



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 0250-20/3900-2937

From: Director of Development Services

Date: April 2, 2025

Subject: First Reading of Downtown Courtenay Revitalization Tax Exemption - Amendment Bylaw No. 3175, 2025

PURPOSE:

For Council to consider first reading of “Downtown Courtenay Revitalization Tax Exemption - Amendment Bylaw No. 3175, 2025” to amend *Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2937, 2018* to allow for projects currently under construction to be eligible for Revitalization Tax Exemption and to direct staff to provide public notice of “Downtown Courtenay Revitalization Tax Exemption - Amendment Bylaw No. 3175, 2025” as per Section 227 of the *Community Charter*.

BACKGROUND:

At the September 11, 2024 regular Council meeting, Council adopted the following resolution:

THAT Council provide interpretation clarity within Bylaw No. 2937 of the definition ‘project’ and of eligibility clause 4.1 (g) in order to allow for projects currently under construction to be eligible for Revitalization Tax Exemption, and direct staff to make amendments to Bylaw No. 2937 to reflect thereto;

*Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2937, 2018, Section 2 Definitions “project” as “a revitalization project on a Parcel involving the construction of a new improvement or alteration of an existing improvement, which meets the requirements of this bylaw, **and the construction of which is begun after** an application for a Tax Exemption has been submitted to, and approved by Council”. Additionally, as per Section 4.1 (g) “any construction undertaken prior to application shall not be considered by Council for Tax Exemption”.*

DISCUSSION:

At the September 11, 2024, regular Council meeting, Council entered into a Revitalization Tax Exemption Agreement with a development project that was under construction and provided direction to Staff to amend the Revitalization Tax Exemption Bylaw No. 2937 in order to allow for works under construction to be eligible for Revitalization Tax Exemption (RTE).

Staff have reviewed and discussed Revitalization Tax Exemption (RTE) programs of other communities (Campbell River, Kelowna, Kamloops) and propose targeted amendments that support Council’s resolution. A more comprehensive review of Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2937, 2018 will occur following the Downtown Vitalization Local Area Plan process and in accordance with the policies contained within that Plan.

The proposed bylaw amendments are summarized below and the track-changed bylaw amendments are in Attachment No. 1:

1. Amending Section 2 definitions

- To add the definition “Improvement” for interpretation clarity, as the term is used throughout the Bylaw, to mean:
 - i. “Improvement” will have the same meaning as set out in the Assessment Act.
- Amending the definition of “Project” to remove the defining requirement that construction has begun after application for Tax Exemption, and making clear that Council or a delegate is to approve the Tax Exemption, to read as follows:
 - i. “Project” means a revitalization project on a Parcel involving the construction of a new improvement or alteration of an existing improvement, which meets the requirements of this bylaw and is approved by Council or its delegate.”

2. Amending Section 4 Eligibility Criteria

- Add a sub-section with a notwithstanding clause to allow for application for RTE to be submitted and approved after building permit issuance in the event of extenuating circumstances. Currently sub-section 4.1. (g) requires that any construction of a project undertaken prior to the application for a Revitalization Tax Exemption will not be eligible for consideration. Staff are proposing to add sub-section 4.1. (h) to apply for consideration by Council after a building permit is issued. The new proposed section reads:
 - i. “4.1. (h) Notwithstanding sub-section (g), an application for a Tax Exemption may be submitted after building permit issuance in the event that extenuating circumstances exist. All other provisions of this bylaw still apply. Such applications must be accompanied by a letter to the Director of Development Services detailing and substantiating the extenuating circumstances that prevented application submission prior to a building permit issuance and a quantity surveyor report by a Professional Quantity Surveyor or equivalent to the satisfaction of the Director of Development Services or delegate estimating the total construction value at the time of a complete application being accepted by the City for the remaining improvements.”
- Add a sub-section 4.1. (i) to clarify that an RTE application is not eligible after Occupancy Permit (Final Building Inspection).
- Add an application requirement to include a quantity surveyor report by a Professional Quantity Surveyor (construction cost consultant/cost estimator) assessing the value of construction at the time of application being submitted and assessing the total remaining improvements.

