

Date: May 21, 2024
To: Anthony Haddad, City Manager
From: Steven Collyer, Housing and Policy Initiatives Manager

File No: RMS/6440-01

Subject: Zoning Bylaw No. 2024-22

Staff Recommendation

THAT Council give first reading to "Zoning Bylaw No. 2024-22", a bylaw intended to repeal and replace "Zoning Bylaw No. 2023-08";

AND THAT Council forward "Zoning Bylaw No. 2024-22" to the June 3, 2024 Public Hearing.

Strategic Priority Objective

Livable and Accessible: Proactively plan for deliberate growth; focused on an inclusive, healthy, safe and desirable place to live.

Proposal

A comprehensive update to the Zoning Bylaw is proposed to implement recent Provincial housing initiatives and the local Official Community Plan (OCP) Housing Task Force recommendations. Given the extent of the proposed updates, staff are proposing a new Zoning Bylaw to repeal and replace Zoning Bylaw No. 2023-08.

The vast majority of regulations from the previous Zoning Bylaw No. 2023-08 are carried forward, with the following key changes proposed in the new Zoning Bylaw No. 2024-22:

- Implement Provincial small-scale multi-unit housing regulations (up to 4 units per lot)
 - Following requirements of Provincial *Bill 44: Housing Statutes (Residential Development) Amendment Act*
- Implement Provincial transit-oriented area regulations for the areas around Penticton Plaza and Peachtree Square
 - Following requirements of Provincial *Bill 47 (Housing Statutes (Transit-Oriented Areas) Amendment Act*
 - Including local initiative to designate the area around Cherry Lane Mall as a transit-oriented area
- Updated parking requirements:
 - Remove on-site residential parking requirements in the downtown
 - Remove on-site parking requirements for secondary suites and carriage houses

- Reduce the residential visitor parking requirement from 0.25 spaces per unit to 0.20 spaces per unit
- Increase residential front yard setbacks along Lakeshore Drive West
- Increase allowable building heights along the 400-700 blocks of Main Street
- Rezone city-owned properties to allow residential uses:
 - 2509 South Main Street to RM3 (Medium Density Multiple Housing) zone
 - 971, 977, 985, 999 Eckhardt Avenue West to RM3 (Medium Density Multiple Housing) zone
- Rezone BC Housing owned property at 393 Winnipeg Street to C5 (Urban Centre Commercial) zone
- Remove RSM (Manufactured Home Park) zoning from 1050 Spiller Road
- Other minor updates, including:
 - Wording changes (i.e. changing “vacation rental” to “short term rental”)
 - Additional information and regulations for localized depressions, carriage house decks and balconies, pedestrian access paths
 - Expand definition of residential amenity space, and add definition for major high-occupancy short term rental
 - Formatting, wording and grammar changes

Attachment ‘A’ contains a more detailed summary of the proposed Zoning Bylaw changes. The document has been updated to reflect changes made after the public engagement period. Attachment ‘B’ contains the full text and maps of the new Zoning Bylaw No. 2024-22.

Related Official Community Plan updates are discussed in the separate associated report.

Background

This new Zoning Bylaw No. 2024-22 is part of the housing initiatives work which began in 2023 with Council’s OCP Housing Task Force and Provincial housing legislation announcements. In addition, staff consistently review the Zoning Bylaw regulations and seek to update the bylaw on a regular basis to improve its clarity and ease of interpretation.

Work Plan

On January 16, 2024, Council endorsed the work plan presented by staff to carry out updates to the Official Community Plan and Zoning Bylaw to implement the OCP Housing Task Force recommendations, Provincial housing legislation, and Penticton’s Housing Accelerator Fund initiatives. As many of these policy changes complement each other, staff worked to bring

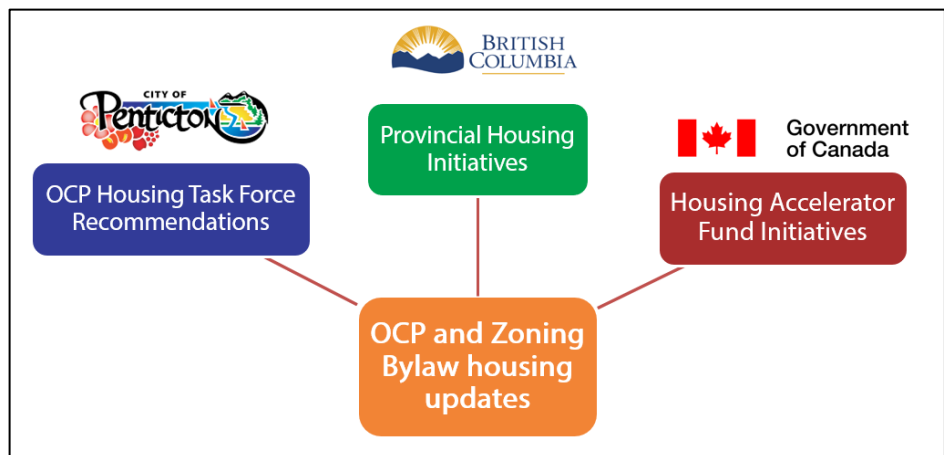


Figure 1 - Chart showing the inputs guiding overall direction of the Official Community Plan and Zoning Bylaw updates.

forward draft amendments to both the OCP and Zoning Bylaw concurrently for Council and the community to understand the full scope of the housing changes being proposed across both regulatory documents. After staff prepared the draft amendments over January and February, public engagement was held over March and April, with the final amendments and public engagement feedback being presented to Council for consideration herein.

