CITY OF NANAIMO
THE HARBOUR CITY

Staff Report for Decision

FOR: GOVERNANCE AND PRIORITIES COMMITTEE

MEETING DATE: January 26, 2026

DEPARTMENT: PLANNING AND DEVELOPMENT: COMMUNITY PLANNING

SUBJECT: **PRE-ZONING FOR SOCIAL HOUSING**

OVERVIEW

Purpose of Report

To present a framework to pre-zone land to facilitate the delivery of social housing within Urban Centre and Corridor Future Land Use Designations; seek endorsement on the community engagement strategy; and receive direction to prepare amendments to applicable bylaws.

Recommendation

That the Governance and Priorities Committee recommend that Council direct Staff to:

1. Undertake community engagement to seek feedback on the proposed framework and bylaw amendments for the pre-zoning for social housing projects;
2. Prepare an amendment to the "City of Nanaimo Zoning Bylaw 2011 No. 4500", as outlined in the Staff report dated 2026-JAN-26; and,
3. Prepare an amendment to the "Officer Designation and Delegation of Authority Bylaw 2022 No. 7353" to designate a Servicing Officer pursuant to section 5.13.2 of the *Local Government Act.*

BACKGROUND

The *City Plan: Nanaimo ReImagined* (2022) ("City Plan"), identifies affordable housing as a goal to achieving 'A Healthy Nanaimo', with the following desired outcomes and policies:

- Provide affordable housing that offers diverse types, tenures, affordability levels and health supports;
- Identify and remove barriers to delivering new affordable housing;
- Equitably distribute affordable housing across all residential areas;
- Provide affordable housing for low to moderate income households;
- Use emerging regulatory tools, fundings and initiatives to secure affordable housing;
- Build community support for affordable housing through meaningful engagement; and,
- Leverage external resource opportunities to general affordable housing options.

Building off the desired outcomes and policies in *City Plan*, Council has identified the following action as a priority in the *Integrated Action Plan* (2023):

Action #69: Complete an analysis of Urban Centre and Corridor land use designations with the objective of pre-zoning appropriate parcels for affordable housing.

Defining Affordable Housing

For the purpose of this project, 'affordable housing' is interpreted to mean 'non-market housing'. This is to align the terminology with the recently updated *Permissive Tax Exemption Policy* (2024), *Housing Needs Report* (2024) and the Housing Target Orders. Non-market housing is defined as:

> *A range of housing options, where the cost of housing is lower than the cost of market housing due to some level of subsidization. Non-market housing includes shelters, supportive housing and social housing but excludes Community Care Facilities providing licensed care services, warming centres and rooming houses.*

This initiative is intended to pre-zone land to allow for the development of social housing. Social housing is defined as:

> *Permanent housing that is subsidized to be lower than the average cost of private-market housing. Individuals and families live independently with no on-site supports. Social housing can include below-market rental, below-market ownership, co-ops, co-housing and temporary modular housing. Social housing excludes Supportive Housing and Shelters.*

Supportive housing was considered for inclusion in the framework, however, as 89% of the total parcels considered for pre-zoning already permit supportive housing under the definition of personal care facility, Staff recommend that the pre-zoning initiative focus on social housing.

2024 Interim Housing Needs Report

The City's 2024 Interim Housing Needs Report estimates that Nanaimo will need 12,962 new housing units for 2021-2031 (10-years), with 7,001 (54%) of the units needing to be non-market housing units. Of the 54% of non-market units, 5,784 units (45%) need to be social housing, and 1,217 units (9%) supportive housing.

Housing Target Order

In June 2024, the Province issued a Housing Target Order for Nanaimo. The order requires the City to approve occupancy permits for 4,703 net new units from July 1, 2024, to June 30, 2029. Accompanying guidelines specify that this should include 1,929 (41%) below-market housing units (social housing) and 108 (2%) supportive housing units. Note, the guidelines are based on 75% of the Province's estimated housing need.

The need to rezone a property can be a regulatory barrier prior to development of non-market housing. As these projects rely on securing external government funding to be viable, the time and cost to proceed through a rezoning can impact the viability of the project. The funding and financing programs typically have time limit constraints and strict reporting requirements, and they also favour "shovel-ready" projects, where no rezoning is required. Pre-zoning land is one approach that has been employed by other jurisdictions to address this regulatory barrier.

