

Revitalization Tax Exemption Program Updates

Housing Policy & Programs

March 2025



Purpose

To consider amendments to the Revitalization Tax Exemption Program Bylaw No. 12561.

Revitalization Tax Exemption (RTE) Program



Provides tax exemptions for purpose-built rental housing



10-year exemption on municipal portion of property tax attributable to increase in property value resulting from development



Intended to encourage Purpose-Built Rental Housing by reducing operating costs for first 10 years of the lifecycle of the project

Background

- New Revitalization Tax Exemption Program Bylaw introduced on August 28, 2023
 - Removed eligibility for ownership (strata) residential;
 - Aligned boundaries with new Official Community Plan
 - Delegation of some RTE agreements to staff
 - Required 'Rental Only' subzone

Since August 2023

	# of applications	# of units	Average tax impact per year	Total estimated tax impact over 10-year term
Issued RTEs	14	1423	\$1,018,058	\$10,180,594
RTE applications in-stream	4	720	\$664,375	\$7,027,643

Proposed Changes



Eligibility for co-operative housing



Additional support for non-profit rental housing



Expansion of eligibility boundaries



Implementation of a rental vacancy restriction

Proposed Changes



Eligibility for co-operative housing

- **Alternative form of tenure that can provide long-term affordability**
- **Promote a tenure that has not been constructed in Kelowna since 2001**

Proposed Changes



Additional support for non-profit rental housing

- Add tax exemption for the land value of non-profit rental housing
- Would provide a 10% to 50% increase in tax exemption

Proposed Changes



Expansion of Eligibility Boundaries

- Increase eligibility to the entire Permanent Growth Boundary
- Support rental housing projects in areas that do not have many rental housing options

Proposed Changes



Implementation of a rental vacancy restriction

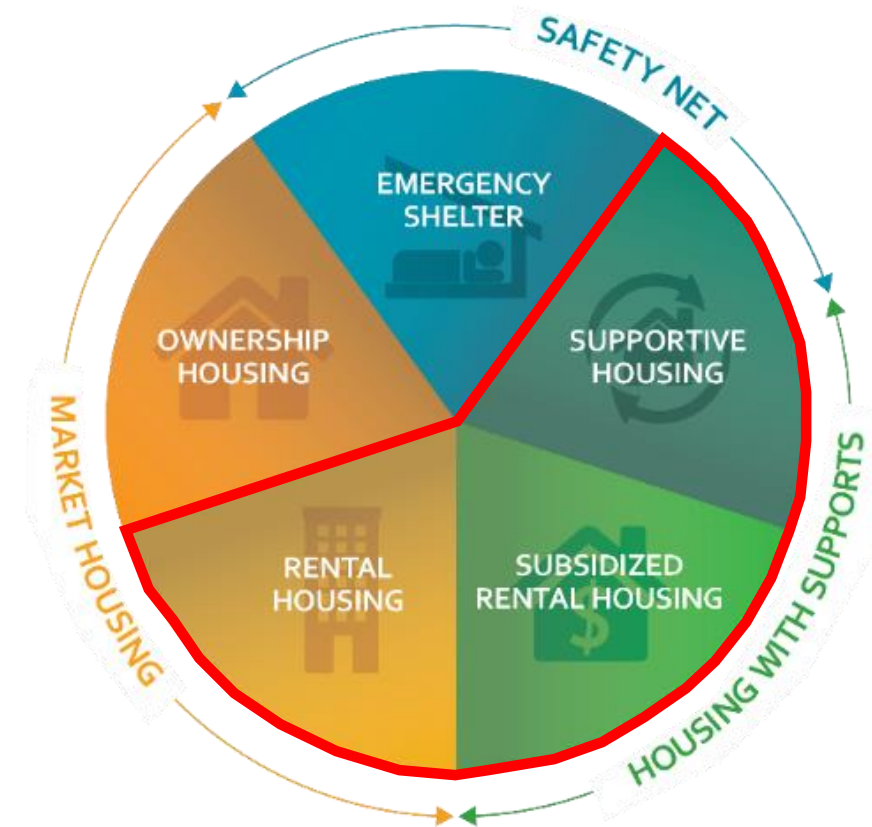
- **Vacancy Rate above 4% - suspend new RTE applications for market rental housing projects**
- **Would not apply to non-profit housing projects**

Additional Amendment

- Addition of a transitional provision
- Allow an RTE application for a project that has already received Occupancy Permit
- Application would be considered on its own merits

Housing Action Plan

- **Action 2.4 – Revise Rental Housing Tax Exemptions**
 - Include other tenures that support long-term affordability, including co-operative housing
 - Include areas of the City outside of the Core Area and Village Centres
 - Include an exemption for land value for affordable housing projects



OCP Objectives & Policies

Urban Centre – Encourage a range of rental and ownership tenures and underrepresented forms of tenure.

Core Area – Encourage a range of rental and ownership tenures and underrepresented forms of tenure.

Gateway – Support a range of rental and ownership tenures and underrepresented forms of tenure

Gateway– Support the development of rental housing in the Gateway District.

Conclusion

Staff recommend **support** for proposed changes to RTE program as it is consistent with:

- Housing Action Plan
- OCP Objectives & Policies
- Enhance long-term affordability