

**The market due diligence
report for downtown
Prince George is in here.**

**DOWNTOWN PRINCE GEORGE
MARKETING IMPLEMENTATION PLAN:
FIRST-STAGE INVESTOR DUE
DILIGENCE REPORT**

PREPARED FOR:
CITY CENTRE VENTURES

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1.0 INTRODUCTION

This report provides a market-based assessment of the investment opportunities available in the downtown core area of the City of Prince George by providing prospective investors with local market information at the level of a first-stage due diligence report.

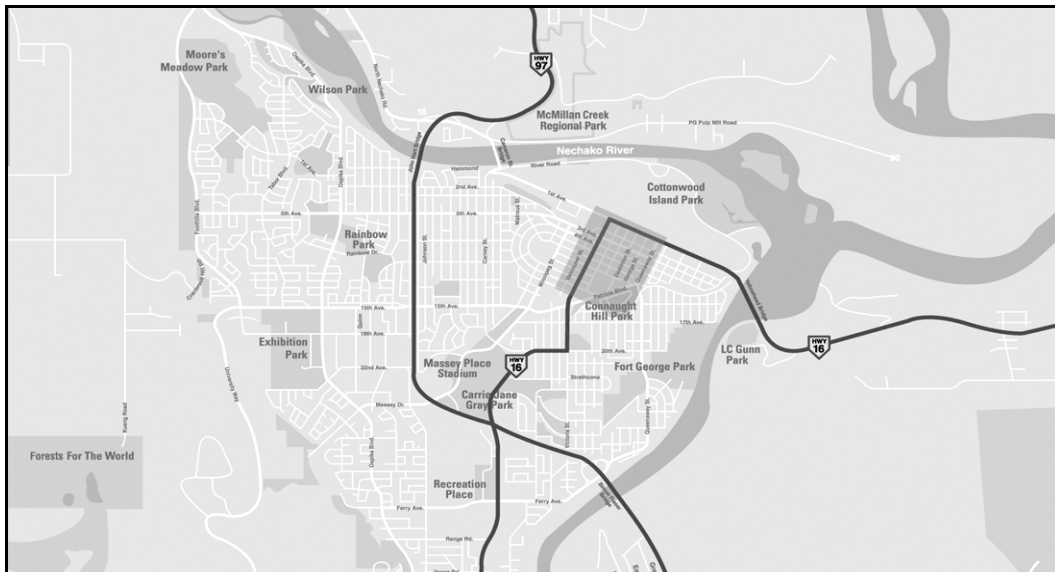
Overall, this document provides a focused and frank overview of several investment opportunity areas suitable for downtown Prince George. It also offers an overview of policy initiatives that provide financial and regulatory incentives for new investment that work to improve the feasibility of downtown development.

This document is part of broader Downtown Marketing Implementation Plan for Prince George that was created with the goal encouraging private investment in downtown Prince George through the promotion of market development opportunities that aid in the revitalization of downtown Prince George while also providing positive returns for private investors.

2.0 LOCAL CONTEXT

Prince George is located at the crossroads of Highway 97 (north-south) and Highway 16 (east-west), and the juncture of the Fraser and Nechako Rivers in northern British Columbia. A growing city of over 77,000 people, Prince George is BC's 14th largest municipality and seventh largest metropolitan area (based on census agglomeration or census metropolitan area population).

MAP 1: CITY OF PRINCE GEORGE

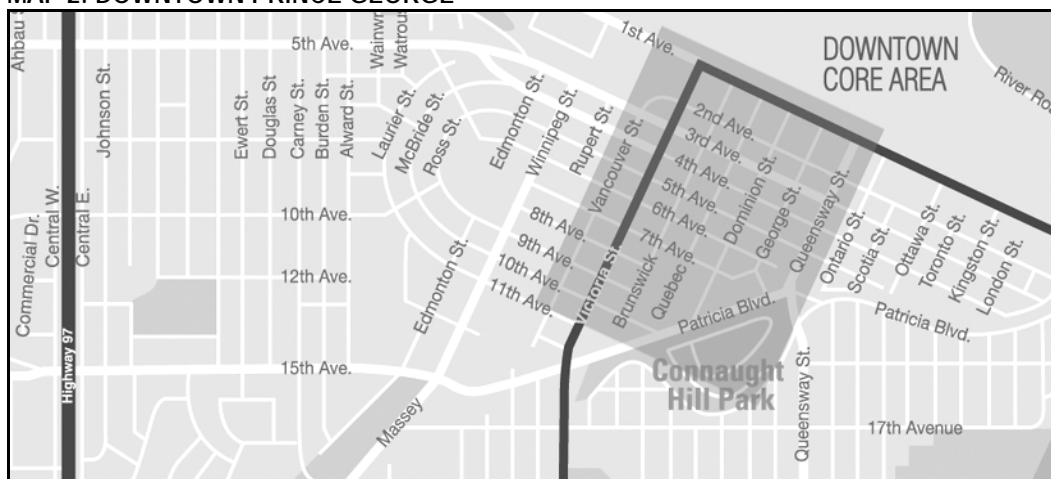


SOURCE: PRINCE GEORGE TOURISM AND HARRIS CONSULTING INC.



Traditionally, the forest industry has driven the local economy, with forestry, plywood manufacturing, 12 sawmills and three pulp mills as major employers and customers. However, recent diversification of the local economy has seen an increase in secondary manufacturing, oil and gas servicing, and tourism, as well as an increase in education and business services. Prince George is also a staging centre for mining and prospecting, and a major regional transportation, trade, and government hub.

MAP 2: DOWNTOWN PRINCE GEORGE



SOURCE: TOURISM PRINCE GEORGE AND HARRIS CONSULTING INC.

Centrally located within the city, downtown Prince George acts as the city's primary office and civic centre, as well as maintaining a number of retail and service uses. The downtown core area is defined formally by the boundaries of the C1 Zone area (see Map 1 in Appendix B), but is generally bounded by First Avenue to the North, Ninth Avenue and Patricia Boulevard to the south, Vancouver Street to the west, and Queensway to the east.

3.0 DOWNTOWN PRINCE GEORGE DEVELOPMENT OPPORTUNITIES ASSESSMENT

Like many resource communities in the BC Interior, economic expansion in Prince George is largely determined by external factors beyond community control. For this reason the city has seen a number of waves of growth and decline over the past several decades. Recently, one such downturn in the local economy, which drove significant declines in population and investment during the early part of this decade, has been replaced by signs of growth and renewal, providing a significant opportunity for local investment and redevelopment.



The following section will provide some observations related to the potential scale of market-related opportunities within the Prince George area for residential, retail/service, and office market development opportunities. While analysis of this type is unable to determine the exact share of total market potential that is likely to accrue to particular sub-areas (such as the downtown core), it does provide some insight into whether or not a particular type of activity is feasible within the wider Prince George market, helping to narrow future redevelopment opportunities to those uses that can reasonably be expected to have some potential within the local market.

3.1 Economic and Demographic Outlook

As the major retail and service centre for northern British Columbia, the prospects for downtown Prince George are closely related to the health of the economy and the rate of population growth in both the city and the surrounding area. Population growth ensures that there are enough consumers to support continued expansion in the retail and services sectors, while the state of the economy affects the amount of disposable income and consumer confidence. The economy also strongly influences population growth, either by attracting new residents for business or employment when the economy is strong, or causing current residents to pursue employment or business opportunities elsewhere when the economy is weak.

Due to a slow-down in the local economy, the City of Prince George saw its population decline from approximately 78,000 residents in 1996 to approximately 75,500 in 2001. However since 2001, the economy and the local population have begun to grow once again. Estimates for the city's population at the end of 2005 were 77,148.

| PRINCE GEORGE POPULATION GROWTH | | | |
|---------------------------------|--------|---------------|--------|
| 1996 | 2001 | 2005 | 2015 |
| 78,156 | 75,568 | 77,148 (Est.) | 88,334 |

SOURCE: BC STATS

Recent population estimates for Prince George have shown strong growth, averaging approximately 1.6% per year for 2003 and 2004 (2005 estimates showed a slight decline, although given the strength of other indicators, we feel this is a statistical anomaly). Looking to the future, continued moderate growth is projected by BC Stats, averaging about 1% per year through 2015, which results in a projected population of approximately 88,000 for the city. The rate of growth is expected by BC Stats to gradually decline over the coming decades to nearly negligible growth by 2031. However, a key question in assessing the Prince George market in the future is whether the BC Stats projections are supported by the growth prospects of the region's major industries.



