



Council Report

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Date: April 7, 2026
RMS/6440-01

To: Anthony Haddad, City Manager

From: Steven Collyer, Housing & Policy Initiatives Manager

Subject: **Housing Actions Review (2023-2026)**

File No:

Staff Recommendation

THAT Council receive into the record the report dated April 7, 2026 titled "Housing Actions Review (2023-2026)".

Executive Summary

In 2023, Council launched the Official Community Plan (OCP) Housing Task Force which provided 18 recommendations to Council. 15 of those recommendations have been implemented (Attachment 'A').

Council has also led other actions such as advancing housing policies, streamlining approvals processes, making City-owned lands available, entering into development partnerships, and pursuing funding opportunities from higher levels of government.

Over 950 housing starts occurred over 2023 to 2025 and the city's rental vacancy rate has increased to 2.6% in 2025, the first time its exceeded 2% since 2013 and nearing a healthy range of 3-5%.

This report describes the actions taken by Council on local housing supply and affordability needs.

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

Implemented the OCP Housing Task Force Recommendations

In 2023, Council launched the Official Community Plan (OCP) Housing Task Force, a group of 13 community members with the goal of reviewing the City's housing policies and recommending changes to advance progress on housing availability and affordability needs. The Task Force met 12 times throughout 2023 to better understand the issues and opportunities. In December 2023, Council endorsed 18 recommendations from the OCP Housing Task Force. A full analysis on implementation of each OCP Housing Task Force recommendation is included in Attachment 'A'.

Implemented Provincial Legislation to Local Context

In late 2023, at the same time Council endorsed the OCP Housing Task Force recommendations, the province passed Bills 44, 46, and 47 to implement their 'Homes for People' action plan. This provincial legislation required local governments to upzone of single-detached and duplex zoned lots to allow for 4-6 units, allow more density near transit exchanges, and prohibited public hearings for housing-related rezoning applications that are consistent with the Official Community Plan, among other impactful changes.



The City went above and beyond the baseline requirements when implementing Provincial housing legislation by:

- designating larger transit-oriented areas, including a third area around Cherry Lane Mall in addition to the two required areas around Penticton Plaza and Peachtree Square;
- allowing a market-driven response to parking in new downtown development by removing minimum parking requirements in the downtown, directly supporting the construction of over 170 new units; and
- enabling higher-density mixed-use developments along the Main Street/Skaha Lake Road corridor.

Led Local Housing Policy Actions

Council enabled more housing supply and supported affordability through the following policy actions:

- Launched and continued the Affordable Housing Pilot Funding Program, partnering with non-profit housing providers to fund pre-development work:
 - Three applications approved with 14 units acquired as non-market rental and ~140 new units in pre-development;
- Updated the Permissive Tax Exemption Policy to support the development and acquisition of more non-profit housing in Penticton by allowing 10-year Permissive Tax Exemption agreements for non-profit housing, helping keep rents lower.
- Implemented a Tenant Protection Bylaw to support compassionate redevelopment of motels and rental buildings as they redevelop, helping to mitigate housing insecurity and prevent homelessness upstream.

- Updated the Zoning Bylaw to allow secondary suites in townhomes, in addition to single detached homes and duplexes, enabling a rental suite in new townhome developments to support affordability.

Made Data-Informed Decisions

Council received three housing needs reports over their term to inform policy updates and funding applications. Each report has its own assumptions and time horizon. The key findings are summarized in the table below:

Metric	2023 Housing Needs Assessment	2024 Housing Needs Report	2025 Social Housing Needs Report
Background	Completed as part of the OCP Housing Task Force and to support the 2023 Housing Accelerator Fund application	Required by provincial legislation, prepared in accordance with provincial methodology	Completed to support data-informed background for the Social Housing and Infrastructure Plan
Time Horizon	2031	2041	2046
Total Housing Need	3,600 to 5,700	6,296	n/a
Annual Housing Need	240 to 380 units/year	315/year	n/a
Annual Non-Market Housing Need	17-28 units/year over 10 years	n/a	87 units/year over 20 years

Streamlined the Development Approvals Process

Council approved process improvements and modernized bylaws to facilitate more efficient and timely development approvals by:

- Streamlining the City’s design guidelines for new development from 169 guidelines to 119.
- Removing the Development Permit requirement for new carriage houses, enabling new projects to proceed straight to building permit.
- Delegating more types of minor variances to staff to support efficient permit reviews and approvals.
- Applying for grant funding to complete a third-party external assessment Development Services approvals processes, including recommendations for process improvements.

