

**F.1.b.b Tax Incentive Program – Challenges and Opportunities****Moved By** Councillor Caradonna**Seconded By** Councillor Coleman

1. That as an interim measure, Council confirms the following eligibility criteria for the Tax Incentive Program (TIP), which are generally consistent with the intent and administration of the program, Provincial legislation and City policy:
  - a. The building must be Heritage Designated.
  - b. Eligible alterations are limited to seismic upgrading work, associated with retaining and conserving existing heritage fabric.
  - c. Construction must not commence until the TIP Application has been advanced to Council for consideration (some strip-out work may be permitted in specific cases). Retroactive applications will not be accepted
  - d. Proposals must retain internal structure and exterior façades of the heritage building to the highest level possible unless proven in a seismic assessment to be the only viable option for seismic upgrading and/or adaptive reuse and be verified as being necessary by an independent peer review.
  - e. Rooftop additions must be sensitively located and smaller in scale than the existing building and are limited to:
    - i. One-storey on top of heritage buildings that are two to three storeys and must include step-backs of at least 4 metres from street elevations.
    - ii. Two storeys on top of heritage buildings that are 4-storeys or greater and must include step-backs that are at least 3 metres from street elevations.
  - f. Excavation below the original building foundations is not permitted unless verified as required as part of a structural assessment.
  - g. For Residential Use TIP Applications, buildings must reuse/repurpose existing upper floors for residential use, with commercial on the ground floor. Eligible costs are limited to seismic upgrade work.
  - h. For Non-Residential Use TIP Applications, the building must contain entirely commercial, industrial or institutional uses. Eligible costs can include seismic upgrade work as well as exterior conservation as well as code, mechanical and electrical upgrades.
  - i. All applications must submit a seismic assessment of the heritage building with cost estimates for the seismic upgrade strategy and clearly separate out eligible

- heritage costs from any new construction and/or new development costs.
- j. Applications not meeting the above criteria will be considered ineligible and will not be accepted. Where an application has been accepted and its status changes to make it ineligible, application processing will be stopped.
  - k. Incomplete applications will not be accepted and if necessary, will be returned to applicants to await a complete, accurate submission.
2. That Council direct that all program information related to the Tax Incentive Program, including the VCHT website, be updated as quickly as possible, to clearly reflect the program parameters, eligibility criteria and anticipated timing of application review.
  3. That Council confirm that despite being inconsistent with the above noted parameters, that current in stream proposals having already received all necessary Council development approvals, and where a complete Tax Incentive Program application has been submitted before December 31, 2023, will be brought forward for consideration by Council after being processed by City staff and Victoria Civic Heritage Trust. To take advantage of this opportunity, applicants will be required to engage a third-party structural engineer as well as any necessary supporting professionals, paid for by the applicant but reporting to the City, to conduct a seismic review of:
    - a. the design strategy
    - b. budgeted costs
    - c. any changes that are proposed during construction
    - d. the project at completion, prior to the tax incentive coming into effect, to verify all work was completed in accordance with the approval.
  4. That Council direct staff to bring forward a report exploring opportunities to potentially:
    - a. Expand or establish a program aimed at supporting heritage and adaptive reuse projects that retain prominent heritage buildings but require significant internal demolition and reconstruction and/or proposed additions.
    - b. Allow investigative work, partial demolition or temporary reinforcement work to commence while the grant evaluation process is underway.
    - c. Allow a greater number of heritage designated buildings to qualify.
    - d. Clarify roles and responsibilities of the VCHT, City staff and applicants as well as the overall process involved in administering the TIP.
    - e. Recognize economic challenges associated with current construction costs as well as with providing rental housing within heritage buildings.

- f. Address recent and anticipated British Columbia Building Code changes particularly as related to seismic standards.
- g. Undertake a financial analysis of any impacts to the City of Victoria as well as any resource impacts, associated with an expanded or new program.

FOR (8): Mayor Alto, Councillor Caradonna, Councillor Coleman, Councillor Dell, Councillor Hammond, Councillor Kim, Councillor Loughton, and Councillor Thompson  
OPPOSED (1): Councillor Gardiner

**CARRIED (8 to 1)**

**F.1.b.c**