

*“Realizing Community  
Benefits through Strategic  
Investment in Municipal Land”*

CITY OF  
**KELOWNA**  
LAND STRATEGY

FALL 2018



JULIET ANDERTON  
CONSULTING INC.



City of  
**Kelowna**

kelowna.ca

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# MESSAGE FROM CITY MANAGER

The City of Kelowna is blessed with a beautiful landscape, including mountain vistas, vast agricultural land and Okanagan Lake. These unique attributes make Kelowna incredibly desirable, but they are also constraints to the manner in which we accommodate growth. With 42% of Kelowna's land in the Agricultural Land Reserve and 50% zoned for Agriculture, it is critical that we utilize the pockets of usable land between steep slopes, environmentally sensitive areas and primary water sources in an efficient and effective manner. This means not only regulating third party development to ensure land is developed to its highest and best use, but also ensuring civic needs are met by investing in land strategically for our long-term future.

The City of Kelowna has a great track record of leveraging our land assets to generate revenue and achieve the goals of Council and our community. We have a robust real estate function, excellent land use plans and a strong team of talented professionals. Through this Land Strategy the City will now have an entrenched set of guidelines and Council policy to ensure the City continues to grow its largest asset and optimize our land to the benefit of today's citizens and future generations.

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**Doug Gilchrist,**  
City Manager

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# 1.0 INTRODUCTION

## PURPOSE STATEMENT

The *City of Kelowna Land Strategy* articulates the City's approach to the acquisition, disposition and management of municipal land. The strategy provides direction to the activities of the City's Strategic Investment Division and establishes the overarching framework for the development, implementation and amendment of related Council policies and corporate strategies.

## THE CITY OF KELOWNA IS A LEADING REAL ESTATE FOCUSED MUNICIPALITY

The City's strategic approach to the acquisition, disposition and management of municipal land has been central to Kelowna's success in achieving short and long-term city-building priorities. Proactive, innovative and affordable approaches are pursued to meet land needs for social, cultural, recreational and economic initiatives, and other infrastructure projects critical to the daily lives of Kelowna's residents.

Many of the City's land needs are identified through the corporate policy, planning and budgeting framework; however, the City is also alert to strategic and unique opportunities that arise over time. The City actively looks to acquire land, secure public access to land and leverage existing municipal land to further advance a broad range of community priorities. Financial benefits are achieved through creative approaches to municipal land management, innovative use of real estate tools and the disposition of surplus municipal land.

The nature and quality of community life, and the capacity to position Kelowna to compete with major global and Canadian cities in attracting business, industry and talent, will continue to depend on an active role for the City in strategic land investment.

## THE STRATEGY

The Land Strategy document begins by outlining the City's broader policy framework that establishes the mandate for the Land Strategy. The document then sets out the strategy's overall vision and the five principles that are key to achieving the vision. More specific strategies are outlined to provide direction to the implementation of each of the five principles. The document concludes with a brief description of how the City utilizes real estate tools in creative and innovative ways to achieve important community benefits.

## LAND STRATEGY FRAMEWORK

### CITY POLICY DIRECTIONS

Imagine Kelowna, Official Community Plan, Council's Strategic Priorities, etc.

### LAND STRATEGY VISION

Maximize community benefits today and in the future through innovative, pragmatic and ethical approaches to land acquisition, disposition and management.

### GUIDING PRINCIPLES

**Principle 1** - Realize Civic Objectives


**Principle 2** - Sustain Proactive Investment

**Principle 3** - Capitalize on Opportunities

**Principle 4** - Leverage Community Assets

**Principle 5** - Promote Fairness and Integrity

### STRATEGIES

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- |  |  |
|--|--|
| 1.1 Align with Municipal Plans                                     | 4.1 Build Public Private Partnerships                |
| 1.2 Deliver on Operational Requirements                            | 4.2 Pursue Intergovernmental Partnerships            |
| 1.3 Achieve Multiple Bottom Line Objectives                        | 4.3 Collaborate with Non-Profits and Interest Groups |
| 1.4 Embrace a Long-Range Outlook                                   | 5.1 Provide Fair Market Value                        |
| 2.1 Formalize Funding Strategy                                     | 5.2 Follow Clear Protocol for Direct Transactions    |
| 2.2 Reinvest Sales Proceeds in Future Acquisitions                 | 5.3 Follow Clear Protocol for Assistance to Business |
| 2.3 Pursue Financially Prudent Investments                         | 5.4 Pursue Expropriation where Appropriate           |
| 2.4 Pursue Interim Land Uses                                       | 5.5 Follow RFP Processes for Real Estate Services    |
| 2.5 Stimulate Revitalization                                       | 5.6 Undertake Due Diligence on all Transactions      |
| 3.1 Position Resources to Lead on Emerging Priorities              |  |
| 3.2 Capture Community Needs through Development Approval Processes |  |
| 3.3 Consider Land Acquisitions from Government Agencies            |  |

### REAL ESTATE TOOLS

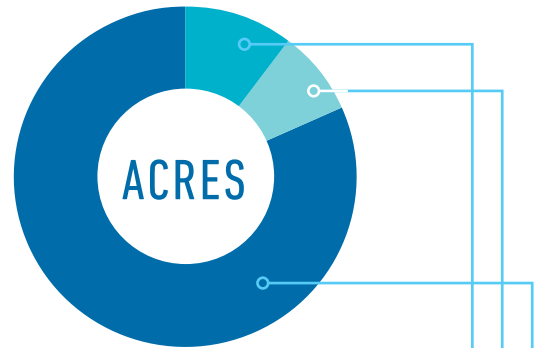
- |                           |                                  |                     |
|---------------------------|----------------------------------|---------------------|
| • Buy-Sever-Sell          | • Life Estates                   | • Land Donations    |
| • Road Reserves           | • Sell with Option to Repurchase | • Expropriation     |
| • Right of First Refusal  | • Fee Simple Dedication          | • Covenants         |
| • Statutory Right-of-Ways | • First Option to Purchase       | • Air Space Parcels |

# 1.1 LAND HOLDINGS

## THE CITY'S LAND HOLDINGS CONSTITUTE A SIGNIFICANT REAL ESTATE PORTFOLIO.

In 2018, the municipal land inventory was valued at approximately \$1.38 billion and included approximately 10% of the titled land in Kelowna (i.e., 5,400 acres, 21.84 km<sup>2</sup>). City-owned roads made up another 8% of Kelowna's land area (i.e., 4,200 acres, 17.00 km<sup>2</sup>).