The analysis that follows is based on the Prince George Census Agglomeration (CA), which is essentially equivalent to the labour market encompassing Prince George and the surrounding electoral areas. The BC Stats population estimate for this area in 2004 was just over 91,000. This analysis considers Prince George's main economic base industries (these are the industries that pull external money into the community and therefore support the rest of the economy). In 2001, there were 2.1 residents of the Prince George CA for each job, a ratio that is expected to remain constant over time.

The only available employment data published annually is for the Cariboo Development Region (of which Prince George accounts for about half of all employment). From 2001 to 2004, there was a combined increase of 2,000 jobs in resource industries (forestry and mining) and manufacturing (most of which is resource-related). Based on its share of Cariboo employment in these industries in the 2001 Census, half of this total is allocated to Prince George, yielding an estimated employment increase of 1,000 resource industry jobs.

| PAST EMPLOYMENT-RELATED POPULATION GROWTH: 2001 – 2004 | | | | |
|---|---|------------------------------|---|---------------------------------------|
| Economic Base Sector | Prince George Census Agglomeration | | | |
| | Estimated Employment Increase, 2001-2004 | Employment Multiplier | Total Employment Increase with Multiplier Effects, 2001-2004 | Total New Population Supported |
| Forest/Resource Industries (Incl. Manufacturing) | 1,000 | 1.85 | 1,850 | 3,885 |
| Transportation and Warehousing | 700 | 1.2 | 840 | 1,765 |
| Tourism (Incl. Accommodation/Food/ Recreation) | 600 | 1.25 | 750 | 1,575 |
| Construction | 300 | 1.55 | 465 | 975 |
| Public Sector (Incl. Education and Health) | -1,200 | 1.4 | -1,680 | -3,530 |
| TOTAL | 1,400 | - - - | 2,225 | 4,670 |

SOURCE: STATISTICS CANADA AND VANN STRUTH CONSULTING INC.

Similar analysis of other economic base sectors is shown in the following table. This analysis utilizes an employment multiplier (from the BC Stats Economic Dependencies report for 2001) for each economic base sector, and then calculates the total employment change after applying the multiplier. This is then applied to a ratio of 2.1 residents per job to show an estimated total of nearly 4,700 additional residents that are supported by these employment increases. This is consistent with the actual change in population in the Prince George labour market over this time period.



Based on the estimated growth in Prince George's key sectors from 2001 to 2004, as well as other prevailing trends in each sector, the following are the estimated annual employment increases in each sector for the 2005 to 2015 period.

| PROJECTED EMPLOYMENT-RELATED POPULATION GROWTH: 2005 – 2015 | | | |
|---|----------------------------|--|---------------------------|
| Economic Sector | Annual Employment Increase | Rationale | Total Employment Increase |
| Forest/Resource Industries (Incl. Manufacturing) | 200 | Moderate increase in forest industry as harvesting of beetle timber continues. Potential for significant growth in mining employment | 370 |
| Transportation and Warehousing | 100 | Continued moderate growth, partly in response to major port and industrial developments in Prince Rupert and Kitimat. | 120 |
| Tourism (Incl. Accommodation/Food/ Recreation) | 100 | Continued moderate increases, building on casino, Rocky Mountaineer, etc. | 125 |
| Construction | 0 | No further increase expected after significant increase in recent years. Some shift from residential to major project construction (e.g. Simon Fraser Bridge). | 0 |
| Public Sector (Incl. Education and Health) | 50 | Moderate recovery in public sector services and potential for further growth in education. | 70 |
| TOTAL | 450 | | 685 |

SOURCE: STATISTICS CANADA AND VANN STRUTH CONSULTING INC.

With an estimated increase in employment of 685 jobs per year from 2005 to 2015, and 2.1 residents supported per job, an estimated population increase of more than 1,400 residents per year can be supported by the current economic prospects in the Prince George area. This suggests that new job creation, and therefore population growth, could be higher than the 88,000 residents anticipated by BC Stats by 2015. This implies that future growth in the Prince George area may be stronger than previously predicted indicating positive prospects for residential, retail and service and associated commercial development given these types of activities tend to be driven by increasing population.

Overall, positive growth forecasts for Prince George and the surrounding region, whatever their magnitude, will create a positive environment for downtown revitalization. Increasing population drives increased retail and residential development. Going forward, it will become increasingly important for the future of downtown Prince George, to encourage this retail and residential investment to locate within the downtown core. Without a clear strategy aimed at redirecting this growth, downtown Prince George can be expected to continue to decline.



3.2 Residential Development Context

Due to declining population between 1996 and 2001, the City of Prince George saw a sustained period low housing absorption, declining levels of new housing development and decreasing housing prices. However the recent turnaround in the local market has fuelled an increase in the housing development in the community.

The total value of building permits in the city has increased from approximately \$48 million in 2000 to more than \$100 million in 2005, with much of this growth attributable to strong growth in the local housing market. Since 2000 Prince George has seen housing starts in the community triple from just over 100 units to more than 300 units by the end 2005.

| PRINCE GEORGE HOUSING STARTS: 2000 - 2005 | | |
|---|---------------|--------------|
| Year | Single-Family | Multi-Family |
| 2005 | 273 | 31 |
| 2004 | 195 | 16 |
| 2003 | 103 | 9 |
| 2002 | 100 | 2 |
| 2001 | 58 | 0 |
| 2000 | 85 | 20 |

SOURCE: CANADA MORTGAGE AND HOUSING

Going forward, it is expected that Prince George will require an additional 4,070 new housing units by 2015. This is based on an anticipated 11,186 new residents over the next ten years accommodating themselves in households of similar size to the current city average of 2.75 people per household. This suggests average demand for approximately 400 housing units per year.

| PRINCE GEORGE AVERAGE HOUSING PRICES | | | | | | |
|--------------------------------------|---------------|----------|-----------|----------|-----------|----------|
| Year | Single-Family | % Change | Townhouse | % Change | Apartment | % Change |
| 2005 | \$147,821 | 8.9% | \$122,500 | 11.6% | \$99,000 | 11.2% |
| 2004 | \$135,685 | 17.6% | \$109,800 | 10.9% | \$89,000 | 14.8% |
| 2003 | \$115,425 | 1.6% | \$99,000 | 11.2% | \$77,500 | 3.3% |
| 2002 | \$113,560 | 14.7% | \$89,000 | 34.8% | \$75,000 | 7.1% |
| 2001 | \$99,000 | --- | \$66,000 | --- | \$70,000 | --- |

SOURCE: ROYAL LEPAGE LTD.

Increased demand for housing driven by population growth and increasing wages has also fuelled strong increases in average housing prices. The average price of a single-family home in Prince George grew by 49% over the past five years, increasing from \$99,000 in 2001 to more than \$147,800 at the end of 2005. Increases in average prices for townhouse and apartment units also



saw very strong growth, increasing by 85% and 40% respectively. In 2005 average prices for townhouse units averaged \$122,500 and apartment units averaged \$99,000.

This increase in housing demand in Prince George, especially for smaller, multi-family units, may represent an opportunity for residential development in downtown Prince George. However, in order to make downtown a viable residential area attractive enough to draw housing demand from the outlying areas the downtown core will need to provide those amenities that are sought after by those demographic groups most often associated with downtown living (i.e. young singles, students, and retirees). These types of amenities often include entertainment uses such as theatres, cinemas, sporting venues, concert venues, restaurants, cafes, and nightclubs, as well as attractive public spaces, and cultural venues (art galleries, museums, libraries etc.). Overall, residential development will need to occur in tandem with the development and provision of these types of amenities in order to make the downtown core area an attractive and desirable residential neighbourhood.

