

FOR: GOVERNANCE AND PRIORITIES COMMITTEE

MEETING DATE: January 26, 2026

DEPARTMENT: PLANNING & DEVELOPMENT

SUBJECT: **ZONING BYLAW UPDATE**

OVERVIEW

Purpose of Report

To seek Council direction regarding the Zoning Bylaw Update.

Recommendation

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

1. Prepare a bylaw to replace "City of Nanaimo Zoning Bylaw 2011 No. 4500" in accordance with the Key Directions outlined in the Staff report titled "Zoning Bylaw Update", dated 2026-JAN-26; and,
2. Proceed with stakeholder engagement prior to returning to Council with a draft bylaw.

BACKGROUND

City Staff are undertaking a comprehensive review of the City of Nanaimo "Zoning Bylaw 2011 No. 4500" (the "Zoning Bylaw"). As previously discussed at the Governance and Priorities Committee on 2025-JAN-20, this review will inform an update to the current Zoning Bylaw to:

- Ensure alignment with *City Plan* policies and land use objectives;
- Support housing development;
- Update additional density provisions;
- Consider recently introduced Provincial zoning tools; and,
- Review and update the bylaw for ease of use.

Background research and third-party analysis has been completed. Staff are bringing this information forward with an update on the project timeline and Key Directions that will inform the bylaw drafting and to seek direction on next steps.

DISCUSSION

Background Research

Background research and reports have been completed as outlined below.

Financial Feasibility Analysis

The City engaged with a land economist consultant to complete a Financial Feasibility Analysis (FFA). The FFA reviewed the viability of density bonusing and inclusionary zoning, as required by Provincial legislation, and reviewed tenant protection options. Apartment building tenant protections will be introduced at a Spring 2026 GPC meeting and manufactured home park protections were previously endorsed by Council in 2025. Through the FFA, existing development viability was also modelled based on *City Plan* land use designations and typical residential and mixed-use development scenarios (baseline testing).

The Financial Feasibility Analysis Report (Attachment A) shows how under current market conditions, development viability is challenging for most building forms in Nanaimo. The report identifies uncertainty in the market and a number of macroeconomic conditions that together impact viability. Staff anticipate carrying out further analysis in the future should market conditions improve. For the purposes of the Zoning Bylaw Update, the FFA reinforces the need for clear zoning aligned with City policy to offer greater certainty against uncertainty in the market. While zoning alone may not have the most significant impact on land development market conditions, an update to the Zoning Bylaw and density bonusing provisions could help improve viability for certain projects.

The FFA additionally reviewed potential impacts from reduced parking supply and found improved viability in certain building form scenarios. This supports the City initiative underway to update the Off-Street Parking Bylaw, including reduced parking requirements in strategic locations.

Architectural Modelling

The City engaged with consultants to conduct architectural modelling of existing residential and corridor zones. These models were based on typical lot sizes rather than minimum lot sizes required through subdivision. The architectural modelling (Attachment B) highlights many of the challenges and pressure points associated with both existing zoning and parking requirements, and validates some of the issues that Staff and local land developers have observed. For example, key observations noted by the consultant for many zones include:

- Maximum lot coverage not able to be reached;
- Parking requirements cannot be provided when maximizing density;
- Limited shared amenity spaces when maximizing livable building envelope and parking supply; and,
- Restrictive density in corridor zones resulting in inefficient use of land.

Through the Zoning Bylaw Update, there is opportunity to revise and modernize zoning and achieve a better balance between competing demands for space.

It is important to recognize that the economic viability of projects illustrated in the architectural modelling was not tested. While some zones appear feasible based on the architectural drawings, these models may not be financially practicable given low density yield. For this reason, the financial and architectural testing should be considered together when updating the Zoning Bylaw.

Zoning Bylaw Best Practices and Trends

Background research on the Zoning Bylaw and on general trends in zoning from across Canada was carried out in early 2025 and a summary report was completed in May 2025 (Attachment C).

