

May 10<sup>th</sup> 2024

**Ms. Nola Kilmartin**, Development Planning Department Manager

City of Kelowna  
1435 Water Street  
Kelowna, BC  
V1Y 1J4

**Re: McKinley Urban Reserve Lands | OCP Amendment Application for Early Consideration**

Dear Nola,

On behalf of McKinley Beach, Placemark is pleased to submit the attached application for Early Consideration of an OCP Amendment to explore the redesignation of the McKinley Urban Reserve Lands. Please accept this letter and attached documentation as our formal Application for the McKinley Lands.

The intent of this application is to seek support for an **OCP Amendment Planning Process** to permit the development of a more complete mixed-use neighbourhood that offers a range of housing options with a focus on 'Missing Middle' forms. The Application highlights new research on development activity in Kelowna's north that identifies a gap in housing and community services near the northern Gateway's growing economic and employment centres.

The application package includes the following documents:

- OCP Amendment Application
- Development Application Form
- Owner's Authorization Form
- Certificates of Title

We look forward to working with the City of Kelowna towards achieving a more complete community for the McKinley Lands.

Should you have any questions over the course of your review, please do not hesitate to contact any of the below signatories.



**Paul Fenske**  
Principal

Placemark Design



**Theo Finseth**  
Partner

Placemark Design



# McKinley Lands

OCP Amendment Application

Early Consideration

May 10, 2024

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View of McKinley Mountain Park and Urban Reserve Lands, facing northwest towards Hilltown

## Executive Summary

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The McKinley Planning Team is seeking early consideration for an Official Community Plan Amendment (the “Application”) for its 671-acre Urban Reserve lands. The purpose of the Application is to develop a bold vision for the McKinley Urban Reserve lands to deliver a more complete community for north Kelowna. Centrally-located between existing neighbourhoods and the growing employment hubs of the Gateway, McKinley’s Urban Reserve has the potential to serve as the heart of north Kelowna with dedicated parks, civic facilities, service retail, and a mix of “Missing Middle” homes.

New development activity research within Kelowna’s north, along with review of the City’s 2023 Housing Needs Assessment, has identified a gap in housing and community services near the Gateway’s growing employment centres. Over the past 5 years, the McKinley and Gateway areas have absorbed 68% of the City’s industrial development and 28% of the commercial development, while reflecting only 7% of new homes - resulting in an emerging and increasing housing gap in Kelowna’s north.

Through its location, scale, ownership and available servicing, the McKinley Urban Reserve lands are well-positioned to lead smart growth for the City’s north, delivering a complete community with a diversity of neighbourhood homes and services in the near-term.

Given the new data and established need to address change in the McKinley and Gateway areas, the Applicant is requesting Council’s support to initiate an OCP Amendment process for the McKinley Urban Reserve lands. The comprehensive planning process will include detailed planning, technical and environmental assessments, neighbourhood design explorations, and extensive community engagement.

Section 1

# Introduction



View of McKinley Reservoir and ALR lands in the McKinley Urban Reserve, facing southeast with views of UBCO

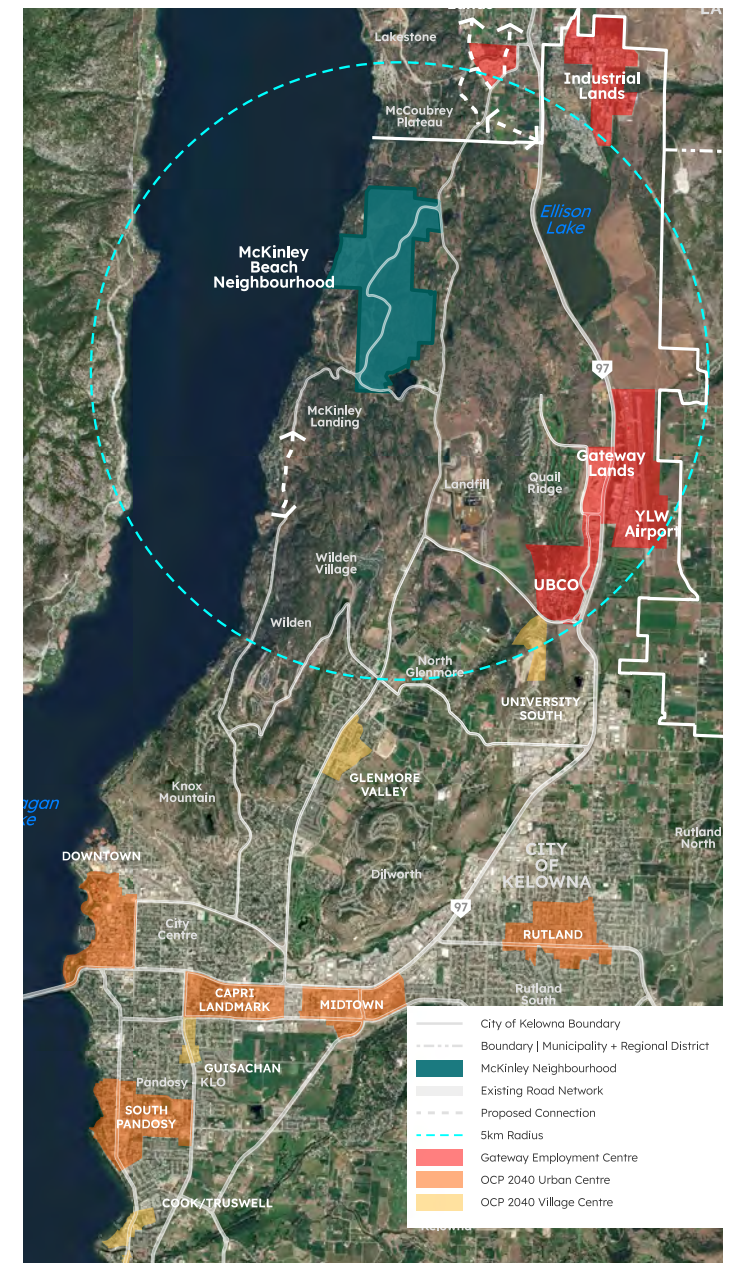
# 1. Introduction

## 1.1. MCKINLEY LANDS | Planning Area and Context

Situated within the City’s north, McKinley’s 671-acre Urban Reserve lands are centrally-positioned between existing neighbourhoods and the growing Gateway employment lands. The Urban Reserve lands are an extension of the existing McKinley Beach and Landing neighbourhoods. McKinley Beach is a community of approximately 550 built homes with approvals in place for a total of 1,300 - including a mix of single-family, townhomes and apartments - as well as a destination marina, publicly accessible beach, extensive recreational trail network, and working winery.

The McKinley Urban Reserve lands are currently designated as a mix of Rural – Agricultural and Resource (R-AGR) and Natural Areas (NAT). Portions of these lands are also designated as part of the Provincial Agricultural Land Reserve (ALR), lending themselves to future agricultural uses or natural park.

Owing to its location, scale and available servicing, the McKinley Urban Reserve lands are well-positioned to lead smart community growth in the City’s north, responding to the immediate housing and community needs as explored in this Application. The Applicant is seeking early consideration by Council for an OCP Amendment planning process to explore neighbourhood design options for a more complete residential community within the McKinley Urban Reserve lands.



Section 2

# OCP Amendment Rationale

## 2. OCP Amendment Rationale

### 2.1. KELOWNA | An Evolving City

The City of Kelowna is the heart of the Okanagan. Since its pioneering days, the City has had a long-history of attracting people and business - known as a great place to call home by its diverse residents.

With a population of approximately 150,000, Kelowna is BC's 3rd-largest metropolitan area. The City has one of the fastest growing populations in Canada and is the main service hub for both the Okanagan and BC interior. Experiencing population growth of ~13.5% between 2016 to 2021, Kelowna's growth rate is above the Canadian average and that of similarly sized cities in BC including Nanaimo, Surrey and Kamloops.

Kelowna's economy is also rapidly expanding. Job creation is expected to keep up with the City's population growth, resulting in an expected increase of 25,000 jobs by 2040, ~33% increase over current employment numbers. Many of these jobs will be located in the City's Gateway along the north end of Highway 97, including major industrial lands, the growing UBC Okanagan Campus, and the expanding Kelowna International Airport, currently the 10<sup>th</sup> busiest airport in Canada.

