

Report to Council



Date: September 17, 2018
File: 1200-31
To: City Manager
From: Policy & Planning Department
Subject: Preferred OCP Growth Scenario Selection

Report Prepared by: Robert Miles, OCP Project Planner

Recommendation:

THAT Council receives, for information, the report from the Policy & Planning Department, dated September 17, 2018 pertaining to the preferred growth scenario for the 2040 Official Community Plan (OCP) Update.

Purpose:

To inform Council of key characteristics of the preferred growth scenario prior to its consideration for endorsement.

Background:

The 2040 OCP update is establishing a policy framework to put us on a path to build a great city. Through the extensive feedback received through the Imagine Kelowna process, a forward thinking vision emerged from the community about what the future of Kelowna looks like. This OCP update, in conjunction with the Transportation Master Plan (TMP), aims to put that vision into motion by providing a clear direction for how the city will grow and develop to 2040. This process will not be without its challenges, however, and will require difficult decisions that recognize the tradeoffs that must be made to develop a plan that is not only bold, visionary and adaptable, but also achievable.

A critical component of this update is the establishment of a growth scenario that will guide the development of the more detailed land use planning work, policy development for the OCP, as well as the TMP, 20 Year Servicing Strategy and 10 Year Capital Plan. This report serves to provide Council with a summary of staff's recommended growth scenario, including an analysis of its performance, and the trade-offs that it requires.

A New Vision for Kelowna

The 2030 OCP, which currently provides guidance for growth in Kelowna, was adopted in 2011. Since then, new issues have emerged that require a new approach to address. Issues such as escalating housing prices, increased road congestion, climate change impacts and a new focus on sustainable asset management and fiscal resiliency have required that a new, refreshed vision for the community be developed that addresses these, and other issues, head on.

In July 2018, Council endorsed a new vision for the city through Imagine Kelowna. This vision was based on four principles: *connected, responsible, smarter and collaborative* (see Figure 1), as well as specific goals that include growing vibrant urban centres and limiting sprawl, embracing transportation options and building healthy neighbourhoods alongside the principle of financial responsibility. Imagine Kelowna will be implemented through Imagine Next, which will encompass both the 2040 OCP Update and the TMP process. As such, the OCP must be consistent with the vision provided by Imagine Kelowna.

The *Pick Your Path to 2040* process aimed to further refine the vision for the growth of the community as part of the OCP Update. As part of this process, four possible growth scenarios were presented to the public to assist with discussions about how they wanted to see Kelowna grow. Participants indicated that they preferred a more progressive shift toward the vision outlined in Imagine Kelowna, with more growth focused in the Urban Core, less suburban development, more housing choice, such as “missing middle” housing, and more transportation options, such as mass transit, cycling and walking. Of the four growth scenarios, Growth Scenario 3, was the most popular choice. Growth Scenario 4, which focused more growth in the Urban Centres with apartment housing was the second most popular choice. Growth Scenario 2, the third most popular choice, still focused the majority of growth in the Urban Core, but allocated a larger proportion of growth in the suburban areas. (see Figure 2).

Key Deliverables of the OCP Update

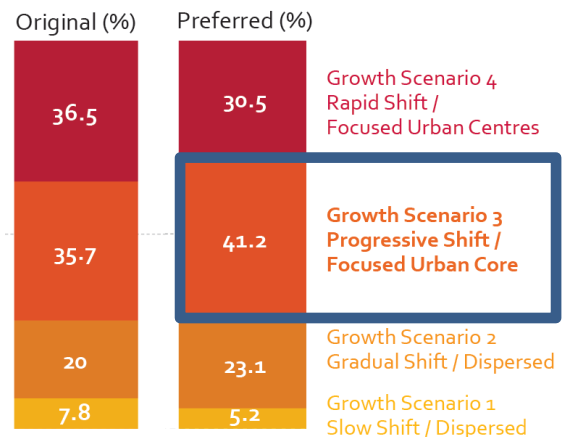
In light of the considerations above, the growth scenario that is selected must lay the foundation for the OCP to accomplish the following key outcomes:

