



Council Report

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Date: November 4, 2025
To: Anthony Haddad, City Manager
From: Yvonne Kent, Planner II

File No: RMS/3900-02

Subject: Official Community Plan Amendment Bylaw No. 2025-31 and Zoning Amendment Bylaw No. 2025-32: Provincial Requirements for Proactive Planning

Staff Recommendation

THAT Council, prior to consideration of "Official Community Plan Amendment Bylaw No. 2025-31", and in accordance with Section 473(4) of the *Local Government Act*, consider provincial policy guidelines related to transit-oriented areas;

AND THAT Council, prior to consideration of "Official Community Plan Amendment Bylaw No. 2025-31" and in accordance with Section 475 and 476 of the *Local Government Act*, consider whether early and on-going consultation in addition to the required Public Hearing is necessary with:

- a. One or more persons, organizations or authorities;
- b. Regional District of Okanagan Similkameen;
- c. Local First Nations;
- d. School District #67;
- e. The provincial or federal government and their agencies;

And be it determined that consultation is not necessary given the technical nature of the proposed amendments, except for statutory referral to School District #67.

AND THAT Council give first reading to "Official Community Plan Amendment Bylaw No. 2025-31" and "Zoning Amendment Bylaw No. 2025-32";

AND THAT Council forward "Official Community Plan Amendment Bylaw No. 2025-31" and "Zoning Amendment Bylaw No. 2025-32", to the December 2, 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

Staff are proposing to amend the Official Community Plan Bylaw No. 2019-08 and Zoning Bylaw No. 2024-22 to align with provincial requirements under Bill 44 – *Housing Statutes (Residential Development) Amendment Act, 2023*. Official Community Plans and Zoning Bylaws must be updated to reflect 20 year housing needs and address inconsistencies by December 31, 2025.

Background

On November 30, 2023, the Province passed Bill 44 – the *Housing Statutes (Residential Development) Amendment Act, 2023*. This legislation introduced new requirements for local governments to:

- Zone for Small-Scale Multi-Unit Housing (SSMUH) by June 30, 2024;
- Designate Transit-Oriented Areas (TOAs) and remove off-street parking requirements for residential uses in these areas, by June 30, 2024;
- Receive an Interim Housing Needs Report that identifies the community's 5 and 20 year housing needs, by January 1, 2025;
- Update Official Community Plans and Zoning Bylaws to take a more proactive long-term approach to planning for housing needs, by December 31, 2025; and
- Address inconsistencies between Official Community Plans and Zoning Bylaws resulting from SSMUH and TOA changes, by December 31, 2025.

In June 2024, Council adopted Zoning Bylaw No. 2024-22, which implemented the required SSMUH zoning and TOA designations, as well as other updates recommended by the OCP Housing Task Force. In January 2025, Council received an Interim Housing Needs Report following the provincially prescribed method.

The City has until December 31, 2025, to address two outstanding requirements in the legislation:

1. *Pro-Active Planning*
Municipalities must update their Official Community Plans (OCPs) and Zoning Bylaws to ensure land use is in place to accommodate at least the 20-year projected need outlined in the Interim Housing Needs Report.
2. *Effect of Official Community Plan*
Zoning bylaws adopted to meet SSMUH and TOA requirements must be consistent with the OCP. A temporary exemption from this requirement expires at the end of this year.

With regard to the first item, *pro-active planning*, The Province is requiring that local governments shift to a more pro-active approach to planning, where local governments identify their housing needs in Housing Needs Reports, and then update their policies and zones to put land use in place to accommodate the identified housing needs.

Official Community Plans must be reviewed and, if necessary, updated to include:

- Statements and map designations providing for at least the 20-year housing need; and

- Housing policies respecting each class of housing need required to be addressed in the Interim Housing Needs Report¹

Zoning Bylaws must be reviewed and if necessary updated to:

- Permit at least the 20-year housing need.

These updates must be completed by December 31, 2025. The OCP and Zoning Bylaw must then be regularly updated each time a new Housing Needs Report is received. The first regular Housing Needs Report must be received by December 31, 2028.

Analysis

Housing Needs Report

In January, Council received an Interim Housing Needs Report. The report identifies the City's 20 year housing need as 6,296 net new units. This housing need represents a 34% increase in existing dwelling stock over 20 years (2021-2041).