Endorsed City-Owned Lands for Housing

Council took direct action to support housing affordability by recognizing the value of City-owned land to contribute to affordable housing partnerships, by pairing capital funding from higher levels of government and operations by non-profit housing providers:

- Completed a Strategic Lands Review in 2023 identifying suitable development, sale, and purchase opportunities

- Passed several Council resolutions about using City-owned land for housing, leading to the formal endorsement and pre-zoning of 3 City-owned sites for social housing for seniors, workers, and youth:
 - Eckhardt Block: partnering with BC Builds to fast-track a 60-unit building geared to workers
 - Galt Ave: contributed to development design and through partnerships the project is ready to apply for capital funding for a ~60 unit building geared to seniors, workers and youth
 - Ellis Block: Preliminary design work completed for a mixed-use development with social housing incorporated within the downtown core. Further work to occur through the Downtown Plan process.
- Directed staff to review City-owned sites for potential transitional housing and homeownership developments.

Partnerships to Advance Affordability:

Council advanced work towards affordable housing developments on other sites in the community by:

- Initiating and endorsing the Social Housing & Infrastructure Plan to align partner organizations with opportunity sites through collaboration, demonstrating the City's leadership as a partner in the local affordable housing effort.
- Advocating for Build Canada Homes investment in Penticton and making a 5-acre vacant federally-owned parcel next to Okanagan College available for residential development, following through on an opportunity in the Social Housing and Infrastructure Plan.
- Playing a lead role with 100 More Homes partners for the success of the 40-bed Temporary Winter Shelter by securing a lease and implementing critical safety and security measures.
- Renewing the MOU with 100 More Homes Penticton to support the collective impact of community groups and partner agencies involved in housing and homelessness in Penticton, with expansion soon to RDOS.
- Staff presented at multiple national and provincial level conferences to highlight the City's current work in housing and partnerships, including 100 More Homes Penticton, the Social Housing and Infrastructure Plan, Affordable Housing Funding Program, and BC Builds as examples, elevating the City's reputation as a municipal housing leader.

Pursued External Funding Opportunities

Housing supply and affordability were also among the priorities of provincial and federal governments over Council's term, leading to several funding opportunities the City pursued to advance work on local housing needs:

- Applied for the federal Housing Accelerator Fund in 2023 and 2024, endorsing a housing action plan that is still being actioned where possible despite the lack of federal HAF funding

support (i.e. utilizing City land for housing, reducing parking requirements, updating density and height restrictions, pre-zoning land).

- Applied for the provincial Community Housing Fund on City-owned land (10 Galt Avenue) in 2023.
- Applied for the Canada Housing Infrastructure Fund (CHIF) to support critical wastewater treatment plan infrastructure upgrades to meet Penticton’s growth needs.
- Received the UBCM Complete Communities program grant in 2024 for \$80,000 to support with housing policy review and design guideline streamlining.
- Applying for the UBCM Local Government Development Approvals Program grant (\$100,000) to support a third-party external assessment of the Development Services division. Outcome expected in Q2 2026.

Major Development Project Approvals

Over this term, Council considered and approved several significant housing development proposals, with some of the major projects listed below:

Project	Number of Homes	Status
Innovation District – 1704 Government St	1,000 – 1,500	Zoning Approved – Awaiting Construction
Skaha Assembly	622 units	Zoning Approved – Awaiting Funding
Sokana – 270 Riverside Dr	234	Under Construction
435 Green Ave W	200 (long-term care) plus 40 (staff)	Under Construction
1001 Timmins St	192	Under Construction
Downtown Rental Developments	170+	Under Construction
Okanagan College Residence	89	Under Construction

From 2023 to 2025, building permits were issued for approximately 950 new housing starts.

