

MEMORANDUM

DATE November 24, 2025 FROM Daniel Sturgeon, Community Consultant
TO Angele Clarke, Long Range Planning Manager FILE 2849.0084.01
CC Alexandra Labuda, Community Planner SUBJECT Priority Housing Financial Incentives (Direct) Summary

1.0 INTRODUCTION

In August 2023, the City of West Kelowna applied to the Canada Mortgage and Housing Corporation (CMHC) for funding through the Housing Accelerator Fund (HAF). As part of this application, the City proposed the development of a program that provides targeted incentives to support the creation of priority housing types.

In October 2025, Urban Systems undertook initial analysis to evaluate the viability of various priority housing types and identified a suite of potential incentives to encourage their development. The analysis focused on a series of targeted incentives (both direct and indirect). Building on the results of that analysis and feedback from Council, this memo advances the next stage of program development by outlining the key implementation components for each shortlisted *direct* incentive.

The intent of this memo is to translate the earlier findings into a clear, actionable program framework that will enable the City to operationalize the housing incentives and advance its Housing Supply Growth targets under the HAF agreement. This memo provides recommended program parameters, considers financial impacts and best practices in program design, and includes a “checklist” of required policy and bylaw development/amendments to support implementation.

Actionable steps are outlined for the following direct housing incentives:

- **Development Cost Charge (DCC) Waiver or Grant – Non-Market Housing**
- **Permissive Tax Exemption (PTE) – Non-Market Housing**
- **Secondary Suite Grant Program / Fee Waiver**

2.0 DEFINITIONS

2.1 DIRECT INCENTIVES

Incentives to support housing development can generally be categorized as either direct or indirect. Direct incentives involve the City providing financial assistance to reduce the cost of development. This may include grants, subsidies, or other funding programs. The benefit is immediate and tangible and can play a critical role in closing funding gaps, particularly for non-market housing projects. This memo focuses specifically on direct housing incentives.

2.2 NON-MARKET RENTAL HOUSING

Non-market rental housing includes rental housing that is owned and operated by community-based, non-profit organizations, housing co-operatives, or government agencies. Rents are typically set below the standard market rate, making them accessible to low- and moderate-income individuals and families who cannot afford private

market rentals. Most non-profit housing organizations receive some form of financial assistance from government to enable them to offer affordable rents. The City's DCC and PTE direct housing incentives are intentionally focused on supporting the delivery of non-market rental housing.

3.0 DIRECT INCENTIVES

3.1 DEVELOPMENT COST CHARGE (DCC) WAIVER OR GRANT - NON-MARKET

Overview and Recommended Direction

Development Cost Charges (DCCs) are levied on new developments to fund growth-related infrastructure needs. Local governments can waive or reduce these charges for certain housing types, including affordable or rental housing, to lower upfront costs. Sections 561 and 563 of the *Local Government Act* (Part 14, Division 19) specifically allow exemptions, waivers, or reductions for not-for-profit rental housing, supportive housing, and for-profit affordable rental housing.¹

As opposed to a DCC Waiver (which is established by Bylaw), there is the option to establish a grant program. A grant program would establish a reserve fund, from which monies would be awarded to eligible projects. These monies could be used to offset DCC costs (monies do not need to exchange hands, amounts could be used to offset DCCs that are owed). A grant program would have the same outward effect as a DCC Waiver but be administered differently by the City.

To maximize predictability and positive financial impact for eligible priority housing, **the recommended approach would be to formally establish, by bylaw, a DCC waiver program for non-market housing (that meets the City's definition)**. While this would necessitate the City having to take specific measures to account for lost DCC revenue once allocated HAF amounts are expended², Council has the discretion, in the future, to repeal a DCC Waiver Bylaw at any time. Further, a DCC Waiver program may be less administratively complex than a grant program.

Both the DCC Waiver and Grant program options are described below.

Financial Impact

The precise financial impact of a DCC waiver or grant program cannot be accurately predicted, for the following reasons:

1. The timing of a project is unknown; DCC could change before a non-market project proceeds;
2. The size and number of units in a future non-market rental housing project is unknown;

¹ Recent provincial amendments to the Development Cost Charge and Amenity Cost Charge (Instalments) Regulation (July 2025) have also introduced more flexible payment options, including the use of on-demand surety bonds and extended timelines for payment, allowing homebuilders to pay 25% at permit approval and the remaining 75% at occupancy or within four years.

