

# REPORT TO COUNCIL



**Date:** April 23<sup>rd</sup>, 2018

**RIM No.** 1250-30

**To:** City Manager

**From:** Community Planning Department (AC)

**Application:** OCP17-0021 Z17-0093      **Owners:** PC Urban Clement Holdings Ltd., Inc. No. BC 1099980

**Addresses:** 726 Clement Ave      **Applicant:** PC Urban – Robert Spencer

**Subject:** Official Community Plan Amendment and Rezoning Application

Existing OCP Designation: IND – Industrial

Proposed OCP Designation: MXR – Mixed Use (Residential / Commercial)

Existing Zone: I<sub>4</sub> – Central Industrial

Proposed Zone: C<sub>4</sub> – Urban Centre Commercial

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## 1.0 Recommendation

THAT Official Community Plan Map Amendment Application No. OCP17-0021 to amend Map 4.1 in the Kelowna 2030 – Official Community Plan Bylaw No. 10500 by changing the Future Land Use designation of portions of Lot A, Section 30, Township 26, ODYD Plan KAP55948, and portions of Block 29, Section 30, Township 26, ODYD Plan 202 Except Plans 5011 and KAP55948 located at 726 Clement Ave, Kelowna, BC from the IND – Industrial designation to the MXR – Mixed Use (Residential / Commercial) designation, as shown on Map "A" attached to the Report from the Community Planning Department dated April 23<sup>rd</sup> 2018, be considered by Council;

AND THAT the Official Community Plan Map Amending Bylaw be forwarded to a Public Hearing for further consideration;

AND THAT Council considers the Public Information Session public process to be appropriate consultation for the Purpose of Section 475 of the *Local Government Act*, as outlined in the Report from the Community Planning Department dated April 23<sup>rd</sup>, 2018;

THAT Rezoning Application No. Z17-0093 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of portions of:

1. Lot A, Section 30, Township 26, ODYD Plan KAP55948, located at 726 Clement Ave, Kelowna, BC, from the I<sub>4</sub> – Central Industrial zone to the C<sub>4</sub> – Urban Centre Commercial zone; and

2. Block 29, Section 30, Township 26, ODYD Plan 202 Except Plans 5011 and KAP55948 located at 726 Clement Ave, Kelowna, BC, from the I2 – General Industrial zone to the C4 – Urban Centre Commercial zone;

as shown on Map “B” attached to the Report from the Community Planning Department dated April 23<sup>rd</sup> 2018, be considered by Council.

AND THAT the Rezoning Bylaw be forwarded to a Public Hearing for further consideration;

AND THAT final adoption of the Official Community Plan Map Amending Bylaw and the Rezoning Bylaw be considered subsequent to the outstanding conditions of approval as set out in Attachment “A” attached to the Report from the Community Planning Department dated April 23<sup>rd</sup> 2018;

AND FURTHER THAT final adoption of Official Community Plan Map Amending Bylaw and the Rezoning Bylaw be considered in conjunction with Council’s consideration of a Development Permit for the subject property.

## **2.0 Purpose**

To amend the Official Community Plan to change the future land use designation of a portion of the subject properties from IND – Industrial to MXR - Mixed Use (Residential / Commercial) and to rezone a portion of the subject properties from I4 – Central Industrial zone & I2 – General Industrial zone to C4 – Urban Centre Commercial zone to facilitate the construction of mixed use commercial & residential buildings.

## **3.0 Community Planning**

The subject properties are currently vacant as the former BC Tree Fruit Packinghouse was demolished in 2017. The properties represent 3.6 acres (1.5 ha) of under-developed land in a strategic location on the edge of the ‘City Centre’ Urban Centre at the corner of Clement Avenue and Richter Street. The properties are currently zoned for industrial uses and the Staff have fielded a number of development inquiries over the past few years for potential uses from steel storage containers to self-storage businesses to outdoor vehicle storage. Staff felt the land use of urban mixed-use with an industrial transition was the best suited for this property due to the adjacency of a major gateway into the Downtown and within close proximity to transit stops, urban services, and amenities. PC Urban, the current property owner and developer, acquired the site in late 2016 and have been working with staff on their development scenario. Their rationale behind the land use change to C4 – Mixed-use Commercial is as follows:

*The proposed land uses were carefully considered following detailed market analysis and is attempting to respond to a severe lack of purpose built, long-term, residential rental supply as well as the desire to transform the downtown north industrial area into a part of the vibrant downtown core.*

Staff are in support of the land use change and acknowledge that the Clement Avenue corridor is under transition with a number of other proposed large residential apartment building projects currently under application as well as the recently completed Police Services Building. In addition, once fully upgraded, Clement Avenue will be a five-lane arterial road acting as a major urban gateway into the north part of the Downtown.

Staff’s recommendation of support does not come without some concern for how the residential/commercial land uses will adequately integrate within the larger north-end industrial area and not undermine its viability. Maintaining an adequate supply of centrally located industrial land is also an important objective for the long-term success of the City. The applicant is currently working on providing a sensitive land use

transition to the industrial lands to the east (889 Clement Ave) and a portion of the applicant's property (816 Clement Avenue) is not included in this application in order to provide additional time to resolve this issue. After looking into adjacent nuisance conflicts (See Section 3.1), Staff believe the proposed mixed use development can integrate effectively into the north end industrial area and the applicant can provide an appropriate land use transition to the East. However, Staff would have preferred if the applicant applied for a comprehensively planned site including the industrial transition area rather than focusing on the mixed use portion first.

The proposed site plan shows two mix-use buildings totalling 148 rental residential units located in the south-west corner of the consolidated site at the corner of Richter Street and Clement Avenue. The proposed development plan provides a number of benefits including:

1. A strong urban edge and street wall at the Clement Ave and Richter St intersection;
2. Increasing the supply of much needed rental housing in close proximity to the Downtown and helps with the housing diversity objectives stated in the OCP (see Section 3.2 for a current rental housing overview); and
3. Mitigates the land use conflict potential by locating the parking along the northern portion of the property which adds a significant transition area in conjunction with Vaughn Avenue between the proposed development and the industrial properties to the north.

The magnitude and size of the surface parking lot are a further concern of Staff and will be issues to be resolved with the applicant during the upcoming Form & Character Development Permit. There are no other mixed-use C4 developments in the City that do not contain a portion of either underground parking or structured parking. As a form of land use, the proposed surface parking lot occupies a large portion of the site prohibiting the project from having more green space and amenities for residents. In order for the applicant to achieve Community Planning's support for the upcoming Development Permit, Staff will be requesting substantial changes to the parking solution and anticipate changes to the current site plan.

### 3.1 Industrial / Residential Nuisance & Land Use Conflict Potential

This block of Clement Avenue is a key transitional area that has the potential to integrate well into the surrounding North End industrial area but it also has the potential to undermine the security of the surrounding industrial lands without a broader vision. The intention was to allocate a certain amount of residential in the south-west corner of the site while providing the necessary and effective industrial / commercial transition.

The concern of adding residential land uses north of Clement Avenue within the designated Industrial area is the potential for other property owners to speculate that they could achieve residential units too. This could increase adjacent industrial land prices leading to more unaffordable industrial land and provide uncertainty of existing and future industrial businesses. Staff felt it is important to signal to the North End area that residential land uses are only acceptable in the south-west corner of the subject property and not to expect any further encroachment of residential land uses within the North End industrial lands. This is why a portion of the subject property and the property to the East were not recommended for a zoning change.

The uncertainty for current or future industrial businesses would be if adjacent residential units (or potential residential units) complain about their businesses due to industrial nuisances that may restrict their operations. Staff have reviewed the history of recent bylaw complaints in the industrial North End along Richter Street, Baillie Avenue, Vaughn Avenue, and Gaston Avenue. A summary of the type of complaints the City has received are as follows:

- Vehicles and pallets placed in the laneway that need to be removed.
- Storing pallets in alley
- Commercial blocking vehicles for long periods of time.
- Semi blocking roads.
- Garbage bin and leaking onto the back lane and the adjoining property.
- Transport trucks parking on street for days on end.
- Junk, odours and toxic mold from waste.
- Beer (from brewery) is being dumped into a garbage bin (odour).

