

Report to Council



Date: June 21, 2021
To: Council
From: City Manager
Subject: 2020 Planning and Development Statistics
Department: Planning and Development Services

Recommendation:

THAT Council receives, for information, the report from the Planning and Development Services department dated June 21, 2021, with information relating to Planning and Development Statistics;

Purpose:

This report updates Council on Building and Development Statistics for the first quarter of 2021.

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 – Quarter 1 - 2021

The first quarter of 2021 development application statistics show an increase in development application volume which can be attributed to factors including:

- a) Increased demand for housing
- b) Low interest rates
- c) COVID19 – work from home mobility

The Development Planning department is on pace to process approximately 900 development applications in 2021. This volume is consistent with real estate market peaks seen in 2016 and 2019.

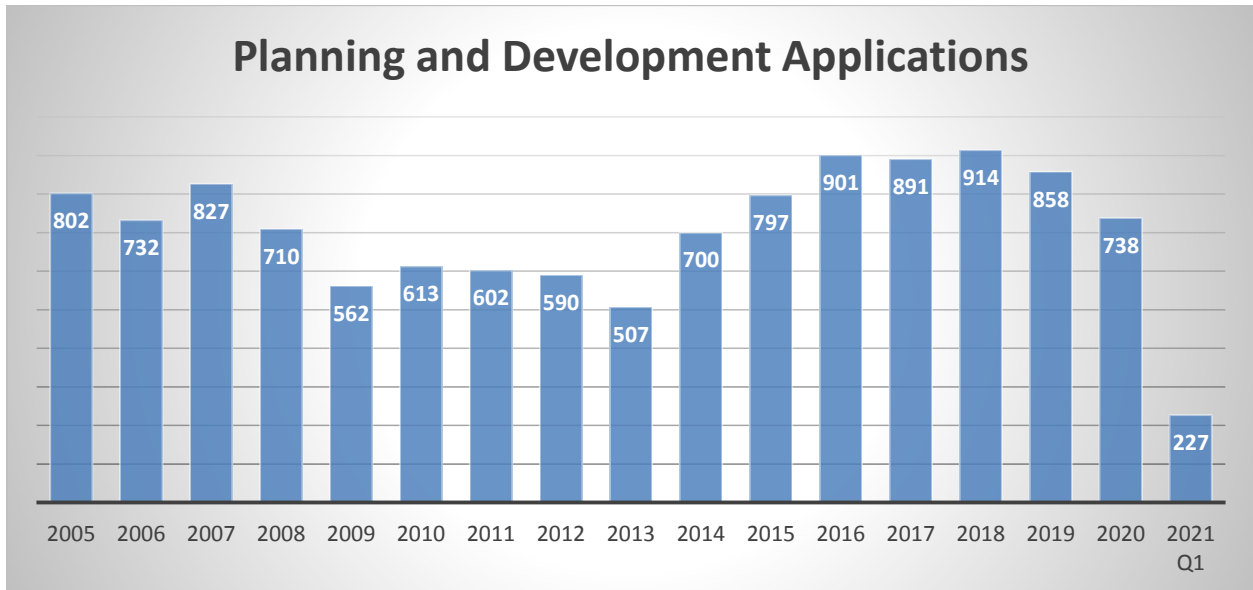


Chart 1

Building and Permitting Statistics Q1 - 2021

The City's Building and Permitting team reported an increase in construction value of nearly 25% (chart 2) in quarter 1. This is related to the final impacts of the Park Construction DCC increase which came into effect in early February. In the first 5-weeks of 2021, permits with a gross value in excess of \$400 million were submitted for processing in the City's building permit process. Construction activity in Q1 2021 exceeded the entire 2020-year.

Q1 2021 building permit activity (volume of permits) also remained strong and should be at or slightly above the 5-year average.

