



Committee of the Whole Report For the Meeting of December 12, 2024

To: Committee of the Whole **Date:** November 28, 2024
From: Karen Hoese, Director, Planning and Development
Subject: **Minimum Unit Size for Multi-Unit Residential Developments**

RECOMMENDATION

That Council:

1. Require a 33m² minimum unit size for all multi-unit residential developments regulated by *Zoning Bylaw 2018*.
2. Exempt Affordable Housing Developments from the above requirements.
3. Incorporate the minimum unit size requirement changes to the *Zoning Bylaw 2018* into the ongoing work on the OCP 10-year Update and Zoning Bylaw Modernization.

EXECUTIVE SUMMARY

This report provides Council with analysis and recommendations on the implications of establishing a minimum unit size for market rate multi-unit residential development projects in the Downtown Core Area, in alignment with other parts of the city. After considering other jurisdictions in the province, it is recommended that a minimum unit size of 33m² strikes the right balance between ensuring livability without negatively impacting housing development. Further, variances to this minimum unit size requirement can be considered as part of development application processes if building proposals demonstrate sufficient measures to ensure liveability. The motion includes a recommendation to exempt affordable housing developments from requirements for minimum unit sizes.

PURPOSE

The purpose of this report is to provide Council with information, analysis and recommendations on the implications of establishing a minimum unit size for market rate multi-unit residential development projects in the Downtown Core Area, in alignment with other parts of the city.

BACKGROUND

At the October 10, 2024 Council meeting, Council directed staff to report back on the implications of implementing a minimum residential unit size of 33m² citywide, in alignment with the BC Housing minimum unit size and the current minimum unit size requirements that apply in other parts of the city.

Council also directed staff to consider exemptions for non-profit housing providers to support low-income tenants and supportive housing units.

Zoning Bylaw 2018, which currently applies only to the Downtown Core Area, does not stipulate a minimum unit size for multi-unit residential buildings. Zoning in other parts of the city that permit multi-unit residential buildings generally have a minimum unit size requirement of 33m². As part of the Zoning Bylaw Modernization, the general regulations for *Zoning Bylaw 2018* will be extended to residential and mixed-use areas outside the Downtown Core Area. Therefore, the addition of a minimum unit size in the general regulations of *Zoning Bylaw 2018* would establish a consistent approach to minimum unit sizes throughout the City.

ISSUES & ANALYSIS

Given the increasing rates of urbanization and multi-unit residential building development globally, extensive research is being undertaken to examine minimum residential unit size policies and their potential to create healthy, equitable and more affordable housing.

While there is ample research that highlights concerns about the impact of adequate living space on mental health and wellbeing, there is not an agreed minimum unit size because of the interconnectedness of other factors, such as access to amenity and outdoor space, community connections, quality of materials and many others. It is clear however, that people’s needs typically evolve over time and very small (micro) units make it more challenging to adapt – lower income groups are most likely to be impacted by this. Furthermore, if tenants are required to move more often to accommodate even minor changes in housing needs, they will face additional costs, often referred to as a moving penalty, as they seek a unit at current market rents.

The number of people living Downtown has increased significantly over the past ten years and several new housing developments have included ‘microunits’ (units less than 29m²). While these units can contribute to filling a needed housing gap, these forms are inherently less flexible for adapting to changes in living situations and family composition and can be even more challenging where there is limited access to nearby or on-site amenities.

Livability Factors

While a minimum unit size of 33m² is recommended, it is noted that variances to this minimum unit size requirement can be considered as part of development application processes if building proposals demonstrate sufficient measures to ensure liveability.

The following design elements, identified in the Downtown Core Area Plan Design Guidelines, are most critical when evaluating the livability of microunits in a development application.

Light and ventilation	The provision of good day lighting and proper ventilation is an especially important design consideration for micro units, due to their small size and limited window area.
Private outdoor space	Usable private outdoor space should be provided for each micro dwelling unit in the form of balconies, decks or patios.

Amenity and shared outdoor space	Access to amenity space (accessible to all tenants) such as lounge space, common meeting rooms, etc. and outdoor space.
Affordability	Due to their size, micro units should provide below market rent rates compared to other studio units.

Jurisdictional Scan and Best Practices

Multiple other municipalities in the region, and around the world, have adopted minimum residential unit size policies or regulations to try and ensure a minimum standard of livability and flexibility for long-term tenures in a home throughout the changes in a resident’s living situation.