The volume of acquisitions and dispositions the City is involved in on an annual basis is significant. In 2017, the City managed 52 land acquisition files, involving approximately 335 acres, with a market value of \$29 million. Dispositions in that year included 15 files, a total of 6.7 acres, and a market value of approximately \$4 million.



**Total Land in Kelowna 52,342 acres**

- City Owned Titled Land 5,400 acres
- City Owned Roadways 4,200 acres
- Other – 42,742 acres

# 1.2 FINANCIAL VALUE

## MUNICIPAL INVESTMENT IN LAND ACHIEVES VALUE FOR TAXPAYERS

The financial value to taxpayers of the City's activities in property acquisition, disposition and management is especially notable. In an environment where access to municipal investment opportunities and municipal revenue sources are limited, the City's progressive approach to land investment has served the City well.

### APPRECIATION OF MUNICIPAL LAND ASSETS

Over the last 20 years, the value of land in the Central Okanagan – including lands purchased by the City – have shown healthy increases. Average residential sale prices during that time increased over 730%.

The figure (right) compares an investment of \$100,000 in single family residential land to an equivalent investment (over the same 20 year period) in Canada 5-Year Bonds or the Municipal Finance Authority. Returns on land investment well exceed these other municipal investment opportunities.

## ONGOING VALUE

The City has demonstrated success in deriving ongoing value from its publicly owned real estate. In 2017, 240 leases and agreements were managed by the City, including 45 residential leases, 40 commercial leases and 60 leases and agreements with non-profit partners. Net revenue from all leases generated is approximately \$1.47 million.

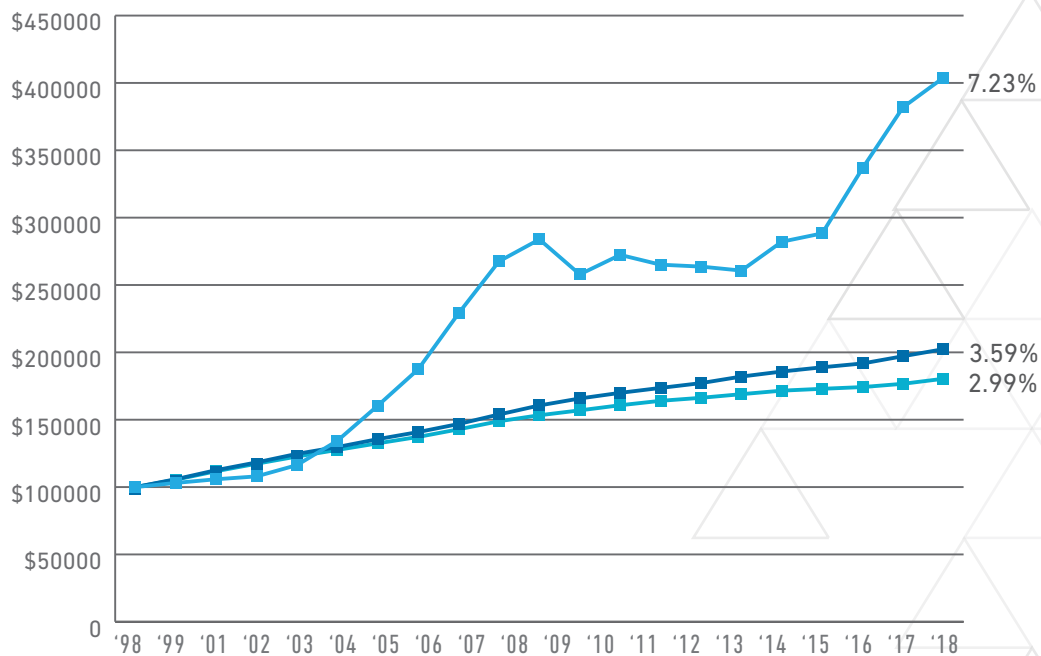
## LEVERAGING PRIVATE AND PUBLIC INVESTMENT

The potential of the municipal land asset to leverage private sector investment, public sector investment and non-profit community resources is significant. Partnerships can provide innovative ways to develop and advance infrastructure projects as well as provide services in efficient and cost-effective ways. Municipal land also fills market gaps, energizes the entrepreneurial spirit, and stimulates private development and growth of the local tax base. The strategic disposition of surplus municipal land can also allow the City to garner some of the benefits of the region's economic growth.

## VALUE GENERATION THROUGH LAND EXCHANGE

Municipal land may be exchanged for private land to enhance programs, provide for public access and create value for the City.

### Land Value Growth Compared to other Municipal Investment Options



#### Average Annual Growth Rate (1998-2018)

- Single Family Land Value - 7.23%
- Municipal Finance Authority Returns - 3.59%
- Canada 5yr Bond Yield - 2.99%

# 1.3 CITY-BUILDING MILESTONES

SUCCESSFUL LAND NEGOTIATIONS AND PARTNERSHIPS CONTRIBUTE TO A BROAD RANGE OF CITY-BUILDING MILESTONES.

## 2007

- Lawrence Avenue Revitalization Initiatives
- KSS Redevelopment Concept
- IHA Hospital Skywalk
- Glenmore Road Widening
- IHA Land Exchange to Protect Riparian Areas (Hospice House)
- Gyro Park Acquisition Expansion
- DeHart Park Land Assembly

## 2010

- Mission Creek Bridge and Greenway Expansion
- Emergency Services Precinct
- Casorso Multi Modal Corridor
- Highway 33 Infrastructure Initiative
- Tutt Ranch - Landfill Expansion, Robert Lake Protection, Glenmore Hwy 97 Linkage
- Tutt Street Place Affordable Housing
- New Gate Affordable Housing

## 2008

- Waterfront Parkland
- McCulloch Road and Field Road
- Rutland Town Centre Park
- Munson Pond Park
- Rutland Transit Station

## 2011

- Kettle Valley Mountainside Park
- Casorso Park
- Wilden Open Space
- Fleet Avenue Open Space
- Knox Mountain Addition
- Black Mountain Community Park
- Airport Expansion Strategic Acquisition

2007	2008	2009	2010	2011	2012
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## 2009

- Hollywood Road Extension
- Mission Bird Sanctuary
- Glenmore Bypass
- Cameron Park Lift Station
- Chute Lake Reservoir
- Wilden Community Park
- McKinley Park - Shayler Place
- Rotary Beach Expansion
- Truswell Foreshore Access and Park Acquisition
- Lakeshore Mobile Home Park Possession

## 2012

- Swamp Road Trail Corridor
- Steele Road Park
- RDCO Parkland Acquisition
- Pandosy Street Sidewalk
- Glenmore Recreation Park
- Dehart Road Widening
- Lindahl Street Linear Park



