

DATE OF MEETING February 26, 2024

AUTHORED BY TERESA LEE, REAL ESTATE TECHNICIAN

**SUBJECT 421 PRIDEAUX 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 421 Prideaux Street to be included in the Downtown Revitalization Tax Exemption program. |

### **Recommendation**

That Council approve the Revitalization Tax Exemption Agreement for a proposed 16-unit multi-family development at 421 Prideaux Street.

## **BACKGROUND**

The owner of 421 Prideaux Street, Kenco Enterprises (1982) Ltd. (the “Owner”), has applied for and received a development permit (DP1226) to construct a 16-unit multi-family residential development (the “Project”).

The Project will provide much-needed housing Nanaimo’s downtown core and transform a currently vacant lot with newly constructed residential units. The Project aligns with many goals of 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 \$333,000 in 2024, resulting in \$1,177 of estimated municipal taxes being paid to the City of Nanaimo. The mixed-use building is proposed to have a Class 1 (residential) value of \$1,063,125. 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 \$2,581 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 (DP1226).
- The Owner must obtain a building permit from the City for the Project on or before 2024-AUG-31.
- The Project must be officially opened and available for use as a 16-unit multi-family residential development and for no other use, no later than 2026-AUG-31.
- 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-AUG-31.

At the 2023-NOV-27 Governance and Priorities Committee Meeting, a number of revisions were discussed for the Downtown Revitalization Tax Exemption Program. The key changes being the minimum number of units for eligibility being increased from four to ten-units and the exemption period being decreased from ten years to five years. Staff are preparing the amended bylaws for introduction to Council in the spring of 2024. Until the new bylaw is adopted, a project such as this which is consistent with the current bylaw remains eligible for a tax exemption. |

## **OPTIONS**

1. That Council approve the Revitalization Tax Exemption Agreement for a proposed 16-unit multi-family development at 421 Prideaux Street.
  - The advantages of this option: 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.
  - 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 Revitalization Tax Exemption Agreement for a proposed 16-unit multi-family residential development at 421 Prideaux 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 421 Prideaux Street, Kenco Enterprises (1982) Ltd., has applied for and received a development permit (DP1226) to construct a 16-unit multi-family residential development. The Project will provide much-needed housing in Nanaimo’s downtown core and transform a currently vacant lot with newly constructed residential units. The Project aligns with many goals of City Plan, in particular the objective of downtown being the primary urban centre for the City.
- 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:**

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#### **Concurrence by:**

Wendy Fulla  
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