



Council Report

penticton.ca

Date: March 18, 2025
To: Anthony Haddad, City Manager
From: Audrey Tanguay, Planning & Licensing Manager
Address: 270 Riverside Drive

File No: RMS/270 Riverside Drive

Subject: **Zoning Amendment Bylaw No. 2025-04**

Staff Recommendation

THAT Council give first reading to “Zoning Amendment Bylaw No. 2025-04”, a bylaw to add “Resort Residential” as a permitted use within the CD2 – Comprehensive Development (270 Riverside Drive) zone;

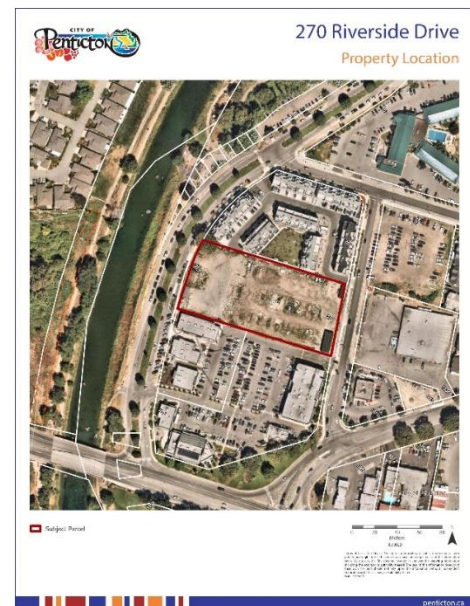
AND THAT Council forward “Zoning Amendment Bylaw No. 2025-04” to the April 1, 2025 Public Hearing.

Strategic priority objective

Livable & Accessible: The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

Proposal

The applicant is proposing to allow strata unit owners the ability to operate short-term rentals through a ‘strata hotel’ arrangement at 270 Riverside Drive. This use would fall under the ‘resort residential’ use in the City’s zoning bylaw. Resort residential is not currently a permitted use in the CD2 – Comprehensive Development (270 Riverside Drive) Zone and a zoning bylaw amendment has been requested to include the use in the list of permitted uses. The applicant has provided a Letter of Intent outlining their rationale for this proposal (Attachment D).



Background

Figure 1 - Property Location Map

Property Information

The subject property is located on the east side of Riverside Drive, with frontage on both Riverside Drive and Wylie Street. This property is zoned CD 2 – Comprehensive Development (270 Riverside Drive) Zone by the Zoning Bylaw, and designated Mixed Use by the Official Community Plan. The surrounding area consists of townhouses to the north, commercial uses to the east, the Riverside Plaza to the south, and the Okanagan River to the west.

History

In 2011, the CD2 – Comprehensive Development (270 Riverside Drive) Zone was adopted by Council. In January 2023, the zone was amended to add “Vacation Rental” as a permitted use, and a Development Permit was issued for a 6 storey 234-unit strata apartment development. The first phase of the proposed development is currently under construction.

In 2024, the Province introduced legislation to regulate short term rentals. The purpose of the legislation was to increase return more short-term rentals to long-term homes, and establish provincial rules and enforcement protocols for municipalities to manage short term rentals. As part of this initiative, the Province included a regulation stating that short-term rentals in certain communities in B.C. were limited to a principal residence. This principal residence requirement impacts the “Vacation Rental” use that was added to the CD2 zone in January 2023. Staff have heard from individuals who have bought into phase 1 of the project who are disappointed about this provincial change and how it is impacting how they will manage their unit when it is complete.

Strata hotel

Adding the use ‘resort residential’ will allow the developer the option of creating a strata hotel, and including some of the residential units into a rental pool. The provincial regulations allow for an exemption to the principal resident requirement for properties that are considered ‘strata hotels’. This will allow the project to be developed as originally intended – which was a mix of long and short term residential units. To meet the provincial definition of a strata hotel, the building will need to offer hotel-like amenities, such as a front lobby and housekeeping services, which were not originally contemplated with the original project, but which the developer feels they can accommodate. A regional example of a strata hotel is the Summerland Waterfront Resort, and they are common in many tourist communities in BC.

