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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** June 7, 2006  
**File No.:** B/L 9561, B/L 9630, 6480-30  
OCP06-0013

**To:** City Manager

**From:** Planning and Corporate Services Department

**Subject:** Bylaw 7600 Official Community Plan - Amendment Bylaw No. 9630 and Revitalization Tax Exemption Bylaw No. 9561

Report prepared by: Gary L. Stephen

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### RECOMMENDATION

THAT OCP Text Amendment Bylaw No. 9630 to amend Kelowna Official Community Plan (2000 – 2020) Bylaw No. 7600 to designate Tax Incentive Areas in Downtown and Rutland as outlined the report of the Planning and Corporate Services Department dated June 7, 2006 be considered by Council and forwarded to a Public Hearing;

AND THAT Revitalization Tax Exemption Bylaw No. 9561 be forwarded for reading consideration.

### BACKGROUND

Since August 2004, staff and Council have been working on potential development incentives. As a result of the direction from Council, further discussion regarding the terms of development stimuli took place with the Urban Centres Implementation Committee (UCIC). The UCIC considered a range of possible incentives, including grants. However, provincial legislation does not allow grants to businesses. The UCIC therefore concluded that tax exemptions in conjunction with an expanded parking credit program, showed the most immediate promise while working within legislative constraints.

The discussions with UCIC resulted in a set of recommendations that were presented to Council on December 13, 2004. At that Council meeting, Council endorsed the terms of tax incentive and parking credit proposals and directed staff to seek input from stakeholders prior to final consideration.

In response to Council's direction, staff sent letters outlining the terms of the programs to identified stakeholders and requested input. The comments received were generally supportive. It should, however, be noted that several respondents, principally the local chapter of the Urban Development Institute, did not feel the program would, on its own, be sufficient to trigger development.

The most likely area for Council consideration evolved into tax exemption incentives to stimulate mixed-use developments within specific areas of the Downtown and Rutland Urban Centres. These incentives would provide a moratorium on taxes for new development projects that meet the terms of the proposed programs within specific areas in the Downtown core and the Rutland Town Centre.

On May 1, 2006 Council endorsed a Tax Incentive Program, including Tax Incentive boundaries, with the following resolution:

“THAT the Tax Incentive Program described in the Planning and Corporate Services report of April 19, 2006 be endorsed and that the Official Community Plan Bylaw and Tax Exemption Program Bylaw amendments required to implement the program be brought forward at such time as there is developer interest in applying for a tax incentive for development within Downtown and Rutland.”

Staff are now in receipt of an application for a tax incentive for property located on the northwest corner of Highway 33 and Rutland Road North (former 4-Way Food Store site). The applicant (622623 B.C. Ltd.) has Development Permit and Development Variance Permit approvals from Council but the permits cannot be issued until landscape bonding has been secured. The applicant has also made a building permit application which cannot be approved until the DP and DVP are issued.

## DISCUSSION

The *Local Government Act* requires that consultation on OCP amendments occur prior to Council consideration of bylaw amendments. Given the level of Council, Committee and stakeholder involvement that has already occurred throughout the process of developing the tax incentive program it is suggested that we have already complied with the legislative requirements. Therefore it is recommended that we move directly to the Bylaw consideration stage. OCP Amendment Bylaw 9530 will be a policy amendment to establish the civic objective and to include the relevant maps in the Urban Centre chapter. The City Centre Tax Incentive Area and Rutland Town Centre Tax Incentive Area are indicated on attachments 1 and 2 respectively. It will also be necessary to update the List of Maps and the electronic cross-references in the OCP Bylaw document.

### 1. Proposed OCP Text Amendments

#### List of Maps

- Add Map 6.3 - City Centre Tax Incentive Area and Map 6.4 - Rutland Town Centre Tax Incentive Area and the relevant page numbers in the appropriate order in the List of Maps.

#### Chapter 6 – Urban Centres

- Amend the Urban Centre chapter by adding a new policy 6.1.2 as follows and then renumbering all subsequent policies:

**Revitalization Tax Exemption.** Support the provision of a revitalization tax exemption for the municipal portion of the annual taxes on improvements for appropriate

development within the specific areas identified in Map 6.3 City Centre Tax Incentive Area and Map 6.4 Rutland Town Centre Tax Incentive Area.

#### OCP Bylaw 7600

- Update cross-referencing resulting from the insertion of new policy within Chapter 6.

#### 2. Proposed OCP Map Amendments

##### Chapter 6 – Urban Centres

- Add Maps 6.3 - City Centre Tax Incentive Area and 6.4 - Rutland Town Centre Tax Incentive Area.

#### Revitalization Tax Exemption Bylaw No. 9561

In order for Council to grant a tax exemption to any property a Revitalization Tax Exemption Bylaw must be considered and adopted. Bylaw No. 9561 outlines the specifics of the tax exemption program and also includes a Revitalization Tax Exemption Agreement (Schedule B) to be executed by the City and the applicant as well as a Tax Exemption Certificate (Schedule C).

Staff has confirmed these proposed amendments will not affect either the Financial Plan or the Waste Management Plan in compliance with LGA Section 882(3).

### **CONCLUSION**

In order to advance the potential for Council to consider applications for the Tax Incentive Program, it is recommended that the proposed OCP Amendment Bylaw 9630 text and map amendments outlined in the Planning and Corporate Services report of June 7, 2006 be given favourable consideration and forwarded to a Public Hearing. It is also recommended that the proposed Revitalization Tax Exemption Bylaw No. 9561 also be forwarded for reading consideration.

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Signe K. Bagh  
Manager, Policy / Research / Strategic Planning

Approved for inclusion

R.L. Mattiussi, ACP, MCIP  
Director of Corporate and Planning Services

GLS

Attachment

## Attachment 1

(City Centre Tax Incentive Area Map)

## Attachment 2

(Rutland Town Centre Tax Incentive Area Map)