² Lost DCC revenue through waivers would need to be budgeted for from other revenue sources, such as government transfers or future taxation increases commensurate with the anticipated amount of housing/DCC costs.

3. The City's DCC program uses area-based charges for multi-unit housing based. Unit sizes will differ based upon project needs and target demographics.

Table 1. Non-Market Direct Incentives - DCC Waiver/Grant (Per Unit and Per Building Ranges/Estimates)

Estimated Financial Cost of DCC Waiver/Grant			
Proportion of DCC Waiver/Grant	Per Unit Estimate (assumes apartment typology) ³	Per 65 unit Apartment Building (Avg. 52m ² /500sq.ft./unit) ⁴	Total HAF Affordable Housing Commitment (114 Units) (Avg. 52m ² /560sq.ft./unit) ⁵
100%	\$5,474 – \$14,267	\$757,000	\$1,218,462
50%	\$2,737 - \$7,134	\$378,500	\$609,231

Implementation Actions

The below list includes a series of implementation actions, should the City wish to implement a DCC Waiver/Grant:

- **Determine Project Eligibility** – The specific type of priority housing which would be eligible for DCC waivers/grants needs to be determined. The City's definition of non-market housing (**Appendix A**) is potentially broad, as is the parameters of S.561(1)(a) of the *Local Government Act*, which allows waivers for 'not-for-profit rental housing, including supportive living housing'.

Note that DCC waivers or grants could be limited to certain unit types meeting specific criteria within a building. This will need to be determined for both a DCC Waiver and/or for a grant program. The City will need to finalize its definition of non-market housing to be able to determine which projects would then be eligible for a DCC waiver/grant program.

- **Estimate Likely Future Non-Market Housing Uptake (DCC Waiver and Grant Program)** – The amount of future non-market housing that would be eligible, within a given time period, needs to be estimated. Given that there are few examples in a local context, the City may want to consider establishing a goal (for example, 50 below-market units of a particular category) as opposed to an assumption of future

³ Range represents studio unit size (33m²) to a three-bedroom unit size (85m²), based on BC Housing Design Guidelines and Construction Standards. Calculated using 'Apartment' DCC category of \$165.89/m² floor area based on Schedule 'A' of Bylaw No. 190 (2025 rates).

⁴ Assuming nine studios, 38 one-bedroom units, and 18 two-bedroom units (14/58/28%). Assuming building efficiency of 80%.

⁵ Assuming 13 studios, 57 one-bedrooms units, and 27 two-bedroom units (13/59/28%). Assuming building efficiency of 80%.

construction. Alternatively, the City could survey local and regional non-profit developers for input on potential future projects.

- **Determine HAF Allocation of Funding and Establish Reserve Fund (DCC Waiver & Grant Program)** – Based upon the estimated number of future units, the City will need to determine the amount of Housing Accelerator Fund (HAF) funding to allocate.
- **Budget for Lost DCC Revenues (DCC Waiver Only)** – Should the City opt for a DCC Waiver, it will need to account for impacts on DCC revenues once allocated HAF funds are expended. The foregone revenue from DCC exempt developments may not be recovered by increasing DCCs on other developments. Budgeting is needed to contribute an amount equivalent to the waived or reduced DCCs into DCC reserve funds. The most likely source of this revenue is property taxation.

[While it is understood that City Council may not support taxation increases to offset DCC waivers, and that this is a reason why Council may not support a DCC Waiver bylaw, the amount tax dollars necessary for a narrowly defined non-market housing incentive program is minimal relative to the City's taxation revenue. Should there be one (1) non-market housing development every five years (similar in scale to the 65 unit example provided in **Table 1**) the annual taxation increase would amount to approximately \$140,000 per year, equivalent to approximately a one-quarter of one-percent tax increase.

Council also has the option of establishing a time-limit on a DCC Waiver bylaw or repealing a Bylaw when HAF reserve funds are expended. Council should still allocate some additional future taxation revenue should the program see more uptake than anticipated, but this could limit the City's exposure to needing to increase taxes.]

