



Council Report

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Date: February 17, 2026 **File No:** E-Scribe/ Feb 17
To: Anthony Haddad, City Manager
From: Blake Laven, General Manager of Development Services
Address: 441 Dawson Avenue
Subject: **Temporary Use Permit PL2026-10135 (Emergency Shelter)**

Staff Recommendation

THAT Council approve "Temporary Use Permit PL2026-10135", a permit to allow the use 'emergency shelter and homelessness services' for Lot 6 District Lots 251 and 3429S Similkameen Division Yale District Plan 11264 Except Plan KAP70095, located at 441 Dawson Avenue, from April 1, 2026, until March 31, 2029, with the following condition:

- Operation of the shelter and other services is subject to a safety and security plan providing security 24 hours a day 7 days a week during activation, covering the property and surrounding neighbourhood;

AND THAT Council direct staff to issue "Temporary Use Permit PL2026-10135";

AND THAT Council authorize the GM of Corporate Services and Corporate Officer to sign any documents pertaining to the extension of the lease;

AND THAT Council supports the potential of the Province taking over lease costs for the shelter and the City taking over security costs for the neighbourhood surrounding the shelter;

AND THAT Council direct staff to work with partners, including business organizations, to revise the safety and security plan to expand its focus to cover a larger part of the industrial park, including both shelters (Compass and Dawson Avenue);

AND THAT Council direct staff to amend the 2026-2030 Financial Plan to fund the City's portion of shelter costs (lease or security), to the current rate of approximately \$120k a year, with the currently unfunded portion (approx. \$80k) to be funded in 2026 through General Surplus and future years being referred to the budget deliberation process for funding source, including any related RDOS contributions.

Strategic priority objective

This proposal is aligned with the following two Council strategic Priorities:

Safe & Resilient: The City of Penticton will enhance and protect the safety of all residents and visitors to Penticton.

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

Background

At the Regular Council Meeting on January 20, 2026, Council directed staff to proceed with the steps required to support a three-year extension of an emergency shelter operating at 441 Dawson Avenue. Council also provided specific direction to:

- Prepare and submit a Temporary Use Permit (TUP) application to enable the proposed extension;
- Negotiate a lease extension with the property owner covering the full term; and
- Work with the province on an appropriate funding strategy.

In addition, Council referred the matter to the Public Safety Advisory Committee for their comments prior to Council's consideration of the TUP.

This report provides updates on this direction and provides a staff recommendation that Council approve and authorize issuance of the TUP, which would allow the shelter to continue operating beyond its scheduled closure date of March 31 of this year. Issuance of the permit would be conditional on the ongoing implementation of the Safety and Security Plan, ensuring that appropriate measures remain in place to mitigate neighbourhood impacts and support safe operations.

Through negotiations with the province, a plan for the province to take over lease costs and the City to take over security costs has also been discussed and this report looks for support from Council on this approach. Staff are also recommending that if this approach is satisfactory to Council that the security plan be expanded to cover a larger area including Compass Court as well as the Dawson Avenue shelter.

A full background on the shelter, including its history, context, and the rationale for the original temporary use permit, is provided in the previous report to Council and is provided in Attachment E for information.

Update on discussions with the Province

Following January 20, 2026 direction, staff have engaged with the Province, who has indicated a willingness to continue funding the operations of the shelter through the summer months and beyond, subject to Council's approval of the TUP.

Neighbourhood security is not typically within BC Housing standard funding scope. Their contribution to security in this case has been a unique, negotiated arrangement that reflects the City's current responsibility for the lease, a cost that BC Housing normally assumes responsibility for.

Following approval of the TUP, there is an opportunity to revisit and realign security and lease responsibilities based on feedback received around the operations and impacts on the surrounding area. Under the recommended approach, the City – in partnership with the Chamber and PIDA - would investigate opportunities to better align neighbourhood security with the broader safety plan, while BC Housing would take over the lease costs. This realignment better reflects roles and mandates and opportunities to enhance overall safety in the area. The value would remain the same and both the City and RDOS contributions would go towards the security costs.

