



City of
Kelowna

Revitalization Tax Exemption Program Proposed Bylaw Amendments

PM Council – July 24, 2023

Revitalization Tax Exemptions

- ▶ Purpose of report/presentation
- ▶ Overview of existing program
- ▶ What is working / what can be improved
- ▶ Proposed bylaw amendments
- ▶ Questions



Revitalization Tax Exemption - Review

- ▶ Purpose of review:
 - ▶ Identify opportunities for improvements to improve housing supply or affordability
 - ▶ Ensure program is meeting its objectives
 - ▶ Improve application process

- ▶ Intended outcome:
 - ▶ Minimize tax impact
 - ▶ Maximize effect of program on desired development
 - ▶ Improve application process
 - ▶ Reduce demand on staffing resources

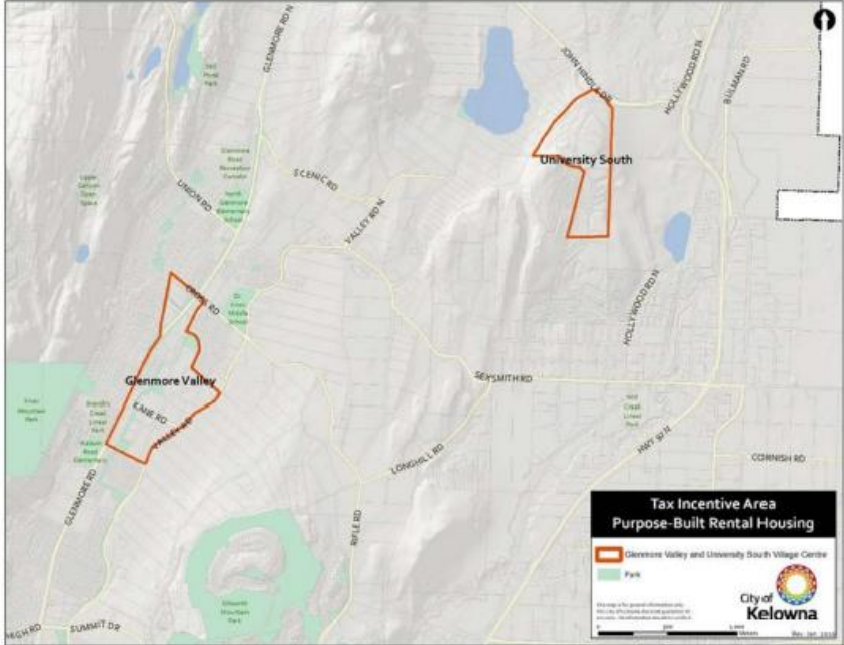
Revitalization Tax Exemption Program

- ▶ Broad RTE purpose
 - ▶ Incentivize investment and new development through tax reductions
 - ▶ Target specific areas of the City
 - ▶ Target specific land use types
- ▶ Guided by “Revitalization Tax Exemption Bylaw No. 9561”
- ▶ Adopted 2006

Revitalization Tax Exemption Program

- ▶ Two specific objectives:
 - ▶ 1. Encourage development of purpose built rental housing
 - ▶ 2. Encourage new development in Urban Centres
- ▶ Tax exemptions apply to municipal portion of property tax
 - ▶ Only the portion of tax result from increase in value from new improvements
- ▶ Four geographic areas with different criteria
- ▶ Province of BC exempts School Tax for Purpose Built Rentals

Tax Exemption Areas



Number of Tax Exemptions by Incentive Area

	Downtown Incentive Areas	Rutland Incentive Area	Purpose Built Rental Incentive Area	Total
Approved and completed	8	4	32	44
Approved and under construction	1	1	5	7
Application Process	0	0	8	8
Total # of Projects	9	5	45	59

Total Amounts: Revitalization Tax Exemptions

Approved and active exemptions	\$1,776,000
Approved and under construction	\$1,724,000
Application Process	\$928,000
Total	\$4,428,000

Estimated Tax Revenue Impact

Year	2023	2024	2025	2026	2027	2028
Total Tax Exempted (X 1,000)	\$1,775	\$2,491	\$3,697	\$3,972	\$4,604	\$4,513
Percentage of Total Tax Demand (Estimated)	1.01%	1.34%	1.90%	1.95%	2.17%	2.03%

What is working?

- ▶ Rental housing
 - ▶ New Supply
 - ▶ Improving viability
- ▶ Urban Centre Growth:
 - ▶ Supporting business development
 - ▶ More activity and opportunities
- ▶ Creating a competitive advantage



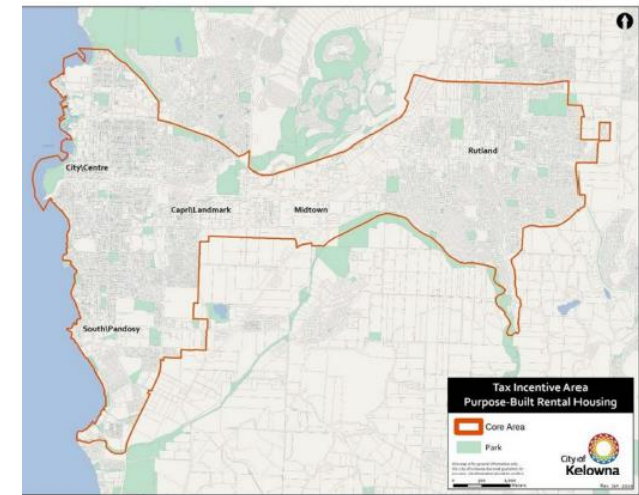
What can be improved?

