential project. Consists of three 6-storey buildings with a total of 154 dwelling units. No further details available at this time.

Hotel Motel Revitalization Tax Exemption (HMRTE)

1. **440 Selby Street:** A 3-storey boutique hotel with 45 rooms. Quality Inn opened in 2021 with meeting rooms, a salon, and a restaurant. Estimated assessed property value: \$2,899,000.
2. **100 Gordon Street:** Under construction: Courtyard Marriott Hotel. A nine-storey, 172-room four-star hotel with amenities. Estimated completion: October 31, 2022. Estimated development value: \$22 million.



Appendix E (2 of 2): DRTE & HMRTE Financial Information

City of Nanaimo Value of Revitalization Tax Exemptions						
		Total 2023	Baseline	Assessment	Municipal Exemption	
Downtown Revitalization Tax Exemption (DRTE)	Property Class	Assessed Value	Assessment	Exempted 2023	Value 2023	
531 Kennedy Street	Class 1 Residential	\$ 2,067,000	\$ 423,000	\$ 1,644,000	\$ 5,379	
507 Milton Street	Class 1 Residential	\$ 4,264,000	\$ 568,000	\$ -	\$ -	*Project not done yet, no exemption given for 2023
521 Hecate Street	Class 1 Residential	\$ 372,000	\$ 372,000	\$ -	\$ -	*Exemption granted for 2024 & onwards, no 2023 exemption
340 Campbell Street	Class 1 Residential	\$ 1,718,000	\$ -	\$ -	\$ -	*No building permit issued yet, therefore no baseline amount yet and no exemption yet
235 Wallace Street	Class 1 Residential	\$ 2,649,000	\$ -	\$ -	\$ -	*No building permit issued yet, therefore no baseline amount yet and no exemption yet
77 Chapel Street	Class 1 Residential	\$ 5,346,000	\$ -	\$ -	\$ -	*No building permit issued yet, therefore no baseline amount yet and no exemption yet
Subtotal - DRTE		\$ 16,416,000	\$ 1,363,000	\$ 1,644,000	\$ 5,379	
Hotel Motel Revitalization Tax Exemption (HMRTE)						
440 Selby Street	Class 6 Business/Other	\$ 3,184,000	\$ 781,000	\$ 2,403,000	\$ 28,241	
100 Gordon Street	Class 6 Business/Other	\$ 15,669,000	\$ 731,000	\$ 14,938,000	\$ 175,560	
Subtotal - HMRTE		\$ 18,853,000	\$ 1,512,000	\$ 17,341,000	\$ 203,801	
Grand Totals		\$ 35,269,000	\$ 2,875,000	\$ 18,985,000	\$ 209,181	
On Hold:						
227 Prideaux Street	Class 1 Residential	\$ 535,600	\$ 525,000	\$ -	\$ -	On hold - owner must obtain building permit, BP expired and cancelled
15 Front Street	Class 6 Business/Other	\$ 5,120,000	\$ -	\$ -	\$ -	On hold - getting BP, changing design, may need new DP and BP, then tax agreement

**Appendix F: DRTE
Zone
233 Vacant Parcels**

