

Report to Council



Date: January 15, 2024
To: Council
From: City Manager
Subject: 2024 Rental Housing Grant Approval
Department: Policy Planning

Recommendation:

THAT Council receives, for information, the report from the Policy & Planning Department, dated January 15, 2024 regarding recommendations for the Rental Housing Grant for 2024;

AND THAT Council approves the 2024 Rental Housing Grant in the amount of \$300,000 for 14,51 Bertram Street as detailed in the report from the Infill Housing Planning Manager, dated January 8, 2024, and in accordance with Council Policy No. 335.

Purpose:

To consider approval of one rental housing grant for 2024 in accordance with the Rental Housing Grants Council Policy #335.

Council Priority Alignment:

Affordable Housing

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 apply. 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 2023 intake. This came from the Provincial Rental Housing Corporation for a proposed project at 1451 Bertram Street. A Development Permit was approved by Council for this site on May 10, 2022 (DP20-0182) however that has expired. A subsequent Development Permit has been applied for (DP23-0203) and will be brought to Council when appropriate. The project is anticipated to reach construction stage in late 2024.

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 which are owned by a non-profit or operated by a non-profit (with an operating agreement in place).

The project is located in the Core Area, specifically the Downtown Urban Centre. Of the total 176 units in the proposed building, 114 would be below market. The remainder of the units will be market housing. All units will be long-term rental housing. The land is owned and being developed by the Provincial Rental Housing Corporation (BC Housing). A long-term operating agreement will be established with a housing provider.

The grant is intended to offset the cost of developing affordable rental housing and is applied as a credit against the DCC fees for project. For this project, the grant would amount to \$300,000.00, calculated according to Council Policy 335 and detailed in the 'Financial Considerations' below. This is expected to reduce the total DCCs by approximately 10 – 15%.

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 requested 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. Approving this project for the Rental Housing Grant has no bearing on Council's decision-making authority for the forthcoming Development Permit application. Approval of the grant does assist the applicant in confirming project budget and financing needs early in the process.

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

Internal Circulation

Development Planning

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. The scale of the project, at 112 units, maximizes the available grant monies.

Unit Type/Grant Amount	Number of units	Maximum Grant per unit	Totals
1 bedroom (maximum \$2,000)	45	\$2,000	\$58,951.97
2 bedroom (maximum \$4,000)	42	\$4,000	\$110,043.67
3 bedroom (maximum \$8,000)	25	\$8,000	\$131,004.37
Total Budget Allocation to Rental Grants:			\$300,000

Should the approved recipient of the grant not fulfill the terms of the program, the grant amount will be transferred to the Housing Opportunities Reserve Fund in accordance with Council Policy 335.

Submitted by: J. Moore, Infill & Housing Policy Manager

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