



## COUNCIL REPORT

To: Mayor and Council

Date: December 9, 2025

From: Ron Bowles, Chief Administrative Officer

File No: P 24-14

Subject: **Housing Accelerator Fund – Incentives Program for Priority Housing**

Prepared by: Angele Clarke, Long Range Planning Manager

Reviewed by: Brent Magnan, General Manager of Community Development

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### RECOMMENDATION:

**THAT** Council direct staff to develop staff policies or procedures including a “Front of the Line Policy”, a “Concurrent Development Application Processing Policy”, and a “Community Development Customer Service Policy”;

**AND THAT** Council direct staff to develop a Development Cost Charges Waiver Bylaw to enable DCC waivers to Non-Market Housing Developments;

**AND THAT** Council direct staff to develop a Secondary Suite and Accessory Dwelling Unit (ADU) Creation and Legalization Incentive Program; and

**AND FURTHER THAT** Council direct staff to explore opportunities for pre-zoning select areas in the City which are designated for multi-family residential and mixed use.

### STRATEGIC AREA(S) OF FOCUS

**Foster Safety and Well-Being** – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

### BACKGROUND

This report presents a short list of potential direct and indirect incentives for priority housing, with the intent of reducing both upfront and operating costs. Direct incentives are distinguished by providing financial support, whereas indirect refers to policy changes that have a secondary impact on cost savings for new development. The overall intent is to increase project viability and incentivize new priority housing developments in the City of West Kelowna. This proposed program responds to the Federal Government funded Housing Accelerator Fund (HAF) Initiative 2 – ‘Incentives Program for Priority Housing’.

On October 21, 2025, staff presented Council with a suite of priority housing incentive options and recommendations based on HAF program commitments, research, and analysis. That analysis included a memo prepared by Urban Systems, who outline potential direct and indirect incentives, and how incentives can impact project viability. Specifically for non-market, and purpose-built market rental housing in an apartment form, the following actions have the most potential impact:

- **Waiving land costs**, which offers the most substantial impact. This reduces both upfront development expenses and the amount of equity required, thereby increasing the overall impact of available equity towards project viability;
- **Streamlining approval processes** through pre-zoning and shortened timelines which reduces the cost of borrowing. Faster approvals timelines reduce holding costs, and the time capital is locked up without revenues, thereby decreasing risk (which may result in better lending parameters and lower demands for interest returns from equity providers);
- **Providing tax exemptions** which reduce operating costs by eliminating property tax payments once a project is occupied. This supports long-term project sustainability; and
- **Stacking incentives**, which maximize their collective impact.

Council provided staff with feedback on the incentive program options to inform a 'short list' of incentives. Key messages from Council included:

- Interest in prioritizing the investment of HAF funding on the purchase of land for affordable housing, and seniors housing;
- A focus on indirect incentives, including pre-zoning, and expediting timelines for development applications; and
- Limiting direct incentives, with the potential exception of grants (e.g. fees, DCCs) for affordable housing and secondary suites, and permissive tax exemptions (PTEs) for affordable housing.

Staff and Urban Systems have subsequently prepared a draft recommended program that responds to Council's feedback.

## **DISCUSSION**

The recommended incentives program includes two indirect incentives and three direct incentives, listed in Table 1. This program focuses on directly incenting new Non-Market Housing, and the creation of new secondary suites (where associated with existing single-family dwellings). These direct incentives are recommended to be in place from January, 2026 to December, 2027, with the potential to extend until December, 2028. The proposed three new internal staff policies (indirect) will also have broad impact on housing development, through formalizing specific proactive and streamlined processes.

## **Incentives Program for Priority Housing**

Table 1: Recommended Incentive Program

<b>Incentive</b>	<b>Direct or Indirect</b>	<b>Housing Type Supported</b>	<b>Summary of Program</b>	<b>Required Bylaw or Policy Change</b>
Front of the Line Policy/ Procedure	Indirect	Priority Housing	An internal staff policy that directs staff to prioritize housing projects, in particular non-market, and multi-family housing. This will involve a focus on reduced timelines, improved communication streams, and an overall proactive approach.	[No existing policy] New Internal Policy Required
Concurrent Development Application Processing Policy/ Procedure	Indirect	All housing	An internal staff policy that formalizes enabling concurrent rezoning (RZ) and development permit (DP) applications, and concurrent DP and BP applications. Concurrent applications will be encouraged, and prioritized.	[No existing policy] New Internal Policy Required
Community Development Customer Service Policy/ Procedure	Indirect	All housing	An internal staff policy that formalizes a proactive approach with specific actions that are proven to strengthen relationships, further supporting more streamlined processes.	[No existing policy] New Internal Policy Required
DCC Waiver for Non-Market Housing <sup>1</sup>	Direct	Non-Market Housing*	A program that provides a 100% DCC cost waiver for development that meets the definition of Non-	[No existing Bylaw] Development

