

FILE: 01-0125-01/24

REPORT DATE: April 08, 2024 **MEETING DATE:** April 16, 2024

TO: Engagement & Priorities Committee

FROM: Christine Carter, Manager of Strategic Initiatives

SUBJECT: Update on Provincial Small-Scale, Multi-Unit Housing Legislation and Policy Manual Considerations

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S):

THAT the Committee:

- A. Receive for information the report titled “Update on Provincial Small-Scale, Multi-Unit Housing Legislation and Policy Manual Considerations”, as presented at the April 16, 2024 Engagement and Priorities Committee Meeting; OR
- B. Other.

PURPOSE

To provide an update on the implementation of the Provincial housing legislation and discuss options and implications for the City’s Zoning Bylaw. This report also presents, for Council’s consideration and discussion some high level issues, and the SSMUH site standards recommended in the Provincial SSMUH Policy Manual and Site Standards.

☒ Information Report

☐ Decision Report

☐ Direction Report

DISCUSSION

Background:

On December 5, 2023 and February 6, 2024 Council received reports providing an update on the Province of British Columbia Homes for People Action Plan. The focus of both reports was to provide an overview of the *Housing Supply Act*, *Short-Term Rental Accommodations Act*, and the three additional pieces of legislation that contribute to the sweeping changes to the local planning framework in BC: *Bill 44 Housing Statutes (Residential Development) Amendment Act* (also referred to as the Small Scale, Multi-Unit Housing Legislation); *Bill 46 Housing Statutes (Development Financing) Amendment Act*; and *Bill 47 Housing Statutes (Transit Oriented Areas) Amendment Act*.

A key component of the Provincial housing action plan is the SSMUH legislation that received Royal Assent on November 30, 2023 and mandates significant change in single family and duplex zoned areas. Mandated changes include the requirement to pre-zone such properties to allow a range of housing types including single family, secondary suites, garden suites, duplex, multi-plexes, and townhomes as follows:

- i) up to three units will be permitted as-of-right on lots less than, or equal to 280 m² – refer to Map 1 (Attachment A);
- ii) up to four units will be permitted as-of-right on lots larger than 280 m² – refer to Map 2 (Attachment B); and
- iii) up to six units will be permitted as-of-right on lots larger than 280 m², that are within 400 metres of a frequent transit stop - refer to Map 3 (Attachment C).

In addition, on April 3, 2024, the Province of BC announced that it had given first reading to a new Bill to improve the ability of local governments to build more affordable, livable communities and help tenants facing eviction from redevelopment: *Bill 16 – 2024 Housing Statutes Act Amendment, 2024*. According to the Provincial press release, the proposed legislation expands local government authority to introduce inclusionary zoning provisions; density bonus updates; require an increased range of site specific works and services for new developments; and introduce tenant protection bylaws to provide added support to tenants facing displacement in the case of redevelopment. At this point in time, this Bill has not been included in the work plan, however, as more information becomes available, staff will review these materials to determine how to best address any legislative requirements.

ISSUES:

The purpose of this report is to provide an update on the implementation of the Provincial housing legislation and summarize some of the high-level issues being considered by staff. In addition, the SSMUH legislation requires that Council give consideration to Part 4, of the SSMUH Provincial Policy Manual and Site Standards, and this report not only provides a mechanism for Council to review and consider the Provincial recommendations, but formally satisfies the legislative requirement.¹ Council's feedback on these matters will help shape the resulting new zones.

The Province's SSMUH Policy Manual provides information on the relationship of the SSMUH legislation to other legislation, and provides recommended site standards to be included in local zoning bylaws. The site standards include recommendations for setbacks, height, number of storeys, parking, and maximum lot coverage. The Policy Manual is intended to be a resource to local governments and states, "a local government must consider any applicable guidelines for SSMUH, including this Policy Manual". Said another way, the Policy Manual is non-binding and does not require strict compliance. However, according to section 481.3(7) of the *Local Government Act*, local governments must demonstrate that they have reviewed and contemplated the policy manual when updating their zoning bylaw.

Furthermore, it should be noted that while the City has some discretion when establishing zoning requirements related to SSMUH, section 457.1 of the *Local Government Act* clearly states that the zoning bylaw "must not be exercised in a manner that unreasonably prohibits or restricts the use or density of use" permitted under the SSMUH legislation. As a result of this provision, staff are mindful that zoning provisions cannot be so onerous, as to sterilize a property. Site modelling and work with a local architect are being used to prove out viability and with a goal of demonstrating that the draft zoning provisions are reasonable.

SSMUH Zoning Bylaw Amendments:

Since January 2024, staff have been using all provincial materials to guide their work as changes to the zoning bylaw are contemplated. It is recognized that the SSMUH zoning changes represent a significant change in traditional approval processes, building forms, and the appearance of neighbourhoods. The legislation requires that zoning bylaws are to be updated to allow up to 3, 4 or 6 units, by June 30, 2024.