**2013**

- Rails-to-Trails
- New Properties for Bus Rapid Transit Stations
- Hospital Emergency Parking Lot
- Mill Creek Linear Park
- RCMP Facility
- Kelowna Yacht Club
- Central Green
- Ellis Street Parkade
- Downtown Marina
- Mission Recreation Park Soccer Dome

**2014**

- Mission Creek Restoration Initiative
- John Hindle Drive Extension
- Airport Expansion Strategic Acquisition
- Pleasantvale Non-Profit Housing
- University Heights Natural Area Park
- McKinley Mountain Park
- Black Mountain Natural Area Park
- Central Green LEED Neighbourhood
- Rutland Centennial Park Revitalization

**2016**

- Bluebird Beach Park
- Downtown Parkades (Library and Memorial)
- Ethel Active Transportation Corridor (south of Harvey)
- Rutland Road at Reid's Corner Re-alignment
- Bernard Avenue Laneway Project

**2017**

- Ellis Street Mixed Use Downtown Revitalization
- Drysdale Boulevard Townhome Development
- Lakeshore Mobile Home Park Land Exchange
- Mill Creek Neighbourhood Park
- Elliot Avenue Neighbourhood Park
- Bellevue Creek Heritage Park Trail
- Adaptive Reuse of Surtees Heritage Buildings
- Spall Cycling/Pedestrian Connections
- South Padosy to KGH Sidewalk
- Airport Expansion Strategic Acquisitions
- Highway 97 Strategic Holdings
- South Perimeter Road Acquisitions
- Hearthstone Temporary Supportive Housing

**2013****2014****2015****2016****2017****2018****2015**

- Lakeshore Park (south of Lexington)
- Rails-to-Trails Extension
- Lakeshore Bridge Replacement (south of Truswell)
- Stuart Park Phase II
- IHA Downtown Relocation
- Okanagan Centre for Innovation
- Lakeshore Road Urbanization Project - Bellevue Creek and Dehart
- Ethel Active Transportation Corridor (Harvey and Bernard)
- Mill Creek Linear Park
- Protective Services Building
- Munson Pond Park

**2018**

- Gyro Land Exchange
- Hobson Park
- Airport West Commercial Land
- Kelowna Water Integration Project

# 1.4 POLICY DIRECTIONS

## CURRENT AND EVOLVING POLICY DIRECTIONS SHAPE THE CITY'S PRIORITIES FOR MUNICIPAL LAND.

Guided by *Imagine Kelowna* and other community-driven planning processes, the City of Kelowna is pursuing a forward-thinking policy direction in relation to land acquisition, disposition and management. Detailed design policies and technical standards, as well as provincial and federal legislation, also provide important direction to the decision-making process.

Plan or Policy	Purpose and key direction
<b>Imagine Kelowna (2018)</b>	<i>Imagine Kelowna</i> establishes a long-term community strategic vision for Kelowna. Social, cultural, economic and environmental values are strongly emphasized. The way forward focuses on the community's capacity to build a connected, responsible, collaborative and smart city.
<b>City Council Strategic Priorities (2018 Update)</b>	<i>Council's Strategic Priorities</i> update emphasizes housing diversity, homelessness prevention strategies, public safety, agricultural land preservation, clean drinking water, vibrant urban centres, a healthy, safe, active and inclusive city, balanced transportation networks, catalysts for business and strong financial management.
<b>2030 Official Community Plan (2011) 2030 Infrastructure Plan (2016)</b>	The City's long range planning framework, including the <i>2030 Official Community Plan</i> and <i>2030 Infrastructure Plan</i> , sets a course for corporate priorities, including municipal land needs for core services like transportation, parks and municipal buildings (2040 document forthcoming).
<b>10-Year Capital Plan</b>	<i>The 10-Year Capital Plan</i> and annual budget update provide key opportunities to strategically set out municipal land needs, considering both the long-range planning framework and emerging corporate and Council priorities.
<b>20-Year Servicing Plan and Financial Strategy (2011)</b>	<i>The 20-Year Servicing Plan</i> and <i>Financial Strategy</i> establishes the structure for Development Cost Charge (DCC) infrastructure, including acquisition of land for parks, transportation, water and sewer.

Plan or Policy	Purpose and key direction
<b>2018 Financial Plan (2017)</b>	The <i>Financial Plan</i> balances the City's financial outlook with community needs and priorities. Guided by Council and the community, investments focus on adapting to emerging challenges of growth, including: increased safety resources, balanced and active transportation solutions, ongoing commitments to address homelessness and plans for a sustainable future.
<b>Principles and Strategies for Financial Strength (2015)</b>	The City defines financial strength and stability as "the ability to acquire and manage a portfolio of financial and physical assets that meet the current and future needs of our community." The five characteristics that shape the principles are: sufficient, pragmatic, flexible, transparent, and balanced.
<b>Strategic Investment, Business and Entrepreneurial Development Framework (2018)</b>	The <i>Framework</i> looks for innovative opportunities to achieve community goals. Business and economic development, careful evaluation of financial and business investments, strategic negotiations and government advisory services are key strategies employed to achieve the defined goals.
<b>Council Policies (2010)</b>	Council Policy No. 75 Land Acquisition/Long Range Development Plan Council Policy No. 306 Charitable Donations and Gifts to the City



## 2.0 VISION AND PRINCIPLES

### VISION:

Maximize community benefits today and in the future through innovative, pragmatic and ethical approaches to land acquisition, disposition and management.

### GUIDING PRINCIPLES:

Guiding Principle 1 – Realize Civic Objectives

Guiding Principle 2 – Sustain Proactive Investment

Guiding Principle 3 – Capitalize on Opportunities

Guiding Principle 4 – Leverage Community Assets

Guiding Principle 5 – Promote Fairness and Integrity

### GUIDING PRINCIPLE 1

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#### REALIZE CIVIC OBJECTIVES

*The City's actions align with strategic objectives to achieve a range of short and long-term benefits for the municipality and the residents of Kelowna.*

Strategic acquisition, disposition and management of City land are powerful municipal tools. These tools have considerable potential to influence implementation of today's community objectives and to provide options to meet future needs that directly influence the nature and quality of community life. Long-range planning and project-specific real estate decisions will strive to balance and align with the social, cultural, recreational, economic and environmental values that are established through Kelowna's Council-approved corporate and community plans.