The qualities that have made Kelowna the chosen home for many newcomers and businesses have also led to continuing development pressure on the City's constrained land base. Thoughtful strategic community planning is needed to keep pace with the rapidly evolving city, creating healthy and complete communities, while preserving what's most important in Kelowna.

### 2.2. OFFICIAL COMMUNITY PLAN | Managing Future Change

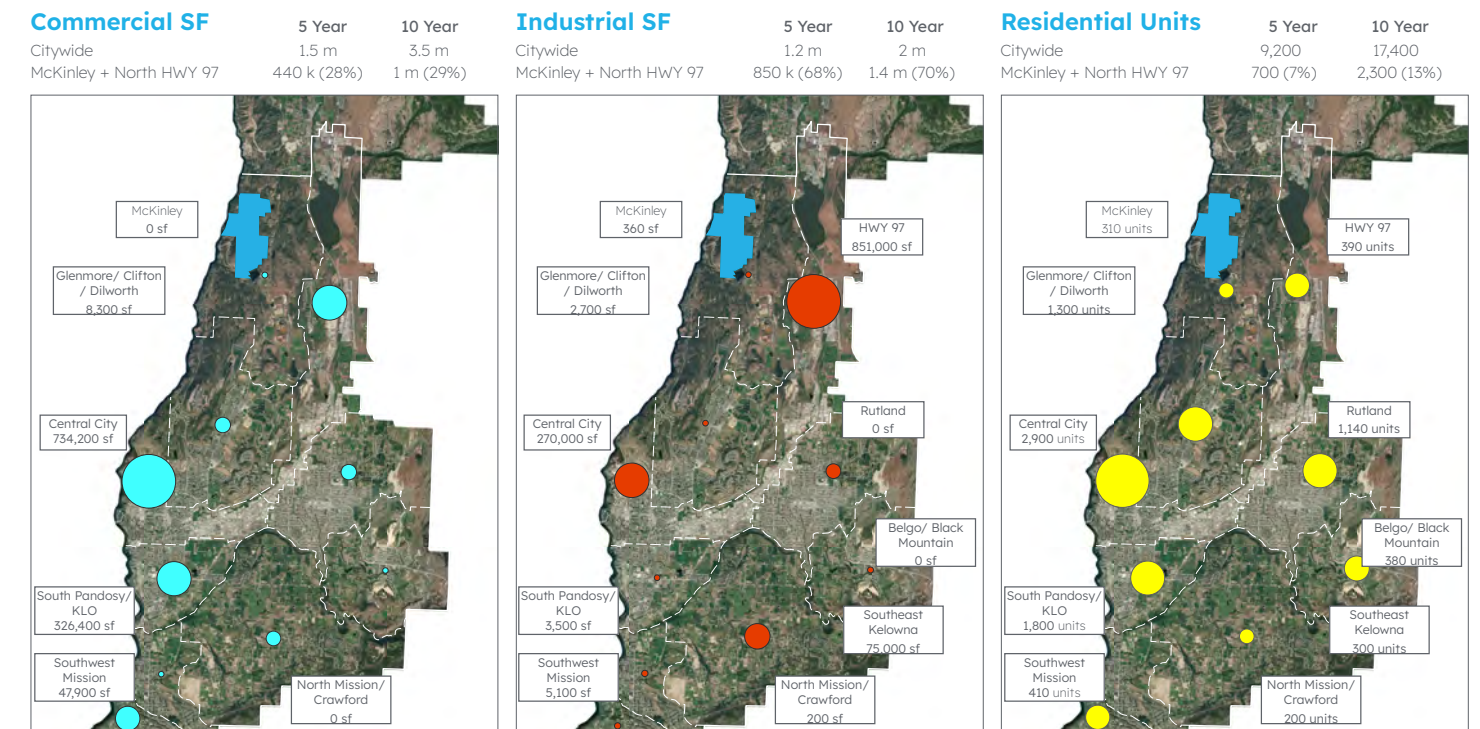
The 2040 Official Community Plan (OCP) is the City's foundational policy document, guiding future land use decision-making. It outlines the goals, objectives and policies to guide planning, land use management and infrastructure investment within City boundaries.

While growth in Kelowna has historically been limited by agricultural areas and available sanitary servicing, recent OCPs have reflected a shifting approach away from expanding suburban development to an urban core focus - spurring the successful densification of several City centres. A main pillar of the 2040 OCP is to focus growth and investment in Kelowna's Urban Centres while limiting development in Suburban and Rural-designated lands. Despite the success of this policy focus, commercial and industrial growth has continued in the northern Gateway lands.

### 2.3. DEVELOPMENT ACTIVITY | Land Use Misalignment

New data collection on recent Kelowna development activity was commissioned from Colliers Real Estate Services to better understand emerging development patterns. Commercial, Industrial, and Residential development metrics are presented in the table and figure below for the last 5 and 10-year periods.

	Last 5 Years	Last 10 Years
<b>Commercial Development   SF</b>		
Citywide	1,500,000	3,500,000
McKinley + North Hwy 97	<b>440,000   28%</b>	<b>1,000,000   29%</b>
<b>Industrial Development   SF</b>		
Citywide	1,200,000	2,000,000
McKinley + North Hwy 97	<b>850,000   68%</b>	<b>1,400,000   70%</b>
<b>Residential Development   Units</b>		
Citywide	9,200	17,400
McKinley + North Hwy 97	<b>700   7%</b>	<b>2,300   13%</b>







Photographs and renderings of Gateway Lands growing employment centres including UBC Okanagan, Kelowna International Airport, and Industrial Lands.

Over the past 5 years, the McKinley and Gateway areas (including UBCO, YLW and Industrial lands) have absorbed 68% of the City's total Industrial Development while reflecting only 7% of total Residential Development. The data reveals an emerging housing gap in the McKinley and Gateway areas, where significant economic and employment centre build-out is occurring with minimal supporting neighbourhood homes or services. This housing gap is already fuelling increased commuter activity, and will only expand in coming years.

Major economic investment is continuing in the Gateway lands.



UBC Okanagan has \$425M planned capital investment to develop new facilities and residences, doubling the facility square footage at the main campus.



Kelowna International Airport is undertaking a terminal expansion to increase capacity, with passenger volumes forecast to reach 3.5M annual passengers by 2045.



Significant industrial development is occurring at the West Airport Business Park and near Beaver Lake Road, including the major light industrial subdivision at 380 Bubna Road. A further 500,000 square feet of industrial space is planned just beyond City boundaries at the Lake Country Business Park on Glenmore Road.



Major transportation infrastructure investment is planned in the Gateway lands including the future Commonwealth Road connection from Highway 97 to Glenmore Road.

Economic expansion in the City's north, combined with the OCP's residential focus on urban cores, is preventing people from living near these growing major job centres, resulting in long daily commutes and the absence of community amenities in the City's north.

#### 2.4. HOUSING NEEDS | Gateway Lands Housing Gap

According to the City's 2023 Housing Needs Assessment (HNA), Kelowna is listed among the municipalities with greatest housing need and highest projected growth - the fastest growing Census Metropolitan Area in BC over the past 2 years. The HNA identifies a need for between 18,750 - 26,470 new homes to address current and future demand to 2031, ~50% higher than the growth assumptions underpinning the 2040 OCP.

The focus on residential development in the City's urban cores, along with underestimation of housing needs, highlights the lack of planned residential supply to respond to the Provincial Housing Crisis. The City's current lack of housing options at attainable prices makes it challenging for residents to advance through various housing forms and tenures (i.e., the Housing Wheelhouse or Housing Ladder) as their needs change, creating bottlenecks that further compound the Housing Crisis.

While residential development in urban cores remains critical to addressing housing needs, it is limited by its pace of implementation. Redevelopment of zoned infill lands face numerous challenges, including property fragmentation, ownership, and utility capacity. Infill development alone is unable to address the City's housing shortfall in the near-term.

Focusing residential development in urban cores also does nothing to address the shortage of neighbourhood homes and services near the Gateway employment centres. In fact continued growth in urban centres only will exacerbate the traffic issues related to workers commuting to what is the fastest growing economic hub in the Okanagan. In contrast, a more complete neighbourhood with Missing Middle housing on the McKinley Urban Reserve lands can provide needed homes near these growing major employment centres.

