

TAX INCENTIVES TO PROMOTE DOWNTOWN REVITALIZATION AND ECONOMIC DEVELOPMENT



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WHY DO WE NEED TAX INCENTIVES?

- ▶ **CBRM's downtowns are facing many challenges**
- ▶ **Developers renovating or enlarging old buildings face drastically increased assessments; this is a disincentive to invest in these structures**



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WHY DO WE NEED TAX INCENTIVES?

- ▶ **CBRM's business parks are experiencing little new development, despite the availability of vacant land and buildings**
- ▶ **There is a need to “kick start” development of new warehousing and manufacturing businesses in these parks**



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WHY FOCUS ON PROVIDING TAX INCENTIVES IN DOWNTOWN AREAS?

- ▶ **Many studies have shown that a strong downtown benefits an entire community, not just the downtown itself**



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WHY IS THE CBRM CONSIDERING TAX INCENTIVES NOW?

- ▶ **The Province of Nova Scotia recently changed legislation to allow municipalities to phase in tax increases for new development in urban areas**
- ▶ **Previously, municipalities were very limited in their ability to provide tax relief of any kind to commercial development**



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HOW WOULD THE TAX INCENTIVES WORK?

- ▶ **The phasing in of the tax increases must take place over a period of up to ten years and must result in a tax reduction of no more than 50% over that period. Staff is proposing in the issue paper presented to Council on July 10, 2018 that if CBRM decides to implement the proposed tax incentives that the phase-in period be limited to five years for smaller increase in assessment (less than \$100,000).**



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HOW WOULD THE TAX INCENTIVES WORK? An example:

An older commercial building in one of CBRM's downtown cores is assessed at \$100,000. The owner decides to undertake a major renovation and addition to the building. Once the work is completed, the assessment jumps to \$500,000. The property taxes owing on the difference between the original assessment and the new assessment (\$400,000) is eligible for the tax reduction for a period of up to ten years. The original \$100,000 portion of the assessment would continue to be taxed at the full rate. Once the phase-in period expired the owner would pay the full tax rate on the entire assessed value.



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WOULD RESIDENTIAL PROPERTIES BE ELIGIBLE FOR THE TAX INCENTIVE?

- ▶ **No, provincial legislation does not allow residential development to be included in the proposed tax incentive.**



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WHERE WOULD THE PROPOSED TAX INCENTIVE APPLY?

- ▶ **No decision has been made by Council on this, but it is proposed that the incentive apply:**
 - **In all of CBRM's traditional historic downtowns (Sydney, Glace Bay, North Sydney, New Waterford, Dominion, Sydney Mines, Whitney Pier, Louisbourg and Dominion); and**
 - **In three business parks (Sydport, Harbourside and Northside)**



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PUBLIC PARTICIPATION PROGRAM

- ▶ **In November 2017 Council directed staff to carry out a public participation program to get public input on the areas proposed to be eligible for the tax incentives:**
 - **Four public meetings were held which were attended by 30 persons; most were in favour but some boundary changes were suggested (areas were enlarged somewhat based on this input)**
 - **An on line survey took place in which 69 persons participated; more than three quarters of participants supported both the idea of tax incentives for new development and the areas recommended to be eligible for the incentives**



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WHEN WILL THE TAX INCENTIVE TAKE EFFECT?

- ▶ **In order to implement the tax incentives, Council adopted a bylaw outlining the specific details of how the incentives will work. The bylaw came into effect in December 2018.**



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THANK YOU



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