### GUIDING PRINCIPLE 2

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#### SUSTAIN PROACTIVE INVESTMENT

*Sustained and proactive investment in land is a key component of the City's long-range financial and capital planning framework.*

City-owned land in Kelowna has proven to be an appreciating municipal asset. The foresight of previous generations to invest strategically through proactive land acquisitions has contributed to a diverse municipal investment portfolio and a valuable municipal resource. In an environment where limited municipal funding sources are available, municipal land provides affordable solutions to addressing municipal needs and can generate financial returns through land sales and leases. Reinvestment of the financial returns on the sale of land assets is key to the financial sustainability of the land acquisition function.

### GUIDING PRINCIPLE 3

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#### CAPITALIZE ON OPPORTUNITIES

*The City has the resources and flexibility to lead innovative solutions, capitalize on opportunities and respond with agility to emerging issues.*

A robust inventory of municipal land and sustained funding of land acquisition reserves provides the capacity to fulfill a mandate to lead innovative solutions, capitalize on opportunities and build resilience to unforeseen social, political, environmental and economic challenges. Municipal land is a valuable tool for responding to a range of urgent community needs and advancing corporate objectives and Council priorities. Sustained contributions to reserve funds provide flexibility to leverage opportunities as they arise without the need for borrowing.

### GUIDING PRINCIPLE 4

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#### LEVERAGE COMMUNITY ASSETS

*The City strategically pursues opportunities to leverage land assets to provide greater community value.*

The City leads opportunities to leverage land assets in creative and innovative ways to catalyze the community-building actions and investments of external groups. City initiatives in land assembly and servicing are pursued selectively to stimulate urban redevelopment and overcome barriers to private sector reinvestment. Strategic partnerships consider the full value of municipal land and capitalize on the unique tools, resources and mandates of non-profit organizations and other orders of government.

### GUIDING PRINCIPLE 5

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#### PROMOTE FAIRNESS AND INTEGRITY

*Fairness and integrity will guide the City's business dealings in real estate.*

The business dealings of the City in real estate matters reflects a strong ethic of integrity. Those purchasing land from the City and selling land to the City are treated fairly. All City land acquisitions and sales transactions are undertaken with a deliberate focus on fair market value. All real estate practices align with legislative requirements, including requirements for confidentiality. These practices are an important part of maintaining public trust and protecting the public interest.

# 3.0 LAND STRATEGIES

## CITY STRATEGIES - HOW WE GET THERE!

### GUIDING PRINCIPLE 1 - REALIZE CITY OBJECTIVES

#### STRATEGY 1.1

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ALIGN WITH MUNICIPAL PLANS

*The City's land acquisition, disposition and management priorities are inspired by a community-driven, Council-approved planning framework.*

The activities of the Strategic Investment Division reflect the ambitious vision established by *Imagine Kelowna 2018* and the key policy directions embedded in the City's long-range and capital planning framework. The Official Community Plan, the Infrastructure Plan and departmental-level operational plans (e.g., Airport Master Plan) are important cornerstones of the City's planning framework.

#### STRATEGY 1.2

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DELIVER ON OPERATIONAL REQUIREMENTS

*The City will proactively acquire land to fulfill the future operational needs of City departments.*

A key function of the Strategic Investment Division is to work in cooperation with other City departments to plan for land acquisition to support the efficient and effective operation of the City's various service delivery functions. In addition to land acquisitions for roads, parks and recreational amenities actively used by the public, the City requires land for its behind-the-scenes operations. Transit yards, fire stations and parks yards, for example, require well-located municipal land. Advanced planning for all operational needs affords the City the flexibility to maximize land acquisition options and minimize costs.

- Tutt Ranch Landfill Expansion
- RCMP Headquarters Acquisition

#### STRATEGY 1.3

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ACHIEVE MULTIPLE BOTTOM LINE OBJECTIVES

*The City will maximize the range of potential community benefits that can be achieved, considering the financial value to taxpayers and the social, cultural and environmental returns.*

Innovative approaches to dealings in municipal land have the potential to incorporate community benefits that extend well beyond the financial viability of the project. The City will continue to be resourceful in the use of the available real estate tools to deliver on both public and private investment in community benefits, such

## STRATEGY 1.4

### EMBRACE A LONG-RANGE OUTLOOK

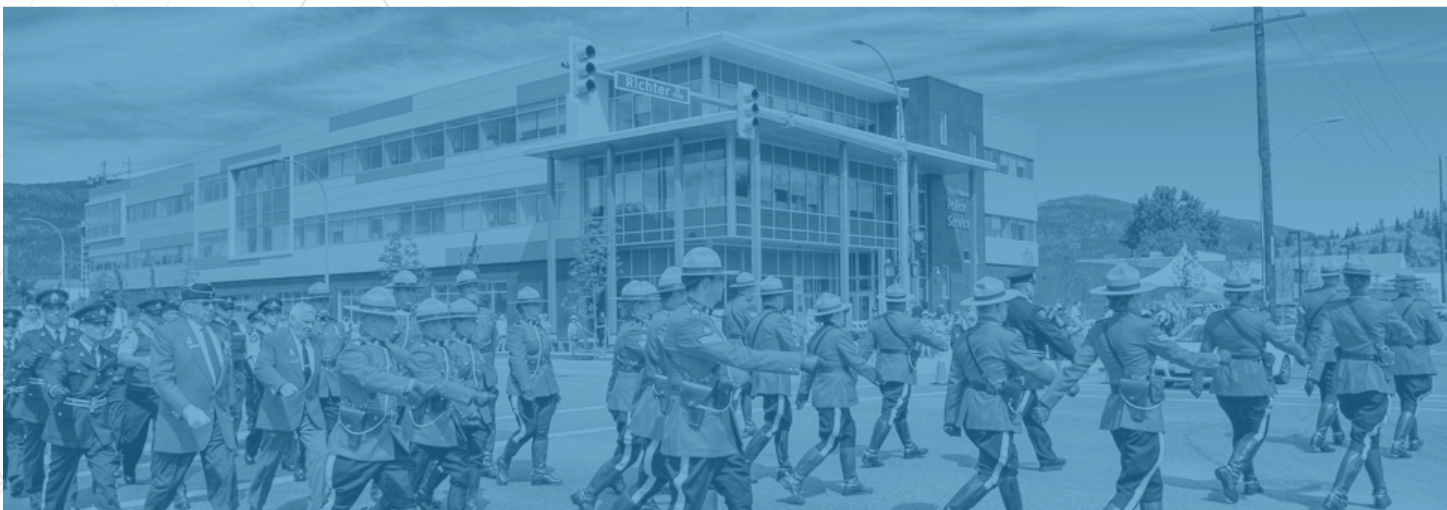
as: green buildings, wetland reclamation, environmental clean up, pedestrian friendly design, affordable housing and high quality place-making urban design.