Official Community Plan

The OCP already includes statements, map designations, and housing policies to provide for at least 20-year housing need. Minor amendments to the OCP to update statistics and targets to match the data in the Interim Housing Needs Report and the Social Housing and Infrastructure Plan are proposed (Attachment C).

Zoning Bylaw

The City's Zoning Bylaw currently permits more than the City's 20 year housing need. No amendments are required to meet this provincial requirement².

1. Effect of Official Community Plan

Under s.478 of the *Local Government Act*, when an Official Community Plan is in place, all bylaws enacted or works undertaken by Council must be consistent with the plan. To support the rapid implementation of

¹ Classes of housing need:

- (i) affordable housing;
- (ii) rental housing;
- (iii) special needs housing;
- (iv) housing for seniors;
- (v) housing for families;
- (vi) the number of beds in shelters for individuals experiencing homelessness and the number of housing units for individuals at risk of experiencing homelessness;
- (vii) housing in close proximity to transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation;

² Staff note the City's Zoning Bylaw provides sufficient "paper" capacity, and actual development of the City's 20-year housing need will depend on factors such as market demand, infrastructure constraints, and economic conditions.

provincial housing legislation by the June 30, 2024, deadline, the Province provided a temporary exemption period for OCP consistency to implement SSMUH and TOA requirements. This temporary exemption period will end on December 31, 2025.

In June 2024, Council adopted Zoning Bylaw No. 2024-22 to implement SSMUH and TOA requirements. The Zoning Bylaw was not consistent with the Official Community Plan, and the SSMUH and TOA zoning will need to be made consistent with the OCP by December 31, 2025.

Small-Scale Multi Unit Housing

There are approx. 1,200 parcels in the City that are zoned for SSMUH (R4-L or R4-S Zones) but are not consistent with the OCP Land Use Designation. These are primarily neighbourhoods with low density residential zoning (R4-L and R4-S) but an OCP Land Use Designation of “High Density Residential”. To ensure consistency with the OCP, parcels would need to be rezoned to an OCP-consistent zone (ex: RM2 – Medium Density Multiple Housing).

Staff note when R4-L and R4-S parcels are rezoned to match the High Density Residential land use designation, certain uses will become non-conforming and no longer comply with the zoning. As per s.528 of the *Local Government Act*, non-conforming uses would be able to continue (ex: a single detached dwelling) but would not be permitted to be expanded (ex: adding additions, a secondary suite, a carriage house, or an accessory building). In addition, should the use be discontinued for a continuous 6 month period, the use would lose its non-conforming status, and the property would become subject to the new higher density zoning.

Given these impacts, and the fact that the current zoning in the City’s Zoning Bylaw exceeds the provincial requirement of at least 20 years of housing need, staff have identified four SSMUH zoned neighbourhoods to not be rezoned. Instead, staff proposes to change the OCP Land Use Designation in these four neighbourhoods from “High Density Residential” to “Low Density Residential” (Figure 2). The four neighbourhoods are identified in Attachment B.


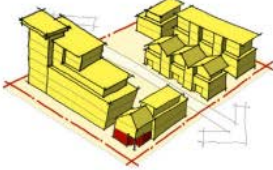
Land Use	Description	Building Type(s)	Uses	Height / Density
Low Density Residential 	Lower-density residential areas with new housing types compatible with single-detached houses in character and scale but providing more units per lot	<ul style="list-style-type: none"> • Single detached houses with or without secondary suites and/or carriage houses • Duplexes with or without suites and/or carriage houses • Cluster housing • Townhouses • Bareland stratas • Small-scale neighbourhood commercial building (e.g., corner store, coffee shop, childcare) 	<ul style="list-style-type: none"> • Residential • Limited retail/service 	<ul style="list-style-type: none"> • 1 to 4 units per lot • Up to 6 units subject to contextual design and adherence to DP guidelines • Additional units may be considered where lot consolidation occurs (e.g. consolidation of two lots could support twice as many units per lot) • Generally up to 3 storeys
Site-Specific Detached Residential Policy Statement: 375 Smythe Drive: a maximum of 27 detached single-family houses are permitted on this site. Houses may include secondary suites but not carriage houses.				
High Density Residential 	Higher-density multifamily residential neighbourhoods consisting of townhouses and apartments in higher-amenity areas	<ul style="list-style-type: none"> • Cluster housing • Townhouses • Low-rise and mid-rise apartment buildings • Small-scale neighbourhood commercial building (e.g., corner store, coffee shop, childcare) 	<ul style="list-style-type: none"> • Residential • Limited retail/service 	<ul style="list-style-type: none"> • Up to 6 storeys
Site-Specific High Density Residential Policy Statement: 556 to 736 Lakeshore Drive West: Development up to a maximum of four storeys can be considered subject to assessment of urban design impacts on Lakeshore Drive and the waterfront, Lakawanna Park and neighbouring properties on Churchill Avenue.				

