

**Date:** March 3, 2026  
**To:** Anthony Haddad, City Manager  
**From:** Gabe Tamminga, Planner II  
**Address:** 2510 and 2490 Government Street

File No: RMS/2510 Government St

**Subject: Official Community Plan Amendment Application (2510 and 2490 Government Street)**

## Staff Recommendation

THAT Council, after hearing from the applicant, deny the Official Community Plan Amendment Application for 2510 and 2490 Government Street that would change the future land use designation from 'Industrial' to 'Mixed Use'.

## Proposal

The applicant is proposing to amend the City's Official Community Plan for two adjacent properties from 'Industrial' to 'Mixed Use', to support the retention of unpermitted apartment dwellings within an existing industrial building.

## 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

### *Property Information*

The subject properties are located along the south side of Government Street with industrial land to the north and east and residential and parkland located to the west and south (Figure 1). Currently, the properties are

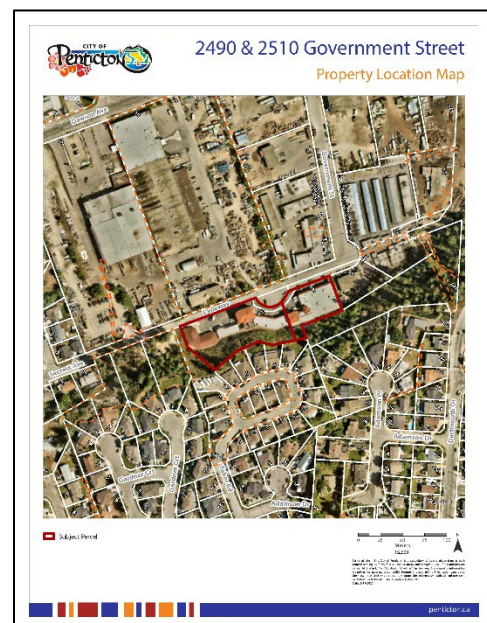


Figure 1 - Property Location Map

designated by the Official Community Plan (OCP) as 'Industrial' and are zoned 'M1 – General Industrial'.

The subject properties have a building that is located over both lots and that contains several industrial businesses. The building was originally constructed in 1994 to support a cabinet manufacturing business and was upgraded in 1998 when it was converted into 7 industrial strata units. Over time, it has come to the City's attention that works without permits had occurred in the building, converting formerly industrial space to residential along with other unpermitted works. The City has been working with the property owner to bring the building into compliance. While most of the deficiencies are being dealt with at the staff level, the land uses issues require bylaw amendments and Council consideration.

#### *Restrictive Covenant*

The property also has a restrictive covenant registered on title that was put in place on direction from City Council of the day when the property owner went through the strata conversion process in 1998. This restrictive covenant was placed on title to ensure that only one security operator dwelling unit was to be permitted on the lot, as was permitted by zoning. In addition to the OCP and zoning changes that would need to occur to support the residential units, this covenant would also need to be removed from title with the direction from Council.

### **Analysis**

#### *Industrial Land Use Policies*

The OCP provides clear guidance on the needs of industrial land in and around Penticton. The following policies indicate the intended land use development direction for the industrial lands:

<i>OCP Policy 4.3.1.1</i>	Target civic investment in: <ul style="list-style-type: none"><li>• The <b>industrial area</b> to support business and job growth, to facilitate intensification and expansion of the industrial land base, and to upgrade infrastructure and services to meet the needs of existing and future operations</li></ul>
<i>OCP Policy 4.3.2.4</i>	Discourage incompatible uses in and adjacent to industrial areas to ensure the integrity of a sound industrial land base.
<i>OCP Policy 4.3.2.5</i>	Encourage efficient use of the available industrial lands by encouraging industrial densification.

The OCP calls for no net loss of industrial zoned land and states that additional industrial land is needed to ensure the long-term commitment to maintaining a sufficient and secure commercial and industrial land base (Figure 2). The industrial areas of Penticton are constrained by the geography and existing development making it challenging to increase the industrial land base and therefore it is important to protect what is currently available.