This approach would strengthen the City's ability to establish and oversee consistent expectations across the broader industrial area, while enabling enhanced and coordinated security measures to support both shelters (Dawson and Compass). This will allow the City to manage safety in a more strategic and area -wide manner and improve responses to issues that have been raised in the past or will into the future.

Staff are supportive of this re-allocation, provided that the City's annual contribution remains within previously established financial commitments (approximately \$120,000 per year – including both City and RDOS funding). Any costs associated with this approach will require new funding approval through budget amendments. Staff are seeking that funding approval through the recommendations to Council outlined in this report.

Lease negotiations update

Staff have continued discussions with the property owners, and those conversations have confirmed a willingness on their part to extend the lease at the existing rental rates for the full length of the proposed extension period (through March 2029). During these negotiations, the owners also identified several operational costs, specifically related to maintenance and fire-monitoring systems, that were not fully accounted for in the previous lease agreement. These items will need to be incorporated and clarified as part of the lease renegotiation.

The property owners have further indicated that they are open to entering into a lease agreement with either the Province or the City, depending on which party assumes responsibility for the lease payments. This flexibility will support whichever funding model is ultimately confirmed.

Given the above, staff are recommending that Council authorize staff to finalize and execute a lease with the property owners on behalf of the City. Should the Province subsequently confirm that it is prepared to assume responsibility for the lease and related costs, this authorization would not need to be exercised. There is also a scenario where the City retains the lease and invoices the province for the costs of the lease. In any case, the resolution suggested by staff provides the flexibility needed to negotiate any of these options.

Feedback and Engagements

Since Council's direction to take steps to extend the operation of the Dawson Avenue Shelter, staff have completed a number of statutorily required and other notifications and engagements. The following provides an overview of that work.

Public Safety Advisory Committee Outcome

The Public Safety Advisory Committee considered this item at their Special Meeting held on February 5, 2026 and supported a resolution for Council to support the TUP issuance.

Engagement with Business Groups

Staff have met with both the Chamber of Commerce and Penticton Industrial Development Association (PIDA). Staff presented to the PIDA board on February 2, 2026.

The Penticton and Wine Country Chamber of Commerce have provided a letter of support and a copy is provided in Attachment G. Staff are expecting correspondence from PIDA, but it was not received prior to the drafting of this report. Any correspondence received prior to February 17 will be verbally summarized during the Council presentation.

Neighbourhood forum

100 More Homes also hosted a neighborhood forum on February 12, 2026 (after the drafting of this report), and staff will verbally summarize the key themes during the Council presentation on February 17, 2026.

Anecdotal feedback

Staff are aware of feedback received by Council directly from businesses in the industrial area describing concerns related to the shelters operating nearby. Although these submissions have not come in through this process, the issues raised are important to consider in any discussion of extending the permit and in adjusting any operating or security measures to support the local businesses.

Across the submissions, respondents consistently linked their experiences with break-ins, vandalism and feelings of unsafety to the nearby winter shelter and other low-barrier facilities (Compass). Business owners described impacts they believe began or intensified after the shelter opened, including increased disorder, theft, vandalism, aggressive behaviour, and disruptions to daily operations. Many also reported a declining willingness to contact police or bylaw, citing perceived lack of response, which contributes to a sense that issues are going unaddressed and that the industrial area is carrying a disproportionate burden.

Taken together, the statements point to several recurring concerns: rising property crime and financial loss; aggressive or unsafe interactions with individuals near their businesses; visible disorder and

environmental impacts; reduced confidence in enforcement; and a belief that service clustering is placing additional pressure on one neighbourhood. Collectively, these themes reflect a localized, place-based set of pressures that will require more coordinated responses, clearer communication, and stronger mitigation strategies going forward.

