

# Report to Council



**Date:** July 24, 2023  
**To:** Council  
**From:** City Manager  
**Subject:** Revitalization Tax Exemption Agreements and Rental Housing Agreement Bylaws  
**Department:** Policy Planning

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## **Recommendation:**

THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with 285 Dougall Road Development Ltd., Inc. No. BC1348727 for Lot A Section 26 Township 26 ODYD Plan EPP127489, located at 285 Dougall Rd.N., Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with PC Urban (1605 Gordon Drive) Holdings Corp., Inc.No.BC1316531 for Lot 1 District Lot 137 ODYD Plan 8837 Except Plans H16278 and EPP122947, located at 1605 Gordon Drive, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with Payam & Sanaz Holdings Limited, Inc. No. A102760 for Lot 1 District Lot 14 Osoyoos Division Yale District Plan EPP91145, located at 416 Royal Avenue, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with Westcorp On The Lake Inc., Inc. No. A75763 for Lot 1 District Lot 134 ODYD EPP41204 Except Plan EPP112300, located at 3773 – 3795 Lakeshore Road, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with 1575 Bernard Projects Ltd., Inc.No. BC1354921 for Lot 8 Section 20 Township 26 ODYD Plan 32159, located at 1575 Bernard Avenue, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with Provincial Rental Housing Corporation, Inc. No. BC0052129 for Lot 1 District Lot 9 ODYD Plan EPP113953, located at 675 Kingsway Avenue, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with Dilworth Shopping Centre Ltd., Inc.No. 319846 for Lot A District Lots 126 AND 532 ODYD 40108,

located at 2339 – 2397 Hwy. 97 N, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with 1017476 B.C. Ltd., Inc. No. BC1017476 for Lot 1 District Lot 139 ODYD Plan KAP92715 Except Part in Plan EPP113155, located at 1710 Richter Street, Kelowna, BC in the form attached to the Report from Policy and Planning dated July 24, 2023;

AND THAT Bylaw No. 12562 authorizing a Housing Agreement between the City of Kelowna and 285 Dougall Road Development Ltd., Inc. No. BC1348727 which requires the owners to maintain 83 dwelling units as rental housing for 10 years for Lot A Section 26 Township 26 ODYD Plan EPP127489, located at 285 Dougall Rd.N, Kelowna, BC be forwarded for reading consideration.

AND THAT Bylaw No. 12563 authorizing a Housing Agreement between the City of Kelowna and PC Urban (1605 Gordon Drive) Holdings Corp., Inc.No.BC1316531 which requires the owners to maintain 192 dwelling units as rental housing for 10 years for Lot 1 District Lot 137 ODYD Plan 8837 Except Plans H16278 and EPP122947, located at 1605 Gordon Drive, Kelowna, BC be forwarded for reading consideration.

AND THAT Bylaw No. 12564 authorizing a Housing Agreement between the City of Kelowna and Payam & Sanaz Holdings Limited, Inc. No. A102760 which requires the owners to maintain 39 dwelling units as rental housing for 10 years for Lot 1 District Lot 14 Osoyoos Division Yale District Plan EPP91145, located at 416 Royal Avenue, Kelowna, BC be forwarded for reading consideration.

AND THAT Bylaw No. 12564 authorizing a Housing Agreement between the City of Kelowna and Westcorp On The Lake Inc., Inc. No. A75763 which requires the owners to maintain 439 dwelling units as rental housing for 10 years for Lot 1 District Lot 134 ODYD EPP41204 Except Plan EPP112300, located at 3773 – 3795 Lakeshore Road, Kelowna, BC be forwarded for reading consideration.

AND THAT Bylaw No. 12566 authorizing a Housing Agreement between the City of Kelowna and 1575 Bernard Projects Ltd., Inc.No. BC1354921 which requires the owners to maintain 156 dwelling units as rental housing for 10 years for Lot 8 Section 20 Township 26 ODYD Plan 32159, located at 1575 Bernard Avenue, Kelowna, BC be forwarded for reading consideration.

AND THAT Bylaw No. 12567 authorizing a Housing Agreement between the City of Kelowna and Dilworth Shopping Centre Ltd., Inc.No. 319846 which requires the owners to maintain 490 dwelling units as rental housing for 10 years for Lot A District Lots 126 AND 532 ODYD 40108, located at 2339 – 2397 Hwy. 97 N, Kelowna, BC be forwarded for reading consideration.

AND FURTHER THAT Bylaw No. 12568 authorizing a Housing Agreement between the City of Kelowna and 1017476 B.C. Ltd., Inc. No. BC1017476 which requires the owners to maintain 82 dwelling units as rental housing for 10 years for for Lot 1 District Lot 139 ODYD Plan KAP92715 Except Part in Plan EPP113155, located at 1710 Richter Street, Kelowna, BC be forwarded for reading consideration.

**Purpose:**

To approve eight Revitalization Tax Exemption Agreements and seven corresponding Housing Agreement Bylaws in accordance with Revitalization Tax Exemption Bylaw No. 9561.

