
City of Kelowna

MEMORANDUM

DATE: November 15, 2006

FILE:

TO: City Manager

FROM: Councillor Letnick - Chair – Affordable and Special Needs Housing Task Force

RE: Recommendations of the Affordable & Special Needs Housing Task Force

REPORT PREPARED BY: Councillor Norm Letnick and Theresa Eichler

RECOMMENDATION:

THAT Council endorse the recommendations from the Affordable and Special Needs Housing Task Force, as set out in this report, and authorize appropriate recommended action.

PURPOSE:

To bring forward the recommendations of the Affordable and Special Needs Task Force for Council consideration and to authorize staff to proceed with implementation of all recommendations that are approved by Council. A detailed comprehensive report from the Task Force has been provided to Council. This is the executive summary for Council's consideration of the recommendations. The recommendations are as follows:

1. THAT Council authorize the preparation of text amendments to the zoning by-law to allow secondary suites, where they are not currently permitted, through a rezoning process that eliminates the need for a formal public hearing, subject to meeting all the following requirements:
 - 1.1. Suites should be no larger than 90 square meters in area.
 - 1.2. In developed areas (where a house and/or garage exist), suites would only be allowed ***within existing buildings***;
 - 1.3. Bylaw officers will continue to enforce illegal suite regulations upon complaint of neighbours.
 - 1.4. Suites require a business license and meet building code requirements.
 - 1.5. Adequate water and sewer capacity must be available.
 - 1.6. Each suite would require its own off street parking.
 - 1.7. A check-list of design criteria including parking, window orientation, landscaping and height need to be met.

AND THAT Council authorize the preparation of a procedure manual for rezoning without public hearing for suite in a house, where an applicant has received the written consent of the abutting property owners.

2. THAT Council authorize staff to hire a land economist¹, at an estimated cost of \$30,000 from Council Contingency to assist the Task Force in analyzing the practical application, effectiveness, and cost to the city and development of the following potential OCP policy changes:
 - 2.1. Where development applications increase density over the existing zoning, either by increasing height and/or rezoning, or under current density bonuses:
 - 2.1.1. 50% of the increase in floor area resulting from the change be provided as affordable housing, registered by a housing agreement with the City; OR
 - 2.1.2. 20% of all the proposed development's floor area must meet the City's definition of affordable housing, secured by a housing agreement registered on title; OR
 - 2.1.3. A cash in lieu equivalent to the floor area in affordable housing of option 1, or 2, above (calculated as the difference between the average building permit value for that zone and average market value of the subject floor area).
 - 2.1.4. The above requirements would apply to residential, commercial zones or any other zone that permits residential development.
 - 2.1.5. A further alternative in the form of a levy on all density increases as is being proposed for Penticton.
 - 2.2. AND THAT City staff, on behalf of the Affordable and Special Housing Needs Task Force, be requested to investigate other development related strategies that would increase the supply of affordable housing, including but not limited to:
 - 2.2.1. Elimination of DCC on all non-strata units below 90 meters, subject to entering into an agreement with the City that would require a payment equivalent to the applicable DCC at such time as any rental dwelling benefiting from the grant is stratified, or otherwise converted for owner occupancy.
 - 2.2.2. Elimination of demolition/dumping costs on properties redeveloped into non-strata units below 90 meters
 - 2.2.3. Rezoning for multi-family residences along significant portions of our major urban roads that are within close proximity of town centers, ie. Springfield, Richter, Ellis, Clement, Gordon, etc
 - 2.2.4. In concert with transit goals, relax parking requirements for appropriately targeted/located housing
 - 2.2.5. The granting of an annual tax grant for a five year period, equivalent to the increase in the City's property tax resulting from the creation of new non-strata units below 90 meters
 - 2.2.6. Limiting secondary suites to only those areas of the City that do not hold potential for further infill densification
 - 2.2.7. Asking the city to lobby the Federal Government for an increase in the allowable depreciation on new non-strata units below 90 meters from 4% to 20%.

AND THAT any proposed amendments to the OCP or other policy or regulations, resulting from the recommendations of the Affordable and Special Needs Housing Task Force, based on the findings of the land economist's report, investigations by City staff and further consultations with the development community return to city council for consideration and ratification prior to implementation.