Section 3





# Neighbourhood Vision + Planning Process

# 3. Neighbourhood Vision + Planning Process

## 3.1. MCKINLEY VISION | Sustainable Future Growth

Sustainable future growth management is required to address today’s needs for compact walkable neighbourhoods offering a diversity of homes, shops and services, close to where people live, work and play. The McKinley Urban Reserve’s location in the City’s north - near growing major economic centres - positions the neighbourhood to provide homes near employment.

In addition to the strategic location, McKinley’s existing built infrastructure is capable of accommodating more complete neighbourhood growth in both near and long-term. The lands are shovel-ready for development, with:

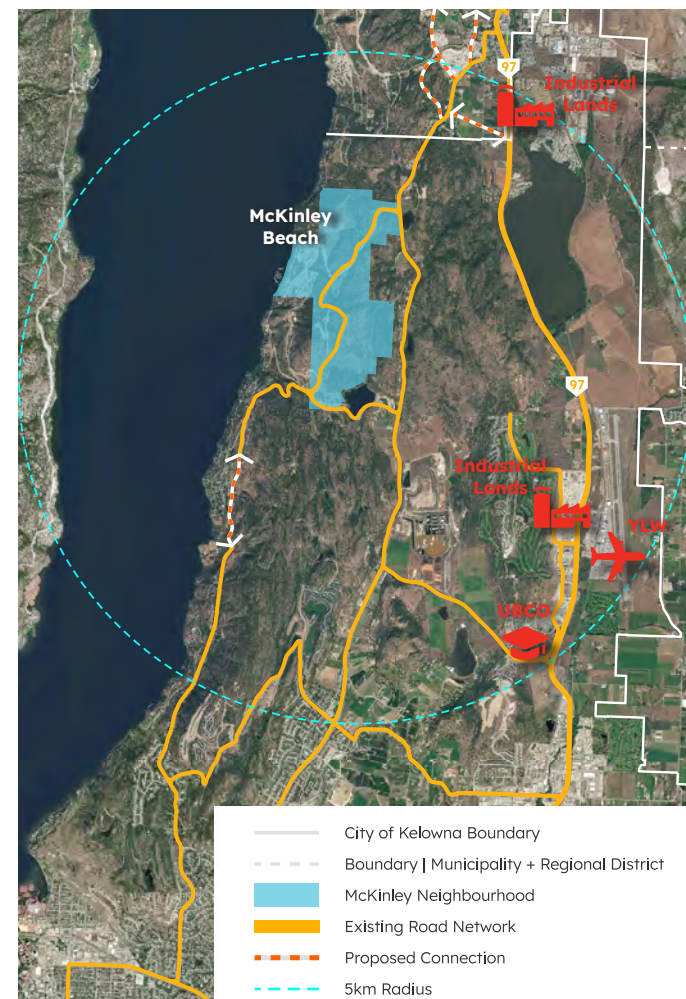
-  a local drinking water intake and treatment system.
-  trunk sanitary sewer capacity.
-  on-site rainwater management opportunities.
-  major road network connections with the Arterial Streets of Hilltown Drive, McKinley Road and Glenmore Road, with the potential for future transit service once sufficient residential density to supports it.

Owing to its location, scale, ownership and available servicing, McKinley is well-positioned to lead smart and sustainable growth in the City’s north. The lands offer the potential to deliver a range of homes to address a diversity of lifestyles, life-stages and incomes – all in the near term. McKinley has the potential to shift from its primarily-residential form towards a mixed-use residential village, serving to address the City’s needs in the north without compromising Urban Core development.

In contrast to McKinley’s previous suburban-focused re-zoning initiative, the potential for the Urban Reserve lands will be driven by the following principles:

- Support a variety of lifestyles, life-stages and incomes through a range of housing - including more affordable Missing Middle forms.
- Support the growth of UBCO through housing suitable for student accommodation.
- Reduce the need for single-occupant vehicle trips through transit-supportive residential densities and services.
- Preserve and prioritize environmental values through conservation-led planning.
- Achieve a more complete community with significant commercial, recreational and civic facilities.

Central to this opportunity will be ensuring planning for the new neighbourhood involves detailed technical assessments and community engagement.



## 3.2. POLICY ALIGNMENT | OCP Framework

The McKinley Urban Reserve opportunity aligns with OCP Growth Strategy objectives and policies, identified and described below:

- **Objective 7.1** – Create more complete communities in Suburban Neighbourhoods.
- **Policy 7.1.2** - Encourage the provision of a range of services by developing Suburban Village Centres that are scaled to support residential development in the surrounding neighbourhood.
- **Policy 7.1.3** - Promote human scaled, walkable Suburban Village Centres.
- **Objective 7.2** – Design Suburban Neighbourhoods to be low impact, context sensitive and adaptable.
- **Policy 7.2.2** - Encourage housing forms that best match the topography and have the lowest amount of impact on hillside areas and provide the greatest environmental protection.
- **Policy 7.2.3** - Integrate the design of active parks with adjacent natural areas while maintaining individual park standards.
- **Objective 7.3** – Design Suburban Neighbourhoods to be inclusive, safe and to foster social interaction.
- **Policy 7.4.2** - Where a property is adjacent to agricultural lands, encourage land uses that are compatible with adjacent agricultural uses, such as urban agriculture and passive recreational uses.
- **Objective 7.6** – Support a variety of low-density housing.
- **Objective 7.9** – Create neighbourhood streets that are comfortable and safe for people to walk and play on.

## 3.3. COMPLETE COMMUNITY PLANNING | Public Process + Best Practices

Given the new data gathered and clear need to address the housing gap in the City’s north, the Applicant is seeking to undertake an OCP Amendment for the McKinley Urban Reserve lands. The OCP Amendment will be supported through a comprehensive planning process involving:

- Technical studies including Environmental, Geotechnical, and Archaeological Assessments.
- Neighbourhood design exploration options with land use planning and associated community metrics.
- Civil engineering, transportation and financial cost recovery studies.
- Wildfire preparedness and mitigation strategies.
- Environmental mitigation and enhancement strategies.
- Extensive stakeholder and community engagement.

Working with City Staff, key stakeholders, and the broader community, a public planning process will permit the required detailed understanding of the land’s potential to address housing and complete community needs in the City’s north.

With Staff and Council support, the Applicant is ready to embark on a transparent and comprehensive planning process with the goal of realizing a new vision for the McKinley Urban Reserve lands.

Appendix

# McKinley Lands City Staff Presentation

# McKinley Beach | Planning Process

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## City Staff Meeting

January 26<sup>th</sup> 2024



# Kelowna | Managing the Challenges of a Changing Region

- **Heart of the Okanagan |** BC's 3<sup>rd</sup>-largest metro area, with long-history of attracting people + business - great place to call home.
- **Ongoing Growth |** One of the fastest growing populations in Canada at ~3% over the past decade.
- **Expanding Economy |** Job creation is expected to keep up with population growth, resulting in roughly one-third (25,000) more jobs by 2040.<sup>1</sup>
- **Major Airport |** Home to the 10<sup>th</sup> busiest airport in Canada.<sup>2</sup>
- **Reputation |** These same qualities have led to continuing development pressure on Kelowna's constrained land base.

