

REPORT TO COUNCIL



Date: August 8, 2016

RIM No. 0505-88

To: City Manager

From: Community Planning Department (AC)

Application: RTE16-0001 **Owner:** U-Three Mission Group Rentals Ltd.

Address: 805 Academy Way **Applicant:** U-Three - Mission Group Rentals Ltd.

Subject: Revitalization Tax Exemption

1.0 Recommendation

THAT Council approves the City of Kelowna entering into a Revitalization Tax Exemption Agreement with Mission Group Holdings Ltd. For Lot 1, Sections 3 and 10, Township 23, ODYD, Plan EPP53793, located on 805 Academy Road, Kelowna, BC, in the form attached to the report from Community Planning dated August 8, 2016.

AND THAT the Mayor and City Clerk be authorized to execute the Revitalization Tax Exemption Agreement.

2.0 Purpose

To enter into a 10 year Revitalization Tax Exemption Agreement with U-Three - Mission Group Rentals Ltd. In accordance with Revitalization Tax Exemption Program Bylaw No. 9561.

3.0 Background

The subject property is designated as MRM - Multiple Unit Residential (Medium Density) in the Official Community Plan (OCP) and is zoned RM5 - Medium Density Multiple Housing as of writing this. The Building Permit was submitted on February 15, 2016 but has not been issued yet. Occupancy for the subject property is expected prior to fall 2017. In addition, the Development Permit and Development Variance Permit for the 64 unit, 4 storey apartment building was approved April 5, 2016 by Council under DP15-0316/DVP15-0317.

The project is in the Purpose-Built Rental Housing Projects category as described by the Revitalization Tax Exemption Program Bylaw No. 9561. In this category, projects will be considered for a tax incentive as long as:

1. The vacancy rate is at or below 3%
2. The subject property has a Housing Agreement (for up to 10 years)
3. Are in compliance with the OCP Future Land Use designation as at May 30, 2011.

Over the last few years, rental housing has been in great demand. According to CMHC at the end of 2015 the total vacancy rate in the Kelowna CMA was 0.7% compared to 1.0% the year prior. From 2014 to 2015 one bedroom units have dropped from 0.8% to 0.6% and two bedroom units have dropped even more from 1.3% to 0.9%. The subject property is supplying both one and two bedroom units. Therefore the vacancy rate requirement is met. The Housing Agreement (for up to 10 years) requirement is met and was approved by Council on May 2, 2016. Lastly, the subject property is in compliance with the OCP Future Land Use designation.

With all requirements met the subject property qualifies for a receive 100% of the Revitalization Tax Exemption. The exemption will be valid for the tax years 2018-2027.

4.0 Internal Circulation:

Revenue Manager, Financial Services

5.0 Existing Policy:

Revitalization Tax Exemption Program Bylaw No. 9561

6.0 Application Chronology:

Date of Application Received: December 24, 2015

Report prepared by:

Adam Cseke, Planner
&

Jenna Ratzlaff, Planner

Approved for Inclusion:



Terry Barton, Urban Planning Manager

Attachments:

Draft Revitalization Tax Exemption Agreement

Cc: Lynn Walter, Matt Friesen and James Moore, Revenue Branch