Financial implication

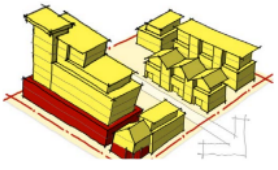
The change in zoning will not directly impact City finances. Short term rentals are required to pay a tax on on-line bookings as part of the Municipal and Regional District Tax on accommodations. The money

collected on the on-line accommodation portion (OAP) of the MRDT tax is diverted to an affordable housing reserve. Funds collected through this reserve are required to be spent on specified affordable housing projects as outlined by the program guide.

Analysis

Official Community Plan

The property is designated 'Mixed Use' within the Official Community Plan (OCP) Future Land Use Map.

Land Use	Description	Building Type(s)	Uses	Height / Density
Mixed Use 	Higher-density mixed-use areas allowing for intensive development with residential and/or commercial uses	- Higher-density apartments - Mixed-use buildings - Commercial buildings	- Commercial (retail, service, office) - Residential	Generally greater than 3 storeys
Site-Specific Mixed Use Policy Statement: - 1704 Government Street: Allow a maximum building height of 12 storeys. - 955 Timmins Street: Tourist Commercial is a permitted use. (Bylaw No. 2024-36)				

The OCP land use designation permits residential development with commercial uses. While the mixed-use designation does not speak directly to short term rentals, when the OCP was drafted, short term rentals were assumed as permitted in all residential zones. Staff consider the proposal as being in-line with the OCP.

Northern Gateway Plan

The property is within the Northern Gateway Plan area. The plan envisions for this property a strong focus on intensification of housing within mixed use developments. The plan projects up to 2,200 more residential units and approximately 300 new hotel units in this neighbourhood as properties redevelop.

Zoning Bylaw

The property is zoned CD2 – Comprehensive Development (270 Riverside Drive) in the Zoning Bylaw. The CD2 zone does not permit resort residential, but does permit 'short-term rentals'. The applicant has requested a zoning bylaw amendment to the CD2 zone to permit resort residential on the property.

Support Zoning Bylaw Amendment

Adding resort residential to the CD2 zone is consistent with the OCP land use designation of Mixed-Use which permits commercial uses. The North gateway plan envisions a range of medium to high density

housing for the area but also an increase of the supply of tourist accommodations. The resort residential use will maintain the residential character for the development but will allow for more flexibility for the units to be used for the traveling public. As the OCP land use designation and North Gateway plan generally supports the zoning change, staff are recommending that Council give first reading to “Zoning Amendment Bylaw No. 2025-04”, a bylaw to add “Resort Residential” as a permitted use within the CD2 – Comprehensive Development (270 Riverside Drive) Zone.

Alternate recommendations

Should Council consider that short term rentals should not be permitted on this property, Council could pass the alternative recommendation which is to deny first reading to Bylaw 2025-04. Staff are not recommending this approach as the change in zoning allows for the original vision of the project – a mix of short and long term residential housing in a high amenity setting – to be met.

Alternative 1: THAT Council deny first reading of “Zoning Amendment Bylaw No. 2025-04”, a bylaw to add “Resort Residential” as a permitted use within the CD2 – Comprehensive Development (270 Riverside Drive).

Attachments

Attachment A – Zoning Map

Attachment B – Official Community Plan Map

Attachment C – Photos of Property

Attachment D – Letter of Intent (applicant)

Attachment E – Zoning Amendment Bylaw No. 2025-04

Respectfully submitted,

Audrey Tanguay

Planning & Licensing Manager

Concurrence

General Manager of Development Services BL	City Manager AH
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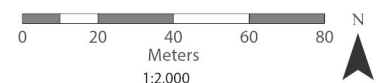


270 Riverside Drive

Zoning Bylaw



- Subject Parcel**
- Site Specific Zoning**
- Zoning Bylaw No 2024-22**
- RM2 - Low Density Multiple Housing
 - RM3 - Medium Density Multiple Housing
 - C4 - General Commercial
 - C7 - Service Commercial
 - C8 - Vehicle Service Station
 - CT1 - Tourist Commercial
 - P2 - Parks and Recreation
 - CD2 - Comprehensive Development (270 Riverside Drive)