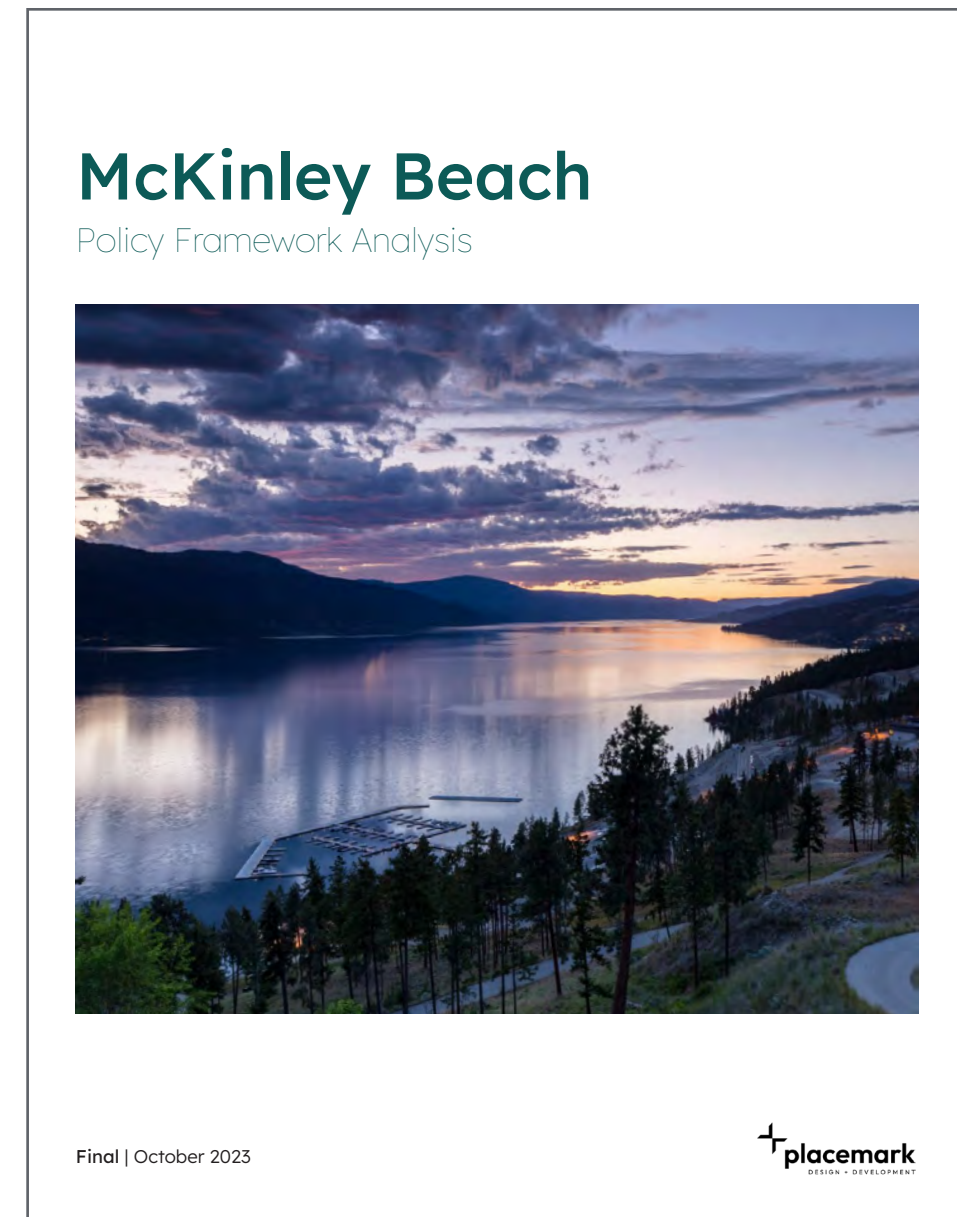


<sup>1</sup> 2040 Transportation Master Plan | Forecasts and Trends, City of Kelowna (2022)

<sup>2</sup> YLW Kelowna International Airport | About YLW, City of Kelowna (2024)

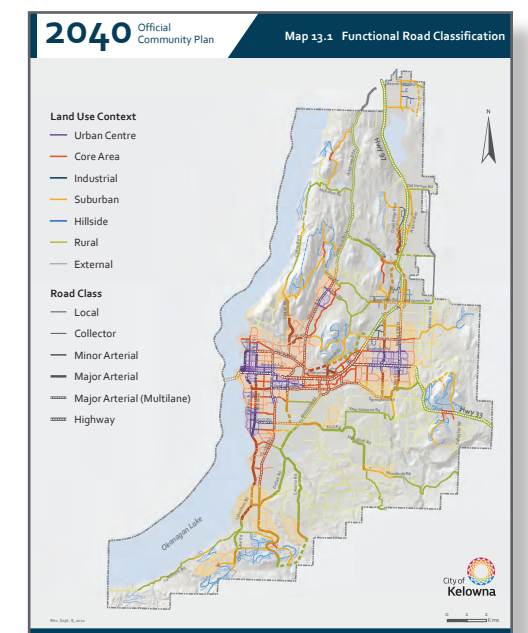
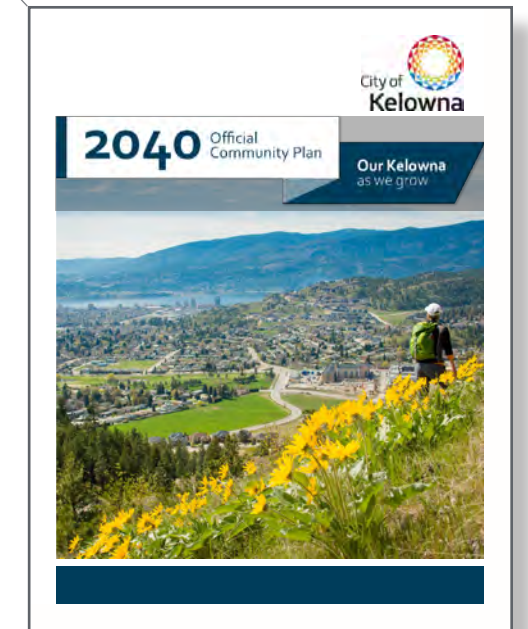
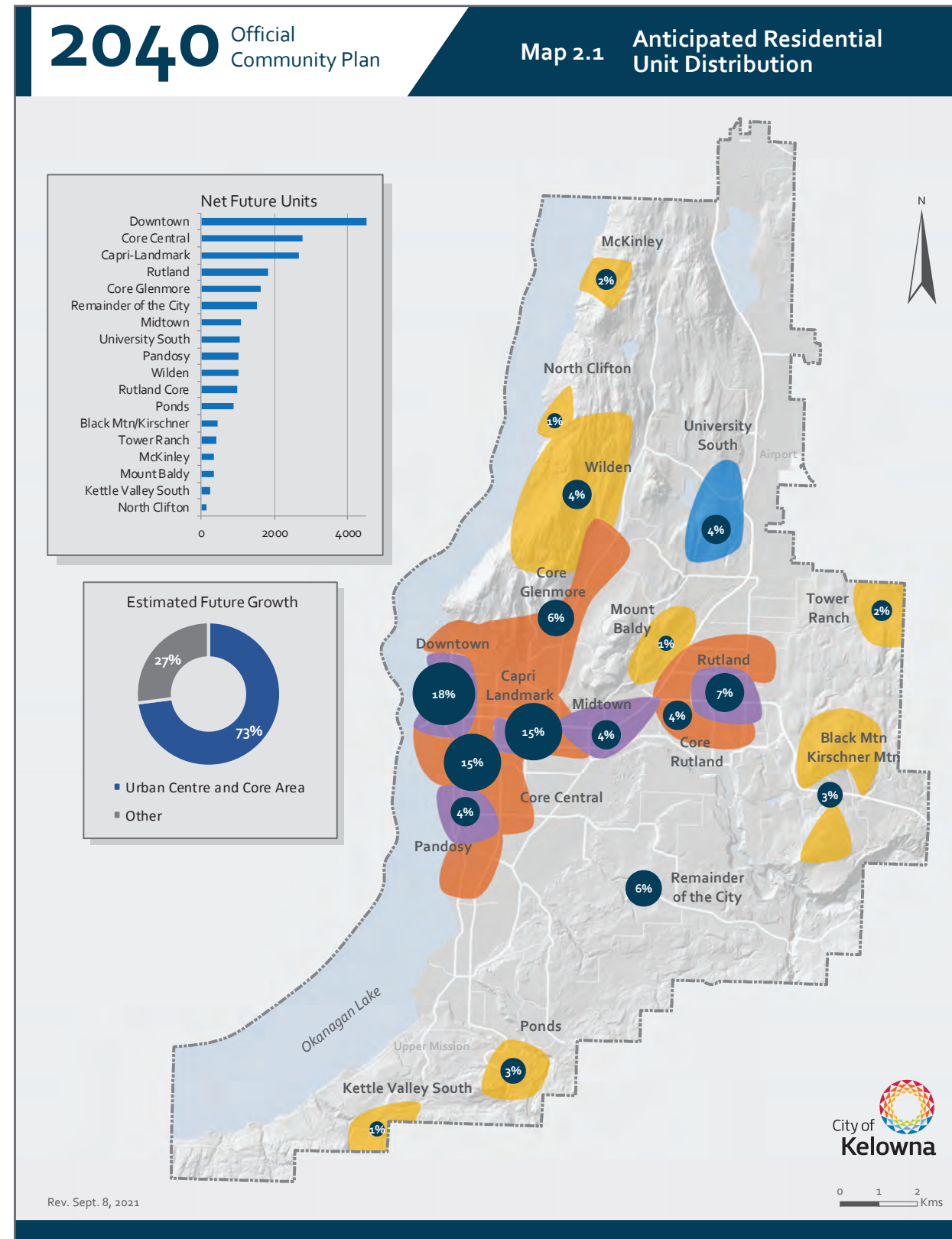
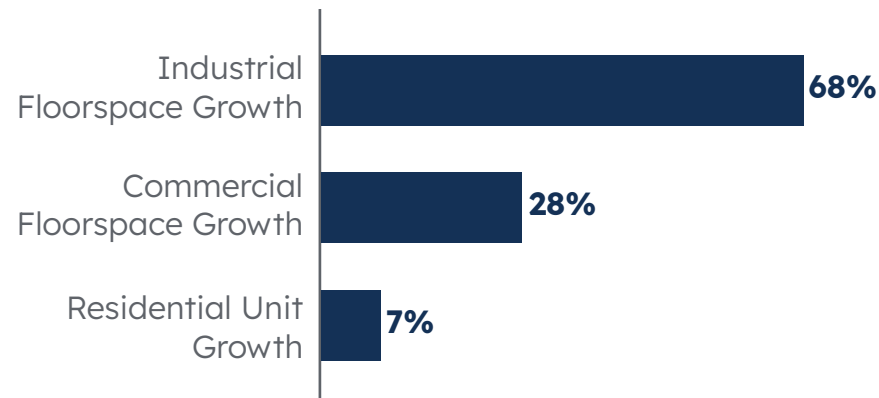
# Policy Framework Review | What's on the Books

