

Revitalization Tax Exemption Program Updates

Housing Policy & Programs

May 26, 2025



Purpose

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

Background

- April 7, 2025 – Staff brought forward program updates to Revitalization Tax Exemption Program Bylaw
 - Data on RTE applications received
 - Bylaw changes
- Council deferred consideration until later date
- Rental vacancy restriction removed:



Suspend RTE program at 4% vacancy rate

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

Proposed Changes



Eligibility for
co-operative
housing



Additional
support for
non-profit
rental housing



Expansion of
eligibility
boundaries

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
- Financial impact not expected to be significant

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

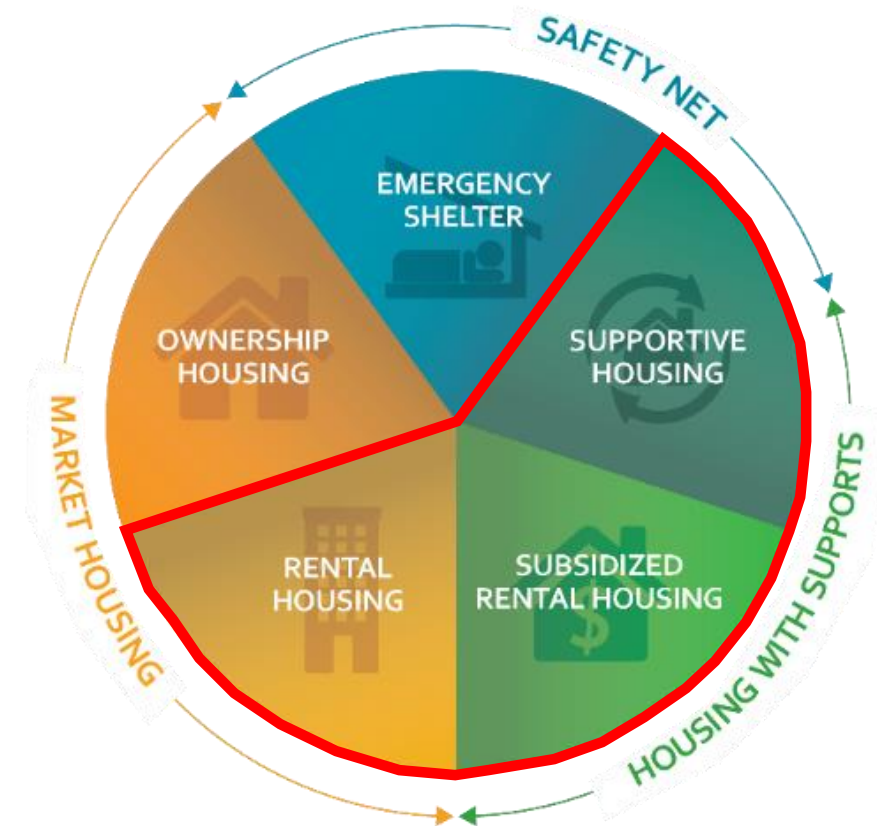
- Estimated annual tax impact of the current program is \$1.68M
- Since 2023, 10-year total value of RTE program is \$17.2M
- Financial impact will depend on future development interest outside of Core Area

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