

---

City of Kelowna

**MEMORANDUM**

---

**DATE:** June 8, 2004

**FILES:** 0710-20  
0550-01

**TO:** City Manager

**FROM:** Manager Community Development & Real Estate

**SUBJECT: DEVELOPMENT OBJECTIVES AND DISPOSITION PROCESS FOR THE "OLD KSS" PROPERTY**

**REPORT PREPARED BY: HAZEL CHRISTY, SPECIAL PROJECTS MANAGER**

---

**RECOMMENDATION:**

**THAT** Council endorse the development objectives for the "Old KSS" site attached as recommended by the Urban Centres Implementation Committee, for use as a basis for soliciting and reviewing offers to purchase the subject property;

**AND THAT** staff be directed to commence marketing activity according to the process outlined in the Report from the Director of Planning and Corporate Services dated June 8 , 2004;

**AND FURTHER THAT** 10% of the net revenue from the sale of the site be added to the City's Housing Reserve Fund.

**BACKGROUND:**

At the January 12, 2004 Regular Meeting, Council adopted the following resolutions:

THAT staff be directed to organize an Open House to solicit public feedback on the "old KSS" site draft development objectives noted in Attachment #2 of the Planning and Corporate Services report dated December 17, 2003;

AND THAT the Urban Centres Implementation Committee be directed to provide guidance into the refinement of site redevelopment objectives after receiving public feedback;

AND FURTHER THAT staff report back to Council prior to issuing a "Request for Qualifications / Expressions of Interest" for development of the "old KSS" site.

In response to Council's direction, staff hosted a public Open House at the St. Michael and All Angels' Hall (608 Sutherland Avenue) on March 10, 2004 between 3:00 pm and 8:00 pm. The objectives that were forwarded for public review were those that Council endorsed for comment on January 12, 2004. The Open House was well attended (estimated attendance between 100 and 150). The material that was displayed at the Open House was also posted on the City's web page.

In response to the information conveyed at the Open House and on-line, staff received 88 individual comment sheet responses, emails and letters. Staff also received "group submissions" from the area Residents Association (KSAN) and Marshall Street homeowners. In addition, a 655 name petition was received from individuals wishing to see a portion of the KSS site to be used for a senior's center. The comments received have been summarized in Schedule 2 of this report.

City committees including the Downtown Plan Committee, the Community Heritage Commission, the Social Planning and Housing Committee, and the Advisory Planning Commission were provided with information about the proposed objectives and the related consultation process and were invited to comment on the draft development objectives. The Downtown Plan Committee recommended in support of the proposed objectives, with the recommendation that the Pettigrew House be incorporated into a future park. The Community Heritage Commission recommended that the draft development objectives for the old KSS property be revised to require the retention of the brick school building and the Pettigrew House on the KSS site and that consideration be given to retaining the gymnasium for neighbourhood use.

The Urban Centre Implementation Committee, at its meeting of April 22, 2004, reviewed the results of the Open House and the input from other city committees and endorsed the development objectives attached as Schedule 3 of this report. They recommended that 10% of the residential units developed be affordable as defined in the OCP and that 10% of the net revenue generated by the sale of the property be added to the city's Housing Reserve Fund.

Staff recommend that reference to actual proposed zones (noted in italics on Schedule 1) be added to the objectives endorsed by the Urban Centre Implementation Committee for further clarification.

### **PROPOSED PROCESS:**

After consulting with the city solicitor, staff are recommending the following process in order to maximize benefits while achieving city objectives for the site, and allowing the process to occur as expeditiously as possible:

1. Place a Section 219 restrictive covenant on title that stipulates that no rezoning or subdivision is to be approved or any building permit issued prior to Council approval of a comprehensive plan for the site that includes those items identified in Council's statement of objectives for the site.

*(This will protect against resale and speculation on the part of a purchaser. After the approval by Council of a comprehensive plan and the amendment of the restrictive covenant to include this, the property could be rezoned and subdivided for development. Subsequent development permits, regardless of applicant, would have to be in accordance with the adopted plan, and receive approval by Council in accordance with the normal process).*

2. Advertise the property as widely as possible in accordance with Section 26 of the Charter which requires that notice include the nature of the disposition (*sale*) and the term (*time frame*). Prepare sales package that includes Council objectives for the site and process to be followed to complete sale. Sales package would include a copy of the proposed option to purchase agreement.

*(Time frame and percentage of deposit required would be specified in the option agreement, as would the requirement to prepare a more detailed concept plan suitable for*

*registration as a restrictive covenant, and to make application for rezoning, subdivision and development permit for a first phase within a specified time frame, suggested to be one year. If these items are not achieved within the time frame, then the option expires. This ensures that the property does not become a holding property and yet allows for a logically phased build-out, appropriate given the size of the property).*

3. Sales process would see the acceptance of offers commencing on a certain date, closing after a three month time period. Offers would be required to include offer price, a preliminary concept plan that includes proposed land uses and areas, residential unit counts and proposed zone for each area, as well as information on the developer's prior experience with similar projects.
4. Staff would review the proposals submitted and recommend to Council the highest offer that meets Council's stated objectives. Upon acceptance by Council, the City would then be able to enter into an option to purchase agreement with the chosen proponent.

