

REPORT TO COUNCIL



Date: November 28, 2016

RIM No. 0940-00

To: City Manager

From: Community Planning Department (TB)

Application: RTE16-0005 **Owner:** VEDA 800 Kelowna Student Housing Ltd Inc. No BC1062881

Address: 800 Academy Way **Applicant:** Eidos Architecture Inc

Subject: Revitalization Tax Agreement

Existing OCP Designation: Multiple Unit Residential (Medium Density)

Existing Zone: RM5 - Medium Density Multiple Housing

1.0 Recommendation

THAT Bylaw No. 11325 authorizing a Housing Agreement (Schedule "A") between the City of Kelowna and VEDA 800 Kelowna Student Housing, which requires the owners to designate 316 dwelling units in a multi-family rental development for Lot 1, sections 3 and 10, Township 23, ODYD, Plan EPP45918 located at 800 Academy Way, Kelowna, BC be forwarded for reading consideration;

AND THAT Council approves the City entering into a Revitalization Tax Exemption Agreement (Schedule "B") with VEDA 800 Kelowna Student Housing for Lot 1, sections 3 and 10, Township 23, ODYD, Plan EPP45918 located at 800 Academy Way, Kelowna, BC in the form attached to the Report from the Community Planning Department dated August 12, 2016;

AND THAT the Mayor and City Clerk be authorized to execute the Revitalization Tax Exemption Agreement on behalf of the City of Kelowna.

2.0 Purpose

To authorize a Housing Agreement with VEDA 800 Kelowna Student Housing on the subject property; and to enter into a Revitalization Tax Exemption Agreement with VEDA 800 Kelowna Student Housing on the subject property.

3.0 Proposal

The subject property is designated as MRM - Multiple Unit Residential (Medium Density) in the Official Community Plan (OCP) and is zoned RM5 - Medium Density Multiple Housing. The Development Permit and Development Variance Permit for the 316 rental micro-suites was

approved on April 26, 2016 by Council under DP16-0027/DVP16-0028. The Building Permit Applications for the two buildings were submitted on July 28th, 2016 and were issued on September 29, 2016 for a Total Value of Building Construction of \$17,500,000.00.

The project is in the Purpose-Built Rental Housing Projects category as described by the Revitalization Tax Exemption Program Bylaw No. 9561. In this category, projects will be considered for a tax incentive as long as:

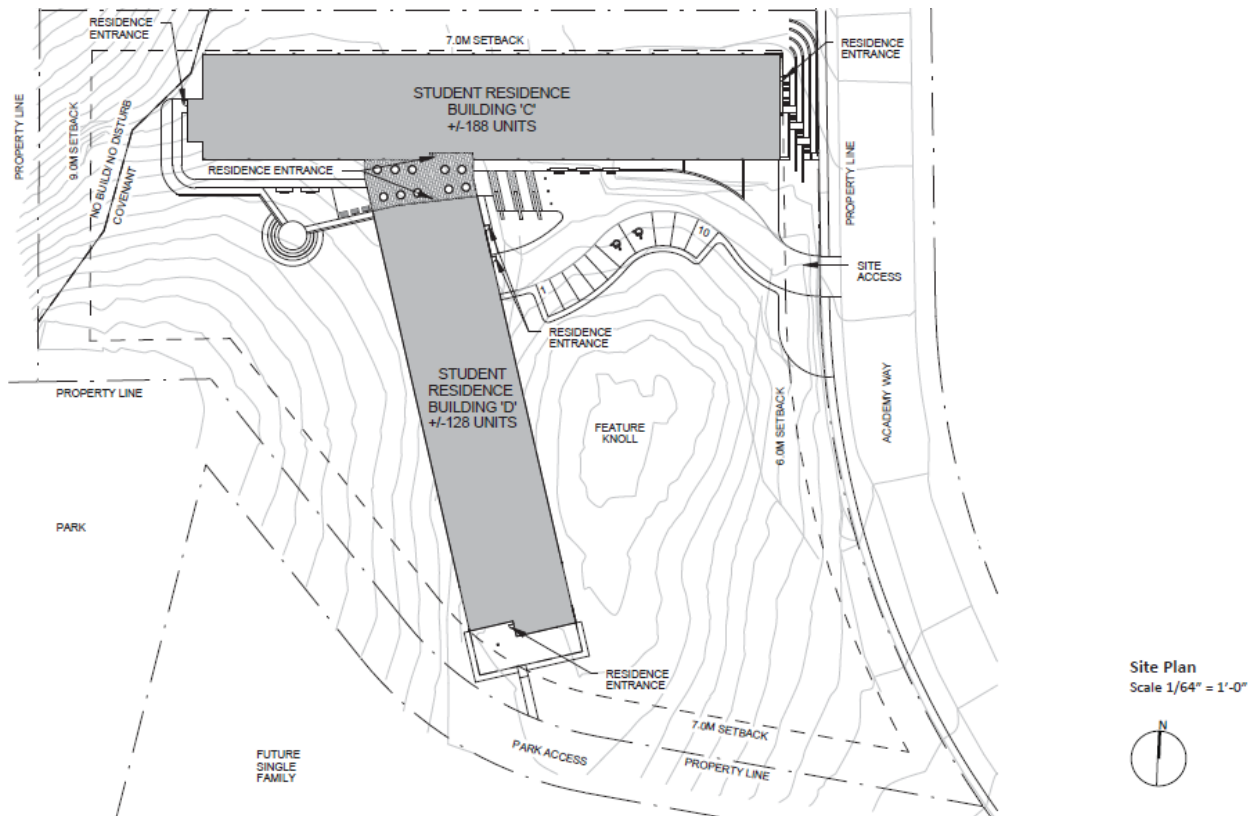
1. The vacancy rate is at or below 3%.
2. The subject property has a Housing Agreement (for up to 10 years).
3. Are in compliance with the OCP Future Land Use designation as of May 30, 2011.

