

# Report to Council



**Date:** May 28, 2018  
**File:** 1200-31  
**To:** City Manager  
**From:** Danielle Noble-Brandt, Dept. Manager of Policy & Planning  
**Subject:** 2040 OCP Update – Growth Scenarios Public Consultation  
Report Prepared by: Danielle Noble-Brandt

---

## **Recommendation:**

THAT Council receives, for information, the four growth scenarios as they relate to the first phase of public engagement for the 2040 OCP update.

## **Purpose:**

To inform Council on population and housing projections and the corresponding 4 growth scenarios that have been developed in concept as they relate to the Imagine Kelowna vision. Additionally, to share the proposed public consultation approach for this phase of the 2040 OCP update.

## **Background:**

The 2040 OCP project is establishing a policy framework to put us on a path to build a great City – where sense of place, vitality, and connectedness promote a high quality of life. Elements of great cities encompass diverse urban elements such as buildings and urban design, parks and public spaces, agriculture, natural environment, housing, movement and accessibility, infrastructure, culture, ecology, and more. In short, the OCP guides where people will live, work and play in our city, and how they will move around. It will shape how our city looks and feels, and it influences our day-to-day experience and quality of life.

Kelowna is planning for a city of approximately 177,000 people by the year 2040 through the current Official Community Plan (OCP) update. Growing to this expected population presents both opportunities and challenges, similar to any other City experiencing similar growth pressures. Through the extensive feedback received through the Imagine Kelowna process, information was collected from the community about what the future of Kelowna is envisioned to be – this OCP update is based, in part, on this feedback.

With this strong foundation to build upon, Staff have created four growth scenarios in order to understand the different impacts of accommodating the projected population increase. Kelowna has some unique characteristics to respond to this challenge, which can be used to the community's advantage. When examining other Canadian cities that have relatively inexpensive and flat rural land adjacent to urban centres, the easy response is to yield to new suburban development. However, Kelowna has geographical constraints where steep slopes/topography, Okanagan Lake, and the Agricultural Land Reserve provide a natural focus on where new development should be positioned.

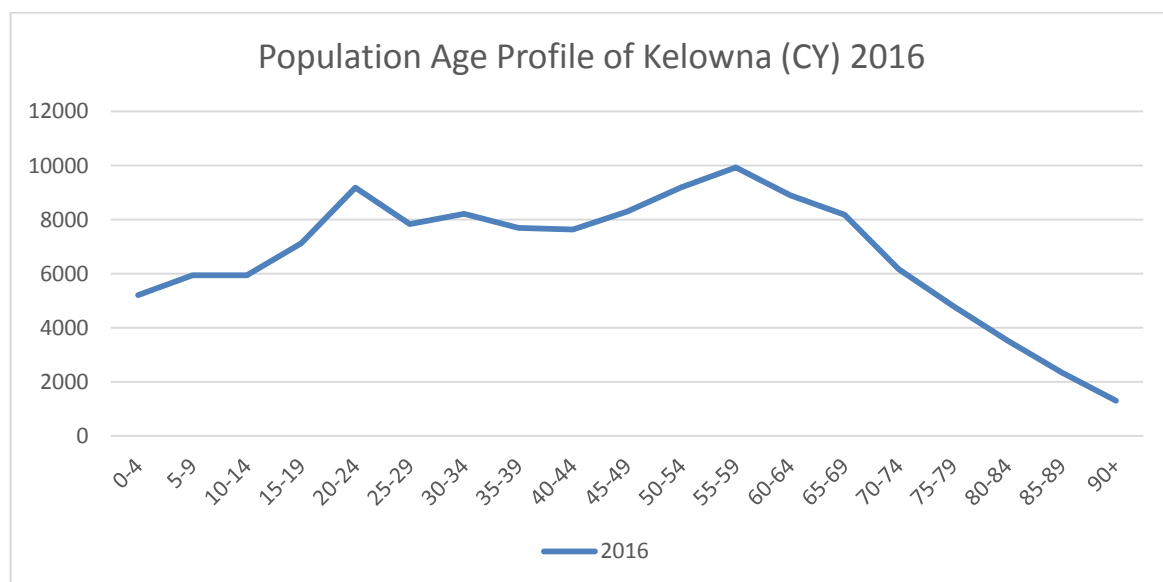
Urban form is the result of how residential densities, employment hubs, and connectivity come together to create a growth settlement pattern. The four growth scenarios offer variations of a growth settlement pattern – some that are more compact and connected in their form to accelerate the City's efforts to a more complete community whereas others are less compact in their growth pattern and will take a longer period of time to realize the Imagine Kelowna vision as reality. Shifts in lifestyle preferences and recent trends towards more multi-family housing starts suggest that new forms of development are already occurring in Kelowna, and provide cues for a changing future.