- **Determine Administration of Grant Program (Grant Program Only)** – Should the City opt for a grant program, it will need to determine administrative steps associated with disbursements of funds, and specific parameters/responsibilities surrounding this. Additionally, the criteria for grant eligibility will need to be determined and documented. Both items could be captured within a new Council Policy.
- **Communicate Policy Changes (DCC Waiver and Grant Program)** – The City will need to ensure that available waivers or grants are clearly communicated on the City's website, and that program availability is communicated to local partners and the development industry.

Required Policy & Bylaw Development/Amendments

- **Adopt Development Cost Charges (DCC) Reduction/Exemption Bylaw:** Adopt a *Development Cost Charges Reduction/Exemption Bylaw* under Section 563 the *Local Government Act*. A separate bylaw for this purpose does not require Inspector approval. The bylaw must:
 - clearly set out definitions and criteria for eligibility to receive waivers or reductions; and,
 - specify the amount or rates of reduction, which may vary for different categories of eligible development or different classes as established in the DCC bylaw.
 - Consider a time-limited waiver bylaw, which could be extended (via bylaw amendment) at the discretion of Council. Having a DCC waiver bylaw in place provides applicants with the certainty to proceed with applications. Any changes to a expiry/sunset clause for a DCC waiver bylaw should be made many months or preferably at least a year in advance of it taking effect.

- **Create Guiding Policy:** Preparation of a guiding policy would be necessary, particularly if a Grant program is the chosen implementation action. This policy should be endorsed by Council.

Recommended Program Parameters & Best Practices

The following actions should be taken to effectively administer a DCC grant/waiver:

- **Track Qualifying Developments:** Track and regularly report on the number of in queue or potential developments that would qualify for DCC waivers/grants over the timeframe of the DCC reduction bylaw or grant program. This is particularly important when considering the need to maintain predictability and certainty for potential development projects which are determining feasibility or are within the development approvals stage.
- **Review Objectives for Offering Financial Assistance:** West Kelowna should begin by reviewing their objectives for offering financial assistance and may wish to consider the following questions when considering granting waivers to and/or reductions in DCCs for projects that would become viable with the right combination of financial incentives:
 - For what types of development would incentives make a difference?
 - What particular types of eligible development should be supported in order to further local government objectives? The City will need to identify those projects that best support the policy objectives set out in the OCP and other strategic planning documents.
- **Define Eligible Housing Types:** Council must define eligible housing types; reductions should not impact ability to fund infrastructure unless alternative funding is secured (e.g., through HAF or reserves).
- **Disclose Value of Grants/waivers:** Estimate and disclose the value of waivers and exemptions in the DCC report to maintain transparency and ensure informed decision-making;
- **Review Terms & Conditions:** Periodically review the terms and conditions of waivers and reductions. Amend the bylaw if its provisions become misaligned with the objectives set out in the OCP and other strategic planning documents.

3.2 PERMISSIVE TAX EXEMPTION (PTE) - NON-MARKET HOUSING

Overview and Recommended Direction

Permissive tax exemptions (PTEs) are a tool granted by the Community Charter that allow for relief on property tax obligations to support specific community goals, in this case the development of priority housing. A PTE allows Council to offer direct financial relief from property taxes and in turn provide community benefit.

A PTE is based on the value of property (land + improvement) that is established by BC Assessment. A PTE relieves taxation for a specified time (up to 10 years by legislation). West Kelowna's current policy is up to a maximum of 5 years. PTEs are discretionary and in West Kelowna are typically granted/reviewed on an annual basis.

The difference between a *permissive tax exemption* (PTE) and a *revitalization tax exemption* (RTE) is that PTEs are oriented primarily towards offering taxation relief towards public and community services (non-profits, faith organizations, or lands used by public authorities). RTEs are oriented towards incenting new development for specific city objectives. Secondly, while the maximum timeframe that Council can issue an RTE or a PTE is the same (10 years), PTEs are usually renewed in perpetuity, whereas RTEs are a one-time offering. Furthermore, the

type of housing to which a PTE could be applied is much more limited than an RTE. A PTE is limited to land or improvements that are owned or held by charitable, philanthropic or not-for-profit organizations.

The PTE amounts described in sections below are relatively small when compared to development costs and building maintenance costs. However, these small amounts can make a significant difference to the operation of a non-profit; the PTE program can substantially impact housing providers annual budgets or ability to offer services.