(Staff would advise Council of the top three proposals and any proposals that include preservation of any of the three buildings remaining on the site. However, the recommended proposal will be the best financial offer that meets Council's stated objectives for development of the site.)

5. The prospective developer would commence preparation of concept plan, rezoning, subdivision and development permit applications through the normal process and timelines. Sale would become final upon the rezoning of the entire property and the issuance of a development permit and building permit.

*(OCP amendment including requirement for development permit, rezoning and development permit approval by Council would be prerequisite for building permit issuance. If property is to be phased, requirement of development permit should be basic landscaping treatment for entire site supported by landscaping bond to ensure that property doesn't become unsightly while phases build out).*

This process is being recommended by staff as being less complex than the normal RFP process in the belief that it will result in a larger number of proponents submitting bids to develop the property. It follows the familiar development process, governed by the Official Community Plan, Subdivision and Development, and Zoning Bylaws, any amendments to which must be approved by Council after a public process. It allows for the achievement of Council's objectives for the site through the restrictive covenant and the preparation of a concept plan which Council must endorse. It also allows for creativity on the part of the developer, who has the flexibility in the preparation of the concept plan within Council's guidelines, which are known at the commencement of the process. It is hoped that the balance of certainty and potential for creativity built into the process will serve to maximize the value of this significant property to the citizens of Kelowna.



---

D.L. Shipclark

R.L. (Ron) Mattiussi, ACP, MCIP  
Director of Community & Corporate Planning

HC/sh  
Encl.

### KSS Redevelopment Objectives

1. Showcase environmentally sustainable design (e.g. energy efficiency, water conservation, etc.);
2. Achieve a balance of land uses on the site so as to create as holistic and sustainable a neighbourhood as possible.
  - a. Uses that must be accommodated on the site include:
    - At minimum 2 hectares of contiguous on-site park to serve all age groups;
    - Housing units accommodating a diversity of housing types;  
*Diversity of housing types would include uses and densities permitted as part of an integrated mixture of RM3, RM4, and RM5 zoned sites as defined in Zoning Bylaw 8000.*
    - Ten percent of residential units in each residential building/project meeting the definition of "affordable housing" set out OCP policy 8.1.16;
  - b. Uses that are encouraged include:
    - Educational facilities;
    - Indoor recreational facilities available for rent by community groups;
    - Provision of space for non-recreational space for rent by community groups;

The City encourages the above uses but will not provide for higher overall site densities than otherwise acceptable to provide for such uses. The City is not prepared to reduce the value accepted for its property to provide for "less than market value rent" to any of the above uses.

- Retention of the brick classroom building and the Pettigrew House;

The City may provide tax incentives to encourage adaptive re-use of the brick classroom building. The City is not prepared to reduce the value accepted for its property to provide for retention of either the brick classroom or the Pettigrew House.

- c. Uses that would be supported on a limited scale:
  - Retail facilities complementing downtown retail [i.e., are limited to highway-fronting or commercial uses permitted within the C1 (local commercial) zone]. Ministry of Transportation requirements and restrictions may make it difficult to accommodate highway commercial uses.
3. Achieve buildings and open spaces that enhance the downtown's identity as Kelowna's principal Urban Centre;
  - a. Integrate the site with the adjoining single and multi-family neighbourhoods and downtown;
  - b. Relate development on the site to the heritage character of the Central School and the Marshall St. Heritage Conservation Area.
  - c. Provide for safe, convenient, and comfortable pedestrian movement through the site (including those portions of the site developed by the private sector). It should be noted that pedestrian desire lines from the SE to the NW corner of the site, across the existing field are very strong;
  - d. Minimize the impact of development-related traffic on surrounding neighbourhoods designated in the OCP for single/two-unit development;
4. Maximize value to the community at no further cost to the City of Kelowna;
5. Realize build out of the site in a timely manner.
  - a. Development may be phased, but phasing must take place within the context of a comprehensive and integrated site plan/design concept.

