MARKET RENTAL BUILDING REVITALIZATION TAX EXEMPTION BYLAW NO. 23-102

This consolidation is a copy of a bylaw consolidated under the authority of section 139 of the *Community Charter*. (Consolidated on October 8, 2026 up to Bylaw No. 26-067)

This bylaw is printed under and by authority of the Corporate Administrator of the Corporation of the City of Victoria.

NO. 23-102

MARKET RENTAL BUILDING REVITALIZATION TAX EXEMPTION BYLAW

A BYLAW OF THE CITY OF VICTORIA

(Consolidated to include Bylaws No. 24-028, 26-067)

The purpose of this bylaw is to establish a revitalization tax exemption program to incentivize the revitalization and retention of existing market rental apartment buildings by encouraging projects that reduce greenhouse gas emissions and improve the seismic resilience of these buildings.

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Under its statutory powers, including section 226 of the *Community Charter*, the Council of the Corporation of the City of Victoria in an open meeting assembled enacts the following provisions:

Title

1 This bylaw may be cited as the “Market Rental Building Revitalization Tax Exemption Bylaw”.

Definitions

2 In this bylaw:

a. “BC Hydro Agreement” means an agreement between the owner and BC Hydro confirming the terms and conditions of the BC Hydro Program.

b. “BC Hydro Program” means a program funded and administered by the provincial government and BC Hydro or BC Hydro alone that offers capital incentives to fuel switch buildings from fossil fuels to electricity and improve building energy efficiency.

24-028 c. "certified energy manager” means a person who holds a certified energy manager certificate from the Association of Energy Engineers.

d. “Class B estimate” means a Class B estimate as defined in budget guidelines for engineering consulting services by Association of Professional Engineers and Geoscientists of BC (EGBC) or successor in function.

24-028 e. “Class D estimate” means a Class D estimate as defined in budget guidelines for engineering consulting services by Association of Professional Engineers and Geoscientists of BC (EGBC) or successor in function.

f. “deadline” means two years from the date the City confirms, in writing, acceptance of the owner’s application into the revitalization tax exemption program under this bylaw.

g. “eligible property” means land and improvements that meets the program eligibility requirements under section 5.

h. “Energy Star Portfolio Manager” means an online energy benchmarking tool administered by the federal government to measure and compare building energy and performance levels, or its successor in function.

i. “GHG Emissions Reduction Stream” means a revitalization tax exemption program to convert a rental building from gas-fired domestic hot water or space heating equipment or both to electric powered equipment and other complementary energy efficiency improvements.

j. "improvements” means the improvements as defined in the *Assessment Act*.

k. “owner” means the registered owner of eligible property.

l. “primary stream” means where an owner has applied to participate in both the GHG Emissions Reduction Stream and the Seismic Reduction Stream, the primary stream is the stream estimated to have higher total eligible costs.

m. “professional engineer” means a person who is registered with the Association of Professional Engineers and Geoscientists of BC under the *Professional Governance Act*.

n. “property taxes” means the municipal property value taxes imposed by the City under section 197(1)(a), *Community Charter*.

o. "rental building" means a multi-unit residential building where each dwelling unit is offered for rental tenure in accordance with the *Residential Tenancy Act* at fair market value rental rates and the majority of the dwelling units are occupied, and may include some commercial units provided they consume less than 50% of the total floor area.

p. "seismic assessment" means a seismic assessment of the rental building prepared by a professional engineer following Commentary L of the National Building Code, Structural Commentaries (User's Guide – NBC 2015: Part 4 of Division B), as amended or replaced from time to time.

q. "Seismic Upgrade Stream" means a revitalization tax exemption program to retrofit a rental building to meet higher seismic safety standards.

r. "tax exemption agreement" means an agreement substantially in the form at Schedule B.

s. "tax exemption certificate" means a certificate substantially in the form at Schedule C.

t. "tenant assistance plan" means a plan in a form prescribed by the City's Tenant Assistance Policy.

u. "Tenant Assistance Policy" means the City's Tenant Assistance Policy published by the City and approved by City council, except for the purposes of this bylaw, with respect to right of first refusal sections of the policy, returning tenants should be offered rents equivalent to the rents they were paying prior to the rental building improvements.

v. "total eligible costs" means the costs to undertake the revitalization work under the GHG Emissions Reduction Stream or Seismic Upgrade Stream, less any funding or incentives provided by other levels of government or agencies, as approved by the Director of Sustainable Planning & Community Development on the basis of documentation submitted by the owner under this bylaw.

