



Council Report

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Date: February 11, 2025
To: Anthony Haddad, City Manager
From: Blake Laven, Director of Development Services
Subject: Q4 2024 – Housing and Economic Development Update

File No: RMS 6750-01

Staff Recommendation

THAT Council receive into the record the report date February 11, 2025, titled "Q4 2024 – Housing and Economic Development Update".

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

This report provides a year end summary of the Economic Development work done in 2024, with a focus on year-end housing and development statistics, select collaborations with our business organization partners, strategic communications and a look ahead to some of the Q1 2025 initiatives and activities.

2024 Achievements

The Economic Development function at the City of Penticton is led by the Development Services Director with input from many other managers and departments. Here are some of the many achievements from 2024:

- Implementation of the OCP Housing Task Force recommendations – updated OCP, zoning bylaw and development procedures bylaw
- Higher than anticipated development activity, particularly on the commercial side
- Managing 3,700 business license accounts and 350 short term rental accounts
- Continued strong collaboration with business representing organizations: Chamber, Downtown Penticton BIA, Penticton Industrial Development Association, Travel Penticton and others
- Participation in business walks, important conversations with business owners
- Successfully supported many conferences and events
- Successful strategic communication initiatives, including further investments and work on the Start Here Penticton initiative, the City's resident recruitment initiative

- Exceptional earned media, including Penticton being named as one top places in the country for livability by the Globe and Mail
- Managing the various Economic Development websites: Start Here Penticton. City VIZ and the Penticton Airport Website

These achievements provide a solid foundation for a successful 2025 and for meeting the Department's goal of promoting economic vitality in the City of Penticton.

Planning, Development and Housing Update

2024 ended with development numbers surpassing projections heading into the year. Despite economic headwinds, such as high construction inflation, shifting code requirements, a challenging interest rate environment and low residential absorption, the development industry made significant investments into Penticton’s built form in 2024, surpassing the 5-year average for total construction value. Over \$190 million worth of construction activity was processed in 2024, representing over 277 new residential dwelling units and over 70,000 sqft of new commercial floor area.

Housing

On the housing side, the majority of the new housing totals came in the form of multi-family developments – townhouses and apartments. Some of the new projects that contributed to that total include:

- 123 Front Street: A 5 storey, 48 unit purpose built market rental building, with ground floor commercial units (4 lease areas)
- 286 Rigsby Street: a 5 storey, 49 unit apartment building
- 603 Main Street: a 5 storey, 28 unit apartment building with ground floor offices. This project is a partnership between a non profit housing company and BC Housing
- Many infill projects, including sites on Ontario Avenue, Government Street, in the Cherryland neighbourhood and elsewhere in the community

Unit type	Number of units created
New single family	13
New duplex	24
New apartment / townhome (multi family units)	205
New carriage house	9
New secondary suite	26
TOTAL units (BP issued in 2024)	277

One interesting trend is the shift away from single family housing construction. This is partly due to the build-out of Sendero Canyon and the Ridge being mostly complete but also due to changes in the zoning bylaw allowing up to 4 units per lot where the zoning previously only allowed single or two family. I would also suggest that the absorption and costs of construction pushing new single family housing over the \$1 million dollar mark, also has an impact. Nevertheless, only 13 single family houses were constructed in Penticton in 2024, the lowest mark in the 20 years we have been tracking residential building types.

The number of secondary suites that were created in 2024 was at a high point, buoyed by the changes in short term rental regulations. 9 carriage houses were constructed.

On top of the 277 new residential units there were an additional 163 renovation addition projects that occurred in 2024 that required permits, showing a robust investment in the residential built form in the city.

Looking forward into 2025 and beyond, Council and the City's Development Officer supported development permits representing over 600 units of housing. These permits require a project to start within 2 years and are generally a good barometer for future development activity. Some of the projects approved for development permit include:

- Phase 1 of the Innovation District, representing 127 units of strata housing
- Student dorm rooms at Okanagan College (89 dorm rooms)
- 192 unit rental building on Timmins Street
- 72 units associated with the Peach City Sports Plex
- 70 unit purpose built rental building on Martin Street

2025 will also see the occupancy of several projects started in 2022 and 2023, including the 70 unit purpose built apartment building at 650 Eckhardt Avenue, Conklin Avenue townhouses, Phase 1 of 795 Westminster and many others. Work continues on the Social Housing and Infrastructure plan which will be coming to Council at an upcoming meeting, outlining how the non-profit housing industry and all partners can work together to meet the community's identified non-market housing needs.

Other development

On the commercial side, 94 commercial permits were issued for renovation, expansion and new commercial buildings representing \$44 million in construction value. In addition to these, another 14 industrial and 9 institutional projects were started in 2024 representing an additional \$19 million in construction value. The \$44 million in commercial construction value buoyed by the Canadian Tire expansion and Walmart renovation projects, represents the highest level of commercial investment in the City on record for any single year.