These complaints are from the area which currently do not contain residential land uses and the frequency / intensity of these complaints could potentially increase by locating residential units in close proximity to industrial uses. However, after analysing the potential land use conflicts, Staff felt rental residential housing in the south-west corner of this site can integrate in the north end provided this does not lead to any other residential expansion. Further, rental housing will likely have less complaints from adjacent industrial or commercial land uses as tenants will know what neighbourhood they are moving into and tend to be more transient compared to home owners if issues were to arise.

### 3.2 Rental Housing Summary

In late 2016, when initial discussion with PC Urban took place, the City strongly encouraged rental housing and the hope was PC Urban could effectively transition rental housing to the surrounding industrial uses. Planning did a review of all rental projects (both market & non-market housing from 2016 to current (end of March 2018) in order to analyse how many rental units have been: recently occupied, under construction, approved but no building permit, and in the approval process. The summary graphs can be viewed in 'Attachment B' and a summary chart is provided below.

#### **Total Rental Housing**

	Student Bedroom	Micro	Studio	1 Bedroom	2 Bedroom	3 Bedroom	Total # of Units
Occupied	97	343	18	209	208	35	910
Under Construction	0	380	30	480	556	33	1,479
Approved but no BP	0	0	4	111	44	16	175
In Approval Process	0	104	5	71	166	27	373
<b>Total</b>	97	827	57	871	974	111	2,937

The City has 2,937 rental units either recently occupied, under-construction, approved, or in the approval process. This summary includes the number of units proposed by PC Urban on this site. Over 50% of those rental units (1,479) are currently under construction which should relieve some pressure on the supply side of the rental housing market once those units become occupied. This represents an increase of 22% increase in the supply of primary rental housing market<sup>1</sup>.

<sup>1</sup> Note that the total Primary Housing Market is calculated from the CORD area including Peachland, West Kelowna, & Lake Country while the increase in supply is only calculated from the City of Kelowna area.

**Primary Rental Housing (Existing + Under Construction)**

	Bachelor	1 bedroom	2 bedroom	3 Bedroom	Total # of Units
Existing Rental Housing in CMA (Oct 2017)	447	1946	2632	227	5252
Under Construction in Kelowna (April 2018)	410	480	556	33	1479
Total units	857	2426	3188	260	6731
Percent Increase	47.8%	19.8%	17.4%	12.7%	22.0%

The 148 units within this proposed project represents approximately 2.8% increase in the supply of rental housing within the CMA (Central Metropolitan Area). Staff have encouraged this developer and other developers to continue to increase the amount of rental housing especially when sites are in close proximity to the Downtown Urban Centre.

### 3.3 Public Notification & Other City Plans

Staff have reviewed this application and it may proceed without affecting either the City's Financial Plan or Waste Management Plan.

To fulfill Council Policy No. 367 for 'OCP Minor' and 'Zoning Major' applications, the applicant held a public information session on January 23, 2018 at the Rotary Centre for the Arts from 4:30pm to 6:30pm. The applicant also completed the neighbourhood notification process by contacting all properties within 50m of the subject properties.

## 4.0 **Proposal**

### 4.1 Background

This site has a long history of varied development proposals following the sale of the former BC Tree Fruit Packing House. Under the original proposal (in 2012/2013), the entire block (from Richter St to Ethel St) was intended to be divided into three lots. The first was to include a large brewery facility. The middle lot was intended to contain a restored packinghouse repurposed as a commercial market. The third and westernmost parcel was proposed to contain some commercial office and residential. Given its adjacency to the City Centre, Staff were supportive of the westernmost portion of the site being designated/zoned for mixed-use commercial and residential uses. This was understood to be set within a broader redevelopment of the site that saw the conservation of an important building and a major industrial development, all of which functioned comprehensively.

In 2016, after most of the redevelopment plans failed, Staff took a number of inquiries for potential uses. At the time, the Starkhund Brewery was still planned for the eastern portion of the site and Staff took inquiries from steel storage container companies as well as a UHaul self-storage model for the middle and western lots. There was zoning issues between the I2-General Industrial and I4 – Central Industrial zones that proved those proposals unviable. Staff felt a better comprehensive development that included some retail and residential blend of land uses was more suited for the site than strictly industrial land uses especially with all of the development going on downtown and the rapid transformation of Clement Avenue.

