



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall
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Title: Revitalization Tax Exemption Application- 901 Esquimalt Road, Staff Report FIN-22-014

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Attachments: 1. 901 Esquimalt Road RTE Application, 2. 2019_08 - Bylaw 2852 - Revitalization Tax Exemption_Consolidation

Date	Ver.	Action By	Action	Result
10/3/2022	1	Council	approved	Pass

REQUEST FOR DECISION

DATE: September 27, 2022 Report No. FIN-22-014

TO: Laurie Hurst, Chief Administrative Officer

FROM: Ian Irvine, Director of Financial Services

SUBJECT:

Revitalization Tax Exemption Application- 901 Esquimalt Road

RECOMMENDATION:

That Council deny the revitalization tax exemption application attached to Staff Report FIN-22-014.

RELEVANT POLICY:

Revitalization Tax Exemption Bylaw, 2015, No. 2852
Community Charter S.226

STRATEGIC RELEVANCE:

Support revitalization and beautification initiatives along Esquimalt Road

BACKGROUND:

Based on the Economic Development Strategy and further work by the Economic Development Select Committee, Revitalization Tax Exemption Bylaw, 2015, No. 2852 was adopted. This Bylaw was identified as one of the strategies to drive the revitalization of Esquimalt Road through beautification, development, and incentive programs. The stated reason for the Bylaw was to encourage the construction of new buildings and exterior alterations and improvements of existing

buildings located in the revitalization area.

Under the Bylaw, for projects to be considered for an exemption by Council, they must (i) be the subject of a building permit for new construction or an alteration of an existing building, (ii) have a permit value of at least \$10,000, and (iii) be located within the defined revitalization area on a parcel that is zoned for commercial use or zoned to permit residential use with four or more dwellings at the completion of the project. As well, the application must be accompanied by details of the project, certification that the value of the work exceeds \$10,000, and confirmation that there are no outstanding taxes, charges or fees associated with the property.

In accordance with the Bylaw, approved applications would be eligible for an annual exemption from municipal taxation for a period of up to 10 years, the maximum allowable under the *Community Charter*. Each year during this period, the incremental assessed value of the improvements would be determined, and a percentage of the municipal property tax would be exempted. This percentage would vary between 50% and 100% each year based on the schedule included in the Bylaw.

Earlier this year, at a Committee of the Whole meeting, there was discussion regarding the types of revitalization projects that Council was hoping that the Bylaw would encourage. While there was direction to rescind the existing bylaw and replace it with a business façade beautification program, such a program does not yet exist. Therefore, there is no current mechanism to provide support for this type of project other than through the approval of multi year tax exemptions.

ISSUES:

1. Rationale for Selected Option

The project identified within this application involves multiple addresses within one structure located at the corner of Esquimalt Road and Head Street. According to documents submitted, the total project cost is approximately \$100,000 and consists of exterior painting, awning and signage replacement, concrete cladding, exterior lighting upgrades, and a mural project.

Based on the type of work being proposed, the project appears to satisfy the intent of the bylaw however it does not meet all conditions as the work would not be the subject of a building permit. Given the described project scope, it is expected that the only requirement would be to obtain a sign permit from the Township with an approximate value of \$22,000.

If Council were to overlook the building permit condition, there would still be challenges with determining any exemption. The bylaw states that the calculation of any exemption would be based on increased property improvement values resulting from the completed work. As these alterations are considered primarily cosmetic in nature, and in the absence of building permits, BC Assessment has indicated that they see no clear way to determine their direct impact on the property's assessment value. As a result, it would be difficult to distinguish whether any assessment value change was a direct result of the project or the result of market values.

The proposed work appears better aligned with the type of project that a future façade beautification program could support and is consistent with Council's stated vision for revitalization. However, without such a program in place, it is difficult to do more than encourage an application after such time as one has been established. This approach could result in the project being completed before

the new program is established. This could result in an application being submitted retroactively and could establish a precedent for other applicants to come forward seeking similar treatment.

2. Organizational Implications

If this application is denied, there are no organizational implications. If approved under the RTE Bylaw, a separate agreement will be drafted and signed by the applicant and the Township prior to its submission to BC Assessment.

3. Financial Implications

With denial of the application, there are no financial implications. If approval were to be granted under the existing RTE Bylaw, an exemption value would need to be determined which would impact the amount of 2023 taxation collected. Any consideration under a façade beautification program would be determinant on the program details and would likely have an impact in the 2023 fiscal year.

4. Sustainability & Environmental Implications

There are no sustainability or environmental implications of this decision.

5. Communication & Engagement

The applicant will be notified of Council's decision regarding their application. If direction is provided regarding a potential future application under a façade beautification program, staff will work with the applicant to ensure timely review of a future submission.

ALTERNATIVES:

1. That Council deny the revitalization tax exemption application attached to Staff Report FIN-22-014.
2. That Council approve the revitalization tax exemption application attached to Staff Report FIN-22-014 and direct staff to enter into an agreement with the applicant and work with BC Assessment to determine the exemption value.