
City of Kelowna

MEMORANDUM

DATE: January 31, 2007
FILE: 1850-20

TO: City Manager

FROM: Community Planning Manager

RE: Council Policy 335 - Financial Assistance for Non-Profit and Affordable Rental Housing

REPORT PREPARED BY: Theresa Eichler

RECOMMENDATION:

THAT Council authorize a change to Council Policy 335 so that Clause 2 reads as follows:

2. All applications will be reviewed and funding will be determined by April 30th each year.

REPORT:

Council approved a policy #335 for administering grants for the creation of affordable rental dwellings, including non-profit affordable rental dwellings, on July 24, 2006. The policy (copy attached to this report), relies on annual budget allocations to the housing opportunities reserve fund and includes the use of an additional annually budgeted amount to be used for waiving a portion of Development Cost Charges for non-profit affordable rental dwellings.

Applications for funding are to be received by year end and grants would be allocated based on the number of eligible dwellings and the amount of funds budgeted. Funds would be awarded at the time of building permit application.

Applicants for non-profit affordable rentals have to provide confirmation of other funding in order to qualify for the grant and partial waiving of DCCs. The amount of the grant is different for non-profit affordable rentals as opposed to other affordable rentals. Grant amounts as well as DCC partial waivers will depend on the amount of budgeted dollars and the number of units. BC Housing is the primary funder of non-profit rental housing. It will not be finalizing its funding announcements until March.

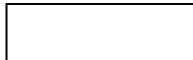
Council Policy 335 is a new policy and all the details of administration are being applied for the first time. In order to fairly distribute the funds and be sure units awarded are

eligible, BC Housing and other funding sources need to be confirmed before the City informs applicants regarding the grants that can be awarded. The second clause of the policy reads that funding would be determined by the last Friday in February. This deadline would be impractical in situations where BC Housing funding must be confirmed. Council is therefore asked to approve a change in the policy to indicate that funding amounts will be determined by the end of April. Fiscal years for federal budgets end March 31st, and BC Housing usually partners with federal funding. Therefore an April deadline for determining the City-level housing grants would be more realistic.

For the information of Council the City has received applications for 79 potentially eligible dwellings in 2007.

Theresa Eichler
Community Planning Manager

Approved for Inclusion



David Shipclark
Director of Corporate Services

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COUNCIL POLICY MANUAL

APPROVAL DATE: July 24, 2006
RESOLUTION #: R738/06/07/24
REPLACING #: N/A
DATE OF LAST REVIEW:

SUBJECT: FINANCIAL ASSISTANCE FOR NON-PROFIT AND AFFORDABLE
RENTAL HOUSING

1. Applications for funding under this policy will be accepted until December 31st of each year. Applications should be submitted to the Community Planning Manager;
2. All applications will be reviewed and funding will be determined by the last Friday in February;
3. Sources of funding will be an amount allocated through the annual City Financial Plan for the Housing Opportunities Reserve Fund and an annually budgeted amount to fund waivers or partial waivers of development cost charges for non-profit rental housing. Un-used portions of the funding in any given year will be carried over and added to the next year's budget;
4. Funds may be awarded as follows, subject to the amount of money available annually:
 - (a) Up to \$5,000 per dwelling that qualifies as affordable, non-profit rental housing, as defined in current housing policies in the City's Official Community Plan;
 - i. In order to qualify for this maximum amount and the amount in lieu of development cost charges, as set out in (b), below, funding from other source(s) must be confirmed in writing by the applicant;
 - (b) An additional amount that, when combined with funds provided under part (a), is not to exceed the equivalent of the applicable development cost charge per unit of affordable, non-profit rental housing;
 - (c) Up to \$2,500 per dwelling that qualifies as affordable, rental housing that is not built and/or operated by a non-profit society;
 - (d) All units that qualify for funding, based on the City's current definition of affordable rental housing or core needs housing in the Official Community Plan, will need to be identified by a housing agreement with the City registered on the title of the property to confirm that the units will remain as affordable, rental housing.
5. The amount available per dwelling unit, up to the identified maximums defined in (4), above, will be determined based on the number of eligible units that have been applied for and the amount of money available in the given year;
6. Projects where the City has contributed land at little or no cost, by lease or sale, in order to secure affordable housing, would qualify to apply for the funding identified under 4 (a) and (b), above, up to a maximum dollar amount equivalent to the total

development cost charges payable, less the market value of the land contributed by the City;

7. Consideration of each application for funding is contingent on there being a reasonable expectation that the eligible units will be constructed in the calendar year of approval. Where a development is being phased, each distinct phase will be treated as a separate application;
8. If dwellings authorized for funding under this policy do not reach building permit stage in the year that the funding was authorized, the applicant can apply to have the authorized amount carried over to the next year;
9. Authorization of funding and the amount applicable will be confirmed in writing by a letter from the City;
10. At time of building permit issuance, the authorized funding will be applied as a deduction from the total development cost charges payable;
11. The Financial Services Department will track funding under this policy against budget information annually and advise the Community Planning Manager accordingly.
12. The Community Planning Manager will report to Council on the distribution of available funding by March 31st, each year.

REASON FOR POLICY: Policy provides the City with resources to partner with senior government and private sector funding to assist in the supply of low-income housing. The City has a defined and significant need for affordable rental housing. The goal is to maximize affordable rental units that can be generated with this approach where other sources of funding may be subject to a contribution by the City.

LEGISLATIVE AUTHORITY: Under provisions of Section 933 (12) of the Local Government Act, a local government may provide assistance by waiving or reducing a charge under this section (refers to Development Cost Charges for not for profit rental housing. Section 189 of the Community Charter governs the use of reserve funds. Policies in the City's Official Community Plan define housing affordability and guide City initiatives for affordable housing. By-law 8593 - A Bylaw to Establish a Housing Opportunities Reserve Fund governs the source of funding for the reserve, defines affordable housing and provides direction for spending of these funds.

PROCEDURE FOR IMPLEMENTATION: Through the Community Planning Manager Annually as authorized by Council through this policy.