



COMMUNITY DEVELOPMENT COUNCIL REPORT

To: Mayor and Council

Date: August 25, 2026

From: Ron Bowles, Chief Administrative Officer

File No: 24:14

Subject: **Affordable Housing Grant Pilot Program**

Prepared By: Andrew McKay, Housing Planner II

Reviewed By: Brent Magnan, General Manager of Community Development

RECOMMENDATION:

THAT Council direct staff to implement the Affordable Housing Pilot Grant Program, allocating \$1,200,000 from HAF funding;

AND THAT \$200,000 of the \$1,200,000 Affordable Housing Pilot Grant Program budget be allocated to the Pre-Development Grant;

AND FURTHER THAT \$1,000,000 of the \$1,200,000 Affordable Housing Pilot Grant Program budget be allocated to the Housing Delivery Grant.

STRATEGIC AREA(S) OF FOCUS

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

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

As part of the Housing Accelerator Fund (HAF) program in line with our CMHC Contribution Agreement requirements, the City has developed an Incentives Program for Priority Housing (Initiative 2).

This program was initially developed with Council on October 21, 2025, and December 9, 2026, where a short list of potential incentives was refined and finalized. On February 24, 2026, staff brought forward the following programs and policies:

- Community Development Customer Service Staff Standard;
- Front of the Line Staff Procedure;
- Concurrent Development Application Processing Procedure;
- Secondary Suite and Accessory Dwelling Unit (ADU) Creation and Legalization Incentive Program (now known as 'Grow a Suite' grant program); and
- DCC Waiver for Non-Market Housing.

All programs were launched at this time, with the exception of the DCC Waiver for Non-Market Housing. As West Kelowna Builds: Affordable Housing Partnership Program was being launched, staff wanted to be strategic in better understanding the interest and needs of our not-for-profit partners through this program. As a result, staff are recommending a pilot Affordable Housing Grant Program rather than the previously recommended DCC waiver for Non-Market Housing.

DISCUSSION

Affordable Housing Pilot Grant Program- Purpose & Overview

The Affordable Housing Pilot Grant Program is a funding program intended to stimulate the construction and accelerate the delivery of new affordable housing in our community.

Municipal financial incentives can help address feasibility challenges while ensuring that public investment is directed toward projects delivering measurable community benefit. By implementing two separate grant categories for allocating funding, the City can offer development relief to a variety of projects, from early-stage concept development and planning analysis, to larger-scale funding for shovel-ready projects.

The two grant streams include:

1. a Pre-Development Grant; and
2. a Housing Delivery Grant, which includes two Tiers.

Recognizing that development feasibility under current market conditions remains a barrier to housing delivery, this pilot program supports both non-market (not-for-profit rental and AHO, and cooperative) and market (for-profit market rental) applicants who deliver secured affordable housing.

Pre-Development Grant Stream

The Pre-Development Grant supports early-stage planning and design work for eligible non-market housing projects (not-for-profit rental or affordable homeownership [AHO], or co-operative).

Pre-development costs are often one of the greatest barriers preventing non-market housing providers from advancing affordable housing projects as many organizations have limited access to capital during the early planning stages, and have significant expenses before provincial or federal funding is typically secured and issued. Providing targeted municipal funding at this critical stage helps reduce financial risk, improve project readiness, and strengthen applications for senior government funding programs. By supporting projects early in the development process, the City can help accelerate the delivery of new non-market housing while leveraging substantially greater investment from provincial and federal partners.

Key Program Information:

The Pre-Development Grant provides one-time funding to eligible applicants that include a minimum of 20% affordable housing units in their development.

Table 2: Pre-Development Grant Key Information

Pre-Development Grant	Eligible Applicants	Min. # Affordable Units	Affordability Min. Requirement	Min. Years Secured	Max. Grant
	Not-for-profit organizations, co-operatives, and faith-based institutions who have a partnership with a non-market housing operator	20%	20% below CMHC average market rent	60 Years	\$50,000

Funding may be used for pre-development activities such as development consulting, architectural and engineering design, feasibility studies, technical studies, and related work needed to prepare a rezoning, development, and/or building permit application. To support accountability and alignment with broader funding opportunities, applicants must identify a larger funding initiative being pursued, such as a BC Housing funding program (e.g., IHF, CHF, etc.), Federation of Canadian Municipalities (FCM) funding, or Canada Mortgage and Housing Corporation (CMHC) funding.

Program Funding:

As a pilot, this proposed grant stream is recommended to have an initial budget of **\$200,000**, where eligible non-market housing applicants may receive up to **\$50,000** per project. This funding level can support a minimum of 4 projects with funding, which will enable the City to assess program uptake, effectiveness, and demand before considering potential program continuation or refinements.

The proposed maximum grant amount per project was informed by staff research into pre-development costs for a representative multi-family apartment housing development. These estimates indicate that pre-development activities, can represent a significant upfront investment before construction funding is secured. While a grant of up to \$50,000 is not intended to offset these costs fully, it is expected to cover a meaningful portion of early planning expenses.

