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CITY OF KELOWNA

MEMORANDUM

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**Date:** March 3, 2009  
**File No.:** 1850-20  
**To:** City Manager  
**From:** Community Planning Manager  
**Subject:** Rental Housing Grants

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**RECOMMENDATION:**

**THAT** Council receive, for information, the report of the Community Planning Manager dated March 3, 2009 regarding rental housing grants for information.

**BACKGROUND:**

In July of 2006, Council approved Council Policy 335, Financial Assistance for Non-Profit and Affordable Rental Housing (attached), based on the recommendations of the Housing Committee. This policy sets out the process whereby developers, non-profit societies or individuals can apply for grants to recognize the construction of new affordable rental dwellings. It also requires that staff report to Council regarding the distribution of the funds. By-law 8493 (attached) governing the Housing Opportunities Reserve Fund and the Official Community Plan were amended to facilitate these grants. Available grants are as follows:

**UP TO:**

- ❖ \$2,500 per unit per affordable rental dwelling that is not operated by a non-profit society;
- ❖ \$5,000 per unit for non-profit affordable rental dwellings;
- ❖ an additional amount per unit of non-profit rental dwelling such that the combined rental grant and the additional amount would not exceed the equivalent development cost charge.

Funding for the grant is the annual budget allocation, which is now \$200,000 / year, that is set aside for the Housing Opportunities Reserve Fund, plus \$120,000 annually that is allocated for grants to help offset the development cost charges for non-profit rental housing.

Grant applications are done by letters that must be received before year end for the following year and the grants are applied as a deduction from DCCs at building permit issuance. If a building does not reach the building permit stage in the funding year, the applicant can apply to have the approved funding carried over to the following year or re-apply when the project is closer to the building permit stage. All dwellings that qualify for grants must be secured by a housing agreement. Grant awards are determined by the number of units that qualify and the amount of funding available. This means that the total amount is sometimes less than the maximum grant level. Funding from the annual budget allocations to the Housing Opportunities Reserve Fund is now set aside to cover these grants. An additional amount is also allocated to allow for partial compensation for DCC charges. Unused portions are carried over to provide funding for future applications.

The majority of funding for land acquisition to seek partnerships for affordable housing using City-owned land (the original intent of the Fund) needs to come from sources other than annual budget



allocations. Developer contributions from density bonusing and allocation of a portion of funds from the sale of City-owned land, when appropriate, are two important sources of funding. With the commitment to grants and current land acquisitions for affordable housing, there remains approximately \$100,000 in the Fund that is not committed.

The first grants were authorized in 2007 and only a few of these have reached building permit such that the funds have been paid. The total amount paid is \$81,220. This includes:

- ❖ \$64,553 for 11 units at 2071 Gordon – Society of Hope;
- ❖ \$11,667 for 7 affordable rentals at 955-1005 Leon Ave – CERCO Developments
- ❖ \$5,000 for 2 affordable rentals at 436 Cedar Ave. – Access Resources

There are also funds secured for carryover grants as follows:

- ❖ \$197,371 for NOW Canada for 20 units originally applied for in 2007 at 245 Aurora Cres., and an additional 16 units applied for in 2008. This proposal has now moved to 2938 Tutt on City-owned land.

2009 rental grant applications:

- ❖ \$101,033 for units reapplied for by NOW Canada
- ❖ \$101,831 for 9 non-profit rentals by the Kelowna & District Society for Community Living at 555 Fuller (originally applied for in 2007 – re-applied for 2009);
- ❖ \$2,500 for a secondary suite at 570 Wenric Cres. by Janelle Goward
- ❖ \$452,583 for 40 non profit rental dwellings by Concost – location to be determined;

Although none of these grants reaches the equivalent of applicable DCC charges, the funds have been building such that more recent grants are larger. The total grant commitment for 2009, including carryover funds, is \$855,317.

