
City of Kelowna

MEMORANDUM

DATE: October 29, 2002
FILE: 5040-20
TO: City Manager
FROM: Community Planning Manager
RE: Options for 2490 Richter (Richter / Morrison)
REPORT PREPARED BY: Theresa Eichler

RECOMMENDATION:

THAT Council proceed as follows to realize special needs housing for the City-owned land at 2490 Richter Street, based on the content of this report:

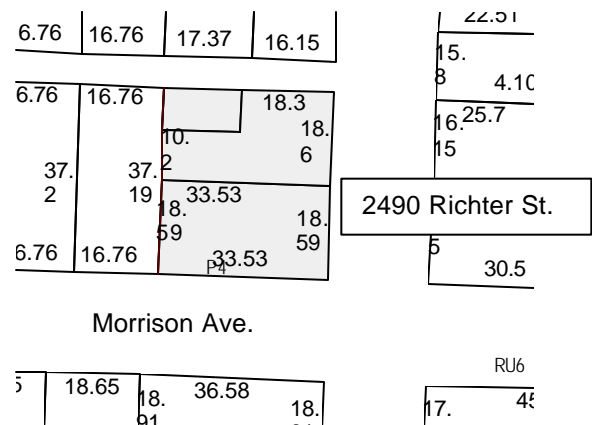
1. By the means of advertising, invite groups or agencies to come forward with expressions of interest for special needs housing proposals for 2490 Richter by January 31, 2003;
2. Allow until January 31, 2003 to determine if a proposal that has been received will secure funding under the Shelter Enhancement Program to build a shelter on the north part of the site;
3. Depending on the outcome of invitation for expressions of interest received by January 31, 2003, if no proposal is acceptable to Council, consider a flex housing project on a portion of the property, or on the entire site, as outlined in the August planning report.

PURPOSE:

To give an overview of possible options for the Morrison/Richter property.

BACKGROUND:

Council is aware that the City has been pursuing a partnership to enable the land at 2490 Richter to be used for special needs housing, in accordance with OCP policy direction and, particularly under the guidance of policies for the new housing reserve fund. Two proposal calls were issued within the last year and half, with very little response. The housing committee had determined that a proposal by CMHC to pursue a flex housing demonstration project on this land held much potential. The Committee struck a sub-committee to pursue this option over the summer months. A report was taken to Council in August, but



Council asked staff to report back with alternatives.

REPORT:

Options for the 2490 Morrison / Richter property are as follows:

- 1 *Sell the property and place the proceeds in the Housing Opportunities Reserve Fund:*
The fund has approximately \$5,000 in it at the moment. This is inadequate to pursue acquisition of other property. 2490 Richter presently consists of 3 parcels of land with a total assessed value of \$201,900. The result of subdivision and zoning applications to prepare the lots for RU6 development would be 2 lots, one of which would have deficient frontage for a duplex lot. Value of \$100,000 each is reasonable in today's market place, based on verbal consultation with realtors and City staff. The maximum return would then be about \$200,000. This would be directly deposited into the housing reserve fund and other options would be pursued. Aquila donated half this land to the City and would therefore want some recognition as part of a special needs housing project. Results in terms of housing generated would be longer term with this option.
- 2 *Go to a Third Proposal Call for 2490 Richter*
There is greater awareness now of the availability of the Morrison / Richter site. A third proposal call may have greater success. Market conditions have also changed and the housing market is presently very active. Since there has been some media coverage of affordable housing issues, including identification of this property, several parties have approached the City regarding potential interest in the site. A proposal for this property has been received, but is on hold. It is seeking federal funding under the Shelter Enhancement Program to proceed with a housing project. A third proposal call would need to specify the housing types that will be considered, along with housing needs that should be addressed. It should also be clearer that terms of the arrangement can be negotiated, including land price. For uses permitted in the RU6 zone, it has been determined that the property would be exempt from development cost charges. This was not previously clear to potential applicants.
- 3 *Consider a Flex Housing Demonstration Project as Recommended by the August Planning Report:*
The options for 2490 Richter were discussed at the September meeting of the Community Housing Needs Committee. The Committee felt that another attempt to secure a housing project by seeking further proposals should be pursued. Following this they recommended (by a motion to Council) that the flex housing demonstration project be conducted on the entire property or on a portion of the property, if no other proposal is considered viable by the City. The latter includes one that is on hold, while awaiting confirmation of federal funding. The Committee wants to support the work of its sub-committee on the flex housing option. Concepts of adaptable housing are supported by OCP policy¹ and the development of design guidelines for adaptable housing is a work program item in community planning. "Flex" is simply a term that has been coined to describe such concepts. Out of interest, the Social Planning Board requested an update on this issue. The Board recommendations were similar to those of the housing committee. Some of the long-term benefits of a demonstration project that the Committee and Board support include the following:
 - Education regarding the potential to build a home at a lower price (close to starter home price) and add on later as income and family needs increase;
 - Education regarding the concept of adaptable design that allows future alterations to be made as the need arises to address the requirements of occupants with physical disabilities. With minor changes at the initial design stage, significant cost savings are realized when future alterations become necessary. This can mean the difference

