

Report to Council



Date: August 26, 2019
To: Council
From: City Manager
Subject: Rental Housing Inventory
Department: Policy and Planning

Recommendation:

THAT Council receives, for information, the report from the Policy and Planning Department dated August 26, 2019, with respect to the Rental Housing Inventory;

AND THAT Council directs staff to investigate and engage on the proposed action items identified in the Rental Housing Inventory Implementation Table as outlined in the Rental Housing Inventory report dated August 26, 2019.

Purpose:

To provide Council with an overview of the Rental Housing Inventory for the city of Kelowna.

Background:

The City of Kelowna's [Healthy Housing Strategy](#) (2018) aims to address the community's most pressing housing issues, rental housing being one of them. "*Research and inventory existing purpose-built rental housing¹*" was identified as one of the 19 recommended actions within the Strategy's key directions.

For many residents, rental housing is their long-term housing solution. For others, it is a stepping stone toward home ownership. As the ownership market becomes more difficult to enter, the rental market is expected to grow in importance. Between 2011 and 2016, 73 per cent of new households in Kelowna were renter households. This compares to 32 per cent in the previous five years². This robust demand for rental is clear, with very low vacancy rates, 0.6 in 2016³ to a slight increase to 1.9 in 2018⁴, across the rental market and prices on the rise in both the rental and ownership markets.

¹ "Purpose-Built Rental Housing" means a self-contained building(s) containing five or more Dwelling Units that are intended to be used for rental housing. Purpose-built rental housing meets an identified need for housing in the City and does not include buildings that are stratified. Bylaw No. 9561 – Revitalization Tax Exemption Program Bylaw

² Statistics Canada, Kelowna (CSD) Community Profiles, 2006-2016.

³ CMHC fall 2017 Rental Market Survey – Kelowna.

Traditionally, the most affordable rental stock is the stock that exists today. Protecting our existing stock of purpose-built rental housing is important if rental housing is going to remain available at a variety of price points. Before clear actions can be recommended and resourced, further research was required into this segment of the local housing system.

Through this project, referred to as the Rental Housing Inventory, staff compiled a detailed inventory of the existing purpose-built market rental stock and purpose-built subsidized rental stock including: building age, units by type (market or subsidized), and number of bedrooms. Prior to the Rental Housing Inventory, the City did not have an up-to-date and complete inventory of its market and subsidized rental buildings⁵.

An inventory has now been created based on BC Assessment data and cross-referenced with the City's business license list, to obtain a more fulsome picture of the current multi-unit purpose-built rental stock. The inventory is intended to be integrated with City systems and made publicly available through two layers in Kelowna Map Viewer System.

Rental Inventory Key Findings:

The inventory shows that Kelowna has a total of 8,090 purpose-built rental units, 82 per cent (6,667) of which are primary market rentals and 18 per cent (1,423) are subsidized rentals⁶.

Market Rentals:

- 6,667 rental units within 146 buildings; this includes 6,591 units that have been broken down by unit size⁷.
- The 1 bedroom and 2 bedroom units make up 80 per cent of the total market rental units.
- 3+ bedroom units making up 3 per cent of the total market rental units.
- 63 per cent of all market rental buildings were built before 1980.
- Geographically, 75 per cent of market rentals are located within the Core Area; 45 per cent of market rentals are located within an Urban Centre.

Subsidized Rentals:

- 1,423 subsidized rental units within 29 buildings; this includes 1,305 that have been broken down by unit size.
- The 1 bedroom and 2 bedroom units make up 76 per cent of the total subsidized rental units.

⁴ [Rental Market Report – British Columbia Highlights – Date Released - 2018](#)

⁵ Data related to emergency shelters, short-term supportive housing and long-term supportive housing is forthcoming through the [Journey Home Strategy](#) – Implementation.

⁶ The Rental Housing Inventory notes the total number of primary market rentals in Kelowna to be 6,667 rental units (2019). The City of Kelowna [Housing Needs Assessment](#) notes the total number of primary market rentals in Kelowna was 4,804 (2016). This increase is likely due to the influx of new market rental units that came online between 2016-2019.

⁷ Break down by unit size is not available for all buildings. The details about new buildings takes a couple of years to show up in the BC Assessment's building information table.

- 3+ bedroom units make up 16 per cent of the total subsidized rental units.
- 50 per cent of all subsidized rental buildings were built between 1980-1990.
- Geographically, 84 per cent of subsidized rentals are located within the Core Area; 49 per cent of subsidized rentals are located within an Urban Centre.

Additional Stakeholder Engagement:

In addition to the quantitative data that was collected through the Rental Housing Inventory, staff collected qualitative/anecdotal data through stakeholder engagement using the City's online engagement platform, Get Involved Kelowna. Kelowna property owners and/or managers were invited to share their experience of rental housing. A public online questionnaire was open for three-and-a-half weeks in Spring 2019. Engagement was promoted through two City in Action notices in The Daily Courier newspaper.