- ▶ Application Process:
 - ▶ Timing
 - ▶ Requirements
- ▶ Market (strata) apartments
- ▶ OCP inconsistency
- ▶ Limited commercial investment
- ▶ Below-market housing



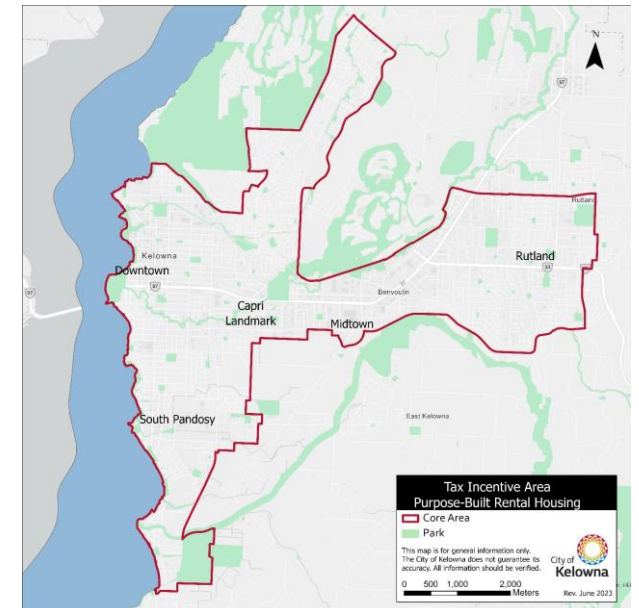
Proposed Bylaw Changes:

- ▶ Removal of market (strata) apartments from eligibility
- ▶ Map replacement: Purpose built rental housing
- ▶ Streamline Process
 - ▶ Delegation of authority to approve agreements (with parameters)
 - ▶ Replace housing agreement with restrictive covenant
 - ▶ Remove unnecessary application requirements
 - ▶ Formatting changes (repeal and replace)
- ▶ Program monitoring report: Every 2 years



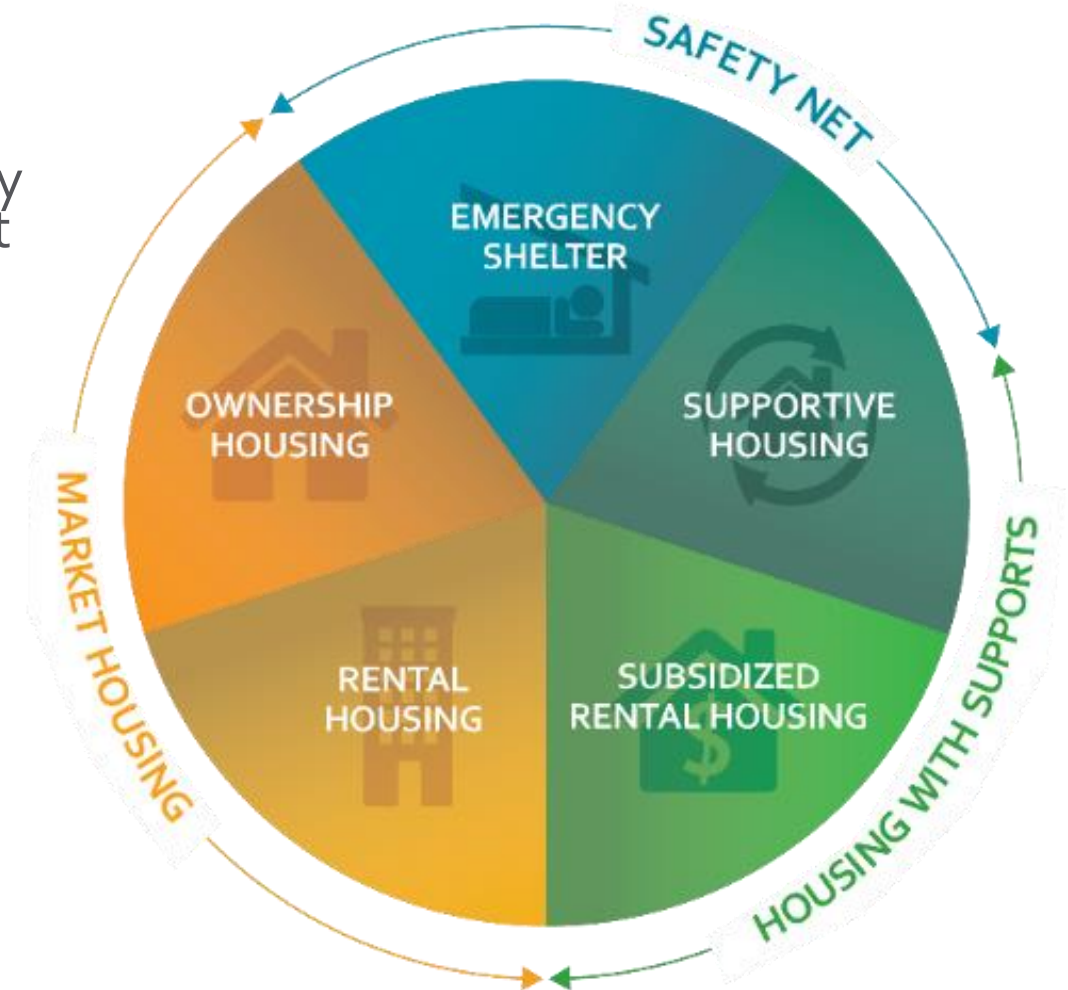
Existing 

Replacement 



Conclusion

- ▶ RTE Program responds to and supports Council priority of affordable housing, enables wheelhouse movement
- ▶ Continued justification for program, particularly for purpose-built rentals
- ▶ Proposed changes are relatively minor but will minimize tax impact and greatly improve program implementation
- ▶ Regular monitoring will continue
 - ▶ Report to Council every other year
 - ▶ Future opportunity following revised Housing Strategy





Questions?