Statutory notifications

Letters have been sent to all properties, including owners and occupiers of lease spaces, within 100 m of the subject site. Any feedback received from these notifications will be summarized at the February 17 meeting.

Safety and Security Plan

The original land-use approval for the shelter required a 24/7 safety and security plan as a condition of operation. This plan was developed collaboratively by the City, BC Housing, shelter operators, and partners including City Bylaw, RCMP, Fire Services, private security, and representatives from the local business community. The shelter's success to date is largely due to the commitment of all partners to this coordinated safety approach. Staff's recommendation to approve the new permit is contingent on continuing and enhancing this safety plan. Staff are also recommending an expansion of the safety plan focus area to include the area around Compass as well.

Aspects of the plan include:

- A dedicated on-site manager during shelter activation to coordinate responses to any safety-related issues, and overnight private security from 10pm- 6am.
- Proactive Crime Prevention Through Environmental Design (CPTED) measures to identify and address environmental risks before they escalate.
- Regular coordination meetings with law enforcement agencies, social service providers of 100 More Homes, and the industrial association to maintain open communication and address emerging concerns.
- Routine patrols conducted by private security, shelter staff, City Bylaw Services, and the RCMP to enhance visibility and deter unsafe activity.
- Timely response to neighbourhood concerns, ensuring issues are acknowledged and addressed as they arise.
- Support from the City's Clean Team for targeted cleanups in and around the area.
- Prompt follow-up on any private property damage or vandalism involving shelter residents.
- Ongoing reporting and monitoring, including regular review of key performance indicators (KPIs) to measure effectiveness and guide improvements.

These safety measures are required by approval of the TUP to continue regardless of which organization takes over responsibility for their costs.

Safety and Security Outcomes

As part of the Safety and Security Plan, all agencies have been tracking service demand across the four zones within the industrial area. While a few zones experienced localized increases, the overall trend shows a meaningful reduction in calls for service since the winter shelter began operating. In 2025, Bylaw Services recorded an approximate 36.9% decrease in calls across all four zones compared to 2024, when the shelter was not in operation. The RCMP reported a similar pattern, with an estimated 9.5% reduction in calls for service over the same period. Fire calls were not received in time for this report, but will be shared as part of the Q4 2025 report in March 3, 2025. A full detail of all outcomes to date is found in Attachment D.

Measures to ensure accountability

The City continues to have several mechanisms available to ensure accountability and appropriate site management over the term of the Temporary Use Permit. These include the TUP requirement for a comprehensive 24/7 safety plan, as above.

In addition, the City retains its existing regulatory authorities, including the ability to pursue a Nuisance Property Designation where warranted (e.g., unsightly conditions, noise, or excessive police, fire or bylaw calls). Such a designation could result in escalating enforcement measures, including fines, if issues are not addressed.

A renewed partnership agreement with BC Housing if the lease is extended will reaffirm shared responsibilities for effective operations. The landowner also expects the leaseholder, be it the City or BC Housing, to uphold standards that maintain positive relationships with neighbouring properties. Together, these mechanisms provide Council and the City with ongoing oversight, clear escalation pathways and ability to respond should issues arise.

Financial implication

The proposal would see the City's contribution equal approximately \$120k a year towards the initiative. There is \$40k of committed funds in the 2026-2030 Financial Plan, should Council agree to continue the extend the lease, the additional \$80k of funding for 2026 would be funded by General Surplus. Staff note that the City will also invoice \$24k to the RDOS for their contribution to the shelter, for an actual budget impact of \$96k for the year.

Initial staff analysis has determined that the enhanced safety measures proposed in this report (expansion of safety plan to a larger area, including Compass) can be achieved within this budget allocation if supported by Council.

Future budget impacts for the years 2027-2029 would be included and funded in the next financial planning process.

Analysis

In the time that the shelter has been in operation, the community has seen improvements in calls for service and street disorder (See Attachment D for details on safety and security outcomes). Bylaw Services the RCMP and Fire are supportive of the proposal as an effective way of managing the impacts of homelessness on the community.