- Ethel Active Transportation Corridor
- Adaptive Reuse Surtees Heritage Buildings
- Munson Pond Park
- Pleasantvale Affordable Housing for Seniors and Families

***The City will purchase land to increase the community's capacity to respond to unforeseen community challenges.***

The potential range of future challenges facing municipal government cannot be predicted with certainty from today's vantage point. It will be critical for the City to build a strategic toolkit to allow it to effectively respond to such unforeseen challenges. Municipal land is a significant component of this toolkit. Land-based solutions will be key to addressing community needs that are changing gradually over time and to tackling more pressing issues associated with extreme weather events, or significant economic, political, cultural or social challenges.

- Kelowna International Airport Expansion
- Kelowna Water Integration Project
- Mission Creek Restoration Initiative



## GUIDING PRINCIPLE 2 – SUSTAIN PROACTIVE INVESTMENT

### STRATEGY 2.1

#### FORMALIZE FUNDING STRATEGY

*The City will formalize a framework for funding priority land acquisitions not funded through Development Cost Charges.*

Development Cost Charges provide a stable funding source for land acquisition related to growth and community needs for parks, roads, water and wastewater. Growth-related and quality-of-service related land acquisition needs for other community priorities, such as housing and environmental protection also warrant a stable reserve-based funding strategy – one that demonstrates a financial commitment to master plan implementation and ensures large variable land acquisition costs do not impact taxpayers annually.

### STRATEGY 2.2

#### REINVEST SALES PROCEEDS IN FUTURE ACQUISITIONS

*The City will direct the proceeds from the sale of municipal land to designated land acquisition reserves to regenerate value to the community for future land acquisitions.*

It is important that the community benefit associated with the sale of municipal land be retained in land reserves to be reinvested in future land acquisitions and not spent on depreciable assets (eg. infrastructure). Reinvestment in municipal land reflects the unique quality of this community asset, including its capacity to appreciate in value and to leverage future public benefits.

### STRATEGY 2.3

#### PURSUe FINANCIALLY PRUDENT INVESTMENTS

*The City will maximize the value of public resources through carefully timed and financially prudent land acquisitions.*

A broad range of factors impact real estate market conditions, including those arising from changes in the socio-political, legislative and economic environment. The City will stay alert to these market conditions and engage outside expertise as needed to support “buy low” and “sell high” transactions. Resources for land acquisition grow with high development activity (i.e., through development cost charges); however, diligence may be required to wait out a “hot” real estate market to buy land at a lower price. Circumstances may also arise where it is financially justified to buy land without an immediate purpose or to buy land to protect it from private development.

### STRATEGY 2.4

#### PURSUe INTERIM LAND USES

*The City will pursue appropriate interim uses on municipal land to generate community value.*

Municipal land may be acquired for future long-range community needs or it may be acquired opportunistically as a part of a larger plan to acquire surrounding properties for future operational and service



## STRATEGY 2.5

### STIMULATE REVITALIZATION

needs. To make best use of the land in advance of the ultimate purpose for acquisition, the City will pursue appropriate interim land uses. Commitments to interim uses and/or related, property improvements will be mindful of the need to protect the land for long-term uses.

- Rental Housing – Leases for 40 residential properties
- Kelowna Paddle Centre – Abbott Street
- DeHart Park Community Gardens

*The City will continue to pursue urban revitalization as a key strategy for achieving fiscally-smart community benefits.*

Utilizing municipal land to facilitate urban renewal has knock-on effects that cross a number of community-based objectives. Strategic use of City-owned land in Kelowna's urban centres may come with some upfront cost, however, these municipal investments can stimulate further public and private sector investment – investment that increases the taxable value of property, and that is essential to building and maintaining vibrant urban centres.

- Central Green LEED Neighbourhood
- Interior Health Authority Downtown Relocation
- Ellis Street Mixed-Use Downtown Revitalization
- Lawrence Avenue Revitalization Agreement

## CASE STUDY – ELLA

### LEADERSHIP IN STRATEGIC DOWNTOWN REVITALIZATION

In 2012, the City purchased this central downtown property, located at the northwest corner of Ellis Street and Lawrence Avenue. The property was purchased as a strategic investment and would play a key role in building a vibrant downtown with a strong residential base. In 2016, the City sold the property for a marked profit, covenanting residential uses as well as key urban and environmental design standards and best practices. Prior to the sale, the property provided necessary parking for downtown businesses and patrons while Kelowna's main street, Bernard Avenue, underwent a major revitalization.

116 condominiums are planned within a 20 story high-rise, featuring retail at grade and Kelowna's first LEED-Certified concrete construction. The project boasts a Walk Score of 97 out of 100 and Mission Group's Inspired Green approach, lessening the environmental footprint in energy, water, air quality, recycling and climate change. Occupancy is expected in 2020.



## GUIDING PRINCIPLE 3 – CAPITALIZE ON OPPORTUNITIES

### STRATEGY 3.1

#### POSITION RESOURCES TO LEAD ON EMERGING PRIORITIES

*The City will build capacity to take action on opportunities and emerging priorities through staffing and financial resources.*

Unique community priorities are coming to the forefront due to their importance as cornerstones of a healthy city. Four emerging priority areas are closely linked with land-based solutions, including: housing affordability and action on homelessness, wetland restoration and resiliency to climate change, food security and agricultural protection, and action to integrate heritage into community life through adaptive reuse of heritage assets. Responding to opportunities requires agility, flexibility and sufficient resources.

- Housing Opportunities Reserve Fund
- Agricultural Lands Trust (proposed for discussion)
- Climate Action Restoration Reserve Fund (proposed for discussion)
- Heritage Assets Adaptive Reuse Reserve Fund (proposed for discussion)

### STRATEGY 3.2

#### CAPTURE COMMUNITY NEEDS THROUGH DEVELOPMENT APPROVAL PROCESSES

*The City will look to capture the long-term needs of the community as development applications come forward.*

As development applications come forward, land acquisition and other real estate tools will be used to secure public land and provide the public access necessary to build high quality, well-connected communities (e.g., linear parks, walkways, Okanagan Lake linear park access). Recognizing the important role that open space can play in responding to long-term unforeseen community needs, the City will also protect or acquire open space through the development process for future unspecified operational or service needs.

- Black Mountain Natural Area Park
- McKinley Mountain Park
- Wilden Community Park

### STRATEGY 3.3

#### CONSIDER LAND ACQUISITIONS FROM OTHER GOVERNMENT AGENCIES

*The City will achieve community benefits through the acquisition of land from other government agencies.*

The mandate of other government bodies and their need for specific parcels of land can change over time, presenting opportunities for municipal acquisition or other approaches to securing public benefits (e.g. surplus school sites).