## SCHEDULE 2

### Public input emerging from the KSS Open House March 10, 2004

**Input received:** 88 individual survey responses/emails/letters  
2 submissions from groups (KSAN, Marshall Street homeowners)  
1 petition from those interested in a combination senior's recreational centre and residence with green space

#### **Park/Recreation (almost all respondents commented)**

Support for park	almost unanimous
Save the gym	25
Pathway through site / access to downtown	15
Keep sports fields	8
Dog Park	4
Don't want a park (security concerns)	1
Greenbelt along highway	1
Concern about loss of park space to provide parking	1
Program the park for active uses	1

#### **Heritage (44 respondents commented)**

Save both the Pettigrew House and Brick Building	19
Save the brick building	12
Lose the buildings	6
Save Pettigrew	4
Move Pettigrew	3

#### **Design (36)**

No highrises	13
Heritage building scheme	12
Variety of heights	4
High quality design	2
Higher density ok if it adds green space	1
Medium Density/High Density residential on part of site	1
Hide parking	1
Water feature	1
Design for crime prevention	1

#### **Commercial (34)**

No more commercial	16
Neighbourhood commercial	6
No retail except on Hwy	5
Commercial only in mixed use buildings	2
Grocery store	1
Indoor/outdoor market	1
No big box	1
No fast food restaurants	1
Retail/offices	1

**Public Interest Groups Wishing Space: (33)**

Seniors centre	11	(plus petition)
Cadets	6	
Community Garden	5	
Deaf and Hard of Hearing Centre	3	
General shared administration space for not for profit societies	3	
Youth groups	2	
Facility for homeless	1	
Basketball training centre	1	
Orchard City Amateur Radio Club	1	

**Traffic (30)**

Concern about through-cutting/speed of traffic on residential streets	17	
Traffic congestion	6	
Parking in area	4	
Pedestrian crossing over highway	1	
Connect Buckland to Richter	1	
Use for tunnel access to lake crossing	1	

**Housing (28)**

Affordable housing	13	
Variety of housing types	12	
Seniors housing	2	(plus petition)
Family housing	1	

**Other (16)**

Only institutional and park uses (ie PRC)	5	
Security	4	
No tax subsidy	4	
Signage	2	
Surrounding residential neighbourhood heritage showcase	1	

## **RESPONSES TO THE OLD KSS OPEN HOUSE QUESTIONNAIRE**

Q1 - Items respondents don't like about objectives ...

- 25 – retail/commercial potential
- 10 – not requiring retention / use of buildings
- 9 – possible retention of buildings
- 6 – not requiring more green space / park
- 6 – housing diversity potential

Q2 - Items respondents like about the objectives ...

- 43 – park
- 22 – housing diversity
- 14 – potential use of existing buildings
- 12 – potential education/rec use of site
- 6 – pedestrian friendly
- 6 – min. traffic impact
- 5 – potential for retail/commercial

Q3 - Items respondents think would make the site special ...

- 14 – retention of buildings
- 14 – community/seniors centre
- 11 – subsidized housing / diversity
- 9 – high quality public space
- 6 – design quality / heritage design
- 6 – pedestrian friendly
- 5 – outdoor recreation
- 2 – school memorial bell
- 1 – green along Hwy

Other ...

- 6 – close or restrict access to Buckland
- 3 – extend Buckland



## **SCHEDULE 3**

### **Extract from February 6, 2004 Community Heritage Commission Meeting Minutes**

#### **MOVED by David Morris / SECONDED by Lorainne McLarty**

THAT the Community Heritage Commission recommend that the draft development objectives for the old KSS property be revised to require the retention of the brick school building and the Pettigrew House on the KSS site and that consideration be given to retaining the gymnasium for neighbourhood use. Reasons for the recommendation are as follows:

- The Pettigrew House is on its original site, which is an important historical quality;
- The brick school building and the Pettigrew House are both listed on the Heritage Register;
- These buildings are vital components of the Richter Street institutional / heritage corridor, which includes the First United Church, the Brigadier Angle Armory, the former Glenn Avenue school, the brick building under discussion, Central School, and St. Michael's Church;
- There are many examples across the country of successful adaptive reuse projects, where heritage buildings have been retained as features within the overall new development;
- The heritage buildings provide an opportunity to guide the design and character of future buildings on the site.

#### **April 16, 2004 Recommendations re: the KSS site from the Downtown Plan Committee**

The Committee generally supported the recommendations put forward by staff for the Open House. Additionally, it makes the following recommendations:

1. That the chosen developer and the City work together to find a convenient and secure means other than the private automobile, to allow people to move to and from the KSS site and Downtown. One of the routes to be encouraged is via the Abbott St. recreation corridor and its future connection to Downtown.
2. That the Pettigrew House be incorporated into any future park on the site. The brick classroom extension should also be retained on condition that this outcome can be achieved economically and logistically. The old gymnasium should not be retained. The historical school site should be recognized in some manner.
3. That as high a residential density as possible should be encouraged on the site and that development achieve a transition and height so as not to negatively impact the adjacent single-family heritage enclave.
4. That the project incorporate high-quality public space. Water features should be encouraged.
5. That the Downtown Plan Committee be kept informed about future discussions and outcomes regarding the site.