Public Engagement Period

Staff carried out public engagement on the proposed Zoning Bylaw changes reflected in Zoning Bylaw No. 2024-22 from March 4 to April 14. The purpose of the engagement period was to raise community awareness and provide education for both the provincial housing changes and proposed local updates to the Official Community Plan and Zoning Bylaw. In addition, engagement provided an opportunity for community feedback on elements of the updates which could be amended and revised. Over the public engagement period, staff held 10 public information opportunities, met with eight interest groups, received 267 feedback forms, and 6 letters.

The full review of the public engagement period and results is included in Attachment 'B' of the related report on the Official Community Plan amendments.

Feedback on parking, the Cherry Lane Mall transit-oriented area, tree planting, landscaping requirements, building heights, and building setbacks relates to zoning regulations. This Zoning Bylaw feedback received is discussed in the "Analysis" section.

Public Hearing

While Section 464(3) of the recently amended *Local Government Act* prohibits public hearings for Zoning Bylaw Amendments for the sole purpose of complying with Provincial legislation, this new Zoning Bylaw No. 2024-22 includes more changes than strictly those necessary to implement the provincial small-scale multi-unit and transit-oriented areas legislation. Staff took this opportunity to include updates related to the OCP Housing Task Force recommendations and staff's ongoing list of minor updates. As such, should Council give the new Zoning Bylaw first reading, a public hearing will be held on Monday, June 3, 2024 prior to consideration of further readings of the new Zoning Bylaw No. 2024-22.

Financial Implication

As part of a provincial \$51M fund, the Province granted Penticton \$314,454 in January 2024 to help implement the new Provincial housing legislation. The City will utilize that money to support the following upcoming projects related to the Provincial housing initiatives:

- Review Master Infrastructure plans (water, sewer servicing and park space in particular)
- Review the Development Cost Charge program
- Investigate the suitability of an Amenity Cost Charge program for Penticton
- Update of the 2023 Housing Needs Assessment to meet the provincial framework
- Preparation of public engagement materials (*completed*)

Some funds were expended on public engagement materials to explain the Provincial legislation changes as part of the broader public engagement period over March and April. The provincial grant funds have not

been directly spent on this Zoning Bylaw update, which has been led in-house by staff without external consultants.

Climate Impact

Council adopted the Community Climate Action Plan (CCAP) in 2021. The new Zoning Bylaw is aligned with the following CCAP “Big Moves”:

- **Shift Beyond the Car:** the proposed parking requirement changes in the new Zoning Bylaw support more homes to be built in the downtown and around the designated transit-oriented areas. This allows a market-driven response to parking needs and encourages the use of alternate modes like transit, biking, and walking for some trips.
- **Electrify Passenger Transportation:** the electric vehicle (EV)-ready parking requirements for new developments are carried forward into the new Zoning Bylaw, helping facilitate the easy installation of EV chargers in the future.

Technical Review

The proposed Zoning Bylaw changes were presented to the Technical Planning Committee, a group of internal staff who are involved in the development approvals process. The group provided feedback on the proposed Zoning Bylaw updates which was incorporated in the new Zoning Bylaw.

Planning staff worked closely with the Parks Department to review the proposed R4-L and R4-S zones to see how they align with the upcoming Urban Forest Management Plan. The proposed development regulations (setbacks, lot coverage, etc.) provide room for landscaping on these infill development properties and allow for sufficient space to plant trees. Existing tree planting and landscape buffer requirements remain as-is. As higher density infill developments occur, there is often smaller landscaped amenity areas on private lots, elevating the need to consider the tree canopy and available green spaces in the City overall recognizing that most new growth is expected in the already built-up area.

The Building Department noted some concerns and additional considerations if the R4-L and R4-S zone side yard setbacks were proposed at 1.2m rather than 1.5m, including Building Code spatial separation requirements and the increased possibility of encroachments into the required width of an access path to any rear-facing units. As such, the new R4-L and R4-S zones continue to incorporate 1.5m side yard setbacks which are common in urban residential zones in the City’s existing zoning bylaw today.

Development Services staff will work to update all information materials (bulletins, guides, application reference documents) with the new Zoning Bylaw regulations as soon as possible after the new Zoning Bylaw No. 2024-22 is adopted by Council. That work will help support the development industry and homeowners with the transition to the new Zoning Bylaw regulations.

