

Report to Council



Date: June 14, 2021
To: Council
From: City Manager
Subject: Rental Housing Tax Exemption Agreements – Spring 2021
Department: Policy & Planning

Recommendation:

THAT Council receives, for information, the report from the Policy & Planning Department dated June 14, 2021 recommending that Council adopt the following Revitalization Tax Exemption Agreements for two purpose-built rental housing projects;

AND THAT Council approves the City of Kelowna entering into a Revitalization Tax Exemption Agreement with the Evangel Family Rental Housing Society S-16918 for Lot A District Lot 138 ODYD Plan 31933 except plan 36604 located at 969 Harvey Avenue, Kelowna, BC;

AND THAT Council approves that City of Kelowna entering into a Revitalization Tax Exemption Agreement with Davara Holdings Ltd. for Lot A Section 14 Township 26 ODYD Plan EPP83144 located at 1260 Neptune Road, Kelowna, BC.

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

Purpose:

To enter into Revitalization Tax Exemption Agreements with Evangel Family Rental Housing Society and Davara Holdings Ltd. on the subject properties.

Background:

The City's Healthy Housing Strategy identifies the need for annual construction of purpose-built rental housing to encourage a balanced long-term rental housing market in Kelowna. The development of purpose-built rental housing is an ongoing priority for the City given the low vacancy rates and robust population growth that continue to drive demand for rental housing.

To encourage the development of purpose-built rental housing the City provides two financial incentive programs. One of the incentives is for 10-year revitalization tax exemptions for purpose-built rental housing where the proponent meets three requirements:

1. Subject property is located within one of the following areas: Core Area of Kelowna, Glenmore Valley Village Centre, or University South Village Centre as defined by the OCP, Bylaw 10500
2. The subject property has a Housing Agreement

3. Development is in compliance with the OCP Future Land Use designation

Discussion:

Both applications meet the criteria of the RTE Program Bylaw. The affordable multi-family rental project at 969 Harvey Avenue has entered into a 10-year housing agreement and is located on the edge of Downtown. The 23 single-detached housing rental units at 1260 Neptune Road also meet the criteria for the program and will provide family-friendly rental housing units in the Core Area. In accordance with the recent update to Bylaw 9561, the Neptune project is required to enter into a 15-year housing agreement to secure the units, recognizing the greater risk of stratification for projects consisting of detached rental units. Both projects comply with the OCP future land use designation and are proposing to deliver secured long-term rental housing units within the Core Area of the City.

The proposed exemptions will be valid for the ten years based on occupancy of each individual project. A draft copy of the Revitalization Tax Exemption Agreement for each project is attached for additional details. Although there is a significant need and demand for long-term purpose-built rental housing, the Revitalization Tax Exemption program does come at a financial cost to the City of Kelowna. Staff estimate that \$460,000 of municipal tax revenue would be exempt over the 10-year RTE Agreements for the 69 rental units. A revenue impact estimate for each project is provided in the table below.

Project Location	Project Details	Estimated 10-year Revenue Impact
969 Harvey Avenue	46	\$275,000
1260 Neptune Road	23	\$185,000

Conclusion:

Both projects reflect the City’s on-going efforts to encourage the development of purpose-built rental housing in the Core Area. Also, both projects will enhance the diversity of rental housing options for Kelowna renters.

Internal Circulation:

Development Planning
 Policy and Planning
 Financial Services

Legal/Statutory Authority:

Revitalization Tax Exemption Program Bylaw No. 9561, 2006
 Local Government Act, Section 483

Existing Policy:

2030 Official Community Plan

Objective 10.3 Support the creation of affordable and safe rental, non-market and /or special needs housing Policies 10.3.1, 10.3.2, 10.3.3 & 10.3.4

Submitted by: A. Janousek, Planner

Approved for inclusion: J. Moore, Manager of Long-Range Policy Planning

Attachments:

Attachment A - Draft RTE21-0002 Agreement 969 Harvey Avenue

Attachment B - Draft RTE21-0001 Agreement 1260 Neptune Road