

# Report to Council



**Date:** June 20, 2022  
**To:** Council  
**From:** City Manager  
**Subject:** Infill Housing & UBCM Grant – Project Update  
**Department:** Policy and Planning

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## **Recommendation:**

THAT Council receives, for information, the report from Policy and Planning dated June 20, 2022 with respect to the UBCM Local Government Development Approvals Program Grant and the Infill Options Project;

AND THAT Council direct staff to report back on the results of stakeholder engagement and concept development for policy and bylaw changes that would expand ground-oriented infill housing in Core Area Neighbourhoods consistent with the direction of the Official Community Plan.

## **Purpose:**

To provide Council with an update on workplan and objectives for the Infill Options project funded by the UBCM Local Government Development Approvals Program Grant.

## **Background:**

In Spring 2021, Council directed staff to apply for grant funding from the UBCM Local Government Development Approvals Program towards an "Infill Housing Approvals Process Review". In Fall 2021, the City of Kelowna was a successful recipient of a \$142,000 grant. The UBCM grant is "to support the implementation of established best practices and to test innovative approaches to improve development approvals processes". It is part of the broader provincial push<sup>1</sup> to improve on the supply side of housing.

The City's approach to this grant funded project – called *Infill Options* – is focused on expanding permissions and streamlining approvals for infill housing. This initiative is a direct response to the pressing need for more supply and would support creation of more attainable market housing.

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<sup>1</sup> Other related Provincial projects include the 2019 [Development Approvals Process Review](#) and the 2021 "[Final Report of the Canada-British Columbia Expert Panel on the Future of Housing Supply and Affordability](#)".

Supporting increased supply is one tool that municipalities have at their disposal to provide relief to a constrained market, notwithstanding that widespread affordability challenges facing Kelowna and cities across the country are also driven by demand side factors. Infill housing can address attainability as units are usually priced lower than single-detached homes. Further, third party research suggests that increased supply can tame rising real estate prices.

Responding to infill housing needs with supportive policy is both imperative and opportune. Senior levels of government are pushing for municipal changes that would increase housing supply. The province has made early suggestions of new legislation to impose such changes. However, those same governments are also supporting housing initiatives with grant funding, such as the UBCM grant, and the announcement of the 2022 Federal Budget Housing Accelerator Fund. Taking action towards infill housing growth through the Infill Options project will put the City of Kelowna in prime position to take advantage of these potential opportunities while responsibly addressing the needs of growth.

Project scoping and background research have been underway since the grant award. This report provides Council with 1.) the definition and policy context of infill housing; 2.) the goals of the project; 3.) proposed objectives, deliverables and workplan; and 4.) a brief summary of precedent examples.

*Previous Council Resolution (relevant portion of)*

Resolution	Date
<p>THAT Council receives, for information, the report from the Planning &amp; Development Services Department dated April 19<sup>th</sup> with respect to the UBCM Local Government Program Services for the Local Government Development Approvals Program;</p> <p>AND THAT Council support the current proposed activities and endorse staff to provide overall grant management.</p>	<p>April 19, 2021</p>

**Discussion:**

*Infill Housing: Definition and Policy Context*

Infill development, in broad terms, is new development within already established areas of the City. Infill housing, more specifically, is usually understood to be higher density residential development implemented in a form that does not significantly change neighbourhood character.

OCP 2040 specifically supports infill housing development as a way of gently increasing housing density within the Core Area Neighbourhood designation (C-NHD). This strategic policy direction is fundamental to the City’s growth strategy of directing growth to the Core Area. 25% of the City’s growth to 2040 is expected to be in the form of infill housing in Core Area neighbourhoods. This translates to a need for approximately 6,400 units for between 11,000 - 13,000 people (Figure 1).

