

# REPORT TO COUNCIL



**Date:** June 27, 2022

**To:** Council

**From:** City Manager

**Department:** Development Planning

**Application:** Z20-0026      **Owner:** DL Capital Inc., Inc. No. BCo820774

**Address:** 3008 Appaloosa Rd      **Applicant:** CTQ Consultants Ltd.

**Subject:** Rezoning Application

**Existing OCP Designation:** IND - Industrial

**Existing Zone:** A1 – Agriculture 1

**Proposed Zone:** I6 – Low Impact Transitional Industrial

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## 1.0 Recommendation

THAT Rezoning Application No. Z20-0026 to amend the City of Kelowna Zoning Bylaw No. 8000 by changing the zoning classification of Lot 6, Section 3, Township 23, Osoyoos Division Yale District Plan 18861, located at 3008 Appaloosa Road, Kelowna, BC from the A1 – Agriculture 1 zone to the I6 - Low Impact Transitional Industrial zone, be considered by Council;

AND THAT final adoption of the Rezoning Bylaw be considered subsequent to submission of on-site landscape plan.

## 2.0 Purpose

To rezone the subject property from the A1 – Agriculture 1 zone to the I6 – Low Impact Transitional Industrial zone to facilitate industrial development of the subject lot.

## 3.0 Development Planning

Staff are supportive of the proposed rezoning of the subject property from the A1 – Agriculture 1 zone to the I6 – Low Impact Transitional Industrial zone as the proposal aligns with the Official Community Plan (OCP). The OCP designates the property as IND – Industrial, is located in the Gateway Growth Strategy District within the permanent growth boundary. The I6 zone allows for a range of low-impact industrial uses that are intended to act as a transition between the general industrial areas to the south and east and the rural residential areas to the north and west. The permitted uses, development regulations, screening

requirements, outdoor storage restriction and other regulations within the I6 zone are designed to limit negative impacts to the nearby residential, rural, and agricultural uses in the area.

#### **4.0 Proposal**

##### **4.1 Background**

The Arab/Appaloosa Road area (subject area; the neighbourhood) has a long-standing planning history. A project update for the subject area was presented to Council on February 28, 2022. Previous Council resolutions for the subject area is provided in Attachment A.

The area has complex road and utility challenges that necessitates a comprehensive and coordinated solution lead by the area residents. In order to rezone the area from Agriculture to Industrial, the road network in the area requires comprehensive upgrades, and community water and sewer is required to service the new industrial lands. The off-site requirements include underground and surface infrastructure for Appaloosa Road and the future Palomino Road, which need to be completed concurrently.

Additionally, fair cost-sharing of upgrade works is necessary so that the entire neighbourhood may proceed. The cost for off-site requirements for the area properties is estimated to be in excess of three million dollars, which is more than one property owner is likely to be able to manage.

Throughout 2020 and 2021, number of property owners in the area formed a neighbourhood group, continued to collaborate with the civil engineer and the City towards a comprehensive servicing solution that meets the City's servicing regulations for industrial development. In August 2021, an area-wide engineering and servicing plan was submitted to the City by the consultant which was approved by staff. Additionally, members of the neighbourhood group formed a numbered company to facilitate and administer the bonding for the off-site works. On December 21, 2021, neighbourhood residents with instream rezoning application, including the owner of the subject property, entered a development servicing agreement with the City and bonded for the off-site works. To achieve the neighbourhood financial solution, the neighbourhood group provided bonding for the frontage improvements of the adjacent properties located between Arab Rd and Academy Way (Central Block) that have not applied for rezoning at this time. Those properties will be subject to late comer fees for the frontage improvements that will be payable to the neighbourhood group upon rezoning.

##### **4.2 Project Description**

The subject property has a history of Bylaw enforcements resulting from land use that has been contrary to the existing zone (A1 – Agriculture 1), and within the recent months the property owner has altered the subject lot from Agriculture to Industrial use without a permit and prior to approval of a rezoning application. The applicant is proposing to rezone the property to allow for existing industrial uses on the property to come into Bylaw compliance. As per Council endorsed enforcement strategy, on April 7, 2022, the property owner was issued a notification letter, informing the owner of the progressive bylaw enforcement steps that would be followed should the rezoning application be defeated.

