

DATE OF MEETING JANUARY 15, 2024

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**SUBJECT 420 ALBERT 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 420 Albert 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 23 units at 420 Albert Street.

BACKGROUND

The owner of 420 Albert Street, 420 Albert Holdings Inc. (the “Owner”), has applied for a building permit (BP129520) to construct a multi-family residential development consisting of 23 micro-units (the “Project”).

The Project is a significant development that will provide much needed housing for downtown residents. An existing office building will be repurposed to provide more housing density in the form of micro-units. 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 6 (business) property with an assessed value of \$1,012,000 in 2023, resulting in \$11,893.61 of municipal taxes being paid to the City of Nanaimo. The improvements to the existing office building are proposed to have a Class 1 (residential) value of \$900,000. 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 \$3,133.36 of municipal taxes per annum.

At the 2023-NOV-27 Governance and Priorities Committee Meeting, staff presented background information on the City's two tax exemption programs and sought direction on a number of proposed changes from the Committee. The current tax exemption programs will be amended by the summer of 2024 to reflect the direction provided by the Committee. The proposed project at 420 Albert Street aligns with the amendments identified by the Committee and would be consistent with the future bylaw changes.

DISCUSSION

Key Terms of the RTE Agreement

- The Owner will employ best efforts to ensure the Project will be built in accordance with the building permit application (BP129520).
- The Owner must obtain a building permit from the City for the Project on or before 2024-JUN-30.
- The Project must be officially opened and available for use as a multi-family residential development of 23 units and for no other use, no later than 2026-JUN-30.
- 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-JUN-30.

OPTIONS

1. That Council approve the Revitalization Tax Exemption Agreement for a proposed multi-family development of 23 units at 420 Albert 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 23 units at 420 Albert 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 420 Albert Street, 420 Albert Holdings Inc., has applied for building permit (BP129520) to construct a multi-family residential development of 23 units. The Project is a significant development that will increase the downtown housing options for 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 |

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