

# Report to Council



**Date:** March 8, 2021

**To:** Council

**From:** City Manager

**Subject:** Revitalization Tax Exemption Program Bylaw – Minor Amendment

**Department:** Policy & Planning

---

**Recommendation:**

THAT Council receives, for information, the report from the Planner Specialist dated March 8, 2021 with respect to the bylaw updates to the Revitalization Tax Exemption Program Bylaw 9561;

AND Bylaw No. 12162, being Amendment No. 9 to the Revitalization Tax Exemption Program Bylaw, be forwarded for reading consideration.

**Purpose:**

To amend the Revitalization Tax Exemption Program Bylaw to encourage more ground-oriented rental housing units.

**Background:**

One of the main development financial incentives the City offers is through the City's Revitalization Tax Exemption (RTE) Program Bylaw. The RTE Program Bylaw provides tax incentives to encourage investment in rental housing as well as to attract investment to Downtown and Rutland. Over the last 15 years, the RTE Bylaw has been updated several times to ensure alignment with the City's policy objectives and respond to shifting market conditions. The report today for Council consideration recommends a minor change to the definition of purpose-built rental housing in Bylaw 9561 to encourage more ground-oriented rental housing units.

**Discussion:**

Over the last five years Council has approved roughly 25 RTE agreements for purpose-built rental housing. As per the current Bylaw 9561, purpose-built rental housing projects must be self-contained and have five or more units intended for long-term rental housing. The majority of rental housing tax exemptions are for multi-family apartment buildings. In a few cases, the City has received applications for townhouse projects. As a result, the program typically results in smaller apartments that are generally less amenable to families with children.

The proposed amendment to Bylaw 9561 would provide greater opportunity for ground-oriented units to be delivered through the RTE Bylaw Program. The proposed amendment would ensure purpose-built rental projects continue to have a minimum of five units and would prohibit stratification except where it is a BC Housing project. However, by removing the “self-contained” wording from the definition of purpose-built rental housing developers could use the RTE program to deliver a mix of detached, semi-attached and attached units. Staff do not anticipate this to be a common form of rental housing in the Core Area as there are few sites where the land economics would allow for lower-density forms of housing to be financially viable.

Currently, staff have only identified one project on Neptune Road that would benefit from this change. However, staff see value in providing flexibility to the development community in cases where it aligns with the broader objectives of the Revitalization Tax Exemption Program Bylaw. This amendment could also provide opportunity for infill projects with 5 or more units to meet the definition of purpose-built rental housing and apply for a rental housing tax exemption.

All projects pursuing a rental housing tax exemption would be required to enter into a housing agreement, securing the rental housing units for a minimum of ten years. However, there is a greater risk of stratification for projects with single-detached and semi-detached units compared to multi-family apartment structures. For this reason, staff are recommending the requirement of a lengthier 15-year housing agreement for rental housing tax exemption applications with single-detached and semi-detached dwelling units, acknowledging the higher risk of stratification at the end of the housing agreement.

**Conclusion:**

In summary, the proposed amendments to the RTE bylaw are very minor. Currently, there is one active application at 1260 Neptune Road that could benefit from this change to the definition of purpose-built rental housing, but there may be additional opportunities for infill housing in the coming years. Overall, staff see limited risk with the proposed change, but an opportunity to support more ground-oriented and family-friendly rental housing in the coming years.

**Internal Circulation:**

Policy and Planning  
Development Planning  
Office of City Clerk  
Revenue

***Legal/Statutory Authority:***

Section 226, Community Charter Section 131,

***Existing Policy:***

Bylaw 9561 Revitalization Tax Exemption Program Bylaw

Submitted by:

R. Soward, Planner Specialist, Policy & Planning

**Approved for inclusion:**



J. Moore, Manager, Long Range Policy Planning