3. THAT subject to the approval of recommendation 4, below, voluntary subscription by businesses and industries to co-operative or strata housing be referred to and led by a newly created Kelowna Housing Corporation (see recommendation 4). (For example: A number of

¹ The City will strive to recover this cost. \$2,000 of a \$5,000 grant from the Affordability and Choice Today program (the rest was to cover the cost of the open houses) has already been obtained towards this work and other funding will be sought. The Real Estate Foundation of B.C. has confirmed that the land economist's report would ideally fit their funding program. The City will strive to recover this cost.

businesses could purchase units in a housing co-op and rent their units, at 'affordable' levels to their staff).

4. THAT the City initiate the creation of a Kelowna Housing Corporation (KHC) which would:
 - 4.1. Receive an annual allocation of funds from the City of Kelowna up to \$2 per person per year to create and administer the Housing Corporation;
 - 4.2. Be owned by the City, alone or in partnership with other municipalities;
 - 4.3. Be operated by a volunteer Board of Directors with the necessary full time staff;
 - 4.4. Operate at "arms length" from municipal council and act as a not-for-profit developer;
 - 4.5. Seek funds from all sources to address affordable housing needs in Kelowna, including the use of low interest construction loans and mortgages;
 - 4.6. Examine the ability to offer low interest construction loans to individual homeowners for the purpose of upgrading secondary suites to meet building and servicing requirements;
 - 4.7. Act as a developer and housing manager of affordable rental and owner-occupied housing, alone or in partnership with others;
 - 4.8. Assume control of all affordable units that are subject to a housing agreement, with the exception of units managed by non-profit housing societies;
 - 4.9. Create a new owner-occupied housing agreement which provides homeowners with an opportunity to realize a fair appreciation on their investment and maintains such units as affordable in-perpetuity;
 - 4.10. Devise and implement a rent-to-own program;
 - 4.11. Create and maintain a list of registered applicants for non-market housing, in cooperation with existing non-profits and BC Housing;
 - 4.12. Create a Community Land Trust to form strategic partnerships in the community so as to achieve land for affordable housing. This would include the ability to give tax receipts in return for donations of land;
 - 4.13. The Corporation would then seek participation by other municipalities throughout the Okanagan Valley at the same rate per capita.

AND THAT Council authorize the redirection of funds budgeted annually for the Housing Opportunities Reserve Fund to establish and fund a Kelowna Housing Corporation beginning in 2008;

5. THAT the City proceed with a comprehensive plan for the KSS site that will include:
 - 5.1. Land uses and zoning
 - 5.2. Development layout
 - 5.3. Servicing and road layout
 - 5.4. Design standards
 - 5.5. The requirement that 20% of all housing on the site meet the City's definition of affordable housing and is secured by a housing agreement.
6. THAT the City proceed with a text amendment to the zoning by-law to allow residential uses strictly as a secondary use above the current permitted uses in its business and low intensity industrial zones (I1 & I2), subject to the required public notification and public hearing, in order to increase the housing supply in developed areas.
7. THAT Council authorize the preparation of a text amendment to the OCP to allow a 2 increment increase in density in return for 75% non-market housing to be built on site, subject to the required public notification and public hearing.
8. THAT Council authorize the preparation of a text amendment to the OCP to require a mix of housing units in all new developments (inclusion of a large number of small lot single-homes and duplexes, as well as provision for coach houses and secondary suites), along with the required public notification and public hearing.

9. THAT Council extend the mandate of the Affordable and Special Needs Housing Task Force until April 30, 2007.

TASK FORCE MISSION AND VISION:

The Affordable and Special Needs Housing Task Force was appointed by Kelowna City Council at the end of 2005. It was assigned the particular task of bringing forward key recommendations for action on affordable housing to City Council within a one year timeframe. The primary report of the Task Force is provided with a detailed Bibliography and Appendices providing analysis of the research and public consultations conducted by the Task Force.