- Detailed Policy Framework Review was undertaken to identify + summarize the current policy context of McKinley Beach + the City's 'Northern Gateway'. Additionally, meetings have been held with all major employment and landowner stakeholder's in the north of the City.
- The Policy Framework Review included the following:
  - City of Kelowna 2040 Official Community Plan | [2022](#)
  - City of 2040 Kelowna Transportation Master Plan | [2022](#)
  - City of Kelowna Housing Needs Assessment 2021-2031 | [2023](#)
  - City of Kelowna Parks Master Plan Phase 1 Report | [2022](#)
  - City of Kelowna Indoor Recreation Facility Strategy | [2023](#)
  - City of Kelowna Agriculture Plan | [2017](#)
  - District of Lake Country Official Community Plan | [2018](#)
  - School District 23 Long Term Facilities Plan | [2021](#)
  - RDCO Regional Growth Strategy | [2013](#)
  - Central Okanagan Regional Transportation Plan | [2020](#)
  - BC Homes for People Action Plan | [2023](#)
  - UBC Okanagan Campus Plan + Outlook 2040 | [2015 + 2019](#)
  - Kelowna International Airport Master Plan 2045 | [2016](#)



# Directing Growth | Urban Core Focus

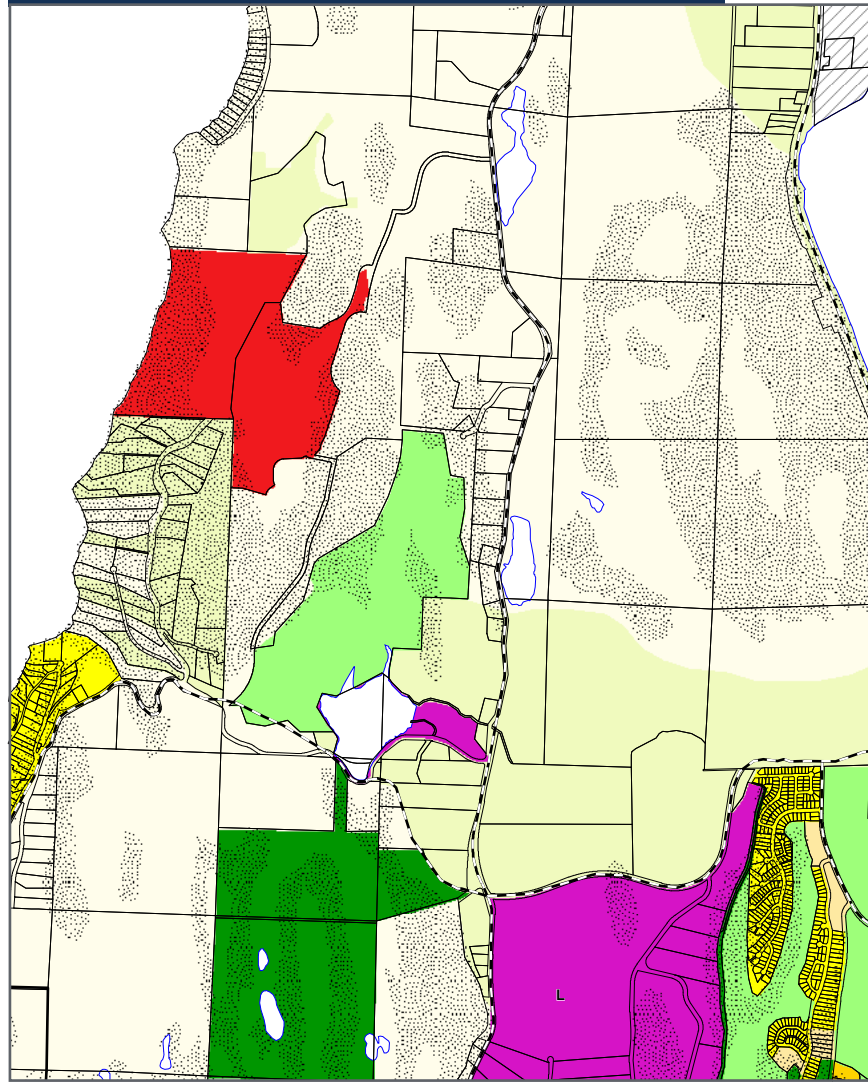
- Suburban Densities** | Growth was historically limited primarily by sanitary servicing and agricultural areas, prior to introduction of the Permanent Growth Boundary.
- OCP 2040** | Kelowna's OCP has responded by shifting in approach from suburban development + growth to an **urban core focus** - spurring success in the densification of the City centre.
- Policy Focus** | Despite the success of this policy focus, commercial + industrial development has continued elsewhere in the City - especially in the north.
- Growth Patterns** | Over the past 5 years, the McKinley + North Highway 97 Gateway areas (including UBCO, YLW + Industrial lands) have absorbed the following percentages of total City development:



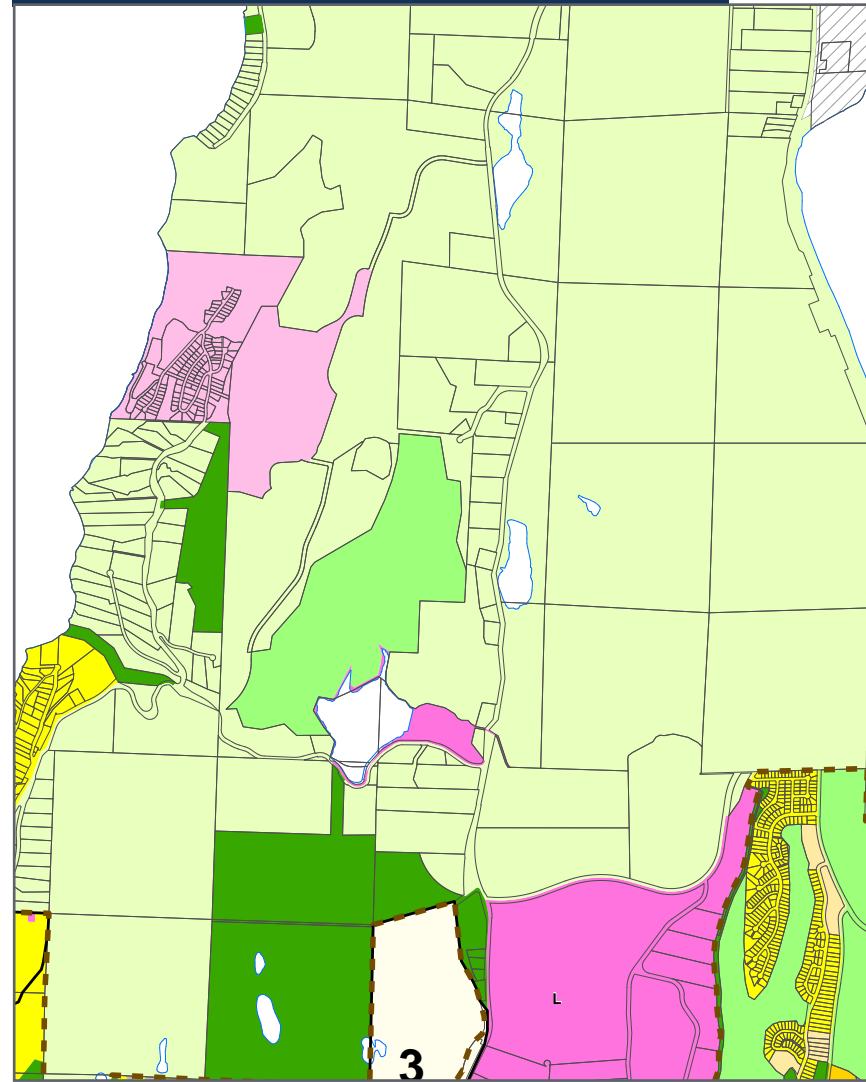


# Official Community Plans | A Shifting Approach

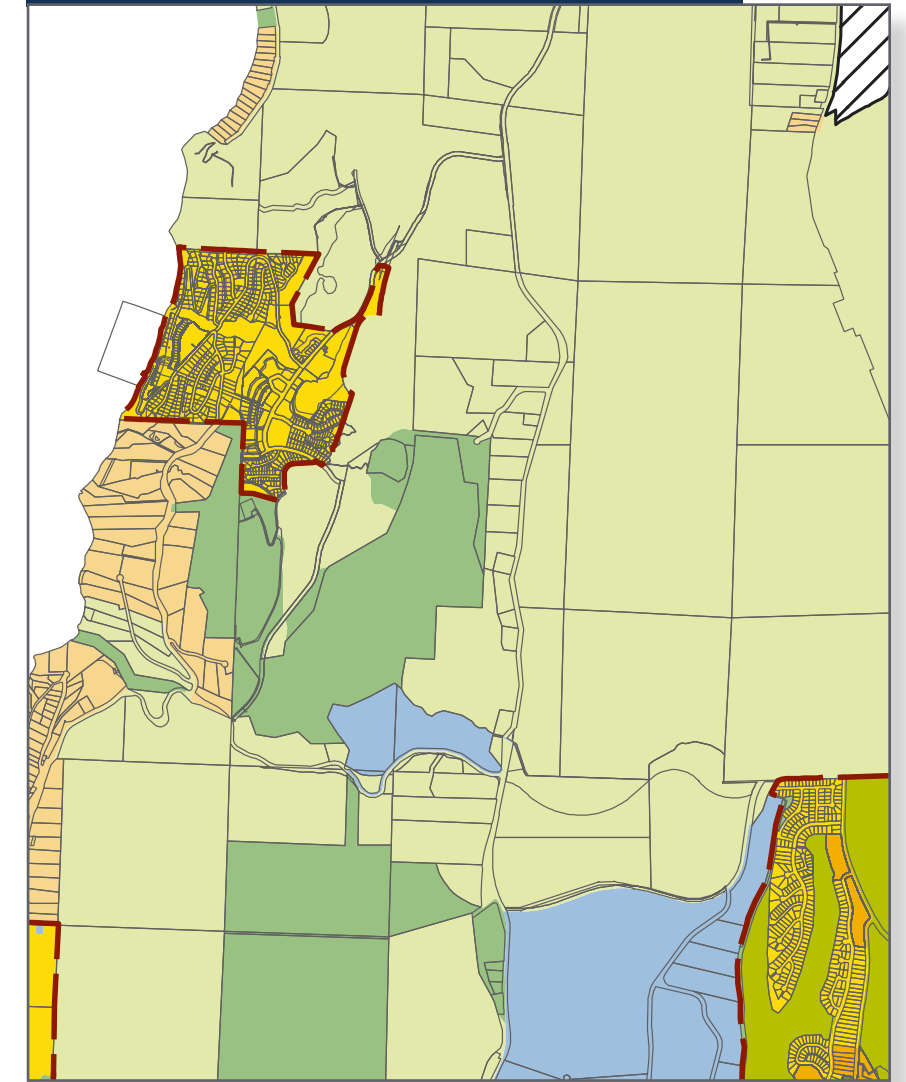
**KELOWNA 2020 | 1995 - 2010**



**KELOWNA 2030 | 2011 - 2021**



**KELOWNA 2040 | 2022 - today**



## Growth Boundary

- Limited through Agricultural + Sanitary Service Area

- Permanent Growth Boundary (PGB) introduced

- McKinley's suburban lands contained within PGB

## McKinley Land Use

- Commercial + Future Urban Reserve

- Mixed-Use Tourism + Resource Protection Area

- Suburban Residential + Rural Agricultural + Resource

## Transportation

- Planned McKinley/Quail Ridge Arterial connection

- Quail Ridge connection replace with John Hindle Way

- "Rural" Land Use context included on McKinley Road classification



# Kelowna's Gateway | Economic Expansion

- **Gateway Employment Centre** | While the 2040 OCP has focused residential growth in the City's Urban Centres, major economic growth is occurring in the City's North.



## UBCO

- \$425M capital investment is planned to develop new facilities + residences at UBCO
- Capital plan doubles campus facility square footage



## YLW

- Passenger volumes forecast to increase significantly, reaching 3.5M annual passengers by 2045
- Planned terminal expansion to increase airport capacity



## Industrial Lands

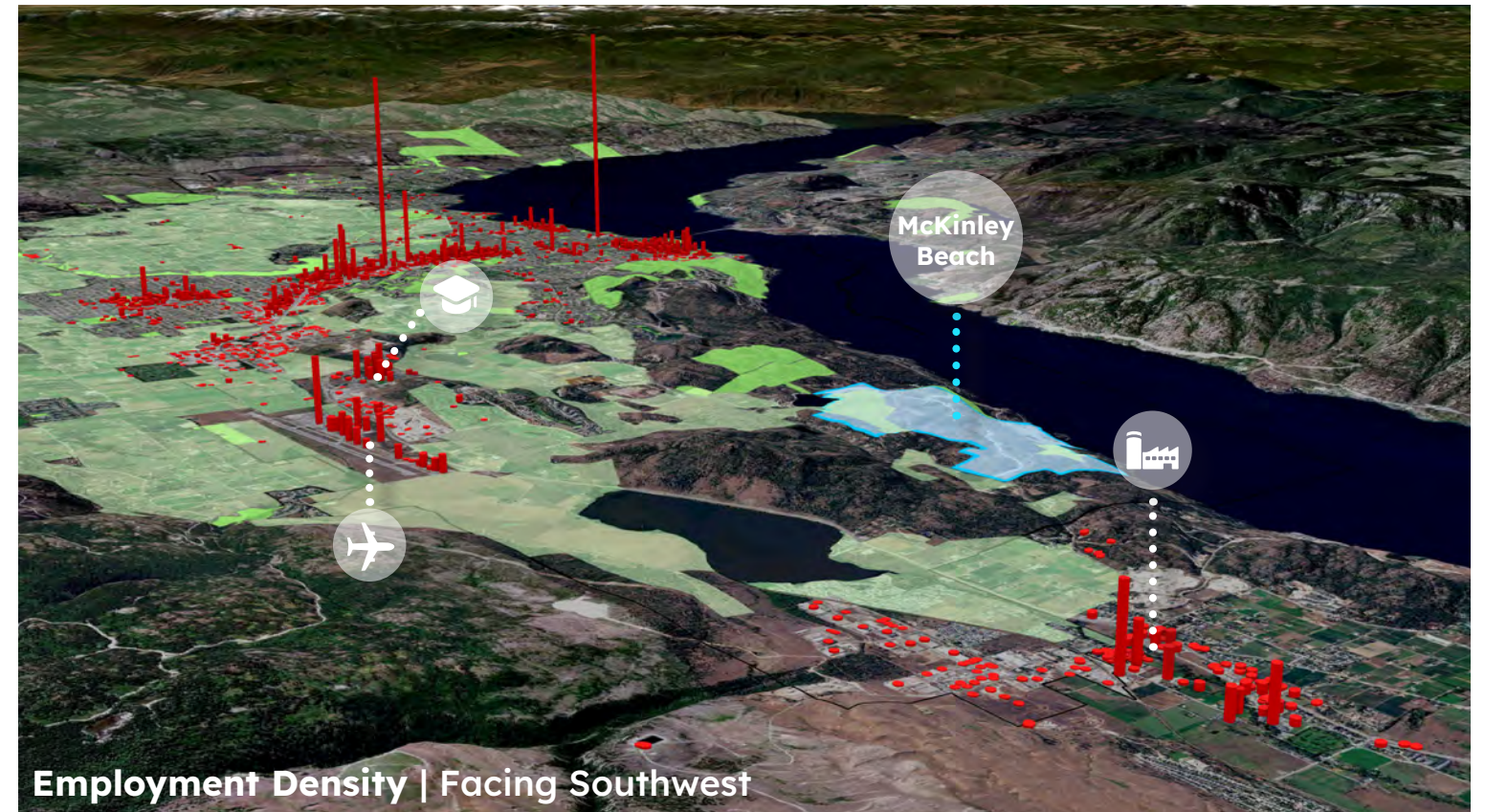
- Expanding industrial businesses including KF Aerospace + West Airport Business Park
- Major industrial land development at Beaver Lake Road