Analysis - Small-Scale Multi-Unit Housing

The Province passed *Bill 44, Housing Statutes (Residential Development) Act*, in the fall 2023 legislative session. This legislation implemented significant changes to how cities across BC zone residential lands. This legislation ends restrictive single-detached and duplex zoning in urban areas and requires cities like Penticton to change their zoning rules to allow between 3-6 homes per lot. The goal is to provide landowners the opportunity to provide more units on their property without needing to go through a

rezoning process, assisting with the supply of homes and relative affordability compared to exclusively single-detached neighbourhoods.

Given the provincial legislation criteria, the urban areas of Penticton must be rezoned to allow for 4 units per lot on all properties previously only allowing a single detached home, carriage house, secondary suite, or duplex. Rural areas, lots in zones with minimum 0.4ha lot size, and lots without municipal service connections are exempt from the density requirement. The legislation requires affected local governments to pass a bylaw allowing the mandatory density by June 30, 2024. The province allows each community some discretion in how they implement the bylaw changes locally (i.e. development regulations such as setbacks, lot coverage, building height, etc.).

To implement the provincial small-scale multi-unit housing legislation, the new Zoning Bylaw No. 2024-22 proposes two new zones to replace seven existing single-family and duplex zones (Figure 2).

Zoning Changes



Figure 2 - Existing zones on the left being replaced by new zones on the right.

The R4-L and R4-S zones allow for a maximum density of 4 units per lot, as required by the Provincial legislation. “R4” was chosen as the prefix to align with the new zoning allowing up to 4 units per lot, and to avoid any confusion or misinterpretation if the previous zoning prefixes were adapted (i.e. R1, R2, R3, etc.). Where the two new zones differ is in suffix, “-L” for the ‘large lot’ category and “-S” for the ‘small lot’ category.

The R4-L and R4-S zones contain the same list of primary permitted uses. These uses are all defined in Chapter 3 of the Zoning Bylaw:

- Apartment
- Carriage House
- Congregate Housing
- Duplex
- Single Detached Dwelling
- Secondary Suite
- Townhouse

The R4-L and R4-S zones have different subdivision and development regulations. This is to reflect the different lot density in various neighbourhoods across the city.

Regulation	R4-L Zone	R4-S Zone
Minimum Lot Width	16 m (standard lot) 18 m (corner lot)	9.1 m (standard lot) 10.5 m (corner lot)
Minimum Lot Area	560 m ²	280 m ²
Maximum Lot Coverage	40%	50%
Maximum Density	4 dwelling units	4 dwelling units
Maximum Height	11.0 m (principal buildings) 4.5 m (accessory buildings)	11.0 m (principal buildings) 4.5 m (accessory buildings)
Maximum Number of Storeys	3 storeys above grade	3 storeys above grade
Minimum Front Lot Line Setback	4.5 m	4.5 m
Minimum Interior Side Lot Line Setback	1.5 m	1.5 m
Minimum Exterior Side Lot Line Setback	3.0 m	3.0 m
Minimum Rear Lot Line Setback	6.0 m (principal buildings) 1.5 m (accessory buildings)	6.0 m (principal buildings) 1.5 m (accessory buildings)
Maximum Combined Footprint of all Accessory Buildings	75 m ²	75 m ²

The R4-L and R4-S zones contain the following ‘other regulations’ which were previously included in the various zones being replaced (i.e. R1, R2, R3, etc). These regulations have been updated and consolidated into the new R4-L and R4-S:

Regulation	R4-L Zone & R4-S Zone
Vehicle Access	Where a rear lane is provided, all vehicular access must be from the rear lane only.
Pedestrian Access	A clear, unobstructed, hard-surfaced, and maintained pedestrian access, at least 1.2m in width, must be provided from the front of the lot to the main entry of each dwelling unit.
Home Occupations	A major home occupation shall only be permitted within a single detached dwelling or accessory building and on lots containing no more than two dwelling units.
Amenity Space	A minimum 20m ² of amenity space must be provided per unit. At least 25% of the required amenity space must be provided at the ground floor level. Up to 20% of the required amenity space may be provided indoors.

Alignment with Provincial Small-Scale Multi-Unit Housing Legislation

The Province issued the Provincial Policy Manual and Site Standards for small-scale, multi-unit housing which describes the legislation intent, rationale, and contains different ‘site standards guides’ for communities of different sizes. The policy manual states that local governments must consider the manual

and site standards. The following table outlines how the proposed R4-L and R4-S zones align with the applicable provincial legislation and site standards:

Regulation	Applicable Provincial Guideline (Site Standards B)	R4-L Zone	R4-S Zone
Minimum Front Lot Line Setback	2.0 m	4.5 m	4.5 m
Minimum Rear Lot Line Setback	1.5 m	6.0 m	6.0 m
Minimum Side Lot Line Setbacks	1.2 m	1.5 m	1.5 m
Maximum Height	11.0 m	11.0 m	11.0 m
Maximum Number of Storeys	3	3	3
Maximum Lot Coverage	50%	40%	50%
Off-Street Parking Requirements	1 space per unit	1 space per unit 0 spaces per secondary suite or carriage house	1 space per unit 0 spaces per secondary suite or carriage house

The rationale for the proposed R4-L and R4-S regulations in Zoning Bylaw No. 2024-22 and some proposed variations from provincial guidelines are outlined below:

