

Report to Council



Date: February 22, 2021
To: Council
From: City Manager
Subject: 2020 Planning and Development Statistics
Department: Planning and Development Services

Recommendation:

THAT Council receive for information the report from the Divisional Director of Planning and Development Services dated February 22, 2021 with information relating to Planning and Development Statistics;

Purpose:

This report updates Council on Building and Development Statistics from 2020.

Background:

In order to keep Council current with local development and construction trends, the Divisional Director of Planning and Development Services will endeavor to bring quarterly reports forward for Council's information. As the structure of this report continues to develop, the goal is to improve the connection between Council's consideration of development applications on a weekly basis and the larger picture of housing goals in the Official Community Plan.

Discussion:

Planning Application Intake Statistics – 2020

The 2020 development application statistics show an expected decrease in application volume which can be attributed to:

- A) Uncertainty related to the COVID-19 Pandemic.
- B) Continuation of natural real estate market cycle trend.
- C) Increase in Development Cost Charges (DCC's) may have had a minor impact on some projects that were marginal in nature.

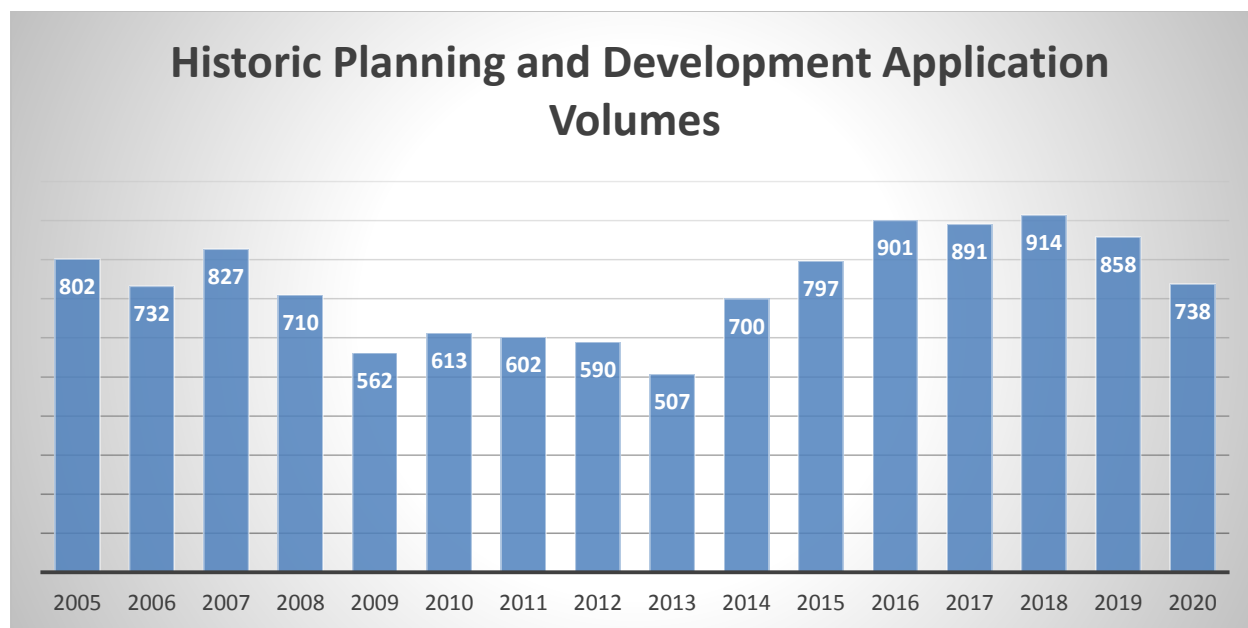


Chart 1

Building and Permitting Statistics Q2 - 2020

The City's Building and Permitting team reported a reduction in construction value of nearly 50% (chart 2). The primary factor causing the decline is a reduction in larger projects such as Apartments, Footing & Foundation, Comm-Mixed Use, and Townhouses. Despite the reduction in permit values, permit application volume remains strong. Chart 3 shows that permit volume was down less than 10%. While developers/builders pulled back on larger scale residential, commercial and industrial projects, there was a modest increase in permit activity for smaller scale renovations and single-family construction.