DISCUSSION

Jurisdictional Review

To understand how pre-zoning of land has been used to support the delivery of non-market housing, Staff worked with a consultant to assess the different approaches used in other jurisdictions. The assessment looked at the following parameters: geographic extent, tenure,

proponent eligibility, affordability level, threshold, development conditions, legal requirements, incentives, and success.

Seven jurisdictions in British Columbia have either implemented or are in the process of implementing a program to expedite the development review process for non-market housing developments by eliminating the need for a rezoning and allowing to build as-of-right. The mechanism and conditions by which the programs are implemented vary and are summarized in Attachment A.

Pre-Zoning for Social Housing in Nanaimo

Based on the findings of the jurisdictional review, Staff recommended that a new overlay of zoning regulation be applied in the General Section of the Zoning Bylaw. The overlay zoning option would be subject to a set of conditions such that the applicant would be permitted to an increase in density and/or height, in exchange for providing social housing units. The proposed regulatory framework is summarized below.

1. Applicability:

   Description: What lands is the pre-zoning overlay applied to?

   Jurisdictional Scan: A citywide approach is most commonly used, and where the underlining zoning already permits residential as a principal use.

   Staff Recommendation: Apply the pre-zoning to lands with a *City Plan* Future Land Use Designation (FLUD) of Urban Centre and Corridor.

   Rationale: The geographic scope aligns with *City Plan* policy on prioritizing growth and investment in Urban Centre and Corridors, notably for infrastructure.

   Alternative Option for Consideration: Expand the pre-zoning to other FLUDs where residential is a typical use (e.g. Neighbourhood & Suburban Neighbourhood).

2. Permitted Uses:

   Description: What are the permitted principal and accessory uses?

   Jurisdictional Scan: The most common approach is to limit the uses to social housing.

   Staff Recommendation: 1) Permit social housing as a principal use, with the option to incorporate a certain percentage of market multiple family housing 2) Permit a curated list of other principal and accessory uses that are subordinate in floor area to the social and multiple family housing use.

   Rationale: The primary objective of the pre-zoning is to secure social housing. As Nanaimo has already seen a successful approach to a hybrid development model that included a mix of social housing units with other uses, such as a religious institution, Staff recommend this approach. Also, *City Plan* policy supports a mix of uses in Urban Centres and Corridors.

   Alternative option for Consideration: Only permit social housing as a principal use.

3. Conditions of Uses:

Proponent Eligibility:

Description: What are the eligibility requirements for a proponent (i.e. land owner / developer) to qualify for the pre-zoning overlay?

Jurisdictional Scan: Six jurisdictions require the project be owned and operated by a non-profit operator or government agency. One allows a hybrid approach of private ownership and non-profit operation.

Staff Recommendation: Eligibility requirements would include that: 1) the land can be owned by a for-profit and/or non-profit proponent; 2) all dwelling units on the lot be operated by a government agency, non-profit housing partner pursuant to the *Societies Act*, or housing co-operative pursuant to the *Cooperative Association Act*; and 3) the capital costs of the development must be funded in whole by a federal, provincial, and/or municipal government.

Rationale: By allowing land ownership to be flexible, this opens opportunities for collaboration between for-profit developers and non-profit housing providers, by combining expertise, leveraging land, and/or accessing affordable housing funding programs. However, to ensure the primary purpose of pre-zoning is to deliver social housing for the long-term, Staff recommend tying the capital funding to government funding programs. This will ensure a minimum level of affordability and threshold of social housing units is delivered. Staff also recommend limiting the management of the dwelling units to a government agency or non-profit housing providers, given their mandates to deliver and maintain non-market housing, and their experience with their administration and management. This option further opens the opportunity for the landowner to generate income from the other uses, which could help to subsidize the social housing units.

Alternative Option for Consideration: Limit ownership and operation of all uses to non-profit organizations and/or government agencies.

Tenure:

Description: What category of housing is permitted for social housing units, ownership and/or rental?