3.3 Retail / Service Commercial Development Context

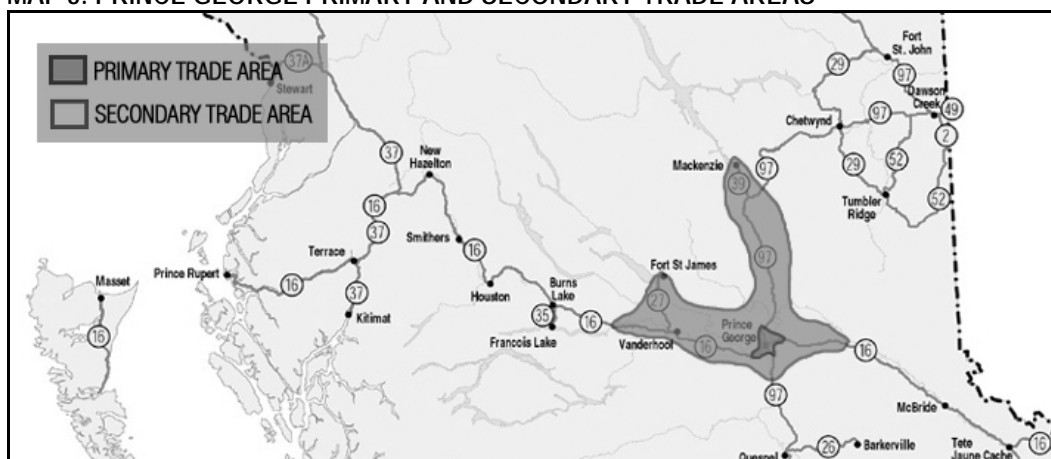
While the City of Prince George has a current population of approximately 78,000, it regularly draws visitors and shoppers from outlying communities such as Hixon, Fraser Lake, Mackenzie and Valemount, as well as surrounding unincorporated areas. This suggests a total primary and secondary trade area population of 128,000, which, according to BC Stats grew at an estimated 2% between 2001 and 2005, as 2,700 new residents made the Prince George trade area their home. Future growth is expected to be steady, averaging approximately 1% per year to 2015. This will see an additional 13,350 residents in the trading area over the next 10 years. The City of Prince George will see the majority of this new growth, adding an additional 11,186 new residents by 2015.

Currently, the residents of Prince George tend to be quite different than the average British Columbian. With a significantly higher proportion of children and young adults and a smaller percentage of those over the age of 65 than the provincial average, Prince George tends to be a city of young families. The city also exhibits significantly higher average incomes than the provincial average due to the city's sizeable manufacturing sector. Average household incomes in Prince George are 10% higher than the BC average (\$60,578 compared to \$54,840).

When coupled with Prince George's low relative cost of living these high household incomes and higher number of households with children translate into significantly higher average retail spending levels than most other BC communities. Average retail spending by capita in Prince George is estimated to be approximately \$12,500 compared to the BC average of just over \$11,000.



MAP 3: PRINCE GEORGE PRIMARY AND SECONDARY TRADE AREAS



SOURCE: BC MINISTRY OF TRANSPORTATION AND HARRIS CONSULTING INC.

This high disposable income and retail spending capacity drives demand for a significant amount of retail floor space within the Prince George area. Currently the City of Prince George has retail inventory of approximately 3.8 million sq. ft. with approximately one-quarter of this total residing within the downtown core area.

Recent retail projects have included the 1994 redevelopment of the Parkwood Place Shopping Centre (which is located adjacent to the downtown) into a 367,000 sq. ft. external centre anchored by The Bay, as well as Staples, Save on Foods, and a London Drugs clustered around a central surface parking lot and the redevelopment of the 76,500 sq. ft. College Heights Plaza (located near at the intersection of Domano Boulevard and Highway 16) which is anchored by a new Save on Foods (38,200 sq. ft.).

The most significant recent development has been the First Pro Centre (542,650 square feet), home to Wal-Mart, Canadian Tire (one of Canada's largest), and Home Depot. There are 14 smaller retail units currently in this facility, including restaurants and financial service providers. There is the capacity for an additional 11 retail units, and site preparation appears to be underway for some of these. This area is also home to another retail centre along Highway 16 consisting of a Costco (130,000 square feet), and a Real Canadian Superstore (102,000 square feet).

Much of the retail developed in Prince George in the recent past was constructed during the early-to mid-1990s when the city's population has seen steady growth, with little additional floor space being developed between 1998 and 2002. Since then however, a growing population and resurgence in the local economy have driven new retail development in Prince George, the most



significant of which is the 542,000 sq. ft. First Pro Centre (completed in 2003), but also includes more than 370,000 sq. ft. of proposed development on sites such as the Pine Valley Driving Range, Recreation Place, and Westgate Centre set to enter the market in the next few years.

| EXISTING RETAIL SUPPLY | SIZE |
|--|--------------------------|
| Downtown Prince George | 954,900 Sq. Ft. |
| Pine Centre Mall | 460,800 Sq. Ft. |
| Hart Centre | 123,000 Sq. Ft. |
| Spruceland Mall | 141,340 Sq. Ft. |
| Parkwood Place Shopping Centre | 367,000 Sq. Ft. |
| College Heights Plaza | 75,600 Sq. Ft. |
| Highway 16 Retail Centre | 232,000 Sq. Ft. |
| First Pro Centre | 542,650 Sq. Ft. |
| Misc. Other Retail | 500,000 Sq. Ft. (Est.) |
| Future Development (Includes the Pine Valley DR, Recreation Place and Westgate Centre) | 373,300 Sq. Ft. |
| TOTAL | 3,770,590 Sq. Ft. |

SOURCE: CITY OF PRINCE GEORGE AND HARRIS CONSULTING INC.

Despite this recently completed and proposed development, a retail market analysis summarized below, carried out as part of the background research for the Marketing Implementation Plan suggests that this new and upcoming supply only begins to meet retail demand within the city. Currently, the Prince George trade area is showing evidence of significant unmet demand for new retail floor space.

In recent years, much of this demand for new space was likely obscured by changing retail patterns in response to the significant amount of new retail floor space that entered the market between 2000 and 2004. However, the analysis summarized below indicates that Prince George requires an additional 369,000 sq. ft. of retail floor space right now.

Over the next 10 years, demand for a further 1.9 million square feet of retail and associated service commercial floor space is projected for the trade area driven by anticipated population growth. Based on Prince George's existing retail floor space distribution, it is expected 30% of future demand will be for floor space offering goods in the Department Store Type Merchandise (DSTM) category, 25% in the Food and Convenience Type Merchandise (FCTM) category, 30% in the Automotive Merchandise category, and 15% in the service commercial category.



| PRINCE GEORGE RETAIL ASSESSMENT | | |
|--|------------------------|------------------------|
| Retail Potential | 2005 | 2015 |
| Population Primary Zone | 102,065 | 114,173 |
| Population Secondary Zone | 26,016 | 27,258 |
| Per Capita Retail Expenditure (All Categories) | \$12,440 | \$15,468 |
| Total Potential Primary Zone | \$1,269,688,600 | \$1,765,979,600 |
| Total Potential Secondary Zone | \$323,639,040 | \$421,615,197 |
| Total Retail Potential | \$1,593,327,640 | \$2,187,594,797 |
| Retail Market Capture Estimates | | |
| Primary Zone Estimated Market Capture | 75% | 75% |
| Primary Zone Market Capture Potential | \$952,266,450 | \$1,324,484,700 |
| Estimated Market Capture | 30% | 30% |
| Market Capture Potential | \$97,091,712 | \$126,484,559 |
| Total Retail Market Capture Potential | \$1,049,358,162 | \$1,450,969,259 |
| Retail Supply and Residual Demand Estimates | | |
| Estimated Average Per Square Foot Productivity | \$250 | \$250 |
| Estimated Total Floor Space Demand | 4,197,433 | 5,803,877 |
| Existing Retail Supply | 3,827,790 | 3,827,791 |
| Residual Demand | 369,643 | 1,976,086 |

SOURCE: HARRIS CONSULTING INC.

