

DATE OF MEETING June 17, 2024

AUTHORED BY AMRIT MANHAS, ECONOMIC DEVELOPMENT OFFICER

**SUBJECT AMENDMENT OF PROJECT UNDER REVITALIZATION TAX EXEMPTION BYLAW 2018 NO, 7261 – 220 HALIBURTON STREET**

## **OVERVIEW**

### **Purpose of Report**

To obtain Council approval to amend the Tax Exemption Agreement for a multi-family development at 220 Haliburton Street.

### **Recommendation**

That Council approve the amended Revitalization Tax Exemption Agreement for a proposed four-unit multi-family development at 220 Haliburton Street.

## **BACKGROUND**

The Owner of 220 Haliburton Street, Kesar Investments Corp. (the “Owner”), has applied for and received a development permit (DP1265) to construct a four-unit multi-family residential development (the “Project”).

The Owner sought and was granted a ten-year exemption for the Project by Council on 2024-FEB-05 under the “Revitalization Tax Exemption Bylaw 2018 No. 7261”. The Tax Exemption Agreement (the “Agreement”) required the Owner to obtain a building permit prior to 2024-JUN-30.

The Owner is in the final stages of the building permit approval process, however there is a small chance the building permit may not be issued by 2024-JUN-30. The Owner has asked for a one-time, one-month extension to the building permit issue date on this agreement.

The Project will provide much-needed housing in Nanaimo’s south end 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.

Staff are recommending that Council approve the amendment of the Tax Exemption Agreement to extend the building permit issue date from 2024-JUN-30 to 2024-SEP-30. The Owner understands this is the only extension that will be granted on the Agreement.

### **About the Revitalization Tax Exemption Program**

The main goal of the Revitalization Tax Exemption (RTE) Program is to encourage new multi-family and commercial investment in the downtown core.

The RTE 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 Program 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. |

## **DISCUSSION**

|The Project is located within the downtown core and meets the objectives of the RTE Program.

The Property is currently assessed as a Class 1 (Residential) property with an assessed value of \$447,000 in 2024, resulting in \$1,621 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 \$800,000. The exemption relates to municipal taxes only and the Owner will still be responsible for property taxes charged by other agencies. Based on 2024 rates, the estimated exemption equates to approximately \$1,280 of municipal taxes per annum.

### **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 (DP1265).
- The Owner must obtain a building permit from the City for the Project on or before 2024-SEP-30.
- The Project must be officially opened and available for use as a four-unit multi-family residential development and for no other use, no later than 2026-SEP-30.
- Term of Tax Exemption: Provided the requirements of the 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-SEP-30.

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. 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 amended Revitalization Tax Exemption Agreement for a proposed four-unit multi-family development at 220 Haliburton Street.

- The advantages of this option: The Project was previously accepted into the Downtown Revitalization Tax Exemption Program as it met the goals of encouraging multi-family development in the downtown core. Providing an amendment to the tax exemption will enable the developer to proceed with the Project as originally envisioned.
- The disadvantages of this option: None identified.
- Financial Implications: There is no impact on the budget the estimated \$1,280 per annum will be recouped through the remaining tax base.

2. That Council deny the amended Revitalization Tax Exemption Agreement for a proposed four-unit multi-family residential development at 220 Haliburton 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 amended 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 220 Haliburton Street, Kesar Investments Corp., has applied for and received a development permit (DP1265) to construct a four-unit multi-family residential development.
- The Owner sought and was granted a ten-year tax exemption for the Project by Council on 2024-FEB-05. The tax exemption required the Owner to obtain a building permit prior to 2024-JUN-30.
- Based on current estimations, the Owner may run a risk of not receiving the building permit by 2024-JUN-30, but instead a few weeks past that deadline.
- Staff are recommending that Council approve the amendment of the Tax Exemption agreement, to extend the building permit issue date from 2024-JUN-30 to 2024-SEP-30. The Owner understands this is the only extension that will be granted on this agreement.
- The Project will provide much needed housing Nanaimo's south end 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.
- Key Terms of Revised Agreement: The Owner must obtain a building permit on or before 2024-SEP-30 and the Occupancy Permit on or before 2026-SEP-30. The tax exemption shall be for a ten year period as of the date of the Occupancy Permit.

### **ATTACHMENTS:**

ATTACHMENT A: Amended Revitalization Tax Exemption Agreement |

#### **Submitted by:**

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#### **Concurrence by:**

Wendy Fulla  
**Director, Finance**

Laura Mercer  
**General Manager, Corporate Services** |