The property owner wishes to rezone the subject property from A1 to I6 to allow for an office and equipment storage in accordance with the City's Development Permit guidelines to facilitate a contractor services business. There is currently a detached single family building on the subject lot. The property owner intends to maintain the existing residence following successful rezoning of the parcel.

Prior to obtaining a Building Permit, industrial developments are required to obtain an approved Development Permit for compliance with form and character guidelines. The property owner intends to pursue approval of a Development Permit following successful rezoning of the parcel.

To fulfill Council Policy No. 367, the applicant notified property owners/tenants within 50m of the subject property and submitted a Neighbour Consultation Form to staff on June 8, 2022. Historically and recently, staff have received correspondences and fielded enquires from the surrounding area residents regarding the Arab/Appaloosa project, and continue to receive correspondence from neighbouring residents. Correspondence have consisted of concerns and complaints regarding activities and land uses in the area.

Also, Council Policy No. 367 identifies the application as “Zoning Major” and would require the applicant to undertake public information session as well as to post a large format development notice sign on their lot. However, since the application aligns with the 2040 OCP, that the Arab/Appaloosa neighbourhood residents have demonstrated a coordinated rezoning effort and process, and that the subject area has been undergoing a development process for the past decade, staff feel a neighbourhood consultation and a regular format development notice sign adequately satisfy the public notification and consultation process.

4.3 Site Context

The subject parcel is located within the Arab/Appaloosa area and a Transmission Pressure Pipeline runs through the property. The western parcel boundary abuts Arab Court, which is a local road that dead ends at the north end of the property where the existing principal dwelling is accessed. The surrounding land use consist of residential to the north and west, combination of Agriculture and Industrial to the east and south. Adjacent land uses are as follows:

Orientation	Zoning	Land Use
North	RU2 – Medium lot housing P3 – Parks and open spaces P4 – Utilities	Single family residential Parks and open spaces Utilities
East	A1 – Agriculture 1	Rural residential
South	Appaloosa Rd A1C – Agriculture 1 with carriage house A1 – Agriculture 1	Rural residential
West	Arab Ct RU2C – Medium lot housing A1 – Agriculture 1	Rural residential

**Subject Property Map: Zoning and future land use at and around 3008 Appaloosa Rd.**



**5.0 Current Development Policies**

5.1 Kelowna Official Community Plan (OCP)

<b>Objective 6.4 - Support the continued development of industrial lands (Chapter 6: The Gateway)</b>	
Policy 6.4.1	<p><b>Erosion of Industrial Lands</b></p> <p>Discourage the re-designation of industrial lands in the Gateway and ensure their use for industrial purposes to protect employment, production manufacturing, warehousing, logistics and repair functions in the City. This includes limiting residential and commercial uses within industrial areas that promote speculation, which make developing industrial uses challenging.</p>
Policy 6.4.4	<p><b>Industrial / Residential Interface</b></p> <p>Require low impact industrial uses where industrial lands are adjacent to residential lands. Such uses should be primarily indoors, have limited outdoor storage and include extensive buffering and screening to reduce impacts on residential neighbourhoods</p>
Policy 6.4.6	<p><b>Regional Industrial Lands</b></p> <p>Support a regional approach to managing industrial lands, recognizing that industrial business needs are connected across the region, with different local contexts playing unique and important roles</p>

**6.0 Technical Comments**

- 6.1 Development Engineering Department  
Refer to Schedule A.

**7.0 Application Chronology**

Date of application received:	February 24, 2020
Date of area-wide engineering and servicing plan approval:	August 2021
Date area residents sign servicing agreement and bond:	December 21, 2021
Date of project update report to Council:	February 28, 2022
Date neighbourhood consultation received:	June 8, 2022

<b>Report prepared by:</b>	Barbara B. Crawford, Planner II
<b>Reviewed by:</b>	Dean Strachan, Community Planning & Development Manager
<b>Reviewed by:</b>	Terry Barton, Development Planning Department Manager
<b>Approved for Inclusion:</b>	Ryan Smith, Divisional Director, Planning & Development Services

**Attachments:**

Attachment A: Previous Council resolutions  
Attachment B: Applicants project rationale and site plan  
Attachment C: Development Engineering Memo