

## Consideration of a possible win/win for the Coulter Berry Development

A local government has the ability under the community charter, chapter 26 part 7 Municipal Revenue sections 225/226 to consider Permissive Tax Exemptions. These exemptions are often made to promote or encourage “green” building technology, encouraging environmental sustainability (water catchment, managing storm water) encouraging investment, conservation of heritage property, neighbourhood rejuvenation, facade improvements and many more. A guide to the implementation and explanation of these tax exemptions is found as follows: Revitalization Tax Exemptions “A Primer on the Provisions in the Community Charter.” Ministry of Community Services, January 2008, B.C. Provincial Government.

At the moment and for the foreseeable future, the Coulter Berry site is a bare lot. The municipal tax revenue is based on a fairly low value. If construction of a 2 storey development was to occur, the tax base would increase significantly. The permissive tax exemption could apply to this “increased tax value” only. This would be revenue not realizable if the lot was to stay bare and undeveloped.

Exemptions under Section 226 of the Municipal Charter are limited to a ten year time period, are applicable to municipal tax portions only and require a simple majority of council to approve.

Exemptions under section 225 of the Municipal Charter which is used for “eligible heritage property”, allow the tax exemption to apply both provincial and municipal property value taxes. There is no time limit on exemptions under section 225. Exemptions under 225 requires a 2/3 majority vote of council to approve.

These permissive tax exemptions ( for Heritage properties) are supported in the Local Government Act under Part 27 section 966. In fact in the Township of Langley Heritage Strategy April 2012, by Donald Luxton on page 30, Action 1.3, he recommends “ Investigate extending conservation incentives for heritage building owners, including permissive tax exemptions and extending tax incentives( see also goal 5.2)He also refers to other incentives and suggestions that are applicable to this situation. Goal 3.2, 3.4, 3.6(page 32) and goal 9.1 on page 42.

The Township of Langley document ,Council Policy #03-837 section 3.6 Heritage and 3.7 Revitalization Tax Agreements covers the concept also. As does support for it in the TOL document File # 1970-04 “Permissive Tax Exemption Guidelines 4.5 and 4.51.

This win/win strategy was reviewed by Donald Luxton and he suggested also looking at what has been done in Chilliwack as a good example of “economic revitalization” using the same legislation and permissive tax exemptions. Attached is a copy of the e-mail correspondence with Mr. Luxton.

**From:** Donald Luxton [donald@donaldluxton.com]

**Sent:** December-21-13 8:06 AM

**To:** Harold Whittell

**Subject:** Re: The win (2)

Harold - please feel free to share my email. The permissive tax exemptions are a tool that is available to the Township, if they chose to go that route.

On 2013-12-20, at 1:57 PM, Harold Whittell wrote:

Hello Donald,

Would I be able to share your e-mail with our group and the Langley Heritage Society? You are the most recognizable name in Heritage Strategy's and have credentials with many municipal Gov's. We would obviously like any support you could offer us, but I understand your position. Let me know re the share of your e-mail. I really appreciate your thoughts.

Regards Harold

**From:** Donald Luxton [<mailto:donald@donaldluxton.com>]

**Sent:** December-20-13 10:48 AM

**To:** Harold Whittell

**Subject:** Re: The win (2)

Thanks Harold - I am very sorry that this has been ugly and personal - that is inexcusable and must be very difficult for you.

I think your proposed approach is very supportable, and may be a way out of this.

You may also want to check out what Chilliwack has been doing through their use of permissive tax exemptions, which are not just for heritage revitalization, but rather for overall revitalization of the downtown core.

Section 226 of the Community Charter allows tax exemptions specifically for "revitalization" which could be applied to this site - you don't have to just see this as a "heritage revitalization".

I agree that this is an appropriate tool to offset any inequities and achieve conformance with the OCP and the Guidelines.

Let me know if you have any other questions, many thanks and best of luck with this.

On 2013-12-19, at 2:29 PM, Harold Whittell wrote:

Please keep this confidential for now until it is fine tuned. Thanks Harold  
<The win (2).docx>

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These tax exemptions combined with other grants and programs may well serve to help the underground parking become more economically viable with a two storey development. This concept would offer a win/win for the following reasons.

#1- the development is able to be restarted fairly quickly.

#2-the developer is afforded the opportunity to recoup the “potential” loss of having excavated the underground parking before a building permit was issued.

