

**CLIMATE ACTION REVITALIZATION TAX EXEMPTION BYLAW, 2023, NO. 9932**

**\*CONSOLIDATED FOR CONVENIENCE AND REFERENCE PURPOSES ONLY\***

This consolidated version is not a legal document. For official purposes please refer to the original bylaw and amending bylaw documents.

Includes Bylaw Amendments:

No. 10010

**THE CORPORATION OF THE DISTRICT OF SAANICH**

**BYLAW NO. 9932**

**TO PROVIDE A REVITALIZATION TAX EXEMPTION PROGRAM FOR CLIMATE ACTION**

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WHEREAS The Corporation of the District of Saanich (the “District”) has executed the *B.C. Climate Action Charter* with other local governments across British Columbia;

AND WHEREAS Council for the District has declared a climate emergency;

AND WHEREAS the District’s Climate Plan has identified a target of achieving net zero community greenhouse gas emissions by 2050 and an action to develop incentive tools to encourage commercial and multi-unit residential buildings to undertake deep energy retrofits;

AND WHEREAS Council for the District wishes to establish a revitalization tax exemption program to encourage the conversion of fossil fuel powered space heating, ventilation and/or domestic hot water systems to electric mechanical systems;

NOW THEREFORE the Council of The Corporation of the District of Saanich in open meeting assembled enacts as follows:

**Title**

1. This Bylaw may be cited for all purposes as "**CLIMATE ACTION REVITALIZATION TAX EXEMPTION BYLAW, 2023, NO. 9932**".

**Definitions**

2. In this Bylaw:

“Application” means a Revitalization Tax Exemption Application, in the form prescribed by the District.

“Base Year” means the year of the issuance of an Exemption Certificate.

“Bylaw” means The Corporation of the District of Saanich Climate Action Revitalization Tax Exemption Bylaw, 2023, No.9932, as amended from time to time.

“Council” means the Municipal Council of The Corporation of the District of Saanich.

“District” means The Corporation of the District of Saanich.

“Eligible Project Expenses” means costs incurred to undertake the Project, as set out in the Exemption Agreement.

“Exemption Agreement” means a revitalization tax exemption agreement between the Owner and the District, substantially in the form attached hereto and forming part of this Bylaw as Schedule A.

“Exemption Amount” means the percentage amount of the Eligible Project Expenses for the different classes of buildings as set out in sections 7 to 9 below, less any funding or incentives provided by other levels of government or agencies.

“Exemption Certificate” means a revitalization tax exemption certificate issued by the District pursuant to this Bylaw, the Agreement, and the provisions of section 226 of the Community Charter, substantially in the form attached to and forming part of this Bylaw as Schedule B.

“Owner” means the registered owner of a Property, or in the case of a Strata Property, means the duly authorized Strata Corporation of the Strata Property, as defined in the Strata Property Act, Chapter 43, SBC 1998.

“Program” means a revitalization tax exemption program to support a commercial and/or multi-unit residential building in the District to convert from fossil fuel powered space heating, ventilation and/or domestic hot water system to an electric mechanical system, established under this Bylaw.

“Project” means a retrofit project that replaces one or more fossil fuel-based mechanical systems with an electric mechanical system for the building’s space heating, ventilation and/or domestic hot water and may include complementary energy efficiency upgrades.

“Property” means the legally described land and improvements with respect to which a Tax Exemption is applied for and includes Strata Property.

“Property Taxes” means the municipal property value taxes imposed by the District under Section 197(1)(a) of the Community Charter.

“Provincial Incentive Program” means a program funded by the Government of British Columbia and/or a provincial utility that provides capital incentives for fuel switching from fossil fuel to electric mechanical equipment and/or for energy efficiency upgrades in existing buildings.

“Strata Property” means building(s) comprised of strata lots as shown on a strata plan as subdivided by the Strata Property Act, Chapter 43, SBC 1998 as amended or replaced from time to time, or previous strata property legislation.

“Tax Exemption” means a revitalization tax exemption provided under this Bylaw.

“Term” means the duration of time that the Tax Exemption is applied to the Property.