<sup>1</sup> Non-Market Housing means one or more dwelling units in a building that is subject a Housing Agreement registered on title for a minimum of sixty (60) years or the life of the building, whichever is longer, the terms of which restrict:

- a) ownership and operation of all dwelling units to a not-for-profit organization, the City of West Kelowna, the Government of British Columbia, or the Government of Canada;
- b) tenure of all dwelling units in the building to rental only;
- c) occupancy of at least thirty percent (30%) of the dwelling units to households with incomes at or below the most recent Housing Income Limits (HILs) published by BC Housing (or equivalent) ("the Affordable Units"); and
- d) rents for the Affordable Units to no more than thirty percent (30%) of gross household income.

			Market Housing. The proposed program will start with a limited investment to support one to two multi-family projects.	Cost Charges Waiver Bylaw
Secondary Suite and ADU Creation and Legalization Incentive Program	Direct	Legalization of suites in existing dwellings, and ADUs on properties with existing dwellings	A program that provides a financial incentive to homeowners who complete work required to create legal secondary suites and ADUs. The proposed program will start with a limited investment to support approximately 44 new units.	[No existing policy] New Policy Required

See Attachment 1 for a detailed overview of the direct incentives, including financial and program implementation considerations for the municipality.

To note, HAF Initiative 2 – ‘Incentives Program for Priority Housing’ intersects with HAF Initiative 7 – ‘Development Approvals Procedures Streamlining’. Under Initiative 7, several additional actions are underway to speed up development approvals, reduce application complexity, and update or remove outdated regulatory application requirements.

**Other Incentives**

*Permissive Tax Exemptions*

Permissive Tax Exemptions were explored for Non-Market Housing. While tax exemptions can have a significant positive impact on project viability, they have not been included within the HAF funded program framework. This is due to the HAF investment deadline of December 19, 2028 (meaning that HAF funds cannot be used beyond this date). For a PTE program to be effective, it needs to be permanent and ongoing – meaning it would need to be funded by the municipality beyond the duration of the HAF program. Further details on PTEs, including their cost to the municipality and the number of properties impacted, is contained in Attachment 1.

**Pre-Zoning**

Next to providing land for low-to-no cost, one of the most impactful actions that a municipality can take to reduce time, risk, and associated cost to new housing development is to pre-zone land in alignment with OCP guidance. Pre-zoning enables

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developments to proceed straight to development permit without rezoning. This can often reduce overall project timelines by a year.

Staff are seeking Council endorsement to explore additional opportunities to pre-zone select areas that are designated in the OCP for low and mid-rise multi-family residential and mixed-use development (e.g. Westbank Urban Centre). While not included as part of the specific direction provided by Council at their October 21st Council meeting, this initiative is proposed for market housing types in response to Council’s positive feedback and support for indirect policy measures that improve project viability. It also responds directly to industry feedback for time-saving measures.

Selective pre-zoning in locations where there is infrastructure capacity can help to capitalize on HAF investments in infrastructure. This is a strategic move that can incent development in locations where it is desired, where it makes sense from an OCP and servicing point of view, and which can further work towards the City achieving its housing target orders.

A comprehensive analysis will be undertaken that considers OCP alignment, urban design guidelines, public realm considerations, and infrastructure readiness. The Water Master Plan and Sanitary Master Plan will be complete in Q1 2026 and contribute to this analysis. The process would be undertaken in 2026, and would include community engagement, and consultation with the development sector and property owners.

