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CITY OF NANAIMO
2023

Agenda

-  Overview of current development incentive programs
-  Why provide incentives
-  Types of incentives in BC municipalities & legislation
-  Review DRTE & HMRTE programs & Council Feedback
-  Next steps

2

2

City Plan Strategic Link



City plan Reimagined supports the continued development and revitalization of the downtown core as **Primary Urban Centre**.

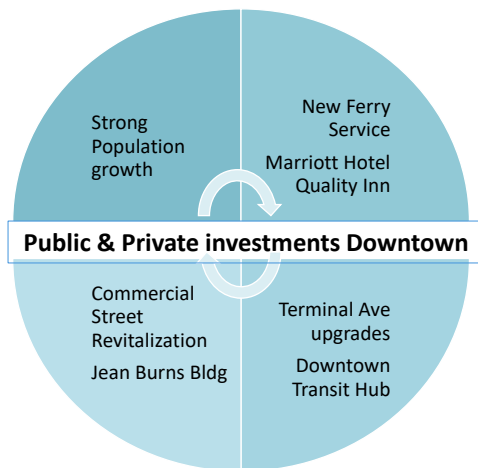


Critical mass of housing, employment and civic activities are encouraged along with the **highest density and mix of uses** being permitted.



3

Current Market Conditions



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Why Provide Incentives?

- Encourage investment in under performing area of a city or sectors of the economy.
- These incentives aim to attract investment, promote economic activity, and enhance the overall livability and attractiveness of the area.

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Common Incentives in BC Municipalities

Property Tax Exemptions for Revitalization:

For a specified period to encourage the revitalization of specific areas, residential, commercial, or industrial properties

Heritage Revitalization Agreements (HRAs):

Provide property tax relief or grants in exchange for the restoration and preservation of heritage properties.

Community Amenity Contributions (CACs):

Negotiated between developers and local gov'ts as part of the development process. i.e. benefit in exchange for parks, affordable housing, etc.

Brownfield Tax Exemptions:

Tax exemptions for underutilized or contaminated properties. Encourage the cleanup and redevelopment of these sites by offsetting some of the associated costs through property tax relief.

Rental Housing Property Tax Exemptions:

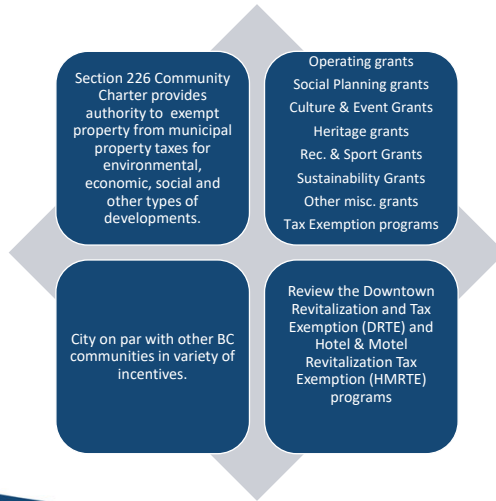
These incentives aim to stimulate the construction of purpose-built rental units to address housing affordability challenges.

Most municipalities in BC offer incentives that promote **affordability, sustainability, heritage conservation and revitalization**. These can take the form of tax reductions, exemptions, grants or rebates.

6

6

Community Charter Provisions



7

New City Plan Incentives



8



Instruments for incentives

- Tax reductions or exemptions.
- Density Bonuses in exchange for CAC.
- Expedited permits.
- Waiving or reduction of development cost charges.
- Partnerships with non-profits to provide funding, land or public education.
- Grants, rebates, low interest loans
- Reduced utility fees, license fees
- Sharing expertise
- Investments in infrastructure to enable more private projects
- Land assembly.

9


9

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DRTE Program - How it works

- To encourage the development of new multi-family, new commercial, and renovations to commercial buildings.
- New multi-family residential (4+ units), new commercial buildings, additions/reno's to existing commercial buildings with Building Permit Value of \$500,000 or more. The value of reno construction must equal 50% of the current assessed value of the building.
- Property owner enters into agreement with the City that determine the conditions of the eligibility for specific property.
- Acceptance into program must be prior to issuance of BP.

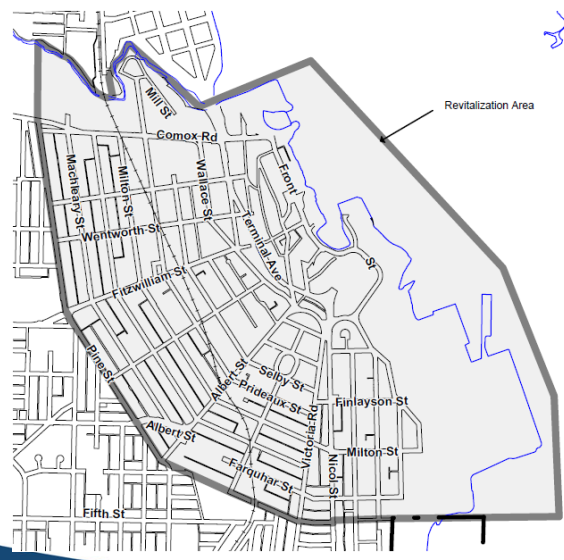
- Started May 2018.
- 6 projects – 709 new multi-family units, 3 commercial units.
- Many smaller projects have expressed interest in program.
- All projects have been largely residential.



