

Report to Council



Date: October 21, 2024
To: Council
From: City Manager
Subject: Tenant Protection and Relocation Assistance
Department: Housing Policy and Programs & Social Development

Recommendation:

THAT Council receives for information the report from the Housing Policy and Programs and Social Development Departments, dated October 21, 2024, regarding Tenant Protection and Relocation Assistance;

AND THAT Council directs Staff to further explore and report back on Option 2, Moderate Shift, as an action in the Housing Action Plan as described in the report from the Housing Policy and Programs and Social Development Departments, dated October 21, 2024.

Purpose:

To receive the tenant protection and relocation assistance report and to direct Staff to further explore and report back on Option 2, Moderate Shift, as an action in the Housing Action Plan.

Council Priority Alignment:

**Affordable Housing
Homelessness**

Background:

Bill 16 – 2024: Housing Statutes Amendment Act, 2024, (“Bill 16”), received royal assent on April 25, 2024. The bill introduces changes to the Local Government Act, including the introduction of new authority for tenant protection. Prior to this bill, tenant assistance was largely a patchwork of local policies without a standardized provincial framework.

Bill 16 grants municipalities the authority to create comprehensive tenant protection bylaws. These bylaws can require developers to provide substantial support to tenants displaced by redevelopment projects, including financial compensation, assistance with moving and finding new housing, and potentially new tenancy agreements in other buildings owned by the developer. While Bill 16 seeks to balance development needs with tenant rights, its implementation could increase costs, cause delays, complicate the development process, and place administrative burdens on municipalities and developers, potentially reducing the number of new rental housing projects.

This report will outline the various levers that the City has for tenant protection and relocation assistance. It will present three options for Council consideration and conclude with a recommended course of action to minimize displacement impacts while also supporting the development of new housing.

High Level Context:

Kelowna continues to experience high demand for rental housing. Approximately 48 per cent of future housing demand is expected to be for rental housing (2023 Housing Needs Assessment City of Kelowna). Currently, 35 percent of Kelowna's population are renters, with a significant portion of them – over a third of the population – earning less than \$60,000 annually, making affordability a critical issue (EnviroNics, Census Plus, 2024). Although more rental housing is being constructed, demand has outweighed supply for many of the last 25 years in Kelowna, resulting in rising rents that have made it challenging for residents to find housing that is affordable. While expanding Kelowna's housing supply is crucial, building new housing in established neighborhoods presents challenges. Redevelopment of older rental stock and mobile home parks—typically more affordable housing options—is becoming more common. Without regulations to assist existing tenants or replace redeveloped units, redevelopment can lead to a loss of affordable units and displacement of long-term residents.

According to Statistics Canada, the most reported factor leading to homelessness was financial challenges including deteriorating housing affordability (41.8%). Relocating can put people at risk, with 20 percent citing it as a contributing factor. Precarious housing situations and lack of affordable rental opportunities are also significant risk factors for homelessness and contribute to mental health struggles through fear, anxiety, and isolation. Safe, affordable, adequate housing is essential for the health and development of children and the overall well-being of individuals and families. Without stable housing, people struggle to improve their circumstances, focusing only on day-to-day survival, which hampers their ability to secure adequate income and social stability.

Formal Support for Displaced Tenants

In Kelowna, support for tenants who lose housing due to redevelopment, often referred to as "demovictions" or "renovictions", is guided by the standards set by the Residential Tenancy Act (RTA), which requires landlords to give tenants four months' notice to end tenancy for renovation, development, or conversion. There is a lack of formal assistance beyond these basic requirements. Without assistance to find new housing, tenants may face barriers, particularly given Kelowna's historically low vacancy rate. Opportunities for housing at comparable rents may be difficult to find, increasing housing precarity among some populations.

Kelowna Context

Over the past two years, Kelowna has received four redevelopment applications involving rental buildings, affecting approximately 66 rental units. As the city's stock of purpose-built rental housing continues to age, staff anticipate that 10 to 20 buildings could be redeveloped over the next 10 to 20 years. This emerging trend highlights the need to consider measures to mitigate potential impacts on tenants as redevelopment becomes more likely.

Tenant Protection and Relocation Assistance has been identified as a potential action in the Housing Action Plan, currently being drafted and scheduled for Council consideration in the fall, 2024. However, due to concerns for tenant protection raised by Council in relation to the development application at 163-165 Mills Rd, this report is being expedited.

