
City of Kelowna

MEMORANDUM

DATE: October 16, 2002
FILE: 5040-20
TO: City Manager
FROM: Community Planning Manager
RE: Options for 2490 Richter (Richter / Morrison)
REPORT PREPARED BY: Theresa Eichler

RECOMMENDATION:

THAT Council proceed as follows to realize special needs housing for the City-owned land at 2490 Richter Street, based on the content of this report:

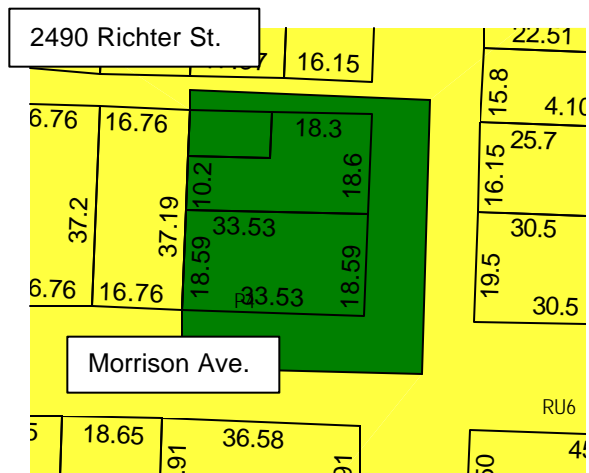
1. By the means of advertising, invite groups or agencies to submit proposals for special needs housing at 2490 Richter by January 31, 2003;
2. Allow until January 31, 2003 to determine if Shepherd's Reach will secure funding under the Shelter Enhancement Program to build a women's shelter on the north part of the site;
3. Authorize staff to proceed with the required rezoning and subdivision applications to proceed with the Shepherd's Reach proposal, subject to written confirmation from CMHC regarding the positive consideration of the funding application submitted by Shepherd's Reach;
4. Depending on the outcome of the Shepherd's Reach proposal or any proposal received by January 31, 2003, pursue a flex housing project on the southerly portion of the property, or on the entire site, as outlined in the August planning report.

PURPOSE:

To give an overview of possible options for the Morrison/Richter property.

BACKGROUND:

Council is aware that the City has been pursuing a partnership to enable the land at 2490 Richter to be used for special needs housing, in accordance with OCP policy direction and, particularly under the guidance of policies for the new housing reserve fund. Two proposal calls were issued within the last year and half, with very little response. The housing committee had determined that a proposal by CMHC to pursue a flex housing demonstration project on this land held much potential. The Committee struck a sub-



committee to pursue this option over the summer months. A report was taken to Council in August, but Council was not convinced that this was the best option for the property and asked staff to report back with alternatives.

REPORT

Options for the 2490 Morrison / Richter property are as follows:

