

Report to Council



Date: July 25, 2022
To: Council
From: City Manager
Subject: 2040 OCP: Industrial Future Land Use for 480 Penno Road
Department: Policy and Planning

Recommendation:

THAT Council receives for information, the report from the Policy & Planning Department dated July 25, 2022 regarding the Future Land Use for 480 Penno Road.

Purpose:

To provide Council with the rationale for designating the property located at 480 Penno Road as Industrial as part of the 2040 Official Community Plan Process.

Background:

During a Regular Meeting, concern was raised by Council pertaining to the subject property’s 2040 Official Community Plan designated Future Land Use. Council endorsed the following resolution:

Previous Council Resolution

Resolution	Date
THAT Council direct staff to bring forward the rationale for the OCP 2040 Map 3.1 Future Land Use designation for 480 Penno Rd	June 27, 2022

Discussion:

Background

The OCP Pillar “Strengthen Kelowna as the region’s economic hub” seeks to nurture a culture of entrepreneurship and supports employment growth in, but not limited to, industrial lands. Supporting innovation and fostering inclusive prosperity are important parts of *Imagine Kelowna*.

Over the next twenty years, the 2040 OCP projects a significant increase in industrial development, such as storage, distributing and warehousing space. The 2040 OCP was informed by an industrial/commercial study, which was undertaken by a consultant in 2018. The study forecasted that approximately 323,700 square metres of new industrial space will be needed for the City to meet this demand, which anticipates that about 236 acres of land will be required to achieve the need. The 2018 analysis identified 556 acres of land in the 2030 OCP which were designated as Industrial or Service Commercial with improvements

valued less than \$10,000 (under developed); however, market indicators suggested that the industrial land shortage is much more pressing, due to factors such as speculative pressure from other uses. Since this study was completed, demand for industrial land has remained high with prices rising. Areas like the Airport Business Park will potentially see full build out in the next two to three years and smaller sites along Highway 97 are being explored for industrial uses.

Identifying new lands for industrial development is challenging, given Kelowna's topography, coupled with the amount of land in the ALR. On March 16, 2020, staff advised Council during the development of the 2040 OCP of one major opportunity for new industrial development at Kelowna Springs Golf Course. During the 2040 OCP development process, public feedback regarding ideas for changes in land uses was collected through a Future Land Use Idea Generator. At that time, the property owner approached the City to explore opportunities for either a commercial or industrial land use designation change. The 106.5 acre (43 ha) property is bordered by industrial lands to the west and south, with lands in the ALR to the north and east. The property, located in The Gateway, is now signaled by the 2040 OCP for Industrial (IND) due to its adjacency to other industrial lands, servicing proximity and capacity, non-ALR status, plus the need for new industrial land. This Future Land Use Designation allows for the subject property to support the regional economy by facilitating the need for new industrial land.

The property is zoned P3 Parks and Open Space and continues to operate as a golf course. The zoning has not changed with the adoption of the 2040 OCP and the business can continue to operate. Moving forward, any rezoning applications for the property will need to be consistent with the 2040 OCP policies, including the IND designation. Should a rezoning application be processed, the property's developable area, servicing and drainage management would be addressed at that time.

If this property was not designated to support industrial uses in the future, the city may lack the availability of appropriate and adequately serviced industrial lands needed to support sustainable, resilient economic development and employment in the region over the next twenty years.

Subject Property Map: 480 Penno Road



2040 OCP Policy

Future Land Use Designation: Industrial (IND)

Growth Strategy Role: Industrial lands are an important component to Kelowna's economic development and diversification. However, in a growing city, uses on these lands are often outcompeted for commercial and residential uses, eroding this local employment base – resulting in locating in surrounding communities. As outlined in the Growth Strategy, industrial lands should be protected, but new and creative ways for these lands to maintain the economic viability are key to retaining them as a critical piece of Kelowna's future as it grows.

Supporting Uses and Typologies: Industrial lands consist of a range of manufacturing, production, repair, processing, storage and distribution activities. Office space is discouraged but may be supported where ancillary to the primary industrial activities. Industrial uses that are characterized by higher employment densities should be located near or adjacent to Urban Centres or within the Core Area. Industrial uses with larger footprints and massing would be directed to the Gateway. Complementary uses, such as retail associated with the production on site and restaurants, would be supported in these areas, but would be secondary to the production activities that characterize these areas.

Conclusion:

Identifying the location of current and proposed industrial land uses is consistent with the *Local Government Act* requirements for OCP content to direct critical decisions for accommodating industrial needs out to 2040. The designation of the subject property as IND signals the necessary economic investments to serve the City. The current use of the property as a golf course will remain for as long as the property owner desires, and only when a rezoning application comes forward for Council consideration will this trigger alternate uses that deviate from the P₃ allowable uses.

Internal Circulation:

Divisional Director, Planning and Development Services
Department Manager, Development Planning

Existing Policy:

Imagine Kelowna
2040 Official Community Plan

Financial/Budgetary Considerations:

Tax Revenue: In 2021, the tax revenue of industrial lands located in the vicinity of the subject property was \$39,279 per hectare (or \$1.69 mill/yr for the subject property if rezoned). The 2021 tax revenue for the subject property operating as a golf course was \$409.05 per hectare (or \$17k/yr).

Development Cost Charges: DCC revenue is legislated to be used on a specific suite of projects that support growth and cannot be used for any other purpose without amending the DCC Bylaw which requires Ministry approval. There are a number of unknown variables that could significantly affect the actual DCC funds collected at time of property development. Notwithstanding, the following is a rough, conceptual scenario: It is assumed that if the 106 acre subject property successfully rezones to I₂, it would build out to the allowable 60% site coverage. Furthermore, it is assumed that at least 30% of the site would be taken up by roads and environmental areas, plus most of the buildings would be large 1

storey industrial warehouses. In this conceptual scenario, the total useable area of the site would be approx. 74 acres (299,467 sqm). As such, the potential DCC revenue could be approximately \$17 million.

Attachments:

Attachment 1: 480 Penno Road Location and Future Land Use

Submitted by: R. Miles, Long Range Policy Planning Manager

Approved for inclusion:



D. Noble-Brandt, Dept. Manager of Policy and Planning