### Housing Demand Forecast

The 2016 Census indicates that Kelowna's population was 127,380. Estimated population growth in 2017 has resulted in a population of 129,500. The community is in the midst of a housing boom cycle, having issued 2,530 residential building permits in 2017 alone. Of those permits, 63 per cent were for multi-family housing, predominantly apartments.

Today, Kelowna's population profile shows clear evidence of the strong influence of the baby boomer generation and the children of baby boomers ("echo boom"). These two groups can be seen prominently in Figure 1 below.

Figure 1: 2016 Population Age Profile

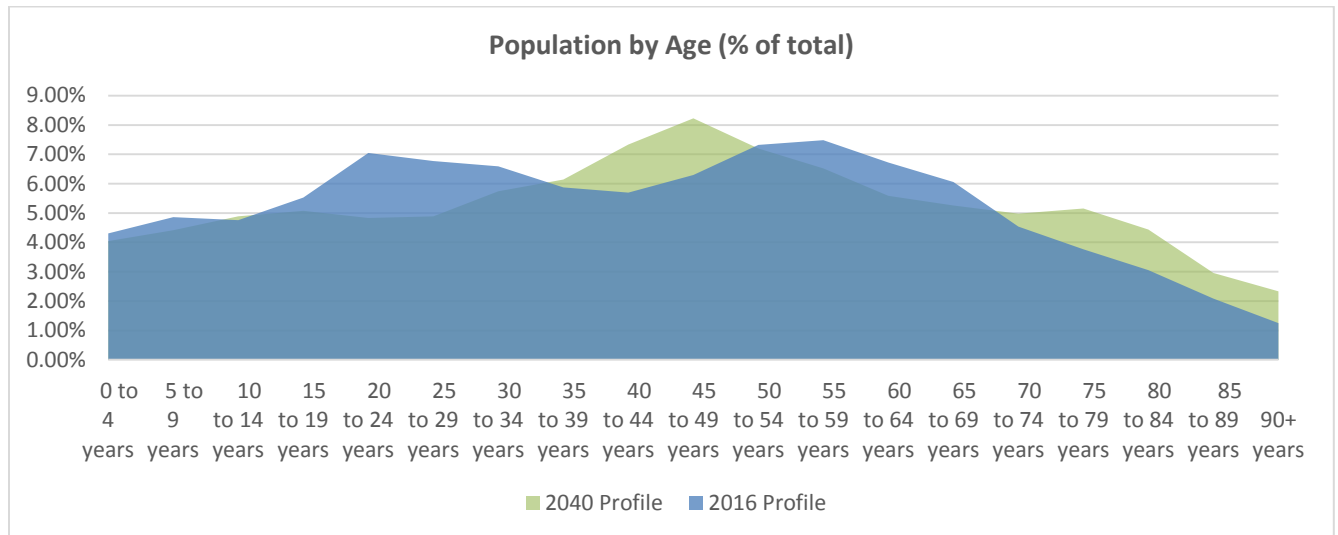


Age is a key driver of housing choice, particularly as it relates to household size and health. Typically, as families expand, demand grows for larger homes. As children leave the house, demand for smaller units

increases. As age begins to impact a person's ability to maintain their home, demand for smaller units continues to increase.