- 1 *Sell the property and place the proceeds in the Housing Opportunities Reserve Fund:*
The fund has approximately \$5,000 in it at the moment. This is inadequate to pursue acquisition of property. 2490 Richter presently consists of 3 parcels of land with a total assessed value of \$201,900. The result of subdivision and zoning applications to prepare the lots for RU6 development would be 2 lots, one of which would have deficient frontage for a duplex lot. Value of \$100,000 each is reasonable in today's market place, based on verbal consultation with realtors and City staff. The maximum return would then be about \$200,000. This would be directly deposited into the housing reserve fund and other options would be pursued. Aquila donated half this land to the City and would therefore want some recognition as part of a special needs housing project. Results in terms of housing generated would be longer term with this option.
- 2 *Go to a Third Proposal Call for 2490 Richter*
There is greater awareness now of the availability of the Morrison / Richter site. A third proposal call may have greater success. Market conditions have also changed and the housing market is presently very active. Since Council last discussed this property, several parties have approached the City regarding potential interest in the site.
- 3 *Shepherd's Reach Proposal to CMHC*
One of the groups that approached the City recently regarding 2490 Richter was Shepherds' Reach. Since their rezoning application for the present Highland Dr. property was defeated, they are very much in need of a new site. They became aware of funding under the Shelter Enhancement Program (SEP) with CMHC, that is available for the major costs of building a new shelter for women who have experienced domestic violence, and their children. They are prepared to redesign their services to target this group and have submitted an application for funding under the SEP. The City has agreed, through a letter from the Clerk's department, that it will enter into agreement of purchase with Shepherd's Reach, if the SEP funding is secured. The deadline for considering the Shepherd's Reach proposal is now January 31, 2003, so as to provide adequate time for Shepherd's Reach to meet the requirements of receiving the SEP funding. It seemed appropriate to work with Shepherd's Reach on this idea, since they have long expressed verbal interest in this property, but only recently submitted a proposal, and because the planning applications to legalize the Highland Dr. S. site were recently defeated. Shepherd's Reach is initially interested only in the north part of the property and has indicated that an amount of \$78,000 would be paid to the City for the property. That would leave the south part of the property open to the other options that are outlined in this report. They have also indicated future interest in the south portion of the property. Should funding be secured and the northerly parcel sold to Shepherd's Reach, it would then be necessary to issue a proposal call for the southerly parcel, unless a flex housing demonstration project is pursued for this parcel. The latter option is still available as one of the responses to the City's second proposal call.
- 4 *Pursue the Flex Housing Option Recommended by the August Planning Report:*
At its September meeting the Social Planning Board passed a motion to recommend that Council still pursue the flex housing option on the Morrison / Richter property. This was following an update on the issue. The September meeting of the Community Housing Needs Committee yielded similar input. The Committee felt that the Shepherd's Reach option should be pursued. Following this they recommended (by a motion to Council) that the flex housing demonstration project be conducted on the entire property or on the

southerly lot, depending on the success of the Shepherd's Reach bid for federal funding. The Committee wants to support the work of its sub-committee on the flex housing option and is of the opinion that the flex housing option will yield a greater long-term benefit to the housing supply by stimulating the private industry and consumer markets to adopt flex housing principles. Some of the long-term benefits to the private housing industry that the Committee and Board very strongly support include the following:

- Education regarding the potential to build a home at a lower price (close to starter home price) and add on later as income and family needs increase;
- Education regarding the concept of adaptable design that allows future alterations to be made as the need arises to address the requirements of occupants with physical disabilities. With minor changes at the initial design stage, significant cost savings are realized when future alterations become necessary. This can mean the difference between being able to stay in your own home or be forced to move when faced with disabilities. This is a key benefit to an aging population. It is also a concept that the City wants to promote through the development of design guidelines as a community planning work program;
- Education regarding the potential for secondary suites to be used to accommodate the needs of growing families, elderly parents, or as a mortgage helper, also supported by OCP housing policies.

The added feature of this option is that it produces buildings that can be seen by the community as proof positive that the City has serious intent to address affordable housing. According to agencies involved in this issue, there is no better advertising to raise awareness than an actual project. Although the September funding deadline to apply for CMHC funding to do a flex housing project is passed, other sources of funding are available (e.g.: Affordability & Choice Today (ACT)), to assist the City in pursuing this option.

Issue of the Housing Opportunities Reserve Fund:

One of the perceived benefits of pursuing a project at the 2490 Richter site was to acquire funds to place in the Housing Opportunities Reserve Fund. A copy of the By-law for this Fund is attached for convenience. At present there are \$5,414.11 in the fund, due to a budget transfer from Community Planning, and to about \$206 in donations from the community. Should the entire Morrison and Richter property be sold, a maximum return of up to \$200,000 may be realized. Given the price of land in the city, this amount will still significantly limit the ability of the City to pursue affordable or special needs housing as outlined in the By-law.

The City must continue to pursue all avenues for augmenting the housing opportunities reserve fund in order to actually experience significant return on investment and generate more than minimal numbers of affordable dwellings. Means of contributing to the fund are outlined in the By-law 8593, which is attached. Council has the authority to commit additional revenue to the fund. Staff will continue to solicit contributions from the community. Next steps will be to directly target the business sectors. Other revenue may be realized when projects are actually achieved, through means such as land lease payments, and a portion of the proceeds of sale of market units within these projects allocated to the fund. The challenge is to realize some projects.

