



# City of Prince Albert

**RPT 2026-91**

**TITLE:** Invest and Expand Renovation Incentive – Proposed Tax Abatement for Existing Businesses

**DATE:** March 11, 2026

**TO:** Executive Committee

**PUBLIC:** X

**INCAMERA:**

## **RECOMMENDATION:**

That the Invest and Expand Renovation Incentive Program be approved as attached.

## **EXECUTIVE SUMMARY:**

Administration has proposed a three-year tax abatement incentive for renovation projects in commercial or mixed-use buildings that result in an increase in the post-renovation general municipal levy. The incentive is intended to provide some property tax stability and relief during the three years following large investments made to eligible properties.

## **BACKGROUND:**

The City of Prince Albert has previously offered a range of development incentives. These incentives were generally limited to specific types of commercial development or focused on particular elements of a project, such as waiving outstanding infrastructure fees. Over time, these incentive programs were not renewed, and the general approach to providing incentives was to have a developer make unique individual requests to City Council.

In July 2025, City Council approved a formal incentive program with a wide scope that applies to all commercial and multi-unit residential development. This New Construction of Commercial and Multi-Unit Residential Development Incentive was the first program to be launched in the new suite of formalized incentive programs. Administration is now looking to add an additional incentive program for existing businesses looking to make major renovations to their properties.

## **PROPOSED APPROACH AND RATIONALE:**

The Economic Development Division of Community Development has had conversations with multiple existing businesses in the City to identify the hurdles that are preventing them from expanding or renovating their properties. Every business owner made comments about high commercial property taxes, and the uncertainty about how the renovation would impact their taxes. Business owners are looking for some degree of certainty regarding their taxes so they can properly budget for a large renovation.

The proposed incentive would be a three-year tax abatement of the incremental tax increase that results after a renovation. In the first year, the difference between the post-renovation general municipal levy and the pre-renovation municipal levy would be used to determine the abatement on the property taxes for three years. This means that the property taxes would be considerably maintained at the pre-renovation amount for three years, providing some stability to the business owner. At the end of the three years, the increase in taxes due to the renovation would be included in the tax bill. The full details of the tax abatement are provided in the attached Schedule A.

The proposed incentive would apply to all commercial buildings, as well as mixed-use buildings that include commercial and residential uses. This ensures that any renovations in buildings located downtown that improved commercial spaces or created updated, livable residential spaces in upper floors would be eligible for the tax abatement.

### **CONSULTATIONS:**

Administration reached out to multiple businesses that had previously indicated interest in expanding their business. Businesses consistently said that property tax increases reduced their ability to invest in their properties, despite wanting to do so. There is apprehension in the business community about making large renovations to properties due to the tax increases associated with them. Given this information, Administration proposed an incentive that specifically focused on trying to reduce the property tax increase associated with a renovation for a period of three years to help alleviate the impact on existing businesses.

### **COMMUNICATION AND/OR ANNOUNCEMENT PLAN:**

If the Invest and Expand Renovation Incentive Program is approved, Community Development and the Communications team will work together to distribute information to local businesses and property owners in a variety of ways.

### **BUDGET/FINANCIAL IMPLICATIONS:**

The implementation of this renovation incentive program will result in foregone revenue for a period of three years for each eligible project. There is no way to predict how many property owners will take advantage of the incentive, so there is uncertainty regarding the amount of foregone revenue. However, for each eligible project, the foregone revenue will be equal to the amount of the abatement. Year 1 of the general municipal levy increase (the difference between post-renovation and pre-renovation) will determine the three-year abatement percentage as follows:

- Year 1: 33.34%
- Year 2: 33.33%
- Year 3: 33.33%

The total abatement will be calculated as described in the following example:

A commercial business completes a renovation to their property that results in an assessment increase which equates to a general municipal levy increase of **\$10,000**:

Year 1 Abatement	33.34%	\$3,334.00
Year 2 Abatement	33.33%	\$3,333.00
Year 3 Abatement	33.33%	\$3,333.00
<b>Total</b>	<b>100.00%</b>	<b>\$10,000.00</b>

The three-year abatement will total \$10,000 by Year 3. By Year 4, the property owner will be paying the full value of the general municipal levy. The size of the abatement will depend on the size and scale of each renovation project.

#### **OTHER CONSIDERATIONS/IMPLICATIONS:**

There are no policy, privacy, safety or environmental implications.

##### *Legal Implications:*

Signed agreements outlining the details of the tax abatement would be required for each successful applicant to the incentive program.

#### **OPTIONS TO RECOMMENDATION:**

There is an option to duplicate the declining scale abatement that is offered through the New Construction of Commercial and Multi-Unit Residential Development Incentive Program. Although there were some business owners that have requested that renovation projects be included in the New Construction Incentive Program, it is not being recommended.

If the declining scale tax abatement (70%, 50%, 30%, 15%) were to be applied to the full general municipal levy on an existing building, the City would not collect property taxes that had previously been collected, reducing the overall amount of property tax the City gains. By focusing on reducing the increase in taxes, the City can continue to collect the pre-renovation taxes, while also providing a benefit to the property owner.

#### **STRATEGIC PLAN:**

This incentive program supports the City's 2026-2029 Strategic Plan Priority of Building a Robust Economy, specifically the key initiative about developing incentives to attract investments and business activities in strategic areas of growth.

#### **OFFICIAL COMMUNITY PLAN:**

Sections 11.3 (ii) of the City of Prince Albert Official Community Plan (OCP) speaks to the development of incentives to encourage renovations, upgrades, and infill development in the Downtown and surrounding neighbourhoods such as tax abatements and grants.

**PUBLIC NOTICE:**

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

**PRESENTATION:**

Verbal Presentation by Michael Nelson, Acting Director of Community Development.

**ATTACHMENTS:**

1. Application Form – Invest & Expand Renovation Incentive Program
2. Schedule A – Invest & Expand Renovation Incentive Program

**Written by:** Ellen Pearson, Economic Development Planner

**Approved by:** A/Director of Community Development, Chief Financial Officer & A/City Manager