Figure 1- "Low Density Residential" and "High Density Residential" designations from Official Community Plan Bylaw No. 2019-08

These parcels have been selected based on small lot sizes, age of existing homes, high improvement ratios (home value exceeds land value), and previous OCP designations before consolidation into the "High Density" Designation in 2024. These factors make redevelopment for larger townhome and apartment projects unlikely. Instead, these neighbourhoods are more suitable for the small-scale multi-unit housing that is permitted under existing zoning (single detached dwellings, secondary suites, carriage houses, duplexes, triplexes, quadplexes, and low rise apartments).

Staff note a full review of all 1,200 inconsistent SSMUH zoned parcels has not been able to be completed given the approaching Provincial deadline for OCP alignment.

Staff will continue to review other neighbourhoods after the provincial deadline has passed and bring back to Council any other parcels where an OCP amendment may be more appropriate. The OCP itself was last comprehensively updated in 2019 and will be due for another comprehensive update following the first regular Housing Needs Report deadline in 2028.

SSMUH Zoning and Parks Land Use Designation

Staff note there are multiple properties that are zoned for SSMUH but with an OCP Land Use Designation of "Parks" or "Natural and Conservation Areas". Given under s.458 of the *Local Government Act*, compensation

may be payable to landowners when their zone is only limited to public uses, staff do not recommend addressing these inconsistencies prior to the Provincial deadline. Instead, staff will report back to Council with more information to ensure Council can make an informed decision on how to move forward with these properties.

Transit-Oriented Areas

The City designated two TOAs (Penticton Plaza and Peachtree Square) as required by the province, as well as one initiated by the City itself (Cherry Lane Mall). In addition, the City pro-actively zoned for TOA heights and densities in the Zoning Bylaw. The increased height and density are not consistent with the OCP for properties with a land use designation of "Low Density Residential". To ensure consistency between TOA zoning and the OCP, staff propose adding the following statement to "Low Density Residential" in the land use designation table:

- *"Additional height and density permitted in Transit-Oriented Areas"*

This addresses the OCP inconsistency that Low Density Residential areas are typically limited to 3 stories in height and no more than 4 dwelling units per parcel. Whereas transit-oriented areas allow 4-6 stories and more than 4 dwelling units per parcel.

Referral Feedback

Staff have consulted with School District #67 as is required when amending an Official Community Plan under s.476 of the *Local Government Act*. The proposed changes were referred to School District #67 from August 28th to September 18th via email. No comments have been received from the District.

As per s.475 of the *Local Government Act*, Council must consider whether consultation is necessary with any other person, organization, or authority. Given the technical nature of the proposed amendments and provincial requirements, staff have not recommended additional referrals.

Summary

The Province of BC is shifting local governments to a more pro-active long term approach to land use planning, with a greater emphasis on planning for identified needs and pre-zoning. Given this, amendments are proposed to the Official Community Plan and Zoning Bylaw to align them with the Interim Housing Needs Report and provincial legislation requirements. The City's Official Community Plan and Zoning Bylaw can accommodate the 20 year housing need (6,296 net new units) without significant amendments. However, the Province will require regular updates to OCPs and Zoning Bylaws following each Housing Needs Report, with the first regular update cycle beginning in 2028. Staff will continue to review the City's OCP and Zoning Bylaw to meet this next cycle, and to respond to any additional amendments required in the interim.

Alternate recommendations

THAT Council deny first reading to "Official Community Plan Amendment Bylaw No. 2025-31" and Zoning Amendment Bylaw No. 2025-32".

Attachments

Attachment A – Provincial Policy Manual Transit-Oriented Areas

Attachment B – Proposed Low Density Residential Neighbourhoods

Attachment C – Official Community Plan Amendment Bylaw No. 2025-31

Attachment D – Zoning Amendment Bylaw No. 2025-32

Respectfully submitted,

Yvonne Kent

Planner II

Concurrence

General Manager of Development Services <i>BL</i>	City Manager <i>SH</i>
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