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## City of Kelowna

# MEMORANDUM

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DATE: January 15, 2004

FILE: OCP04-0002

TO: City Manager

FROM: Community Planning Manager

RE: OCP amendment – Use of Housing Reserve Fund

REPORT PREPARED BY: Theresa Eichler

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### RECOMMENDATION:

THAT Official Community Plan Bylaw No. 7600 be amended by replacing Policy 8.1.20 with the following:

**8.1.20 Use of Housing Reserve Fund.** Use the housing reserve fund for the purpose of acquiring lands to be leased or purchased from the City by non-profit groups or developers to provide housing by means including public / private partnership agreements, subject to the criteria specified in the Housing Reserve Fund By-law;

AND THAT the required amending bylaw be advanced to a Public Hearing.

### PURPOSE:

An amendment to the Housing Opportunities Reserve Fund By-Law No. 8593 was approved by Council on January 12, 2004, based on a resolution adopting a planning report recommendation on July 21, 2003. The change was to allow the City to sell, as well as lease, land to achieve some affordable housing. Policy 8.1.20, also contains the restriction to only lease land for this purpose. The recommended OCP amendment is to make this change to the OCP so that the policy direction is consistent with By-law 8593.

### REPORT:

As stated above, the proposed OCP amendment is make the OCP policy wording consistent with the Housing Opportunities Fund By-law No. 8593, so that the City has the option of selling or leasing City-owned land to achieve some affordable housing. At present, staff is working on the details to enable an invitation for offers to build a multi-residential project that would include affordable housing and a possible community recreation use at 260 Franklyn Rd.. This was approved by Council on July 21, 2003.

Use of the Housing Reserve Fund monies was deliberately recommended to be restrictive, based on the findings of the 1999/2000 Housing Study. It has been demonstrated in other municipalities that a housing reserve fund can be self-sustaining and not require additional tax dollars to be devoted to affordable housing, if revenues from land leases or sales continue to contribute to the fund. If the fund is used to provide grants and/or other monetary incentives, there is a danger that it would be depleted very quickly.

Also based on the experience of other municipalities, once the housing reserve fund is established and is large enough to facilitate land acquisitions, the interest on the fund can be directed to provide grants and other incentives to encourage additional affordable housing units in projects that may not involve City-owned land. This measure is recommended by staff to be

considered at such time as the fund is large enough to generate interest to create such an opportunity. The fund has not yet had enough revenue to enable this option. At this point, adding the ability to sell land as well as lease it is being recommended to provide more flexibility to projects using City-owned land to generate some affordable housing. Housing affordability is defined in the OCP under policy 8.1.16 and benchmarks for affordability are updated annually by City staff (published in the Housing Resources Handbook).

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Theresa Eichler, MCIP  
Community Planning Manager

Approved for Inclusion



David Shipclark  
Manager, Community Development & Real Estate

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