## GUIDING PRINCIPLE 4 – LEVERAGE COMMUNITY ASSETS

### STRATEGY 4.1

#### BUILD PUBLIC PRIVATE PARTNERSHIPS

*The City will pursue partnerships with the private sector to achieve public benefits that cannot be achieved by the City acting alone.*

Private sector contracts involving municipal lands can be structured to allow each party to do what it does best and can allow for services to be delivered at a lower cost, on a shorter time frame or with less risk to the taxpayer. All partnerships with business will meet legislative requirements respecting assistance to business and will be guided by rigorous partnering agreements. The Strategic Investment, Business and Entrepreneurial Development Framework (2018) helps to guide the selection of opportunities and recognizes rules and guidelines for assistance to business.

- Downtown Marina and Floating Pier – Westcorp
- Prospera Place
- Capital News Centre

### STRATEGY 4.2

#### PURSUE INTERGOVERNMENTAL PARTNERSHIPS

*The City will pursue inter-governmental partnerships with federal, provincial and/or, regional governments to achieve public benefits.*

Other government entities have access to legislative tools and financial resources that are not accessible to the City. These unique characteristics present opportunities to pursue mutual public interests. While maintaining a regulatory role, the City works collaboratively with agencies such as the BC Housing Management Commission, the Interior Health Authority and School District 23.

- BC Housing – Partnerships in Supportive Housing for Women
- Interior Health Authority – Downtown Relocation and Revitalization

### STRATEGY 4.3

#### COLLABORATE WITH NON-PROFITS AND INTEREST GROUPS

*The City will proactively seek opportunities to collaborate with interest groups and support partnerships driven by non-profit organizations.*

The community will volunteer resources that back Kelowna's local non-profit organizations and interest groups represent a passionate and broad spectrum of the community. Their connections and engagement with citizens, their unique position in the community and their specialized knowledge can position them to deliver specific services desired by the community. The contribution of City-owned land can often be the key to project feasibility. The Civic Partnership Framework (2016) helps to guide strategic selection of opportunities.

- Okanagan Gymnastics Club in Rutland
- Kelowna United Football Club in the Mission
- Friends of Mission Creek
- Okanagan Rail Trail Initiative

## GUIDING PRINCIPLE 5 – PROMOTE FAIRNESS AND INTEGRITY

### STRATEGY 5.1

#### PROVIDE FAIR MARKET VALUE

*The City will provide fair market value for both acquisition and disposition of municipal land.*

When considering a transaction of municipal land, the City will determine the value of the interests, rights and benefits of the property by means of an appraisal or estimate, as set out in the City's valuation procedures. The focus of the valuation is on fair market value.

### STRATEGY 5.2

#### FOLLOW CLEAR PROTOCOL FOR DIRECT TRANSACTIONS

*The City will solicit offers for disposition of municipal land based on predetermined criteria and will consider direct transactions only where a defined public interest can be clearly demonstrated.*

Examples of dispositions where the nature of the transition would make it inappropriate or not in the public interest to solicit offers may include a disposition in which the property can reasonably be disposed of to only one entity (e.g. land locked remainder parcel to an adjacent land owner), where significant community benefit is achieved by the City courting the expertise of a specific buyer, or where the sale of the property will be to another government agency for public purposes. Direct sales are made at market value.

## CASE STUDY - TUTT STREET PLACE

### PARTNERSHIPS IN SUPPORTIVE HOUSING FOR WOMEN

The City retains land ownership and provides land on a 60 year lease to BC Housing. BC Housing (Provincial Rental Housing Corporation) leases land from the City. NOW Canada (New Opportunities for Women) subleases and enters into a housing operator agreement with BC Housing



## CASE STUDY - IHA DOWNTOWN RELOCATION

### MULTIDIMENSIONAL INTERGOVERNMENTAL PARTNERS

Between 2013 and 2016, the City and the Interior Health Authority partnered to facilitate centralization of IHA services in a new community health and services building in downtown Kelowna. The move is noted to be a “game changer” for health care in the region and for downtown revitalization.



### STRATEGY 5.3

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FOLLOW CLEAR PROTOCOL FOR ASSISTANCE TO BUSINESS

*The City will follow legislative requirements and City protocols when considering assistance to business.*

Requirements and protocols to ensure transparency and public accountability, including public notice, will be followed.

### STRATEGY 5.4

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PURSUDE EXPROPRIATION WHERE APPROPRIATE

*The City may consider pursuing expropriation to clear the way for important community projects.*

The City works hard to negotiate agreements with property owners. However, the City will consider pursuing expropriation when a landowner refuses to negotiate in good faith to ensure the City acquires property at fair market value. Expropriation is pursued after “all means available to local government” have been exhausted. The process will follow the BC Expropriation Act and City policies to promote consistency, transparency and fairness for the land owner and the public.

### STRATEGY 5.5

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FOLLOW RFP PROCESSES FOR REAL ESTATE SERVICES

*The City will periodically run a request for proposal process for the professional residential and commercial real estate services required by the City.*

To ensure the opportunity to be engaged by the City is open to all qualified real estate professionals interested in providing services, the City will initiate a competitive request for proposals.

### STRATEGY 5.6

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UNDERTAKE DUE DILIGENCE ON ALL TRANSACTIONS

*The City will undertake due diligence on all transactions to protect against financial, environmental, geotechnical and other potential risks.*

Due diligence is an important aspect of managing risks and acting in the best interest of the public. Property inspections, third-party appraisals and environmental inspections are examples of actions taken to reflect due diligence.

# 4.0 REAL ESTATE TOOLS AT WORK

THE CITY UTILIZES REAL ESTATE TOOLS IN CREATIVE AND STRATEGIC WAYS TO ACHIEVE COMMUNITY BENEFITS.

## BUY-SEVER-SELL

### Description:

*Acquisition of an entire property when only a portion of the property is required by the City. The property is subdivided to “sever off” the portion needed by the City and the balance of the property is improved and sold.*

### Strategic Use:

The City’s buy-sever-sell practice benefits both the party selling the land (i.e., a “willing” owner) and the City. The seller is not impacted by the uses proposed by the City because they have sold the entire property and have the flexibility to move on. In the case of an acquisition for a linear trail, there may be impacts (i.e., impact to privacy, or the removal of trees and landscaping) a seller wishes to avoid. In a rising market, the City benefits financially from the practice through the re-sale of the remaining portion of the property.