- **Minimum Front Lot Line Setback**
 - The proposed front yard setback in the new zones is 4.5m, which is consistent with existing zones in Penticton allowing 4 units per lot (i.e. RD4 zone). This front yard setback allows more room for landscaping and trees, while keeping a more consistent streetscape with existing buildings compared to the provincial guideline of 2.0m.
 - While the provincial guideline is 2.0m, the guide states that front lot line setbacks of 4-6 metres may be warranted if there are no sidewalks or public boulevards for trees and to accommodate future road right-of-way dedications.
 - As there may not be sufficient room for boulevard trees in front of all affected properties, staff recommend the 4.5m front lot line setback be applied.
- **Minimum Rear Lot Line Setback**
 - The proposed rear yard setback in the new R4-L and R4-S zones is 6.0m, which is the same requirement as most residential zones in Penticton currently. This setback allows for sufficient room for nose-in vehicle parking from lanes (parking spaces must be 5.8m in depth). Rear parking will be required through the new zones if the property has rear lane access.
 - A 6.0m setback provides sufficient separation between adjacent properties if there is no lane and a property direct abuts another. This space maintains more room for trees, landscaping and amenity space compared to a 1.5m setback.
 - It should be noted that carriage houses will continue to be permitted to a 1.5m rear yard setback, which is aligned with the provincial guideline.

- Minimum Side Lot Line Setbacks
 - The proposed side yard setbacks are 1.5m when abutting another property and 3.0m when abutting a street. These setbacks are the same as what is currently permitted in many urban residential zones.
 - The 1.5m setback allows room for a required 1.2m wide unobstructed access path to the rear of the property if there are units at the back. A 1.2m wide path can be pinched by fencing or utilities when only 1.2m setbacks are required through zoning.
 - The additional setback from a street side yard helps maintain sightlines and a more common streetscape setback as what would be required if the building fronted onto a side street (i.e. 4.5m).
- Maximum Height
 - The maximum height of 11.0m is similar to the 10.5m height already permitted in most urban residential zones currently.
 - The change is proposed to align with the provincial guideline and is considered a minor change from what is currently permitted (difference of 0.5m).
- Maximum Number of Storeys
 - The maximum height of 3 storeys above grade is clearly outlined in the new zones to align with the provincial guideline. 3 storeys is already commonly achieved through the 10.5m building heights in most urban residential zones today.
- Maximum Lot Coverage
 - The proposed R4-L (large lot) zone includes a maximum 40% lot coverage while the proposed R4-S (small lot) zone includes a maximum 50% lot coverage. The reason for this variation takes account for the existing and permitted lot sizes in both zones.
 - The R4-L zone requires a larger lot size (560m²) than the R4-S zone (280m²), therefore it could be challenging to construct to the maximum 4-unit density on a smaller lot in the R4-S zone if a 40% lot coverage limit were applied.
 - The proposed 40% and 50% lot coverage regulations are consistent with the existing urban residential zone regulations (i.e. RD1 and RD2 zones) and generally aligned with the provincial site standards guide.
- Off-Street Parking Requirements
 - One parking space per unit is the proposed requirement in the new R4-L and R4-S zones, consistent with the provincial guide.
 - The provincial guide outlines a lower parking requirement if the lot is near frequent transit service, however Penticton's transit service frequency does not meet the criteria at this time.
 - A proposed Zoning Bylaw change is to no longer require on-site parking for secondary suites or carriage houses.
 - Another proposed Zoning Bylaw change is to lower the visitor parking requirement from 1 visitor space for every 4 units, to 1 visitor space for every 5 units. This eliminates the requirement to provide an on-site visitor parking space for 4-unit developments and keeps the City's parking requirements aligned with the provincial site standards guide (1 space per unit).

After considering the Provincial Policy annual and Site Standards Guide for small-scale, multi-unit housing, staff consider the proposed R4-L and R4-S zones to align with the province's intent. Where different, the regulations staff propose have already been demonstrated to allow for the intended density of 4 units per

lot as they are similar to the existing regulations of Penticton’s infill housing zones allowing 4 units (i.e. RD4 zone). Keeping generally consistent development regulations helps maintain consistency for the local development community and supports community goals around enhancing the city’s urban tree canopy.

Analysis - Transit-Oriented Areas

The Province passed *Bill 47, Housing Statutes (Transit-Oriented Areas) Amendment Act* in the fall 2023 legislative session. The intent of this legislation is to require larger cities in BC to allow more homes to be built near transit and bus exchanges in their communities. The legislative framework sets out parking, height, and density regulations cities must allow for with new development proposals within a specified distance of prescribed transit exchanges, scaled in accordance with the size of the city or region. The legislation allows cities to designate additional transit-oriented areas if they choose to, with more flexibility in the applicable affected areas than those which are Provincially-designated. The legislation and corresponding regulations designated the areas around two bus exchanges in Penticton as transit-oriented areas, which must be implemented by city bylaw no later than June 30, 2024.