### **Establishment and Objectives**

3. The Program is hereby established.
4. The reasons for and the objectives of the Program are to:
  - a. Reduce greenhouse gas emissions from commercial and multi-unit residential buildings through the electrification of building mechanical systems;
  - b. Improve resilience through the addition of cooling in commercial and multi-family

- buildings;
  - c. Increase familiarity and capacity for electrification measures amongst local industry; and,
  - d. Align with and support the Province of British Columbia's intentions to require that all new and replacement space heating and domestic hot water equipment be at least 100% efficient by 2030.
5. The Program is intended to accomplish these objectives by:
- a. Incentivizing eligible electrification upgrades to reduce the capital cost barrier; and,
  - b. Increasing local electrification projects in commercial and multi-family buildings that can be showcased to increase industry capacity and awareness.

### **Eligibility Criteria**

6. The following types of Property may be eligible for a Tax Exemption:
- a. Multi-unit residential buildings which meet the following criteria:
    - i. Each dwelling unit has its principal access from an entrance or hallway common to other dwelling units; and
    - ii. Minimum three residential units;
  - b. Mixed-use commercial, residential buildings which meet the following criteria:
    - i. Minimum three residential units;
  - c. Commercial buildings that:
    - i. Have a land value ratio equal to or greater than 15, when calculated using the most recent BC Assessment values as per the following formula: Land value ratio = (Buildings value / Land value) x 100.

### **Exemption Amount and Apportionment**

7. For a multi-unit residential building:
- a. The Exemption Amount is up to 100% of Eligible Project Expenses;
  - b. The maximum exemption term allowable for multi-unit residential buildings is 10 (ten) years;
  - c. The maximum Exemption Amount in each given year is 100% of the total of the Property Taxes payable.
8. For a commercial building where: (a) no electrical service upgrade is required; and (b) a gas backup system is installed or retained:
- a. The Exemption Amount is up to 50% of Eligible Project Expenses;
  - b. The maximum exemption term for commercial buildings is 3 (three) years;
  - c. The maximum Exemption Amount in each given year is 100% of the total of the Property Taxes payable.

9. For a commercial building where (a) an electrical service upgrade is required; and/or (b) a gas backup system is not installed or retained:
  - a. The Exemption Amount is up to 80% of Eligible Project Expenses;
  - b. The maximum exemption term for commercial buildings is 3 (three) years;
  - c. The maximum Exemption Amount in each given year is 100% of the total of the Property Taxes payable.
10. For a Strata Property, the Eligible Property Expenses and any amounts received through other levels of government or agency will be divided between each strata lot proportional to the unit entitlement, as defined in the *Strata Property Act*, Chapter 43, SBC 1998, and subject to the Exemption Amount as set out in Sections 7-9.
11. For mixed-use buildings that are not Strata Property:
  - a. Where the Project is serving only the residential or the commercial component of the building, then the Tax Exemption shall apply only to that portion of the building that falls under that property class; and
  - b. Where the Project is serving both the residential and the commercial component, then the Eligible Project Expenses and any amounts received through incentives provided through other levels of government or agency will be apportioned according to the building's residential and commercial floor area, and the Exemption Amount as set out in sections 7-9 will apply to the residential and commercial areas respectively.

### **Formula for Calculating Tax Exemption**

12. The Tax Exemption shall be calculated in accordance with the formula below:

*Step 1:* Calculate minimum number of years to meet the Exemption Amount, where the resulting value is rounded up to the nearest year:

$$\text{Exemption Term} = \frac{\text{Exemption Amount}}{\text{Base Year Municipal Property Taxes}}$$

- a) If the final value in Step 1 is less than the maximum Exemption Term as prescribed in Sections 7-9 above, then this is the Exemption Term to be used in Step 2.
- b) If the final value in Step 1 is equal to or more than the maximum Exemption Term as prescribed in Sections 7-9 above, then the maximum Exemption Term as prescribed in Sections 7-9 shall be used in Step 2.