## STATUTORY RIGHT-OF-WAYS

### Description:

*A charge registered on a private property title that grants the City rights such as public access or the ability to install a utility line.*

### Strategic Use:

A right-of-way is less expensive than an outright fee simple purchase, and because most right of ways are for underground utilities, the landowner can continue to use the surface area for their personal enjoyment.

## FEE SIMPLE DEDICATIONS

### Description:

*Transfer of lands directly to the City for \$1 via the development process.*

### Strategic Use:

Acquisition of lands through the development process allows long-term protection of the City’s interests and flexibility to employ land-based solutions as future challenges arise. Lands are typically areas with steep slopes, riparian areas or environmentally/ecologically sensitive areas.

## COVENANTS

### Description:

*A charge registered on title that limits the use and design of property.*

### Strategic Use:

Covenants ensure that City objectives are met after a property has been sold by the City. The City may sell land with a covenant that ensures future development includes a prescribed number of residential units, meets certain height requirements or conforms to a certain environmental design standard.

## ROAD RESERVES

### Description:

*A charge registered on title that reserves a portion of a property for a future roadway.*

### Strategic Use:

Use of a road reserve allows the City to protect the long-term need for a roadway while maintaining a landowner's ability to use the land in the interim.

## LIFE ESTATES

### Description:

*A charge registered on title that gives a private property owner rights to remain on the property after a sale to the City until they either move or pass away.*

### Strategic Use:

Where the City has a long-term interest in the use of a property (e.g. future parkland), the City can purchase the property to secure this long-term interest and provide the owner the certainty of living on the property even after they have sold it to the City. The right to a life estate can be a valuable asset in property acquisition negotiations.

## LAND DONATIONS

### Description:

*The transfer of lands to the City in exchange for a charitable tax receipt reflecting the value of the land.*

### Strategic Use:

Issuing a tax receipt for land donations to the City has no negative impact on the City's land acquisition budget. In the settlement of private estates, or for owners with multiple and diverse assets, the tax receipt can be leveraged in ways that monetary compensation cannot.



## FIRST OPTIONS TO PURCHASE

### Description:

*A charge registered on title that gives the City the right to purchase a property in the future.*

### Strategic Use:

The first option to purchase charge helps to protect the City's long-term interests in a particular property, without committing the upfront and/or operational resources that would be associated with an outright fee simple purchase. The tool also allows for interim uses to continue on the land. The necessary conditions for exercising the right and the compensation to be provided are also detailed through the charge.

## RIGHT OF FIRST REFUSAL

### Description:

*A charge registered on title that gives the City the right to purchase a property by matching a bonafide third party offer.*

### Strategic Use:

The City is able to protect its long-term interests in a property by securing the first opportunity to match any offer the seller has from another party. In exchange for the charge, the property owner receives monetary compensation.

## SELL WITH OPTION TO REPURCHASE

### Description:

*A charge registered on title at the time the City sells a property giving it the option to repurchase the property if certain terms and conditions are not met.*

### Strategic Use:

The option to re-purchase ensures that the buyer of a City property fulfills their commitments with respect to future development of the property (e.g. construction completion within a certain time frame).

## AIR SPACE PARCEL

### Description:

*A volumetric parcel that is created in legal terms above the physical ground level. It may or may not be occupied by a building.*

### Strategic Use:

Air space parcels may be created to separate ownership and responsibility over a three dimensional space. The arrangement can be used to allow flexibility for a mix of land uses and to achieve public benefits, including the protection of view corridors or the creation of above grounds pedestrian access.

## EXPROPRIATION

### Description:

*Expropriation legislation allows the City to acquire a property when it can demonstrate there is a specific need for it and when it has made efforts to acquire the property from the owner at mutually agreeable terms.*

### Strategic Use:

Expropriation is sometimes necessary to protect the greater public good with respect to acquiring property at reasonable terms.

## CASE STUDY – GLENMORE, UBCO, AIRPORT CONNECTION

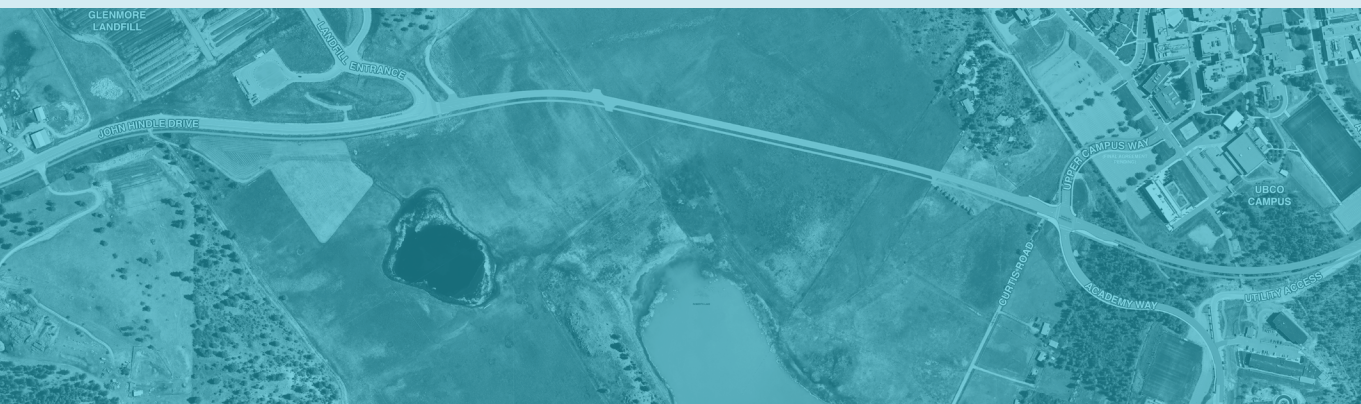
### COMPLEX NEGOTIATION FOR KEY TRANSPORTATION LINKAGES

#### Location – John Hindle Drive to Hollywood Road North, North Glenmore, Kelowna

The City led landowner negotiations to secure a key transportation connection linking North Glenmore to the UBC Okanagan campus and providing alternative access to the Kelowna Airport and other Highway 97 locations.

This complex and multifaceted negotiation involved multiple stakeholders, including UBC Okanagan, the Agricultural Land Commission, the Glenmore Ellison Irrigation District and private landowners. No cash outlay was required from the City to complete.

The link through Kelowna’s agricultural area will significantly reduce travel times to and from multiple area destinations and help to lessen congestion on Highway 97. An active transportation corridor is an important part of the project and will support Kelowna’s cycling network.