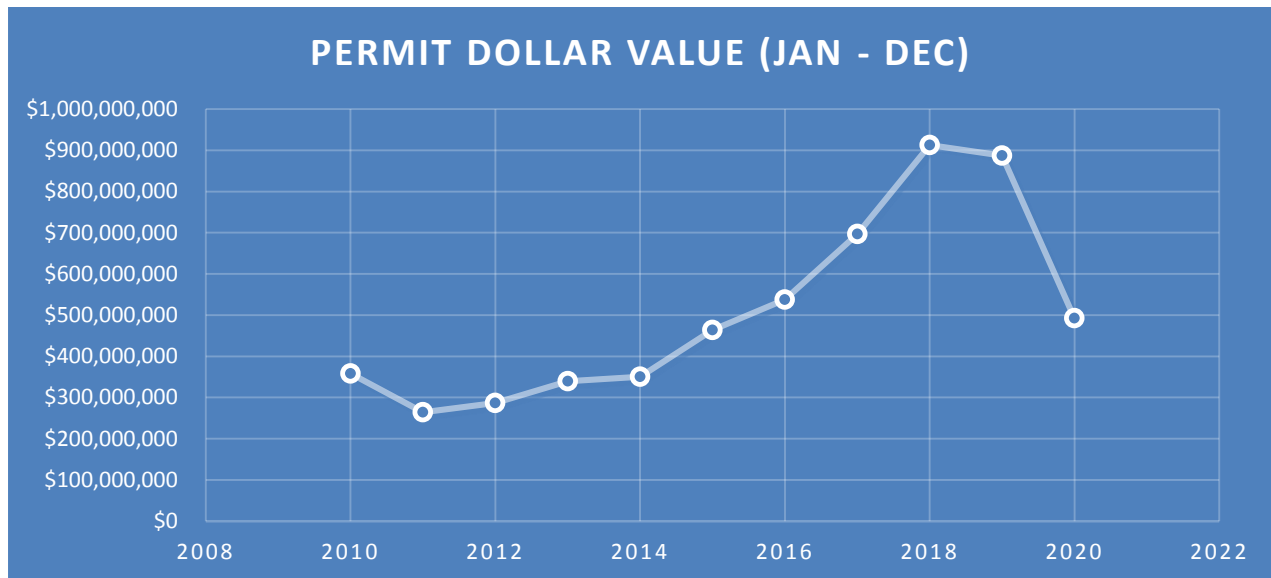


Chart 2

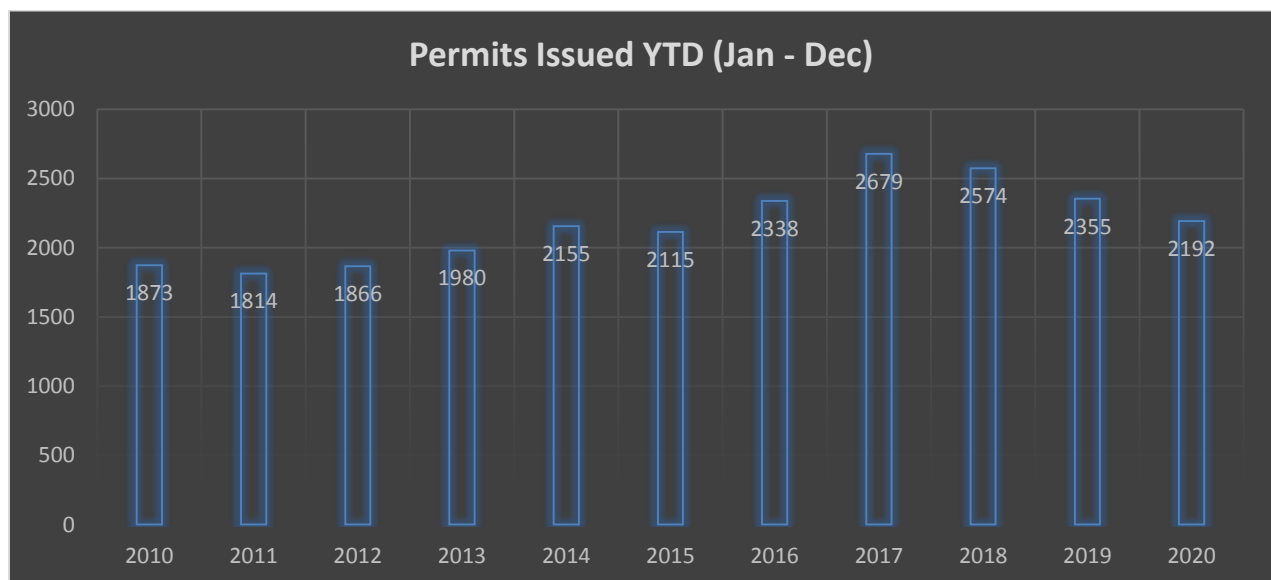


Chart 3

Housing Type and Volumes

While housing starts in 2020 remain slightly below the 10-year average (Chart 5); they recovered significantly from a slow start which saw the first 2 quarters of the year at less than half of the 10-year average.