Figure 2 below shows that Kelowna's population in 2040 will continue to be dominated by the baby boom and echo boom generations, but each will be much older.

Figure 2: Population by Age



The information above reveals that the fastest growth is projected to occur in groups aged 35 to 55 and 70 to 90. Traditionally in Kelowna, the first group would have a high demand for single detached homes, and the demand for the second group would start to see an increase in demand for smaller housing forms. Importantly, however, preferences and choices are not static. What people have chosen over past decades is not necessarily a reflection of what they will choose in coming decades.

A variety of factors are responsible for this:

- Demographics: baby boom and echo boom generations will dominate the demographic profile
- Home price growth: over the past 17 years, home price growth has rapidly outpaced income growth in Kelowna. If this trend persists, the forecast for home prices suggest that the median home sale price will be between \$800,000-\$900,000
- Changing preferences: research is suggesting that preferences are shifting away from suburban single-family housing and moving towards more compact, urban living near amenities
- Community policy: Local government policy has the ability to influence housing choices, predominantly through its control over the supply, location and type of units, and the amenities and services that those units are afforded.

With this information, it is anticipated that population growth in Kelowna from 2021 to 2040 will generate the need for 20,800 new housing units. In addition to this, off-campus student housing and resort and/or second homes will generate the need for an additional 4,940 units, bringing the total 20-year housing need to 25,740.

Figure 3: New Housing Demand Forecast (2020-2040)