Given the current retail offerings located in downtown Prince George, and the role most often played by downtown core areas in mid-sized cities, it is expected retail floor space most amenable to locating within the downtown will be in the service commercial and FCTM categories, with only a small amount of DSTM type floor space expected. This suggests that of the anticipated 1.9 million square feet of retail and service commercial floor space demand expected in the Prince George market over the next ten years, only about 40% would have any likelihood of locating within the downtown. However, this represents approximately 760,000 sq. ft. of retail floor space demand over the next ten years, or an average of approximately 76,000 sq. ft. of demand annually. This scale of new retail development would be a significant catalyst for revitalization within the downtown core.

Overall, market fundamentals and the future outlook for retail development within the Prince George market appear to be positive. The area's growing population, steady anticipated future population growth across a broad trading area, higher retail spending levels per capita than the provincial average, and a current and anticipated future undersupply of retail floor space within the market all generally indicate a favourable retail market outlook for the Prince George area.



3.4 Office Market Development Context

Office floor space in Prince George is largely contained within the downtown core area. Currently, the city has an office space inventory of approximately 780,000 square feet of office floor space housed primarily on the upper floors above street front retail units, as well as in some mid- and high-rise office towers. Currently, office space vacancy rates within the city stand at approximately 17%. While this rate is lower than the 20 to 23% vacancy rates experienced between 1998 and 2000, it is significantly higher than the historic lows of between one and seven percent observed during the 1993 to 1997 period.

| PRINCE GEORGE DOWNTOWN OFFICE VACANCY RATES: 1993 – 2005 | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Year | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Vacancy Rate | 6% | 5% | 1% | 7% | 9% | 21% | 20% | 23% | 13% | 11% | 18% | 16% | 17% |

SOURCE: CITY OF PRINCE GEORGE

Further, while the office vacancies have fluctuated significantly over the past twelve years, the total floor space inventory has changed very little. However, despite current vacancy rates above 20%, the City of Prince George estimates that 25,000 sq. ft. of additional office floor space could enter the local market over the next several years based on current development applications and building permits (largely related to expansion and renovation of existing space rather construction of new floor space).

If all of this additional floor space is added to the market, it is possible that the local office market may be faced with an oversupply of office floor space in the range of 150,000 to 160,000 sq. ft. For this reason, office floor space development is not a viable option at this time. However, future expansion of the University of Northern BC or other educational activities into the downtown core could drive some increased demand for office type uses, though this demand is not likely in the shorter term.

However, given the recent foray by the University of Northern British Columbia into the downtown core, coupled with the benefits of the PGIX downtown fibre optic network, there may exist some longer-term potential for increased demand for downtown office space in the future due to spin-off activities from these investments. In other communities across Canada and the United States investments of this type has been known to drive increased employment growth in the surrounding area and in this case may spur an increase in office space requirements, though it is expected that this will take some time to develop. Therefore, market potential for office development in the downtown core can be considered to be negative in the short-term, but have possible positive longer-term potential. If this potential is realized it will have significant impact on the downtown as



current city policy restricts new office space development to the C1 zoning area of the downtown. Therefore any new space developed in the future will ultimately benefit downtown Prince George; strategies aimed at increasing demand for this type of use should be continued.

3.5 Entertainment-Related Development Context

Prince George currently has six cinema screens located at the Parkwood Place Shopping Centre just south of the downtown core. This represents significantly fewer screens than exist in other cities of Prince George's size. For example, Kamloops has 10 screens, while Red Deer and Grande Prairie, Alberta have 17 and 16 respectively. This suggests that there may be room for additional cinema development in Prince George (of perhaps three to six screens) in the near future which, if located in the downtown, would significantly increase activity in the area.

This type of project would likely take the form of a four to six screen cinema development with a single sidewalk entrance surrounded by ancillary retail units. This would be similar to cinemas found in larger centres such as Vancouver's Fifth Avenue Cinemas, or Empire Granville Seven Cinema, or the Paramount Theatre's in both Kamloops and Kelowna.

3.6 Synopsis

Current and future population growth will have a significant impact on Prince George as a whole and presents significant opportunities for downtown redevelopment. A growing population drives increasing demand for housing, retail and service goods (and associated retail and service floor space) and suggests job growth which is associated with increasing demand for new office commercial and industrial development.

Going forward, growth in the Prince George market is expected to drive a number of opportunities for private-sector investment into the downtown core area. This includes strong market potential for residential, entertainment and retail investment as well as possible longer-term potential for office commercial uses.

4.0 DOWNTOWN DEVELOPMENT INCENTIVES OVERVIEW

While Prince George is located within a growing local market area, the city also offers market characteristics and local policies that offer strong incentives for development within the community and more specifically within the downtown core area.

4.1 Competitive Land Values

Land values in downtown Prince George are significantly lower than other downtowns in comparable cities within British Columbia. For the purposes of this study a cross-sectional survey



of assessed land values for vacant parcels within the downtown core areas of Prince George as well as three other comparable BC cities (Nanaimo, Kamloops and Kelowna) was completed. While it should be noted that assessed land values do not represent the true market value of the land in question, they do provide some guidance as to underlying land value in the absence of suitable recent sales data (which can be the case in the downtown areas of smaller cities such as those examined). For the purposes of this study assessed values are considered only to highlight the inherent difference, in relative terms, between land values in Prince George and other mid-sized cities in BC.

To this end, assessment data indicates that land values in Prince George are on average, between 13 and 68% lower than comparable cities such as Nanaimo, Kamloops or Kelowna.

| AVERAGE VACANT DOWNTOWN LAND VALUES: PRINCE GEORGE, NANAIMO, KAMLOOPS AND KELOWNA | | |
|---|---------------------------|-----------------------|
| City | Average Vacant Land Value | Percentage Difference |
| Prince George | \$763,847 | - - - |
| Nanaimo | \$864,238 | 13% |
| Kamloops | \$1,013,692 | 33% |
| Kelowna | \$1,279,781 | 68% |

SOURCE: LANDCOR LTD.

Overall, land values in downtown Prince George average approximately \$763,000 per acre. This is 13% lower than the average for Nanaimo of approximately \$864,000 per acre, 33% lower than the Kamloops average of approximately \$1.01 million per acre, and 68% lower than the average downtown land value for Kelowna of approximately \$1.28 million per acre.

Therefore, Prince George offers similar sized development sites in a city with strong demand for both housing and retail development, at a significant discount to other comparable centres.

4.2 Local Policy Incentives

There are a number of other factors that also make downtown Prince George a good place in which to invest:

4.2.1 Planning Policies that Support Downtown Development

The City has a number of OCP principles and policies that are designed to support the downtown area. Key among these principles and policies from an investment perspective are the following:

- Principle: Downtown is the major city business district, with civic and cultural centre, destination tourist facilities, entertainment and residential uses.
- Policy: All new office development is to be downtown.



- Policy: Encourage higher density housing downtown.
- Policy: Encourage an entertainment district, including movie theatres.
- Policy: Downtown is the cultural centre of the city.
- Policy: Specialty retail and offices, particularly mixed, are encouraged.

Further details on OCP policies for downtown are contained in Appendix A.

4.2.2 Pre-Zoned Land Offering Substantial Development Density and of Potential Uses

Most properties in downtown Prince George have been zoned C1 (Downtown) by the City, regardless of their current use (see Map 1 in Appendix B). Aspects of the C1 zone that are of most interest to developers include:

- A very wide range of permitted uses, including mixed residential and commercial in most areas of downtown.
- Up to 100% site coverage, with no setbacks in some cases.
- A maximum building height of 55 m (180 ft.).
- Additional details on the provisions of the C1 zone are contained in Appendix B.

As well as offering generous use and density provisions, having C1 zoning already in place substantially reduces development time and costs and allows developers to more quickly respond to market opportunities.