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DRTE AREA



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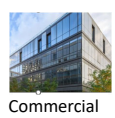
DRTE – what’s working, what is not



Residential

PROS:
“Incentive made project possible”
“Beneficial if holding or renting units”

CONS:
“No benefit if selling strata units”



Commercial

PROS:
“beneficial if own and operate a business”

CONS:
“low demand of new commercial”
“public safety concerns”
“if leasing property, not a benefit to owner”

12

Tax Exemption Area
Should the tax exemption area remain the same? Any other areas in the City?

Eligible Projects
Revise program for larger projects only or does council want to see small in-fills too?

Minimum Investment
Should we increase the amount based on current construction values?

Length of Program
Time limit on the program?

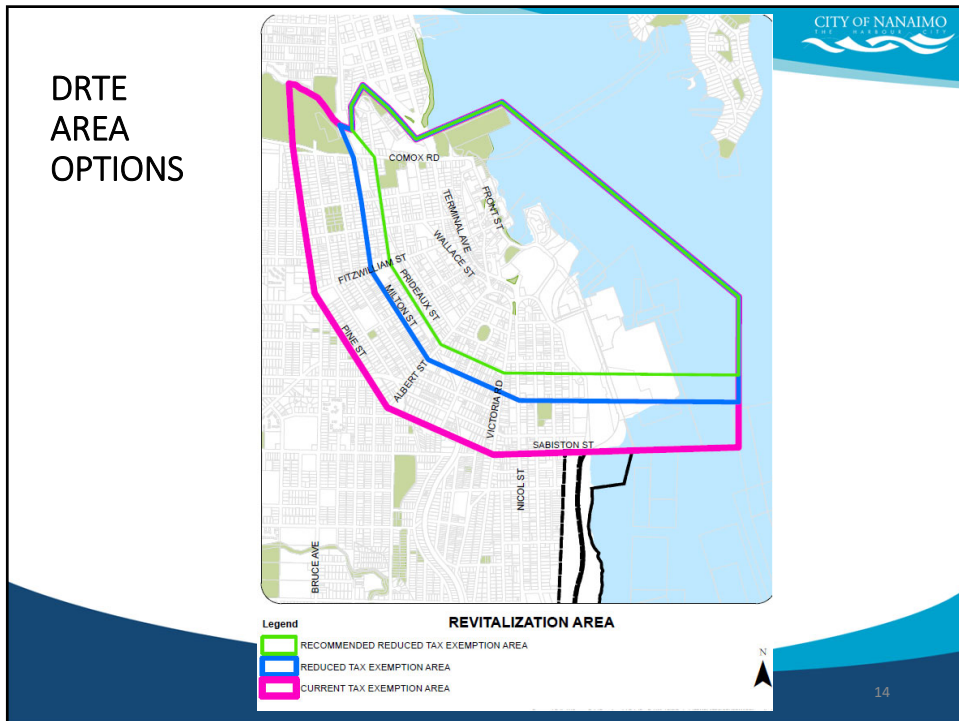
Length & Percentage of tax break
Does Council want the tax exemption to be for the maximum of 10 years and 100% of improvements?

Administering program
Does Council want to approve these agreements, or is it better for staff to have delegated authority to administer the program?

Extension requests
Does Council want to limit the number of extensions a developer can have?

13

13



14





Check In

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15

15

HM RTE Program - How it works

-  To encourage development & redevelopment of hotels & motels to improve the inventory of quality accommodation in the City of Nanaimo.
-  Construction or reconstruction of hotel or motel property with a Building Permit Value \$2 million or more.
-  Property owner enters into agreement with the City that determine the conditions of the eligibility for specific property.
-  Acceptance into program must be prior to issuance of BP.



- This incentive was introduced in 2012.
- 2 Hotels – 217 rooms added and many ancillary amenities such as restaurants, indoor pools, fitness areas, meeting rooms etc.

16

16

HM RTE – what’s working, what is not

New

PROS:
 “Incentive made project possible”
 “leads to safety and vibrancy improvements”
 “Incentive works for new builds”
 “Creates new employment opportunities”

CONS:
 “None cited”

Renos

PROS:
 “Better than nothing”

CONS:
 “Not working for renovations, entry point of \$2 million, too high for most existing properties”

17

Tax Exemption Area
Should the tax exemption area remain the same for both new builds and renovations?

Minimum Investment
Should the minimum investment value be adjusted for reno’s and new projects?

Length of Program
Time limit on the program?

Length & percentage of tax break
Does Council want the tax exemption to be for the maximum of 10 years and 100% of improvements?

Administering program
Does Council want to approve these agreements, or is it better for staff to have delegated authority to administer the program?

Extension requests
Does Council want to limit the number of extensions a developer can have?

18

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19

19



Next Steps



Summarize proposed amendments to reflect today's meeting.



Gather feedback from development community on changes.



Prepare amendments to bylaw and policies.



Return to Council for discussion and approval.

20

20