- Implement the Imagine Kelowna vision
- Focus growth in the Urban Core

Figure 1: Imagine Kelowna’s Four Principles



Figure 2: Scenario Preferences from Pick Your Path to 2040



- Provide 'missing middle' housing closer to jobs, shopping and amenities
- Promote a shift in mode share towards transit, cycling and walking
- Allow for infrastructure investment to be focused in the Urban Core to maximize the City's infrastructure financial investment

Refining the Growth Scenario

At its Regular Meeting of July 30, 2018, Council directed staff to develop a refined growth scenario based on Growth Scenario 3, which represented this progressive shift with modifications to reflect the feedback received on the plan to date from the public and stakeholders, as well as a more detailed analysis of targeted growth areas. Following the direction provided at Council's meetings of July 30 and August 13, 2018, Staff have developed a preferred growth scenario that has incorporated these elements while aiming to meet the intent outlined in Growth Scenario 3, particularly with regard to the key deliverables outlined above.

As part of the development of this preferred growth scenario, two challenges were identified, and are summarized in Figure 3 below.

Figure 3: Growth Scenario 3 Challenges and Considerations

Growth Scenario 3 Characteristic	Challenge Identified	Consideration for Preferred Growth Scenario and OCP
80% of new residential growth targeted for multi-unit, 20% for single-two unit.	The Housing Demand Forecast anticipates 67% multi-unit, 33% single-two unit. Between 1991 and 2016 there has been a steady trend towards more multi-unit housing.	Refine housing split to more closely reflect observed and expected trends while moving towards implementation of Imagine Kelowna.
Approximately 80% of new residential growth targeted in Urban Core, 20% in Suburban Areas.	20% growth in suburban areas would require removal of lands already designated for future development. This would negatively impact the viability of planned village centres in those neighbourhoods and reduce the return on investment on infrastructure projects already in place.	Honour existing designated lands; establish indicators to assist in balancing land supply with demand over a 20 year period. No additional greenfield lands to be designated for residential development.

With these challenges and considerations in mind, a preferred growth scenario has been developed and is outlined below.

The Preferred Growth Scenario

The preferred growth scenario aims to meet the Imagine Kelowna vision and OCP key deliverables while also having high uptake among key community stakeholders. It aims to strike a balance between preference indicated by the public through the *Pick Your Path* process, the Housing Demand Forecast, and the performance of the growth scenarios in the technical analysis, while recognizing the impact of this scenario on the direction provided by the existing OCP (see Figure 4).



Figure 4: Finding a Balance for the Preferred Growth Scenario.

The key housing, transportation and infrastructure related characteristics of the Preferred Growth Scenario are summarized below in Figure 5. The distribution of future residential development can be found in Attachment 1.

Figure 5: Preferred Growth Scenario Characteristics

Housing Split	Overall Housing Composition in 2040: 50% multi-unit / 50% single-two unit <i>(New growth: 75% multi-unit / 25% single-two unit)</i>
Housing Distribution	67% in Urban Core, 33% in Suburban Areas
Dominant housing forms (new growth)	Missing middle, apartments
Transportation impacts	More transit and active transportation opportunities in the Urban Core, particularly in the Urban Centres.
Infrastructure impacts	Infrastructure investments concentrated in the Urban Core

These characteristics put the preferred growth scenario firmly between Growth Scenarios 2 and 3 while still aiming to achieve the progressive shift of the Imagine Kelowna vision. As illustrated in Figures 6 and 7 below, the preferred growth scenario would blend Growth Scenario 3 with some aspects of Growth Scenario 2, most notably with respect to the estimated split between single-two unit and multi-unit housing as well as the distribution of future housing between the Urban Core and the Suburban areas.

