

Report to Council



Date: February 10, 2025
To: Council
From: City Manager
Subject: 2024 Review Planning & Development Statistics
Department: Planning, Climate Action, and Development Services

Recommendation:

That Council receives, for information, the report from the Planning, Climate Action and Development Services department dated February 10, 2025, with information relating to Planning and Development Statistics for 2024.

Purpose:

This report updates Council on building and development Statistics for 2024.

Background:

To keep Council current with local development and construction trends, the Divisional Director of Planning, Climate Sustainability, and Development Services will 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 development and housing goals in the Official Community Plan (“OCP”). Further it also provides staff an opportunity to provide regular updates to Council on significant initiatives such as Housing Accelerator Fund progress.

Discussion:

Planning and Building Application Intake Statistics – 2024

The provincial legislation changes related to housing (occurring in 2024) saw more change in the span of a year than the previous 30 years. The staff that were tasked with collaborating to implement the legislative changes through changes to various bylaws and policies including

- Kelowna 2040 – Official Community Plan Bylaw No.12300
- Zoning Bylaw No. 12375

- Subdivision and Development Servicing Bylaw No.7900
- Development Application Procedures Bylaw No. 12310
- Development Application Fees Bylaw No. 12552
- Neighbor Notification & Information for Development Applications - Council Policy #367

Beyond the bylaw text updates required to implement the legislation, the rezoning of more the 28,000 properties in Kelowna was necessary to bring their zoning into compliance.

While staff were able to implement the change in a timely manner the downstream (process) related impacts of all the changes remain a work in progress. Staff hope to have many of challenges triggered ironed out over the year ahead to deliver the “consistent” development process that Kelowna is known for.

In terms of development activity, the following three high level measures are generally tracked in relation to this report:

- Building Permit \$ value (Total declared value of construction permits issued)
 - Total building permit value was down in 2024 (from a record year in 2023) and finished the year at \$646 million (below the 10-year average - \$900 Million)
- Building Permit Application Volume (total number of building permits reviewed)
 - Total number of building permits reviewed has declined for a 3rd year in a row and is also below the 10-year average.
- Development Application Volume (total number of development applications reviewed by the Planning Department)
 - Development application volume is down below the 10-year average.
 - In the past this measure was a leading indicator in terms of times of rapid growth or recession.
 - Because of all the legislative and zoning changes this is no longer a reliable indicator on its own.
 - Fewer rezoning applications received because of pre-zoned land.
 - A more reliable indicator moving forward is the number of Development Permit applications annually.
 - The five-year average number of Development Permit applications is 263. The 2024 volume was only slightly below this number at 239.

Strong Building Permit numbers from 2022 and 2023 (homes under BP application) led to strong new home occupancy numbers in 2024. However, the City issued Building Permits for only 1603 units in 2024 (BP's for 4,000 housing units issued in 2003). This is likely an early indicator that occupancies in 2026 and 2027 will be down.

Kelowna's Housing Needs Assessment identifies a need of approximately 1870 – 2650 new homes/year. Because construction occurs on a variety of timelines depending on building type; 2024 permit volumes may pose challenges in 2026 and possibly 2027.

In 2024 both the type and location of housing under construction remained consistent with OCP goals of placing the majority of new density in the City's Core/Urban area in a multi-family format.

Housing Accelerator Fund (Government of Canada Grant)

As identified in the Report to Council on November 27, 2023, the City of Kelowna was successful in receiving up to \$31.5M under the federal Housing Accelerator Fund. The City identified seven HAF Initiatives as listed below:

1. Implementing the infill housing options program (complete).
2. Adjusting regulations to incentivize private sector housing development.
3. Transit Supportive Corridor planning.
4. Affordable housing on City-owned land.
5. Establishing new housing partnerships and affordable housing delivery.
6. Investing in infrastructure to unlock housing.
7. Leveraging new technology to improve processing and data management.

The HAF Initiatives have been segmented into milestones and tasks; as of Q4/24, 70% of HAF tasks have been completed. HAF-related highlights from Q4/24 include completing all work for HAF Initiative 1: Infill, finalizing a development incentives review, bringing information regarding Transit Supportive Corridors to Council, receiving the final submissions for the first Middle Income Housing Partnership (MIHP) program intake, and completing infrastructure projects to support new housing. Towards the end of Q4/24 staff completed Year 1 HAF reporting and secured the second allotment of HAF funding.

In terms of budget, the initial \$7.9M allotment of HAF funding has been spent, and the second \$7.9M has been allocated to further work items in alignment with the HAF Grant Agreement. The largest portion of the budget has been allocated to land acquisition for affordable housing, and the remainder has been allocated to resourcing (staffing and consulting) and infrastructure projects. Upcoming expenses include:

- Additional land acquisition to support affordable housing through the MIHP program
- Resourcing (staffing, consulting)
- Infrastructure investments (water upgrades, sewer upgrades, stormwater study)

Budget amendments will be addressed in quarterly reports from the Financial Planning Department.

Overall, to meet the goals of the Housing Accelerator Fund, the City of Kelowna's target is to issue Building Permits (BP) for 7,430 residential units by 2026. In terms of BP issuance as of October 31, 2024, the level of residential units issued BPs is below the level that, on average, would be adequate to achieve the City's HAF targets (156 per month vs. 210 per month). BP issuance will be monitored in an ongoing manner.

Housing Supply Act (Province of BC)

In addition to measuring new housing created for the Housing Accelerator Fund grant, the BC Government has included Kelowna as a community regulated under the provincial Housing Supply Act. Staff provided Council with an overview of the implications of this in June of 2024. The next reporting milestone related to the Housing Supply Act will be an interim report due to the Ministry of Housing in January of 2025.

Considerations not applicable to this report:

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Budgetary Considerations:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: Ryan Smith, Divisional Director, Planning & Development Services

Approved for inclusion: Doug Gilchrist, City Manager

Schedules: Schedule A – Power Point