SUMMARY:

At the August Council meeting where the staff report on flex housing was delivered, Council asked that staff report back with options available for the Morrison/Richter property. Options outlined in this report, include:

- sale of the land and placing the revenues in the housing reserve fund to pursue other options;
- going to a third proposal call;
- selling a portion of the land to Shepherd's Reach, should the agency succeed in obtaining federal funding;
- and/or pursuing the flex housing idea on all or part of the property.

The report recommends a combination of all but the first option above. Sale of the land is not recommended for the reason that it means that building an actual project would be much further delayed. Essentially, the City works with Shepherds' Reach to see if they can bring federal funding to the city for their project. On October 16th, City staff spoke with CMHC staff and determined that the initial review of SEP funding applications had been completed and letters would soon go out to identify which projects are being considered. No further information is available. In the meantime, the City invites proposal calls to other groups, in the interest of fairness. In addition, the City pursues a flex housing demonstration project on all or part of the property, depending on the outcomes of the Shepherd's Reach and any other proposals that are received for this property by January 31, 2003. The reasons for this recommendation include the importance of achieving a project that is visible for the value this brings to the City's credibility in addressing housing needs and for the long term benefits that flex housing is anticipated to generate with the community and private building sectors. Additionally, the housing reserve fund is in its infancy at the moment, and even with the additional revenue of selling the 2490 Richter property outright, the realization of a project that is visible and addresses affordable or special needs housing will be pushed forward for the long term. Finally, both the City's Social Planning Board and Community Housing Needs Committee have passed motions of support to Council to pursue a flex housing demonstration project on this property. The points that must be emphasized are that the city's affordable and special needs housing deficiencies are overwhelming and that this property can only yield a small project.

Theresa Eichler, MCIP
Community Planning Manager

Approved for Inclusion

R.L. (Ron) Mattiussi, ACP, MCIP
Director of Planning & Development Services

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Attachment (electronic): By-law 8593 – Housing Opportunities Reserve Fund By-law

CITY OF KELOWNA

BYLAW NO. 8593

A Bylaw to Establish a Housing Opportunities Reserve Fund

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;

‘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

‘Special Needs Housing’ means “Special Needs Housing” as defined by the City of Kelowna Zoning Bylaw No. 8000 as amended or replaced from time to time.

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
- (e) as otherwise provided for in the *Local Government Act*;

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

4.0 USE OF RESERVE MONIES

4.1 Monies in the **Reserve Fund**, including any interested earned, shall only be used to acquire lands which are to be leased from the City by 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 future land use designations, or commercial future land use designations which allow a housing component.

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 **special needs housing** or **affordable housing** (whether for purchase or rent), the availability of which shall be limited to households identified by the City as requiring such housing, including, but not necessarily limited to:

- (a) persons or families with or without children who lack safe and secure housing, are fleeing an abusive home, are homeless or at risk of homelessness, or are suffering from a mental or physical disability, chronic disabling illness or dependency; and
- (b) lower income households who are:
 - (i) at or below the Core Need Income Threshold, as determined by the Canada Mortgage and Housing Corporation, and used by the British Columbia Housing Management Commission for Kelowna; or
 - (ii) at or below the low income cut-off level defined by Statistics Canada for urban areas equivalent to the population of Kelowna, based on household size; or
 - (iii) receiving British Columbia income assistance for Welfare to Work or Disability Benefits, or qualify for Targeted Rent Subsidy Programs operated by British Columbia Housing.

4.3 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 in the applicable public/private partnership agreement, of the equity from the sale of that housing, which shall be returned to the **Reserve Fund**.

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

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

Mayor

City Clerk

I hereby certify this to be a true copy of Bylaw No. 8593 as adopted by the Municipal Council of the City of Kelowna on the 5th day of November, 2001.

Clerk of the Municipal Council of the City of Kelowna