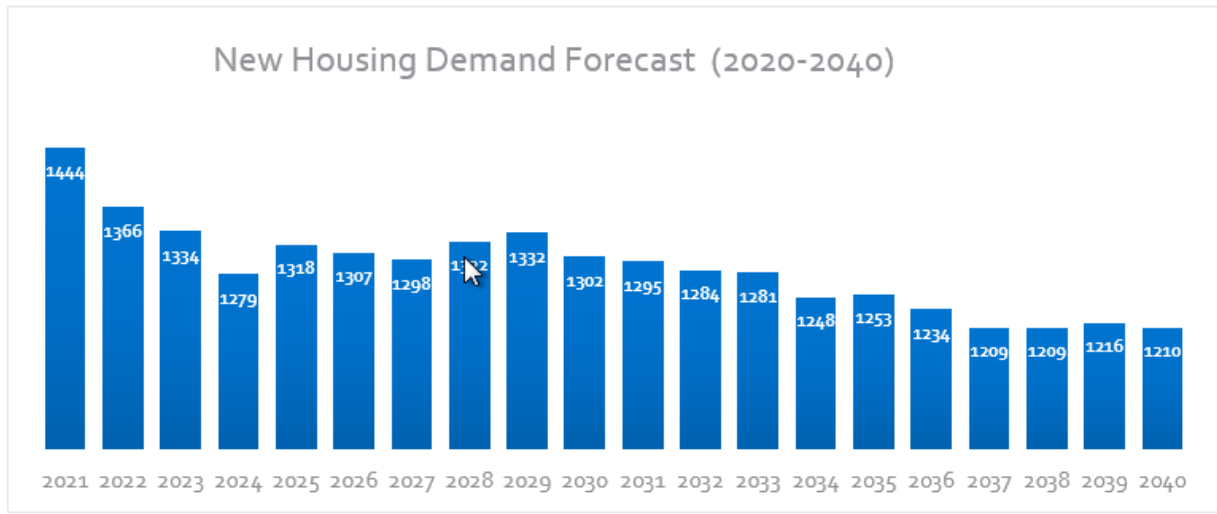
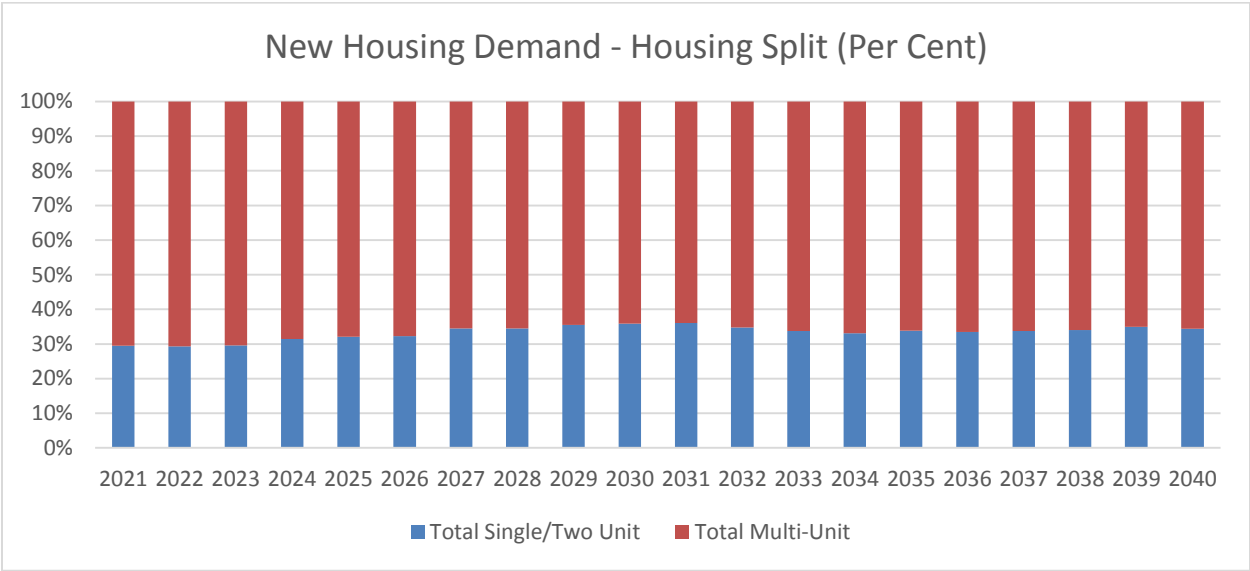


Figure 3 above illustrates the annual overall projected housing demand. New housing demand is expected to be highest in the first ten years of the projection, slowing down slightly each year, reflecting continuing declines in the population growth rate.

Based on census projections, and assumptions about off-campus student housing and resort housing, the overall 20-year breakdown of housing demand by structure type is shown in Figure 4. Looking at Kelowna's traditional breakdown of new housing units by type (multi-unit vs. single/two unit), this housing demand forecast results in a 67/33 split.

Looking at the annual housing projection by structure type, the first half of the forecast period is where the largest demand for multi-unit housing can be seen, reflecting the combined effects of the move of the "echo boom" into the housing market and of the down-sizing trends for baby boomers. Pressure for larger homes is evidenced in later years as the "echo boom" generation moves into household expansion.

Figure 4: Housing Demand by Structure Type



It is important to note, this housing projection is only a best estimate based on the methodology techniques that are available to Staff. The methodology cannot account for the full variety of factors affecting housing choices (migration, macro-economics, land supply, attitudinal shifts, and others). The intent of this approach is not to provide an exact determination of what must be built over the next 20 years. Rather, it is intended to inform high-level policy; highlighting the scope, scale and character of housing demand over time as it relates to accommodating a growth management scenario.

Development of Growth Scenarios

In light of the information above, four growth scenarios have been developed to add 50,000 new residents / 25,000 new homes over the next 20 years. However, each growth scenario distributes the growth across the City in a different way that works towards the identified vision of compact complete communities at a different rate.