In late 2016 and early 2017 Staff took early inquiries from PC Urban regarding potential rental housing on the site in addition to comprehensive commercial redevelopment of the site, including modest amounts of residential in the west and transitional industrial uses. The original vision has not come to fruition and the

proposed Starkhund Brewery on the easternmost lot, owned now by a separate party, is currently being marketed as a strata light industrial project. Staff have been communicating that it would be best to have an industrial and / or commercial land use that provides a transition away from the proposed residential land use. Without knowing what is proposed for the middle lot, Staff informed the applicant that we could not support a rezoning away from the current land uses unless a comprehensive plan was submitted. The applicant wanted to proceed with the zoning for the western lot while they worked on industrial transition proposals for the middle lot.

#### 4.2 Project Description

The purpose of the OCP amendment and the rezoning application is to move away from industrial land uses on the subject property and to allow for residential units mixed with commercial units. If the zoning is acceptable, the plan is to construct two purpose built mixed-use rental buildings on the southwest corner of the site fronting Clement and Richter. The western building façade faces Richter Street and the eastern building façade faces Clement Avenue. Summary of the proposal are listed below:

- The proposed FAR after City dedication is 1.16, the maximum FAR in the C4 zone varies from 1.3 to 2.35 depending on bonuses. The proposal does not qualify for any bonuses therefore the maximum FAR is 1.3.
- 231 at-grade parking spaces are proposed (176 spaces required), and 2 loading bays are provided.
- A ground level public open space plaza connects the two buildings and provides unobstructed access across the site from Clement Avenue.
- 1,784 m<sup>2</sup> of commercial ground floor units and 148 residential rental units on floors two to six.

Should Council support the OCP Amendment and Rezoning bylaws, staff will bring forward a detailed report evaluating the design guidelines for the Development Permit for Council’s consideration.

#### 4.3 Site Context

The subject properties are located on the edge of an Urban Centre (City Centre) on the north side of Clement Ave. The neighbourhood has a mix of residential, industrial, and institutional uses. Specifically, the site is bounded by industrial users to the north (BC Tree Fruits, Sun Ripe, Sandhill Wines), a vacant industrial lot to the east, single family residential to the south, and a new regional RCMP station to the west. In the larger context, the site is a few blocks northeast of the downtown core, Bernard Street commercial corridor, and several large scale residential and mixed-use developments.

The site is connected to urban services and is located within the Permanent Growth Boundary.

Specifically, adjacent land uses are as follows:

Orientation	Zoning	Land Use
North	I4 – Central Industrial	Industrial
East	I4 – Central Industrial	Industrial
South	RU6 – Two Dwelling Housing & In-stream RM6 – High Rise Apartment Housing	Single family dwellings Potential 6 storey apartment building
West	P1 – Major Institutional	RCMP Building

**Subject Properties Map:** 726 Clement Ave



## 5.0 Current Development Policies

### 5.1 Kelowna Official Community Plan (OCP)

#### Goals for A Sustainable Future

Contain Urban Growth.<sup>2</sup> Reduce greenfield urban sprawl and focus growth in compact, connected and mixed-use (residential and commercial) urban and village centres.

#### Development Process

Complete Communities.<sup>3</sup> Support the development of complete communities with a minimum intensity of approximately 35-40 people and/or jobs per hectare to support basic transit service – a bus every 30 minutes. (approx. 114 people / hectare proposed).

Compact Urban Form.<sup>4</sup> Develop a compact urban form that maximizes the use of existing infrastructure and contributes to energy efficient settlement patterns. This will be done by increasing densities (approximately 75 - 100 people and/or jobs located within a 400 metre walking distance of transit stops is required to support the level of transit service) through development, conversion, and re-development within Urban Centres (see Map 5.3) in particular and existing areas as per the provisions of the Generalized Future Land Use Map 4.1.

