



Council Report

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Date: February 17, 2026
To: Anthony Haddad, City Manager
From: Yvonne Kent, Planner II

File No: RMS/3900-02

Subject: Official Community Plan Amendment Bylaw No. 2026-07 and Zoning Amendment Bylaw No. 2026-08: Pro-Active Planning Additional Updates

Staff Recommendation

THAT Council, prior to consideration of "Official Community Plan Amendment Bylaw No. 2026-07" 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 the statutory referral to School District #67.

AND THAT Council give first reading to "Official Community Plan Amendment Bylaw No. 2026-07" and "Zoning Amendment Bylaw No. 2026-08";

AND THAT Council forward "Official Community Plan Amendment Bylaw No. 2026-07" and "Zoning Amendment Bylaw No. 2026-08", to the March 3, 2026, 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.

Background

On November 30, 2023, the Province passed Bill 44 – the *Housing Statutes (Residential Development) Amendment Act, 2023*, requiring local governments to introduce Small-Scale Multi-Unit Housing (SSMUH) zoning by June 30, 2024.

In June 2024, Council adopted Zoning Bylaw No. 2024-22, which implemented SSMUH zoning.

The Province also required that, by December 31, 2025, any SSMUH zoning that was not aligned with a local government's Official Community Plan (OCP) be made consistent with that plan. To meet this requirement, on December 16, 2025, Council adopted Official Community Plan Amendment Bylaw No. 2025-31 and Zoning Amendment Bylaw No. 2025-32. Approximately 1,000 SSMUH zoned properties (R4-S and R4-L zones), primarily in areas designated for High Density Residential Development, were rezoned.

At the December 2, 2025 public hearing, property owners expressed concerns that the proposed zoning amendments would prohibit certain improvements, such as home additions or carriage houses. Due to the provincial deadline, these concerns could not be addressed in the 2025 amendments.

Following the hearing, Council passed the following motion:

THAT Council direct staff to prepare and present amendments to applicable bylaws in early 2026 to address the impacts of upzoning on affected properties.

This report presents proposed amendments in response to that direction.

Financial Implications

There are no financial implications associated with the staff recommendation. All work has been done in house within existing budgets.

Analysis

Official Community Plan

As per s.478 of the *Local Government Act*, when an OCP is in place, all bylaws enacted or works undertaken by Council must be consistent with the plan. To address this, staff propose adding the following statement to the end of the land use designation table in the OCP:

Transitional Neighbourhoods

In 2025, to meet provincial requirements, the City rezoned approximately 1,000 properties that previously permitted small-scale multi-unit housing (SSMUH) to align zoning with the land use designations above. These properties are recognized as in transition, and low density residential

land uses (e.g., single detached dwellings, suites, duplexes, carriage houses) are permitted regardless of the underlying OCP land use designation.

This creates policy support for property owners to choose to continue to develop their parcels under SSMUH zoning (e.g. additions, secondary suites, carriage houses etc.) or redevelop to the often higher density land uses identified in the City's OCP.

This is then implemented through changes to the Zoning Bylaw outlined below.

Zoning Bylaw

The following is proposed to be added to the zones in the Zoning Bylaw where properties impacted by the upzoning are found (RM2, C1, C3, C7, C9, CT1, A and P1 Zones):

For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S zone or this zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited.

Adding a Transitional Neighbourhood Overlay to the Zoning Bylaw allows staff and property owners to easily identify what parcels were impacted by the December 2025 upzoning¹. This new regulation permits property owners to continue to develop their lots under SSMUH zoning (e.g. adding additions to their homes, suites and carriage houses) or redevelop their homes to the new zone standards they were upzoned to in December 2025. For example, a property owner now zoned RM2 may redevelop their lot for this higher density (ex: 8 townhouses) or choose to instead have their property considered under the R4-S regulations and continue to use the property for SSMUH (ex: carriage house). For clarity, the zoning of these properties will not change to R4-S on the Zoning Map, but the proposed overlay will assist property owners with understanding if they may choose to instead follow the R4-S zone regulations.

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 January 14th to January 27th 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, staff have not recommended additional referrals.

¹ The proposed amendments are to address the impacts to the development potential of affected properties. Properties rezoned in December 2025 to match the OCP without development potential (e.g. City owned parkland) have not been included in the Transitional Neighbourhood Overlay.

Summary

The Province required by December 31, 2025, any SSMUH zoning not aligned with a local government's Official Community Plan (OCP) be made consistent with that plan. Given this, amendments were made to the Official Community Plan and Zoning Bylaw in December 2025, and approx. 1,000 SSMUH zoned properties (R4-S and R4-L zones) were rezoned. As directed by Council, after concerns were raised at the public hearing, staff have now prepared bylaw amendments to address the impact of upzoning on affected properties. The proposed bylaw amendments introduce a "Transitional Neighbourhood Overlay" (TNO) allowing property owners to develop under their new zoning, or the regulations of the R4-S zone. The next comprehensive review of the OCP and Zoning Bylaw will involve further research and public consultation and present an opportunity to determine how to address these affected properties in the long term.