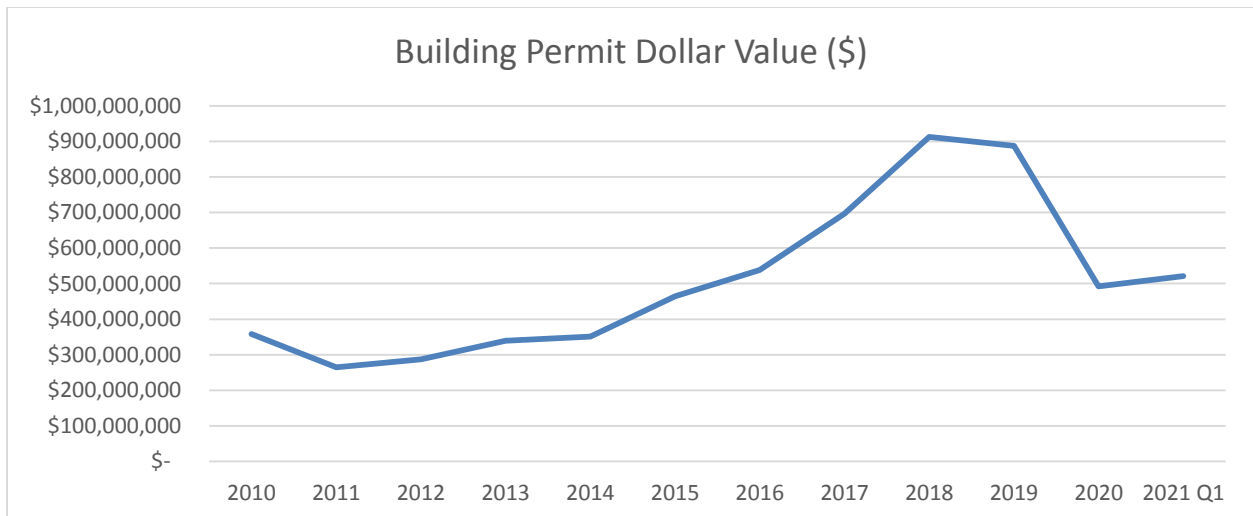


Chart 2

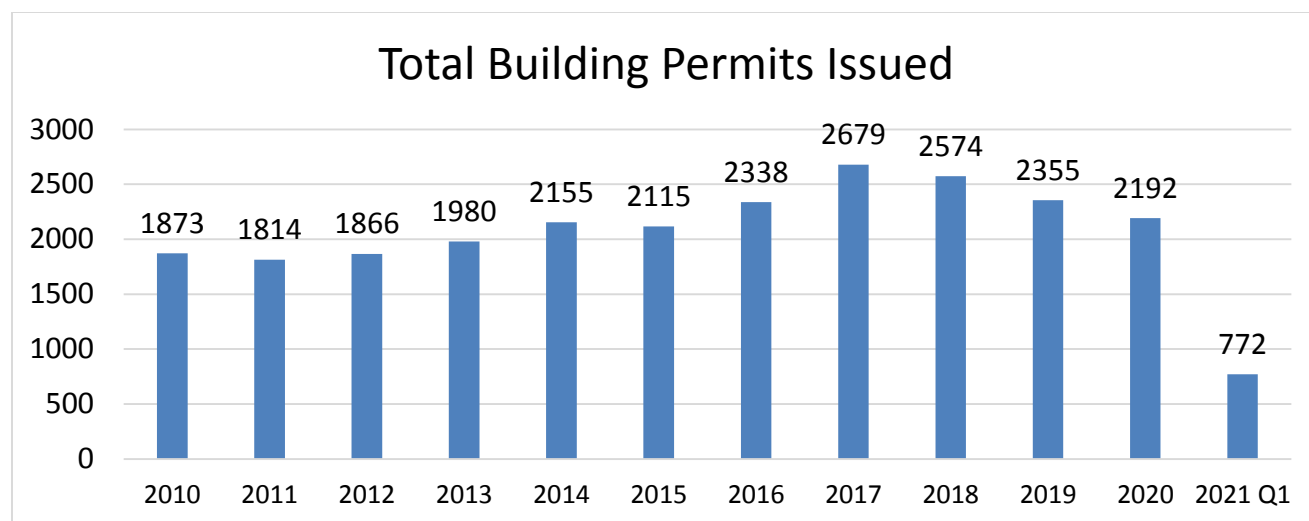


Chart 3

Housing Type and Volumes

Permit applications for housing in the Q1 of 2021 far exceeded the 10-year average (Chart 4); they recovered significantly from a slow 2020 which saw the middle quarters of the year at less than half of the 10-year average. Single family home construction, which generally represents lower risk investment, continued to proceed at a strong pace through Q1 2021.

Chart 5 (Single/Multi Housing split) shows a strong bounce back in multi-family housing. 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. As noted above – an additional factor has been the desire to proceed with permitting to avoid additional Parks DCC charges. The location of these housing units is also predominantly in the core area of the City which is consistent with the City's growth management/densification strategies.

TYPE	2021 (Q1)	5 YEAR AVG (Q1)	10 YEAR AVG (Q1)	2011 (Q1) (fewest units since 1989)
Single Detached	133	73	64	53
Semi-Detached	22	15	11	0
Secondary Suites	75	62	46	16
Row Housing	341	29	28	20
Apartment Units	1,203	200	110	0
Mobile Home	2	1	1	2
Carriage House	4	8	5	N/A
Total	1,780	388	265	91