¹ By references to addressing special needs, and affordable housing by integrating various housing forms, including secondary suites, in neighbourhoods.

between being able to stay in your own home or be forced to move when faced with disabilities. This is a key benefit to an aging population;

- Education regarding the potential for secondary suites to be used to accommodate the needs of growing families, elderly parents, or as a mortgage helper, also supported by OCP housing policies.
- The ability to sell the property, subject to a housing agreement to secure affordable housing, at the end of a demonstration project and place the money in the housing opportunities reserve fund.

Flex housing is known under other names (like adaptable housing) and other sources of funding are available (e.g.: Affordability & Choice Today (ACT)), to assist the City in pursuing this option.

Issue of the Housing Opportunities Reserve Fund:

One of the perceived benefits of pursuing a project at the 2490 Richter site was to acquire funds to place in the Housing Opportunities Reserve Fund. A copy of the By-law for this Fund is attached for convenience. At present there are \$5,414.11 in the fund, due to a budget transfer from Community Planning, and to about \$206 in donations from the community. Should the entire Morrison and Richter property be sold, a maximum return of up to \$200,000 may be realized. Given the price of land in the city, this amount will still significantly limit the ability of the City to pursue affordable or special needs housing as outlined in the By-law. Achieving revenue for the housing reserve fund as a result of any decision regarding 2490 Richter should be a much lower priority than actually finalizing a project.

The City must continue to pursue all avenues for augmenting the housing opportunities reserve fund in order to experience significant return on investment and generate more than minimal numbers of affordable dwellings. Means of contributing to the fund are outlined in Section 3 of By-law 8593, which is attached. Council has the authority to commit additional revenue to the fund. This should be dealt with as a separate issue from pursuing a project at 2490 Richter. Other revenue for the fund may also be realized when projects are actually achieved, through means such as land lease payments, and a portion of the proceeds of sale of market units within these projects allocated to the fund. The challenge is to realize some projects.

SUMMARY:

At the August Council meeting where the last staff report on 2490 Richter was delivered, Council asked that staff report back with options available for the Morrison/Richter property. Options outlined in this report, include:

- sale of the land and placing the revenues in the housing reserve fund to pursue other options;
- going to a third proposal call;
- and/or proceeding with the flex housing idea on all or part of the property, depending on the outcomes of the additional proposal call.

The report recommends a combination of the last two options. Sale of the land is not recommended for the reason that it means that building an actual project would be much further delayed. Essentially, staff recommends that the City provide a third opportunity for other proposals, including the one that is on hold, with a January 31, 2003 deadline. Council would make the final decision regarding project choice, based on the proposals submitted. If no proposal is approved by the City, or if only part of the property is needed for a new proposal, staff recommends that the City pursue a flex housing demonstration project on all or part of the property. The reasons for this recommendation include the importance of achieving a project that is visible, for the value this brings to the City's credibility in addressing housing needs.

Additionally, the housing reserve fund is in its infancy at the moment, and even with the additional revenue of selling the 2490 Richter property outright, the realization of a project that is visible and addresses affordable or special needs housing will be pushed forward for the long term. The end result of obtaining a project on this property may include additional funds for the Housing Opportunities Reserve. Finally, the City's Community Housing Needs Committee and Social Planning Board have passed motions to recommend support of this approach. The points that

must be emphasized are that the city's affordable and special needs housing deficiencies are overwhelming and that this property can only yield a small project.

Theresa Eichler, MCIP
Community Planning Manager

Approved for Inclusion

R.L. (Ron) Mattiussi, ACP, MCIP
Director of Planning & Development Services

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Attachment (electronic): By-law 8593 – Housing Opportunities Reserve Fund By-law