The province has designated the areas within 400m of the Penticton Plaza bus exchange (Safeway plaza) and the Peachtree Square bus exchange (Walmart plaza) as transit-oriented areas. There was no opportunity for local input or consultation by the province when designating these specific exchanges. Staff have proposed including Cherry Lane Mall bus exchange as a third transit-oriented area, recognizing the number of local and regional routes which pass through that exchange. All three areas will be supported by the City’s future “frequent transit network” which means service every 15 minutes, as outlined in the City’s Network Restructure Plan (adopted in 2023).

New maps of the transit-oriented areas will be included as schedules of Zoning Bylaw No. 2024-22. The affected properties are highlighted in the mapping. The provincially-designated areas include all properties within 200m as one category and properties within 200-400m as another category. In some places at the edges, certain properties have been included to logically complete entire blocks, while other areas have been left at the extent of the distance radius. Around the Cherry Lane Mall transit-oriented area, several properties along Main Street, Atkinson Street, and Skaha Lake Road have been included beyond the 400m radius in order to connect the three transit-oriented areas together, given their close proximity (Figure 3).

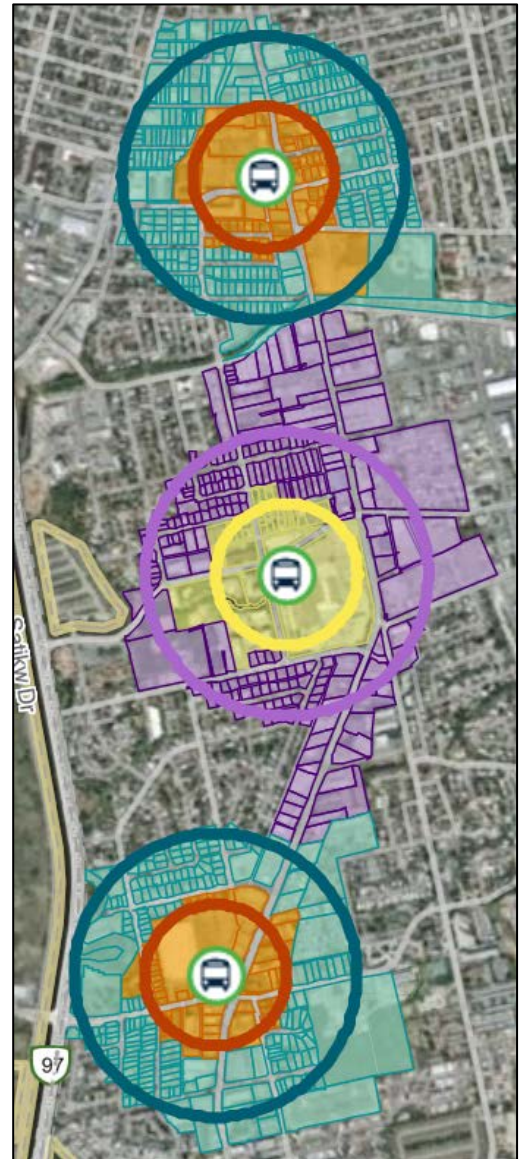


Figure 3 - Map showing the three proposed transit-oriented areas along the Main Street and Skaha Lake Road corridor.

The provincial legislation does not require the city to rezone the affected properties to allow for the mandated parking, height and density regulations. There are many different zones on properties within each area, and pre-zoning would remove the city’s ability to place any requirements on larger projects moving forward in those areas, such as road dedications or extended infrastructure works. Instead of rezoning each affected property, the zoning will remain as-is and instead the property will be indicated on a map to be

DEVELOPMENT REGULATION	TRANSIT ORIENTED AREA: AREA 1 (0-200M)	TRANSIT ORIENTED AREA: AREA 2 (200-400M)
Maximum height	6 storeys above approved grade*	4 storeys above approved grade*
Maximum density	2.5 Floor Area Ratio (FAR)*	1.5 Floor Area Ratio (FAR)*
Minimum vehicle parking spaces	No vehicle parking spaces are required for dwelling units.	
Minimum accessible parking spaces	Accessible parking spaces shall be provided in accordance with the Zoning Bylaw, based on the corresponding number of dwelling units on the lot.	

* If the lot is within a zone which permits greater height and/or density than noted in this table, then the greater height and/or density regulation applies.

Figure 4 - General provisions table outlining transit-oriented area development regulations.

Sample of What We’ve Heard – Feedback Form Responses regarding Including Cherry Lane Mall as a Transit-Oriented Area

“Wait a couple of years, to see how the other 2 transit-oriented areas develop, and learn from them.”

“Extend the transit oriented areas to 600m of the two bus exchanges.”

“Let’s start with 2 and see how it goes.”

“Current plan is sufficient, do this one [at Cherry Lane Mall] in the future if needed.”

within a transit-oriented area and a new section in the ‘general provisions’ chapter of the Zoning Bylaw will allow for the provincial regulations (Figure 4).

Q: Do you support the City creating an additional transit-oriented area at Cherry Lane Mall?

