

Beyond Blueprints: The Realities of Bringing Multi-Family Projects to Life

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Revo housing project in Kelowna, B.C. currently under construction by Millennial Developments, located at 1280 Sutherland Ave.

As a professional planner, it's been a privilege working across municipal, not-for-profit, and private consulting sectors, each offering unique insights into the complex world of community planning. As a land developer, it's an honor to actively shape the built environment through multi-family residential projects.

From the outset of my career, land development has captivated me—not just as a natural extension of community planning, but as a dynamic and deeply rewarding field. The opportunity to play a direct role in the location, design, and delivery of housing is both a professional privilege and a practical responsibility. It bridges the gap between policy and reality, transforming plans into places where people live, connect, and build their futures.

Now, more than ever, amid BC's housing crisis, community planning and development professionals play a critical role. BC faces a severe housing shortage fueled by rapid population growth, limited supply, and rising real estate prices. Provincial initiatives, including the Homes for People plan, aim to diversify housing options, from market-rate to social and rental units. Yet, 2024 figures

show a slowdown in housing starts due to high interest rates, labor shortages, and regulatory hurdles, raising concerns about meeting housing targets.

The ongoing housing shortage has rendered homeownership increasingly unattainable for many residents, underscoring the urgent need for more housing – a responsibility that BC's Provincial government has indirectly tasked land developers with.

But how hard can it really be for a developer to deliver a multi-family residential project? With a team of savvy professionals, one might assume the process is straightforward. The reality, however, is far more complex.

The Complexity of Delivering Multi-Family Housing

Delivering a multi-family residential project is a challenging and daunting task. From site selection and municipal development approvals to the first shovel in the ground, it requires a seasoned team to bring a project to fruition. The process begins years in advance, with every detail meticulously planned and accounted for—from EV charging stations,

door handles, bike racks, trees, shrubs, rooftop patio tiles. It's a delicate balance of mitigating risk. Any deviation from the plan can result in increased costs, which are often passed on to purchasers, further exacerbating affordability challenges.

To illustrate the intricacies of modern housing development, consider Revo Kelowna, a 6-storey project by Millennial Developments. This \$78 million, 240-unit residential building offers a mix of condominiums, townhomes, and an array of high-end amenities. Situated in one of Kelowna's rapidly expanding urban centers, Revo exemplifies both the challenges and successes inherent in contemporary residential development.

The project's monthly carrying costs alone, including expenses such as interest payments, are estimated at \$150,000 to \$250,000. These figures underscore the substantial financial commitments developers face in bringing such ambitious projects to fruition.

Navigating the Approval Process

At the municipal planning level, Millennial was fortunate to collaborate with the City of

Kelowna, which boasts a team of bright and solution-oriented development planners and engineers. Their focus on finding collaborative solutions rather than imposing rigid constraints and tossing in proverbial last-minute ‘wrenches’ was instrumental in navigating the approval process. However, the journey was not without its challenges.

The development application process, initiated in early 2023, encountered a handful of hurdles. One significant financial challenge was the City’s request for the project to acquire two additional neighboring parcels that risked being orphaned. The City’s request was accommodated to ensure the project’s alignment with broader community goals.

Some other challenges included differing interpretations of landscape requirements, negotiating the acceptance of specific bike racks, and revising floor plans to satisfy the City’s informal bedroom definitions, all of which required architectural redesigns. Additionally, the team collaborated with the Development Engineering division to resolve challenges presented by a capital project that nearly required a complete building redesign. Collectively, the changes cost the project nearly \$5 million, excluding hard costs required to accommodate the extra density resulting from the late addition of the two parcels.

As the approval process progressed, timing became critical. For developers, the optimal time to launch a project is late summer or spring; any deviation risks weak pre-sale performance, which can jeopardize the project. By September 2023, and no forecasted Council date, there was an acute awareness that the formal sales launch needed to occur by early October at the latest. Launching in November would have forced the project to be shelved for six months, incurring unnecessary carrying costs. Fortunately, the City of Kelowna delivered, and Revo launched successfully in October 2023.

The Reality of Market Challenges

Despite the successful launch, sales were not as robust as anticipated. This outcome was influenced by a confluence of external factors that underscore the volatile and unpredictable nature of the real estate market. Key among these were the Bank of Canada’s aggressive interest rate hikes, dampening purchaser confidence. For those *with* confidence, it was Canada’s stress test that made it increasingly difficult for purchasers to secure mortgages. Concurrently, discussions around the proposed short-term rental ban added another layer of uncertainty, causing potential buyers to adopt a ‘wait-and-see’ approach. In turn, lagging pre-sales delayed the \$17,000,000 developer equity contribution required to secure construction financing.

Pre-construction also presented its own set

of challenges, particularly in the form of escalating construction costs. The prices of critical materials such as steel and concrete surged unexpectedly, adding several million dollars to the project’s hard cost budget. The unanticipated costs were compounded by labor shortages, which disrupted the availability of skilled trades teams. Despite established relationships with contractors, some were unable to commit to the project due to competing demands and a strained labor market. These factors collectively highlight the fragility of even the most well-planned developments in the face of external economic pressures.

Emerging Challenges

As Revo transitioned from pre-construction to active development, new challenges have emerged, further complicating the landscape. Of significance is the recent imposition of US tariffs on Canadian goods, which has introduced a layer of economic uncertainty. While the full impact of tariffs remains to be seen, early indicators suggest they are already driving up the cost of construction materials and, by extension, housing. Since February, tariff fears have contributed to an increase in housing costs, adding yet another hurdle.

On a local level, infrastructure challenges have added another layer of complexity. FortisBC’s formal announcement that Kelowna may face delays of up to two to four years in connecting new developments to the power grid due to load capacity issues is alarming. While Revo is fortunate to be unaffected by this particular constraint, the announcement serves as a stark reminder of the broader infrastructure challenges that can impede housing delivery. Such delays not only extend project timelines but also increase carrying costs, further straining already tight budgets.

The Impact of Regulatory Changes

The Province’s efforts to introduce new regulatory policies to alleviate the housing crisis are commendable. However, some policies inadvertently increase risk for developers. For example, BC’s Home Flipping tax directly impacts Millennial Developments’ model of enabling homeowners to quickly transition from smaller to larger units. While the intent of the policy is to curb speculative buying, it creates uncertainty and roadblocks for developers and purchasers alike, ultimately proving counterproductive to the goal of increasing housing supply.

The cumulative effect of regulatory changes adds to the financial burden on developers and diminishes buyer confidence. Each new policy, though aimed at improving housing standards, incrementally increases construction costs. This escalation can be a decisive factor in boardroom decisions, often leading to the cancellation of potential housing projects.

The True Essence of Development

As a planner, land development is about more than just constructing buildings—it’s about enriching communities for people. Developers are driven by a vision to create positive and impactful change, even as they navigate a landscape fraught with complexities. From fluctuating markets and evolving regulatory frameworks to political challenges, the path to delivering housing solutions is a minefield. By lowering barriers to homeownership, fostering equity-building opportunities, and collaborating with municipalities, development planning professionals can help steer the province toward a more sustainable and equitable housing future.

The story of Revo is a testament to the resilience and adaptability required to navigate the complexities of multi-family residential development in today’s challenging environment. Despite uncertainties, projects like Revo demonstrate that with determination and innovation, developers can continue to deliver housing that enrich communities.

Ultimately, the true measure of success lies not in the absence of challenges but in the ability to overcome them. By embracing this mindset, land developers can play a pivotal role in addressing BC’s housing crisis, one project at a time.

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