To move ahead with its mission, the Task Force identified a mission statement and a vision to provide a context for its work:

Vision, Mission, and Principles

Vision Statement

A city in which every citizen has access to housing they can afford

Mission Statement

Through a blend of innovation and experience the community will discover, develop, and practice the policies, efficiencies, and capabilities necessary to deliver quality cost-effective rental and owner occupied housing

Key Principles for Sustainable Strategies:

- All residential development, including low cost housing, should be in harmony with good planning principles. This includes the dual goals of sensitive infill where new higher density developments are introduced into existing lower density neighbourhoods, and adequate water, sewer, and transportation infrastructure in place prior to occupancy.
- To achieve its goal of 300 low cost units per year, City efforts should focus on directly and indirectly increasing the supply and mix of low cost housing, integrated throughout the community.
- Strategic partnerships with Provincial and Federal Governments, developers, businesses, NGOs, neighbourhood associations, average citizens, and clients are to be encouraged.
- Income subsidies for accommodation remain the responsibility of Provincial and Federal Governments.

TASK FORCE PROCESS:

The assignment of the Affordable and Special Needs Housing Task Force to determine new proactive measures for the City of Kelowna in achieving results that would increase the supply of affordable housing has been challenging. All available means that could be pursued in a one year timeframe were employed. The first was to determine the current situation. This has been described in the early sections of the main report from the Task Force, which has been provided to Council. Next, comprehensive research was conducted to get up-to-date on what measures were being used in other jurisdictions, along with their effectiveness. Some of this research is summarized in the bibliography and in the matrix of strategies in other jurisdictions found in the Appendices of the main report.

In bringing forward recommendations to City Council, comprehensive consultation with the community and with housing stakeholders was seen as a priority. Over the summer of 2006, a housing survey was conducted to determine needs identified by those who deemed themselves to be affected by the lack of access to affordable housing. 1,242 responses to this survey were

received and the results are tabulated in the Appendices to the main report. One of the main findings of the survey was that those who considered themselves in need of affordable housing represented larger households than the city norm, 2.76 compared to 2001 Census Canada figure of 2.3 for all of Kelowna. This indicates that provision of affordable smaller dwellings, such as one bedroom or bachelor suites, will not, by themselves, adequately address the need. Families with children need adequate housing as well.

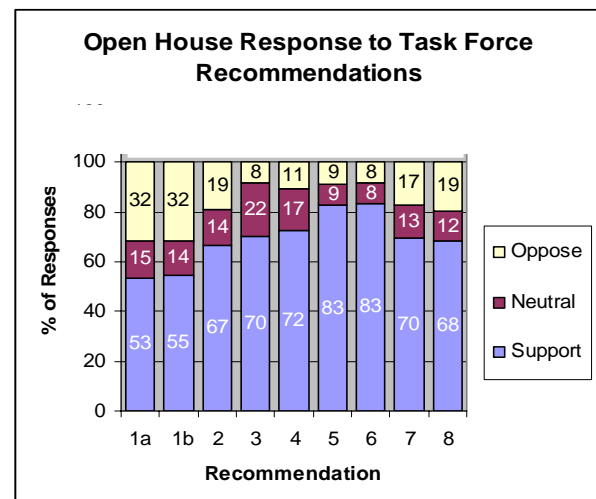
The results of the survey and the research conducted over several months in 2006 were used to develop options for the Task Force to consider as possible recommendations for City Council. These Options, along with significant supporting research and information, were brought to a workshop event held September 8th and 9th, 2006. Stakeholders including developers and builders, non-profit housing providers, government representatives, and other municipalities were provided with written invitations to the workshop, which was well attended and deemed successful. Housing experts were also employed to provide panel presentations and assist with the workshop.

The report from the workshop is included as an Appendix to the main report. About 80 stakeholders actively participated in the two day workshop. Many new ideas were raised and considerable input was given on the options presented by the Task Force. This has been incorporated in the recommendations that are now provided by the Task Force.