Interior Health has also reported positive outcomes for the shelter and have committed to continue to provide service to the shelter if it is enabled to continue operating.

Staff have confirmed support from the Province on both the funding of the operation of the shelter and the proposal to have the Province take over lease payment costs and the City take over security costs. Staff consider that a broader security plan can be delivered covering a larger area, within budget and in partnership with the local business organizations (Chamber and PIDA).

Temporary Use Permit OCP considerations

When evaluating a Temporary Use Permit (TUP), both staff and Council must apply the guidelines outlined in the Official Community Plan (OCP). These include consideration of the following:

- Compatibility with the OCP land-use designation
- Minimizing conflict with adjacent land uses
- Avoiding impacts on environmentally sensitive areas
- Ensuring the use does not create a significant increase in demand for municipal services
- Ensuring the use does not permanently alter the site

Staff are of the view that the current proposal remains consistent with these OCP guidelines. The original staff report supporting issuance of the initial TUP included a comprehensive assessment of the proposal against each of these criteria. At that time, staff concluded that the use was aligned with the intent of the OCP, and that a Temporary Use Permit was appropriate for this location and use.

The same rationale continues to apply today, and staff consider the proposal to remain in alignment with the OCP's Temporary Use Permit guidelines.

Summary

In summary, this report responds to Council's earlier direction to undertake the necessary steps to enable the extension of the temporary emergency shelter at this location for an additional three-year period. Over the past several weeks, staff have advanced this work through active negotiations with the property owners the Province and business organizations. These discussions have focused on establishing a viable lease structure, engaging the province on operational funding to support continued shelter operations and looking at an enhanced and expanded security plan.

While final details are still being worked out, staff recommend that Council proceed with issuing the Temporary Use Permit (TUP). Issuing the TUP at this stage provides the regulatory framework needed

to allow the use to continue, subject to finalization of outstanding lease, security and Provincial funding matters.

This approach helps maintain operational continuity for shelter residents, avoids unnecessary service disruption, and provides certainty to the province and the operator as they plan staffing and program delivery over the next few months.

Staff are therefore recommending that Council: approve the Temporary Use Permit; and provide direction to finalize the lease terms and associated budget considerations required to support the continued operation of the shelter. Staff are also recommending support for the enhanced safety plan.

Alternate recommendations

After considering feedback from neighbouring businesses or the public, Council may determine that extending the shelter is not in the City’s best interest. In that case, Council could choose to deny the Temporary Use Permit (Alternative 1). However, staff do not recommend this approach, as it would result in the closure of the shelter and the displacement of approximately 40 individuals, potentially increasing the number of people experiencing unsheltered homelessness in the community.

Alternative 1: That Council deny Temporary Use Permit PL2026-10135 and direct staff to work with partners on the orderly closure of the Dawson Avenue emergency shelter.

Attachments

- Attachment A – Zoning Map
- Attachment B – Future Land Use Designation Map
- Attachment C – Photos of Property
- Attachment D – Safety, shelter, and health outcomes
- Attachment E – January 20, 2026 Council Report
- Attachment F – Draft Temporary Use Permit PL2024-9888
- Attachment G – Chamber of Commerce letter of support