3. Amending Section 7 Application Process

- Amending sub-section 7. (a) by making clear that an RTE application is to be applied for prior to a building permit, and that the proposed notwithstanding clause within Section 4.1. (h) allows for consideration of an exemption to this application requirement:
 - i. “An Owner shall submit a completed application form provided by the City as amended from time to time (with all supporting documentation and the \$200 application fee) to the City prior to a building permit issuance.”
- Adding sub-section 7. (b) stipulating with more clarity the following application submissions shall be included:
 - i. “Covering letter with a brief description of the Project, including an estimate of the construction value of the project, details of the floor area of the project by land use

type(s), the number of residential units (if applicable), and an estimated date of obtaining an occupancy permit;”

- Adding sub-section 7. (c) to permit more flexibility of allowing an RTE application to be applied for prior to even the issuance of a Development Permit by submitting the following information:
 - i. “An application for a Parcel that does not have an approved Development Permit must include a concept plan with information on the proposed use of the Parcel, details on the floor area, the number of residential units (if applicable), and conceptual renders of the form and character;”

4. Amending Schedule B Revitalization Tax Agreement template

- By removing in the agreement, the clause that renders ineligible any construction of a new improvement or alteration of an existing improvement undertaken prior to the application for a Revitalization Tax Exemption.

POLICY ANALYSIS:

Community Charter Section 226 provides authority for local governments through their Councils to authorize municipal tax exemption to land or improvements in accordance with an adopted revitalization program bylaw. The legislation stipulates that the bylaw governing the revitalization program must among other things include a description of the reasons for and the objectives of the program and a description of how the program is intended to accomplish the objectives.

Council adopted *Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2937, 2018* on September 4, 2018. Bylaw No. 2937 cites the objectives of the program and how the program is intended to achieve said objectives with the following clauses:

3.3 The downtown revitalization tax exemption program is established under this Bylaw in order to promote the revitalization of Downtown Courtenay through:

- a) The development and redevelopment of buildings used for residential purposes to increase the population density in downtown Courtenay to support commercial success:
- b) The development and redevelopment of commercial buildings to create a vibrant downtown that attracts new investment opportunities and supports increased residential viability;
- c) To reinforce and strengthen downtown Courtenay as the commercial heart of the Comox Valley.

3.4 The revitalization tax exemption program is intended to accomplish the objectives referred to in Section 3.3 by providing Owners with an economic incentive in the form of a tax exemption to undertake the development of new improvements.

FINANCIAL IMPLICATIONS:

Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2973, 2018 and the proposed amendments thereto delay new tax revenue from the increased assessed value resulting from new development. Two distinct areas of tax exemption are included in Bylaw No. 2973, with specific tax exemption criteria included for each area and different uses within each area. These tax exemption criteria that determine the amount of exemption will remain the same with the proposed amendments. Attachment No. 2 includes the original *Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2973, 2018*.

Section 226 of the Community Charter requires that a revitalization program bylaw may be adopted only after the council has considered the bylaw in conjunction with the objectives and policies set out under section 165 (3.1) (c) [*use of permissive tax exemptions*] in its financial plan.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Buildings and Landscape - Support investment and redevelopment in downtown core: Review and evaluate Downtown development incentives e.g. fast tracking/density bonuses/DCC

PUBLIC ENGAGEMENT:

Public consultation took place during the development of the Downtown Courtenay Revitalization Tax Exemption Bylaw and public notice was provided in accordance with Section 227 of the *Community Charter*.

Public notice must be given on the proposed amendments in accordance with Section 227 of the *Community Charter* which will take the form of published notices in two consecutive issues of the local newspaper and posting to the City's website and social media sites.

A more fulsome review of the Downtown Courtenay Revitalization Tax Exemption Bylaw and development incentives in support of Council's strategic priority will occur as part of the concurrent Downtown Vitalization Local Area Plan process which includes an approved communication and engagement plan.

OPTIONS:

1. THAT Council give first reading to "Downtown Courtenay Revitalization Tax Exemption - Amendment Bylaw No. 3175, 2025"; and
THAT Council direct staff to provide notice of "Downtown Courtenay Revitalization Tax Exemption - Amendment Bylaw No. 3175, 2025" in accordance with Section 227 of the *Community Charter*.
2. THAT Council provide alternate direction to staff.

ATTACHMENTS:

1. Downtown Courtenay Revitalization Tax Exemption - Amendment Bylaw No. 3175, 2025
2. Downtown Courtenay Revitalization Tax Exemption Bylaw No. 2937, 2018

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