In October/November of 2006, the Task Force held 4 Open Houses in different neighbourhoods to provide opportunity to the broad community to view the findings and recommendations and to provide input. Recommendations at this stage are summarized as follows:

- 1a: *Allow secondary suites in existing buildings anywhere a house is permitted without rezoning.*
- 1b: *Waive public hearing for secondary suite rezonings involving suites in existing buildings*
- 2: *Implement a policy to require affordable housing where there is an increase in density over existing zoning*
- 3: *Voluntary subscription (for businesses & industries) to co-op or strata housing led by a newly created Kelowna Housing Corporation in order to provide employee housing.*
- 4: *Create a not-for-profit Kelowna Housing Corporation.*
- 5: *Proceed with a comprehensive plan for the KSS site & require 20% of housing to be affordable.*
- 6: *Allow mixed use in low intensity industrial areas and commercial zones.*
- 7: *Change OCP to allow a 2 increment increase in density in return for 75% non-market housing to be built on site.*
- 8: *Change OCP to require a mix of housing units in all new developments (inclusion of a large number of small lot single-homes and duplexes, as well as provision for coach houses and secondary suites)*

Surveys to determine input on the proposed recommendations were provided and completed by people attending the open houses and by some who wanted to provide input but were unable to attend the open houses. The adjacent graph summarizes the 119 responses that were received, showing the number of responses in each area. The complete tabulation, including comments and correspondence, is provided in Appendix 3 of the main report. These results demonstrate good support for all of the recommendations of the Task Force. The highest support was for Recommendations 6 - allowing mixed used in low intensity industrial and commercial areas (83 %) and 5 – a comprehensive plan for the



KSS site (83%). The least support was for the secondary suite alternative recommendations; alternative 1- to allow secondary suites in existing buildings without a rezoning (54%) and for alternative 2 – to allow without a public hearing, but still require rezoning (54%). Flyers to advise the community about the work and recommendations of the Task Force were distributed to 37,000 households in the city and open houses were communicated in these flyers, as well as in the newspapers, radio, television, and on the web site. A copy of the flyer is attached to this report. Following the open houses, round table meetings were held by the Task Force with developers from the Urban Developments Institute, members of the Chamber of Commerce and with members of Resident Associations. All input was considered and appropriate changes were incorporated accordingly.

IMPLEMENTATION:

Implementation strategies were also prepared in some detail by the Task Force with the assistance of, and consultation with, City Planning and Development and CDRE staff. The implementation details are provided in the main report.

COMMUNITY EFFORT

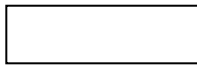
At this juncture Kelowna has a .006 (0.6 %) rental vacancy rate and the second highest median home price in the country. It is widely recognized that the cost of new construction has and continues to increase at a rate much higher than the income of those in greatest need, thereby exacerbating the housing divide even further.

Our challenge may appear daunting however with the implementation of our recommendations the city will be in a better position to realize an increase in the supply of affordable (typically defined as 30% of income and usually requires subsidy), low cost (typically smaller, non-subsidized, high density units), and special needs housing (provided by non-profit sectors usually with provincial and/or federal assistance).²

I would like to thank the members of my team: Councillor Michele Rule, Theresa Eichler, Cory Gain, Doug Gilchrist, David Shipclark, Andrew Bruce, Sandi Horning, Tammy Abrahamson Professor David Cram along with the resources provided by the Okanagan School of Business, and the community at large who responded to our survey, workshop, and open houses. Special mention must also go to Mayor and Council for your support and advice over the past year.

In closing I now invite the community to remember that increasing the supply of affordable housing may increase the number of people living in their neighbourhoods and I would encourage them to seek out the greater good if and when that day comes. It is only with community support that together we can make a significant difference in the lives of our friends, children, parents, and neighbours.

Councillor Norm Letnick
Chair, Affordable and Special Needs Task Force

Approved for Inclusion 
David Shipclark
Director of Corporate Services

NL/TE

^{2 2} The OCP defines affordable housing, and core needs / low income housing under Section 8.1.16 and 8.1.17.

AFFORDABLE & SPECIAL NEEDS HOUSING TASK FORCE

COMPREHENSIVE REPORT

AND

FLYER

AVAILABLE ON THE CITY WEBPAGE

(www.kelowna.ca; council meetings, 2006-11-20, item no. 8.1)