



**Council Member Motion
For the Committee of the Whole Meeting of September 8 2022**

To: Committee of the Whole **Date:** September 13, 2022
From: Mayor Helps and Councillor Loveday
Subject: Economic Revitalization Tax Exemption and Economic Reconciliation

BACKGROUND

In May 2020, Council adopted *Victoria 3.0 – Recovery, Reinvention, Resilience 2020-2041*, a long-term plan and vision for a sustainable, influential city that will build a strong innovation ecosystem and create a strong economy now and for the future.

A big move to help realize this long-term vision is the creation of the Arts and Innovation District to the north of the downtown, depicted here.



As noted in Victoria 3.0, “The area is currently a mix of heavy industry, commercial, retail, surface parking lots, recently remediated land owned jointly by the Songhees and Esquimalt Nations, craft brewers, and artists and makers.” The Arts and Innovation District is meant to be, “a hub of cross-sector collaboration, a place where research and development lead to ideas that are commercialized, where new high-value, future-oriented jobs are created, and where Victoria’s arts and culture sector can continue to flourish.” Staff are currently working with the community to develop a long-term plan and associated city-initiated rezoning of the District.

Between 2016 and 2022 Matullia Holdings LP, a jointly owned company of the Songhees and Esquimalt Nations, acquired 7.5 acres of land from Transport Canada and BC Hydro in what we call the Rock Bay area today, making them one of the largest landowners in the Arts and Innovation District. Previously used for heavy industry, the lands were remediated by previous owners – Transport Canada and BC Hydro – before being sold to Matullia. Matullia now owns a significant piece of property which is currently gravel lots and surface parking. These parcels represent prime employment lands featuring access to Victoria’s upper harbour to the west and Government Street access to the east.

To develop the long-term vision for these lands, Matullia Holdings has retained the services of Alfred Waugh, President and Founding Principal of Formline Architecture + Urbanism to undertake a comprehensive development plan for the entire 7.5-acre property that will help the Nations achieve their cultural and economic ambitions and will also help to stimulate the revitalization of the entire Arts and Innovation District as outlined in City policy.

Mr. Waugh specializes in culturally and environmentally sensitive projects and has extensive experience with First Nations, cultural societies, and educational institutions. One of the few registered First Nations Architects in Canada, his award-winning architecture firm is dedicated to developing solutions that reflect the culture, community, and geographic regions specific to each project. A comprehensive engagement and planning process is currently under development.

In the immediate term, Matullia Holdings has engaged the services of CBRE, a firm specializing in commercial real estate. The Ralmax Group of Companies and Island Asphalt are currently leasing three acres at the foot of Store Street for the safe, overnight storage of equipment and materials, and CBRE is in active discussion with several companies seeking short-term, multi-year leasing opportunities.

To help stimulate the revitalization of the area in the short and long term, to realize the vision outlined in Victoria 3.0, and to support the City’s commitment to economic reconciliation, it is recommended that staff work with the Nations to create a revitalization program and corresponding property tax exemption program as per section 226 of the Community Charter:

Section 226 of the Community Charter provides authority to exempt property from municipal property value taxes. To use this authority, a Council must establish a revitalization program (with defined reason for and objectives of the program),

enter into agreements with property owners, and then exempt their property from taxation once all specified conditions of the program and the agreement have been met.

Exemptions may apply to the value of land or improvements, or both. Councils are free to specify, within their revitalization programs, the amounts and extent of tax exemptions available.

Revitalization tax exemptions are limited to municipal property value taxes (Section 197(1)(a) of the Community Charter only) and do not extend to school and other property taxes, such as parcel taxes. An exemption may be granted for up to 10 years.

Please see attached “Revitalization Tax Exemptions A Primer on the Provisions in the Community Charter,” for further details.

Generally, property tax exemptions are considered at the time of redevelopment, to maximize the benefit to the landowner of property tax relief when taxes increase as a result of redevelopment. However, it is also possible to provide a property tax exemption for interim and short-term uses that help to begin the revitalization of the wider area. It is recommended that staff work with the Nations to develop an economic revitalization and tax exemption program in the near term to help ensure that the short term uses begin to lay the groundwork for the long-term vision of the Arts and Innovation District and the Nations’ aims for economic development.

CONCLUSION

In June 2022, the City adopted an Equity Framework to ensure that we consider equity in all of our decisions. The Framework begins by thanking “the Nations for having cared for these lands and waters since time out of mind. As part of this acknowledgement, we recognize Victoria has been shaped by colonialism, racism and other systemic oppressions. We acknowledge the legacy of colonialism and its role in creating and perpetuating systemic inequities for Indigenous Peoples ... Our work to advance equity will be informed by the City’s ongoing decolonization efforts and actions for meaningful reconciliation with the Songhees and Esquimalt Nations.”

Having been pushed to the margins of their economic heartland for over a century, the Nations have purchased land back to create prosperity for generations to come. To support their initial efforts and to recognize the importance of economic development as reconciliation in action, and to support the City’s objectives for the revitalization of this area, it is recommended that Council adopt the following recommendation.

RECOMMENDATION

1. That Council direct staff to work with the Songhees and Esquimalt Nations, through Matullia Holdings LP, to develop an Revitalization Program as per section 226 of the Community Charter and report back to Council with the objectives for the program for Council’s consideration including a tax exemption of up to ten years,

beginning in 2024, to support development of the lands that promotes revitalization of the area also supporting the Nations economic opportunity consistent for the Arts and Innovation District laid out in Victoria 3.0 to life.

Respectfully submitted,



Mayor Helps



Councillor Loveday