CITY OF NORTH BATTLEFORD

Policy # D-01-003

Vacant Commercial Building Tax Incentive Program

Authority: Council	**Resolution No.**
Date Adopted:	**Effective Date:**
Department Responsible: Economic Development	**Review Date:** Quarter 1, 2028

PURPOSE

This policy's purpose is to provide an incentive to support the rehabilitation of vacant commercial buildings by returning them to functional, productive, business use in the City of North Battleford for the creation and expansion of businesses

SCOPE

All commercial properties that have been vacant for twelve (12) months prior to a building permit date and are located inside the City of North Battleford jurisdictional boundaries and is to not eliminate or reduce existing taxes.

RESPONSIBILITY

- City Council is responsible for the approval of this policy.
- Council is responsible for delegating authority to the City Manager to approve applications in accordance with this policy.
- The City Manager or their designate is responsible for reviewing and approving or denying tax-based incentives that have been applied for in accordance with this policy.
- The Economic Development Manager is responsible for:
  - receiving, reviewing, and processing applications;
  - inspection, review, and reporting of progress of the incentivized work;

- Verification of completion of incentivized work and documentation of actual costs; and
- Report on the completion of incentivized work for Council and the Finance Department.

- The Finance Department is responsible for applying City Manager approved tax-based incentives.

DEFINITIONS

"City" means the City of North Battleford

"City Manager" means the person appointed as the administrative head of the City of North Battlefords pursuant to section 84 of *The Cities Act* and includes a person acting as his or her designate.

"Council" means the elected Council of the City of North Battleford.

"Incentive" means the Vacant Commercial Building Tax Incentive established by this Policy.

"Municipal tax" means the portion of the property taxes calculated from the Taxable Assessed Value multiplied by the Council approved Mill Rate.

"National Building Code of Canada" means the *National Building Code of Canada 2020* as adopted by the *Building Code Regulations* as amended from time to time.

"Tax on improvements" Means the Property Tax on the improvements to the building and site but does not include the existing taxes or the taxes on the land.

"Tax Incentive" means the reduction of the municipal portion of property taxes, approved by the City Manager, to be paid to the City in recognition that the property owner is undertaking property improvements that the City identifies as having value to the city.

"Vacant commercial building" means a commercial building that has been vacant for a minimum of 12 months prior to the date of a building permit.

"Zoning Bylaw" means the City of North Battleford Zoning Bylaw as amended from time to time, and all adopted amendments at the time of the agreement being signed.

POLICY

1. City Council has adopted the Vacant Commercial Building Tax Incentive Program as follows.

a) The program will abate municipal taxes to property owners of previously vacant commercial buildings that become occupied by an operating business. The intention is to offset the cost of bringing the building into compliance with applicable statutes and bylaws and to stimulate economic activity.

b) Where the investment completed under this policy is:

   i. more than $150,000 but less than $500,000, the incentive will be provided as an annual fixed declining reduction of the municipal portion of the taxes for three (3) years, first and second year 100% and third year 75%.

   ii. more than $500,000, the incentive will be provided as an annual fixed declining reduction of the municipal portion of the taxes for five (5) years, first and second year 100%, third year 75%, fourth year 50% and fifth year 25%.

   iii. Where an application relates to only a portion of a building that has been vacant, the City may determine the percentage of eligible improvements attributable to the vacant portion and limit the incentive accordingly.

2. Awarded incentives will stay with the property to new owners, heirs, assignees and successors.

3. The Vacant Commercial Building Tax Incentive is only applied to the municipal tax portion of the property taxes, and does not apply to the:

   a) Land portion of the municipal tax;

   b) Education Taxes;

   c) UPAR; or

   d) Recreation & Cultural Capital Facilities Levy

4. An applicant may apply to the City once for a 12-month extension.

5. To be eligible for the Vacant Commercial Building Tax Incentive, the project must:

   a) physical construction must commence within 12 months of the approval for the incentive; and

   b) be completed within 24 months of incentive approval.

6. All existing commercial facilities are eligible subject to the following criteria being met:

   a) The building must have been vacant 12 months prior to building permit date.

   b) Where applicable, the business needs to be licensed by the City of North Battleford.

c) The business must be subject to commercial/industrial taxation.

d) The Applicant must demonstrate, by way of a Building Permit, that the building can be renovated to meet the current Zoning Bylaw and the National Building Code of Canada.

7. Incentive applications must include the following:

   a) details of the estimated cost of the project; and

   b) proof that the property is current on property taxes.

8. The Vacant Commercial Building Tax Incentive shall be based on verified actual eligible costs and shall not exceed the estimated project costs approved by the City Manager unless otherwise approved by the City Manager."

9. This program is intended to incentivize work and not incentivize past improvements. As such, to be eligible for funding, improvements may not commence until the application has been approved by the City.

10. The Vacant Commercial Building Tax Incentive shall be applied following completion of the project and verification by the City of eligible costs and required documentation.

11. The Vacant Commercial Building Tax Incentive cannot be combined with any other tax incentive from the City including gifted land.

12. Applications must be submitted by the registered owner of the property. Once approved, the incentive shall remain with the property for the duration of the incentive period.

13. The applicant must apply for and be granted a Development Permit for work requiring a Development Permit prior to commencing the work.