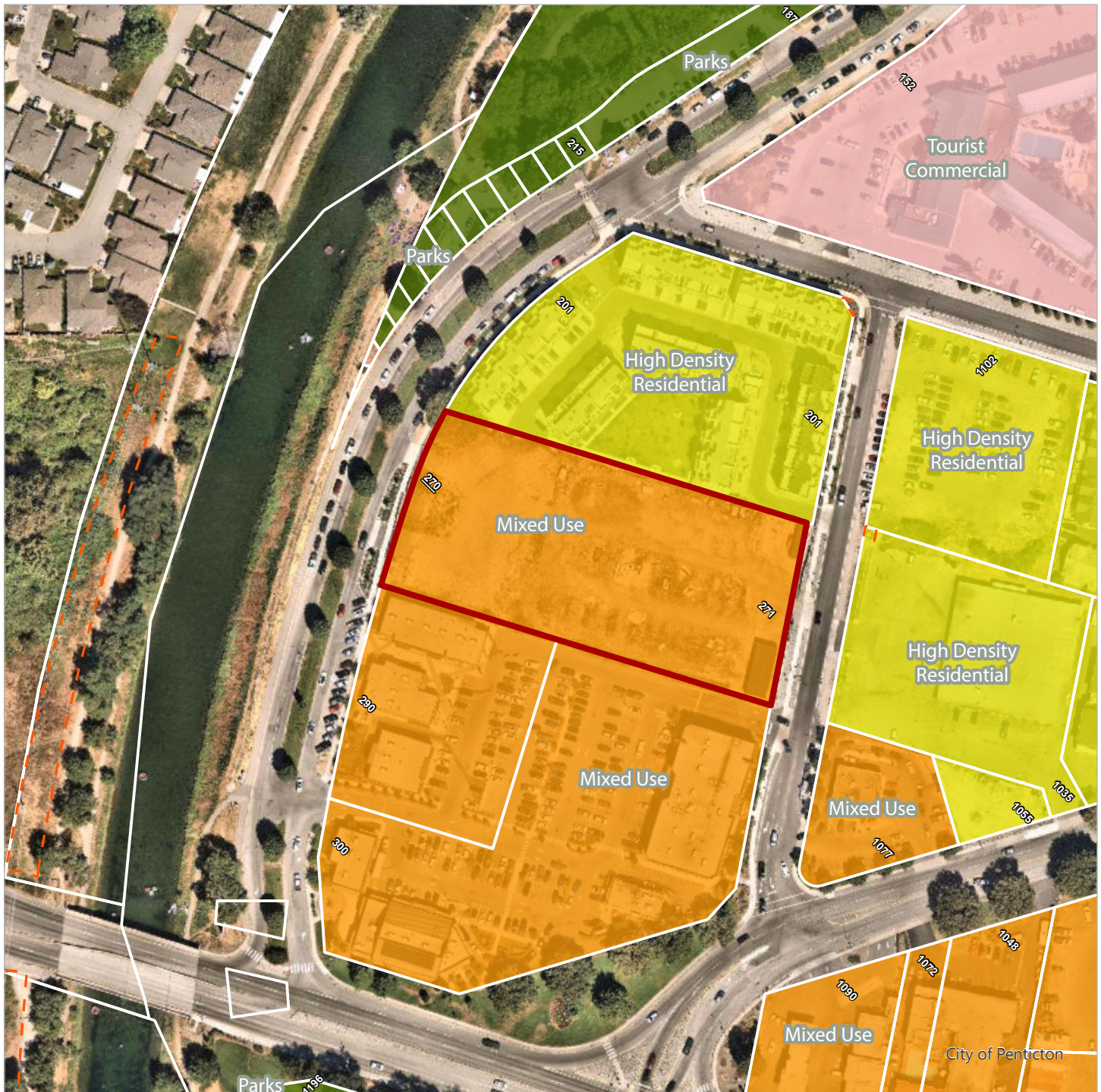


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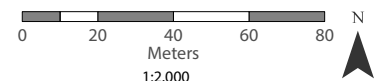
Date: 3/3/2025

