



City of  
**Kelowna**

# Housing Incentives Workshop

March, 2023

# Purpose

- ▶ To review existing and potential incentives available to support below-market housing

# Outline

1. Context
2. Current Incentives
3. Potential Incentives
4. Additional Considerations



# Municipal Roles in Context

- ▶ Housing was once a responsibility of higher levels of government but this has changed over the past 20 years
- ▶ Municipal roles are evolving
  - ▶ Ensuring a diverse supply of housing
  - ▶ Supporting below-market housing



# Current Incentives

- ▶ Brief description
- ▶ Overview of how it is used
- ▶ Further opportunities
- ▶ Incentives in order of impact, from greatest to least

# Land Partnerships

High Impact

Moderate Cost

## ▶ Description

- ▶ Leasing City-owned land to partners to develop below-market housing.

## ▶ How it is used

- ▶ City acquires land and leases it to a third party (usually non-profit) for a nominal fee.
- ▶ Third party works with funders to construct below-market housing.

## ▶ Opportunities

- ▶ Increase funding for the City to acquire land for below-market housing to support stable, predictable partnerships.

# Density Bonus Program

High Impact

Low Cost

## ▶ Description

- ▶ Additional density is granted in exchange for below-market housing

## ▶ How it is used

- ▶ Projects provide a financial contribution based on a prescribed formula
- ▶ Financial contributions used to fund land acquisition for partnerships

## ▶ Opportunities

- ▶ Increase contribution requirements
- ▶ Change from financial contribution to direct delivering of units

# Parking Relaxation

High Impact

Low Cost

## ▶ Description

- ▶ Reduce parking requirements for below-market housing

## ▶ How it is used

- ▶ 10-20% reductions currently provided for secured rental housing
- ▶ Below-market rental housing generates a lower parking demand
- ▶ Structured parking is extremely expensive

## ▶ Opportunities

- ▶ Increase the reduction in recognition of the lower level of demand



# Grants-in-Lieu of DCC

Moderate Impact

Moderate Cost

## ▶ Description

- ▶ City provides grants to offset a portion of DCC charges for below-market housing
- ▶ Cities can waive or reduce DCC's for affordable housing

## ▶ How it is used

- ▶ City funds an annual grant that provides modest DCC relief for non-profits (10-20% of DCC costs)

## ▶ Opportunities

- ▶ Increase grant contributions to offset a higher share of DCC costs
- ▶ Waive DCC's for below-market housing

# Tax Exemptions

Moderate Impact

Moderate Cost

## ▶ Description

- ▶ Cities waive municipal share of property taxes to support revitalization objectives, including housing objectives

## ▶ How it is used

- ▶ City waives 100% of municipal taxes on improvements for 10 years
- ▶ All purpose-built rental is eligible (some geographic limits)
- ▶ Used by itself, it is a tool for rental *supply*, **not** for below-market housing

## ▶ Opportunities

- ▶ Explore opportunity to layer incentives with RTE to achieve below-market housing

# Potential Incentives

- ▶ Brief description
- ▶ Overview of some best practice examples
- ▶ Further opportunities
- ▶ Incentives in order of impact, from greatest to least

High Impact

Low Cost

# Affordability Requirements

## ▶ Description

- ▶ Policy direction applied at the rezoning stage that establishes minimum requirements for below-market units as part of market development projects

## ▶ Best Practices

- ▶ Requirements range from between 10-20% of units at below-market levels
- ▶ Usually not deeply affordable
- ▶ Cash-in-lieu for small projects

## ▶ Opportunities

- ▶ Requirements could be established in Kelowna
- ▶ Careful study required - substantial risk of negative overall outcome

# Process Improvements

Moderate Impact

Low Cost

## ▶ Description

- ▶ Removing or reducing process barriers (e.g.: Rezoning, Development Permit) to improve timelines and remove risk for below-market projects

## ▶ Best Practices

- ▶ Below-market housing benefits from as-of-right (pre-zoned) density
- ▶ Development Permits and minor variances can be delegated

## ▶ Opportunities

- ▶ Explore as-of-right density for below-market housing, tailored to the Kelowna context and regulations
- ▶ Increase use of delegated permits for below-market housing

# Affordable Ownership

Low Impact

Moderate Cost

## ▶ Description

- ▶ Tools used to support more affordable home ownership opportunities.

## ▶ Best Practices

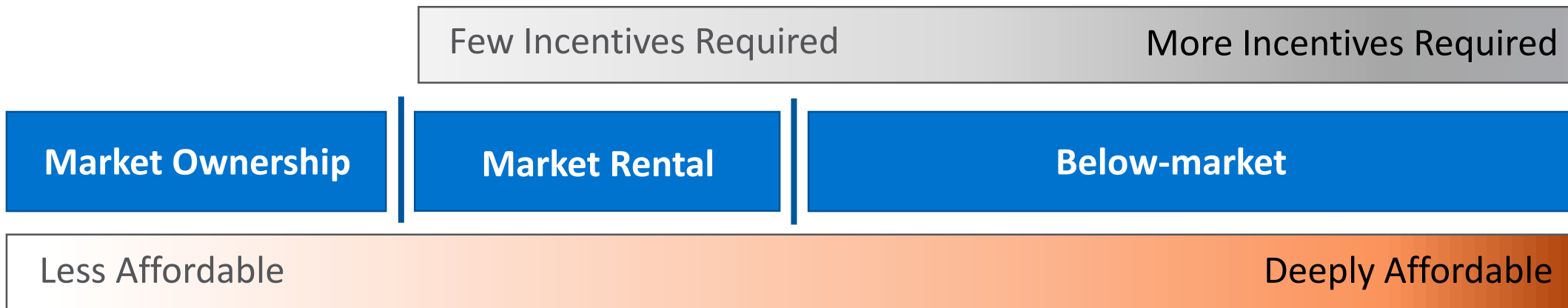
- ▶ *Housing Hub* creates partnerships between the province, local governments and developers to deliver and administer affordable ownership housing
- ▶ Some local governments provide direct financial assistance for qualifying households to afford down payments

## ▶ Opportunities

- ▶ Developing an MOU with Housing Hub would open up the opportunity for affordable ownership partnerships locally.

# Additional Considerations

- ▶ Layering incentives is vital for deeper affordability



# Additional Considerations

- ▶ Long-term Program Considerations
  - ▶ Different incentives have different long-term management considerations
    - ▶ Examples: Land partnerships vs. Affordability Requirements
  - ▶ Many options are available to support long-term management
  - ▶ Careful consideration up front is important



# Additional Considerations

- ▶ Implementing Affordability
  - ▶ Who should get access to below-market housing?
  - ▶ Most approaches focus on set of households based on income
    - ▶ Very low to moderate income households
  - ▶ Maximum rents are set to be affordable for those target incomes

# Summary

- ▶ Municipalities can be part of the solution
- ▶ Supply is the foundation, but will not address housing needs of some households
- ▶ Incentives can help meet needs of low to moderate income households – layering is critical!
- ▶ Housing Needs Assessment and Housing Strategy opportunity



*Questions?*

For more information, visit [kelowna.ca](http://kelowna.ca).