The recommended approach for revising the PTE policy is to extend it to all housing which is owned and/or operated by a non-profit and falls under the City's definition of non-market housing (note that this would extend eligibility to a small number of existing non-profit operated housing developments within the City.)

Financial Impact

A prediction of the financial impact of a PTE program for non-market housing cannot be accurately made. This is due to the following reasons:

- Property tax revenue is established based upon the combined land and improvement value of a property, as they are established by BC Assessment. This will vary significantly based upon the size of the property, and the scale/number of units within the development.
- BC Assessment uses different valuation methods in different scenarios.⁶ BC Assessment automatically discounts the value of properties which are owned or operated by a non-profit (or in other circumstances where the land may or may not be operated by a nonprofit, but the property use is bound by a housing agreements or covenant). The valuation reduction will be dependent upon the specifics of the property.
- The number of future non-market developments in West Kelowna is unknown.

There are currently five known properties in the City of West Kelowna which would meet criteria for non-market housing and could be eligible for a PTE based on parameters discussed in this memo. Those properties, their current assessed value (total), and related municipal property tax amounts (for 2025, on a per property and per unit basis) are listed in **Table 2**, below.

All examples in **Table 2** below are owned or operated by non-profits (or BC Housing).⁷ However, it can be seen from the far right column that taxation on a per-unit⁸ basis has a wide variation. Two of the non-profit operated housing locations do not appear to have had their assessment values reduced by BC Assessment, as described above, and are showing annual per-unit amounts which are more similar to market-housing. The reasons for this are, a result of BC Assessment valuation methods. Further investigation with BC Assessment would be necessary to understand the technical reasons.⁹

Table 2. Non-Market Direct Incentives - Permissive Tax Exemption (Per Unit and Building)

Existing Non-Profit/Non-Market Housing Values and Taxation in West Kelowna

⁶ [Local government property assessment and classes - Province of British Columbia](#)

⁷ Specific addresses and locations have been removed for privacy reasons.

⁸ Per unit on multi-unit rentals is not a typical method to understand/compare property tax amounts, however it is used in this case as an input to understand/budget for estimated future PTE amounts.

⁹ An inventory of known market rental apartment buildings within West Kelowna found that annual taxation amounts averaged \$730.71 on a per unit basis.

Description	No. of Units	Total Assessed Value	CWK Municipal Tax Portion (2025)	CWK Municipal Tax Per Unit ¹⁰
Subsidized Seniors Housing	40	\$1,354,900.00	\$3,753.07	\$93.83
Family Housing, Rent Geared to Income	40	\$2,933,000.00	\$8,124.41	203.11
Transitional Housing	42	\$2,407,000.00	\$6,667.39	\$158.75
Cooperative Housing, 55+	34	\$6,595,000.00	\$18,268.15	\$537.30
Subsidized Housing, Rent Geared to Income	42	\$10,917,000.00	\$30,240.09	\$720.00

An estimated range of the possible annual financial impact of a PTE program for new buildings is identified in **Table 3**, below. The first row provides an annual range based upon the minimum and maximum amounts in **Table 2**, and the second row provides the annual financial impact based upon the average of the amounts contained in **Table 2**.

Table 33. Non-Market Direct Incentives - Permissive Tax Exemption (Per Unit and Building)

Estimated Annual Financial Impact of Permissive Tax Exemption			
	Per Unit Estimate	Per Building (Assumed 65 Apartment Units)	Total HAF Affordable Housing Commitment (114 Units)
Permissive Tax Exemption (Full)	\$100 - 720	\$6,500 - \$46,800	\$11,400 - \$82,080
	\$342	\$22,230	\$38,988

Should the City move forward with creation of a PTE program, it should also consider that existing housing developments which meet the criteria would be eligible for the program. As such, the **total annual financial** impact of existing non-profit housing and the total HAF affordable housing commitment (114 units) are shown in **Table 4**. For context, the City's current 2025 PTE commitment (as described in the 2024 Annual Report) is \$227,735.53.¹¹

If the cost of the PTE for non-profit operated housing was distributed amongst other ratepayers, it is anticipated that the annual tax rate would need to increase by approximately 0.18%. This would accommodate existing units noted above, as well as the estimated HAF contribution. Beyond this initial increase, the PTE would become an annual amount to be budgeted for, once allocated HAF funds are used.