North End Industrial (High Tech and Incubator).<sup>5</sup> Encourage the redevelopment of industrially designated lands north of the Downtown Urban Centre for high-tech projects and buildings, including the potential for “incubator space” for smaller businesses.

<sup>2</sup> Goal 1. (Introduction Chapter 1).

<sup>3</sup> Policy 5.2.4 (Development Process Chapter 5).

<sup>4</sup> Policy 5.3.2 (Development Process Chapter 5).

<sup>5</sup> Policy 5.19.6 (Development Process Chapter 5).

### **Residential Land Use Polices**

Non-compatible Industrial.<sup>6</sup> Restrict the encroachment of residential uses in areas adjacent to non-compatible industrial sites

Neighbourhood Impact.<sup>7</sup> When considering an OCP Amendment, the City will seek information with respect to the impact on land values related to the likelihood that other properties in the immediate neighbourhood will remain or develop as indicated in the OCP.

Embracing Diversity.<sup>8</sup> Increase understanding of various forms of housing needs and styles toward increasing acceptance of housing meeting the needs of diverse populations by encouraging applicants to undertake early and on-going consultation relating to their project, including provision of support material where appropriate.

Housing Mix.<sup>9</sup> Support a greater mix of housing unit size, form and tenure in new multi-unit residential and mixed use developments.

Ground-Oriented Housing.<sup>10</sup> Encourage all multiple-unit residential buildings in neighbourhoods with schools and parks to contain ground-oriented units with 2 or more bedrooms so as to provide a family housing choice within the multi-unit rental or ownership markets. High density residential projects in the Downtown area are encouraged to include a ground-oriented housing component, especially where such can be provided on non-arterial and non-collector streets.

Objective 5.9. Support the creation of affordable and safe rental, non-market and/or special needs housing.

### **Industrial Land Use Polices**

Objective 5.28. Focus industrial development to areas suitable for industrial use.

Objective 5.29. Ensure efficient use of industrial land supply.

Industrial Land Use Intensification.<sup>11</sup> Encourage more intensive industrial use of currently under-utilized industrial sites during site redevelopment or by permitting lot subdivision where new lots can meet the minimum lot size requirements of the Zoning Bylaw.

Secondary Housing in Light Industrial Areas.<sup>12</sup> Consider the limited expansion of housing as a secondary use within industrial buildings in light or transitional industrial areas.

Objective 5.30. Ensure adequate industrial land supply.

Industrial Supply Protection. Protect existing industrial lands from conversion to other land uses by not supporting the rezoning of industrial land to preclude industrial activities unless there are environmental reasons for encouraging a change of use

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<sup>6</sup> Policy 5.22.4 (Development Process Chapter 5).

<sup>7</sup> Policy 5.22.9 (Development Process Chapter 5).

<sup>8</sup> Policy 5.22.8 (Development Process Chapter 5).

<sup>9</sup> Policy 5.22.11 (Development Process Chapter 5).

<sup>10</sup> Policy 5.23.1 (Development Process Chapter 5).

<sup>11</sup> Policy 5.29.1 (Development Process Chapter 5).

<sup>12</sup> Policy 5.29.2 (Development Process Chapter 5).



## 6.0 Technical Comments

### 6.1 Building & Permitting Department

- Full plan check for Building Code related issues will be done at time of Building Permit applications.

### 6.2 Development Engineering Department

- See Attachment 'A', memorandum dated October 31, 2017.

### 6.3 Fire Department

- No comments related to zoning.

## 7.0 Application Chronology

Date of Application Received: September 27, 2017

Date Public Consultation Completed: January 23, 2018

**Report prepared by:**

Adam Cseke, Planner Specialist

**Reviewed by:**

Terry Barton, Urban Planning Manager

**Reviewed by:**

Ryan Smith, Community Planning Department Manager

**Approved for Inclusion:**

Doug Gilchrist, Divisional Director Community Planning & Strategic Investments

### **Attachments:**

MAP 'A' OCP Amendment

MAP 'B' Rezoning

Attachment 'A' – Development Engineering Memorandum dated November 21, 2017

Attachment 'B' – Rental Housing Summary Graphs

Schedule 'A & B' – Site Plan and Conceptual Renderings