

# Report to Council



**Date:** January 15, 2024  
**To:** Council  
**From:** City Manager  
**Subject:** Revitalization Tax Exemption Agreements – For Approval  
**Department:** Policy Planning

---

**Recommendation:**

THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with Westcorp On The Lake Inc., Inc. No. A75763 for Lots 1 and 2 District Lot 134 ODYD EPP112300, located at 3777 – 3779 Lakeshore Road, Kelowna, BC in the form attached to the Report from Policy and Planning dated January 15, 2024;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with National Society of Hope, Inc. No. S0025475 for Lot C District Lot 128 and 142 Osoyoos Division Yale District Plan KAP89861 Except Plan EPP37196, located at 2155 Mayer Rd, Kelowna, BC in the form attached to the Report from Policy and Planning dated January 15, 2024;

AND FURTHER 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 1720 Richter Street, Kelowna, BC in the form attached to the Report from Policy and Planning dated January 15, 2024.

**Purpose:**

To approve three Revitalization Tax Exemption Agreements in accordance with Revitalization Tax Exemption Bylaw No 12561.

**Council Priority Alignment:**

**Affordable Housing**

**Background:**

The Revitalization Tax Exemption (RTE) program encourages specific types of new development by providing a property tax reduction to projects that meet the criteria of Bylaw 12561. Specifically, the RTE program incents purpose built rental housing as well as new growth in Urban Centres. The RTE program

has supported Council's priority of *Affordable Housing* by helping to encourage new market rental housing which in turn facilitates movement throughout the housing system.

On August 28, 2023 Council adopted a new Revitalization Tax Exemption (RTE) bylaw. This replacement bylaw introduced administrative changes to improve processing clarity and efficiency of the program. Notably, this included delegation of approval of RTE agreements to staff, and outlined scenarios when applications must be brought to Council (including when applications submitted late in the development process). This report introduces three applications that fall under these criteria.

### **Discussion:**

Bylaw 12561 requires that all RTE applications be submitted prior to a building permit being issued for a respective project. The purpose of this requirement is to maintain the RTE program as an incentive. Bylaw 12561 does permit that, in situations where extenuating circumstances exist, an application can be submitted after building permit. Staff review each situation and make a recommendation to Council on the application.

The late submission for each of the three applications detailed here can be attributed to communication and clarity challenges that existed with the previous RTE Bylaw. In two of three cases, these are multi-phase projects involving more than one RTE application, causing confusion on application timing. For these reasons, Staff are recommending that these RTE agreements be approved.

All three 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. Two of the projects are for market rental housing, and one project (RTE23-0010 / 2155 Mayer) is below-market housing. The estimated tax impact of each project is detailed in the "Financial Considerations" section below.

To qualify for the purpose-built rental housing tax exemption, these projects must also enter into a Restrictive Covenant with the City, limiting the use to purpose-built rental, as required by Bylaw No. 12561. This tool ensures that the financial incentive of the RTE is matched with the commitment to provide long-term rental housing.

### **Conclusion:**

All three 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 382 additional rental housing units. These continue to be much needed additions in the context of an extremely low vacancy rate and above average increases in rental costs across the City. Continued support for the RTE applications assists achieving Council's priority of housing affordability and 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. 12561, 2023  
Community Charter, Division, Section 226  
Local Government Act, Section 483  
School Act, Section 129

**Legal/Statutory Procedural Requirements:**

Revitalization Tax Exemption Program Bylaw No. 12561, 2023

**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 three RTE applications is \$207,453. This would be in addition to the current tax impact of the RTE program.

Project Location & File Number(s)	Tax Incentive Area	Project Details	Zoning	Estimated Annual Tax Impact
3777-3779 Lakeshore RTE23-0009	Purpose Built Rental Housing	128 residential rental units.	VC1 – Village Centre Zone	\$58,475
2155 Mayer Rd. RTE23-0010	Purpose Built Rental Housing	122 residential below-market rental units.	UC3 – Midtown Urban Centre Zone	\$75,415
1720 Richter Street RTE22-0004	Purpose Built Rental Housing	132 residential rental units.	CD22 – Central Green Zone	\$99,420

The total estimated tax impact of the RTE program for the 2024 fiscal year is \$2.491 million, and 3.697 for 2025, assuming that approved projects finish construction and achieve occupancy permits in the timelines that they provided. These estimates exclude the above projects.

Submitted by:

J. Moore, MCIP, RPP  
Infill & Housing Policy Manager

**Approved for inclusion:** D. Noble-Brandt, Policy & Planning Department Manager

**Attachments:**

- A. Draft Revitalization Tax Exemption Agreement RTE23-0009 (3777 - 3779 Lakeshore Rd) (With Appendices)
- B. Draft Revitalization Tax Exemption Agreement RTE23-0010 (2155 Mayer Rd) (With Appendices)

C. Draft Revitalization Tax Exemption Agreement RTE23-0011 (1720 Richter St) (With Appendices)