Jurisdictional Scan: All jurisdictions limited the tenure of the non-market units to rental, due to administrative burdens associated with non-market ownership units.

Staff Recommendation: Limit the tenure of the social housing units to rental. Allow the market units to be rental and/or ownership.

Rationale: Although the City's rental vacancy rate is nearing the healthy 3% mark (2.9% in 2024), there is still a need for non-market rental housing per the *Housing Needs Report* (2024) and *Housing Target Order* (2024).

Alternative Option for Consideration: Allow both rental and ownership units. However, it may be challenging to establish and manage the ownership qualification criteria, and non-market owned housing units have not been identified as a housing priority through the Provincial Housing Target Order.

Affordability Level:

Description: What level of affordability do the social housing units need to be (e.g. 10% below-market, rent geared to income, deep subsidy)?

Jurisdictional Scan: A mix of approaches are used, but the highest success in uptake has been where the affordability level is not defined and instead deferred to the government funding program.

Staff Recommendation: Do not define specific affordability level and instead defer to the funding program requirements.

Rationale: It is very challenging to establish a level of affordability that is consistently applicable long-term while still allowing for feasible developments. Non-market funding programs are intended to be designed to balance their rent and income restrictions against the benefits offered through favourable financing, capital grants or operating subsidies. Due to this necessary balancing, the offerings of any given program change regularly. The pre-zoning will have greater longevity by tying affordability levels to those set by the government funding programs.

Alternative Option for Consideration: Require the social housing units to meet a specific level of affordability (e.g. 30% of household income).

Threshold of Social-Housing Units Required:
Description: How many of the residential units must be social housing units?

Jurisdictional Scan: A mix of approaches are used, but the highest success in uptake has been where the threshold is not defined and instead deferred to the government funding program.

Staff Recommendation: Require that a minimum of 20% residential dwelling units meet the definition of social housing.

Rationale: This ensures there is a minimum level of social housing units provided in exchange for pre-zoning the land.

Alternative Option for Consideration: Not set a minimum threshold and instead defer to the funding program requirements.

Legal Requirement to Secure Social Housing Units:
Description: What tool should be used to secure pre-zoning conditions such as tenure, affordability level, term and operation?

Jurisdictional Scan: All jurisdictions require a Housing Agreement as a condition of pre-zoning.

Staff Recommendation: Require a Housing Agreement to be registered on the title of the land to secure the conditional requirements of the pre-zoning overlay.

Rationale: Although funders already require funding or operating agreements, the City is not a signatory on those agreements. Historically, the City has not been privy to these agreements and any amendments thereafter. Therefore, Staff recommend, as a condition of pre-zoning, the proponent be required to enter into a Housing Agreement with the City, which stipulates the terms and conditions.

Alternative Option for Consideration: Not require a Housing Agreement as a condition of the pre-zoning overlay and instead rely on the grant or operating agreement between the proponent and the government funding program.

Term of the Housing Agreement:
Description: How long is the proponent required to meet the pre-zoning eligibility requirements?

Jurisdictional Scan: A 60-term for the housing agreement was most commonly used.

Staff Recommendation: Require a 60-year term for the housing agreement.

Rationale: Funding programs typically have a specific timeframe built into them, which can vary from 10 to 60 years. This will ensure that the benefit of pre-zoning for social housing is secured for our community for 60 years.

Alternative Option for Consideration: Require that the housing agreement be in perpetuity to secure a longer-term commitment.

4. Development Conditions:
Description: What development conditions such as building height and density would the development be subject to?

Jurisdictional Scan: The approaches vary, but the majority of jurisdictions default to the Official Community Plan (OCP) to establish development conditions such as building height and density.