Chart 6 (Single/Multi Housing split) shows a bounce back in multi-family housing starts. This indicates that some developers planning larger scale multi-family housing projects are choosing to proceed after pausing project during the initial stages of the COVID-19 shutdown. Single family home construction,

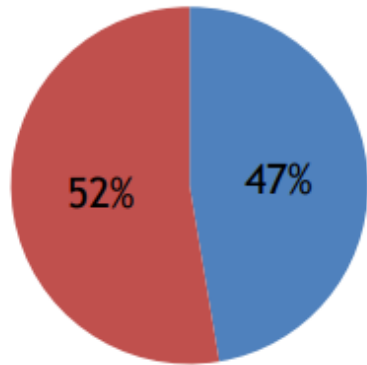
which generally represents lower risk investment, continued to proceed at a relatively steady rate throughout 2020 but also ended the year below the 10 year average.

TYPE	2020	5 YEAR AVG	10 YEAR AVG	2011 (fewest units since 1989)
Single Detached	241	345	319	255
Semi-Detached	82	67	44	9
Secondary Suites	182	260	187	65
Row Housing	201	211	172	90
Apartment Units	373	1,249	708	0
Mobile Home	6	5	4	4
Carriage House	11	30	19	N/A
Total	1,096	2,168	1,453	423

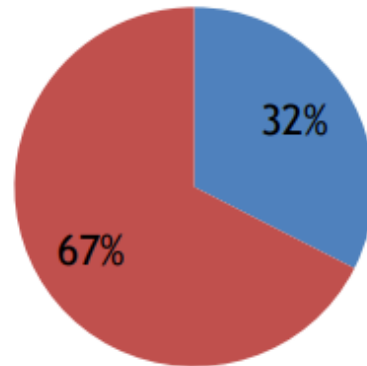
Chart 4

SINGLE VS. MULTI SPLIT

Q4 YTD (2020)



Q4 YTD (5 Yr. Historical)



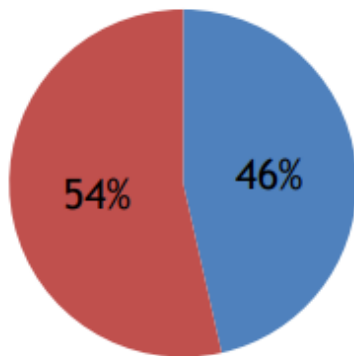
MULTI INCLUDES
APARTMENT AND
ROW HOUSE UNITS

■ SINGLE FAMILY

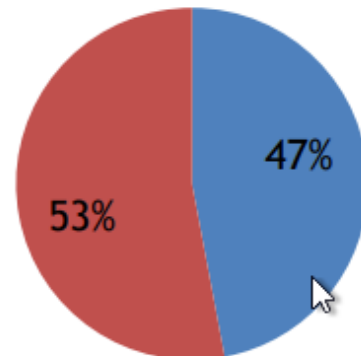
■ MULTI-FAMILY

RESIDENTIAL BY LOCATION

Q4 YTD (2020)



Q4 YTD (5 Yr. Historical)



TRACKING OF
CORE AREA
BEGAN IN 2012

URBAN DEFINED
AS INSIDE CORE
AREA (SEE MAP)

■ URBAN

■ SUBURBAN

Chart 5

Conclusions:

In 2020, low risk construction and development (responding to COVID-19 uncertainty) was the dominant theme that emerged from Kelowna's statistics. While fewer large multi-family, commercial and industrial projects commenced, single family residential type projects were less affected by COVID-19 uncertainty. The value of permits and new residential units was down roughly 50% compared to the previous year. But at the same time, the total number of building permits was at 93% of the total BPs issued the previous year. Planning related applications saw an early surge to meet DCC grandfathering submission deadlines in early February. Applications continued relatively steadily throughout the year. 2020 ended with total application volumes about where expected in the real estate cycle. The impacts of the DCC change also generated some very interesting trends. December 2019, January and February 2020 had much higher than normal levels of development application volume. While a typical January staff expect to see gross permit value of around \$50 million, January 2021 had a gross permit value of \$114 million. This trend was further exaggerated as the DCC grandfathering deadline neared in February. In the first 10 days of the month, staff received Building Permits with a gross value of more than \$319 million. Generally gross value during this period is \$28-\$40 million.

Looking ahead there are a few trends that staff believe will continue to impact the Kelowna and Okanagan housing markets:

- High Consumer Demand: Data from both the Association of Interior Realtors and the UDI Okanagan Market forecast indicate that consumer demand will remain high for the foreseeable future.
- Product coming – DCC grandfathering BP deadline: Many developers and builders are planning to move projects ahead in 2021 as evidenced by the rush of buildings permits applications submitted prior to the February 10 grandfathering deadline. Staff are also tracking a number of large scale development applications that will be moving into the Council process in the first half of 2021.
- Trend back to multi-family dominated growth: While 2020 saw a reversal of the trend towards multi-family dominated growth, staff expect to see 2021 stats return closer to the normal split in terms of multi-family/single family dwelling units constructed (approx.. 66% multi/34% SFD). This trend may be exaggerated by pent up demand in the market leading to some price escalation.

Considerations applicable to this report:

N/A

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by:

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Approved for inclusion:



D.Gilchrist, City Manager