



## REPORT FOR INFORMATION

Agenda Item Number: 8.1

Meeting Date: 5/7/2024

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**TO:** Mayor and Council

**FROM:** Planning and Development Services Department

**SUBJECT:** Provincial Housing Legislation Update: Small Scale Multi Unit Housing (SSMUH) and associated Bill 44 Requirements

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### RECOMMENDATION:

THAT Council receive the “Provincial Housing Legislation Update: Small Scale Multi Unit Housing (SSMUH) and associated Bill 44 Requirements” report for information.

### PURPOSE

To provide Council with an overview of how new Provincial Housing legislation affects Peachland alongside an update of progress towards complying with these requirements.

### COUNCIL AUTHORITY/PREVIOUS DECISIONS

N/A

### CHIEF ADMINISTRATIVE OFFICERS COMMENTS

Approved for Council’s consideration.

## REPORT

### BACKGROUND

On November 30, 2023, Bill 44, the *Housing Statutes (Residential Development Amendment Act)* was given Royal Assent. This legislation made several amendments to the *Local Government Act* that affect local governments across BC, as follows:

1. Requirements for local governments to update zoning bylaws to allow small-scale, multi-unit housing (SSMUH) on existing residential lots;
2. Requirements for local governments to update regularly: housing needs reports (HNR), official community plans (OCP), and zoning bylaws to accommodate at least 20 years of expected housing growth; and
3. Removal of public hearings for housing-related rezoning projects that are consistent with OCPs.

Through the SSMUH legislation referenced in #1 above, the Provincial Government aims to increase housing supply, create more diverse housing choices and, over time, contribute to improved affordability of housing across the province. All local governments are required to update their zoning bylaws before

June 30, 2024 to comply with the SSMUH legislation. This requirement involves updating zoning bylaws to allow additional housing units on existing lots. This report focuses on the District's implementation approach to address the item #1 requirement. Further details are provided in the Discussion section below.

The requirements referenced in #2 to update other planning documents also has time limitations imposed by the Provincial Government: the Housing Needs Report must be updated by January 1, 2025 and the Official Community Plan by December 31, 2025. The Province is set to release further guidance on these requirements at any time and staff will bring forward further information as it is available following the completion of zoning changes necessary to adhere to the SSMUH legislation.

In respect of #3 above, Bill 44 also introduces a prohibition on the holding of a public hearing in certain circumstances. This step is to facilitate the provincial strategy of increasing housing supply. This new stipulation applies when a local government:

- Enacts bylaws to comply with the mandates in Bill 44 for small-scale, multi-unit housing (regardless of whether or not they are consistent with an official community plan); and
- Amends zoning bylaws for residential development (or mixed use with at least 50% residential floor area) that are consistent with an official community plan.

Outside of mandatory zoning compliance with SSMUH legislation, municipalities are still required to hold public hearings for OCP amendments and non-residential zoning amendments. In cases where a public hearing is prohibited, local governments are still required to provide notice of bylaw readings.

The balance of this report describes SSMUH in more detail, identifies how the legislation affects Peachland, and provides an update on work that is underway to implement SSMUH zoning regulations.

## **DISCUSSION**

“Small-scale, multi-unit housing”, also referred to as infill housing, missing middle housing, or gentle density housing, includes a wide range of possible housing types and arrangements on a given lot. It is typically understood to be housing of three (3) or fewer storeys, where each unit has its own exterior facing door. Examples include secondary suites or garden suites, triplexes, fourplexes, and townhomes. In the context of the provincial legislation, SSMUH could be adding new housing to what already exists on a lot, such as an additional garden suite or a second house. Another possibility is the replacement of an existing house with multiple units, such as a duplex with suites, a pair of duplexes, or a fourplex.

The Province encourages and accommodates flexibility in the response to SSMUH legislation provided that the minimum number of housing units can reasonably and feasibly be achieved. Guidance has been provided in the form of a Policy Manual<sup>1</sup> which local governments are required to consider in their response to the legislation. Within the requirements and guidance, there remains opportunity to cater the responding regulations to local context and still meet the Provincial requirements.

The SSMUH legislation effectively requires local governments to allow (in zoning) a specified minimum amount of housing units on existing lots within what the Province has labelled ‘Restricted Zones’. Broadly speaking, these ‘restricted zones’ capture all zone designations in local government zoning bylaws which limit residential land uses to the form of single-detached dwellings and/or duplex dwellings and enact new minimum requirements for allowing housing density.