69% Yes / 10% Somewhat / 14% No / 7% No Opinion

Given the level of support, and the fact that Cherry Lane Mall is a major origin and destination of local and regional bus routes, staff continue to recommend that a transit-oriented area be established through the new Zoning Bylaw around this the Cherry Lane Mall bus exchange.

Analysis - Parking Requirement Changes

Zoning Bylaw No. 2024-22 includes several changes to parking requirements. Some of these changes are required to comply with Provincial legislation, such as no residential parking requirements in transit-oriented areas and aligning visitor parking requirements with small-scale multi-unit housing requirements.

Other changes are city-led in response to the Provincial requirements and intended to support development in the downtown core and the development of rental suites like carriage houses and secondary suites.

- Remove on-site residential parking requirements in C5 zone and RM5 zone (Ellis St only).

With the creation of transit-oriented areas in the central part of the city (Figure 3), the Zoning Bylaw parking requirements will no longer apply to new homes built in those areas. The downtown area is the most walkable neighbourhood in the city, with a number of vacant and underutilized properties the community has a desire to see developed. Staff have raised concerns that these new development regulations imposed by the province will incentivize development in the transit-oriented areas around the malls and discourage development downtown unless the downtown residential parking regulations are changed.

The elimination of residential parking requirements in the C5 (Urban Centre Commercial) zone is proposed to not discourage development in the downtown core. The residential parking requirement is also proposed to be eliminated for any RM5 (Residential Infill) zoned properties along Ellis Street, as it is adjacent to Main Street and the downtown core.

While the Zoning Bylaw would no longer require a specific amount of residential parking in those zones, staff expect new developments will continue to provide on-site parking to meet market demand from future residents in those homes. This change follows other cities like Edmonton, Calgary and Toronto which have gone further and eliminated parking minimums city-wide. More and more cities in North America are revisiting their parking requirements and deciding in many cases to allow a more market-driven response to on-site parking.

Additional parking considerations, including the letter received from the Downtown Penticton BIA and a staff recommendation for a downtown parking study, are discussed in the separate report on the proposed OCP updates.

- Remove on-site parking requirements for carriage houses and secondary suites.

Since 2014, there have been 347 secondary suites and 125 carriage houses built in Penticton. Current zoning regulations require 1 on-site parking space for these units. There have been some challenges with providing an additional on-site parking space on some properties when installing a new carriage house or secondary suite or legalizing non-conforming units.

With the small-scale multi-unit housing legislation (Bill 44), there is no guidance on tenure and its expected many of the additional units built will be strata-titled and ownership housing. The parking requirement is proposed to be removed to support the creation of rental units (carriage houses and secondary suites) and support the legalization of existing non-conforming units. On smaller lots, this may support additional rental homes to be built whereas if the unit were separately owned then an additional parking space would be required. It may also allow more of the property to be landscaped than used for parking. Additional parking may still be provided on the site, above and beyond the Zoning Bylaw minimum requirements.

- Reduce visitor parking requirement from 0.25 spaces per unit to 0.20 spaces per unit.

This minor change to the visitor parking requirement ratio means one on-site visitor parking space must be provided for every 5 units in a development, rather than for every 4. The reason for this change is related to the small-scale multi-unit housing legislation from the Province. The City's current visitor parking ratio would mean that 5 total parking spaces would be required for each 4-unit development, which would exceed the recommended parking ratio outlined in the Provincial policy guide.

This change means that developments in the new R4-L and R4-S zones will only need to provide 1 parking space per unit and any larger developments (5 or more units) will need to provide at least 1 visitor parking space on-site. Given the number of smaller lots which now must be zoned to allow up to 4 units, this change to reduce the amount of required parking on-site helps allow more room for landscaping, amenity space, and building area for homes rather than parking cars.

This visitor parking change also applies to larger-scale developments in multifamily zones. Staff reviewed the visitor parking requirements in other communities in the region. Kelowna requires a minimum 0.14 visitor parking spaces per unit and in fact sets a maximum of 0.20 visitor spaces per unit. In Kamloops, the visitor parking requirement ranges from 0.10 to 0.15 visitor spaces per unit. With this proposed change, Penticton will still require more visitor parking than these two communities.

Sample of What We've Heard – Feedback Form Responses regarding Proposed Parking Changes

Parking requirement changes:

- *"I don't think Penticton has enough transit or walkability to reduce parking requirements substantially. If changes could be made to drastically increase transit opportunities then I think parking requirements could be reduced for new builds."*
- *"City needs to focus on making more densely populated neighbourhoods more walkable. E.g.: incentive [for] a grocery store for the downtown core so that it would be viable to live there without a car."*
- *"Ample parking is essential. Considering the distance and location that we have to travel for work and personal reasons, there is not adequate or efficient transit systems in place. Perhaps parkades in key locations should be considered."*
- *"I do not want urban sprawl or development that is centred around accommodating the personal automobile. I want to live in a city that is built around high-quality public transportation and is walkable and bikeable."*

Feedback Form Results:

Q: Do you support the two proposed changes to parking policy? 1) Review and reduce parking standards in the downtown, multi-unit developments and strategic growth areas (i.e.: transit-oriented areas), and 2) Eliminate parking requirements for carriage houses and secondary suites.

