

Report to Council



Date: October 30, 2017
File: 1220-02
To: City Manager
From: Ross Soward, Planner Specialist
Subject: 1745 Chapman Place - Amend Revitalization Tax Exemption Agreement

Recommendation:

THAT Council amend the Revitalization Tax Exemption Agreement RTE16-0006 with Ki-Low-Na Friendship Society for Strata Lots 1 through 86 of Strata Plan EPS3899, District Lot 139, Osoyoos Division Yale District at 1745 Chapman Place, Kelowna, BC, in the form attached to the report from the Planner Specialist, dated October 30, 2017;

AND FURTHER THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete this transaction.

Purpose:

To amend the Revitalization Tax Exemption (RTE) Agreement with Ki-Low-Na Friendship Society for purpose-built rental housing in accordance with Revitalization Tax Exemption Program Bylaw No. 9561.

Background:

On October 24, 2016 Council approved a 10-year Revitalization Tax Exemption Agreement with Ki-Low-Na Friendship Society for rental housing in accordance with Revitalization Tax Exemption Program Bylaw No. 9561. The 86-unit affordable rental housing project at 1745 Chapman Place is a partnership with BC Housing. The partnership with BC Housing requires that the units be stratified to allow for BC Housing to purchase equity in the rental housing project.

However, the approach of stratifying units to facilitate BC Housing equity was interpreted by the British Columbia Assessment Authority (BCAA) as being in conflict with the City of Kelowna's Revitalization Tax Exemption Bylaw and therefore the exemption was not provided in 2017. As an interim measure

City of Kelowna provided a credit of \$17,000 to Ki-Low-Na Friendship Society from 2017 tax revenue in lieu of the tax exemption for 2017.

On September 18 2017, council approved amendments to the City's Revitalization Tax Exemption Bylaw to update the definition of purpose-built rental housing, allowing for stratification in cases where an operating agreement with BC Housing is in place. However, the Tax Exemption Agreement with Ki-Low-Na Friendship Society requires an amendment to include the legal description of the property after the stratification of the building. Also, the updated term of exemption (2018-2026) is included in the new amended agreement (Attachment 1). All 86 units will continue to operate as affordable rental housing as per the purpose-built rental housing agreement that is in place. The amended agreement (Attachment 1) includes the continuing portions of the existing agreement signed in October 2016 and will serve as the complete agreement between the City of Kelowna and Ki-Low-Na Friendship Society moving forward.

Internal Circulation:

Divisional Director, Financial Services
Divisional Director, Community Planning & Real Estate
Manager, Long Range Policy Planning
Financial Analyst

Legal/Statutory Authority:

Revitalization Tax Exemption Program Bylaw No. 9561, 2006
Community Charter, Division, Section 226

Legal/Statutory Procedural Requirements:

The Revitalization Tax Exemption Bylaw No. 9561 supports municipal tax incentives for purpose-built rental housing when the vacancy rate for rental housing is at three per cent or lower.

Existing Policy:

Official Community Plan Bylaw No. 10500

Revitalization Tax Exemption Program Bylaw No. 9561 Policy 5.1.3

Submitted by: R. Soward, Planner Specialist

Approved for inclusion: J. Moore, Manager Long Range Policy & Planning

Attachments:

1. 1745 Chapman Place Revitalization Tax Exemption Amended Agreement