Over the last few years, rental housing has been in great demand. According to CMHC at the end of 2015 the total vacancy rate in the Kelowna CMA was 0.7% compared to 1.0% the year prior. Therefore, the vacancy rate requirement is met. The Housing Agreement (for up to 10 years) requirement is proposed in conjunction with this Revitalization Tax Exemption. Lastly, the subject property is in compliance with the OCP Future Land Use designation of MRM - Multiple Unit Residential (Medium Density).

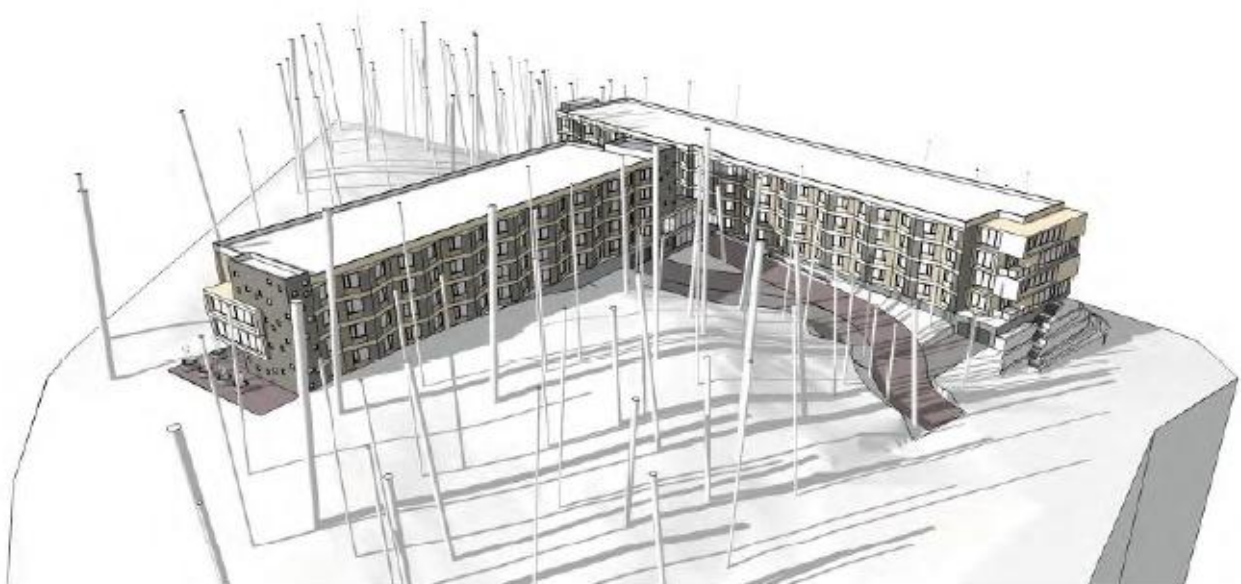
With all requirements met, the subject property qualifies to receive 100% of the Revitalization Amount. Based on the current 2016 Municipal Tax Rate for a Residential Property Class (3.7114%) and the total value of building construction estimated at \$17,500,000.00, the tax exemption would be \$64,949.50 per year. For a period of 10 years from 2019-2028, the total exempt amount would be \$649,495.00. This is based on the assumption that the assessed value of improvements and the municipal tax rate will not change over the time span of the exemption.

4.0 Development Permit DP16-0027

Site Plan:



Conceptual Rendering:



5.0 Current Development Policies

Revitalization Tax Exemption Program Bylaw No. 9561

6.0 Technical Comments

None.

7.0 Application Chronology

Date of Application Received: September 14, 2016

Report prepared by:

Trisa Brandt, Planner I

Reviewed by:	Terry Barton, Urban Planning Manager
Reviewed by:	Ryan Smith, Community Planning Department Manager
Approved for Inclusion:	Doug Gilchrist, Divisional Director, Community Planning & Real Estate

Attachments:

Schedule "A": Purpose Built Rental Housing Agreement
Schedule "B": Revitalization Tax Exemption Agreement
Schedule "C": Tax Exemption Certificate