Chart 4

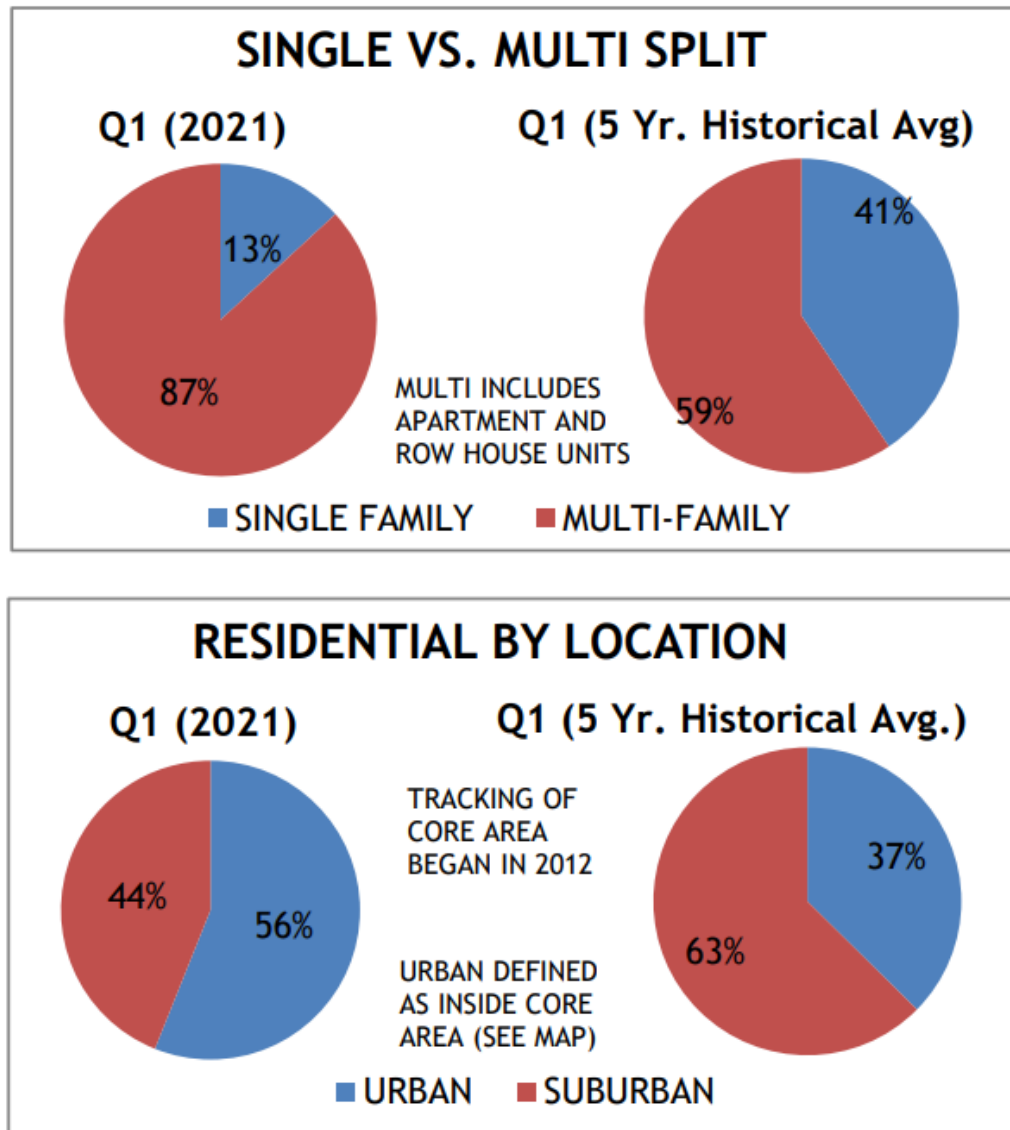


Chart 5

Conclusions:

The Kelowna construction and development industries are experiencing a strong bounce back from COVID-19 related uncertainty that slowed the pace of growth for the bulk of 2020. While in a typical first quarter staff expect to see gross permit value of around \$125-million, 2021 had a gross permit value of approximately \$500-million. Application volume/activity in the planning process remains high which indicates strong confidence in future demand for housing. Based on this application volume, it is likely building permit numbers will remain strong in 2022 and 2023.

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 remain will remain high for the foreseeable future as international borders begin to open and immigration volumes to Canada accelerate.
- 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 several large-scale development applications that will be moving into the Council process in the first half of 2021.
- Trend back to multi-family dominate growth: While 2020 saw a reversal of the trend towards multi-family dominated growth, staff expected to (and did) see 2021 stats return to the normal split in terms of multi-family/single family dwelling units constructed (approx. 66% multi/34% SFD). The final 2021 Q1 stats ended up showing an overwhelming trend back to permits for multi-family development with approximately 87% of all new units being multi-family.

Based on the data and trends observed, the Planning and Development Services division is planning both short and long-term resourcing help for departments involved operating the development process. Contract Planner positions are added to the Development Planning department when application volumes trend upward. The Building and Permitting department also shifts staff between building and plan checking.

The division's management team is watching application volumes and also plans to structure 2022 budget requests to support the development process in areas experiencing resourcing challenges.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Communications Comments:

Financial/Budgetary Considerations:

Submitted by: R. Smith, Divisional Director of Planning and Development Services

Approved for inclusion: D. Gilchrist, City Manager

Attachment: 1 - PowerPoint