Scenario 1 (Slow Shift / Dispersed) assumes the slowest transition to compact and complete communities with considerable growth in the form of car-dependent suburban single-family housing. Scenario 2 (Gradual Shift/ Dispersed) moves more quickly toward compact and complete communities with more growth within the urban centres, but maintains 30 per cent of growth in single-family units. Scenario 3 (Progressive Shift / Focus Core) limits single-family units to 20 per cent with new growth to focus in the Urban Core. Scenario 4 (Rapid Shift/ Focused Urban Centres) also assumes the majority of new development is the form of multi-family units (80%) but directs this growth primarily to the urban centres.

The four growth scenarios are more completely summarized below:

### **Scenario 1: Slow Shift/Dispersed**

This scenario represents the slowest transition towards a more compact, complete community envisioned in the Imagine Kelowna process. Here, commercial, employment and institutional uses are focused in the Urban Core<sup>1</sup>, while a significant amount (~40%) of residential development is permitted to take place in the outlying areas of the city. The other 60% of residential development is spread throughout the Urban Core and Urban Centres. Dispersed residential development located away from employment centres means that this scenario leaves more residents in car-captive neighbourhoods. The further spreading out of the city also disperses the infrastructure needed to service this development pattern, resulting in increased servicing, maintenance and replacement costs creating a challenge for the City's long term management of assets.

<b>Technical Notes</b>	
<b>Housing Split</b>	Overall Housing Composition: 45% multi-unit / 55% single-two unit  <i>(New Growth: 60% multi-unit / 40% single-two unit)</i>
<b>Housing Forms</b>	Single detached, missing middle (ie. townhomes, semi-detached), apartments/condos
<b>Mode Split/Transportation</b>	Auto-dominant, longer auto trips
<b>Infrastructure impacts</b>	Dispersed infrastructure (serving less residents per dollar of capital investment)

### **Scenario 2: Gradual Shift/Sprawl with Urban Centre Revitalization**

The second scenario would entail a more gradual shift towards a compact, complete community. While this scenario still envisions the same amount of peripheral development as Scenario 1, it focuses 60% of new residential units into the five Urban Centres. In turn, this scenario achieves higher Urban Centre densities, supporting more balanced transportation opportunities. However, this scenario would result in dispersed infrastructure needed to service this development pattern, increasing servicing, maintenance and replacement costs, although not as much as Scenario 1.

---

<sup>1</sup> The Urban Core refers to the Core Area that envelopes all 5 of the Urban Centers and the immediate areas surrounding them. It is the boundary area that distinguishes the central urban area of the City, and where the majority of the population is concentrated in addition to the highest infrastructure investments.

Technical Notes	
Housing Split	Overall Housing Composition: 49% multi-unit / 51% single-two unit  <i>(New Growth: 60% multi-unit / 40% single-two unit)</i>
Housing Forms	Single detached, apartments/condos
Mode Split/Transportation	Auto-dominant with select opportunities for transit enhancements in the 5 Urban Centres. Longer auto trips; transit and active transportation options within the Urban Centres.
Infrastructure impacts	Dispersed infrastructure (serving less residents per dollar of capital investment) alongside focused areas of infrastructure investment within the 5 Urban Centres.

### **Scenario 3: Progressive Shift/Focused Urban Core**

The third scenario proposes an accelerated and more deliberate shift towards a compact, complete community and a clear focus on the Urban Core. New housing will be predominantly multi-unit, including the 'missing middle' forms, with single detached development reduced to 20%. New infrastructure investments would supplement existing infrastructure, bringing a higher level of amenity and service to a denser community in a more cost-effective fashion and supporting a more financially sustainable management of City assets. The more focused growth would allow for greater utilization of active transportation modes and transit and providing residents with more choice in how they travel.