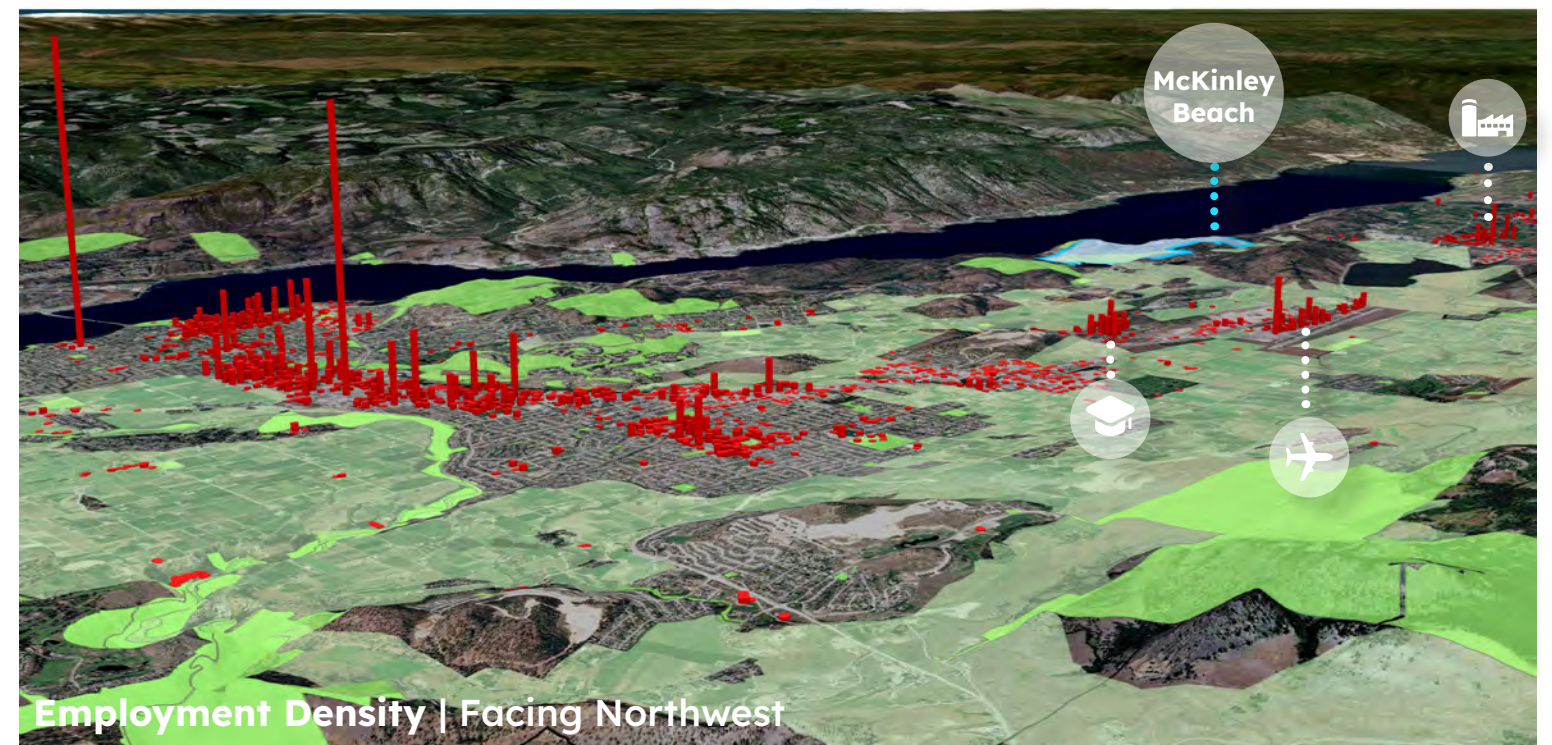
## District of Lake Country

- >500,000 SF of Industrial land planned in Lake Country Business Park at the North End of Glenmore Road

- **Incomplete Neighbourhoods** | Economic expansion in the north + focus on containing residential to urban cores prevents people from living near their work, resulting in long daily commutes and the absence of community amenities in the City's north.



