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April 7, 2022
City of Kelowna, Real Estate

MEMO

To: Johannes Saufferer, City of Kelowna

RE: Change Advice – Provincial Subleases
RE: Municipal Lease sites

BC Housing recognizes and appreciates the City's partnership for projects serving diverse populations across the housing continuum, including City lease sites for purpose-built rentals and other affordable housing.

This is to advise of a change affecting municipality-owned sites:

Leasehold land may no longer be sub-leased by the province to a 3rd party Non-Profit housing provider, where a mortgageable interest is required.

The mortgageable interest is a common requirement of affordable rental projects and other housing.

Moving forward, in some instances, for projects involving municipal lease land, a simple lease between the city and the Society is necessary for project funding to remain mortgageable. BC Housing enters into an Operating Agreement with the Society to ensure day to day operations meet BC Housing expectations and requirements, as referred to in the Section 219 covenant on title in favor of BC Housing. Accordingly, despite the simple lease between the City and the Society, all functional and operational impacts of the Society will continue to be administered by BC Housing during the term of the land lease.

BC Housing's Development and Asset Strategies team are available if any questions.

A handwritten signature in black ink, appearing to read "Jm", is positioned above the typed name.

John McEown
Director, Regional Development – Interior Region
BC Housing Management Commission