Not all lands within ‘restricted zones’ will be affected the same way. The legislation creates different categories that require from 2 to 6 housing units be permitted on each lot. The exact number is based on community size, location of urban containment boundaries, lot size, availability of servicing, and proximity to frequent public transit. Attachment 1 contains a detailed description of the range of the Provincial

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<sup>1</sup> [Provincial Policy Manual & Site Standards: Small-Scale, Multi-Unit Housing \(gov.bc.ca\)](https://www2.gov.bc.ca/gov2/policymanuals/Small-Scale_Multi-Unit_Housing)

requirements. The Province also provides certain exemptions. In Peachland, a total of 2,079 lots are impacted by the legislation, as detailed in Table 1 below:

Table 1: Parcels in Peachland impacted by SSMUH Legislation

	Residential parcels without water or sanitary service or which are larger than 4,050m <sup>2</sup>	Residential parcels smaller than 4,050m <sup>2</sup> which are serviced with both water and sanitary sewer
Bill 44 minimum housing requirements	Single detached + secondary suite	Four (4) housing units
Approximate number of parcels impacted	1,066	1,013

The legislation only applies to residential parcels that limit land use to single-detached or duplex dwellings. Parcels with zoning that already allow multi-unit housing (such as the District’s RM zones) already meet the provincial threshold and are not affected. Comprehensive Development (CD) zones within the District are being evaluated on an individual basis, and this stage of the project is not yet completed. Non-residential lots (such as commercial and industrial) are not affected.

Across the Province, the uptake of new housing in areas affected by SSMUH legislation is expected to be incremental. For example, in the fast-growing neighbourhoods of Kelowna—where this type of housing has been permitted and encouraged for several years—an average of approximately 25 lots per year have redeveloped (amounting to an annual total of less than 3% of all new housing units permitted in the city). In Peachland, a similar amount of uptake would equate to around one or two lots per year. While this number is expected to increase as these new permissions are enacted and the development community adapts, the rate of change should be expected to be slow.

### Implementation Strategy

51% of the lots captured by SSMUH legislation in Peachland fall in the category of being required to permit, at minimum, a single detached house and secondary suite. These are either large lots (>4050 m<sup>2</sup>, approx. 1 acre) or lots that do not currently have municipal water or sanitary sewer service. The 1,066 impacted lots within these areas are currently zoned either A1, A2, RR1, RR2, R1, or R2. As the Zoning Bylaw already permits a single-detached house with secondary suite in all of these zones, no further changes to the zoning regulations for these lots is needed.

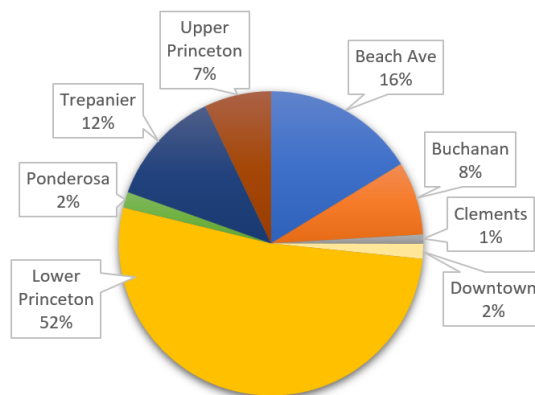


Figure 1 – Lots required to allow 4 units, by neighbourhood.

The remaining 49% of lots captured by the SSMUH legislation in Peachland are required to have their zoning updated to allow at least four housing units. The 1,013 impacted lots in this category are currently zoned RR1, RR2, RC1, R1, and R2. The vast majority (95%) of these are zoned R1, which currently allows a single-detached house with suite or garden suite. The locations of these lots are spread throughout the District (where both water and sanitary sewer services exist). 80% of these impacted lots are in the Lower Princeton, Beach Avenue, and Trepanier neighbourhoods. A breakdown of neighbourhood distribution is shown in Figure 1.