Further, Prince George's C1 offers significantly more development potential than other comparable cities examined in this report. A review of statutory and effective floor space ratios for zoning in place in the downtown core area of other cities such as Nanaimo, Kamloops and Kelowna shows that these cities offer substantially less development potential than is allowed in Prince George's downtown zoning.

| FLOOR SPACE RATIOS: PRINCE GEORGE, NANAIMO, KAMLOOPS AND KELOWNA | |
|--|---------------------------------------|
| City | Effective/Statutory Floor Space Ratio |
| Prince George | 17 FSR |
| Nanaimo | 2.5 – 3 FSR |
| Kamloops | 5 – 6 FSR |
| Kelowna | 5 – 10 FSR |

SOURCE: CITIES OF PRINCE GEORGE, NANAIMO, KAMLOOPS AND KELOWNA

Prince George offers effective densities comparable to 17 FSR based on a zero lot-line requirement and an upper height limit of 55 m (180 ft). This is significantly higher than both Nanaimo's 2.5 to 3 FSR, and Kamloops' 5 to 6 FSR statutory development density limits. And is



also significantly higher than Kelowna's effective FSR of between 5 and 10 (based on an urban design guidelines that require buildings to step back coupled with maximum building heights of between 22 m (70 ft) and 44 m (140 ft).

4.2.3 Reduced Property Taxes For Five Years for New Development.

The City of Prince George has recently approved the establishment of a Downtown Revitalization Permissive Tax Exemption Program with the intent of helping to encourage redevelopment projects in the downtown core area (as defined as the C1 Zone area – more details on the C1 Zone area can found in Appendix B).

The program provides an exemption of municipal property taxes (but not school or other taxes) for a period of five years and a renewal of up to five years that would otherwise be payable as a result of a substantial improvement to a property assuming that the new use is consistent with permitted uses within the C1 Zone area.

Estimates based on the 2004 tax year suggest that the financial implications of this policy will be as follows for each \$100,000 of assessed improvement value:

- Residential Property: \$1,089.76
- Business/Commercial Property: \$1,765.42

More details on the tax exemption program can be found in Appendix C

4.2.4 Efficient City Development Approvals Process.

In addition to zoning already being in place for most development anticipated downtown, City Council policy is that all development applications for downtown be given priority in the review and approval process. The average time between application and approval for downtown projects is:

- Development permit: four to six weeks
- Building permit: two weeks

Overall, the permit review priority given to downtown projects coupled with in-place zoning in the downtown core suggests that total average approval time for developments within the downtown area is between six and eight weeks from the date of application.

4.2.5 City-Owned and Operated Parking, with No On-Site Parking Requirements

Prince George's downtown core area is designated as a parking exempt area within the city zoning bylaw. This provision exempts new development in the downtown core (both commercial and residential) from the standard requirement to provide off-street parking spaces.



Instead, new developments are required to pay a levy toward public parking lots and parkades, which are administered by the city's Administrative Services Department. Currently, the city administers approximately 3,500 parking spaces within the downtown, providing significant flexibility for new development to reduce parking-related development costs.

4.2.6 Significant Fibre Optic Network Capacity.

Set up by Prince George City Council and the University of Northern British Columbia, working to establish a community Internet exchange, the PGIX is designed to facilitate the exchange of data and Internet traffic among public and private organizations within the Prince George area. The intent is to directly benefit the community of Prince George by providing cost savings and improved communication capabilities to the participants.

Currently, most traffic between Internet users in Prince George travels to Vancouver or into the United States and back. A regional Internet exchange switch localizes this traffic thereby improving speed and reliability and lowering the cost of backbone connections. It also facilitates connections among user organizations and local internet service providers. With the launching of the PGIX in the fall of 2002, the City and UNBC are building on the BCNet Optical Regional Advanced Network (ORAN) initiative to provide wider benefits to the community and local businesses. The network stretches from the University of Northern British Columbia in the south, to the downtown core. Currently, there is significant bandwidth capacity on the community fibre optic network providing a potential benefit to businesses looking to locate within the downtown core area.

4.2.7 A Newly Initiated Community Energy Program.

On October 17, 2005, Prince George City Council approved a \$9.3 million loan facilitating the development of a community energy system (CES) or district energy system within the downtown core area. A heating system of this type produces hot water at a central plant and then pipes that energy out to the buildings for space heating and domestic hot water heating. Utilizing renewable fuels, such as biomass, solid waste, or wood pellets, this system will provide heating services to the businesses within the core area while at the same time facilitating improvements in local air quality through energy use efficiencies. This represents significant benefits to businesses within the downtown core. These include:

- The elimination of on-site boiler operation and maintenance requirements for building owners
- Stabilization of future energy costs
- Recovery of previously occupied building space

4.2.8 Reduction of Development Cost Charges

Given that most of the infrastructure required in the downtown area is already in place, the City of Prince George is currently in the midst of revising its Development Cost Charge (DCC) bylaw on



developments within the downtown area with the aim of stimulating investment. Previous DCC for development within the downtown were as follows:

- Multi-Family Residential (Medium/High Density) - \$2,460 per dwelling unit
- Commercial - \$28 per square meter of gross building area

If the new DCC bylaw is passed as it is currently proposed (which is expected to occur sometime within the next several months) rates for downtown development will be as follows:

- Multi-Family Residential (Medium/High Density) - \$528 per dwelling unit
- Commercial - \$6.70 per square meter of gross building area

This would represent an 81% reduction in DCC rates for residential projects and a 76% reduction in rates for commercial projects. While DCCs are not that significant a share of total development costs in Prince George, their elimination downtown highlights the city's strong desire to stimulate downtown development and eliminate development barriers.

4.2.9 Significant Recent and Planned Public Investments Within the Downtown Core

The City has made a significant commitment to supporting downtown Prince George by directing public investment in major facilities and other projects in the downtown area in the past number of years. This has been done through direct city investment, as well as through negotiation that has seen investment from other levels of government directed into the downtown core. Examples of previous public investments in the downtown core include:

- The construction of the Prince George Civic Centre. This centre provides indoor space for community activities, conventions, and public gatherings and acts as an anchor to the civic plaza.
- Recently, the city has funded large upgrades to the Civic Plaza, adding a skating rink, new lighting as well as improved seating and public gathering space.
- Prince George made a significant investment in enhancing the streetscape along Third Avenue improving the aesthetic appeal of one of the downtown's main shopping streets while also making the street more pedestrian-friendly.
- Construction of the 50,000 sq. ft., \$20 million Two Rivers Art Gallery provides a home for the city's art collection, as well as a space to exhibit travelling art exhibits in an architecturally distinctive space within the downtown core.
- Recent investment by the provincial government saw the construction of a new Law Court facility on George Street within downtown Prince George. The adjoining public space currently hosts the weekly Prince George Farmer's Market.

Further investments are also planned for the downtown core. These include the possible development of a 700 to 1,000-seat Performing Arts Centre (the location and programming of



which has not yet been determined), a new RCMP facility, the redevelopment of the existing RCMP facility possibly for community arts-related space needs and small-scale enterprise incubation space, and continued streetscape improvements.

4.2.10 City-Initiated Programs to Deal with Downtown Social Issues.

Due to its central location, downtown Prince George is the site of a number of social service agencies who provide support to clients from across the city. This has led to a view held by some that the downtown core area is an unsafe and unwelcoming place. While this view is more perception than reality, in 2002, the City of Prince George undertook the creation of a social plan aimed at addressing several social issues that had manifested in the downtown core area as well throughout the city as whole. The Prince George Social Plan initiates the building blocks that will “ultimately lead to a sustainable social infrastructure for the community.”

As part of the implementation of the overall social plan, the city is currently undertaking a number of ongoing efforts to deal with social issues in the downtown core area. These include: initiatives to beautify the downtown, economic development and job creation activities, improved security and safety in the downtown (carried out through ongoing discussions with downtown property owners and tenants, the Prince George Downtown Business Improvement Association, and local police services), a housing strategy for seniors (in conjunction with the Council of Seniors, BC Housing and the Northern Health Authority), addressing the sex trade concerns in the community (Deter/Identify Sex-Trade Consumers (DISC) program, etc.), encouraging appropriate residential development and social service provision in the downtown core (zoning bylaw update), and improved recreational opportunities for youth and the elderly (Waterpark and Skatepark).

It should also be noted that many of the social issues facing Prince George's downtown area are, to some degree, a factor of the challenges that the relative lack of private investment in the downtown core over the past several years. As new investment and activity are brought into core area, a number of the area's current social concerns will be reduced or displaced.