## 5.0 FUTURE DIRECTIONS

As a leading real estate focused municipality, the City of Kelowna will continue to actively pursue the Land Strategy Vision to “realize community benefits through strategic investment in municipal land”. Key priorities necessary to support the implementation of the Principles and Strategies include the development of a framework for funding the strategic land acquisitions not funded by Development Cost Charges, as well as actions to establish reserve funds for municipal land acquisitions. Reserve funds for discussion could include designated funds for land acquisitions that relate to climate action and environmental restoration, productive and adaptive reuse of heritage assets and the protection of agricultural resources.



# APPENDIX 1

## VISION, PRINCIPLES AND STRATEGIES – SUMMARY

Vision maximize community benefits today and in the future through, innovative, pragmatic and ethical approaches to land acquisition, disposition and management.

## CITY OF KELOWNA LAND STRATEGY – SUMMARY

<b>GUIDING PRINCIPLE 1 – Realize Civic Objectives</b> .....	<b>p.14</b>
<i>The City's actions align with strategic objectives to achieve a range of short and long-term benefits for the municipality and the residents of Kelowna.</i>	
<b>STRATEGY 1.1 – Align with Municipal Plans</b> .....	<b>p.14</b>
<i>The City's land acquisition, disposition and management priorities are inspired by a community-driven, Council-approved planning framework.</i>	
<b>STRATEGY 1.2 – Deliver on Operational Requirements</b> .....	<b>p.14</b>
<i>The City will proactively acquire land to meet the future operational needs of City departments.</i>	
<b>STRATEGY 1.3 – Achieve Multiple Bottom Line Objectives</b> .....	<b>p.14</b>
<i>The City will maximize the range of potential community benefits that can be achieved, considering the financial value to taxpayers and the social, cultural and environmental returns.</i>	
<b>STRATEGY 1.4 – Embrace a Long-Range Outlook</b> .....	<b>p.15</b>
<i>The City will purchase land to increase the community's capacity to respond to unforeseen community challenges.</i>	
<b>GUIDING PRINCIPLE 2 – Sustain Proactive Investment</b> .....	<b>p.16</b>
<i>Sustained and proactive investment in land is a key component of the City's long-range financial and capital planning framework.</i>	
<b>STRATEGY 2.1 – Formalize Funding Strategy</b> .....	<b>p.16</b>
<i>The City will formalize a framework for funding priority land acquisitions not funded through Development Cost Charges.</i>	
<b>STRATEGY 2.2 – Reinvest Sales Proceeds in Future Acquisitions</b> .....	<b>p.16</b>
<i>The City will direct the proceeds from the sale of municipal land to designated land acquisition reserves to regenerate value to the community for future land acquisitions.</i>	
<b>STRATEGY 2.3 – Pursue Financially Prudent Investments</b> .....	<b>p.16</b>
<i>The City will maximizes the value of public resources through carefully timed and financially prudent land acquisitions.</i>	
<b>STRATEGY 2.4 – Pursue Interim Land Uses</b> .....	<b>p.16</b>
<i>The City will purse appropriate interim uses on municipal land to generate community values.</i>	
<b>STRATEGY 2.5 – Stimulate Revitalization</b> .....	<b>p.17</b>
<i>The City will continue to pursue urban revitalization as a key strategy for achieving fiscally-smart community benefits.</i>	

<b>GUIDING PRINCIPLE 3 – Capitalize on Opportunities</b> .....	<b>p.18</b>
<i>The City has the resources and flexibility to lead innovative solutions, capitalize on opportunities and respond with agility to emerging issues.</i>	
<b>STRATEGY 3.1 – Position Resources to Lead on Emerging Priorities</b> .....	<b>p.18</b>
<i>The City will build capacity to take action on opportunities and emerging priorities through staffing and financial resources.</i>	
<b>STRATEGY 3.2 – Capture Community Needs through Development</b> .....	<b>p.18</b>
<i>The City will look to capture the long-term needs of the community through development applications.</i>	
<b>STRATEGY 3.3 – Consider Land Acquisitions from other Government Agencies</b> .....	<b>p.19</b>
<i>The City will achieve community benefits through the acquisition of land from other government agencies.</i>	
 <b>GUIDING PRINCIPLE 4 – Leverage Community Assets</b> .....	 <b>p.19</b>
<i>The City strategically pursues opportunities to leverage land assets to provide greater community value.</i>	
<b>STRATEGY 4.1 – Build Public Private Partnerships</b> .....	<b>p.19</b>
<i>The City will pursue partnerships with the private sector to achieve public benefits that cannot be achieved by the City acting alone.</i>	
<b>STRATEGY 4.2 – Pursue Intergovernmental Partnerships</b> .....	<b>p.19</b>
<i>The City will pursue inter-governmental partnerships with federal, provincial and/or regional governments to achieve public benefits.</i>	
<b>STRATEGY 4.3 – Collaborate with Non-Profits and Interest Groups</b> .....	<b>p.20</b>
<i>The City will proactively seek opportunities to collaborate with interest groups and support partnerships driven by non-profit organizations.</i>	
 <b>GUIDING PRINCIPLE 5 – Promote Fairness and Integrity</b> .....	 <b>p.20</b>
<i>Fairness and integrity will guide the City’s business dealings in real estate.</i>	
<b>STRATEGY 5.1 – Provide Fair Market Value</b> .....	<b>p.20</b>
<i>The City will provide fair market value for both acquisition and disposition of municipal land.</i>	
<b>STRATEGY 5.2 – Follow Clear Protocol for Direct Transactions</b> .....	<b>p.20</b>
<i>The City will solicit offers for disposition of municipal land based on predetermined criteria and will consider direct transactions only where the nature of the transition would make it inappropriate or not in the public interest to solicit offers.</i>	
<b>STRATEGY 5.3 – Follow Clear Protocol for Assistance to Business</b> .....	<b>p.22</b>
<i>The City will follow legislative requirements and City protocols when considering assistance to business.</i>	
<b>STRATEGY 5.4 – Pursue Expropriation Where Appropriate</b> .....	<b>p.22</b>
<i>The City may consider pursuing expropriation to clear the way for important community projects.</i>	
<b>STRATEGY 5.5 – Follow RFP Processes for Real Estate Services</b> .....	<b>p.22</b>
<i>The City will periodically run a request for proposal process for the professional residential and commercial real estate services required by the City.</i>	
<b>STRATEGY 5.6 – Undertake Due Diligence on All Transactions</b> .....	<b>p.22</b>
<i>The City will undertake due diligence on all transactions to protect against financial, environmental, geotechnical and other potential risks.</i>	