Technical Notes	
Housing Split	Overall Housing Composition: 52% multi-unit / 48% single-two unit  <i>(New Growth: 80% multi-unit / 20% single-two unit)</i>
Housing Forms	Missing middle, apartments/condos
Mode Split/Transportation	More transit and active transportation opportunities throughout the Urban Core. Auto-trips are expected to be shorter.
Infrastructure impacts	Infrastructure investments concentrated in the Urban Core.

### **Scenario 4: Rapid Shift/Focused Urban Centres**

The final scenario develops the community toward the more compact, complete future envisioned in the Imagine Kelowna process with the greatest expediency. Urban Centre development is critical to this scenario, receiving the majority of new development that includes commercial, institutional and residential. This new residential development (predominantly multi-family) will complement the employment and amenities already in the five Urban Centres. This scenario also provides the greatest opportunity for targeted and cost-effective infrastructure investments. The focused growth will allow

for greater utilization of active transportation modes and may allow for greater rapid transit options linking the five Urban Centres.

Technical Notes	
Housing Split	Overall Housing Composition: 55% multi-unit / 45% single-two unit  <i>(New Growth: 90% multi-unit / 10% single-two unit)</i>
Housing Forms	Multi-family
Mode Split/Transportation	Rapid transit opportunities linking the five Urban Centres. Shorter trips (all modes) and expected; overall increase in active transportation modes.
Infrastructure impacts	Concentrated in 5 Urban Centres

### Evaluation Criteria

An OCP Evaluation Dashboard has been developed to be a public-friendly, interactive tool to understand the performance of each scenario on a variety of topics. It aims to provide a visual comparison of the four growth scenarios, highlighting the consequences of different approaches to growth in Kelowna. The scenarios are compared on eight different policy indicators related to the City's goals for growth management, financial cost, housing, transportation, economic development, agricultural preservation, community health, and environmental sustainability. A sample of one of the Dashboard outputs is provided in Attachment 1.

Staff have invested an incredible amount of resources to build visual tools that will aid residents in visually learning about the growth scenarios, and displaying their performance on a variety of indicators. The Dashboard tool represents a cutting-edge and innovative approach to engage the community in a meaningful, interactive way on this topic. Attachment 2 provides a sample 'heat map' that visualizes where the growth nodes would be concentrated over the next 20 years. Attachment 3, represents a sample of a 3-D visualization that will depict each growth scenario.

Using the dashboard analysis, the four scenarios are ranked from one to four, based on their comparative performance on each indicator relative to existing City policies and targets. A scorecard summarizes the performance of the scenarios across the eight indicators with the highest score representing the best alignment with City of Kelowna policies and targets. The Dashboard will be one of the tools that will support Staff and Council in arriving at a preferred growth scenario.

### Public Engagement Process

The overarching purpose of the engagement process is to spark conversation with citizens and provide them with opportunities to shape their community within the parameters of an OCP's scope. More specifically, the engagement objectives are to:

- Raise awareness about the process and opportunities for involvement;
- Building capacity and baseline education among citizens for them to participate in an informed way about issues, trends, tradeoffs, and best practices;
- Generate excitement and shared ownership over the creation and implementation of the OCP.



Due to the scope of public engagement for Imagine Kelowna over the past two years, the engagement design process for the Official Community Plan (OCP) and the Transportation Master Plan (TMP) has been framed in such a way to build on citizens' priorities already identified. Coordinating engagement activities for these two major plans results in synergies in land use planning and transportation alignment, ultimately yielding greater infrastructure investment efficiencies.

Additionally, the Citizen's survey consistently identifies growth and development as a leading second-tier issue in Kelowna with City growth management identified as a primary area for improvement. However long-term planning initiatives and the OCP in particular may see lower levels of resident engagement participation likely due to the seemingly unconnected nature of 20-year plans and City policies to daily life today. This year's first combined public engagement phase for *Our Kelowna as we Grow* (OCP) and *Our Kelowna as we Move* (TMP) is designed to help residents understand how choices they make in their daily lives influence the built environment of the City.

