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City of Kelowna  
**MEMORANDUM**

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**DATE:** March 20, 2007  
**TO:** City Manager  
**FROM:** Manager - Community Development & Real Estate  
**SUBJECT:** **Affordable Housing & Special Needs Task Force – City Rental Housing**  
**REPORT PREPARED BY: DOUG GILCHRIST & THERESA EICHLER**

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**RECOMMENDATION:**

**THAT** Staff develop an affordable rental housing program to help address the housing need for lower income families with children;

**AND THAT** Staff be directed to rent homes that have been identified for use as affordable rentals to households with incomes that qualify, in accordance with the City-approved definition of affordable rental housing in Section 8.1.16 of the OCP. Households would be selected on a first-come first-serve basis, and subject to income criteria, and will be screened as suitable tenants, prior to occupying the affordable rentals. Preference would be given to families with children;

**AND THAT** the Manager, Community Development & Real Estate be authorized to amend the list of appropriate subsidized rental houses from time to time to address predetermined City requirements for the properties;

**AND THAT** the Manager, Community Development & Real Estate be authorized to execute all documents necessary to enter into the lease agreements for the selected properties and that the rental rate be set at a maximum of the affordable rents as defined in the City's OCP;

**AND THAT** staff be directed to bring forward a supplemental request to the 2007 final budget discussion to reflect funding for the reduction in ongoing rental revenue;

**AND FURTHER THAT** all costs associated with providing the affordable rental housing be monitored annually and reported to Council as part of the budget process;



## **BACKGROUND & COMMENTS:**

### Affordable & Special Needs Housing Task Force – Affordable Rental Housing

As per previous Council direction staff were directed to review the feasibility of offering below market rents on City owned rental housing and report back to Council.

The City of Kelowna currently holds 59 houses in our rental inventory which vary dramatically in size, condition, location and anticipated term of holding. To date the City has not made a practice of acquiring or maintaining homes for the sole purpose of providing market or non-market housing therefore all of the houses in our inventory are targeted for either demolition or resale at some future date. Staff have reviewed these properties and their anticipated future use.

As a result of our review Staff have identified 23 houses that have a rental time line of beyond 2 years and which may be viewed as appropriate in terms of size, location and value to be considered suitable for affordable rental housing. All of these homes are currently occupied. Staff recommend that as these or other homes deemed suitable by the Manager, Community Development and Real Estate, become vacant, they be offered to applicants who meet the income and suitability criteria at rents that meet the City's affordable rental definition (average CMHC annual rents).

These houses would be offered for rent on a fixed term basis (in accordance with the *Residential Tenancy Act*) in order to allow for an annual review of the tenant's need for the rent reduction. Should the tenants no longer meet the requirements of the tenancy agreement (ie. improved income beyond the suitability threshold) they would then be subject to paying market rent in order to continue occupying the home.

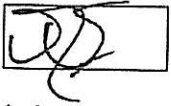
In addition, the City owns a number of mobile homes in the Lakeshore Mobile Home Park ("MHP") located adjacent to Gyro Park. The MHP was acquired in February 2006 for the purpose of expanding Gyro Park, improving parking and increasing pedestrian safety in the area. Staff have been working on the implementation of a Council approved relocation plan for the past year and the process is proceeding very well. Given the ultimate goal of a vacant site within 3-5 years of the 2006 acquisition the mobile homes are not suitable to be included in a subsidized housing program.

The anticipated cost to the City for incorporating this program would be calculated based on the difference between the rents that currently apply and the affordable rents that would be charged annually. This amount is anticipated to be no more than \$5,000-\$8,000 yr. given the City's existing housing stock however should the City's housing stock increase so shall the size of the contribution to affordable rental housing.

Tenants would be selected on a first come, first served screening basis, subject to meeting the income and suitability criteria.

Community Development & Real Estate Division therefore requests Council support for implementation of this program as per the recommendations note on page one of this report.

  
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Doug Gilchrist, PMP, RIBC  
Manager, Community Development & Real Estate



D.L. Shipclark  
Director of Corporate Services

Encl.

cc: Director of Financial Services (via e-mail) \*

**Average Rents 2006 - All Private Apartments<sup>1</sup>, From Canada Mortgage and Housing Corporation Market Rental Survey- City of Kelowna**

	<b>Bachelor</b>	<b>One Bedroom</b>	<b>Two Bedroom</b>	<b>Three Bedroom +</b>
Average Rent	<b>\$524</b>	<b>\$661</b>	<b>\$800</b>	<b>\$834</b>
Annual Income – Before Tax to afford at 30% income on shelter	<b>\$20,960</b>	<b>\$26,440</b>	<b>\$32,000</b>	<b>\$33,360</b>

<sup>1</sup> CMHC includes only buildings with 3 or more units in its rental survey.