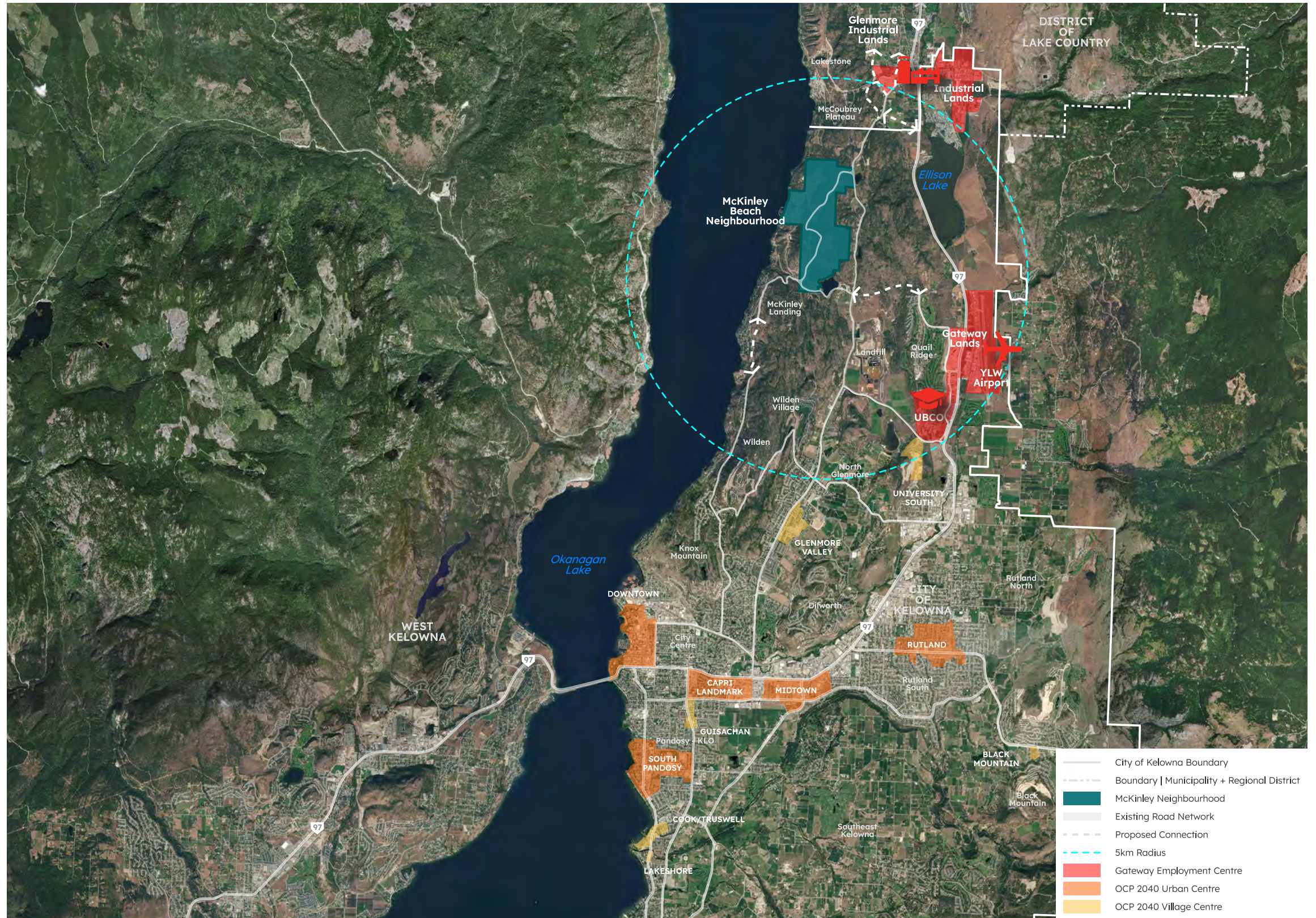
Employment Density | Facing Southwest



Employment Density | Facing Northwest

# Housing Needs | Overlooked North Neighbourhoods

- **Rapid Growth** | Kelowna is listed among the municipalities with greatest housing need and highest projected growth, and was the fastest growing CMA in the past 2 years<sup>1</sup>
- **Current + Future Need** | Kelowna's HNA identifies a need for between 18,750 - 26,470 new units to address current and future demand to 2031<sup>1</sup>
- **Housing Shortage** | Focus on urban core areas and under-estimation of housing needs highlights the lack of planned residential supply to respond to the Provincial Housing Crisis
- **Limits of the Core** | Redevelopment of zoned infill lands faces challenges of fragmentation, ownership, and utility capacity, and does nothing to address the shortage of homes and services in the north.



<sup>1</sup> Kelowna Housing Needs Assessment 2021-2031, City of Kelowna (2023)

# McKinley Beach | Sustainable Growth for the Future

- **Planning Forward** | Sustainable growth management provides compact neighbourhoods with diversity of homes with shops + services close to home and work.



- **Addressing the Gap** | McKinley Beach's location in the City's north - near major economic centres - positions the neighbourhood to provide homes near employment.



- **Village Centre** | McKinley Beach can shift from its current primarily-residential form towards a mixed-use residential village, serving to address the City's needs in the north while maintaining the future of the Urban Core.



# McKinley Beach | Well-Positioned Solution

- Complete Community** | Owing to its location, scale, ownership + available servicing, McKinley Beach is well-positioned to lead smart growth in the City's north, delivering a diversity of homes – with a focus on Missing Middle – and services in the near term.



Local water intake + treatment



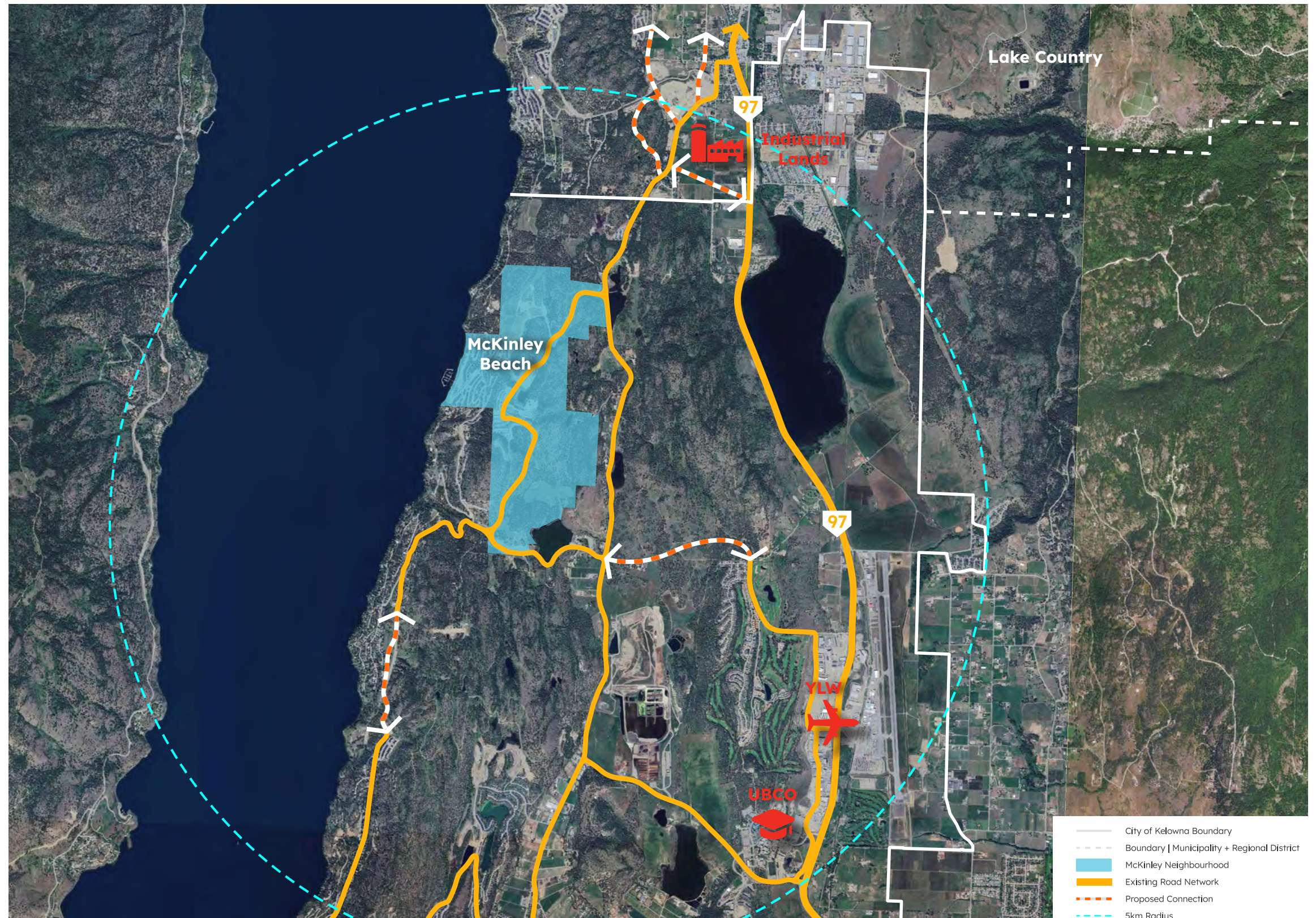
Trunk sewer sized for growth



Layered approach for ecosystem health



Arterial streets + potential future connections



# McKinley Beach | Supporting a Complete Community

## HOUSING CHOICE



**Range of Housing Tenures**  
including rental + student-focused  
housing

## PARKS + TRAILS



**Major Neighbourhood +  
Community Park Network**



**Protected + Dedicated  
Natural Areas with Trail  
Network**

## CIVIC FACILITIES



**Potential Indoor Recreation Facility**  
in Mixed-Use Village

## SHOPS + SERVICES



**Village Centre Commercial**  
with neighbourhood employment, shops  
+ services

## FIRE SAFE



**Wildfire Mitigation Treatment  
and FireSmart Neighbourhood**

## TRANSPORTATION

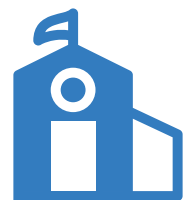


**Safe Pedestrian-First  
streets**



**Transit Supported Density**

## ELEMENTARY SCHOOL



**Potential School Site**  
with School District 23 consultation

## JOB



**Permanent Local Jobs**  
Generated by commercial lands + civic  
facilities

## FINANCE



**Positive Municipal Cash Flow**  
leveraging tax revenue + DCCs

# McKinley Beach | Planning Process

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## City Staff Meeting

January 26<sup>th</sup> 2024







# McKinley Lands

OCP Amendment Application

Early Consideration

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