**Background:**

The Revitalization Tax Exemption (RTE) program encourages specific types of new development by providing a property tax reduction to projects that meet the location and land use criteria of Bylaw 9561. The RTE program aims to incent purpose built rental housing and new growth in Urban Centres. The RTE program supports Council's priority of *Affordable Housing* by encouraging development of new market rental housing which in turn facilitates movement throughout the housing system.

Further details on the RTE program are contained in the accompany Report to Council titled "Proposed amendments to Revitalization Tax Exemption Bylaw No. 9561" on the July 24, 2023 PM Council agenda. Notwithstanding any bylaw changes that are discussed in that report, this report brings forward RTE applications for Council's consideration under the existing Bylaw No. 9561 regulations.

Applications for Revitalization Tax Exemptions are accepted once a project has an approved Development Permit and must be made prior to a project commencing construction. They are brought to Council in groups, typically twice a year, for administrative efficiency. Tax exemptions takes effect for the respective parcel in the year following construction completion.

#### **Discussion:**

Staff are in receipt of eight individual RTE applications that were submitted between December 2022 and July 2023. All meet the eligibility criteria of Revitalization Tax Exemption Bylaw No. 9561. Each project is detailed in Attachment A with the estimated 10-year tax impact of the exemption. Draft RTE agreements with appendices for each are contained in Attachments B – I.

All eight projects are located within the "Purpose Built Rental Housing" Incentive Area, which provides for an exemption of 100% of property tax increase that would result from the additional value of the construction improvements. Seven of the projects are for market rental housing, and one project (RTE23-0006 / 675 Kingsway) is below-market housing. Some of these projects include commercial space, which does not receive an exemption under Bylaw No. 9561 for the 'Purpose Built Rental Housing' incentives.

To qualify for the purpose-built rental housing tax exemption, seven of these projects must also enter into a 10-year Housing Agreement with the City as required by Bylaw No. 9561. This tool ensures that the financial incentive of the RTE is matched with the commitment to provide long-term rental housing. When the RTE agreement expires, the owner may apply to discharge the Housing Agreement. The draft housing agreements are contained with the attachments.

Bylaw No. 9561 provides that a housing agreement is not required where a non-profit operator of purpose-built rental housing project has a long-term operating agreement in place with BC Housing. As such, RTE 23-0006 does not include a Housing Agreement.

#### **Conclusion:**

All eight applications are recommended to be approved. These projects fulfill the objective of the RTE program to encourage an increase in the supply of purpose-built rental housing and will result in construction of 1,529 additional rental housing units. These are much needed additions in the context of an extremely low vacancy rate and above average increases for rental costs across the City. Continued

support for the RTE applications assists achieving Council's priority of housing affordability, and also supports the Official Community Plan's objectives to increase diversity of housing types and tenures.

**Internal Circulation:**

Revenue Services  
Development Planning

**Considerations applicable to this report:**

***Legal/Statutory Authority:***

Revitalization Tax Exemption Program Bylaw No. 9561, 2006  
Community Charter, Division, Section 226  
Local Government Act, Section 483  
School Act, Section 129

***Legal/Statutory Procedural Requirements:***

Revitalization Tax Exemption Program Bylaw No. 9561, 2006

***Existing Policy:***

Kelowna Official Community Plan Bylaw No. 12300:

- Objectives 4.12. and 5.11. Increase the diversity of housing types and tenures to create inclusive, affordable and complete Urban Centres and Core Area.
- Objective 5.11. Increase the diversity of housing forms and tenure to create an inclusive, affordable and complete Core Area.

***Financial/Budgetary Considerations:***

The cumulative estimated average annual tax impact of these eight RTE applications is \$927,722. This would be in addition to the current tax impact of the RTE program.

Further details on future estimates is provided in the accompany Report to Council titled "Proposed amendments to Revitalization Tax Exemption Bylaw No. 9561" on the July 24, 2023 PM Council agenda.

**Considerations not applicable to this report:**

***External Agency/Public Comments:***

***Communications Comments:***

Submitted by:  
D. Sturgeon, Planner Specialist

**Approved for inclusion:**



J. Moore, Infill Housing Planning Manager

**Attachments:**

- A. Revitalization Tax Exemption Agreement Application Project Details and Estimated Annual Tax Impact

- B.** Draft Revitalization Tax Exemption Agreement RTE23-0001 (285 Dougall Road N) (With Appendices)
- C.** Draft Revitalization Tax Exemption Agreement RTE23-0002 (1603 – 1615 Gordon Drive) (With Appendices)
- D.** Draft Revitalization Tax Exemption Agreement RTE23-0003 (416 Royal Avenue) (With Appendices)
- E.** Draft Revitalization Tax Exemption Agreement RTE23-0004 (3773-3795 Lakeshore) (With Appendices)
- F.** Draft Revitalization Tax Exemption Agreement RTE23-0005 (1575 Bernard Avenue) (With Appendices)
- G.** Draft Revitalization Tax Exemption Agreement RTE23-0006 (675 Kingsway) (With Appendices)
- H.** Draft Revitalization Tax Exemption Agreement RTE23-0007 (2339-2397 Highway 97 N) (With Appendices)
- I.** Draft Revitalization Tax Exemption Agreement RTE23-0008 (1710 Richter Street) (With Appendices)