Staff Recommendation: Establish development conditions that are in line with *City Plan* policies for Urban Centre and Corridor FLUD. This includes pre-zoning the density and/or height of parcels as follows:

Future Land Use Designation	Maximum Allowable Height	Maximum Allowable Floor Area Ratio (FAR)
Primary Urban Centre	42m (12 stories)	8.2
Secondary Urban Centre	42m (12 stories)	5.1
Mixed Use Corridor	21m (6 stories)	3.2
Residential Corridor	21m (6 stories)	3.2

Based on these proposed development conditions, the pre-zoning overlay would apply to 2022 parcels within the Urban Centre and Corridor FLUD (see Attachment B). Many of these parcels already permit multi-family housing use (as listed below), however the pre-zone overlay would support greater building height and density when the conditions for social housing are met. The implications of the proposed pre-zoning for social housing overlay option would be as follows:

- 534 parcels with a FLUD of Urban Centre are proposed to be pre-zoned to permit a maximum building height of 12 storeys (42 m), when the social housing pre-zoning conditions are met;
- 37 parcels with a FLUD of Urban Centre are proposed to be pre-zoned to permit a maximum building height of 12 storeys (42 m) and allow multi-family use when the social housing pre-zoning conditions are met;
- 1397 parcels with a FLUD of Corridor are proposed to be pre-zoned to a maximum building height of 6 storeys (21 m) when the social housing pre-zoning conditions are met;
- 37 parcels with a FLUD of Corridor are proposed to be pre-zoned to a maximum building height of 6 storeys (21 m) and allow multi-family use when the social housing pre-zoning conditions are met; and,
- 17 parcels are with a FLUD of Urban Centre and/or Corridor are proposed to be pre-zoned to allow social housing as a permitted use.

32 parcels have been excluded from the overlay for the following reasons: 1) parcels equal to or greater than 2.5 ha in size (25 parcels); 2) mobile home park use (4 parcels); and 3) cemetery and park (2 parcels). The rationale for excluding parcels equal to or

greater than 2.5 hectares in size, is to ensure a finer level of assessment and review is completed to ensure alignment with *City Plan* policies.

Rationale: Rezonings are subject to demonstrating consistency with *City Plan* policies, as the document sets the vision for future growth. The Zoning Bylaw update will better align zones with *City Plan*. In the interim, Staff recommended interim development conditions be established. In the long-term, the overlay regulatory framework could be incorporated into the new urban centre and corridor zones.

Alternative Option for Consideration: Identify zones that most closely match the intent of *City Plan* policy for urban centre and corridors and allow for case-by-case variances to achieve the height, lot coverage and setbacks envisioned for the Future Land Use Designation. New uses and densities would still need to be established, as they cannot be varied or apply the pre-zoning as part of the Zoning Bylaw update.

Servicing Officer & Development Approval Information:

Servicing Officer
On April 25, 2024, the Province ratified the *Housing Statutes Amendment Act*, 2024 (Bill 16), which amended the *Local Government Act* by creating the Servicing Officer powers. A Servicing Officer is a class of person within a municipality, designated by bylaw, who can require transportation demand management measures (i.e. road dedication) at the time of Building Permit. With the designation of a Servicing Officer, the City will be able to require transportation demand management measures at the time of Building Permit application. This means that if no rezoning or subdivision application is required, the City still has an opportunity to realize road designs as prescribed by the City's *Manual of Engineering Standards and Specifications*. As local governments are required to designate a Servicing Officer by bylaw, Staff recommend amending the "Officer Designation and Delegation of Authority Bylaw No. 7353".

Development Approval Information Requirements
Where additional information is warranted on the anticipated impact of a proposed development such as transportation patterns, local infrastructure, public facilities, community services, and the natural environment, the *Development Approval Information (DAI) Bylaw No. 7346* may be employed. The DAI bylaw grants a local government the authority to require developers to provide detailed studies and reports on the potential impacts of their proposed developments at the time of Development Permit, ensuring local governments have comprehensive data to make informed decisions, protect community services, and manage development responsibly.

COMMUNITY ENGAGEMENT AND COMMUNICATIONS

Pending Council endorsement of the proposed approach, Staff recommend proceeding with community engagement. The purpose of engagement is to: 1) bring awareness and understanding of the project; 2) gather input on the level of support for the initiative and the regulatory amendments proposed; and 3) provide an opportunity to collaborate expertise in delivering social housing. Engagement is proposed with the following partners: the general community, non-profit housing organizations, non-profit housing cooperatives, government agencies, and the development community. A mix of digital and print tools are proposed to notify the public of the initiative including a project webpage, e-notifications, media release, social media, information session(s), newspaper ads and FAQ page. Engagement would take

place in February 2026.

