

DATE: March 9, 2020

TO: MAYOR AND COUNCIL

NAME AND TITLE: Ian Wells, General Manager, Planning and Development

SUBJECT: **Bylaw No. 8370 – Revitalization Tax Exemption Program Revision**

ATTACHMENT(S): Bylaw No. 8370 – Revitalization Tax Exemption Program Revision
Downtown Incentive Program Review
Council Presentation – Downtown Incentive Program Review

RECOMMENDATION(S):

That Council GIVES first three readings to “City of Prince George Downtown Revitalization Tax Exemption Bylaw No. 8370, 2011, Amendment Bylaw No. 9087, 2019.”

PURPOSE:

For Council Consideration. This report provides a review of the Downtown Incentive Program and recommends the addition of a September 30, 2024 sunset date to Bylaw No. 8370 – Revitalization Tax Exemption Program as well as the addition of a new clause to allow purpose built rental housing projects in the downtown area to qualify for the Municipal Revitalization Provincial Property Tax Exemption.

STRATEGIC PRIORITIES:

The 2019 Workplan prioritizes the following:

- Target development at community, commercial, housing and transportation nodes, and in the downtown.
- Prioritize infill development and diverse housing options in targeted growth areas.

SUMMARY AND CONCLUSION:

During the summer of 2019, KRS Solutions was engaged to support the Economic Development and Real Estate Division of the City to conduct a comprehensive review of the Downtown Incentive Program (which includes the RTE). The attached study summarizes the impacts of the program on investment and the tax base as well as the development of incremental commercial and medium to high density residential real estate.

The study of the Revitalization Tax Exemption Program (RTE) demonstrates that the City has seen increased development, including increased taxation resulting from the program, which suggests that the priorities of the Corporate Plan have been met in relation to the RTE.

Five recommendations were provided as a result of the review (see Downtown Incentive Program Review, page 24-25):

1. Phase out the 10 year RTE Bylaw or reduce its cost to the City of Prince George
2. Change the current 10 year bylaw to include purpose-built rental housing including student housing so that eligible properties can receive the municipal Revitalization Provincial Property Tax Exemption
3. Continue to support an attractive investment environment in the downtown especially for residential with other Downtown Incentive Program elements
4. Partnering to leverage and enhance the City's Downtown Development Incentives
5. Consider an opportunity to be bold and incent place based design and development that sets Prince George apart from other cities

It is also recommended that any existing RTE contracts which were initiated prior to December 13, 2019 be honoured beyond the September 30, 2024 required completion date, by up to four years, in order to allow the tax exemption and the dollars per door incentive to be granted.

Recommendation 1 and 2 are pertinent to Bylaw 9087, 2019.

1. The RTE program was designed to attract investment to the area by financially compensating for some of the risk of developing downtown. Examples of risk include high construction costs associated with the floodplain, potential lack of pre-sales, minimal population and the question as to whether people want apartment-style living downtown.

The attached review demonstrates that since 2011, the RTE has met its goal of stimulating downtown development and resulted in 23 projects that received the RTE or Early Benefit Option since 2012. Additional projects, which were not included in the assessment, are currently under construction and are eligible to receive the RTE upon completion. This includes the Park House condominium development that is an anchor residential project as well as the recently announced student housing project. The review indicates that the downtown area has seen increased property assessments and building permit values that have resulted in increased tax revenues over and above that exempted; this demonstrates a financial return on investment for the City.

It is anticipated that the increasing population in the area will continue to propel both commercial and residential development so the 10-year exemption is no longer necessary.

2. Since Council's approval of the RTE Bylaw, the Province of British Columbia has enacted a Municipal Revitalization Provincial Property Tax Exemption to provide for an additional property tax exemption for eligible new purpose-built rental housing effective in 2019. The program mirrors the terms of the RTE with respect to length of the exemption and the percentage of the property exempted from tax. For the owner to make an application under the Provincial Exemption the RTE must be amended. This is necessary to allow developers to qualify for the provincial funding until the time that the RTE ceases to exist.

Administration recommends that the following changes to the bylaw should be considered by Council and granted first three readings:

- That the existing RTE eligibility for project completion be September 30, 2024 and any existing RTE executed contracts which were initiated prior to December 16, 2019 be honoured beyond the September 30, 2024 required completion date, by up to four years, in order to allow the tax exemption and the dollars per door incentive to be granted.
 - In order for a Parcel to be considered for a Tax Exemption, the owner must apply to the City of Prince George no later than the issuance of a building permit if they are altering an existing building, and no later than the issuance of a final occupancy approval in respect of a Project involving the construction of a new building.
- Change the current 10-year bylaw to include purpose-built rental housing including student housing so that eligible properties can receive the municipal Revitalization Provincial Property Tax Exemption.

RESPECTFULLY SUBMITTED:

Ian Wells, General Manager, Planning and Development

PREPARED BY: Melissa Barcellos, Manager, Economic Development

APPROVED:

Kathleen Soltis, City Manager

Meeting Date: 2020/03/23