

# Report to Council



**Date:** July 24, 2023  
**To:** Council  
**From:** City Manager  
**Subject:** Rental Housing Grant Program – Recommendation for 2023  
**Department:** Policy & Planning

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## **Recommendation:**

THAT Council receives, for information, the report from the Planner Specialist, dated July 24, 2023 regarding recommendations for the Rental Housing Grant for 2023;

AND THAT Council approves the 2023 Rental Housing Grant in the amount of \$272,000 for 675 Kingsway Street as detailed in the report from the Planner Specialist, dated July 24, 2023, and in accordance with Council Policy No. 335.

## **Purpose:**

To consider approval of one rental housing grant for 2023 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 to be distributed to eligible projects which submit an application. Given the recent rise in average rents 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 more vital.

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. The program directly supports Council's priority of Affordable Housing.

## **Discussion:**

The intake for Rental Housing Grants is advertised in the year prior to disbursement of the grant. There was one application to the Rental Housing Grants program during the 2022 intake. This came from the Society of Hope for the 75 unit (48 apartment and 27 townhouse) project which is currently under construction at 675 Kingsway. A Development Permit was approved by Council for this project on May 10, 2022 (DP20-0182).

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. It is located in the Core Area (in the North End Neighbourhood). All units will be below market. The land is owned by the Provincial Rental Housing Corporation (BC Housing) and a long-term operating agreement is in place with the non-profit organization Society of Hope.

The grant is intended to offset the cost of developing affordable rental housing and is applied against the DCC fees for project. For this project, the grant would amount to \$248,000, calculated according to Council Policy 335 and detailed in the 'Financial Considerations' below. This amount would offset 27% of the total DCCs of \$935,077.22 for this project.

A Housing Agreement is typically required for projects where a Rental Housing Grant is provided. However, as per Council Policy 335, a Housing Agreement is not required where a long-term operating agreement is in place with BC Housing. Staff have been provided with a draft of this agreement, and pursuant to Council's endorsement will withhold issuance of the grant until proof of the final operating agreement is provided. The grant recipient would be notified by letter of the amount of the grant and also be advised of the program requirements to provide the operating agreement.

## **Conclusion:**

Rental Housing Grants support non-profit housing providers in the creation of non-market housing, which is a critical component of the Housing Wheelhouse. The project at 675 Kingsway has also applied for a Revitalization Tax Exemption, detailed to Council in a separate report. These two benefits total over \$768,000 in municipal support towards this important below-market housing project.

## **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 would be dispersed based on the following breakdown of unit types and grant amounts pursuant to Council Policy 335:

Unit Type/Grant Amount	Number of units	Maximum Grant per unit	Totals
1 bedroom (maximum \$2,000)	42	\$2,000	\$84,000
2 bedroom (maximum \$4,000)	19	\$4,000	\$76,000
3 bedroom (maximum \$8,000)	14	\$8,000	\$112,000
<b>Total Budget Allocation to Rental Grants:</b>			<b>\$272,000</b>

The \$28,000 balance of the \$300,000 budget allocation to the Rental Housing Grants program will be transferred to the Housing Opportunities Reserve Fund in accordance with Council Policy 335.

Submitted by: D. Sturgeon, Planner Specialist

Approved for inclusion:



**J. Moore, Infill Housing Planning Manager**