On the institutional side several new day care centers were issued permits for construction in 2024, include the new Power Avenue Child Care Centre that the City successfully obtain 'New Spaces' funding from the province and in partnership with the YMCA will see completion of 80 new child care spaces in 2025.

Looking forward to 2025, a new commercial development on the corner of Main Street and Warren Avenue is being proposed and several downtown investments are underway, including a new brewery on Brunswick Street, among many others. On the institutional side, applications are in for 192 bed Interior Health supported, long term care facility, being developed by Kaigo Senior Living, on the former Kampe lands on the corner of Green Avenue and the Channel Parkway.

Collaborations

Shifting from development, one of the main focuses of Economic Development is ensuring a strong environment for business to thrive in the community. And to effectively deliver on this goal, strong relationships with the business representing organizations are required so that concerns or roadblocks from the City are easily resolved. Over the past year, maintaining these relationships and ensuring a good flow of communication has been a focus of Economic Development.

Q4 saw the City participate and sponsor several events including the Business Excellence Awards and the Chamber Jingle and Mingle and saw the continued participation in monthly meetings with the Chamber, Downtown Penticton BIA and Travel Penticton. November saw the first meeting of the Urban Development Institute (UDI) Penticton sub-committee meeting. As development interest in the city remains high, this important development industry group, as well as the Canadian Home Builders of the South Okanagan

(CHBA-SO) and Southern Interior Construction Association (SICA), will be integral in providing feedback on our processes and systems for ensuring continued investment in the city.

With the development of the winter shelter, there was an opportunity to strengthen the City's relationship with the Industrial Development Association (PIDA). Regular meetings are occurring on this topic and are leading to other opportunities to understand current challenges facing the industrial sector of the City.

Work with the Downtown Penticton Business Improvement Association on a redesign for Nanaimo Square to improve safety and security in that public space is underway. Other downtown related issues are also being addressed, including the downtown parking study, both topics of upcoming Staff reports to Council.

Close work with the Chamber on business walks and the development of a business climate survey is underway, as part of the Economic Development Strategy development.

All in all, 2024 showed the strengthening of relationships between the City and business representing organizations.

Strategic Communications

In Q4 2024, we developed a new marketing campaign for the 'Start Here Penticton' resident recruitment initiative, set to launch in early 2025. Additionally, our efforts to raise the profile of Penticton to skilled workers, helped place it on the radar for The Globe and Mail which ranked Penticton favorably in their year-end list of Canada's most livable cities, placing 9th overall, 1st for young professionals and mid-life transitions, 7th for raising kids, 5th for retirement, and 3rd for newcomers. These rankings, based on over 50 livability metrics, validate our efforts, and will guide our focus moving forward.

Community Relations

As part of the City's Welcome Home Program, we hosted a community event for over 100 of Penticton's newest residents. Attendees enjoyed a Penticton Vees game, a behind-the-scenes locker room tour, and a meet-and-greet with the Mayor and Council. This initiative fostered community spirit and welcomed new residents to our vibrant city. The Welcome Home Program is an important part of our ongoing efforts to attract and retain skilled professionals to our community.

Q1 2025 Look ahead

Here are some of the initiatives that are the focus of Economic Development and Development Services during Q1 2025:

- Business climate survey, providing valuable input into a revised Economic Development Strategy
- Conference and event planning, particularly for the following events:
 - o Canadian Home Builders Association of the South Okanagan (CHBA-SO) Home Show (March 8th and 9th at the PTCC
 - o Chamber / City / Work BC sponsored Job Fair March 19th at the PTCC
 - o TRUE Penticton Expo and Experience Market, April 6th at the PTCC
 - o BC Modular Housing Conference, May 6-7th at the Penticton Lakeside Resort
 - o BC Economic Development Association (BCEDA) Summit, May 12-15th at the PTCC

- Film strategy development in partnership with the Events Department
- Planning for the Okanagan Lake Waterfront East, Esplanade Plan
- Continuation of the implementation of OCP Housing Task Force recommendations, with a focus on incentives for housing development

In addition to these initiative items, the partner collaborations continue with City staff acting as liaisons to our various business representing organizations.

Understanding how some of the macro-economic conditions will be impacting the business climate of the City will also be a focus. Staff will be watching closely how the tariffs and other economic shocks that have recently been implemented will have on housing, construction, industrial production and impact on the overall business climate locally.

Financial implication

This report does not recommend any expenditure of funds at this time. Any initiatives discussed are contemplated within existing economic development budgets.

Analysis

Despite several economic headwinds, 2024 was seen as a strong year for housing and development numbers. Many positive collaborations occurred with our business-facing organizations and the City represented itself well publicly through strategic communications and earned media. Staff look forward to a productive 2025 and are recommending that Council receive this report into the public record.

Attachments

N/A

Respectfully submitted,

Blake Laven,
Director of Development Services

Concurrence

Director of Community Services KJ	Director of Finance and Administration AMC	City Manager AH
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