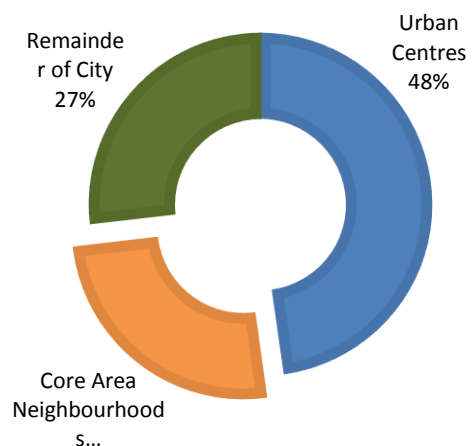


Figure 1 - Housing Growth Distribution: 2022 - 2040

In Core Area neighbourhoods (C-NHD), the pattern and size of new infill development is expected to be generally consistent with the existing character of neighbourhoods in terms of scale and lot configuration. The OCP defines expected types of infill as *ground-oriented* housing. This is development where each unit has an exterior facing, ground floor front door. Examples include duplexes, houseplexes (3+ units), and row-housing (side-by-side, front-to-back or both). Existing fourplex developments within the City's RU7 zoning design are another good example.

This type of infill replaces existing single-detached homes on existing lots with multiple units. It usually becomes strata ownership. It does not involve lot assemblies, buildings over three stories, or buildings which have lobbies or shared hallways. It is intended to complement other types of existing development such as carriage houses and duplexes and would be interspersed amongst existing single-detached homes.

This type of infill housing integrates various Official Community Plan priorities across growth management, transportation efficiency, housing diversity, infrastructure re-investment, climate considerations, and improving affordability. Infill housing also supports other major policy objectives:

- The Transportation Master Plan objectives of shifting away from a car-centric culture by adding new housing near existing services, as well as improving the viability of additional neighbourhood street improvements.
- The Healthy Housing Strategy Key Direction of *Right Supply* by providing lower priced developments and increasing the diversity of market housing. Increasing supply in the market segment of the Housing Wheelhouse can provide relief in other areas of the wheelhouse as persons are able to take move within different types of housing options within the housing wheelhouse.

#### *Infill Options Project: Background and Goals*

Despite the broad OCP policy direction in support of expanding infill housing, the single-detached home is the easiest type housing to construct in the City right now. More than 90% of residential lots in Core Area neighbourhoods are restricted by zoning to having only a single-detached home (most with the option for suite or carriage house). In these instances, a rezoning is required before any additional infill development can be realized.

The rezoning process is a known barrier to infill housing supply due to the time, complexity and risk involved. These issues can be more readily managed in large-scale projects. However, overcoming these for small infill development projects on a case-by-case basis is a disincentive. It is also a burden on City staffing resources. In the context of growing housing demand within the Core Area, this creates a supply constraint. It hinders the City's growth strategy and potentially puts upwards pressure on housing costs. It also emphasizes development of apartments or single-detached homes, which will not be suitable housing for all residents.

In the context of this need, and existing policy, the Infill Options project responds with a simple goal of removing regulatory barriers as a means to support increased supply of ground-oriented infill housing.

The definition of *ground-oriented* provided in the previous section guides the type of infill considered for this project. Locations on transit supportive corridors, which are expected to develop more dense and larger buildings, are not included in this work. Also out of scope are mixed/commercial land uses, existing stratas (including bare-land), and development in Urban Centres.

The project has been titled the *Infill Options* project to reflect its expected outcomes: an increase in the range of permitted housing options and an increase in the speed of delivery infill housing. Achieving the goals of this program would ultimately provide more options for the development community, more options for homebuyers, and make it easier to develop ground-oriented infill.

