



**URBAN
DEVELOPMENT
INSTITUTE**
OKANAGAN

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KELOWNA, BC V1Y 1P3**

August 15, 2024

To: City of West Kelowna
3731 Old Okanagan Hwy
West Kelowna, BC, V4T 0G7

Attention: Mayor and Council
RE: Density Bonus Program

Dear Mayor and Council,

On behalf of the Okanagan Urban Development Institute (UDI), representing over 200 developers and thousands of individuals and business owners whose livelihoods depend on the building and real estate industry, we are sharing an appeal to Mayor and Council to consider eliminating the proposed bonus density charge; if the bonus density charge must be implemented, then we urge West Kelowna to consider enabling building heights to be increased, and setting the charge at a significantly lower rate.

We have conducted a comprehensive review of the proposed changes to the Zoning Bylaw (No.0265), and associated bonus density program. We understand and appreciate the motive behind Density Bonusing in principle, however, bonus density charges will negatively impact the volume of new housing in West Kelowna.

The Province has mandated aggressive housing supply targets to address the growing demand for housing in our communities. Bonus density charges are a disincentive to development and are a barrier to achieving affordability. Implementing bonus density charges prioritizes amenities over housing and is only effective when the housing market is over-built.

There are potential unintended consequences, such as: reductions in multi-family infill housing redevelopment, and under development of urban land. Infill housing redevelopment is successful when the potential redevelopment density creates an underlying land value that exceeds the value of the existing single or two-family uses. Bonus density charges add costs to development that may make infill redevelopment unfeasible, or potentially cause higher density projects to revert to lower density development. Once a property is underdeveloped, redevelopment is stagnated for decades.

In the City of Kelowna, since the introduction of their current density bonus program, they have seen six multi-family projects utilize the program and are at a stage of development (building permit) where they have contributed towards either their streetscape reserve fund (five projects), or affordable housing reserve fund (one project). Between these projects, the city has collected \$921,441 towards these funds. Of these projects, only one (1333 Bertram Street) has varied the maximum height enabled under zoning through the density bonus program; the fee collected from this housing project was \$113,845.50 and contributed to the streetscape reserve fund.

We recognize that there are differences between the development market in the City of Kelowna, and City of West Kelowna, to be considered when anticipating potential program uptake. Also the City of Kelowna density bonusing fees are based on a per lot area charge (i.e. \$20 per sq. m. of lot area within Rutland Urban Centre; \$50 per sq. m. of lot area within UCI- Downtown Urban Centre), as opposed to the City of West Kelowna proposed fees which are based on a development's proposed floorspace (i.e. \$355 per sq. m. for condominium residential, with wood frame construction; \$177.6 per sq. m. for mixed use with condominium residential above and concrete construction). Although the comparison is not apples to apples as they use a different measure, we think the difference in fees is significant, and needs to be revisited.

If West Kelowna is committed to implementing a bonus density program, we urge consideration for incorporating further incentives to increase housing supply and enabling heights above 19 storeys. While there is currently limited demand for high-density development in West Kelowna, over-time as communities in the Central Okanagan grow, demand for high-rise development will increase.

UDI is committed to a collaborative solution, and to that end we believe we can find a balanced approach that addresses the needs of your growing community, while ensuring a robust supply of housing. We welcome the opportunity to engage in further discussions with the City Council and other stakeholders to develop policies that support both community amenities and housing affordability.

Thank you for considering our concerns. We look forward to continuing our partnership with the City of West Kelowna to create a vibrant, inclusive, and thriving community.

Sincerely,



Charlene Thomas
Executive Director
Direct: ((250) 212 4488