#3- the Heritage community is happy because the development would need to adhere to the OCP and the Building and Facade Design Guidelines, which is a prerequisite for an expedient implementation of the program. It would also be prudent that the Township reinforce the importance of the Guidelines by incorporating them in the Fort Langley Official Community Plan, under the most current method as has been done in the Murrayville OCP.

#4-Taxpayers should be happy because there is no significant cost to the Township, just revenue they would not have realized without a development being built. There is also the cost consideration of the appeal to the Judges recent decision, and the possibility of future legal costs if the appeal is unsuccessful, or even if it is successful. The costs incurred looking to implement changes to the OCP, Bylaws and the Guidelines and the possible challenge to these changes.

#5- The community benefits by the underground parking, the new vibrant business's to be housed, and most importantly it allows the residents and merchants in Fort Langley to come together in support of this project and mend some of the divide felt in the community.

This whole concept will require honest and willing participation by all interested parties. The hope would be that the developer would welcome a solution that offers economic viability and a timely restart to the project. The Township should welcome the opportunity to see the restart of the project and an end to litigation. The Heritage Community see's their years of hard work on the preservation of Fort Langley upheld, and the OCP and guidelines are still intact and there for guidance of future development.

It also allows some time for discussion for other issues that have arisen during the debate over the Coulter Berry Building. Much consideration has to be put into the ongoing parking issues in Fort Langley, the underground wiring, the continued struggle to balance economic viability with preservation and long term heritage sustainability.

There is still work to be done by the Township and the developer to fine tune this concept into reality. After all, they are the only parties that can truly move this forward. However it also offers the other interested parties the opportunity to come together and show their support for a compromised solution to what has been a very divisive issue in the community.

The Society of Fort Langley Residents for Sustainable Development would support a plan that allows a two storey development to proceed and still preserves the Heritage Conservation Area in Fort Langley.

We hope that the other interested parties will come forward and show their support for at least a discussion for a compromised solution.

One example of the theory and precedent of this concept is found in the Dynamic Downtowns Workbook Using Heritage to Build Strong, Vibrant Downtowns, produced by the Government of B.C., the Real Estate Foundation of B.C. and the Columbia Institute.

## *The Value of a Permissive Tax Exemption*

Kelowna's heritage train station is a good example of a positive return from a permissive tax exemption.

Here's the math (rounded \$s):

After the renovations & new construction, the total annual property tax is estimated at \$73,500

Tax exemption on \$73,500 for the next 10 years, as a present dollar value\* = \$642,000

The present value of the following 65 years of property tax = \$1.53 million

Net additional property taxes = \$888,000

And, if nothing had been done with the train station:

In 2010, the property had annual municipal taxes of \$14,800.

Total present value of property taxes for 75 years = \$437,000

\*Present value was calculated using a discount rate of 3.15%, the current rate municipal governments borrow money at. If the City is not collecting property tax for 10 years and has to borrow money to pay its bills, this is the cost of borrowing

This is just one example of many that shows the potential of using existing programs available to offer creative solutions to balance development needs with Heritage Conservation. Our hope is a creative solution is found to resolve the Coulter Berry situation.

Documents used for reference purposes and other municipalities programs in place supporting similar concepts.

Background Study of Heritage Preservation Incentive Programs by City of Calgary

A Generic Conservation Tool Kit for B.C. Local Governments by City of Richmond, the Real Estate Foundation, Birmingham & Wood Consultants and Young and Anderson

Dynamic Downtowns Workbook Using Heritage to Build Strong, Vibrant Downtowns by Real Estate Foundation B.C. Government, Columbia Institute and CS Planning Group.

Revitalization Tax Exemptions: A Primer on the Provisions in the Community Charter Ministry of Community Services January 2008 B.C. Government

Heritage Strategy Plan City of Port Moody July 2007 by Donald Luxton

Prince George Heritage Context Study June 21, 2010 B.C. Government Heritage Branch

City of Nanaimo Heritage Action Plan 1998 by Donald Luxton

Heritage Revitalization Tax Exemption "A new deal for Heritage Properties by City of Port Moody

Township of Langley Heritage Strategy 2012 by Donald Luxton

Community Charter Chapter 26 Part 7 – municipal revenue

Local Government Act Part 27 Heritage Conservation Section 966

Revitalization Tax Exemptions Bylaw 2004 Chilliwack B.C.

Steveston Village Heritage Conservation Toolkit