The first 6-month interim Housing Target Order report shows strong early progress towards the targeted 908 net new units over 5 years, with 126 net new units in Penticton from September 2025 to February 2026. The Year 1 milestone target is 136 net new units.

Financial Implication

Council allocated \$150,000 in 2023 to support the OCP Housing Policy review, which was completed through implementation of the OCP Housing Task Force recommendations and provincial legislation requirements in June 2024.

An \$80,000 grant was secured in 2023 to support a streamlining review of the OCP design guidelines through the UBCM Complete Communities Program. This project supported a comprehensive review of the Official Community Plan design guidelines and development permit areas, which Council implemented in June 2025.

Council directed staff to apply to the UBCM Local Government Development Approvals Program in March 2026 for \$100,000 to support an external divisional third-party assessment of Development Services to explore opportunities to improve approvals processes. Staff expect an outcome on the application by June 2026, with the project to begin later in 2026.

Analysis

Over this term, Council has enacted bold new housing policies to respond to local needs, the OCP Housing Task Force recommendations, and provincial legislative requirements.

15 of 18 OCP Housing Task Force recommendations are implemented. The three outstanding recommendations are:

Fast Facts:

- 15 of 18 OCP Housing Task Force recommendations implemented
- ~950 new housing starts – average 316/year (2023-2025)
- 126 net new units (Sept 2025-Feb 2026), on track towards Housing Target Order
- ~1,400 new rental units approved by Council
- Rental vacancy rate increased from 1.2% in 2024 to 2.6% in 2025

- Exceeding energy efficiency requirements;
 - *Comment: Council has directed staff to keep local energy efficiency requirements in line with provincial requirements (not to step ahead).*
- Investigating housing incentive policies (i.e. property tax exemptions, density bonus policy, DCC amendments, etc.)
 - *Comment: with financial constraints, lack of grant funding, and current economic conditions these incentives have not been further explored.*
- Funding options for additional amenities to support residential growth (i.e. Amenity Cost Charges)
 - *Comment: cautious of adding more fees and charges on new development at this time.*

The broad range of actions Council has taken to support housing supply and affordability has led to substantial policy changes, process improvements, and development partnerships. 60 units are

scheduled to begin construction on City-owned land at 995 Eckhardt Ave W this year, with a further 60 units awaiting capital funding on City-owned land at 10 Galt Ave. These actions show the city acting as an enabler of new housing while ensuring new homes meet local design and quality expectations.

Council has approved over 1,400 new purpose-built rental units this term with many under construction or recently occupied. Penticton’s rental vacancy rate is increasing due to additional supply completed over the last few years, reaching 2.6% in October 2025. This is the first time the rental vacancy rate has exceeded 2% since 2013. A healthy rental vacancy rate is between 3-5%.

Penticton was assigned a Housing Target Order by the province in 2025 and is making strong progress towards the target based on data included in the 6-month interim report. The provincial report captures the city’s actions over the last 12 months, while this report recognizes the substantial actions taken over Council’s entire term.

Staff are noting a trend with fewer proposed projects, more developments getting stuck in the approved stage, and a lack of below-market housing to meet local affordability needs. Council can continue to advocate for local housing investments from higher levels of government. Without the Housing Accelerator Fund, provincial capital investments in housing, or federal action on underutilized land in Penticton, the city is limited in the impact it can have on housing completions given the range of external economic factors involved in the development industry.

One of Council’s main priorities is for a more “livable and accessible” community. This report highlights the actions taken on housing over Council’s term to proactively plan for deliberate growth, promote housing developments across the entire spectrum. Continued monitoring and consideration of housing policy, funding, and partnership opportunities will help make progress on Penticton’s ongoing housing needs.

Attachments

Attachment A – Implementation Tracker: Official Community Plan (OCP) Housing Task Force Recommendations

Respectfully submitted,

Steven Collyer, RPP, MCIP
Housing & Policy Initiatives Manager

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