

Janet Hawkins

From: webforms@victoria.ca
Sent: Monday, Jul 6, 2015 2:20 PM
To: Council Secretary
Subject: Thank you for your submission - City of Victoria - Address Council Form
Attachments: Letter_Mayor_Helps_July6_2015.pdf

Name: Dave Morris **Date:** July 06, 2015

Address: 1109 Fort St

I wish to appear at the following Council meeting: July 9, 2015

I represent: Paper Street Studio

Topic: Municipal Property Tax Increase

Action you wish Council to take:

I am concerned about the significant increase in property taxes at 1101 Fort St, and the burden this is placing on our newly-opened small business, Paper Street Studio. In February 2014 the City of Victoria approved a re-zoning of the property, which increased the possible building height and density. Because of this re-zoning, BC Assessment increased the value of the land from \$2.5 million to \$4.4 million, and now the City of Victoria has increased the property tax on accordingly: from \$58,000 per year to \$100,000 per year. The problem is that this increased value is speculative. The re-zoning helps Abstract Projects, the developer, build a better building in the future. There is no increase in value to the current building or improved amenities to the land or surrounding area. This is essentially, a development cost. But this cost is being downloaded onto the tenants – all of whom are small, local businesses. In June we received a notice that our operating costs are increasing 100% (from \$397 to \$823 per month) to cover the increase in property tax. This increases our total rent by 25%. As a new business, this increase is devastating and has a direct effect on our bottom line. We opened our doors in March 2015. We had a sound budget and financial planning, we had great community support (raising \$12,000 on IndieGoGo) and had chosen a commercial space at a rate we could afford in order to grow our business. We've only been operating for six months and we're now faced with a huge tax increase. To cover this unforeseen expense, we are having to raise our prices. Our prospects have gone from glowing to desperate. Mayor Helps ran on a platform to reduce commercial vacancies in Victoria, and to support new local businesses. Well, in February 2015 we filled one of those vacancies, only to have our taxes double within six months. Given this unique situation (re-zoning for future development) and the fact that the building is fully tenanted with local businesses, I put forward this solution: 1) Mayor and Council acknowledge that the increased property tax is related to the re-development potential. 2) City of Victoria maintains the 2014 property tax rate, plus inflation, until re-development of the property begins, at which time the developer pays the full tax.

CONTACT INFO:

Contact Name:	Dave Morris
Contact Address:	1109 Fort St
Contact Phone Number:	250-217-2669
Contact Email:	contact@paperstreettheatre.ca



Mayor Helps
City of Victoria
1 Centennial Square
Victoria, BC
V8W 1P6

July 6, 2015

Mayor Helps,

I am writing to you concerning the significant increase in property taxes at 1101 Fort St, and the burden this is placing on our newly-opened small business, Paper Street Studio.

In February 2014 the City of Victoria approved a re-zoning of the property, which increased the possible building height and density. Because of this re-zoning, BC Assessment increased the value of the land from \$2.5 million to \$4.4 million, and now the City of Victoria has increased the property tax on accordingly: from \$58,000 per year to \$100,000 per year.

The problem is that this increased value is speculative. The re-zoning helps Abstract Projects, the developer, build a better building in the future. There is no increase in value to the current building or improved amenities to the land or surrounding area. This is essentially, a development cost.

But this cost is being downloaded onto the tenants – all of whom are small, local businesses. In June we received a notice that our operating costs are increasing 100% (from \$397 to \$823 per month) to cover the increase in property tax. This increases our total rent by 25%.

As a new business, this increase is devastating and has a direct effect on our bottom line. We opened our doors in March 2015. We had a sound budget and financial planning, we had great community support (raising \$12,000 on IndieGoGo) and had chosen a commercial space at a rate we could afford in order to grow our business. We've only been operating for six months and we're now faced with a huge tax increase. To cover this unforeseen expense, we are having to raise our prices. Our prospects have gone from glowing to desperate.

You ran on a platform to reduce commercial vacancies in Victoria, and to support new local businesses. Well, in February 2015 we filled one of those vacancies, only to have our taxes double within six months. We do not feel supported by City Hall, we feel duped.

Given this unique situation (re-zoning for future development) and the fact that the building is fully tenanted with local businesses, I put forward this solution:

- 1) Mayor and Council acknowledge that the increased property tax is related to the re-development potential.



- 2) City of Victoria maintains the 2014 property tax rate, plus inflation, until re-development of the property begins, at which time the developer pays the full tax.

I would be happy to speak with you further about this situation, and find a solution together that supports Victoria's small businesses and keeps our downtown commercial spaces occupied.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dave Morris", with a stylized flourish at the end.

Dave Morris
Owner, Paper Street Theatre
250-217-2669

CC: Chris Coleman

CC: Charlotte Wain