



Victoria
CIVIC
HERITAGE
TRUST

City of Victoria
1 Centennial Square
Victoria, British Columbia V8W 1P6

16 January 2018

Attention: Mayor and Council

**Recommendation to City of Victoria
Approval of a Ten Year Tax Exemption at 51.59% for the Heritage Portion
Heritage Tax Incentive Program - Residential Uses**

**816 Government Street - Customs House (1914)
Lots 1-8, Block 71, Section 18, Victoria, Plan 219
PID 025-544-756; Folio No 01072001**

Dear Mayor and Council:

The Board of Directors of the Victoria Civic Heritage Trust reviewed a Tax Incentive Program - Residential Uses application submitted by Victoria Customs House L.P. for **816 Government Street - Customs House (1914)** at its meeting held on 15 January 2018.

The owner requests a ten year tax exemption for the heritage portion of the proposed development on the consolidated lots at 816 Government Street based on the scope of work for seismic upgrading as specified by the Project Engineer, Clint Plett, PEng, CEng, MStructE, Read Jones Christoffersen Ltd. The contractor's cost estimate for seismic upgrading is **\$6,524,950.00** prepared by Matt Gruber, Project Manager for Farmer Construction Ltd. A second independent cost estimate for seismic upgrading is **\$6,576,989.08** prepared by Tom Crosbie PQS, MRICS. Beacon Construction Consultants Inc. The total construction cost, including the new addition and interior improvements, is estimated at **\$28,190,000.00**.

ELIGIBLE TERM OF TAX EXEMPTION: Total 2017 property tax for the consolidated property at 816 Government Street is **\$283,120.43**. The value of a ten year tax exemption at the current 2017 property tax rate is **\$2,831,204.30** (10 years @ **\$283,120.43**). Based on the formula used to determine the eligible term of the tax exemption under the Tax Incentive Program for Residential Uses, 816 Government Street is eligible for the maximum ten year tax exemption as the cost of seismic upgrading exceeds the value of the existing property taxes multiplied by the maximum number of ten years.

Cost of seismic upgrading = **\$6,524,950.00** > **\$2,831,204.30** ($\$283,120.43 \times 10$ years)

HERITAGE PORTION FOR TAX EXEMPTION: The proposed project includes rehabilitation and seismic upgrading of the existing Customs House (1914) heritage designated building that is eligible for a tax exemption, as well as construction of a new building wing to replace the 1957 Federal Building that does not qualify for a tax exemption. The amount of the tax exemption applicable to the heritage portion of the project is calculated as a percentage of the area of the heritage building footprint of the Customs House (1914) in relation to the total building footprint.

The building footprint areas below were prepared by Beacon Construction Consultants Inc based on gross floor areas (measured from the outside faces of walls) on Level 2 as being the most representative building floor plan – see attached drawing with applicable area outlines marked in red.

Customs House (1914) Building	1,086 m²	=	51.59%
Proposed New Building	1,019 m²	=	48.41%
Total Footprint Area	2,105 m²	=	100.00%

Based on the footprint areas listed above, the 10 year tax exemption for the heritage portion of the proposed project should be at the rate of **51.59%** of the assessed value for the consolidated property.

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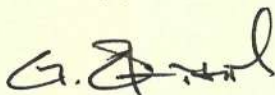
The final building footprint areas and resulting eligible percentage should be verified by the City of Victoria prior to final tax exemption bylaw approvals based on final building permit drawings.

A technical review of the project was undertaken by our Architectural Conservation Committee (ACC) on 15 January 2018. The ACC forwarded its comments and recommendations to the Board of Directors, who passed the following motion of recommendation to the City of Victoria on 15 January 2018:

Subject to Council's approval and the project meeting all other City requirements, and verification of final costs and building footprint areas and resulting eligible percentage, the property at 816 Government Street, Customs House (1914), is eligible for a tax exemption period of ten (10) years with the amount to be based on the final percentage of the area of the heritage building footprint of the Customs House (1914) in relation to the total building footprint situated on the consolidated legal property description of Lots 1-8, Block 71, Section 18, Victoria, Plan 219.

Please do not hesitate to contact our office should you have any questions regarding our review.

Sincerely yours,



Greg Ovstaas
President

attachments

copy: Ms Merinda Conley, Senior Heritage Planner, City of Victoria