**INTERNAL CIRCULATION TO:**

Financial Services

**EXTERNAL AGENCY/PUBLIC COMMENTS:**

**LEGAL/STATUTORY AUTHORITY:**

Local Government Act S. 904 & 905

**LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:**

Housing Opportunities Reserve Fund By-law 8593

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

**EXISTING POLICY:**

Strategic Plan

Goal #3 – To foster the social and physical well-being of residents and visitors

Objective #4 – Realize construction of housing forms and prices that meet the needs of Kelowna residents

3.4.1 Work in partnership with housing organizations and finance institutions to monitor the range of housing options required in the City.

3.4.2 Identify ways to establish partnerships with builders, developers and other levels of government in an effort to use targeted City owned land, existing resources and legislative tools to influence the supply and diversity of housing and to increase the supply of affordable housing.

Official Community Plan – Chapter 8

8.1.16 Affordability Benchmarks.

8.1.17 Core Need.

8.1.18 Housing Agreements.

8.1.19 Housing Reserve Fund.

8.1.20 Use of Housing Opportunities Reserve Fund.

**FINANCIAL/BUDGETARY CONSIDERATIONS**

The report records \$81,220 spent on rental housing grants out of the Housing Opportunities Reserve Fund from annually budgeted funds, plus the current commitment of \$855,317 for these grants.

Considerations that were not applicable to this report:

**PERSONNEL IMPLICATIONS**

**TECHNICAL REQUIREMENTS**

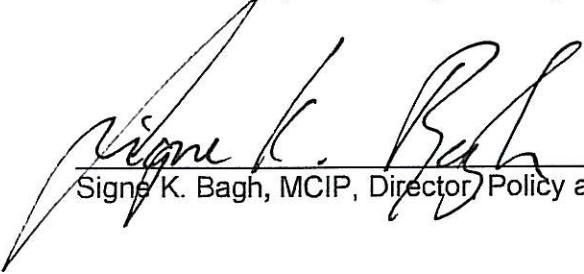
**COMMUNICATIONS CONSIDERATIONS**

**ALTERNATE RECOMMENDATION**

Submitted by:



Theresa Eichler, Community Planning Manager



Signe K. Bagh, MCIP, Director Policy and Planning

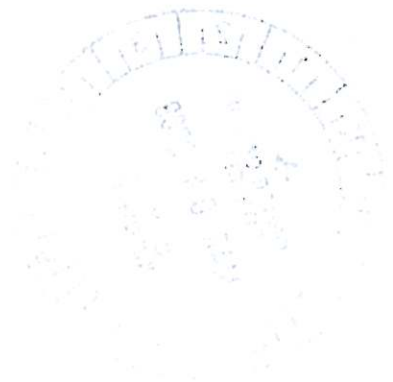
Approved for Inclusion:



Attachments:

By-law 8493 Housing Opportunities Reserve Fund

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



SUMMARY:

The Housing Opportunities Reserve Fund Bylaw is established under Section 499 of the *Local Government Act*.

This bylaw is a 'consolidated' version and includes amendments up to the date listed in the bylaw heading. It is placed on the Internet for convenience only, is not the official or legal version, and should not be used in place of certified copies which can be obtained through the City Clerk's Office at City Hall. Plans, pictures, other graphics or text in the legal version may be missing or altered in this electronic version.

To view Bylaw Document, click on "Next".

**CITY OF KELOWNA**  
**BYLAW NO. 8593**  
**REVISED: August 21, 2006**

**A Bylaw to Establish a Housing Opportunities Reserve Fund**

<b>CONSOLIDATED FOR CONVENIENCE TO INCLUDE</b> <b>BYLAW No. 9139, 9473 and 9656</b>
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The Council of the City of Kelowna hereby enacts as follows:

**1.0 TITLE**

1.1 This bylaw may be cited for all purposes as the "Housing Opportunities Reserve Fund Bylaw No. 8593".

1.2 In this bylaw:

**'Affordable Housing'** means

- (a) in the case of rental housing, that which is available for rent at or below the average rent for Kelowna, as determined annually by the Canada Mortgage and Housing Corporation's "Rental Market Report"; and
- (b) in the case of owner-occupied housing, that which is available for purchase at or below an amount calculated as 30% of the amount which is the median income level for all two or more person households from the most recent national census by Statistics Canada, updated annually using the British Columbia Consumer Price Index;