Alternate recommendations

THAT Council deny first reading to "Official Community Plan Amendment Bylaw No. 2026-07" and Zoning Amendment Bylaw No. 2026-08".

Attachments

Attachment A –Official Community Plan Amendment Bylaw No. 2026-07

Attachment B – Zoning Amendment Bylaw No. 2026-08


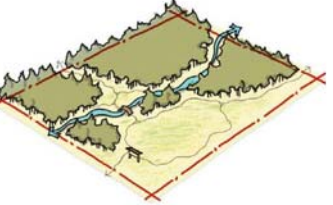
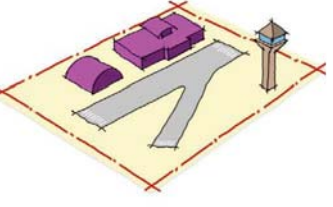

Respectfully submitted,

Yvonne Kent
Planner II

Concurrence

<p>General Manager of Development Services</p> <p><i>BL</i></p>	<p>City Manager</p> <p><i>AK</i></p>
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Land Use	Description	Building Type(s)	Uses	Height / Density
Parks 	Active and passive parks, trails, fields, beaches and outdoor recreation facilities.	<ul style="list-style-type: none"> • Accessory buildings and structures 	<ul style="list-style-type: none"> • Public Park 	N/A
Natural and Conservation Areas 	Natural or semi-natural areas with high environmental values intended for conservation and low-impact recreation.	<ul style="list-style-type: none"> • Accessory buildings and structures 	<ul style="list-style-type: none"> • Public park • Forestry & grazing 	N/A
Airport 	Airport and aviation uses and limited related commercial/ tourist commercial activities.	<ul style="list-style-type: none"> • Airport terminal • Aviation services 	<ul style="list-style-type: none"> • Airport and associated aviation services • Aircraft maintenance and repair, and flight training • Ancillary commercial and tourist commercial 	N/A
First Nations 	First Nations lands inside city limits but not under City jurisdiction.	<ul style="list-style-type: none"> • Varies 	<ul style="list-style-type: none"> • Varies 	<ul style="list-style-type: none"> • Varies

In 2025, to meet provincial requirements, the City rezoned approximately 1,000 properties that previously permitted small-scale multi-unit housing (SSMUH) to align zoning with the land use designations above. These properties are recognized as in transition, and low density residential land uses (e.g., single detached dwellings, suites, duplexes, carriage houses) are permitted regardless of the underlying OCP land use designation.

The Corporation of the City of Penticton**Bylaw No. 2026-08***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. 2026-08".

2. **Amendment:**

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

2.1 Add to 10.4 RM2 – Low Density Multiple Housing Section 10.4.3 OTHER REGULATIONS as follows:

"2 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or RM2 (Low Density Multiple Housing) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited."

2.2 Add to 11.1 C1 – Commercial Transition Section 11.1.3 OTHER REGULATIONS as follows:

"3 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or C1 (Commercial Transition) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited."

2.3 Add to 11.3 C3 – Mixed Use Commercial Section 11.3.3 OTHER REGULATIONS as follows:

"4 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or C3 (Mixed Use Commercial) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited."

2.4 Add to 11.7 C7 – Service Commercial Section 11.7.3 OTHER REGULATIONS as follows:

“.2 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or C7 (Mixed Use Commercial) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited.”

2.5 Add to 11.9 C9 – Marina Way Commercial Section 11.9.3 OTHER REGULATIONS as follows:

“.4 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or C9 (Marina Way Commercial) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited.”

2.6 Add to 11.10 CT1 – Tourist Commercial Section 11.10.3 OTHER REGULATIONS as follows:

“.4 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or CT1 (Tourist Commercial) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited.”

2.7 Add to 9.2 A – Agriculture Section 9.2.5 OTHER REGULATIONS as follows:

“.7 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or A (Agriculture) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited.

2.8 Add to 13.1 P1 – Public Assembly as follows:

“13.1.4 OTHER REGULATIONS

.1 For properties identified within the Transitional Neighbourhood Overlay on Schedule B (Zoning Bylaw Map), land may be developed in accordance with the regulations of the R4-S (Small-Scale Multi-Unit Residential: Small Lot) zone or P1 (Public Assembly) zone. Mixing or combining regulations, uses, or standards from both zones on the same parcel is prohibited.”

