

Report to Council



Date: April 7, 2025
To: Council
From: City Manager
Subject: RTE25-0002 for 1355 St. Paul St
Department: Development Planning

Recommendation:

THAT Council approves the City entering into a Revitalization Tax Exemption Agreement with 1247752 B.C. LTD., INC.NO. BC1247752 and 1267320 B.C. LTD., INC.NO. BC1267320 for Lot 2 DL 139 ODYD PLAN EPP123577 located at 1355 St. Paul St, Kelowna, BC in the form attached to the Report from the Development Planning Department dated April 7, 2025;

AND THAT Council authorizes the Development Planning Department Manager to execute the Revitalization Tax Exemption Agreement RTE25-0002 on behalf of the City of Kelowna.

Purpose:

To enter into a Revitalization Tax Exemption Agreement with 1247752 B.C. LTD., INC.NO. BC1247752 and 1267320 B.C. LTD., INC.NO. BC1267320 on the subject property.

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 Revitalization Tax Exemption Program Bylaw No. 12561. Specifically, the RTE program incentivizes 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.

Revitalization Tax Exemption Program Bylaw No. 12561 includes delegation of approval to staff provided the estimated value of the RTE is under an established maximum. The maximum is calculated as 0.175% of the following year’s Property Value Tax revenue as outlined in Schedule A of the Five-Year Capital Plan. The current maximum value for delegation is an estimated municipal tax impact of \$324,187.

A Development Permit (DP24-0027) for 1355 St. Paul St was authorized by Council on November 25, 2024. The project contains 384 dwelling units, which includes 68 studios, 141 one-bedroom, and 175 two-

bedroom units. The property is zoned UC1r – Downtown Urban Centre Rental Only, which guarantees rental-only tenure.

Discussion:

The estimated municipal tax impact of a RTE for 1355 St. Paul St is \$4,078,348 over 10 years, or an average of approximately \$407,835 per year. This exceeds the thresholds for delegation established in Section 9 of Revitalization Tax Exemption Program Bylaw No. 12561 and requires Council authorization.

Staff recommend approval of RTE25-0002. This project fulfills the objective of the RTE program to encourage an increase in the supply of purpose-built rental housing and will result in construction of 384 additional rental housing units. These continue to be much-needed additions in the context of a low vacancy rate and above average increases in rental costs across the City. Continued support for 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.

Revitalization Tax Exemption Program Bylaw No. 12561 requires Council approval of RTEs over a certain value. The RTE for 1355 St Paul Street exceeds this threshold. The proposed RTE complies with the requirements of Bylaw No. 12561, Council's priorities, and OCP Policy.

Internal Circulation:

Housing Policy and Programs
Revenue Services

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

Financial/Budgetary Considerations: The estimated municipal tax impact of the RTE for 1355 St. Paul St is \$4,078,348 over 10 years, or an average of approximately \$407,835 per year.

Considerations not applicable to this report:

Consultation and Engagement:

Communications Comments:

Legal/Statutory Procedural Requirements:

Existing Policy:

Submitted by: K. Brunet, Planner Specialist

Approved for inclusion: R. Smith, Divisional Director, Planning, Climate Action & Development Services

Attachments:

Schedule A – RTE25-0002
Appendix A – Plans and Specifications