*Infill Options Project: Objectives and Workplan*

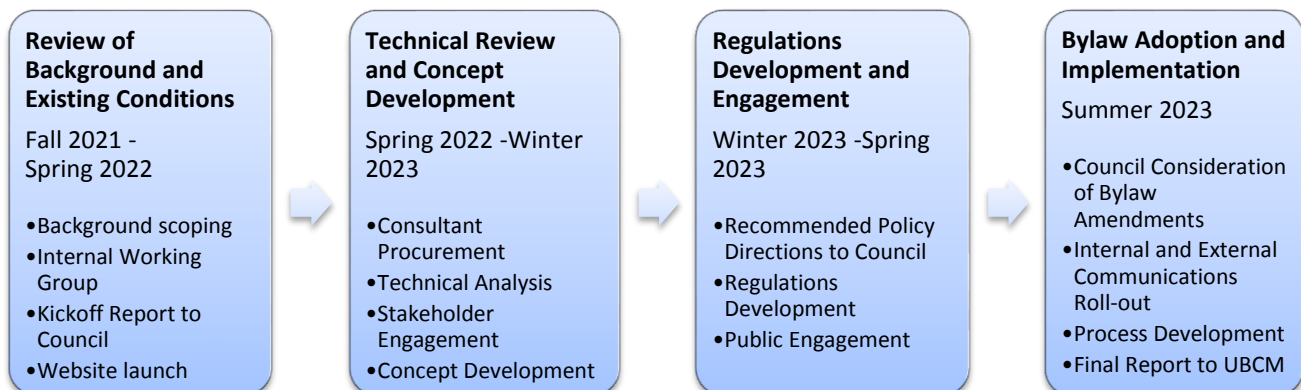
Building on precedent research and collaboration with other departments, Policy and Planning staff have developed five objectives to guide the Infill Options project towards its goals. These are:

- I. Accommodate infill development in core area neighbourhoods (C-NHD) by investigating and introducing zoning regulations for infill housing (3+ units);
- II. Develop processes and policy that support shorter timelines for development review and permit issuance;
- III. Identify and respond to infrastructure constraints and challenges with revised policy, guidelines, and funding mechanisms;
- IV. Incorporate considerations for improved affordability into processes and outcomes; and
- V. Conduct public and stakeholder engagement at IAP2 levels of 'Consult' and 'Involve'.

The scope of work will involve considerable cross-department collaboration and technical analysis. A working group of multiple City departments will facilitate this communication. To further support the project, the UBCM grant funding would be used to engage the expertise of a multi-disciplinary consultant team. The specific deliverables this project would provide are expected to include:

- Recommendations to Council in the form of zoning and other bylaw amendments to support ground-oriented infill housing in more of the Core Area;
- Technical analysis to identify infrastructure challenges (water/sewer/roads) and solutions;
- Economic analysis to understand impact of new regulations on land values and explore options for affordability;
- Recommendations for process improvements to streamline development approvals;
- Urban design analysis and building models to inform design guidelines;
- A revised frontage works funding and financing program; and
- Communications materials to support implementation.

The summarized workplan below outlines phases and milestones of the project. Progression will follow a “research – consult – report back – revise” format. This allows for touchpoints with the community and Council at multiple points in the process. Further updates to Council are anticipated in Quarters 1 and 3 of 2023. The project is moving into Phase 2 and a procurement process is underway.



Preliminary public engagement will take place on the City's 'Get Involved' site. This is intended to raise awareness of the project, gather preliminary feedback, and identify areas of concern. As the project progresses, a detailed engagement and communication plan will be developed to support more specific opportunities for community feedback. Engagement will build on the support for infill that was demonstrated during OCP 2040 consultations, but dive deeper with specific questions to understand how the public views proposed policy options. Directed stakeholder engagement will also inform the project.

### *Infill Housing: Precedent Examples*

There are several notable examples of comprehensive initiatives to expand infill housing across large portions of other cities, including Toronto, Victoria, Vancouver, Edmonton, Portland, Minneapolis, and Cambridge (MA). Key takeaways from these and other examples identified in Attachment #1 have informed the scope and process of the Infill Options project, as follows:

- Comprehensive pre-zoning for houseplexes is best approached at a large scale;
- Incorporating economic analysis is important to match regulations with economic reality and to also allow for policy that incorporates affordability options;
- Infill policy will need to consider limitations and 'trade-offs' (i.e. balancing parking needs with desire for on-site trees);
- Policy that discourages 1:1 housing replacements and incentivizes houseplexes is common; and
- Infrastructure needs resulting from infill can be proactively addressed through funding models.