4.3 Strong Public Organizations with a Mandate to Support Downtown

The City of Prince George has made a strong commitment to its downtown not only in terms of facility infrastructure investments but also support to organizations involved in downtown revitalization. These organizations include:

- The creation of City Centre Ventures (CCV), a downtown development corporation managed within the broader Initiatives Prince George portfolio (which is itself a municipally-owned, economic development-oriented corporate entity). CCV's mandate is to market downtown to prospective businesses and investors.



■ Downtown Prince George (formerly the Prince George Business Improvement Association), which represents downtown property owners and businesses. Its activities include organizing and managing projects and initiatives such as streetscape improvements, coordinated marketing programs, planning and economic development initiatives, special events and lobbying. Its primary role is marketing downtown to residents and visitors.

These two organizations are an integral part of creating and maintaining a vibrant and strong downtown.

5.0 RECENT AND PROPOSED DOWNTOWN DEVELOPMENTS

A number of investors have already seen the potential of downtown. Recently approved and proposed projects include:

5.1.1 UNBC's Downtown Offices

Recently, UNBC and the Bank of Montreal announced the creation the UNBC Downtown BMO Bank of Montreal Centre. Located in a renovated BMO bank branch at 3rd and Quebec, the new downtown centre will house a number of research offices, the alumni association, the local office for the federal government's Industrial Research Assistance Program (which links local businesses to university research and researchers), and the UNBC Development Office.

UNBC has indicated that this project is meant to meet short-term office space demand that currently cannot be accommodated on the UNBC campus, and that some of the functions housed within the centre will be moved back to campus locations when space is available. However, in the short-term this project will introduce a significant number of new employees into the downtown for at least the next three to four years. Further, it is also anticipated that when office functions are moved out of the centre that it will continue to operate as a UNBC facility drawing students, faculty and business people to the downtown area into the foreseeable future.

5.1.2 A 32-Unit Luxury Residential Project

Proposed by the Ghia Development Corp., this project includes the development of 32 high-end residential housing units in two phases. This project will also include the development ten retail units at grade. The project is to be constructed at the corner of Quebec Street and 3rd Avenue and will have a projected value of \$5.6 million. Upon completion, this project will introduce new residential development to the downtown core and estimated 60 to 70 new residents to Prince George's central area. While in and of itself, new residential development of this type is not sufficient to revitalize the downtown area, it has the potential to highlight the development



opportunities in the downtown core to other investors and may act as a catalyst to further development.

Further, this development is expected to add ten street front retail units into the centre of the downtown retail area. This would provide new, higher-quality, retail floor space into the downtown core which will remove a significant barrier to the area's retail expansion.

5.1.3 A 63-Unit Student Housing Project

Also proposed by Ghia Development Corp. is a 63-unit housing project aimed at Prince George's student population. The \$15.7 million project will also feature 12 at-grade retail units.

Like the other Ghia project, this proposed development has some potential to act as a catalyst highlighting the economic potential downtown Prince George to local and outside investors. It will also add an estimated 60 to 70 additional residents to the downtown (beyond those added in the other Ghia project) many of whom will be students who will be likely to spend a large proportion of their retail dollars within the downtown core area. This project would also add a further 12 retail units in the main retailing area of the downtown. This could attract new retail tenants looking for higher quality retail space.

5.1.4 A Community Gaming Facility

Currently, a proposal has been submitted to the City of Prince George for a Community Gaming Centre (CGC). This new type of gaming facility, which was announced by the British Columbia provincial government in 2004, combines slot machines, bingo, Keno, lottery products and off-track horse betting, as well as non-gaming activities such as restaurants, and lounges for private functions. While little is currently known about the proposed centre, it is expected that this type of use may act to draw new patrons into the downtown core and therefore has some potential to drive increased activity in the downtown and may generate some new retail and service commercial spending.

6.0 CONCLUSION

Current and future population growth will have a significant impact on Prince George as a whole and presents significant opportunities for downtown redevelopment. A growing population drives increasing demand for housing, retail goods and services (and associated retail and service floor space) and suggests job growth which is associated with increasing demand for new office commercial and industrial development.

Going forward, growth in the Prince George market is expected to drive a number of opportunities for private-sector investment into the downtown core area. This includes strong market potential for multi-family residential development, additional retail floor space, expanded entertainment



(specifically as they relate to cinema uses), as well as possible longer-term potential for office commercial uses.

These market opportunities provide significant investment potential. When coupled with the City of Prince George's significant cost advantage over downtown sites in comparably-sized centres such as Kamloops, Kelowna and Nanaimo, as well as the substantial financial and regulatory incentives (such as reduced property taxes and development cost charges, efficient permitting, pre-zoned land with generous development densities) the financial feasibility of investing in downtown Prince George is further enhanced.

Further, the downtown core area has and is expected to continue to be the recipient of substantial public sector investment. Recent upgrades to Quebec Street, the expansion by UNBC into the downtown core, investments in the PGIX fibre optic network and the future developments by the Ghia Development Corp. emphasize the City of Prince George's commitment to downtown revitalization and highlight the downtown core as an up and coming area within a growing and diversifying urban area.



APPENDIX A – Key OCP Policies Pertinent to Downtown Prince George

Commercial Principles

- Support a vibrant and cohesive commercial sector which serves both local residents and the regional market.
- Focus regional commercial development at existing major centres, and on Highway 16 West.
- Support the redevelopment vision for the downtown, and ensure that appropriate land uses are sited downtown rather than in peripheral locations.
- Improve the quality and appearance of arterial commercial areas throughout the city.
- Focus design quality of neighbourhood commercial sites to emphasize pedestrian access and orientation and compatibility with the residential environment.

Commercial Land Use Strategy

The general strategy for future commercial land use is to clearly define the intended role or purpose of the commercial areas according to the following hierarchy. This hierarchy allows the city to evaluate specific projects according to their fit within the regional or more local context, and to ensure that businesses are suitably located within this framework.

Map 6 (see page 57 of OCP) illustrates the overall approach to commercial development for commercial areas in the city as follows:

- **Downtown** - Includes the downtown as the major city business district, with civic and cultural centre, destination tourist facilities, entertainment and residential uses. (The term city centre is used at times to include both the principal downtown commercial core as well as the hospital area, part of Queensway East, part of the CN lands, and adjacent residential areas.)
- **Regional Commercial Centre** - Major large-scale retail uses, including "box stores" 5500 m² or larger, accessible to major highways, serving a broad regional role.
- **Neighbourhood Shopping Centre** - Serves local neighbourhoods, anchored by a food store with compatible services to the local community such as small retail, medical offices, personal services. No "box stores" or single retail stores over 5500 m².
- **Arterial Commercial** - Serves traveling public, accessible to major highways and arterials, generally provides convenience services such as restaurants, motels, service stations. No 'box stores' or single retail stores over 2500 m².
- **Local Commercial** - Small neighbourhood convenience retail and service uses, to be dispersed in residential areas on collector and/or arterial roads. Site and/or store sizes to be limited to a combined site area at any one site of 3000 m² to ensure that "strip malls" are not developed. Due to small site size, local commercial sites are generally not indicated, and no amendment is needed to this Plan to accommodate new local commercial sites.
- **Commercial Recreation** - Includes large site commercial activities such as golf courses, campgrounds and other types of outdoor recreation sport facilities.



Downtown as the City Centre: A New Vision

Council supports the on-going redevelopment of the downtown within the city centre, as the primary area of business, cultural and government activity. Increased density in the downtown, both in commercial, institutional and residential uses is supported to achieve the city centre vision.

The strategic vision for the downtown and primary land use designations, based on the downtown study are illustrated on Map 5, and include the following:

- Entertainment district for the city, including movie theatres. These will aid in reinforcing downtown as a regional destination, by encouraging year-round entertainment activities.
- Cultural centre for the city.
- Development of a multi-use commercial marketplace building as new downtown retail and social focal point. This could include a combination of uses such as a public market, specialty retail, food shops, cafes, hotel, professional offices, some residential, and a public winter garden, all of a magnitude to create sufficient momentum to generate further redevelopment.
- Office development: building on the critical mass already established by existing office buildings
- Specialty retail and offices; particularly mixed uses
- Higher density housing, particularly in areas to take advantage of nearby amenities such as the Civic Centre, the art gallery, library, City Hall, and similar facilities.
- Smaller box retail uses may be developed through assembly of existing parcels for consolidation into larger properties, especially along First Avenue.
- Consideration may also be given to provision of additional retail and mixed use development north of First Avenue, at such time as some of the rail facilities in this area are redeveloped.