¹⁰ The average of the amounts in this column is \$342.

¹¹ [City of West Kelowna 2024 Annual Report](#)

Table 44. Estimated Total PTE existing and future non-market housing

Combined Financial Impact of Permissive Tax Exemption – Existing and Future (3 – 5 years)		
Existing Non-Profit Housing (Annual Tax, based on 2025)	Total HAF Affordable Housing Commitment (114 Units) (assumes \$342 annual PTE/unit)	Total Estimated Annual PTE
\$67,053.11	\$38,988	\$106,041.11

Implementation Actions

The below list includes a series of implementation actions, should the City wish to implement a PTE:

- Develop a Statement of Permissive Tax Exemption Objectives that includes Non-Market Housing:** The City must include a statement of permissive tax exemption objectives and policies as part of its budget adoption process (five-year financial plan). This statement would set out the broad policy objects governing both current and future eligible permissive tax exemptions. The City currently references its PTE Policy in its Financial Plan Adoption Bylaw to meet this criteria. This would need to include non-market housing objectives.
- Revise Permissive Tax Exemption Policy:** The existing Council PTE Policy would need to be revised to specifically incorporate wording for non-market housing and/or non-profit housing providers.
- Budget for Lost Revenue:** Confirm alternative funding source to offset revenue loss. This is likely through a deferral of taxation other existing properties, resulting in a very slight taxation increase.
- Determine Application Processes:** Currently, properties applying for a PTE must submit an annual application. The City will need to confirm if it will follow the same approach for housing eligible PTEs
- Revise/Develop Communication Materials and Applications:** Ensuring that the PTE program is clearly communicated will avoid housing operators from not knowing and/or missing the application deadlines.
- Continue with Annual PTE Bylaw:** All permissive tax exemptions must be adopted by bylaw. Council adopted Property Tax Exemption Bylaw No. 0335 in 2025. The exemption bylaw must be adopted before October 31 each year to be effective for the following taxation year.
- Continue with Financial Plan PTE Annual Report:** The amount of forgone property taxes on each exempt property must be included in the municipality's annual report.

Recommended Program Parameters & Best Practices

- Use Guiding Municipal Policy for Decision Making:** In January 2010, Council adopted the City of West Kelowna's "[Permissive Tax Exemption Policy](#)" setting out the terms and conditions required to be met for consideration of inclusion in the City's Annual Tax Exemption bylaw. Decisions regarding tax exemptions should be guided by this Council Policy (such as what types of properties council is prepared to exempt, for how long, and under what circumstances). These policies should build on the overall permissive exemption objectives required under the City's [financial plan](#).

- **Extend Policy to Existing Non-Profit Operated Housing Providers:** There are several non-profit operated housing providers which currently do not opt-in to receive a Permissive Tax Exemption.
- **Offer Flexibility in Exemptions:** The City has considerable flexibility in designing exemptions to meet circumstances, this includes the option of providing exemptions to all or part of an eligible property.
- **Exemption Terms:** If tax exemption is tied to a particular land use (i.e. rental apartment), consideration for restrictive covenant, housing agreement, or rental only zoning is required.

3.3 SECONDARY SUITE INCENTIVE PROGRAM

Overview and Recommended Direction

Secondary Suites or Accessory Dwelling Units (ADUs) represent a flexible, low-impact way to increase the supply of housing within existing West Kelowna neighbourhoods and provide homeowners with a supplementary income source to offset property costs. Supporting the development and legalization of ADUs in West Kelowna can play a key role in addressing housing affordability while meeting the Housing Supply Growth Target. Below are a series of opportunities for the City to incent secondary suites through both direct and indirect methods.

The following lists a number of both direct and indirect incentives that the City may wish to offer:

- **Secondary Suite Grant Program:** Utilizing HAF funds, establish a grant programs to reduce financial barriers for homeowners to constructing a secondary suite. An amount in the range of \$5,000 – 10,000 dollars is comparable to other similar programs. It is recommended that the grant program be in place for the duration of the HAF program. Further details are described in sections below.
- **Secondary Suite Application Streamlining:** A streamlining of application requirements and processes could incent legalization of existing (unlicensed/unpermitted suites) as well as construction of new suites in existing homes. To be effective, this program would necessitate the City providing impunity to owners who are operating an unlicensed secondary suite and who come forward to participate in the program.
- **Building/Development Permit Fee Waiver:** Temporarily waive all building permit and development fees for homeowners seeking to build a new suite in an existing dwelling or legalize an existing secondary suite, for the duration that the HAF funded incentive program is in place.
- **Increase DCC Exemption Amount:** West Kelowna's DCC Bylaw is currently silent on Secondary Suites, and the exemption amount for a DCC is \$100,000. As construction costs are rising, other municipalities are moving towards \$120,000 - \$150,000 permit fee exemption amounts to ensure that secondary suites are not inadvertently charged DCCs. This is suggested as a permanent policy change.