### **Conclusion:**

The Infill Options project will better prepare Kelowna for 20 years of infill housing growth in Core Area neighbourhoods. It will serve as a step towards other future infill strategies and programs in Urban Centres and along Transit supportive Corridors. Achieving the goals of the Infill Options project would make it easier to develop ground-oriented infill across a larger area of the city, provide more certainty to the development community, and provide more options for low-impact infill growth and a larger supply of attainable housing for existing and future residents.

By approaching this regulatory change at the scale of the entire Core Area, the impact of new infill regulations would be spread out across the city, allowing change to occur incrementally and diminishing land speculation. By removing regulatory barriers and simplifying the approvals process, the Infill Options project would help to increase new infill housing supply. This project will build on the success of the RU7 zoning while incorporating other new considerations for improved integration across land use, transportation, and housing policy goals that were explored most recently in the Infill Design Challenge 2.0.

### **Internal Circulation:**

Community Planning  
Transportation Engineering  
Infrastructure Engineering  
Development Engineering  
Utilities Engineering  
Utility Services  
Building Inspection & Licensing

## Considerations applicable to this report:

### *Existing Policy:*

#### Official Community Plan

- *Core Area Neighbourhood (C-NHD) Definition and Growth Strategy Role:* Core Area Neighbourhoods will accommodate much of the city's growth through sensitive residential infill, some low rise buildings permitted in strategically located properties, and more opportunities for local commercial and institutional development. Except where located along a Transit Supportive Corridor, new development would be largely in keeping with the existing scale and building orientation of the neighbourhood to maintain the overall feel, particularly in Heritage Conservation Areas. Residents of Core Area Neighbourhoods would have easier access to Urban Centres and Village Centres for many of their day to-day shopping and employment needs while their alignment along Transit Supportive and Active Transportation Corridors would make it easier to reach other areas of the city without a car.
- *Policy 5.3.1 Ground Oriented Infill:* Ground Oriented Infill. Encourage gentle densification in the form of ground-oriented residential uses such as houseplexes, townhouses and narrow lot housing to approximately 2 storeys, maintaining residential uses and setbacks that reflect the existing development pattern.
- *Policy 5.3.6 Small Lot Development:* To encourage residential infill development in Core Area Neighbourhoods and transition areas that reflect the existing neighbourhood context, discourage large lot consolidations except where properties front or directly abut a Transit Supportive Corridor, Active Transportation Corridor, or an Arterial Road.
- *Implementation Action #21:* Develop a Residential Infill Strategy

#### Transportation Master Plan

- *Policy 2.1:* Prioritize renewal and enhancement of existing infrastructure over the construction of new infrastructure, where possible.
- *Policy 1.8:* Update Core Area streets with sidewalks, drainage, boulevards, and trees as neighbourhoods fill in. Explore implementation strategies and fair ways to share costs between developers, existing residents, and the City.
- *Recommended Projects #8:* Local Street Urbanization Program

The TMP recommends creating a new Local Street Urbanization Program to pool contributions from development, local residents and the City to build complete local urban streets, including sidewalks, more quickly.

#### Healthy Housing Strategy

- Actions related to key Direction of *Build The Right Supply:*  
  
Create more sensitive infill of lots in existing neighbourhoods

Support a greater variety of infill housing forms

Community Climate Action Plan

- *Land Use Action 4 (LU4)*: Coordinate land use and transportation planning through the OCP, Transportation Master Plan and the Regional Strategic Transportation Plan updates to ensure policy and actions make it easier for people to choose sustainable travel modes.
- *Land Use Action 9 (LU9)*: Investigate incorporating a policy into the Official Community Plan to design neighbourhoods such that the site design, construction of buildings and corresponding infrastructure achieves more efficient energy and water use through a systems approach.

**Considerations not applicable to this report:**

***Communications Comments:***

***Financial/Budgetary Considerations:***

***Legal/Statutory Authority:***

***Legal/Statutory Procedural Requirements:***

***External Agency/Public Comments:***

Submitted by:

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**Approved for inclusion:**



James Moore, Infill & Housing Policy Manager

Attachments:

Attachment #1: Infill Housing Precedent Review Summary