This phase of the public engagement process is programmed to be innovative, interactive, and engage residents in a unique, untraditional way to garner a high level of participation and learning. A 'Pick Your Path to 2040' Exhibit is going to be set up at three locations across the City to allow residents to make choices as it relates to various topic areas of the OCP and examine some of the tradeoffs that are required when choosing a growth scenario. The Exhibit will allow each participant to arrive at one of four possible growth scenarios that most closely aligns with the trade-offs linked to their decisions. The scenarios in combination with the choices (trade-offs) they make is intended to help residents to visualize realistic change over the next 20 years and its relevance to the neighborhood where they live.

A questionnaire will then capture more detailed inputs from the community as it relates to this phase of the growth scenario development. Special invitation to various audiences will be sent (ie. School District 23) in addition to wide public advertising and promotion.

The scheduled open house dates are:

June 2: Stuart Park  
June 4 & 5: Rutland Centennial Hall  
June 6 & 7: Okanagan College

A concurrent online 'Pick your Path to 2040' story and corresponding questionnaire will also be available until the end of June to those members of the public that are unable to attend a physical Exhibit.

Residents and stakeholders will have access to current information about the process through existing communication systems such as [www.kelowna.ca](http://www.kelowna.ca), traditional and social media and e-subscribe. There will also be specific activities organized for members of the community who are uniquely interested in the Official Community Plan who would like to provide their feedback or become more involved (i.e. [getinvolved.kelowna.ca](http://getinvolved.kelowna.ca), community workshops and open house). Stakeholders with high to medium level of impact in the OCP will be involved directly in the process to ensure their concerns and aspirations are consistently understood and considered. Face-to-face meetings have already occurred and participation in workshops and direct online information sharing will be the primary methods for involving these stakeholders.

## Next Steps

Once the public engagement of this phase has concluded, Staff will report back to Council with the results and propose a growth scenario option to proceed with into the next phase of the OCP update. The target is to have a growth scenario selected prior to the upcoming Fall Council election.

The 2040 OCP update is a significant and important exercise for the community and will establish a trajectory for future policy, infrastructure investments, community amenities and actions to be directed in the coming decades. This timing presents an exciting opportunity to create a refreshed vision for the city, and to provide greater clarity about the future of Kelowna as it continues to grow and evolve. This is the first public phase of a multi-year project, and by establishing a preferred growth scenario by the fall of 2018, it will put in motion the direction for Staff to translate it into a draft OCP with a corresponding servicing plan as the next phase of public consultation and Council consideration.

### Legal/Statutory Authority:

*Local Government Act, Section 471*

### Legal/Statutory Procedural Requirements:

*Local Government Act, Sections 472, 473, 474, 475, 476, 477, and 478*

### Existing Policy:

2030 Official Community Plan  
20 Year Servicing Plan  
Council Policy No. 372: Engage Policy

### Financial/Budgetary Considerations:

This phase of the OCP update has been resourced with 2018 budget allocations. The longer term actions and future phases may have additional budget impacts for 2019 and 2020.

Submitted by: Danielle Noble-Brandt, Department Manager of Policy & Planning

James Moore, Long Range Planning Manager

Approved for inclusion:



Doug Gilchrist, CP & SI Divisional Director

Attachments:

- 1) OCP Land Use Evaluation Dashboard Sample – Growth Management Metric
- 2) Visual Sample 1: Heatmap of Scenario 1
- 3) Visual Sample 2: 3-D Visualization of Scenario 1

cc:

Deputy City Manager

Divisional Director, Community Planning & Strategic Investments

Divisional Director, Infrastructure

Divisional Director, Human Resources

Divisional Director, Financial Services

Divisional Director, Corporate Strategic Services

Divisional Director, Corporate and Protective Services

Divisional Director, Active Living and Culture

Director, Strategic Investments

Department Manager, Integrated Transportation

Infrastructure Engineering Manager

Community Planning Department Manager

Communications Advisor