



BRIGHT IDEAS IN ECONOMIC DEVELOPMENT

#### LOCATION

Thompson  
Okanagan

#### POPULATION

33,761

#### ECONOMIC BASE

Natural resources,  
tourism, service  
industries

#### INNOVATORS

Penticton



#### TARGETED REVITALIZATION

# Penticton Economic Investment Zone

#### SYNOPSIS

Penticton attracted new businesses, redevelopment of brownfield sites, and over 400 jobs through targeted use of Revitalization Tax Exemptions throughout the city. Public input and comprehensive planning have shaped the successful Economic Investment Zone program.

## INTRO

In 2010, Penticton city council was facing a dilemma: it had a vision of revitalization and vibrancy in specific parts of town, but development and investment in buildings were sluggish. Penticton needed to see new businesses, job creation and reinvestment in brownfields sites to stimulate the economy.

The city established the [Economic Investment Zone program](#) as part of an overall growth strategy. In response, Penticton has seen new industry clusters and community amenities spring up, and more than 40 projects in the affected zones, which have generated over \$70 million in construction activity and at the end of the program will have created more than 400 jobs.

## THE STRATEGY

The Economic Investment Zone (EIZ) program was created to stimulate building development, reinvestment and employment within strategically targeted

zones of the city. The EIZ program is an example of a Revitalization Tax Exemption program, under section 226 of the Community Charter. Under new bylaws created for the EIZ, a portion of municipal taxes are exempted for five to 10 years on qualifying projects within the geographic zones targeted by the city. In return, the projects result in new buildings or upgrades to buildings, which attract new businesses and employment, and deliver services and benefits to the community.

The EIZ program has evolved in response to changes in development and needs or interests expressed by the community. There have been five EIZ bylaws passed.

The original EIZ bylaw in 2010 offered the revitalization tax exemption to properties in the downtown and industrial zones (as defined on maps in the bylaw), as well as to hotels/motels within hotel/motel zones that were expanding their guest rooms and maintaining “three stars” or better in the Canada Select accommodation rating program. The available tax exemption



was calculated based on the construction value of the project, and also offered a 50% reduction on building permit and plumbing permit fees.

Another EIZ bylaw was passed in 2012 and amended in 2014. It added economic investment zones covering tourism, sport



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and culture; waterfront; and a commercial/industrial area, as well as targeting tax exemptions for key land uses in these zones. The city used this bylaw to encourage the creation of a marina, a cultural facility, hotel/motel development, a sport facility, and a new retirement resort with community amenity space.

Subsequent bylaws under the EIZ program offered these partial tax exemptions for businesses of particular types that the city wished to attract to specific parts of town. An additional 2014 downtown economic investment zone bylaw defined certain services, housing types, brownfield and greyfield development, high-tech businesses, heritage properties and temporary community amenities, and offered the revitalization tax exemption program. In 2015, an additional bylaw included major development projects in the EIZ program.



## COMMUNITY IMPACTS

At the end of the program, once construction has been completed on all projects, approximately 40 projects will have qualified for exemptions and generated more than \$70 million in construction activity and more than 400 new jobs. About 20% of the projects are new investments and the others are reinvestments in existing businesses and industry. Many of the downtown projects supported increased vibrancy in Penticton's downtown, which was a key strategic goal identified by the community.

One of the most notable areas of impact was around a brownfield site that was revitalized to host the 1,200-seat Landmark Cinema. After development, this project became a catalyst for further activity in the surrounding area, with new businesses opening up: **Bad Tattoo Brewing** (on a former brownfield site), **Cannery Brewing**, **Old Order Distillery** and **TIME urban winery**. The EIZ program helped drive this new industry cluster and create an entertainment hub for residents and visitors.

Other large-scale projects include the \$18-million **Regency Retirement Village** on Skaha Lake, and a \$12-million expansion of a downtown hotel. A local manufacturing company's expansion created 35 new jobs and retained them in Penticton.

## LESSONS LEARNED

- Communicating about incentives and tax exemptions available through the Economic Investment Zone bylaw can be a tricky process. One of the frequent concerns about revitalization tax exemptions is that they reduce the municipal taxes paid on properties that are increasing in value; counting the dollars of tax exempted is easier than calculating the community benefits resulting from new investments. The city addressed this concern by **communicating how increased land values provide economic benefits that far outlive the short-term cost of the tax incentive.**
- The EIZ program responds to community priorities established through **public process**, including the **downtown plan** public consultation held in 2012. As the program matured and brought desirable development, the response from the public has been largely positive. **Continued community consultation** will ensure **robust policy discussions** occur in the future as well.
- Promotion of any future versions of the Economic Investment Zone program will include an **educational component** to help answer questions from the community and ensure the development and business community have a **clear understanding of the opportunity.**

## CONTACT INFORMATION

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## ABOUT THE OPEN FOR BUSINESS AWARDS

The **Open for Business Awards** recognize and celebrate communities that are taking meaningful steps to create a business-friendly culture and have implemented winning initiatives that are helping small businesses flourish.

*This story has been adapted from submissions to the Open For Business Awards. Penticton was a nominee for the 2017 Open for Business Awards.*



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