40% Yes / 20% Somewhat / 33% No / 7% No Opinion

Acknowledging there is a split in feedback on the parking issue, staff are recommending the proposed parking changes proceed as drafted and that Council give staff direction to pursue a downtown parking study. The study would plan ahead for the future parking needs in that neighbourhood, considering the potential developments in that area which will ultimately support downtown vibrancy.

Analysis - Increased residential front yard setbacks along Lakeshore Drive West

In 2023, staff reported the findings of the Neighbourhood Charm Project to Council. That project involved a discussion with the community about the Cherryland and Lakeshore Drive neighbourhoods and how, through Zoning Bylaw changes, specific regulations could help retain certain distinguishing elements of those neighbourhoods as redevelopment occurs. An example of this was increased front yard setbacks.

Council directed staff in early 2023 to incorporate the findings of the Neighbourhood Charm Project into the larger OCP Housing Update project. Staff are proposing to implement a larger front yard setback on the residential section of Lakeshore Drive West to help ensure new developments respect the predominant building setback of that section of the street.

The proposal would require 9m front yard setbacks (30 feet) where the typical front yard setback ranges from 3m (10 feet) to 4.5m (15 feet). This aligns with recent new developments along this section of Lakeshore Drive West: for an example, an 8.5m front setback at 452 Lakeshore Drive West and an 8.0m front setback at 602 Lakeshore Drive West.

Sample of What We've Heard – Feedback Form Responses regarding Lakeshore Drive Setbacks and Building Heights

"Having a 9m setback may be too rigid. Depending on the nature of the building 6 or 8 meters might be considered."

"The setback is a start but I do not support the height we see on the current building under construction. 4 stories should be max. Higher than that impacts the ambience and sunlight on the beach which is one of Penticton's gems."

"Of COURSE the large setbacks is a good idea, but why didn't you ask about building height here? THAT is the principal issue."

"There is no need to increase setbacks. 3-4.5m is plenty of space. Utilize the lands as effectively as possible."

"How would this affect higher density housing needs? Developers may be deterred from innovative/higher density design if greater set-back limit."

"A number of properties have been developed without setbacks and they are nice looking buildings that enhance the aesthetic of Lakeshore Drive. Allow the developers the flexibility to make best use of the land."

Feedback Form Results

Q: Do you support increasing the front yard setback for new residential developments between 308-736 Lakeshore Drive West from 3.0m and 4.5m to a minimum of 9.0m (29.5 ft.)?

66% Yes / 8% Somewhat / 15% No / 11% No Opinion

Given the provincial Small-Scale Multi-Unit Housing legislation, the City has limited ability to vary greatly from provincial guidelines around setbacks and development regulations, however staff heard from the community through public engagement that Lakeshore Drive is an important and valued street for the entire community and there was significant support for this proposed change. Therefore, this element of the previous Neighbourhood Charm Project is proposed to be implemented into the new Zoning Bylaw No. 2024-22.

Analysis - Increase allowable building heights along the 400-700 blocks of Main Street

The 400, 500, 600 and 700 blocks have had a 3-storey building height limit applied to them through the 2019 OCP and current Zoning Bylaw. The OCP Housing Task Force recommended increasing allowable building heights along the downtown section of Main Street, which are set lower than other areas in the Downtown Mixed Use OCP designation and Zoning Bylaw.

The 3-storey height limit along the 100, 200 and 300 blocks of Main Street would remain to keep the traditional downtown character and align with the 3-storey height limit which will also remain in place on the 00 block of Front Street.

The OCP is proposed to be updated to support increased building heights of up to 10-storeys on the 400, 500, 600 and 700 blocks of Main Street. This is the same building height supported by the Downtown Mixed Use designation elsewhere. More discussion on this proposed OCP change is included in that separate report.

Sample of What We've Heard – Feedback Form Responses regarding Main Street Building Heights

"Further away from the lakes the higher the buildings could go up. This would help people to get better views of the surrounding areas."

"I think our city is too small to have these excessive heights. Why not a balance with 4 to 6 stories, commercial on bottom. Balance is key."

"The enjoyment of summer sunshine on the patios of established businesses along Main Street should not be blocked by high buildings."

Feedback Form Results:

Q: Do you support building heights of generally up to 36.6m in the 400-600 blocks of Main Street?

68% Yes / 13% Somewhat / 16% No / 4% No Opinion

With strong support and to fully implement this change, the allowable building height in the C5 (Urban Centre Commercial) zone is proposed to be increased from 15m to 36.6m on the 400, 500, 600 and 700 blocks of Main Street. This 36.6m height is already allowed in other areas of the C5 zone, and generally allows up to 10 storey buildings.

Analysis - Rezone city-owned properties to allow residential uses

Through this Zoning Bylaw update, staff noted the opportunity to align the zoning of two vacant city-owned land holdings to align with the underlying OCP future land use designations. The two holdings are 2509 South Main Street (former Shielings Motel) and 971, 977, 985, 999 Eckhardt Avenue West (adjacent to the BC Transit park and ride lot).

