

Report to Council



Date: September 24, 2018
File: 1220-02
To: City Manager
From: Ross Soward, Planner Specialist
Subject: Rental Housing Revitalization Tax Exemption Agreements Fall 2018

Recommendation:

THAT Council, receives, for information, the Report from the Planner Specialist dated May 28, 2018 recommending that Council adopt the following Revitalization Tax Exemption Agreements for four purpose-built rental housing projects.

THAT Council approves the City of Kelowna entering into a Revitalization Tax Exemption Agreement with 1017476 B.C. Ltd., INC. NO. BC1017476 (ASC Construction LTD), for Lot 1 District Lot 139 ODYD PLAN 92715 at 1730 Richter Street, Kelowna, BC.

THAT Council approves the City of Kelowna entering into a Revitalization Tax Exemption Agreement with 1017476 B.C. Ltd., INC. NO. BC1017476 (ASC Construction LTD), for Lot 1 District Lot 139 ODYD PLAN 92715 at 1740 Richter Street, Kelowna, BC.

THAT Council approves the City of Kelowna entering into a Revitalization Tax Exemption Agreement with Ki-Low-Na Friendship Society for Lot B Section 18 Township 27 ODYD, Plan 29386 at 1759 Highway 33 East, Kelowna, BC.

THAT Council approves the City of Kelowna entering into a Revitalization Tax Exemption Agreement with 554764 Ltd, for Lot 1 Section 27 Township 26 ODYD, Plan EPP73636 at 200-220 Nickel Road, Kelowna, BC.

Purpose:

To bring forward four 10-year Revitalization Tax Exemption Agreements for approval to support the purpose-built rental housing projects identified in the report from the Planner Specialist, dated September 24, 2018 in accordance with Revitalization Tax Exemption Program Bylaw No. 9561

Background:

The recently adopted Healthy Housing Strategy identified the importance of an ongoing construction of purpose-built rental housing to maintain a balanced rental housing market in Kelowna. Through the strategy an annual target of 400 purpose-built rental units was established to encourage a healthy rental market. Also, given the low vacancy rates for rental housing in the Kelowna CMA over the last several years the development of purpose-built rental housing continues to be an important priority. In order to encourage the development of purpose-built rental housing the City provides a number of financial incentives.

One of the incentives is for 10-year revitalization tax exemptions for purpose-built rental housing where the proponent meets three requirements:

1. The vacancy rate is at or below 3%
2. The subject property has a Housing Agreement (for up to 10 years)
3. Development in compliance with the OCP Future Land Use designation.

All of the proposed projects meet the criteria for revitalization tax exemption applications. The four projects have Housing Agreements in place, subject to Council approval. The City's rental housing vacancy rate is currently below 3 per cent and all projects are in compliance with the OCP future land use designation. The proposed exemption will be valid for the ten years based on occupancy of each individual project. A draft copy of the Revitalization Tax Exemption Agreement for each project is attached for additional details.

Although there is a significant need and demand for rental housing the Revitalization Tax Exemption program does come at a financial cost. Staff estimate the total amount of tax revenue associated with the 10-year exemption for the 256 purpose-built rental units is \$1,280,000. The amount for each project is estimated in the table below.

Property	Project Details	Estimated Annual Revenue Impact
1730 Richter Street	80 rental units	\$40,000
1740 Richter Street	108 rental units	\$54,000
200-220 Nickel Road	19 rental units	\$9,500
1759 Highway 33 East	49 rental units	\$24,500

Internal Circulation:

Divisional Director, Community Planning & Real Estate
Department Manager, Policy & Planning
Supervisor, Revenue
Manager, Urban Planning

Legal/Statutory Authority:

Revitalization Tax Exemption Program Bylaw No. 9561, 2006
Community Charter, Division, Section 226

Legal/Statutory Procedural Requirements:

The Revitalization Tax Exemption Bylaw No. 9561 supports municipal tax incentives for purpose-built rental housing when the vacancy rate for rental housing is at three per cent or lower.

Existing Policy:

Official Community Plan Bylaw No. 10500

Revitalization Tax Exemption Program Bylaw No. 9561 Policy 5.1.3

Submitted by: R. Soward, Planner Specialist

Approved for inclusion: J. Moore, Manager of Long Range Planning

Attachments:

1. Schedule A - Draft RTE Agreement 1730 Richter Street
2. Schedule B - Draft RTE Agreement 1740 Richter Street
3. Schedule C - Draft RTE Agreement 1759 Highway 33 East
4. Schedule D- Draft RTE Agreement 200-220 Nickel Road