

DATE OF MEETING [January 20, 2025]

AUTHORED BY [CALEB HORN, PLANNER, CURRENT PLANNING]

SUBJECT ZONING BYLAW REVIEW

OVERVIEW

Purpose of Report

[To inform Council of a project to complete a comprehensive review of the Zoning Bylaw.]

BACKGROUND

[Land use zoning in Nanaimo is regulated by the “City of Nanaimo Zoning Bylaw 2011 No. 4500” (the “Zoning Bylaw”) which was adopted by Council on 2011-AUG-08. The Zoning Bylaw dictates permitted land use and density; and includes provisions for building form (e.g. building setbacks and height); environmental protection (e.g. watercourse setbacks); and, other regulations related to land use. “Schedule D” to the Zoning Bylaw allows for additional density where specific amenities are provided in some zones.

The bylaw is amended from time to time through City-led initiatives, property-owner-led rezonings, and through general amendments approximately every two years. Since adoption in 2011, over 200 amendments to the Zoning Bylaw have been approved including both text and mapping amendments. A total of 10 rounds of general amendments have been adopted by Council, most recently on 2024-MAR-04. A consolidated version of the Zoning Bylaw incorporating all amendments is publicly available.

The current bylaw replaced previous Zoning Bylaw No. 4000 and was adopted to align with the last Official Community Plan (OCP, 2008). *City Plan: Nanaimo Reimagined* (the “City Plan”, adopted on 2022-JUL-04) replaced the previous OCP and sets out the City’s long-term vision.]

DISCUSSION

[In order to address a number of strategic City Plan goals and more recent Provincial legislative requirements, Staff are undertaking a comprehensive review of the Zoning Bylaw. Staff anticipate that the comprehensive review will inform a broad range of amendments to update and replace the current Zoning Bylaw. Key focus areas will include:

- Review and align Zoning Bylaw zones with City Plan policies and Land Use Designations;
- Review residential zoning to support housing;
- Update additional density provisions (Schedule D);
- Consider recently introduced Provincial inclusionary zoning tools and opportunities to pre-zone for affordable housing; and,
- Review and update the bylaw format for ease of use.

These key focus areas are described in more detail below.

City Plan Land Use Designations

Since City Plan's adoption, there has been a gap between existing zoning allowances (e.g. permitted uses, maximum building height, and maximum density) in some zones and potential development that City Plan supports in each Land Use Designation (LUD). This has led to a number of rezoning applications where the applicant has proposed a site-specific zone to achieve the development potential of a property while maintaining compliance with City Plan policies. Reviewing all existing zones in the Zoning Bylaw to better align with uses, building forms, and densities envisioned by City Plan LUDs will provide more clarity for property owners and applicants, and will address the *Integrated Action Plan* Priority Action #195 to "update the Zoning Bylaw No. 4500 to be consistent with City Plan". Where City Plan policy supports more permissive zoning, this may eliminate the need for rezoning in some cases and lead to more streamlined approvals.

Residential Zoning

In 2023, Council directed Staff to engage in "Increasing Housing Options" which encompassed a number of initiatives related to residential zoning including infill in existing neighbourhoods, expanding secondary suites, and family-friendly housing. Components of this project were superseded by the Provincial "Small-Scale Multi-Unit Housing" ("SSMUH") requirements in the *Local Government Act* ("LGA") that came into effect in 2024. Since adoption of Zoning Bylaw amendments to implement the SSMUH requirements, Staff have been monitoring uptake of the relevant zoning and assessing its performance.

Through the Zoning Bylaw update, there will be opportunity to revisit elements of the "Increasing Housing Options" that were not incorporated with SSMUH and to refine elements of the SSMUH regulations. In particular, "Interim Corridor Area" zoning was introduced with the SSMUH amendments which was intended as a short-term measure to address the Provincial requirements without compromising the City Plan Corridor LUDs. A more extensive update to zoning in Corridor LUDs would replace "Interim Corridor Area" zoning.

Residential zoning is also impacted by new Provincial housing legislation that requires Zoning Bylaws to permit the use and density of use necessary to accommodate at least the 20-year total number of housing units identified in a Housing Needs Report (LGA section 481.7). Nanaimo's *Interim Housing Needs Report* (November 2024) will inform the analysis of the residential zones and permitted densities. Further analysis of housing capacity under the Zoning Bylaw, including potential underutilization of existing zones, will be carried out through the comprehensive Zoning Bylaw review to ensure that the City's housing needs requirements are met within the prescribed timeframe.

Additional Density Provisions

Zoning Bylaw No. 4500 has offered additional bonus density opportunities ("density benefits") through Schedule D for most multi-family and mixed-use zones since its introduction in 2011. Schedule D provides a range of different amenities that can be proposed by a developer in exchange for points towards additional density, in categories such as; retention of natural features, sustainable transportation incentives, sustainable building materials, and affordable housing.

Recent changes to the LGA have clarified density benefit rules and have introduced procedural requirements for consultation and financial feasibility analysis for both new and existing density benefit schemes (LGA section 482). As part of the comprehensive Zoning Bylaw update, a review of Schedule D will address the new LGA requirements.

Inclusionary Zoning and Pre-Zoning for Affordable Housing

Related to the density benefit provisions in the LGA is the recent introduction of inclusionary zoning tools (LGA section 482.7). While density benefits allow additional density in exchange for voluntary amenities such as affordable housing, inclusionary zoning would require a certain proportion of housing units to meet affordability criteria. As with the density benefit provisions, the LGA requires consultation and financial feasibility analysis before the adoption of any inclusionary zoning bylaw. Staff intend to review inclusionary zoning as part of the Zoning Bylaw review, prior to returning to Council with options.

In addition to inclusionary zoning, Staff will be reviewing *Integrated Action Plan* Priority Action #69 to “complete an analysis of Urban Centre and Corridor land use designations with the objective of pre-zoning appropriate parcels for affordable housing”. The assessment will be informed by market analysis and is proposed to occur in conjunction with the Zoning Bylaw, inclusionary zoning, and density benefits review, to ensure alignment with the new regulatory framework.

Ease of Use

The comprehensive review will also assess the Zoning Bylaw for ease of use (e.g. formatting, layout, clarity of language, etc.) with the aim of creating a user-friendly document that is effectively read and understood by users.

Next Steps

The City will utilize the Provincial Capacity Funding previously identified for the “Zoning Bylaw Update” to engage consultants in support of the following components: architectural design, and financial analysis. The architectural design consultant will assist with testing proposed zoning regulations, and the financial analysis consultant will assist with exploring the feasibility of voluntary density benefits (Schedule D), inclusionary zoning requirements, pre-zoning for affordable housing, and tenant protection measures (see separate report on today’s agenda).

Below is the tentative timeline outlining next steps and potential timing to return to the Governance and Priorities Committee (GPC) for direction on key items:

- **January – April 2025** – Background research and information gathering
- **March – August 2025** – Conduct analysis with consultants
- **May – August 2025** – First draft of amendments with focus on key themes; check-in with GPC for direction
- **September – November 2025** – Targeted stakeholder engagement
- **November – December 2025** – Refine and complete draft updates
- **January – April 2026** – Revised Zoning Bylaw introduction and adoption

SUMMARY POINTS

- The “City of Nanaimo Zoning Bylaw 2011 No. 4500” dictates permitted land use and density.
- In order to address a number of strategic City Plan goals and Provincial legislative requirements, Staff are undertaking a comprehensive review of the Zoning Bylaw.
- Staff anticipate that the comprehensive review will inform a broad range of amendments to update and replace the current Zoning Bylaw.

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