Figure 6: Preferred Growth Scenario in Relation to Four Growth Scenarios Used in *Pick Your Path*

	Growth Scenario 1	Growth Scenario 2	Preferred Growth Scenario	Growth Scenario 3	Growth Scenario 4
New Housing Units (to 2040)	60% Multi-Unit 40% Single/Two Unit	70% Multi-Unit 30% Single/Two Unit	75% Multi-Unit 25% Single/Two Unit	80% Multi-Unit 20% Single/Two Unit	90% Multi-Unit 10% Single/Two Unit
Total Housing Split (as of 2040)	45% Multi-Unit 55% Single/Two Unit	49% Multi-Unit 51% Single/Two Unit	50% Multi-Unit 50% Single/Two Unit	52% Multi-Unit 48% Single/Two Unit	55% Multi-Unit 45% Single/Two Unit

Figure 7: Distribution of New Residential Growth



Addressing the Challenges of the Preferred Growth Scenario

While the preferred growth scenario aims to find balance between Growth Scenarios 2 and 3, it comes with important tradeoffs. As illustrated in Figure 7 above, the proportion of future growth targeted for the Urban Core is lower than Growth Scenario 3, with suburban development making up a higher proportion of the total. This is due to existing Future Land Use designations in place in select suburban neighbourhoods that have been approved. Rather than remove those areas from the Future Land Use map (which would be required under Growth Scenario 3) the preferred growth scenario allows those select areas to continue to develop as planned but not signal any additional greenfield residential development.

The implication of this scenario is that the key deliverables outlined earlier in this report become more challenging to realize. During the technical analysis of the four growth scenarios, it was noted that there was a large jump in positive results for the indicators between Scenarios 2 and 3. More simply, Growth Scenario 3 performed substantially better in the policy indicators than Growth Scenario 2 in many areas. Figure 8 outlines the some of the ways that the preferred growth scenario performs.

Figure 8: Preferred Growth Scenario Policy Indicator Performance

Policy Indicator Accounts	Performance
Growth Management	Lower proportion of future growth in Urban Core than Growth Scenario 3, higher than Growth Scenario 2 (see Figure 7).
Travel Choices	Reduction in mode share for automobiles, signaling a shift toward transit and active transportation. While this shift would not be as high as Growth Scenario 3, it is anticipated to be higher than Growth Scenario 2.
Financially Resilient	Can still be focused in the Urban Core but likely higher costs due to suburban development.
Mitigate Climate Change	59% of new units would be located in hazard areas. 34% would be located in flood hazard areas due to their location in the Urban Core, while 26% would be located in fire hazard areas in suburban areas. This is slightly lower than Growth Scenario 2 (61%) and higher than Growth Scenario 3 (50%).
Health and Safety	89% of units constructed in Fire Response Zone – similar to Growth Scenario 2.
Livable Communities	Proximity to parks similar to Growth Scenario 3, lower results for proximity to neighbourhood services.
Agricultural Protection	Slightly higher proportion of development within 100 metres of ALR than Growth Scenario 3, lower than Growth Scenario 2. No ALR lands are proposed for development.
Growing Economy	Lower proportion of units within 400 metres of employment hubs.

The technical analysis indicated that as each growth scenario focused more growth in the Urban Core, both the capital and maintenance costs for infrastructure would be lower. As the preferred growth scenario falls between Growth Scenario 2 and 3, it continues to represent a responsible approach to managing infrastructure assets by focusing a majority of growth within the Urban Core.

Implications for the Urban Core

The preferred growth scenario continues to focus most of the future development into the Urban Core, which includes the five Urban Centres: City Centre, Pandosy, Capri-Landmark, Midtown and Rutland (see Attachment 1). The five Urban Centres alone would absorb approximately 14,500 units, or 49% of the anticipated residential growth, with 5,400 units, or 18% of growth, anticipated in the remainder of the Urban Core. As such, it will allow for more opportunities to shift mode share towards transit, cycling and walking.

