

Report to Council



Date: April 15, 2019
File: 1200-02
To: City Manager
From: Ross Soward, Planner Specialist
Subject: Revitalization Tax Exemption Agreements - Amendments

Recommendation:

THAT Council authorize staff to amend the Revitalization Tax Exemption Agreement with Suntec Holdings Corporation for Lot A Plan KAP84050 Section 23 Township 26 Land District 41 at 225 Rutland Road South, Kelowna, BC, in the form attached to the report from the Planner Specialist, dated April 15, 2019;

THAT Council authorize staff to amend the Revitalization Tax Exemption Agreement with National Society of Hope S-25475 for Lots 80 to 128 District Lot 128, O.D.Y.D Strata Plan EPS4011 at 2075 Benvoulin Court, Kelowna, BC, in the form attached to the report from the Planner Specialist, dated April 15, 2019;

AND FURTHER THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete this transaction.

Purpose:

To amend two approved Revitalization Tax Exemption Agreements for rental housing in accordance with Revitalization Tax Exemption Program Bylaw No. 9561.

Background:

In November 2017 Council approved 10-year Revitalization Tax Exemption (RTE) Agreements for several projects in accordance with the Revitalization Tax Exemption Program Bylaw No. 9561. The two projects (Benvoulin Court & Rutland Road South) applied for the revitalization tax exemption under the rental housing component of the program. As per the RTE program the projects are eligible to receive a 10-year revitalization tax exemption in exchange for securing the rental units through a housing agreement with the City that is registered on title.

As part of the revitalization tax exemption agreements that Council approved in November 2017 both projects estimated their occupancy date to be late summer / fall 2018, meaning their 10-year exemption was expected to begin in January 2019. However, due to complications both projects were delayed and their occupancy dates were pushed back several months resulting in both the projects missing the BC Assessment Authority deadline for 2019 exemptions. As a result, staff is recommending the term of exemption for both agreements be amended from 2019-2028 to 2020-2029 to allow for both projects to continue to receive the 10-year exemption. To amend the revitalization tax exemption agreement several other minor amendments are needed to reflect the updated occupancy date and revised term of exemption. Both of the projects will still have all the same conditions securing the rental housing as per the rental housing agreement that is in place.

Through this process staff has identified several minor updates to the Agreement Template within the Revitalization Tax Exemption Bylaw that would allow for greater flexibility on the term of exemption and would eliminate the need for these minor amendments. Staff is currently reviewing Bylaw 9561 and updates will be brought forward for Council consideration later this spring.

Internal Circulation:

Revenue Manager, Financial Services
Divisional Director, Community Planning & Real Estate
Manager, Long Range Policy 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.

Financial Considerations:

Within Kelowna there continues to be strong demand for rental housing, but 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 two projects to total approximately \$345,000.

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 Long Range Policy & Planning

Attachments:

1. Draft Amended Revitalization Tax Exemption Agreement 225 Rutland Road South
2. Draft Amended Revitalization Tax Exemption Agreement 2075 Benvoulin Court