*Step 2:* Calculate the total assessed land and improvement value that will be exempted to achieve the Exemption Amount:

$$\text{Maximum Assessed Value to be exempted} = \frac{(\text{Exemption Amount} / (\text{Base Year Municipal Tax Rate}/1000))}{\text{Exemption Term}}$$

## **Application Process**

13. No Exemption Certificate will be issued until:
  - a. The Owner has submitted a completed Application to the District in writing, accompanied by:
    - i. Proof of the Provincial Incentive Program's completed application and capital incentive agreement or other acceptable confirmation of acceptance in a Provincial Incentive Program which defines the Project, Eligible Project Expenses, and estimated Provincial incentive amount; or
    - ii. An energy or feasibility study that consists of a report by a professional engineer or Certified Energy Manager, and which details: the planned electrification retrofit to at least one major mechanical system (space heating, domestic hot water, or ventilation/make-up air); the estimated energy and GHG savings resulting for the retrofit; an estimate of project costs; and, and any amounts received through incentives provided through other levels of government or agency; and
    - iii. Any additional information that the District may need to verify the Application.
  - b. The Owner and the District have entered into an Exemption Agreement that establishes the terms and conditions upon which an Exemption Certificate will be issued, including but not limited to the following requirements:
    - i. Submission of Project completion documentation, including confirmation of any amounts received through incentives provided through other levels of government or agency;
    - ii. Registration of the building with Energy Star Portfolio Manager, with the District set as a "read only" user to provide ongoing energy and emissions reporting for the full duration of the Term; and
    - iii. Permission for the District to publish a case study or other information about the Project.

## **Revitalization Tax Exemption Certificate**

14. After all of the provisions, terms and conditions of this Bylaw and the Exemption Agreement are met, the District will issue an Exemption Certificate for the Property.
15. An Exemption Certificate is issued to a specified property as identified on the Certificate and remains with the Property until the Exemption Certificate is expired or cancelled. For greater clarity, a tax exemption is transferable to subsequent Owners during the term of the Exemption Certificate.
16. Exemption Certificates that are issued on or before October 31<sup>st</sup> of a given calendar year will take effect the following calendar year.

### **Cancellation of Certificate**

17. An Exemption Certificate may be cancelled by Council in one or more of the following circumstances:
  - a. Upon written request by the Owner; or
  - b. The Owner breaches any covenant or condition of this Bylaw, the Exemption Agreement, or the Exemption Certificate.
18. If an Exemption Certificate is cancelled:
  - a. The District will notify the Owner as soon as is practicable; and
  - b. The Owner may be required to pay a recapture amount, as set out in the Exemption Certificate.
19. Exemption Certificates that are cancelled on or before October 31<sup>st</sup> of a given calendar year will take effect the following calendar year.

### **Delegated Authority**

20. Council delegates to the Manager of Sustainability for the District or their designate the administrative authority to enter into an Exemption Agreement for the Program, and to instruct the Director of Finance to issue the Exemption Certificate once all conditions of the Agreement have been met.
21. The Director of Finance for the District is designated the municipal officer for the purpose of section 226(13) of the *Community Charter*.

**Includes bylaw amendment 10010**

Schedule "A"

**Revitalization Tax Exemption Agreement**

THIS AGREEMENT dated for reference the \_\_\_ day of \_\_\_\_\_, 202\_\_ is  
BETWEEN:

[Name and Address of Owner of Land]  
(the "Owner")

AND:

THE CORPORATION OF THE DISTRICT OF SAANICH  
770 Vernon Ave  
Victoria BC V8X 2W7  
(the "District")

GIVEN THAT:

- A. The Owner is the registered owner in fee simple of lands in the District of Saanich at [civic address] legally described as [legal description] (the "Property");
- B. Council for the District has established a revitalization tax exemption program through the "Climate Action Revitalization Tax Exemption Bylaw, 2023, No.9932";
- C. The Owner proposes to undertake a retrofit project to replace fossil fuel-based space heating, ventilation and/or domestic hot water equipment with an electric mechanical system for the building, as described in Appendix "A" attached to and forming part of this agreement (the "Project") and has applied to the District to take part in the Program in respect of the Project, and the District has agreed to accept the Project under the Program.

