

Report to Council



Date: April 1, 2019
File: 0505-35
To: City Manager
From: Laura Bentley, Community Planning Supervisor
Subject: Rescind Housing Agreement for 3477-3499 Lakeshore Road

Recommendation:

THAT Council receives, for information, the report from the Community Planning Department dated April 1, 2019, with respect to the Housing Agreement for 3477-3499 Lakeshore Road;

AND THAT Council approves the City rescinding Revitalization Tax Exemption Agreement RTE18-0001 with 0984342 BC Ltd for Lot A District Lot 134 ODYD Plan EPP65105, located at 3477-3499 Lakeshore Road, Kelowna, BC, as per the report from the Community Planning Department dated April 1, 2019;

AND THAT the Mayor and City Clerk be authorized to execute the rescindment of the Revitalization Tax Exemption Agreement on behalf of the City of Kelowna;

AND THAT Council consider a Bylaw that would authorize the City of Kelowna to repeal Bylaw No. 11610 being Housing Agreement Authorization Bylaw 0984342 BC Ltd Inc. No. BC0984342 – 3477-3499 Lakeshore Road, and all amendments there to, for Lot A District Lot 134 ODYD Plan EPP65105, located at 3477-3499 Lakeshore Road, Kelowna, BC;

AND FURTHER THAT Bylaw No. 11800 being Repeal Housing Agreement Authorization Bylaw No. 11610 be forwarded for reading consideration.

Purpose:

To consider rescinding the Revitalization Tax Exemption Agreement and repealing the Purpose-Built Rental Housing Agreement Bylaw for the subject property to allow the development to operate a combination of long-term and short-term rentals.

Background:

On May 28, 2018, Council authorized a Revitalization Tax Exemption Agreement and Purpose-Built Rental Housing Agreement for the development known as The Shore at 3477-3499 Lakeshore Road.

The proponent met the following requirements for a revitalization tax exemption as an incentive for purpose-built rental housing:

1. The vacancy rate was at or below 3%;
2. The subject property entered into a Purpose-Built Rental Housing Agreement; and
3. The development was in compliance with the OCP Future Land Use designation.

To ensure that rental housing projects receiving tax exemptions or other City incentives are used for long-term rentals (defined as a minimum of 30 days), one of the conditions of the City's Purpose-Built Rental Housing Agreement is that units may not be used for short-vacation accommodation.

In further discussions with City staff, the developer has indicated a desire to operate long-term rentals for students during the school year (roughly September-April) and short-term rentals in the summer months. Currently, the property's zoning of C₄ – Urban Centre Commercial would allow for this combination of uses under multiple dwelling housing and apartment hotels; however, this is restricted by the Purpose-Built Rental Housing Agreement, which does not allow for short-term rentals.

On March 12, 2019, Council gave third reading to Bylaw No. 11766 regarding short-term rental accommodation. That bylaw would limit short-term rentals to an operator's principal residence in the C₄ zone, among others. In order for The Shore to operate short-term rentals as intended under the existing C₄ regulations, the project would need to qualify for non-conforming use provisions prior to adoption of Bylaw No. 11766.

As such, the developer has applied for Council to repeal the Purpose-Built Rental Housing Agreement Bylaw. The property would no longer qualify for incentives for purpose-built rental housing, meaning the Revitalization Tax Exemption Agreement associated with this project also needs to be rescinded. The estimated annual taxation impact for this project was \$51,000, which the property owner would no longer be exempt from paying. Should the request to repeal and rescind the Bylaw and Agreement be supported, the project would qualify for non-conforming use provisions and be able to do student rentals during the school year with short-term rentals in the summer months.

Legal/Statutory Authority:

Local Government Act section 483

- (1) A local government may, by bylaw, enter into a housing agreement under this section.
- (2) A housing agreement may include terms and conditions agreed to by the local government and the owner regarding the occupancy of the housing units identified in the agreement, including but not limited to terms and conditions respecting one or more of the following:
 - (a) the form of tenure of the housing units;

Existing Policy:

Revitalization Tax Exemption Program Bylaw No. 9561

For Purpose-Built Rental Housing Projects throughout the City, 100% of the Revitalization Amount on the parcel, for projects that are subject to a Housing Agreement (for up to 10 years) and are in compliance with the OCP Future Land Use designation as at May 30, 2011. A tax incentive for rental housing will only be considered when the vacancy rate is at or below 3%.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Procedural Requirements:

Financial/Budgetary Considerations:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

L. Bentley, Community Planning Supervisor

Approved for inclusion: R. Smith, Community Planning Department Manager

cc:

City Clerk

Long Range Policy Planning Manager