

Report to Council



Date: February 28, 2022
To: Council
From: City Manager
Subject: Rental Housing Grant Program – Recommendation for 2022
Department: Policy & Planning

Recommendation:

THAT Council receives, for information, the report from the Planner Specialist, dated February 28, 2022 regarding recommendations for the Rental Housing Grant for 2022;

AND THAT Council approves the 2022 Rental Housing Grant in the amount of \$300,000 for 14,51 Bertram Street as detailed in the report from the Planner Specialist, dated February 28, 2022, and in accordance with Council Policy No. 335.

Purpose:

To consider approval of one rental housing grant for 2022 in accordance with the Rental Housing Grants Council Policy #335.

Background:

The Rental Housing Grants Program encourages the creation of non-market rental housing in the City by providing up to \$300,000, as approved annually in the City budget, toward eligible projects. Given the recent rise in average rents for available units across the City, continuing low vacancy rates, and the additional pressure put on the rental market due to high housing purchase prices, the provision of non-market housing is becoming more and more important.

The Rental Housing Grants program is one of two financial incentive programs that the City of Kelowna provides for rental housing; the other being the Revitalization Tax Exemption (RTE) Bylaw program. Both support the goals of the Healthy Housing Strategy. Council Policy 335 – Rental Housing Grants Eligibility - establishes the criteria for the Rental Housing Grants program.

Discussion:

There was one application to the Rental Housing Grants program for the 2021 intake. This came from The Provincial Rental Housing Corporation (BC Housing) for the 176 unit building proposed for 1451 Bertram Street. A Development Permit was approved by Council for that project on October 5, 2021 (DP21-0037/DVP21-0038).

To be eligible for the grant program, a project must:

- Be located within the Core Area, Glenmore or University Village Centre,
- Be non-market rental housing units which are owned by a non-profit or operated by a non-profit (with an operating agreement in place).

The project meets these criteria. A total of 80 of the 176 units in the 1451 Bertram project are to be operated as non-market (below market) rentals. BC Housing will be working with a non-profit housing provider to provide these units. The remainder of the units in the building will be operated as market rentals. BC Housing has indicated that a building permit submission is anticipated for later in 2022. Should the project not reach building permit stage in 2022, the applicant has the option of requesting a carry-over for a maximum of one year. Funds not utilized after this time are transferred to the Housing Opportunities Reserve Fund (per Council Policy 335).

Staff recommends that the entire grant amount of \$300,000 be applied to the 1451 Bertram project. The grant is intended to offset the cost of developing affordable rental housing and would be applied against the DCC fees for the non-market component of the project. A preliminary DCC estimate identifies that the recommended grant would cover roughly 16 per cent of DCCs for the non-market units. The grant amount and estimated DCC amounts are summarized in the table below:

Location	Units Supported	Grant Amount	Estimated DCC Fees (80 non-market units)	Total DCCs (96 market + 80 non-market units)
1451 Bertram Street	79 ¹	\$300,000	\$1,835,428	\$3,994,381

Conclusion:

Subject to Council's approval, the grant recipient would be notified by letter of the amount of the grant. The applicant will also be advised of the program requirements: to receive the DCC credit at the time of building permit application confirmation will need to be provided to staff that a long-term (15 years) operating agreement with a non-profit housing provider is in place for the non-market units.

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¹ Non-market unit breakdown is 27 one bedrooms, 35 two bedrooms, 17 three bedrooms, and one studio unit for a total of 80 units. Studio units are not eligible for the Rental Housing Grant; as such the grant amount is based on 79 units.

Considerations applicable to this report:

Legal/Statutory Procedural Requirements:

Housing Opportunities Reserve Fund By-law No. 8593

Existing Policy:

Council Policy 335 – Rental Housing Grants Eligibility

Financial/Budgetary Considerations:

Available funds from the \$300,000 annual budget allowance are proposed to be dispersed based on the following breakdown of unit types and grant amounts:

Unit Type/Grant Amount	Number of units	Grant amount per unit	Totals
1 bedroom (maximum \$2,000)	27	\$1818.18	\$49,090.91
2 bedroom (maximum \$4,000)	35	\$3636.36	\$127,272.73
3 bedroom (maximum \$8,000)	17	\$7272.73	\$123,636.36
Total Budget Allocation to Rental Grants:			\$300,000

Considerations not applicable to this report:

Legal/Statutory Authority:

External Agency/Public Comments:

Communications Comments:

Submitted by: D. Sturgeon, Planner Specialist

Approved for inclusion:



James Moore, Long Range Policy Planning Manager