

Report to Council



Date: February 10, 2020
To: Council
From: City Manager
Subject: Revitalization Tax Exemption Bylaw– 2020 Update
Department: Policy & Planning

Recommendation:

THAT Council receives, for information, the Report from the Planner Specialist dated February 10, 2020 with respect to the bylaw updates to reaffirm the City's objectives for the Revitalization Tax Exemption Program Bylaw 9561;

AND THAT Council endorses the updates to the Revitalization Tax Exemption Bylaw 9561.

Purpose:

To amend the Revitalization Tax Exemption Bylaw..

Background:

One of the main development financial incentives the City offers is through the City's Revitalization Tax Exemption (RTE) Bylaw Program. The RTE Bylaw Program provides tax incentives to encourage investment in rental housing as well as to attract investment to the Downtown and Rutland. Over the last 15 years, the RTE Bylaw has been updated several times to ensure alignment with the City's policy objectives and shifting market conditions. In 2012, the program was updated to include rental housing as one of the eligible revitalization areas to spur investment in long-term rental housing. Subsequently, Council has approved roughly 20 RTE Agreements for both market and non-market rental projects over the last five years. However, since the RTE bylaw was first adopted in 2006, the overarching objectives that articulate the purpose of the RTE Bylaw have remained static.

In 2018, the Provincial Government released a 30-Point Plan for Housing Affordability in British Columbia. The report identified the province's goal of promoting investment in long-term rental housing by mirroring future revitalization tax exemptions that are approved by local governments. More specifically, the provincial portion of property taxes (school tax portion which accounts for roughly 30% of property taxes) would be exempt on eligible rental housing projects for the same term as the municipal revitalization tax exemptions, providing further incentive to developers to invest in

long-term rental housing. Subsequently, the Provincial Government introduced legislation (through the *School Act*) that established the criteria for purpose-built rental projects to receive the School Tax exemption on recently issued municipal revitalization tax exemptions certificates. The *Provincial School Act* identifies that the local government's municipal revitalization tax exemption bylaw must specify rental housing as one of the key objectives of the bylaw.

Discussion:

Accordingly, staff is recommending several minor updates to Bylaw 9561 to ensure the City of Kelowna's RTE Bylaw explicitly states that purpose-built rental housing is a key objective of the program. The proposed changes will ensure projects that received tax exemption certificates from the City of Kelowna after February 21, 2018 will be eligible to apply for the School Tax exemption.

Proposed Changes to the Rental Housing Tax Exemption Bylaw Program

1. Add a new objective to the RTE Bylaw to explicitly identify the creation of purpose-built rental housing as one of the main goals of the City's RTE program.
2. Add two new maps describing the geographic areas in the Core Area and Village Centres where purpose-built rental housing projects are eligible for a Revitalization Tax Exemption.

Conclusion:

The proposed updates to the RTE Bylaw will allow the City to leverage supplementary investment in long-term rental housing from the provincial government, providing additional incentive to encourage investment in long-term rental housing in areas that are well served by transit and other key amenities. These amendments support the City's efforts to promote a balanced rental housing market that meets our community's housing needs.

Internal Circulation:

Divisional Director, Planning & Development Services
Department Manager, Policy and Planning
Department Manager, Development Planning
Manager, Long Range Planning
City Clerk
Supervisor, Revenue

Legal/Statutory Authority:

Section 226, Community Charter
Section 131, School Act

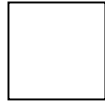
Existing Policy:

Bylaw 9561 Revitalization Tax Exemption Program Bylaw

Submitted by:

R. Soward, Acting Manager Long Range Policy Planning Manager

Approved for inclusion:



D. Noble-Brandt, Policy & Planning Department Manager