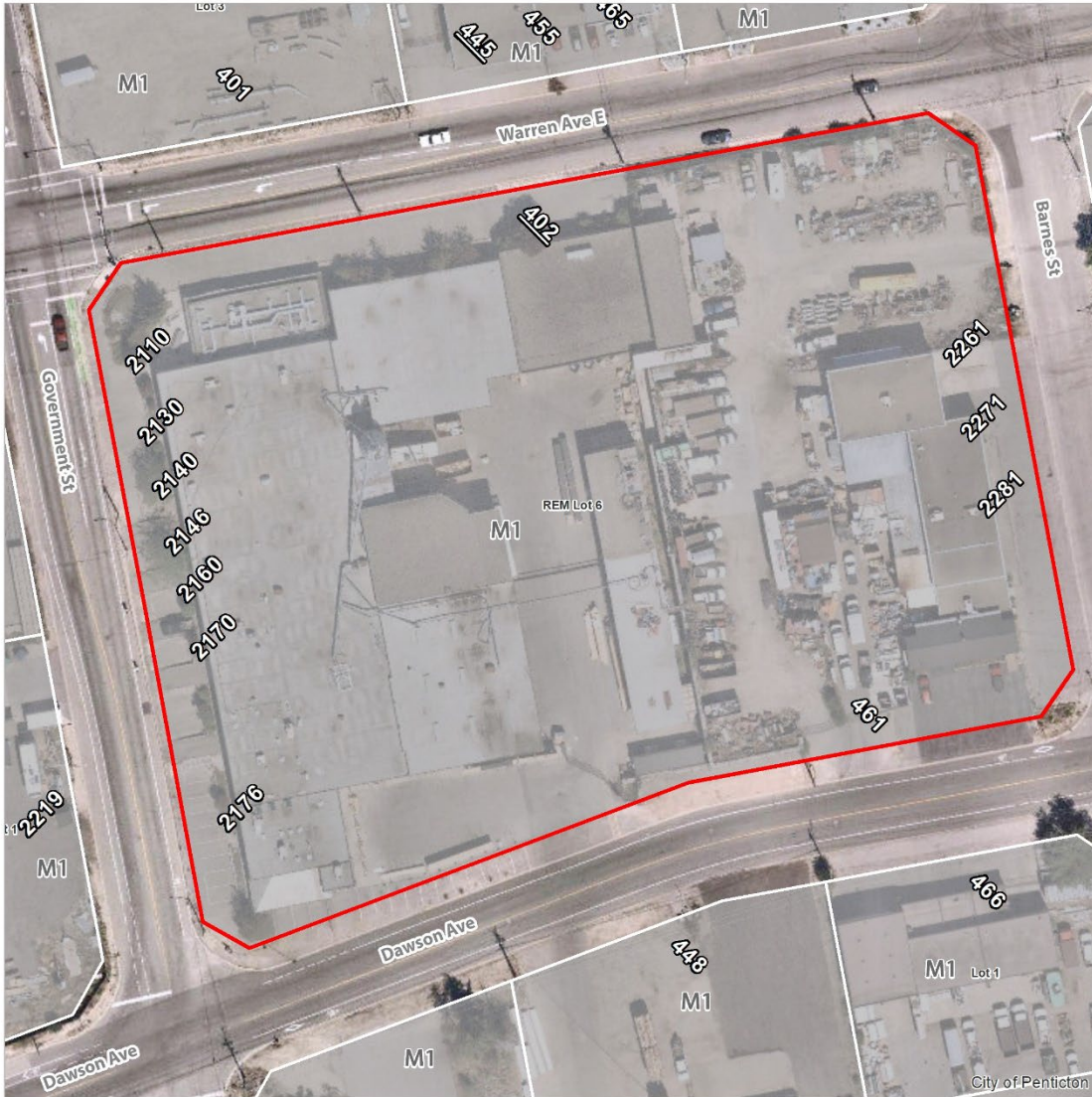
Respectfully submitted,.

Blake Laven,
Director of Development Services

GM of Public Safety and Partnerships JC	GM of Corporate Services AMC	City Manager <i>SLH</i>
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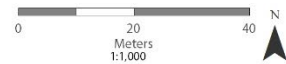


2176 Government Street Zoning Map



- Subject Parcel
- M1 - General Industrial
- Site Specific Zoning

Zoning Bylaw No. 2024-22





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Date: 2024 08 09





2176 Government Street Future Land Use Map



 Subject Parcel Official Community Plan - Future Land Use
 Industrial



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Date: 2024 08 09



Attachment C – Photos of Property



Figure 1: Image of property from corner of Government St and Dawson Avenue looking east