2509 South Main Street was acquired by the City in 2020 to facilitate the Point Intersection project and roundabout at South Main Street/Pineview Road/Galt Avenue. The remainder lands have been envisioned for affordable housing development, and in 2023

the City completed a feasibility study and applied for capital funding through the provincial Community Housing Fund to build a 56-unit apartment building on the site. The proposal was not selected for funding during that intake round. The property is currently zoned CT1 (Tourist Commercial), which does not align with the proposed OCP future land use designation of "High Density Residential". The current zoning is a holdover from when the property contained a motel. The new Zoning Bylaw 2024-22 would rezone this property to RM3 (Medium Density Multiple Housing) which aligns well with the uses and density envisioned by the feasibility study and the underlying OCP designation. This rezoning would support the city with future capital funding applications for affordable housing development on this site.



Staff met with BC Housing through the public engagement period to discuss the proposed OCP and Zoning Bylaw updates. As part of those discussions, it was noted that BC Housing owns a potential development site at 393 Winnipeg Street. The site is located at the corner of Winnipeg St and Wade Ave and is current vacant and used for parking. The site is small (0.23 acres) and is currently zoned "RM4 (High Density Multiple Housing). That zone envisions tall, high density residential buildings, and as such has setback requirements ranging from 3m-6m.

The recommendation is to change the zoning of that property to C5 (Urban Centre Commercial), which is the same zoning on immediate properties. The C5 zone better reflects the small size of the site while allowing for some redevelopment opportunities with no setback requirements and options for commercial or office space at-grade with dwelling units above.

While there are currently no specific development plans for this property, the zoning change shows a willingness of the City to support BC Housing with redeveloping currently underutilized land it holds to better serve the community and residents of Penticton, and more closely aligns this property's zoning with its neighbours along Winnipeg St.

Analysis - Remove RSM (Manufactured Home Park) zoning from 1050 Spiller Road

Many concerns were raised through the public engagement period regarding the density of any future development on the Naramata Bench. In 1979, the RSM (Manufactured Home Park) zoning was applied to a 5 hectare (12 acre) portion of 1050 Spiller Road as part of the development vision at that time. Over 40 years later, that zoning has not been realized and the lands remain undeveloped.

In response to what we've heard through public engagement, staff are proposing that the RSM zoning be removed and the RC (Country Residential) zoning, which exists on the remainder of the property, be applied to the entire property. This would more closely align the zoning of the property with the OCP policies and designation for that land, matching more with the current community vision for that area. The owners of the property have been made aware of this proposed City-led change to the zoning of their property.

Analysis - Other Zoning Bylaw Updates

Since adoption of Zoning Bylaw 2023-08 in April 2023, staff have kept track of sections and provisions of the bylaw which could be updated to support intent, interpretation, and clarity. The following other updates are proposed in Zoning Bylaw No. 2024-22:

- Allow upper-level decks and balconies on carriage houses in rural areas,
- Update wording from "vacation rental" to "short term rental" and align those sections with provincial legislation,
- Require every dwelling unit to have a pedestrian walkway to the street,
- Update wording from "mobile home" to "manufactured home" to reflect current terminology,
- Allow the required front yard setback to count towards the residential amenity space requirement,
- Add definition and regulations around "localized depressions" and how they do not count towards the determination of building height,
- Add major high-occupancy short term rental definition, and
- Formatting, wording and grammar updates throughout.

These proposed changes were included in a redlined version of the Zoning Bylaw on Shape Your City Penticton throughout the public engagement period, and some minor wording changes were made in response to a few comments received on these items. Staff consider that updating these sections will improve interpretation and clarity of the new Zoning Bylaw No. 2024-22.

Summary

The new Zoning Bylaw No. 2024-22 implements provincial housing legislation and local OCP Housing Task Force recommendations. The new bylaw is considered in conjunction with a housing-related amendment to the OCP, which together result in major changes to Penticton’s housing policy framework.

Following provincial directives, implementing local recommendations, and incorporating community feedback where possible, staff are confident the new Zoning Bylaw No. 2024-22 will support the development of more homes for current and future residents of Penticton.

Staff will monitor implementation of the new Zoning Bylaw No. 2024-22 as new developments are constructed under its provisions to continuously review and improve our zoning framework in the city.

Staff recommend that Council give first reading to “Zoning Bylaw No. 2024-22” and forward the bylaw to the June 3, 2024 Public Hearing.

Alternate Recommendations

1. THAT Council deny first reading of “Zoning Bylaw No. 2024-22”.

Attachments

Attachment A – Proposed Zoning Bylaw Updates Information Bulletin (updated)

Attachment B – Zoning Bylaw No. 2024-22

Respectfully submitted,

Steven Collyer, RPP, MCIP
Housing and Policy Initiatives Manager

Concurrence

Director of Finance & Administration <i>AMC</i>	Director of Development Services <i>BL</i>	GM of Infrastructure <i>KD</i>	City Manager <i>SPH</i>
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