The following examples highlight minimum unit size requirements and a variety of approaches used by other jurisdictions:

Province of British Columbia

- i. BC Housing – 33m²
- ii. Saanich - 33m²
- iii. Coquitlam – 29m²
- iv. Kelowna - 29m²; only within the urban centre or near the university
- v. Vancouver – 37m²; permissible down to 29.7m² for rental construction subject to livability criteria and approval by the Director of Planning.

Internationally

The minimum unit sizes listed below are national requirements, except for Australia where unit size requirements can vary by state.

- i. New South Wales, Australia – 35m²
- ii. Ireland - 37m²
- iii. Italy – 28m² for single occupancy, 38m² for two occupants
- iv. Spain – 20m² of living space per inhabitant

Development Cost Charges

Another consideration related to residential units of 29m² or less is that they are exempt from Development Cost Charges (DCCs) under the *Local Government Act*. The Province introduced this legislation in 2007 to allow for the creation of more affordable, smaller market rate units in urban infill projects. The reasoning was that these types of units would mostly occur where the infrastructure was already in place, so DCCs were unnecessary. However, in Victoria, these units have mostly occurred in new developments where, as per the Development Cost Charges Review report to Council in June 2024, DCCs are needed to cover the costs of maintaining and upgrading infrastructure.

Evaluation of Minimum Unit Size Requirements

Key considerations for minimum unit sizes of 33m²

- **Consistency** – Alignment with minimum unit sizes in other parts of the City creates more consistency within the zoning bylaw and establishes clear expectations.

- **Adaptability** – Easier for tenants to adapt to potential life changes without moving which may provide more stability to rental rates.
- **Livability** – Larger units provide increased comfort and flexibility for typical furnishings. Research identifies concerns around crowding, mental health and access to light for very small units.
- **Accessibility** – Larger units have greater ability to accommodate accessibility requirements.

Key Considerations for allowing unit sizes less than 33m²

- **Flexibility** – May offer more options for developers in both new buildings and adaptive re-use of existing buildings.
- **Viability** – Allowing smaller (micro) units may provide higher revenues needed for a project to move ahead.
- **Good Examples** – There are some examples of livable microunits that have shared amenities and/or are located near key public amenities.
- **Need** – While Victoria vacancy rates are low overall, the lowest rental vacancy rates are for two- and three-bedroom units, not small studio units.

Based on the above factors and the need to balance economic realities with livability and flexibility demands, a minimum unit size of 33m² is recommended for the area currently regulated by *Zoning Bylaw 2018* (Downtown) – this is supported by examples from other jurisdictions and aligns other multi-unit residential zones in the city. Through the development process, where deemed appropriate, smaller units could still be considered where they meet established livability criteria outlined in the City’s design guidelines.

OPTIONS & IMPACTS

Option 1: Align minimum unit size requirements Downtown with other multi-unit residential zones in the city (Recommended).

Staff recommend that Council:

1. Require a 33m² minimum unit size for all multi-unit residential developments regulated by *Zoning Bylaw 2018*.
2. Exempt Affordable Housing Developments from the above requirements.
3. Incorporate the minimum unit size requirement changes to *Zoning Bylaw 2018* into the ongoing work on the OCP 10-year Update and Zoning Bylaw Modernization.

Option 2: Create an alternative minimum unit size Downtown.

Should Council wish to provide greater flexibility in the Downtown Core Area, a minimum unit size could be omitted or smaller unit size established, while maintaining the existing standard of 33m² for multi-unit residential zones outside of the Downtown Core Area through the Zoning Bylaw Modernization work.

Accessibility Impact Statement

Core Housing Need and the need for more affordable housing options are felt most acutely by priority populations in the city.

2023 – 2026 Strategic Plan

This work aligns with Council’s strategic goals related to housing, specifically to “diversify housing types and distribution”.

Impacts to Financial Plan

Development applications with units of 29m² or less are exempt from paying Development Cost Charges for those units.

Official Community Plan Consistency Statement

The recommendations are consistent with several housing related goals and objectives of Victoria’s OCP, particularly those related to housing choice (within Section 13: Housing and Homelessness).

CONCLUSIONS

In consideration of balancing the current economic climate and housing supply needs against livability and flexibility needs for residents, it is recommended that a minimum unit size of 33m² is introduced for new multi-unit residential buildings Downtown, resulting in a citywide standard. Variance requests could still be considered based on the adherence to the City’s design guidelines and associated livability criteria; further, affordable housing projects would be exempt from this requirement. The recommended approach is supported by minimum unit size regulations in other jurisdictions and is in alignment with livability standards put forth by BC Housing and requirements elsewhere in the city.

Respectfully submitted,

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Report accepted and recommended by the City Manager