THIS AGREEMENT is evidence that in consideration of the promises exchanged below, the Owner and the District covenant and agree each with the other as follows:

1. In this Agreement, all capitalized terms used shall have the same meaning as the defined terms in the "Climate Action Revitalization Tax Exemption Bylaw, 2023, No, 9932".
2. **Conditions:** The Owner must fulfill or cause to be fulfilled the following conditions before the District will issue an Exemption Certificate to the Owner in respect of the Project:



- a. Submit to the District all Project completion documentation, including confirmation of any amounts received through incentives provided through other levels of government or agency; and
  - b. Register the building with Energy Star Portfolio Manager, as administered by Natural Resources Canada, and grant the District status as a “read only” user.
3. **Issuance of Tax Exemption Certificate:** Subject to fulfillment of the conditions set out in this Exemption Agreement and the Bylaw, the District shall issue an Exemption Certificate to the British Columbia Assessment Authority entitling the Owner to a Tax Exemption in respect of the Property Taxes due in relation to the Property and the improvements thereon for the calendar year(s) set out in this Agreement.
4. **Amount of Tax Exemption:** the Exemption Amount as calculated based on information provided in Appendix A to this Agreement is: \$\_\_\_\_\_. Amendments to the Eligible Project Expenses may be considered with written request and subject to approval by the District of Saanich. The maximum assessed value that will be exempted to achieve the Exemption Amount shall be calculated in accordance with the Bylaw and shall be set out in the Exemption Certificate. Notwithstanding the above, the actual value of the exemption received will vary based on the annual municipal tax rate and may be greater or less than the Exemption Amount as calculated.
5. **Owner’s Covenants:** The Owner covenants with the District that it will:
  - a. Comply with all laws and regulations governing the alterations and operation of the building;
  - b. Comply promptly, at its own expense, with the legal requirements of all authorities in respect to alterations and operation of the building;
  - c. Permit the District to use and publish information about the Project as it relates to the Program;
  - d. Ensure all mechanical equipment installed in the building on the Property continues to operate as intended pursuant to the Project details as outlined in Appendix A of the Exemption Agreement during the term of the tax exemption;
  - e. Maintain up-to-date and accurate information in its active Energy Star Portfolio Manager Account for the building receiving the tax exemption, and provide the District “read-only” access to the data during the term of the tax exemption; and
  - f. Not evict or permanently displace any tenants of the building (if applicable) as a result of improvements completed as part of the Project.
6. **Indemnity:** The Owner shall indemnify and save harmless the District and each of its elected and appointed officials, officers, employees, agents and contractors from and against 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 Property, or by a person who has an interest in or comes onto the Property, or otherwise, which the District 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 Property contemplated under this Agreement; and
  - c. Restrictions or requirements under this Agreement.
7. **Release:** The Owner hereby releases and forever discharges the District 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 District 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 Property contemplated under this Agreement; and
  - (c) restrictions or requirements under this Agreement.
8. **Representations and Warranties:** the Owner represents and warrants to the District that they have the capacity and authority to enter into and perform the obligations under this Agreement.
9. **Notices:** Any notice or other writing required to be given to any party shall be sufficiently given if delivered by hand or if sent by prepaid registered mail to:
- a. In the case of a notice to the District:  
  
The Corporation of the District of Saanich  
c/o Sustainability and Strategic Initiatives  
770 Vernon Avenue  
Victoria BC V8X 2W7
  - b. In the case of a notice to the Owner, at:  
*[insert name and address of owner]*

or at such other address as the party to whom such notice or other writing is to be given shall have last notified the party giving the same.

10. **Time:** Project completion documentation must be submitted to the District no later than two months following the expected date of Project completion, as outlined in Appendix A of this Agreement.

Based on the expected date of Project completion and consideration for the District's maximum annual exemption cap, the Exemption Certificate will be issued in (year): \_\_\_\_\_ if all conditions of the Exemption Agreement and Bylaw are met.

Extensions may be granted if requested in writing, and subject to conditional review and approval by the District.