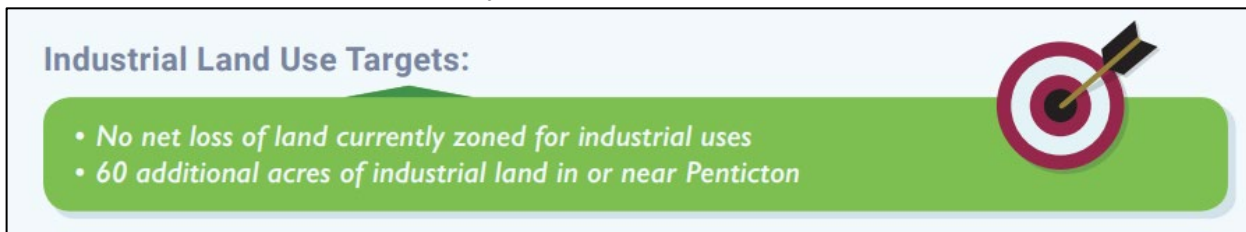


Figure 2 - OCP Industrial Land Use Targets

Additionally, introducing residential uses limits the types of uses an industrial business can do on this property and within this building, and creates conflicts between incompatible uses (ie. Industrial business may use power tools early in the morning, when there is a general expectation of quiet for a resident residing in an approved residential unit, creating potential conflicts.)

The property itself is located in an area that is not suitable for residential uses, with heavier industrial uses occurring on two sides. Approval of further residential uses or converting the industrial uses to commercial or personal services uses, which would be permitted under this proposed OCP designation, would create further conflict with the neighbouring industrial businesses, further detracting from this important industrial area.

#### *Building Code Implications*

In addition to the applicable OCP policies, there are also BC Building Code provisions that make introducing residential uses, beyond the operator dwelling unit, a challenge. While these restrictions have been communicated to the applicant, the full implications of this have not been fully explored and there are significant costs with what would need to occur to maintain a building that still had industrial uses permitted. Likely the result would be industrial uses replaced with general commercial uses that could be combined with residential uses but not in keeping with the OCP desire for industrial uses.

#### *OCP Amendment Engagement and First Reading – Deny*

There is strong support within the OCP to protect industrial lands as it is a fundamental component of Penticton's economy that provides employment and important services to the region. Industrial lands given their large size and relative affordability are often under pressure for other uses, such as commercial and residential, which typically have higher amenity and servicing requirements than industrial lands. Approval of this type of application would likely set a precedence for future applications in the Industrial area if this application were supported and it could cause further incompatibility in the future within this land use and area of the City.

The Penticton Industrial Development Association (PIDA) has also submitted opposition to the application.

### *Summary*

Given the considerations outlined above, staff are recommending denial of the application for the following reasons summarized here:

- The proposal is not aligned with the City's Official Community Plan which has policy to protect industrial land from conversion to other uses
- The property is not located in an area suitable for residential uses
- Introduction of residential uses into the building will have building code implications and limit other industrial uses that may wish to occur on site
- Approval of the application will create potential conflicts between other industrial businesses in the area and the non-industrial uses proposed on site
- If approved, other industrial properties will apply for similar OCP and zoning change, further eroding the employment industrial base in the community
- The application is not supported by the Penticton Industrial Development Association (PIDA)

Should council deny the application as recommended, we will work with the property owner on decommissioning the unpermitted residential unit(s) and conversion back to uses permitted on site.

### **Alternate recommendations**

The City's *Community Engagement for OCP Amendments Procedure* requires public engagement for Official Community Plan amendment applications. In this case, staff are not recommending that engagement proceed because we are recommending denial of the application.

If Council wishes to undertake public engagement despite this recommendation, staff advise adopting Alternative Recommendation 1, which would direct staff to begin the engagement process. Should Council provide that direction, staff would prepare a *Shape your City Penticton* project page, issue statutory referrals, and organize a public open house along with other engagement activities. This work would likely begin in the spring. Engagement results would then be presented to Council to help inform a decision on whether to amend the land use designation for these lands.

As noted above, staff do not recommend this approach, as the proposal is not supported by the City policy.

*Alternative 1:* THAT Council, following the *Community Engagement for OCP Amendments Procedure*, direct staff to commence public engagement for a proposed Official Community Plan amendment to change the future land use designation from 'Industrial' to 'Mixed Use' at 2510 and 2490 Government Street.

**Attachments**

Attachment A – Zoning Bylaw Map

Attachment B – Official Community Plan Map

Attachment C – Letter of Intent (applicant)

Attachment D – Letter from Penticton Industrial Development Association (PIDA)

Respectfully submitted,

Gabe Tamminga

Planner II

Concurrence

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