Council will encourage new investment into the downtown, supported by funding made available through potential commercial redevelopment of city-owned lands in the Highway 16 West corridor, whereby a significant portion of the net revenue gained from the sale of those lands may be directed to improvements in the downtown in accord with any, or all of the following:

- Appropriately scaled commercial buildings compatible with the downtown land use concept.
- Housing, particularly oriented to a range of community needs and market sectors (e.g. students, seniors).
- Entertainment and cultural facilities downtown.
- Building and above grade infrastructure improvements, including public art, landscape features, and similar uses.

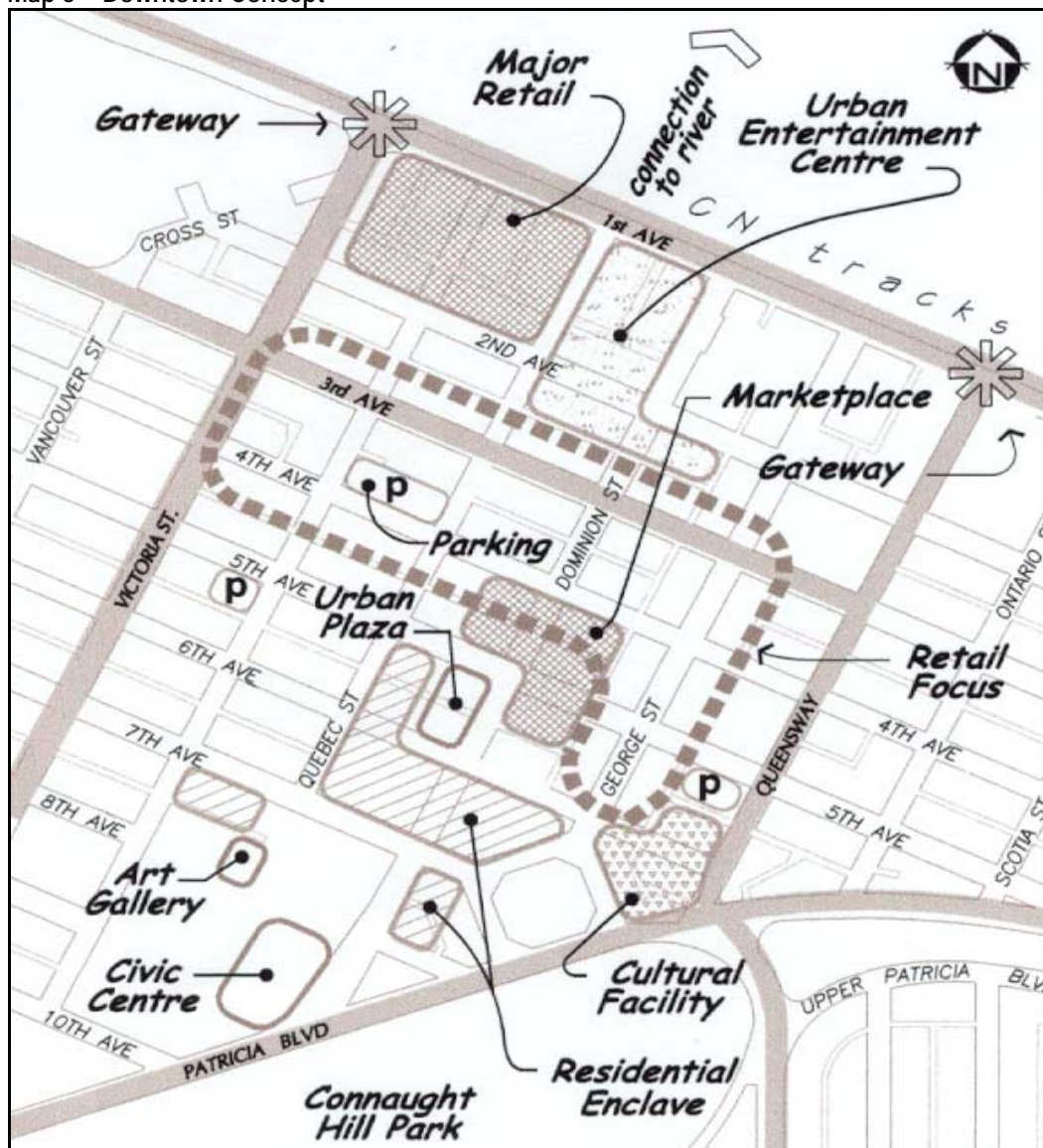
The above may include redevelopment and adaptation of existing buildings and properties.



Office Development to Be Downtown

To support the redevelopment of the city centre, all new office development is to be located in the downtown. Establishment of offices in peripheral industrial locations such as Queensway East, 15th Avenue, Carter Light Industrial Area and other locations (except as provided for within the context of the Industrial policies) is considered inappropriate. The City may revise the current Zoning Bylaw structure to prevent future office development in these locations, except where clearly ancillary to industrial uses.

Map 5 – Downtown Concept





APPENDIX B – Updated C1 Zoning Bylaw

Purpose

The purpose of this zone is to provide for a mix of uses for the central business area of the city.

11.1.1 Principal Uses

- apartment hotel
- arcade, major
- auction, minor
- bed and breakfast
- bingo hall
- boarding or lodging house
- broadcasting studio
- care centre, major
- casino
- education
- education, commercial
- education, higher
- emergency service
- entertainment, spectator
- exhibition and convention facility
- government service
- greenhouse and plant nursery
- group home, major
- health service, minor
- hotel
- housing, apartment
- housing, congregate
- housing, row
- housing, stacked row
- library and exhibit
- liquor primary establishment, major
- liquor primary establishment, minor
- motel
- office
- park
- parking, non-accessory
- private club

11.1.1 Principal Uses (Continued)

- recreation, community
- recreation, indoor
- religious assembly
- residential sales centre
- restaurant
- restaurant, drive-in
- retail, adult
- retail, convenience
- retail, farmers market
- retail, flea market
- retail, general
- retail, liquor
- retail, pawnshop
- retail, secondhand
- service, business support
- service, dating or escort
- service, financial
- service, funeral
- service, household repair
- service, massage
- service, massage therapy
- service, personal
- service station, major
- sport, spectator
- temporary shelter services
- transportation depot
- travel centre
- utility, minor
- vehicle rental, convenience
- vehicle repair
- vehicle sale and rental (only on 1st Avenue)