Objectives

3 A revitalization tax exemption program is established under this bylaw in order to:

a. encourage the revitalization and retention of existing rental building housing stock within the City;

b. increase the seismic resiliency of existing rental buildings; and

c. reduce greenhouse gas emissions from existing rental buildings.

4 The revitalization tax exemption program is intended to accomplish the objectives in section 3 by:

a. offsetting the cost of seismic upgrades to encourage rental building owners to facilitate these upgrades and retain the rental building; and

b. offsetting the cost to rental building owners to convert these rental buildings from gas-fired domestic hot water or space heating equipment or both to electric powered equipment and secondarily, to offset the costs of improving the energy efficiency of rental buildings.

Program Eligibility

5 To be eligible for a revitalization tax exemption under this bylaw, the:

a. land must be located within the City of Victoria on which a building meeting the criteria in subsection (b) is situated and operates;

b. principal building on the land must be a rental building that:

26-067 i. is three storeys or more in height,

ii. contains a minimum of ten dwelling units,

iii. uses natural gas for domestic hot water or space heating or both,

iv. was built prior to January 1, 2000, and

v. does not have an active building permit or development permit for revitalization work contemplated under this bylaw; and

c. land and improvements shall have no overdue property taxes or fees, charges, fines or other amounts owing to the City.

26-067 **6** A maximum of five rental buildings can receive a revitalization tax exemption under this bylaw, of which, on a first-come, first-serve basis:

26-067 a. a maximum of five rental buildings can participate in the GHG Emissions Reduction Stream as the sole or primary stream, and

b. a maximum of two rental buildings can participate in the Seismic Upgrade Stream as the sole or primary stream.

Tax Exemption

7 Subject to sections 8 to 10, an owner issued a tax exemption certificate under this bylaw may be exempted from property taxes during each year of the term in accordance with the formula in Schedule A.

8 The revitalization tax exemption shall not exceed the total eligible costs incurred by the owner.

9 If the revitalization work only improves the systems serving the residential portion of a rental building that includes commercial units, then the tax exemption shall be calculated to exclude the assessed value of the commercial units and proportional assessed value of the land.

10 No tax exemption is available if revitalization work is only completed to benefit non-residential portions of a rental building.

Term

11 The maximum term of a revitalization tax exemption under this bylaw is 10 years.

Application

12 An owner may apply for the GHG Emissions Reduction Stream or Seismic Upgrade Stream or both in accordance with section 13.

13 If an owner wishes to receive a revitalization tax exemption under this bylaw, the owner must apply to the City in writing and submit the following:

a. accessibility impact statement identifying any impacts of construction upgrades on rental building residents with disabilities and how the owner will mitigate these impacts;

b. a tenant assistance plan, if tenant displacement will or may occur as a result of the work being completed,

c. the following additional documents for each stream the owner wishes to participate in:

A. GHG Emissions Reduction Stream

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i. completion of subsection 1. or 2. and subsection ii:

1. completed application documents for a BC Hydro Program and a BC Hydro Agreement, or

2. a Class D estimate and an energy or feasibility study by a professional engineer or certified energy manager outlining estimated energy and GHG savings resulting from rental building retrofits to at least one major mechanical system (space heating, domestic hot water or ventilation/makeup air); and

ii. electrical capacity assessment prepared by an electrical professional engineer that estimates the electrical requirements for full electrification of the rental building including hot water, space heating and electric vehicle charging stations for each parking stall.

B. Seismic Upgrade Stream

i. a seismic assessment, and

ii. a Class B estimate of the cost to upgrade the rental building to standards specified in the seismic assessment.