The rental inventory showed that 57 per cent of all purpose-built rental buildings are 40 years old or older and may, therefore, be requiring substantial upgrades in the coming years. Input gathered from primary market and subsidized rental property owners and managers suggest that most property owners and managers do maintain their buildings over time. In fact, the questionnaire results showed that 77 per cent of respondents (39/51) will be upgrading their buildings within the next 10 years, with windows/doors, exterior aesthetics, interior aesthetics and energy efficient upgrades being the four most pressing upgrades. Despite these positive results, major upgrades required to older rental buildings are expected to pose a growing challenge in the coming years.

Notably, accessibility/universal design upgrades were not prioritized by rental property owners/managers who responded to the questionnaire as a pressing capital upgrade. However, by 2040, 25 per cent of Kelowna's residents will be 65+ and almost 40 per cent of seniors will be 80 years or older (Healthy Housing Strategy). As Kelowna's population ages, it is important to consider accessibility and/or universal design in purpose-built rental housing. Encouraging accessible/universal design in purpose-built rental housing aligns with the goals of both the City of Kelowna's [Community for All Action Plan](#) and the [Healthy Housing Strategy](#).

Moreover, anecdotal comments and responses received through the questionnaire indicate that financial support and funding opportunities from all levels of government play a key role in the protection of existing rental housing.

Highlights:

Several important observations have been made through this inventory:

- A significant number of market rental units are over 40 years old which increases the need for major capital improvements;

- Family-friendly 3-bedroom units are in short supply among market rentals but are better represented in subsidized rental buildings;
- Most property owners do see the need to maintain their rental buildings primarily to keep status quo or complete the necessary repairs;
- Improvements such as energy efficiency upgrades and accessibility upgrades do not seem to be prioritized; and
- Funding or financing opportunities from all levels of government is instrumental in maintaining, improving and ultimately, protecting existing rental stock.

Next Steps:

Traditionally, the most affordable rental stock is the stock that exists today. The theory here is that new stock, subject to new construction and land prices, will be more expensive to rent than older, existing stock. Protecting this stock from redevelopment becomes even more important if we are going to ensure that adequate rental housing is available at a wide range of price points.

Staff will continue to work with senior levels of government and key stakeholders to promote the protection of rental buildings through policies and regulations, funding opportunities and partnerships to ensure these key assets are protected and improved over time.

The Rental Housing Inventory has identified six actions to be initiated within three years, as listed in the Implementation Table on page 28, to ensure existing rental housing stock is improved and protected.

Implementation Table:

ACTION	LEAD	PROPOSED YEAR	ESTIMATED NEW BUDGET
Continue to update and monitor Rental Inventory and Map Viewer System.	City of Kelowna (Policy & Planning, Development Planning and Information Services)	Ongoing	No additional budget required
Host a workshop to connect property owners/managers of existing rental buildings to funding and financial opportunities.	City of Kelowna (Policy & Planning), BC Housing, CMHC, and Fortis	Fall, 2019	No additional budget required
Explore Revitalization Tax Exemptions for existing purpose-built rental building as an incentive in exchange for major upgrades.	City of Kelowna (Policy & Planning and Finance)	Fall, 2019 - 2020	TBD

Explore the development of rental-only zoning through the Official Community Plan update process to protect existing rental housing from redevelopment.	City of Kelowna (Policy & Planning and Development Planning)	2020	TBD
Explore density bonus provisions for rental housing in multi-family and commercial zones to encourage new rental housing.	City of Kelowna (Policy & Planning and Development Planning)	2021	TBD
Continue to explore additional incentives and regulations.	City of Kelowna (Policy & Planning)	Ongoing	No additional budget required

Internal Circulation:

Planning & Development Services, Divisional Director
 Development Planning, Urban Planning & Development Policy Manager
 Active Living & Culture, Social Development Manager
 Revenue, Revenue Supervisor
 Real Estate, Real Estate Department Manager
 Application Systems, Applications Systems Manager
 Community Engagement, Communications Advisor
 Applications Systems, Business Systems Analyst
 Long Range Policy Planning, Planning Specialist
 Policy & Planning, Community Energy Specialist
 Policy & Planning, Sustainability Coordinator

Considerations applicable to this report:

Existing Policy:

Official Community Plan (OCP)

The OCP identifies housing as one of the ten goals for creating a sustainable future:

2. Address Housing Needs of All Residents. Address housing needs of all residents by working towards an adequate supply of a variety of housing.

Chapter 5 - Development Process

Objective 5.9 *Support the creation of affordable and safe rental, non-market and/or special needs housing.*

Chapter 10 – Social Sustainability

Objective 10.3 *Support the creation of affordable and safe rental, non-market and/or special needs housing.*

Financial/Budgetary Considerations:

Action items identified in the Implementation Table that require budget will be addressed on a case by case basis.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

External Agency/Public Comments:

Communications Comments:

Submitted by:

L. Sanbrooks – Planner II, Policy and Planning Department

Approved for inclusion:



Danielle Noble-Brandt, Policy and Planning Department Manager

cc:

Planning & Development Services, Divisional Director

Development Planning, Urban Planning & Development Policy Manager

Active Living & Culture, Social Development Manager

Revenue, Revenue Supervisor

Real Estate, Real Estate Department Manager

Application Systems, Applications Systems Manager

Community Engagement, Communications Advisor

Applications Systems, Business Systems Analyst

Attachments:

Rental Housing Inventory