14. Including any other applicable requirements, improvements must comply with the:

    a) *National Building Code*;

    b) *Uniform Building and Accessibility Standards Act*;

    c) *City of North Battleford Zoning Bylaw*; and

    d) *City of North Battleford Building Bylaw*.

15. Nothing in this policy shall change the requirements for receiving a Development or Building Permit.

16. Schedule A contains a list and examples of expenses that are eligible for the Vacant Commercial Building Tax Incentive.

17. Schedule B contains a list and examples of expenses that are not eligible for the Vacant Commercial Building Tax Incentive.

18. The Vacant Commercial Building Tax Incentive is tied to the property and remains with the property when it is sold for the duration of the incentive period.

APPLICATION PROCEDURE

19. Applicants must submit a complete “Application for” form as provided on the City’s website or by City staff.

20. Upon receipt of a complete application the Economic Development Manager will prepare a report and recommendation for the City Manager, summarizing the project, which could include conditions such as:

    a) summary of work to be completed;
    b) compliance with the requirements of the Zoning Bylaw;
    c) control of noxious or offensive emissions such as noise and dust during construction;
    d) massing (size and shape) of the building;
    e) pedestrian impacts, both positive and negative;
    f) projected start and completion dates;
    g) site cleanliness; and
    h) estimated cost of the project.

21. Project approval of a Vacant Commercial Building Tax Incentive and/or the application of conditions to be met by the applicant to receive the Vacant Commercial Building Tax Incentive is through the City Manager.

22. The Economic Development Manager, shall:

    a) communicate the City Manager’s decision and/or conditions (if any) with the applicant;
    b) forward all the necessary information to the Director of Finance including verification of project completion to apply incentives;

c) have a Vacant Commercial Building Tax Incentive Agreement prepared and signed by City Clerk or their designate and the applicant.

d) perform regular inspections to ensure progressing work;

e) review actual costs and supporting documents submitted by the applicant and confirming eligible expenses;

f) provide quarterly updates to Council including:

   i. the status of projects approved for the Vacant Commercial Building Tax Incentive Program (abandoned, in progress and completed projects);

   ii. for projects completed since the last status report:

      a. date of Completion,

      b. eligible cost submitted and verification of eligible costs; and

      c. date of commencement and the duration of the incentive;

g) forward a request to the Finance Department to begin the tax incentive.

23. A tax incentive commencement date will depend on the date of construction completion and the submission of complete construction documentation and eligible costs as follows:

a) Prior to May 31, the tax incentive will start January 1 the same year; or,

b) After May 31, the tax incentive will start January 1 the year after.

CANCELLATION OF A GRANTED TAX INCENTIVE

24. A City Approved Vacant Commercial Building Tax Incentive may be cancelled before or after the completion of construction, in one or more of the following circumstances:

a) On request of the owner

b) If any one (1) of the City required development conditions are not met,

c) If any one (1) of the conditions outlined in this Vacant Commercial Building Tax Incentive Policy are not met,

d) If the Developer does not inform the City that construction is complete or submit actual costs of eligible improvements within six (6) months of construction completion,

e) If an approved property's Vacant Commercial Building Tax Incentive property taxes go into arrears, after December 31 of the tax year.

25. If the Vacant Commercial Building Incentive is cancelled by the City, any credit amounts previously granted shall be charged back to the property on the tax roll and shall be due and collectible upon written notice.

Schedule A

Vacant Commercial Building Incentive Eligible Expenses

Eligible Expenses	Examples
Permanent exterior works	▪ Lighting ▪ Roofing & Siding ▪ Doors & windows ▪ Accessibility ▪ Decks and fences ▪ Landscaping inclusive of trees and or paved surfaces ▪ Paved parking pads & driveways ▪ Paved walkway to the front of property
Interior works	▪ Flooring ▪ Paint ▪ Drywall ▪ Framing ▪ Light fixtures ▪ Accessibility ▪ Plumbing & fixtures ▪ Permanent or attached items necessary for business operations
Permanent electrical and mechanical systems and installation	▪ Electrical systems ▪ Plumbing systems ▪ HVAC systems
Structural works	▪ Construction of interior walls ▪ Construction of structural elements, including foundation

Schedule B

Vacant Commercial Building Incentive Ineligible Expenses

Ineligible Expenses	Examples
Administrative	▪ Legal fees ▪ Attorney Fees ▪ Loan fees ▪ Mortgage fees ▪ Property Acquisition Fees ▪ Building Permit Fees ▪ Development Permit Fees
Non-permanent items	▪ Removable items ▪ Equipment or Inventory ▪ Purchase of tools, equipment, or machinery ▪ Fridges, washing machines, dryers, AC units, microwaves, etc.
Property owner labour costs	▪ Any item which Applicant pays contractor in services or in merchandise ▪ Labour performed by applicant/property owner
Architectural and engineering services	▪ Feasibility studies ▪ Preparation of cost estimates ▪ Preparation of drawings ▪ Preparation of Tax Incentive Applications ▪ Structural analysis
Exterior work (Unrelated)	▪ Including outbuildings
Operating costs	▪ -
Routine maintenance	▪ -
Land costs	▪ Land purchase costs