Revitalization Work

14 If an owner's application under section 13 is accepted, then the owner must complete the following requirements prior to the issuance of a tax exemption certificate:

A. GHG Emissions Reduction Stream

i. the rental building GHG emissions reduction work must be completed by the deadline, and

24-028 ii. the owner must submit to the City, by the deadline:

a. where the owner has participated in a BC Hydro Program, documentation from the BC Hydro Program verifying the work is complete,

b. a report in a form satisfactory to the Director of Sustainable Planning and Community Development and verified by a professional engineer or certified energy manager detailing the actual capital costs of the upgrade, accounting for any incentives provided by other levels of government or government agencies or corporations, mechanical equipment replacement (what was replaced, how many units, etc.) and estimated GHG emissions reductions,

c. in the event of tenant displacement, evidence of compliance with section 13(b) and a final tenant assistance report in accordance with the Tenant Assistance Policy and,

d. proof of registration of the rental building with Energy Star Portfolio Manager, with the City set with read-only access to provide ongoing energy and emissions reporting beginning from 12 months prior to the effective date of the tax exemption agreement and maintained for the full duration of the tax exemption.

B. Seismic Upgrade Stream

i. the rental building seismic upgrade work must be completed within two years by the deadline,

ii. the owner must submit to the City, by the deadline:

24-028

a. a letter from a structural professional engineer certifying that the work is complete in accordance with the seismic assessment and outlining the total actual costs of the work and,

b. in the event of tenant displacement, evidence of compliance with section 13(b) and a final tenant assistance report in accordance with the Tenant Assistance Policy.

Tax Exemption Certificate

15 A tax exemption certificate must be issued once the following requirements are met:

a. the owner has completed the requirements in section 14 to the satisfaction of the Director of Sustainable Planning & Community Development; and

b. the owner and the City have executed a tax exemption agreement.

16 A tax exemption certificate is subject to the conditions specified in Schedule C.

Recapture Amount

17 If the tax exemption certificate is cancelled, then a recapture amount must be paid by the owner as specified in the tax exemption certificate.

Delegation and Designated Municipal Officer

18 The Director of Sustainable Planning & Community Development is delegated with authority to enter into and execute the tax exemption agreement.

19 The person who holds the financial officer position pursuant to section 149 of the *Community Charter* is delegated with authority to issue the tax exemption certificate and is the designated municipal officer under section 226(13) of the *Community Charter*.

20 If a person to whom a power, duty, or function has been delegated under this bylaw is absent or unable to act, their deputy or assistant director may exercise that power, duty, or function.

Commencement

21 This bylaw comes into force on adoption.

READ A FIRST TIME the	**7th**	day of	**December**	2023
READ A SECOND TIME the	**7th**	day of	**December**	2023
READ A THIRD TIME the	**7th**	day of	**December**	2023
ADOPTED on the	**14th**	day of	**December**	2023

"CURT KINGSLEY"
CITY CLERK

"MARIANNE ALTO"
MAYOR

SCHEDULE A

Tax Exemption Formula

The exemption will be calculated using the total eligible costs, the mil rate, and the eligible assessed land and improvements values in the year the tax exemption certificate is issued, as per the following formula:

Step 1: Determine the exemption term by calculating the number of years it would take to pay off the total eligible costs through an annual tax exemption:

total eligible costs = A

mil rate = B

eligible assessed land and improvements value = C

Exemption Term = A / ((B / 1000) * C)

a. If the final number in step 1 is 10 or more, the exemption term = 10 years.

b. If the final number in step 1 is less than 10, the final number is the exemption term.

Step 2: Calculate the total exemption in each year of the exemption term.

a. If the exemption term is 10 years, the tax exemption is 100% in each year of the term.

b. If the exemption term is less than 10 years, each whole number of the exemption term is the number of years that a 100% exemption is applied. Any remaining fraction rounded to two decimal places, is applied as a percent exemption in the final year. For example, if the exemption term result from step 1 is 4.73 years, the owner will receive a 100% exemption for years one to four of the term and a 73% exemption in year 5 of the term.

SCHEDULE B

REVITALIZATION TAX EXEMPTION AGREEMENT

BETWEEN:

THE CORPORATION OF THE CITY OF VICTORIA
1 Centennial Square
Victoria, BC, V8W 1P6

(the "**City**")

AND:

[Name and Address of Owner of Land]

(the "**Owner")**

WHEREAS

A. The City has, through the Market Rental Building Revitalization Tax Exemption Bylaw, established a revitalization tax exemption program for the objectives described in the Market Rental Building Revitalization Tax Exemption Bylaw;

B. The Owner is the registered and beneficial owner of the Lands and a rental building situated on the Land, and has applied for a revitalization tax exemption under the Market Rental Building Tax Exemption Bylaw; and