**BL9473 added the definition of 'Core Needs Housing' as follows:**

**'Core Needs Housing'** means housing for households that, based on data from Statistics Canada or Canada Mortgage and Housing Corporation (CMHC) or British Columbia Housing Management Corporation (BCMHC), meet one or all of the following criteria:

- (a) household qualifies as at or below core need income threshold (CNIT) developed by CMHC and used by the British Columbia Housing Management Commission for Kelowna;
- (b) household income falls at or below Low Income Cut-Off level defined by Statistics Canada for urban areas greater than 100,000 people, based on household size;
- (c) household is receiving BC income assistance for Welfare to Work or Disability Benefits or qualifies for Targeted Rent Subsidy Programs (TRSP) operated by BC Housing, or dwelling is built with senior government funding to be affordable.

**'Council'** means the Municipal Council of the City of Kelowna;

**'Official Community Plan'** means the City of Kelowna Official Community Plan Bylaw No. 7600 as amended or replaced from time to time;

**'Reserve Fund'** means the Housing Opportunities Reserve Fund as established by this bylaw; and

**BL9473 deleted 'Special Needs Housing' definition in it's entirety.**

**2.0 ESTABLISHMENT**

2.1 There is hereby established a Housing Opportunities Reserve Fund pursuant to Section 499 of the *Local Government Act*.

**3.0 SOURCES FOR RESERVE FUND**

**3.1 Money from amounts:**

- (a) raised from property taxes;
- (b) donated to the City for the purpose of the **Reserve Fund**;
- (c) transferred from the sale of City-owned land;
- (d) received as a percentage, as described in section 4.3 below, from the sale of market rate housing developed pursuant to an applicable public/private partnership; or

**BL9473 replaced subsection (e):**

- (e) as otherwise provided for in either or both of the *Local Government Act* and the *Community Charter*;

may from time to time be paid into the **Reserve Fund** as approved by **Council**.

**4.0 USE OF RESERVE MONIES**

**BL 9139 and 9473 replaced subsection 4.1:**

4.1 Monies in the **Reserve Fund**, including any interest earned, shall be used to acquire lands which are to be leased from or sold by the City to non-profit groups or developers to provide housing by means of public/private partnership agreements, subject to those lands being acquired:

- (a) within, or in close proximity, to an Urban Town Centre as defined in the **Official Community Plan**; and
- (b) within multiple housing future land use designations as defined in the **Official Community Plan** or within mixed residential commercial designations, or commercial designations which allow a housing component.

**BL9139 and 9473 replaced subsection 4.2:**

4.2 Any land, or a portion thereof, acquired with the **Reserve Fund** shall be used, pursuant to the public/private partnership agreements noted in subsection 4.1, for the development of **core needs housing** or **affordable housing** (whether for purchase or rent), as defined herein. The remainder, if any, of any land acquired with the **Reserve Fund** may be used for housing to be sold at market rates, and the City shall receive a percentage, to be determined by the applicable public/private partnership agreement, of the equity from the sale of that housing, which shall be returned to the **Reserve Fund**.

**BL9473 replaced subsection 4.3:**

**BL9656 deleted and replaced subsection 4.3:**

4.3 Monies from the **Reserve Fund** may also be used to provide grants to non-profit groups providing **core needs housing** where other government funding has been secured. Grants will be up to a maximum of \$5,000.00 per **core needs housing** unit in the housing project and a housing agreement with the City will be required.

**BL9473 added a new subsection 4.4:**

**BL9656 deleted and replaced subsection 4.4:**

4.4 Monies from the **Reserve Fund** may also be used to provide grants to housing providers at a maximum level of \$2,500.00 per unit of rental **affordable housing** and a housing agreement with the City will be required.

Read a first, second and third time by the Municipal Council this 17<sup>th</sup> day of September, 2001.

Adopted by the Municipal Council of the City of Kelowna this 5<sup>th</sup> day of November, 2001.

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Mayor

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City Clerk





# CITY OF KELOWNA

POLICY: 335  
PAGE: 1 of 2

## COUNCIL POLICY MANUAL

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

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;



# CITY OF KELOWNA

POLICY: 335  
PAGE: 2 of 2

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

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.