



City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4
250 469-8500
kelowna.ca

Council Policy

Middle Income Housing Partnership

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Contact Department: Real Estate

Guiding Principle

Kelowna's housing system is facing complex challenges, and improving access to housing that meets people's needs is a priority for the City. To increase the diversity of housing types and tenures and to create an inclusive, affordable and complete community, the Official Community Plan supports City land acquisition and housing partnerships in Urban Centres, in addition to the Core Area, to support affordable rental housing near transit, services and amenities (Policy No. 4.12.2).

Purpose

To establish the Middle Income Housing Partnership (MIHP) program, a process to request a MIHP program submission, and the criteria to be considered when evaluating a submission.

Application

This policy applies to the general operations, partnerships and dispositions for the MIHP program.

Definitions

"Middle income household" means a household with an income that falls within the moderate to average income quintiles, as defined in the City's Housing Needs Assessment, and updated by the City between Censuses.

"Average market rent" means an average rent by unit type (for example, studio, 1-bed, 2-bed or 3-bed) determined by the City of Kelowna, based on an appraisal of recent purpose-built rental housing projects in the city, and annual increases of 4%.

Policy Statements

1. The MIHP program aims to achieve the following core objectives: affordability, financial sustainability, unit mix, flexibility, scale, and accountability.
 - a) Affordability – the program will provide housing at rates that middle income households can afford by:
 - i. Ensuring that a minimum of 20 per cent of units or greater are offered at rates of 20 per cent below average market rent;
 - ii. Supporting the use of applicable City housing incentives; and,
 - iii. Encouraging and supporting partners to access low-cost financing through senior government sources, such as BC Builds and Canada Mortgage and Housing Corporation (CMHC).
 - b) Financial sustainability – the program will maximize the financial self-sustainability of the MIHP program by:
 - i. Allowing a portion of project units (maximum 80 per cent) to be operated at full market rents to ensure long-term financial viability;
 - ii. Returning any project municipal revenues (over and above funds needed for maintenance and operations) into the program;
 - iii. Deploying other financial tools as necessary to support the program's long-term sustainability; and,
 - iv. Incorporating long-term operations and maintenance costs into all project planning.
 - c) Unit Mix – ensure that the affordable homes developed under the MIHP program constitute a mix of home sizes to meet the diverse needs of middle income household residents, as outlined in the Housing Needs Assessment.
 - d) Flexibility – structure the MIHP program with enough flexibility to:
 - i. Respond to opportunities presented by different sites, different resident needs, and unique tenure options; and,
 - ii. Utilize diverse partnership models, including non-profit and private market developers as appropriate.
 - e) Scale – structure and operate the MIHP program to deliver affordable housing at scale over time by:

- i. Acquiring land fit for purpose on a regular basis;
 - ii. Evaluating existing land holdings for potential development or redevelopment in the program; and,
 - iii. Ensuring that the ongoing administration of the operational component of the program requires limited staffing resources from the City.
 - f) Accountability – ensure that partnerships under the MIHP program achieve program objectives by:
 - i. Requiring annual reporting from operators that demonstrate compliance with program terms and conditions;
 - ii. Enforcing lease terms where necessary to ensure compliance.
2. A partnership opportunity associated with the MIHP program on City-owned land will be offered primarily through public Request for Qualifications and Request for Proposal. If an opportunity arises, direct awards or another form of partnership may be considered by Council.
3. A Request for Qualifications and Request for Proposal will be evaluated by staff based on the following criteria:
 - a) the number of project units to be delivered at 20 per cent below the average market rents;
 - b) total project unit mix;
 - c) development and operational experience of the team;
 - d) financial viability and long term financial sustainability;
 - e) site plan, building and unit details;
 - f) proposed schedule; or
 - g) innovation.