Figure 2: Image of subject property from Dawson Avenue looking north. Entrance to shelter to be proposed through gate in fencing. Fencing to be replaced with opaque fencing

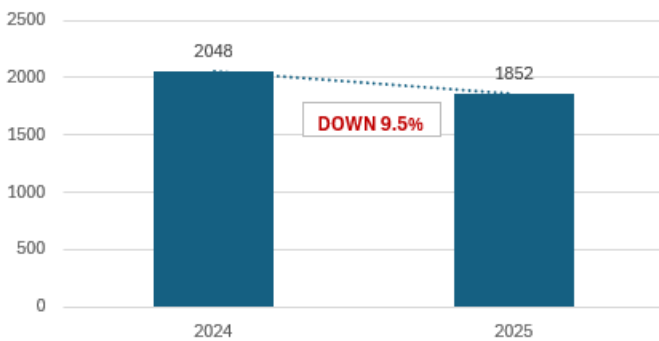
Attachment D – Safety, Shelter and Health Outcomes

Safety Outcomes

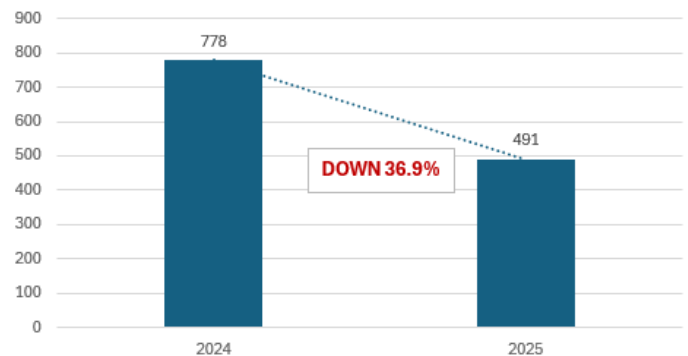
As part of the Safety and Security Plan, all agencies have been tracking service demand across the four zones within the industrial area. While a few zones experienced localized increases, the overall trend shows a meaningful reduction in calls for service since the winter shelter began operating (Zone 1 is where the TWS is located, Zone 3 is where Compass is located).

In 2025, Bylaw Services recorded an approximate **36.9% decrease** in calls across all four zones compared to 2024, when the shelter was not in operation. The RCMP reported a similar pattern, with an estimated **9.5% reduction** in calls for service over the same period. Fire calls were not received in time for this report, but will be shared as part of the Q4 2025 report in March 3, 2025.

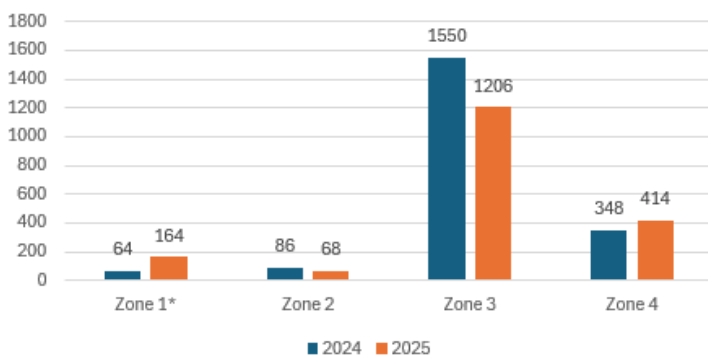
Total RCMP Calls for Service (2024 vs. 2025) in 4 Zones