Following grant approval, successful applicants will enter into a grant agreement confirming the approved amount, up to \$50,000, and eligible pre-development activities based on project needs and timing. Funding will be issued as reimbursement with proof of payment, or paid directly by the City to service providers by invoice where upfront payment by the not-for-profit is not feasible.

Housing Delivery Grant Stream

The Housing Delivery Grant provides targeted funding for projects with at least 6 units that will deliver secured affordable housing units, and are ready to proceed to construction. This pilot is intended to help offset City fees including Development Cost Charge (DCC) and permit application fees, thereby improving project viability, and encouraging the inclusion of secured affordable housing.

Key Program Information:

The proposed program budget for the Affordable Housing Delivery Grant is \$1,000,000.

Funding will be provided on a per-unit basis for eligible affordable units, with higher grant amounts available for larger family-sized units. Affordability will be secured through a registered Housing Agreement, and the funding will be administered at time of Building Permit issuance, subject to confirmation that eligibility requirements have been met.

The grant includes two funding tiers based on applicant type and the length of secured affordability, thereby aligning municipal funding with the level and duration of community benefit. A comparison table highlighting other BC municipalities that also offer 'per-unit' housing grants is included as Attachment 1. Each tier is outlined below.

Tier 1 Funding: Market and Non-Market Housing:

Tier 1 is available to eligible for-profit market rental and non-market (not-for-profit rental and AHO, and co-operative) housing projects that secure affordable units, with rents set at a minimum of **10% below CMHC average market rents**, for a minimum of 10 years.

Funding is provided on a per-unit basis: **\$10,000** per studio or one-bedroom affordable unit, and **\$15,000** per two-bedroom or larger affordable unit, up to a maximum of **\$250,000** per project. This funding stream is intended to improve project feasibility and encourage the inclusion of affordable, family-oriented housing within new residential developments.

Tier 1 per-unit funding aligns with the average per-door cost of Development Cost Charges (DCC) based on typical-sized apartment units (e.g. 55.7 sq. m. (600 sq. ft.) x 165.89 = \$9,250).

Tier 2 Funding: Non-Market Housing Only:

Tier 2 provides enhanced funding for eligible non-market housing providers (not-for-profit rental or AHO, or co-operative).

This tier provides the highest level of municipal support for 100% non-market housing developments, with rents at least **20% below** CMHC average market rents in West Kelowna. Affordable units must be secured through a Housing Agreement for a minimum of **60 years**, or the life of the building, whichever is greater.

Funding is provided on a per-unit basis: **\$15,000** per eligible studio or one-bedroom affordable unit, and **\$20,000** per eligible two-bedroom or larger affordable unit, up to a maximum grant of **\$350,000** per project.

Key Highlights for Affordable Housing Delivery Grant:

Table 3: Housing Delivery Program Key Information

	Eligible Applicants	Grant Per Unit (Studio & 1-Bed)	Grant Per Unit (2-bed +)	Affordability Min. Requirement	Min. Years Secured	Max. Grant per Project
Tier 1	For-Profit Market Rental, and Non-Market (Not-for-profit rental and AHO, and co-operative)	\$10,000	\$15,000	10% below CMHC average market rent	10	\$250,000
Tier 2	Non-Market (Not-for-profit rental and AHO, and co-operative)	\$15,000	\$20,000	20% below CMHC average market rent	60	\$350,000

Affordable Housing

For this program, Affordable Housing is defined as secured housing units that offer monthly housing charges/rents at a minimum of a 10-20% discount to CMHC average market rent for West Kelowna. These affordability parameters align with currently available CMHC funding and financing programs.

Discounted units are intended to provide more housing options for households who make low to moderate incomes. For context, the table below includes the annual household income that would be required to afford an affordable unit, based on a household spending no more than 30% of gross income on housing.

Table 1: CMHC Average Market Rents and Discounts, and Annual Income Thresholds Unit Type	CMHC Average Market Rent (2025)	Grant Program Rent (Tier 1)- 10% Discount	Annual Household Income Required to be Affordable (Tier 1)	Grant Program Rent (Tier 2)- 20% Discount	Annual Household Income Required to be Affordable (Tier 2)
Studio	\$1,392*	\$1,253	\$50,120/yr	\$1,114	\$44,560/yr
1-Bedroom	\$1,689	\$1,520	\$60,800/yr	\$1,351	\$54,040/yr
2-Bedroom	\$1,912	\$1,720	\$68,731/yr	\$1,530	\$61,139/yr
3-Bedroom +	\$2,422	\$2,180	\$87,200/yr	\$1,938	\$77,520/yr

*Average studio rental rates are from CMHC Data for Kelowna, BC, as West Kelowna data for studios is not available.

Applications that provide deeper levels of affordability, as well as rent-geared-to-income (RGI) units, are encouraged and will be prioritized should there be more program intake than funding available.