C. Pursuant to section 226 of the *Community Charter*, a revitalization tax exemption agreement must apply to the property in order for a revitalization tax exemption to be granted.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein and the payment by the Owner to the City of Victoria consideration in the amount of Ten Dollars ($10.00), the receipt and sufficiency of which are acknowledged by the City, the City and Owner covenant and agree with each other as follows:

DEFINED TERMS

1. In this Agreement,

    a) "Improvements" means the improvements as defined in the *Assessment Act*;

b) "Lands" means:

Civic address: [*]
PID: [*]
Legal description: [*]

c) "Owner" means the registered and beneficial owner of the Lands;

d) "Rental Building" means the residential rental building on the Lands that has been accepted into the [*GHG Emissions Reduction Stream or Seismic Upgrade Stream or list both if applicable and specify which is the primary stream*];

e) "tax exemption certificate" has the same meaning as under the Market Rental Building Tax Exemption Bylaw.

TERM

2. This Agreement commences on the day of its execution by the City and shall terminate on the day that is _____ years after the day on which a tax exemption certificate is issued.

APPLICABLE LAND AND IMPROVEMENTS

3. For certainty, the tax exemption applies only in respect of [**specify exemption below*]:

Year ___: ____% of the Improvements and ___% of the Lands
Year ___: ____% of the Improvements and ___% of the Lands

OWNER'S COVENANTS

4. The Owner covenants with the City that it will:

(a) comply with all laws and regulations governing the alterations and operation of the Rental Building; and

(b) comply promptly, at its own expense, with the legal requirements of all authorities in respect to alterations and operation of the Rental Building.

PUBLICATION

5. The Owner agrees that the City may use the Rental Building as a public case study and may include information related to the Rental Building and the revitalization tax exemption program (including total revitalization costs and tax exemption, building performance data, and data from the Energy Star Portfolio Manager) in publications and documents.

6. The Owner agrees to recognize the City's role as a financial contributor to the Rental Building revitalization upgrades at any public events during the term of the tax exemption certificate.

7. The City will provide protocol guidelines for public events and visual guidelines for publications and documents related to the City's financial contribution to the Rental Building.

INDEMNITY AND RELEASE

8. The Owner shall indemnify and save harmless the City and each of its elected and appointed officials, officers, employees, agents and contractors, from any and all claims, causes of action, suits, demands, fines, penalties, costs or expenses or legal fees whatsoever which anyone has or may have, whether as owner, occupier or user of the Lands, or by a person who has an interest in or comes onto the Lands, or otherwise, which the City incurs as a result of any loss or damage or injury, including economic loss, arising out of or connected with:

    (a) the breach of any covenant in this Agreement;

    (b) the use of the Lands contemplated under this Agreement; and

    (c) restrictions or requirements under this Agreement.

9. The Owner hereby releases and forever discharges the City and each of its elected and appointed officials, officers, employees, agents and contractors, of and from any claims, causes of action, suits, demands, fines, penalties, costs or expenses or legal fees whatsoever which the Owner can or may have against the City for any loss or damage or injury, including economic loss, that the Owner may sustain or suffer arising out of or connected with:

    (a) the breach of any covenant in this Agreement;

    (b) the use of the Lands contemplated under this Agreement; and

    (c) restrictions or requirements under this Agreement.

CITY'S RIGHTS

10. Nothing contained or implied herein will derogate from the obligations of the Owner under any other agreement with the City or prejudice or affect the City's rights, powers, duties or obligations in the exercise of its functions under any enactment and the rights, powers, duties and obligations of the City under all public and private statutes, by-laws, orders and regulations, which may be as fully and effectively exercised in relation to the Lands as if this Agreement had not been executed and delivered by the Owner and the City.

11. Where the City is required or permitted by this Agreement to form an opinion, exercise a discretion, express satisfaction, make a determination or give its consent, the Owner agrees that the City is under no public law duty of fairness or natural justice in that regard and agrees that the City may do any of those things in the same manner as if it were a private party and not a public body.

MISCELLANEOUS COVENANTS

12. **Representations**. It is mutually understood, acknowledged and agreed by the parties hereto that the City has made no representations, covenants, warranties, guarantees, promises or agreements (oral or otherwise) with the Owner other than those contained in this Agreement.