Focusing most of future residential growth into Kelowna’s Urban Core is a critical component of achieving the desired outcomes of the 2040 OCP Update. It makes the provision of public transit more economically feasible, and keeping homes in close proximity to jobs, employment and key amenities makes walking and cycling much easier for residents. It allows for a more financially sustainable approach to infrastructure management. By promoting missing middle housing in the core, current and future residents will have more choice in the types of housing they live in, helping to address affordability challenges.

However, given that the preferred growth scenario focuses a smaller proportion of growth into the Urban Core than Growth Scenario 3, the draft Land Use Plan (to be developed in Phase 3) will need to carefully consider where higher density residential and employment uses are to be located in relation to key transportation infrastructure to be developed. For example, more apartment housing may need to be located much closer to future mass transit corridors than anticipated in Growth Scenario 3 and when additional employment lands are considered, access to transit will have to be a key determinant in their location.

Implications for Suburban Areas

Based on the estimated 75% multi-unit and 25% single-two unit split that characterizes the preferred growth scenario, approximately 7,000 single detached units will be required between now and 2040 to meet projected demand. Based on a review of available inventory, it is estimated that there is capacity for approximately 7,500 single-two unit units in the city, excluding the Thomson Flats lands which are undergoing an ASP process (see Attachment 2). In short, the preferred growth scenario provides sufficient land to accommodate the projected single-two unit development.

Notably, the Thomson Flats ASP process was initiated on March 4, 2014 and is currently underway. While not included in the preferred growth scenario, it is anticipated that the ASP process would continue, and at its conclusion, Council would have an opportunity to consider it. Should endorsement of the ASP take place during the OCP update process, the draft OCP would be revised to reflect the Future Land Use designations and policies outlined in the ASP, as required.

The Thomson Flats lands will require significant transportation infrastructure and servicing upgrades. As such, it is recommended that, while the lands are not included in the preferred growth scenario, that the associated planning for the Transportation Master Plan and 20 Year Servicing Plan consider development in those lands.

Additional Considerations

While the preferred growth scenario represents a progressive shift towards the more compact complete community that is envisioned in Imagine Kelowna, it is important to stress that this approach does not mean that the development of single-two family units is being dramatically altered in the short term. The growth scenario envisions approximately 7,000 single and two family units being constructed to 2040, of which 6,000 would be outside of the Urban Core. This supply is adequate to meet the projected demand for single-two unit development. An indicator-based approach to onboarding new lands would ensure that, should development proceed faster than anticipated (putting unhealthy pressure on supply) that additional lands could be considered for development in a way that is consistent with the key outcomes of the OCP.

However, the preferred growth scenario does represent a shift from Growth Scenario 3 in terms of housing split and the share of future development inside and outside of the Urban Core. As the share of development in the Urban Core will be critical to achieving the desired outcomes of the OCP, the development of the draft Future Land Use plan and associated policies will need to find ways to make the infill and redevelopments more streamlined and incentivized.

Summary

The selection of a growth scenario that acts as the foundation for the work that will be undertaken for the 2040 OCP Update, the Transportation Master Plan process, and the 20 Year Servicing Plan which will lay the foundation for the transition of Kelowna into the community that is envisioned by Imagine

Kelowna. The growth scenario presented in this report outlines a direction that is bold and visionary, yet refined to be achievable in its implementation.

Legal/Statutory Authority:

Local Government Act, Section 471

Legal/Statutory Procedural Requirements:

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

Existing Policy:

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

Submitted by:

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Approved for inclusion:



Danielle Noble-Brandt, Dept. Manager, Policy & Planning

Attachments:

- 1) Preferred Growth Scenario: Distribution of Future Residential Development
- 2) Inventory of Single-Two Unit Capacity in Kelowna Neighbourhoods: 2018-2040

cc:

Acting Divisional Director, Community Planning & Strategic Investments
Divisional Director, Infrastructure
Divisional Director, Financial Services
Divisional Director, Corporate Strategic Services
Department Manager, Integrated Transportation
Infrastructure Engineering Manager
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