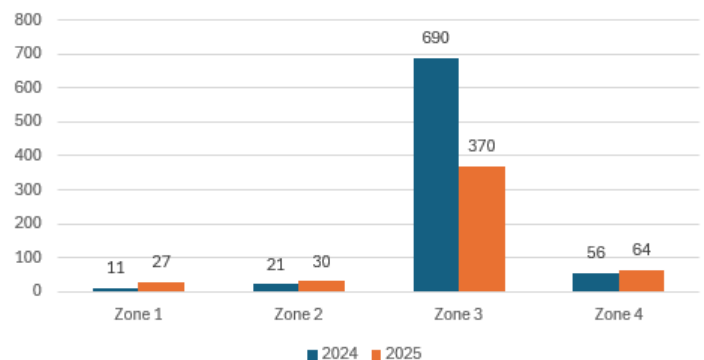
Total Bylaw Calls for Service (2024 vs. 2025) in 4 Zones



RCMP Calls By Zone (2025)



Bylaw Calls By Zone (2025)



Taken together, these trends suggest that coordinated actions under the Safety and Security Plan are helping to reduce overall service demand, even as certain hotspots continue to experience pressure.

Shelter Outcomes

Between **January 1 and December 31, 2025**, the winter shelter supported 159 unique residents. Only one calendar year of data is reported to align with the 2024–2025 law-enforcement comparison.¹

Of the 159 individuals served in 2025, 73 identified Penticton as their home community, while 86 reported home communities outside Penticton, indicating that the shelter met both local needs and those of individuals with regional or out-of-province ties. Of the 86 non-Penticton residents, home communities included RDOS (13), Vancouver (10), Northern BC (8), and 34 from outside B.C. (with additional representation from Central Okanagan, North Okanagan, Northern Interior, Kootenay, Fraser Valley, Vancouver Island). This highlights a notable portion of residents with regional and out-of-province ties.

52 residents also reported experience in the foster system (with an additional 17 who did not know or chose not to disclose), reinforcing the complexity of needs being served and the importance of integrated supports and the importance of upstream prevention supports for families at risk of child welfare involvement.

What changed for people in 2025:

- **Health connection:** Approximately 70% of residents were connected to health services through programming such as OAT, wound care, and specialized IH teams, showing the shelter functioned as an access point to care, not just overnight accommodation.
- **Housing outcomes (2025):** 28 people were housed during 2025, including 12 market units, 15 supported placements, and 1 assisted placement (in 2025).
- **Treatment access (2025):** 6 people entered detox/treatment.

From November 16, 2024 to February 6th, 2026 those outcomes increased to 37 people housed in total and 9 people entering detox/treatment, demonstrating continued progress beyond the 2025 calendar-year snapshot.

Interior Health Outcomes

Interior Health data shows strong momentum across primary care, mental health and substance use (MHSU) supports, wound care, and overdose response. To date, there have been 259 physician contacts across TWS/Martin Street and Compass, with primary care efforts focused on Opioid Agonist Treatment (OAT) starts and restarts, coordinated Mental Health and Substance Use (MHSU) case management, early wound care intervention, and social work support. Dedicated primary care time at Martin Street continues to support OAT access, wound care escalation, and connection to social

¹ The shelter operated for an additional six weeks beginning November 16, 2025, but those weeks are not included in the year-over-year analysis. Since November 2024 a total of 206 unique individuals were served by the TWS.

supports, and physician outreach to Compass (the permanent shelter) has now been added to improve access and continuity of care.

Collaboration between the Assertive Community Treatment (ACT) team and TWS continues to yield meaningful housing outcomes, with six clients housed, two further stabilized, and none losing access to shelter or housing with the enhanced supports in place.

The wound care team maintains an active caseload of over 120 clients, primarily shelter-based or unhoused, and has completed over 1,800 cumulative visits since November 2024. This work continues to drive a downward trend in emergency department visits and hospital admissions related to wound issues for people with no fixed address, as more care is being delivered earlier and, in the community, while simultaneously connecting clients to primary care and MHSU.

At the same time, overdose data continues to show increasing events through the last quarter of 2025, averaging over 100 events per month in October, November, and December and Penticton recorded the second-highest number of overdose responses across IH in January 2026. While there has not yet been a corresponding rise in deaths, the escalating volume is putting growing pressure on front-line responders and outreach teams.