The recommended approach is that the City develop a grant program to incent the permitting of unlawful suites, and the conversion of underutilized space in existing homes to permitted suites. It is further recommended that this be combined with processing and permitting changes, conducted as part of a separate HAF Initiative (but described here) to maximize impact of the program and facilitate the process for homeowners.

Financial Impact

Although accessory dwelling units provide long-term rental income for a property owner, the upfront costs can be significant. Construction costs for suites will vary considerably – a range of \$25,000 - \$100,000+ for legalizing

or installing a new secondary suite is possible. Offsetting this high initial cost, while reducing risk to the homeowner through streamlined permitted, and through grant funding can support and/or incent new accessory dwelling units (**Table 4**).

Table 5. Direct Incentives - Financial Impact of Secondary Suite Grant and Fee Waiver

Estimated Direct Financial Impact of a Secondary Suite Grant or Fee Waiver	
Secondary Suite Grant Program	<p>As of year-to-date 2024, the City has approved 27 secondary suite conversions and decommissioned 8 suites, while as of year-to-date 2025 (to October), 16 secondary suites have been converted and 10 have been decommissioned.</p> <p>If the rate of converted secondary suites follows patterns from previous years (~22 suites per year)¹², a grant program to support secondary suites (\$7,500 per suite)¹³ would have a direct financial impact in the amount of \$165,000 for a program lasting 1 year and \$330,000 for a program lasting 2 years.</p> <p>Based on the requirements outlined in the City’s HAF application, 35 housing units are expected to be delivered through Initiative #3. The City was awarded a total of \$1,19 million to complete this initiative (or approximately \$34,200 per housing unit).</p> <p>Therefore, a grant program in the amount of \$7,500 - \$10,000 per unit would be appropriate, while allowing for accommodation of additional administrative costs, lost permitting costs, consulting costs, and flexibility in program implementation. A total program upset limit aligning with the figures above should be established.</p>
Building/Development Permit Fee Waiver	<p>Should the City wish to offer a building/development permit fee waiver only or an addition to a secondary suite grant program, the following provides an estimate of the financial impact to the City:</p> <p>Current Building Permit Fees: Non-refundable fee (based on construction value):</p> <ul style="list-style-type: none"> - \$150+ application fee - \$10/fixture plumbing fee - 1.14% of construction value permit fee – About \$150.00 for value less than \$50,000 <p>Estimated Per Unit Fee Waiver Amount Total: \$310+</p>

¹² The average rate of suite conversions could be higher as 2025 conversion numbers only account for conversions up to October 2025.

¹³ Most secondary suite grant programs in B.C offer funding between \$5,000 – \$15,000 per unit

Required/Optional Policy & Bylaw Development/Amendments

- **Develop Secondary Suite Grant Program Policy:** If the City chooses to offer a secondary suite grant program, an application process would need to be developed along with supporting materials for applicants on grant eligibility criteria and an established process to administer grants.
- **Amend Fees & Charges Bylaw:** If the City chooses to offer a Building / Development Permit Fee Waiver, the City would be required to amend the *Fees and Charges Bylaw* to permit full or partial waivers for eligible projects.
- **Update Guides and Forms, and Ensure Clear & Accessible Language:** Clear, accessible, and user-friendly guides and forms are essential tools to support the uptake of Secondary Suites. Many homeowners interested in building or legalizing a secondary suite are not familiar with permitting processes, building code requirements, or zoning regulations. Providing well-designed resources can reduce confusion, minimize staff time spent answering routine questions, and improve application success rates. Specific resources should be developed to support the incentive program.