¹ On December 7, 2023, the Province of BC released the Policy Manual and Site Standards for Small-Scale, Multi-Unit Housing: https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/local-governments-and-housing/ssmuh_provincial_policy_manual.pdf

In reviewing local bylaws, it is obvious that enabling 3, 4 or 6 units on historically single family lots will require a shift in how people view their neighbourhoods from that of single family to multi-family, urban environments. The conventional zoning bylaw regulations regarding height, setbacks, and lot coverage, which have been in place for decades, do not accommodate multiple units; therefore, based on the initial site modelling to date, it appears that meeting the Provincial densification mandate may only be feasible by relaxing the current regulations and finding a balance.

Key to balance is understanding what characteristics are most valued in this community, and how best to prioritize these competing priorities. For example, when zoning bylaw regulations of height / number of storeys, parking², lot coverage/FSR and setbacks are weighed against other community values (e.g., open/green space, tree protection, provision of landscaping, site permeability), it suggests that most, if not all, of these zoning bylaw regulations will require some relaxation.

In response to the Provincial mandated changes stemming from the SSMUH legislation, staff are recommending that the existing RS Large Lot Residential, R-1 Medium Lot Residential, R-2 Small Lot Residential, RD Duplex Residential and a number of single family-oriented Comprehensive Development zones be repealed and replaced with three new zones:

- the R-3 zone which will allow up to 3 units on lots 280m² or less (consistent with Map 1, Attachment A)
- the R-4 zone which will allow up to 4 units on lots larger than 280 m² (consistent with Map 2, Attachment B)
- the R-6 zone which will allow up to 6 units on lots larger than 280 m², that are within 400 metres of a frequent transit stop (consistent with Map 3, Attachment C)

As mentioned previously, staff have been evaluating current zoning requirements, looking at precedent images, preparing site models, and working with a local architect to consider, preliminarily, the viability of the new requirements; however, before the zones can be finalized, it is important to obtain Council's feedback.

i. High Level Issues Table

Table 1 attached to the report provides a summary of the high level issues that will influence how each new zone is structured.

² local government are prohibited from requiring parking in 6 unit areas

ii. Part 4, SSMUH Policy Manual & Site Standard Considerations Tables

The SSMUH legislation requires that Council give consideration to Part 4, of the SSMUH Provincial Policy Manual and Site Standards, and this report not only provides a mechanism for Council to review and consider the Provincial recommendations, but formally satisfies a legislative requirement.

Part 4 – Site Standards, in the Provincial Policy Manual includes 4 standards based on the different SSMUH unit requirements that are set out in the legislation:

- Site Standards Package A –sets out standards where either a secondary suite or accessory dwelling unit must be permitted in a single family zone. Package A has been considered and no changes to the Zoning Bylaw are required because all residential zones outside of the Urban Containment Boundary currently allow for either a secondary suite or garden suite³. Within the Urban Containment Boundary, the SSMUH zoning bylaw amendments will include secondary suites and garden suites, as well as a range of other unit types.
- Site Standards Packages B sets out the standards for 3 and 4 units on lots less than 1,215m² (13,078 ft²) in size. To ease in the review of these packages, staff have created two tables: one set of standards where up to 3 units are permitted; and another for lots where up to 4 units are permitted. Refer to Tables 2 and 3 attached.
- Site Standards Package C sets out the standards for 4 units on lots larger than 1,215m² (13078 ft²) in size. It is unclear why the Provincial Policy Manual includes a separate set of site standards for larger lots; it is noted that the recommended zoning regulations in Packages B and C are similar. As such, this Site Standards Package was considered and deemed unnecessary, especially due to the relatively small number of SSMUH lots 1,215 m² or larger (93 lots, representing approximately 3% of SSMUH lots).
- Site Standards Package D sets out the recommended standards where up to 6 housing units must be permitted on lots within 400 metres from a prescribed transit stop. Refer to Table 4 attached.

Tables 2, 3 and 4 provide an overview of the Policy Manual recommendations, and include comments and an emerging staff recommendation based on 3 new SSMUH Housing Zones: R-3, R-4, and R-6. The emerging zoning regulation recommendations in Tables 2, 3, and 4 were informed by the Provincial Policy Manual Site Standards, as well as the City's existing regulatory framework. As noted above, staff have also undertaken some preliminary site modelling to consider the technical feasibility of the emerging recommendations (i.e., the extent to which the potential zoning regulations will accommodate SSMUH development forms). However, it is

³ the A-1, A-2, RR1, RR2, RR3, RR4 and RR5 zones permit either a secondary suite or garden suite

noted that zoning regulations related to building setbacks, building height, lot coverage, floor space ratio, and parking affect both the technical and financial feasibility of SSMUH development. In other words, even if zoning regulations accommodate new development, it may not be financially feasible (i.e., when project costs exceed the value of the project). Given the compressed timelines related to the SSMUH work, there has not been the opportunity to undertake a detailed financial feasibility analysis of the emerging zoning regulation recommendations. As a general guide, however, as SSMUH zoning regulations allow for greater buildable floor area, the feasibility of SSMUH projects will increase.