11. **No Assignment:** the Owner shall not assign its interest in this Agreement except to a subsequent owner of the Property.
12. **Severance:** if any portion of this Agreement is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this Agreement.
13. **Further Assurances:** the parties hereto shall execute and do all such further deeds, acts, things, and assurances that may be reasonably required to carry out the intent of this Agreement.
14. **Powers Preserved:** this Agreement does not:
- a. Affect or limit the discretion, rights, or powers of the District under any enactment or at common law, including in relation to the use or subdivision of the Property;
  - b. Affect or limit any enactment relating to the use or subdivision of the Property; or
  - c. Relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Property, and without limitation shall not confer directly or indirectly any exemption or right of set-off from development cost charges, connection charges, application fees, user fees or other rates, levies, or charges payable under any bylaw of the District.
15. **Reference:** every reference to each party is deemed to include the heirs, executors, administrators, personal representatives, successors, assigns, servants, employees, agents, contractors, officers, licensees, and invitees of such party, wherever the context so requires or allows.
16. **Enurement:** this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written:

Executed by the CORPORATION OF THE DISTRICT OF SAANICH

By its authorized signatories:

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Name:

Manager of Sustainability

Executed by \_\_\_\_\_ (insert owner's name)

By its authorized signatories:

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Owner's Signature

Schedule "B"

**TAX EXEMPTION CERTIFICATE**

**Date of Issuance:** \_\_\_\_\_ **Certificate Number:** \_\_\_\_\_

**Date of Expiry:** \_\_\_\_\_

**Civic Address:** \_\_\_\_\_

**PID:** \_\_\_\_\_

**Property Roll Number:** \_\_\_\_\_

In accordance with the District of Saanich "Revitalization Tax Exemption Bylaw, 2023, No.9932" (the "Bylaw") and in accordance with a Revitalization Tax Exemption Agreement dated for reference the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Agreement") entered into between the Corporation of the District of Saanich (the "District") and \_\_\_\_\_ (the "Owner"), the registered owner(s) of [insert civic address of the property] \_\_\_\_\_ (the "Property"):

**Amount of Exemption:** This certificate certifies that the Property is subject to a revitalization tax exemption, and the land and improvements on the Property specified above are exempt from Property Taxes in each year of the term as follows:

A 100% municipal tax exemption shall be applied to \$\_\_\_\_\_ of the total assessed value (the sum of land and improvements) for a term of \_\_\_\_\_ years.

The tax exemption shall first be applied to assessed land value, and any remaining difference shall be applied to assessed improvement value.

For Strata Property, see the division of the Tax Exemption per strata lot as set out in Schedule A, attached to this certificate.

**Conditions:** The Tax Exemption is provided under the following conditions:

1. All mechanical equipment installed in the building on the Property must continue to operate as intended pursuant to the Project details as outlined in Appendix A of the

Exemption Agreement during the term of the tax exemption;

2. The Owner maintains registration with Energy Star Portfolio Manager for the building receiving the tax exemption, and provides the District “read-only” access to the data, which shall be maintained as up-to-date and accurate for the duration of the tax exemption term;
3. The Owner continually meets all other terms and conditions of the Revitalization Tax Exemption Bylaw, the Exemption Agreement, and this Exemption Certificate.

**Cancellation:**

4. This certificate may be cancelled by the council of the District:
  - a. At the request of the owner; or
  - b. If any of the conditions specified in this certificate are not met.

**Recapture Amount**

5. If this certificate is cancelled by the District pursuant to section 4 above, 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:** \_\_\_\_\_

**SCHEDULE A**

| <b>Unit</b> | <b>PID</b> | <b>Property<br/>Roll<br/>Number</b> | <b>Percent (%)<br/>Exemption</b> | <b>Total Assessed<br/>Value to be<br/>Exempted*</b> | <b>Term</b> |
|-------------|------------|-------------------------------------|----------------------------------|---|-------------|
|             |            |                                     |                                  |   |             |
|             |            |                                     |                                  |   |             |

*\* The tax exemption shall first be applied to assessed land value, and any remaining difference shall be applied to assessed improvement value.*