

DATE OF MEETING NOVEMBER 20, 2023

AUTHORED BY TERESA LEE, REAL ESTATE TECHNICIAN, REAL ESTATE

**SUBJECT 340 CAMPBELL 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 340 Campbell Street to be included in the Downtown Revitalization Tax Exemption program. |

Recommendation

That Council approve the Revitalization Tax Exemption Agreement for a proposed multi-family development with no fewer than 160 units 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 multi-family residential development with no fewer than 160 units (the “Project”).

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 residents. 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 Owner is seeking a ten-year 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 (residential) property with an assessed value of \$1,718,000 in 2023, resulting in \$5,621 of municipal taxes being paid to the City of Nanaimo. The mixed-use building is proposed to have a Class 1 (residential) value of \$36,138,262. The exemption relates to municipal taxes only and the owner will still be responsible for property taxes charged by other agencies. Based on projected 2024 rates, the estimated exemption equates to approximately \$118,154 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 (DP1223).
- The Owner must obtain a building permit from the City for the Project on or before 2023-DEC-31.
- The Project must be officially opened and available for use as a multi-family residential development with no fewer than 160 units and for no other use, no later than 2026-DEC-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 2026-DEC-31. |

OPTIONS

1. That Council approve the Revitalization Tax Exemption Agreement for a proposed multi-family development of no fewer than 160 units at 340 Campbell 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 multi-family residential development of no fewer than 160 units at 340 Campbell Street.
 - Advantages: None identified.
 - Disadvantages: 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 multi-family residential development of no fewer than 160 units. 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 residents.
- 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.

ATTACHMENTS:

ATTACHMENT A: Revitalization Tax Exemption Agreement |

Submitted by:

Bill Corsan
Director,
Corporate & Business Development |

Concurrence by:

Jeremy Holm
Director, Development Approvals

Laura Mercer
Director, Finance

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