Additional requirements regarding affordability include:

- when units 'turn over', new rents will be reset based on the then-current discount to CMHC average market rent;
- an occupancy report (report listing the rents/housing charges for the first group of tenants [rent roll]) will be required at building occupancy, and the City may request a rent roll for monitoring and compliance purposes at any time during the Housing Agreement term; and
- affordable units must be occupied by households who make no more than the gross annual household income required for the unit to be affordable (see Table 1 above), at time of the start of tenancy.

Note that based on the Statistics Canada Census, in 2020 approximately 16% of West Kelowna households had a gross (before-tax) income below \$45,000, and approximately 29% had a gross income between \$45,000 and \$90,000.

Affordable Housing Pilot Grant Program- Timing and Implementation

The grant program is proposed to open from September 28, 2026, to December 17, 2027, or until funding is fully committed, whichever comes first. Once a grant application is submitted, staff will review the application and provide confirmation of grant approval. Approved grant funds will be held/committed until disbursement.

The program will have a rolling intake; therefore, if multiple eligible projects submit concurrently (within the same calendar month), and associated funding would exceed

program budget, staff will apply review and selection criteria to determine how funding is allocated to projects.

Staff recommend that the grant review and approval process be completed by City staff and management, in alignment with the eligibility criteria and conditions. This would enable a more streamlined process, and would de-risk the process for applicants. However, as an alternate, should Council seek to approve grants over \$250,000, staff can bring forward grant reports for Council consideration. This limit aligns with the District of West Kelowna Delegation of Council Authority Bylaw, 2010 No. 0101, which allows staff to enter into contracts up to \$250,000 without Council resolution.

FINANCIAL IMPLICATIONS

The recommended budget for the Affordable Housing Grant Pilot Program is up to \$1,200,000 of the HAF funding, including:

- \$200,000 allocated to the Pre-Development Grant, and
- \$1,000,000 allocated to the Housing Delivery Grant.

Of the \$1,000,000 Housing Delivery Grant, a maximum of \$500,000 may be allocated to Tier 1 projects. There is no proposed maximum allocation of the budget for Tier 2 projects.

The Affordable Housing Pilot Grant Program will end on December 17, 2027, or at time the grant funds have been committed, whichever comes first. Approved applicants must reach funding disbursement milestones (e.g. BP issuance) by June 30, 2028, or held funds may be re-allocated to other HAF programs.

Any remaining unutilized funds in December, 2027 and in July, 2028 can be reallocated to other HAF program related investments, to be determined through Council direction in 2028.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
February 24, 2026	THAT Council direct staff to implement the Secondary Suite and Accessory Dwelling Unit Creation and Legalization Incentive Program ("Program"), which will include: • a grant to applicants in the amount of up to \$7,500; and • a building permit application fee covered by the City of West Kelowna in the amount of up to \$500;	C066/25

with the total Program cost of up to \$330,000 to be provided through the Housing Accelerator Fund (HAF);

AND THAT Council direct staff to allocate \$1,200,000 in HAF funding towards the Development Cost Charges Waiver for Non-Market Housing.

CARRIED UNANIMOUSLY

**December 9,
2025**

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”;

C370/25

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

CARRIED UNANIMOUSLY

**August 27,
2024**

THAT 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:

C222/24

1. Additional Dwelling Unit Strategy – Gentle Density Infill;
2. Zoning Bylaw Update and Density Bonusing Program;
3. Pre-approved Building Plans and Design Guidelines;

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4. Rental Use Zoning and Policy;
 5. Incentives Program for Non-market Affordable, Missing Middle, and Priority Housing;
 6. Housing & Community Amenity Development Leveraging of City-Owned Land; and,
 7. Development Approvals Procedures Streamlining.

CARRIED UNANIMOUSLY

CONCLUSION

The Affordable Housing Pilot Grant Program will provide targeted municipal funding to help advance affordable housing projects. The Pre-Development Grant will help non-market housing providers move projects through early planning, design, feasibility, and application preparation, reducing upfront financial barriers and improving access to senior government funding. This early-stage support is expected to strengthen the pipeline of affordable housing projects and improve their ability to proceed toward construction.

The Housing Delivery Grant will further support housing delivery by improving project viability for both market and non-market providers that commit to secured affordability. Through Tier 1 funding, the City can encourage affordable units within a broader range of rental projects, while Tier 2 funding provides deeper support for long-term non-market housing. Together, the pre-development and delivery grant streams will help reduce key financial barriers, leverage broader funding opportunities, and accelerate the creation of secured affordable housing options for low and moderate-income households in West Kelowna.

Alternate Recommendation:

THAT Council postpone consideration of the Affordable Housing Grant Program;

Should Council postpone consideration of the proposed Grant Program, further direction to staff on how to proceed is requested.

PowerPoint: Yes ☒ No ☐

Attachments:

Attachment 1: Affordable Housing Grant Program Comparative Analysis