ALIGNMENT WITH CITY PLAN

The report is aligned with the following City:

☐A Green Nanaimo: Resilient and Regenerative Ecosystems
☐A Connected Nanaimo: Equitable Access and Mobility
☒A Healthy Nanaimo: Community Wellbeing and Livability
- C3.2 Affordable Housing

☐An Empowered Nanaimo: Reconciliation, Representation and Inclusion
☐A Prosperous Nanaimo: Thriving and Resilient Economy

ALIGNMENT WITH COUNCIL'S STRATEGIC PRIORITIES

The report is aligned with the following Council Strategic Framework priorities:

☒Implementing City Plan Action Plans and Key City Management Plans
☒Social, Health and Public Safety Challenges
☐Maintaining and Growing Current Services
☐Capital Projects
☒Communicating with the Community
☒Governance and Corporate Excellence

NEXT STEPS

Pending Council's endorsement of the report recommendations, the next steps would be to proceed with February engagement, prepare a summary of the engagement findings, draft amending bylaws, and present these to Council in Spring 2026.

OPTIONS

1. That the Governance and Priorities Committee recommend that Council direct Staff to:
    1. Undertake community engagement to seek feedback on the proposed framework and bylaw amendments for the pre-zoning for social housing projects;
    2. Prepare an amendment to the "City of Nanaimo Zoning Bylaw 2011 No. 4500, as outlined in the Staff report dated 2026-JAN-26; and,
    3. Prepare an amendment to the "Officer Designation and Delegation of Authority Bylaw 2022 No. 7353" to designate a Servicing Officer pursuant to section 5.13.2 of the *Local Government Act*.
        - The advantages of this option: This project presents an approach to address Council's Priority Action to deliver affordable housing through the pre-zoning of land in Urban Centre and Corridor FLUDs.
        - The disadvantages of this option: The lands proposed to be pre-zoned will not be subject to rezoning, impacting the City's ability to secure other community amenity contributions; as well as unknowns about capacity for servicing infrastructure to accommodate the proposed densities.
        - Financial Implications: Costs will be incurred for the engagement process.

2. That the Governance and Priorities Committee recommend that the pre-zoning for non-market housing be implemented at time of the Zoning Bylaw update.
   - The advantages of this option: The pre-zoning regulations can be tied in directly into the new zones.
   - The disadvantages of this option: The implementation of the actions will be delayed until such time as the Zoning Bylaw project is underway.
   - Financial Implications: None

3.That the Governance and Priorities Committee provide alternate direction.

KEY MESSAGES

- Council has identified completing an analysis of Urban Centre and Corridor land use designations with the objective of pre-zoning appropriate parcels for affordable housing as a priority action in the *Integrated Action Plan*.
- Seven jurisdictions in British Columbia have either implemented or are in the process of implementing an initiative to expedite the development review process for non-market housing developments by eliminating the need for a rezoning.
- Staff are recommending proceeding with community engagement, to bring awareness and understanding of the project, and assess the level of support for the proposed pre-zoning overlay option for social housing.

ATTACHMENTS

ATTACHMENT A: Link to Pre-Zoning Approaches to Affordable Housing: Jurisdictional Scan Summary
ATTACHMENT B: Link to Map Showing the Scope of the Pre-Zoning Overlay

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ATTACHMENT A
LINK TO PRE-ZONING APPROACHES TO AFFORDABLE HOUSING: JURISDICTIONAL SCAN SUMMARY

Pre-Zoning Approaches to Affordable Housing: Jurisdictional Scan Summary

Click Link Below to Review Document

https://www.nanaimo.ca/docs/property-development/community-planning/pre-zoning-for-social-housing/pre-zoning-approaches-to-affordable-housing-jurisdictional-scan-summary.pdf

ATTACHMENT B
LINK TO MAP SHOWING THE SCOPE OF THE PRE-ZONING OVERLAY

Map Showing the Scope of the Pre-Zoning Overlay

https://cityofnanaimo.maps.arcgis.com/apps/instant/sidebar/index.html?appid=63546a7351674528879c62ae0a2a6a1b