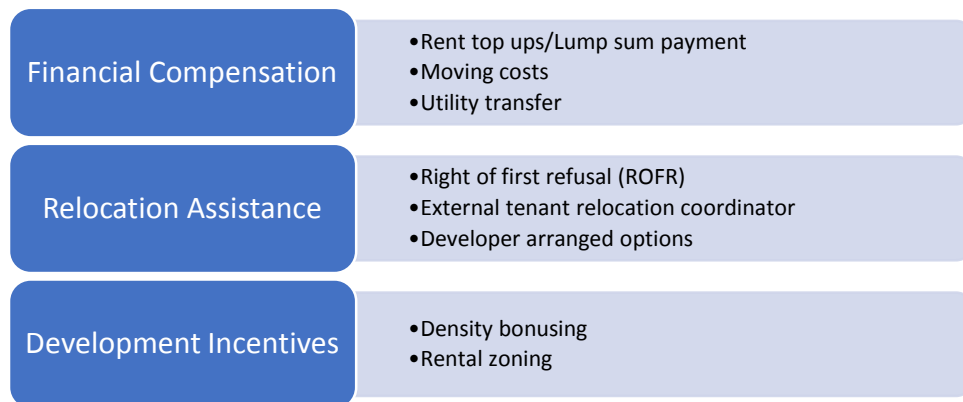
On May 27, 2024, Council deferred consideration of a rezoning bylaw to change the subject property on Mills Rd from MF1 – Infill Housing to MF2 – Townhouse Housing due to concerns about tenant displacement. The consolidated properties house 20 tenants in a combination of stacked townhomes and duplex units, offering affordable rents because of the older rental stock. With the low vacancy rates in Kelowna, these tenants face challenges in finding comparable alternative housing.

Previous Council Resolution

Resolution	Date
THAT Council defer consideration of Bylaw 12658 (Z24-0006) until staff report back on Policy options for tenant relocation.	May 27, 2024

Tenant Protection Tools

In British Columbia, municipalities can implement various tools for tenant protection and assistance. These tools include providing financial compensation to displaced tenants, assisting tenants with relocation, and providing incentives to developers to replace the demolished units on the redeveloped site.



Other Policies and Regulations in BC

City staff have reviewed several municipalities across BC and identified key trends in rental protection and tenant assistance, including financial compensation, Right of First Refusal (RoFR), relocation assistance, and development incentives to encourage relocation assistance. To mitigate the challenges associated with the redevelopment of existing housing, municipalities such as Victoria, Vancouver, Surrey, Port Moody, and North Vancouver have implemented tenant relocation assistance and rental replacement policies. See Attachment A for additional details.

Options for Council Consideration

Staff have identified three broad options ranging from the current status quo to a major shift in the City’s approach that utilizes multiple tenant protection tools identified by staff. Staff are asking for direction from Council to explore one of the three options below representing different levels of intervention and support, providing a range of solutions to address tenant needs and promote housing stability in the community. Each option applies only to existing rental¹ housing where redevelopment will remove 5 or more units. All options adhere to the Residential Tenancy Act requirements.

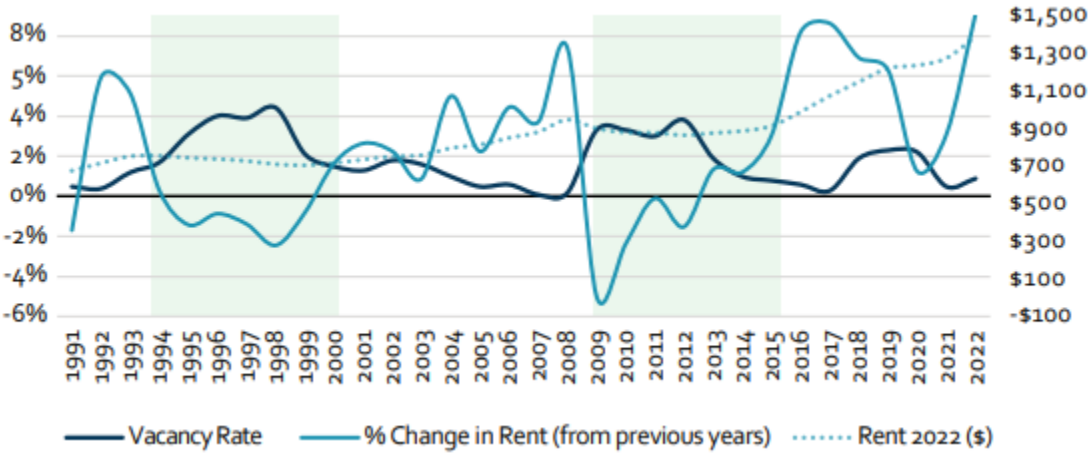
¹ Rental housing includes, but is not limited to, purpose-built market rental housing.