## FINANCIAL IMPLICATIONS

Each of the proposed incentive programs, have a separate financial impact for the municipality. The following summary outlines the anticipated cost to the municipality and funding source. Further information about the cost of direct incentive programs

Incentive	Proposed Length of Program	Proposed Direct Financial Cost	Funding Source
Expedited Processing/ "Front of the Line" Policy/Procedure	Q1, 2026 - Ongoing	N/A	N/A
Concurrent Development Application Processing Policy/Procedure	Q1, 2026 - Ongoing	N/A	N/A
Customer Service Policy/Procedure	Q1, 2026 - Ongoing	N/A	N/A
Development Cost Charge (DCC) Waiver for Non-Market Housing	Q1, 2026 – Q4, 2027	\$1,000,000	HAF Funding

Secondary Suite and ADU Creation and Legalization Incentive Program	Q1, 2026 – Q4, 2027	\$330,000.00	HAF Funding
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Note: All incentives will require staff time to develop the policies, amend or develop bylaws, as applicable. Incentives will also require ongoing staff time for program implementation.

It is recommended to consider additional funding for the DCC waiver and Secondary Suite and ADU Creation & Legalization Incentive programs at the time when the funds have been substantially used, or at the end of the proposed HAF time period, whichever comes first. Should there be unused funds at the end of the time period, they may be re-allocated to other City housing incentives and initiatives before the HAF program completes.

A work program to explore pre-zoning low and mid-rise residential and mixed-use designated areas may require the support of consultants, and HAF funds.

### COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
August 26, 2025	<b>THAT</b> the staff report titled "Housing Accelerator Fund - Program Update", dated August 26, 2025, be received for information.	<b>C194/25</b>
<b>CARRIED UNANIMOUSLY</b>		
August 27, 2024	<b>THAT</b> Council support the submission of a Housing Accelerator Fund Action Plan that includes the proposed initiatives, generally outlined as follows along with all additional required documentation to the Canada Mortgage and Housing Corporation as the City’s application under the second round of the Housing Accelerator Fund Program: Proposed Housing Accelerator Fund Initiatives:  <ol style="list-style-type: none"> <li>1. Additional Dwelling Unit Strategy – Gentle Density Infill;</li> <li>2. Zoning Bylaw Update and Density Bonusing Program;</li> <li>3. Pre-approved Building Plans and Design Guidelines;</li> <li>4. Rental Use Zoning and Policy;</li> <li>5. Incentives Program for Non-market Affordable, Missing Middle, and Priority Housing;</li> </ol>	<b>C222/24</b>

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- 6. Housing & Community Amenity Development Leveraging of City-Owned Land; and,
  - 7. Development Approvals Procedures Streamlining.

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**CARRIED UNANIMOUSLY**

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## **CONCLUSION**

It is recommended that Council direct staff to proceed with developing an incentives program for priority housing, including:

- Policies that support more streamlined and expedited development application processing, including: a “Front of the Line” Policy, a Concurrent Development Application Processing Policy, and a Customer Service Policy;
- a Development Cost Charge (DCC) Waiver program for Non-Market Housing; and
- a Secondary Suite and ADU Creation and Legalization Incentive Program.

One of the most impactful incentives, is enabling developments to proceed straight to development permit application. This reduces time, and associated cost, as well as risk for applicants, and lenders. Therefore, in a separate report this winter, staff are bringing forward Zoning Bylaw amendments to enable non-market housing developments up to six stories in the Westbank and Boucherie Urban Centre to proceed as-of-right. In 2026, staff would like to explore additional potential opportunity to pre-zone select areas. The proposed incentive program and additional as-of-right and pre-zoning opportunities are intended to encourage and enable additional priority housing projects in West Kelowna.

### **Alternate Recommendations:**

**THAT** Council direct staff to postpone consideration of developing staff policies or procedures including a “Front of the Line Policy”, a “Concurrent Development Application Processing Policy, and a “Community Development Customer Service Policy”;

**THAT** Council direct staff to postpone consideration of developing a Development Cost Charges Waiver Bylaw to enable DCC waivers to Non-Market Housing Developments;

**THAT** Council direct staff to postpone consideration of developing a Secondary Suite and Accessory Dwelling Unit (ADU) Creation and Legalization Incentive Program; and

**THAT** Council direct staff to postpone consideration of exploring opportunities for pre-zoning select areas in the City which are designated for multi-family residential and mixed use.

Should Council postpone consideration one or all of the proposed policies, procedures, or Bylaw, further direction to staff on how to proceed is requested.

PowerPoint: Yes  No

Attachments:

- Attachment 1 – Urban Systems Memo: Priority Housing Financial Incentives (Direct) Summary