11.1.2 Secondary Uses

- home business 1*

11.1.3 Subdivision Regulations

1. The minimum lot width is 4.5 m.



2. The minimum lot area is 135 m².

11.1.4 Development Regulations

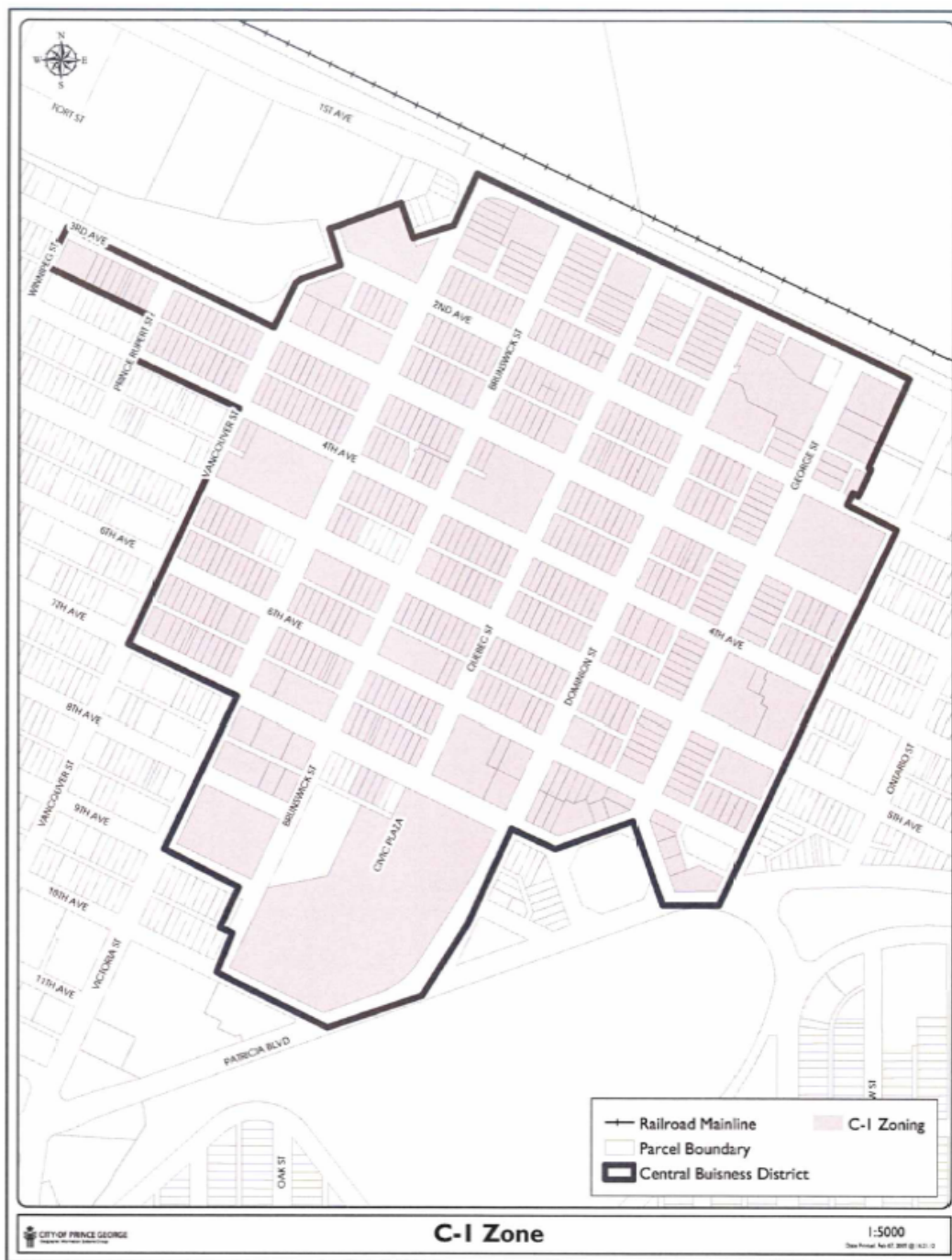
1. The maximum site coverage is 100%.
2. The maximum height is 55.0 m.
3. The minimum front yard is 0.0 m.
4. The minimum side yard is 0.0 m.
5. The minimum rear yard is 0.0 m.
6. The minimum setback between principal buildings with apartment housing on a site is 6.0 m.

11.1.5 Other Regulations

1. Outdoor use is not permitted except for a retail farmers market, vehicle service and sales, restaurant and liquor primary establishment, greenhouse and plant nursery, and parking, and loading.
2. **Note:** In addition to the regulations listed above, other regulations may apply. These include the general development regulations of Section 4, the specific use regulations of Section 5 for those uses noted above with an asterisk (*), the landscaping and screening provisions of Section 6, the parking and loading regulations of Section 7, and the development permit guidelines of Section 8.



APPENDIX B – CONTINUED
Map 1 – C-1 Zoning Area Boundary





APPENDIX C – Prince George Downtown Revitalization Tax Exemption Program

1.0 REVITALIZATION TAX EXEMPTIONS

Under the provisions of section 226 of the Community Charter a revitalization tax exemption program may be established by bylaw for an area designated as a revitalization area in the Official Community Plan or the Annual Financial Plan. Council may enter into an agreement with property owners within the designated area and upon the issuance of an exemption certificate to the assessor, those improvements subject to the certificate are exempt from municipal property value taxes for a period of time not longer than five years, and with a single renewal of not more than five years.

2.0 DOWNTOWN REVITALIZATION TAX EXEMPTION PROGRAM SUMMARY

An area currently defined, as the Central Business District (C1, map attached) in downtown Prince George will be designated as a revitalization area in the Annual Financial Plan. All properties within the designated area will be eligible to enter into a tax exemption agreement. The exemption will be in accordance with the downtown tax exemption program bylaw. The amount of the exemption will be subject to the conditions of a tax exemption certificate, which will also provide for the recapture of taxes if conditions of the certificate are not met. The exemption certificate will be in effect for a period of five years or less from the date of issuance and provide for a five year renewal term.

3.0 DOWNTOWN REVITALIZATION TAX EXEMPTION PROGRAM DETAILS

3.1 Reasons for and Objectives of Designation

Council supports the ongoing redevelopment of the downtown as the primary area of business, cultural and government activity. Increased density in the downtown, in commercial, institutional and residential uses is supported in order to achieve the vision of the Official Community Plan.

Revitalization of the downtown is one of the key issues and concerns of residents of Prince George. A rejuvenated downtown is a key component in fulfilling Prince George's destiny as B. C.'s northern capital.

This program is intended to stimulate development initiatives in the downtown where openly permissive policies and zoning provisions have not resulted in new or redevelopment projects.



This program reinforces the municipality's "open for business" approach and desire to attract high quality development to the downtown area. The downtown has citywide significance in terms of the future economic health of the City.

3.2 Terms and Conditions of Exemptions

Tax exemptions will only apply to the value of a new improvement or the alteration of an existing improvement.

The assessor will determine the value of the improvement, which will also determine the value of the exemption.

An exemption is subject to the maximum of the increase in assessed value between the year before the construction began and the year in which the tax exemption certificate is issued. An exemption of 100% of the increased assessed value will be permitted.

The exemption will apply to those uses listed as permitted in the Central Business District (C1) Zoning District of the Zoning Bylaw (Bylaw No. 3482, 1980).

The exemption will apply to municipal taxes only and not to school and other taxes.

A tax exemption will be cancelled by Council:

- If the property use is not consistent with the uses permitted in the Central Business District (C1) Zoning Bylaw (Bylaw No. 3482, 1980).
- If the property becomes vacant or the permitted use ceases.
- Upon the written request of the property owner.

A tax exemption may be cancelled by Council if ownership of the property changes.

In order to be eligible for a five year tax exemption the construction must be completed by September 30, 2006. The period of the exemption will be reduced by 1 year for each for each subsequent year until 2010.

A tax exemption will have one five-year renewal period, which will be granted as long as the terms and conditions of the program bylaw are met.

3.3 Tax Exemption Agreement

Council may enter into an agreement with the owner of property within the revitalization area. The agreement will describe the proposed development and indicate how this development supports



the revitalization of the downtown. The agreement will stipulate the completion date of the development. The development must have a construction value of \$50,000 in order to be considered for the agreement.

The tax exemption agreement is subject to the terms and conditions of the tax exemption program bylaw.

3.4 Tax Exemption Certificate

The revitalization tax exemption certificate will specify that assessed value will be the determining factor or formula used for determining the tax exemption.

A revitalization tax exemption certificate must be issued for a property that has met the terms and conditions established in the bylaw and the tax exemption agreement.

The term of the exemption is in accordance with the tax exemption program bylaw.

The tax exemption certificate must be issued or cancelled prior to October 31st in the year prior to being effective.

The designated municipal officer will provide a copy of the tax exemption certificate to the assessor. The municipal officer is also responsible for notifying the assessor of a cancelled tax exemption certificate.

If the terms and conditions of the tax exemption program bylaw are not met, and the tax exemption certificate is not cancelled for the immediate subsequent year, a recapture of foregone tax revenue will be assigned to the property for each year in which the exemption was received after the terms and conditions had not been met.

4.0 FINANCIAL IMPLICATIONS

The annual property tax exemption by property class on an exemption assessed at \$100,000 at 2004 municipal tax rates is as follows:

| | | |
|---------|------------------|-------------|
| Class 1 | Residential | \$ 1,089.76 |
| Class 5 | Light Industrial | \$ 1,961.58 |
| Class 6 | Business & Other | \$ 1,765.42 |