Tenant Protection & Relocation Options	
Option 1 – Status Quo	<ul style="list-style-type: none"> Residential Tenancy Act (RTA) requirements
Option 2 – Moderate Shift	<ul style="list-style-type: none"> Residential Tenancy Act (RTA) requirements; AND Developer submits a Tenant Relocation Plan, including: <ul style="list-style-type: none"> Developer proposals to minimize the impacts of tenant displacement
Option 3 – Major Shift	<ul style="list-style-type: none"> Residential Tenancy Act (RTA) requirements; AND Developer submits a standardized Tenant Relocation Plan, including mandatory: <ul style="list-style-type: none"> Extended notification Tenant Relocation Coordinator services Financial compensation (e.g.: moving expenses, rent top-ups) Right of First Refusal (potentially at below-market rates)

Staff Recommendation

Staff recommend proceeding with the development of Option 2, Moderate Shift, to achieve a balance between tenant support and development feasibility. Under this option, individual developers would be required to create their own tenant relocation plans, following a set of guidelines outlining what the plan could include. This requirement would be implemented through a bylaw and would only apply when the vacancy rate falls below 4.0%. Historically, Kelowna's vacancy rates have seldom exceeded 4.0%, as shown in Figure 1 from the 2023 Housing Needs Assessment.

Figure 1 – Rental vacancy rate and rental rates, Kelowna, 1991 to 2022



After the submission of five redevelopment applications, staff would review the outcomes and report back to Council to assess whether the process is effective or if adjustments are needed to improve its impact on both tenants and development.

While Moderate Shift offers flexibility and considers the unique circumstances of each development, there are potential risks. The lack of clear, enforceable standards could result in inconsistent protection

for tenants, as developers may interpret the guidelines differently. And of course, any added burden to development has some level of cost implications on the new product. Although recent projects suggest this strategy may be successful, without careful oversight, there's a risk of uneven application. For this reason, regular updates to Council are recommended to ensure the process remains effective and, if necessary, to introduce stronger measures.

The Major Shift option, on the other hand, could jeopardize the financial viability of new rental developments by imposing stricter requirements. If developers face increased costs or barriers, it could reduce the availability of rental housing, ultimately harming tenants in the long run. The key is to find a balance—supporting tenants while maintaining a development environment that encourages new rental projects.

Next Steps

Should Council direct staff to explore and report back on Option 2, Moderate Shift, several key details will need to be addressed, including the development of guidelines for the Tenant Relocation Plan and the drafting of a bylaw. Option 2 aligns with the City's commitment to sustainable community development by minimizing housing supply disruptions while supporting two key Council priorities: Affordable Housing and Homelessness. These recommendations will be incorporated into the Housing Action Plan, which aims to protect existing rental housing, reduce displacement, and encourage new rental development. As part of this process, additional engagement with industry stakeholders, including the Urban Development Institute – Okanagan Chapter, will be conducted to ensure a collaborative approach.

Internal Circulation:

Development Planning
Community Communications

Considerations applicable to this report:

Legal/Statutory Authority:

Residential Tenancy Act
Manufactured Home Park Tenancy Act
The Community Charter
Local Government Act

Legal/Statutory Procedural Requirements:

Municipalities must establish and enforce guidelines ensuring compliance with Bill 16's enhanced tenant protection measures, including monitoring and reporting mechanisms.

Existing Policy:

Council Policy 229 – Mobile Home Park Redevelopment
Council Policy 270 – Motel/Hotel Redevelopment
OCP Policy 4.13.2 Displacement Effects of Gentrification
OCP Policy 4.13.3 Tenant Assistance
OCP Policy 5.12.2 Displacement Impacts of Gentrification
OCP Policy 5.12.3 Tenant Assistance
OCP Policy 5.12.5 Redevelopment of Mobile Home Parks
Policy 6.10.4 Tenant Assistance
Policy 9.1.1 Equity in Planning Decisions

Financial/Budgetary Considerations:

To be determined following Council direction to proceed with Option 2, Moderate Shift for further investigation.

Considerations not applicable to this report:

Consultation and Engagement

Communications Comments

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Approved for inclusion:

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Appendix

Attachment A – Tenant Protection and Relocation Assistance Policies and Regulations