NEXT STEPS AND KEY TIMELINES

The feedback received from Council at the EPC meeting will be used to inform the completion of the draft R-3, R-4 and R-6 zones. At the same time, a number of other implementation items are being prepared and include the following key dates and timelines⁴:

April 30, 2024	Public Hearing Amendment package at Regular Council meeting
May 14, 2024	1 st , 2 nd , 3 rd Reading - SSMUH Zone Amending Bylaw package at Regular Council meeting (LGA prohibits SSMUH zone amending bylaws from being considered at public hearing) 1 st & 2 nd Reading - OCP amending bylaw to update Development Permit Area Guidelines at Regular Council Meeting. Referral to Public Hearing. 1 st , 2 nd & 3 rd Reading - TOA Designation Bylaw at Regular Council Meeting Amenity Cost Charge program report at Regular Council
May 15, 2024	Referral of SSMUH zoning bylaw amendments to Minister of Transportation and Infrastructure
May 28, 2024	Public Hearing for OCP amending Bylaw
Before June 30/24	Final adoption of SSMUH Zone Amending Bylaws; OCP Amending Bylaw; TOA designation Bylaw; and ACC Bylaw
June 30, 2024	Written notice to be provided to the Minister of Housing re: adoption of SSMUH Zoning Bylaw amendments Written notice to be provided to Minister of Transportation and Infrastructure re: adoption of TOA designation Bylaw
TBD	Local Governments have been awaiting Provincial instructions on the Housing Needs Report since January 2024. Upon receipt, the update will

⁴ The dates provided are estimates and may shift

commence.

June/July 2024	Province to provide zoning bylaw and OCP update instructions (based on Housing Needs Reports) to local governments. Pre-approved housing plans expected to be available
Jan 1, 2025	Interim Housing Needs Report is to be adopted
Dec 31, 2025	Municipalities to have completed their first review and update of Official Community Plan and Zoning Bylaw to align with interim Housing Needs Report

COUNCIL STRATEGIC PLAN ALIGNMENT

- ☐ Principled Governance ☐ Balanced Economic Prosperity ☐ Infrastructure
☒ Community Spirit & Wellbeing ☐ Corporate Pride ☐ Public Safety
☐ Not Applicable

Housing Diversity: Encourage diversity in housing types to foster an inclusive, affordable and multigenerational community.

WORKPLAN IMPLICATIONS

- ☐ Already accounted for in department workplan / no adjustments required
☐ Emergent issue / will require deferral of other priority(ies)
☒ Other

Much of the housing related work, including updates to the zoning bylaw and Housing Needs Report related to Provincial legislative changes are contemplated in the Planning and Development Department's 2024 Business Plan. However projects such as the ACC Program, OCP amendments, and Transit Oriented Area designation bylaw were not specifically accounted for, and required some reallocation of staff resources. Staff continue to place a priority on the implementation of the frequently expanding Provincial housing legislation, which may result in some 2024 key initiatives being deferred to future years.

FINANCIAL IMPLICATIONS

- ☐ None ☐ Budget Previously Approved ☐ Referral to Business Planning
☒ Other

Recent legislation requires a number of local government bylaw and policy changes, to be done in a very tight timeframe. The City has received \$241,303 funding from the Province of BC to assist with the implementation of the housing legislation. The funding is intended to be spent on updating zoning, Official Community Plans, and housing needs reports, among other items,

and can include hiring staff or consultants to support the work. Staff will continue to monitor resource implications related to the implementation of the housing legislation and will report back to Council, as required.

PUBLIC PARTICIPATION

☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower

The subject report provides an update on Provincial housing initiatives and is provided as information only. On April 9, Council received the Communication Strategy which is intended to share information on Provincial Housing legislation with the community and provide access to information.

KATZIE FIRST NATION CONSIDERATIONS

Referral ☐ Yes ☒ No

A referral to the Katzie First Nation is not required or recommended, at this time. It is noted that the Provincial housing legislation specifically indicates that the regulations do not apply to First Nations reserve lands.

SIGN-OFFS

Written by:

Christine Carter,
Manager of Strategic Initiatives

Reviewed by:

Patrick Ward,
Director of Planning and Development

ATTACHMENT(S):

- A. Map 1 - Parcels 280m² or less
- B. Map 2 - Parcels larger than 280m² & more than 400m from Frequent Transit Corridor Stop
- C. Map 3 - Parcels larger than 280m² & less than 400m from Frequent Transit Corridor Stop
- D. Table 1 SSMUH High Level Issues
- E. Table 2 SSMUH Provincial Policy Manual & Site Standards – 3 units
- F. Table 3 SSMUH Provincial Policy Manual & Site Standards – 4 units
- G. Table 4 SSMUH Provincial Policy Manual & Site Standards – 6 units
- H. Map 4 - Select Parcels in TOA