270 Riverside Drive

Official Community Plan



-  Subject Parcel
  Mixed Use
- Official Community Plan - Future Land Use
  Parks
-  High Density Residential
  Tourist Commercial



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Date: 3/3/2025

Attachment C – Photos of the Property





City of Penticton
Attn: Audrey Tanguay
Planning & Licensing Manager
City of Penticton
171 Main Street
Penticton, BC V2A 5A9

February 7, 2025

Dear Ms. Tanguay,

RE: 270 Riverside Drive (Sokana), Text Amendment Application for Resort Residential Use

Further to our discussions with your team, we would like to submit a request for a text amendment to the Zoning Bylaw for 270 Riverside Dr. The property is currently zoned CD2, and we are seeking an amendment to allow for Resort Residential Use per City of Penticton's zoning definition.

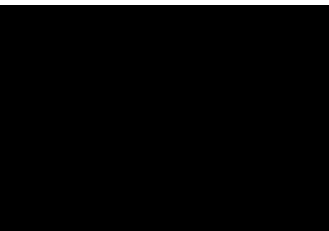
Resort Residential Use aligns with the City of Penticton's broader vision for supporting tourism and flexible housing options in the community and the North Gateway plan. Similar uses are already permitted in comparable zones, and we believe that this amendment will enhance the availability of accommodation options for the travelling public while maintaining the integrity of the surrounding neighbourhood.

We feel this amendment would help enhance the existing use of "short term rental" in the current CD2 zoning for the site which has had recent provincial changes and impact affecting owner requirements. Adding Resort Residential Use would help meet the City's demand for seasonal accommodations, particularly during peak tourism periods.

In line with the City of Penticton's objectives and bylaws, we are excited to bring this request forward for your consideration. We believe this amendment represents a minor adjustment that aligns well with existing zoning practices and contributes positively to the City's tourism and housing strategies.

We kindly ask that this letter and our application be forwarded to Council for their consideration for Resort Residential text amendment to the CD2 zoning for 270 Riverside Dr. We appreciate your time and look forward to working with the City of Penticton on this initiative. Please do not hesitate to contact us should you require any further information or clarification.

Yours truly,



The Corporation of the City of Penticton

Bylaw No. 2025-04

A Bylaw to Amend Zoning Bylaw 2024-22

WHEREAS the Council of the City of Penticton has adopted a Zoning Bylaw pursuant the *Local Government Act*;

AND WHEREAS the Council of the City of Penticton wishes to amend Zoning Bylaw No. 2024-22;

NOW THEREFORE BE IT RESOLVED that the Municipal Council of the City of Penticton, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This bylaw may be cited for all purposes as "Zoning Amendment Bylaw No. 2025-04".

2. **Amendment:**

2.1 Zoning Bylaw No. 2024-22 is hereby amended as follows:

Add to CD2 – Comprehensive Development (270 Riverside Drive) Section 14.2.2 PERMITTED USES:

“.12 ***resort residential***’

2.2 Schedule ‘A’ attached hereto forms part of this bylaw.

READ A FIRST time this _____ day of _____, 2025

A PUBLIC HEARING was held this _____ day of _____, 2025

READ A SECOND time this _____ day of _____, 2025

READ A THIRD time this _____ day of _____, 2025

RECEIVED the approval of the _____ day of _____, 2025

Ministry of Transportation on the

ADOPTED this _____ day of _____, 2025

Notice of intention to proceed with this bylaw was published on the ____ day of ____, 2025 and the ____ day of ____, 2025 in an online news source and the newspaper, pursuant to Section 94.2 of the *Community Charter*.

Approved pursuant to section 52(3)(a) of the *Transportation Act*
this _____ day of _____, 2025

for Minister of Transportation & Transit

Julius Bloomfield, Mayor

Angie Collison, Corporate Officer



City of Penticton – Schedule ‘A’

Zoning Amendment Bylaw No. 2025-04

Date: _____

Corporate Officer: _____