13. **Time**. Time is of the essence of this Agreement.

14. **Agreement**. This Agreement constitutes the entire agreement between the City and the Owner with regards to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the City, with the Owner.

15. **Notices.** Any notice required to be given under this Agreement shall be deemed to be sufficiently given:

    (a) if delivered, at the time of delivery, and

    (b) if mailed from any government post office in the Province of British Columbia by prepaid, registered mail addressed as follows:

    if to the City:

    1 Centennial Square
    Victoria, BC, V8W 1P6

    if to the Owner:

    <*>

    or at the address a party may from time to time designate, then the notice shall be deemed to have been received 72 hours after the time and date of mailing. If, at the time of the mailing of the notice, the delivery of mail in the Province of British Columbia has been interrupted in whole or in part by reason of a strike, slow-down, lock-out or other labour dispute, then the notice may only be given by actual delivery of it;

16. **Binding Effect**. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors, including future mayors and council members, administrators and permitted assignees.

17. **Amendment**. The parties hereto may by agreement amend the terms of this Agreement, such amendment to be evidenced in writing and executed by both parties.

18. **Applicable Law.** This Agreement shall be construed in accordance with and governed by the laws applicable in the Province of British Columbia.

19. **Owner Warrants.** The Owner warrants that:

    (a) all necessary corporate actions and proceedings have been taken by the Owner to authorize its entry into and performance of this Agreement;

    (b) upon execution and delivery on behalf of the Owner, this Agreement constitutes a valid and binding contractual obligation of the Owner;

    (c) neither the execution and delivery, nor the performance of this Agreement shall breach any other Agreement or obligation, or cause the Owner to be in default of any other Agreement or obligation respecting the Lands; and

    (d) the Owner has the corporate capacity and authority to enter into and perform this Agreement;

20. **Interpretation.**

    (a) when the singular or neuter are used in this Agreement, they include the plural or the feminine or the masculine or the body politic or corporate where the context or the parties require;

    (b) all provisions of this Agreement are to be construed as covenants and agreements as though the words importing covenants and agreements were used in each separate paragraph; and

    (c) that the headings to the clauses in this Agreement have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Agreement or provision of it.

IN WITNESS WHEREOF the parties have executed this Agreement

THE CORPORATION OF CITY OF VICTORIA by its authorized signatory:

_____
Director of Sustainable Planning &
Community Development

Date signed:_____

OWNER by its authorized signatory:

Signature:_____

Print name: _____

Date signed: _____

SCHEDULE C

TAX EXEMPTION CERTIFICATE

Date of Issuance: _____ **Certificate Number**: _____

Term Length: _____ **Date of Expiry**: _____

Civic Address:
PID:
Legal description:

Property Roll Number:

Amount of Exemption: The land and improvements at the property specified above are exempt from property taxes in each year of the term as follows:

Defined Terms

Unless otherwise noted, all terms used in this certificate have the same meaning as per the Market Rental Building Revitalization Bylaw.

Conditions

This certificate is subject to the following conditions:

Seismic Upgrade Stream

1. the rental building remains in existence and operation on the eligible land for the term of the tax exemption; and

2. the owner continually meets all other terms and conditions of the Market Rental Building Revitalization Bylaw, the tax exemption agreement and this tax exemption certificate.

GHG Emissions Reduction Stream

3. conditions #1 and 2;

4. all mechanical equipment installed must continue to operate as intended pursuant to the BC Hydro Program final report for the full duration of the tax exemption; and

5. the owner maintains registration with the Energy Star Portfolio Manager for the rental building receiving the tax exemption and provides the City “read-only” access to the rental building data for the duration of the tax exemption term.

Cancellation

This certificate may be cancelled by the council of the City of Victoria:

(a) on the request of the owner; or

(b) if any of the conditions specified in this certificate are not met.

Recapture Amount

6. If this certificate is cancelled by City council on request of the owner or if any condition is not met, a recapture amount is payable calculated as equal to a percentage of the amount of the exemption with the percentage derived from the period of the taxation year remaining from the date of cancellation.

Transferability

This certificate is transferable upon the sale of the land and improvements.

Effective Date

This certificate does not apply to taxation in a calendar year unless it is issued on or before October 31 of the preceding year.

Issued by: _____