Despite the provincial requirement to increase the allowable density, the proposed approach intends to maintain some consistency with the built form of existing neighbourhoods. A neighbourhood-based approach is proposed, which generally follows the existing land use designations in the OCP and largely maintains the existing height and setback parameters of the Zoning Bylaw:

Table 2: Zoning Approach for SSMUH Legislation Compliance

	All other neighbourhoods	Beach Avenue and Buchanan Neighbourhoods and Areas Designated 'Medium Density Residential'
<b>Number of Lots Impacted</b>	Approximately 749	Approximately 265
<b>Zoning Approach</b>	Retain R1 and rezone to new R1 (with amendments)	Rezone to RM2
<b>Maximum Number of units</b>	4	4
<b>Allowable Housing Types</b>	Single Detached (with secondary or garden suite) Duplex (with secondary suites or garden suites)	Single Detached (with secondary or garden suite) Duplex (with secondary suites or garden suites) Townhouses (i.e. houseplexes)
<b>Height</b>	9.1 metres	10.0 metres
<b>Parking</b>	2/ principal dwelling 1/ secondary or garden suite	2/ single detached 2/ duplex unit 1/ secondary or garden suite 1.5/ townhouse unit

This strategy will introduce allowances for additional housing units to meet the minimum requirements while carrying forward the existing height and parking requirements throughout most existing neighbourhoods. This will be accomplished by introducing duplexes with secondary suites as a permitted use. This is a building type that takes a similar form to existing single-detached homes and can integrate into existing neighbourhoods. This will allow some flexibility in these zones by allowing the addition of new units of various types, while also accommodating redevelopment of lots with four new units in the form of a duplex with secondary suites. Attachment 2 illustrates how additional housing units can be integrated into a restricted zone in a similar form to existing single-detached homes.

Analysis undertaken as part of the ongoing but separate *Complete Communities* project has indicated that the most development pressure for new SSMUH type housing is likely to continue to occur in the Beach Avenue neighbourhood, where parcels are flat, land (and resale) values are higher, existing housing stock is older, and some daily amenities are nearby. Similar conditions apply to the Buchanan neighbourhood. The proposed implementation strategy is to introduce the townhouse (or fourplex) model as a permitted use in these neighbourhoods, where the OCP supports it, as well as in other areas which carry the 'medium density residential' designation, by rezoning to the existing RM2 Zone. This approach will direct new growth to areas already identified for such in the Official Community Plan and minimize the impact of more intensive redevelopment throughout existing and established neighbourhoods. Staff continue to work through a nuanced approach to the implementation of SSMUH into various neighbourhoods.

Following adoption of zoning that complies with Provincial legislation, applications for SSMUH will still be required to undergo building permit review processes to comply with the Building Bylaw and Subdivision and Development Servicing Bylaw. Requirements for developments permits for hazardous conditions or sensitive ecosystems, as well as projects involving three or more principal dwelling units within one building, continue to apply. Legislation does not impact these requirements, and they are expected to remain unchanged. A more detailed review is underway to ensure that existing requirements do not unreasonably impede the creation of new housing units, as is expected by Bill 44 legislation.

## **STRATEGIC DIRECTION**

- *Vibrant Downtown* – Priority #4: Encourage mixed-use developments to increase housing options to add vibrancy to the downtown.
- *Increase Housing Choice* – Priority #3: Increase opportunities for gentle density (i.e. plexes, garden suites, and secondary suites).
- *Increase Housing Choice* – Priority #6: Consider land use amendments that increase opportunities for housing choice.
- *Increase Housing Choice* – Priority #8: Promote diverse housing options.

## **CONCLUSION**

The implementation strategy detailed in this report proposes a simple strategy that meets the provincial requirements for SSMUH and accommodates a variety of housing types while generally maintaining consistency with the OCP. A forthcoming report in early- or mid-June will introduce rezoning bylaws that follow the direction detailed in this report.

Once SSMUH zoning is in place in Peachland, uptake of this housing form is expected to be slow and incremental. Further adjustments to zoning regulations can be made in the future as the need may arise. Additional changes to zoning may be necessary to comply with further provincial requirements surrounding Housing Needs Reports and Official Community Plan designations for 20 years of housing capacity. Updates will be brought forward to Council as necessary.

## **SUPPORTING DOCUMENTATION**

1. Bill 44 Overview: Restricted Zones, Density, and Exemptions
2. Infill Housing (SSMUH) Examples

**REVIEWED & APPROVED BY Darin Schaal, Director of Planning and Development Services**

**REVIEWED & APPROVED BY Joe Creron, CAO**