Implementation Actions and Recommended Program Parameters

The below list includes a series of implementation actions and considerations, should the City wish to implement a secondary suite incentive program:

- **Consider Grant Funding Amount:** An important strategic consideration is whether the program should aim to stretch the available funding by offering smaller grants to a larger number of applicants (thereby incentivizing more suites overall) or provide a more substantial grant to early applicants to accelerate initial uptake, with the understanding that this approach would exhaust the funding more quickly. The suggested grant amount of \$7,500 aligns with historical permit amounts and the amount of HAF funded identified for this incentive in the original application. A higher grant amount is more likely to incent suite conversions that were unlikely to otherwise occur.

It is suggested that the grant amount be scaled to the investment by the property owner. For example, a grant amount of the lesser of 25% of construction value, or \$7,500. (In other words, 25% of construction value up to a maximum of \$7,500).

- **Owners Declaration:** It is recommended that the City require an Owner Declaration Form to be submitted as a condition of a secondary suite grant application. Owners must sign an owners declaration to make the ADU available as a long-term residential rental dwelling unit and not decommissioned, utilized as a short-term rental, or vacant for a period of more than one month for a 5-year period.
- **Property Tax Credit:** It is suggested that the grant amount be credited towards the owners property tax account for the address at which the secondary suite is located.
- **Program Duration:** It is suggested that eligibility for the program be tied to completion of a building permit (ie occupancy) no later than September 1, 2028. Any unused funds from the program that were allocated from the HAF total amounts could be re-allocated during the remaining months of the HAF program.
- **Establish Clear Intake Procedures:** For a secondary suite grant program, staff must establish clear internal procedures to identify and verify eligibility at application intake.

- **Establish Grant Parameters:** For a secondary suite grant program and/or a Building Permit Fee Waiver staff must establish grant parameters to support successful implementation and to reduce abuse of the program. The following grant parameters are recommended:
 - Should the City wish to pursue a secondary suite grant, funding should be allocated on a first-come, first-served basis, as long as funding is available. Grants should be provided once suites are registered. Determining the logistics of disbursement of grant amounts (when paid to applicants, and what supporting information would need to be provided) is also necessary.
 - Suites must be in place for a least five years, and the home in which the suite is located must have received its Occupancy Permit at least one year prior to application for the suite.
 - It is recommended that a streamlined registration process for secondary suites be established, subject to Council discretion. Staff should monitor the grant program and introduce additional conditions to ensure the program goals are met.
 - It is recommended that the secondary suite grant is not available for newly constructed dwellings that include a secondary suite. Additional requirements may include:
 - Suite must comply with the City's Zoning Bylaw requirements, including parking requirements.
 - No more than 1 suite is located in a house.
 - Invoices demonstrating construction value be required to be provided.
- **Additional Items to Consider:** There are several additional opportunities to streamline the secondary suite process including the following:
 - *Adjust/Halt Mandatory Decommissioning of Suites/ Improve Customer Support and Process Clarity*
 - Explore a "complementary walk-through" option so applicants can understand required upgrades to legalize suite before applying.
 - Recognize that the City will need to offer some impunity for homeowners with unpermitted suites who are inquiring about the grant program. Homeowners will need to know there will not be a penalty, and the program is designed to support and incent the conversion of suites, not identify/remove unpermitted suites.
 - *Expand Use of BCBC Alternative Life Safety Standards/ Revisit Building Code Requirements for Existing Suites*
 - It is recognized that staff already exercise some discretion with respect to Building Code Standards and it is recommended that this approach be more formalized and communicated to applicants.
 - Re-evaluate requirements for separate suite entrances and include removal of this requirement as a potential policy and zoning change (HAF Initiative 3).
 - *Right of First Refusal:* Request that property owners provide previous tenants the first opportunity to occupy a renovated suite.

4.0 APPENDIX A

City of West Kelowna Proposed Draft Definition of “Non-Market Housing”:

Non-Market Housing is purpose-built rental housing that:

- a) is secured through a Housing Agreement registered on title for a minimum of 60 years or the life of the building, whichever is longer;
- b) includes at least 30% of the dwelling units who are occupied by households with incomes at or below the current Housing Income Limits (HILs) published by BC Housing (or equivalent), with rents not exceeding 30% of gross household income; and
- c) is owned by a not-for-profit organization, the City of West Kelowna, the Government of British Columbia, or the Government of Canada.