



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall
1229 Esquimalt Road
Esquimalt, B.C. V9A 3P1

Legislation Text

File #: 19-403, Version: 1

REQUEST FOR DECISION

DATE: August 29, 2019

Report No. FIN-19-014

TO: Laurie Hurst, Chief Administrative Officer

FROM: Ian Irvine, Director of Financial Services

SUBJECT:

Revitalization Tax Exemption Application - 826 Esquimalt Road

RECOMMENDATION:

That Council approve the application for a Revitalization Tax Exemption for the property located at 826 Esquimalt Road.

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. One of the objectives identified was to encourage the construction of new buildings located in the defined 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 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 10 year period, 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.

ISSUES:

1. Rationale for Selected Option

A revitalization tax exemption application has been received from the owner of the property located at 826 Esquimalt Road. This application pertains to the removal of a single family dwelling and the construction of a condominium building with 30 new residential suites ranging in size between 495-911 square feet. A review has been performed and all documentation required under the Bylaw has been submitted by the applicant.

This application satisfies the program requirements and appears to meet the purpose of the Revitalization Tax Exemption Bylaw by providing new development along Esquimalt Road. The project was completed in February 2019 and final approvals were provided by the Township. While the residential units have been completed and are now fully sold, approval and submission to BC Assessment is required prior to October 31 for any exemption to take effect in the 2020 taxation year.

2. Organizational Implications

The Tax Exemption Agreement and Tax Exemption certificate would need to be executed by the applicant and the Township prior to the October 31 deadline in order for the exemption to take place.

3. Financial Implications

There are no immediate implications of this decision; however, if approved, exemptions would commence during the 2020 taxation year. The actual exemption amounts will not be determined until BC Assessment provides the annual improvement value for each folio. If the application is approved, the individual units will be eligible to receive full or partial annual exemptions from municipal taxation during a period of up to 10 years.

Based on the 2019 assessment, \$2,657,000 would be the total incremental improvement value eligible for an exemption. Using the 2019 approved municipal taxation rates for Class 1, the estimated annual exemption amount would be approximately \$9,400 ($\$2,657,000 / 1,000 * 3.53754$). Using the same assessed values and rates for the purposes of estimation, the total combined benefit for all folios would be approximately \$77,500 over the 10 year period the exemptions would be applied. This would represent an average benefit to each of the folios of approximately \$2,600 during the 10 year period.

In accordance with the bylaw, the exemption would be applied to the newly created property folios in the building. Each property owner would receive a portion of the total exemption based on their improvement assessment value as a percentage of the total incremental improvement value. The exemptions would not represent actual payments to the new property owners. Instead, these amounts would reduce the total municipal tax payable to the Township each year.

In order to ensure there is no revenue reduction within the Financial Plan each year, an amount equivalent to the total annual exemption will be transferred from the Revitalization and Infrastructure Reserve Fund. Amounts collected by the Township on behalf of the other taxing organizations (School Tax, CRD, Transit, etc.) would still be fully payable to the Township during each year the exemption has been granted.

4. Sustainability & Environmental Implications

There are no sustainability or environmental implications of this decision.

5. Communication & Engagement

Upon approval of the application, a copy of the executed Tax Exemption Agreement, Tax Exemption Certificate and the project plans and specifications will be provided to BC Assessment prior to the October 31 deadline.

As well, regardless of the decision, the property owner will be notified whether their application has been approved. If approved, staff will notify the applicant of the process regarding the exemptions as well as the requirement that amounts charged by other taxing authorities are still payable.

Staff will also assist with communication to each of the unit owners regarding the approval of an exemption and the impact on their tax payments for future years.

ALTERNATIVES:

1. That Council approve the application for a Revitalization Tax Exemption for the property located at 826 Esquimalt Road
2. That Council not approve the application.