This report summarizes a review of the City's Zoning Bylaw and recently adopted zoning bylaws from other jurisdictions. Five general trends were identified in the Background Research report: 1) shift from use-based to form-based zoning, 2) alignment with municipal objectives, 3) consolidation of zones, 4) user-friendly document, and 5) increased accessibility.

Key Directions

The key directions for the Zoning Bylaw Update align with the themes from the 2025-JAN-20 information report to GPC, informed by the background research and reports as outlined below.

1. Alignment with City Plan

One of the principals aims for the Zoning Bylaw Update is to better align with the Official Community Plan (*City Plan: Nanaimo ReImagined*) which was adopted in 2022. This will address Nanaimo's *Integrated Action Plan* Priority Action #195 to "update the Zoning Bylaw No. 4500 to be consistent with City Plan". This complements the first theme from the Zoning Bylaw Background research report to align zoning with municipal objectives.

Some of the areas where the Zoning Bylaw could be updated to better align with and support *City Plan* policy objectives are highlighted below.

- ☒ A Green Nanaimo: Resilient and Regenerative Ecosystems
 - Modernized zoning in urban centres and corridors to encourage housing and services closer together and reduce our carbon footprint.
- ☒ A Connected Nanaimo: Equitable Access and Mobility
 - Residential zoning to foster connected communities and equitable access to multi-modal transportation.
- ☒ A Healthy Nanaimo: Community Wellbeing and Livability
 - Review of regulations to facilitate housing development that is affordable and diverse.
- ☒ A Prosperous Nanaimo: Thriving and Resilient Economy
 - Encourage suitable redevelopment within our urban centres.
 - Promote sensitive industrial development.
 - Better incentivized development through density bonusing.

In addition to alignment with *City Plan*, the Zoning Bylaw Update will review opportunities to better align with other City policies, bylaws, and guidelines such as the Manual of Engineering Standards and Specifications, the Off-Street Parking Bylaw, and Form & Character Design Guidelines. At the same time as reviewing and updating existing zones, Staff recommend rezoning properties in strategic locations to achieve *City Plan* objectives.

2. Residential Zoning

As identified in the Background Research report, there are 51 zones in the Nanaimo Zoning Bylaw which is higher than found in more contemporary bylaws from other municipalities. Of note, there are 15 residential zones and 12 downtown zones in the Zoning Bylaw, both of which could benefit from streamlining and consolidation. Residential zoning in particular will be subject to further

review for best practices surrounding Provincial housing legislation (Small Scale Multi Unit Housing).

3. Additional Density Provisions

Findings from the Financial Feasibility Analysis highlight opportunities to better incentivize development through updating additional density provisions in 'Schedule D' of the Zoning Bylaw. While the FFA notes challenges in providing affordable housing through a density bonusing scheme, it also highlights the potential monetary value of any additional density (floor area) which will inform the update to Schedule D to reflect the actual costs of providing amenities.

4. Ease of Use

While the Zoning Bylaw is a regulatory bylaw, it is also a public-facing document accessed by many users for essential land use information. As such, the revised bylaw format should be user-friendly (e.g. with hyperlinks and clearly defined terms) and include plain language that is free of jargon. The Zoning Bylaw format will also be reviewed to consider accessibility best practices. For example, formatting elements including font size, spacing, and screen-reader compatibility will be considered.

Scope of Review

An additional recommendation from the Background Research report is to consider a shift to form-based zoning. While there are some form-based regulations that were incorporated into the Zoning Bylaw in 2011 (including maximum setbacks from streets and setback requirements above the first storey in certain zones), Staff do not recommend focussing on this as a key direction. Form-based elements may be incorporated into the Zoning Bylaw Update but form-based objectives have largely been addressed through the *Form & Character Design Guidelines* which was adopted by Council in July 2025.

The 2025-JAN-20 information report to GPC also included "inclusionary zoning and pre-zoning for affordable housing" as a key theme. Based on the findings of the Financial Feasibility Analysis, Staff do not recommend exploring inclusionary zoning further at this time. Inclusionary zoning is the ability to require that a certain portion of residential development be secured as affordable, in accordance with the Provincial *Local Government Act* as amended in 2024. The option for inclusionary zoning can be revisited again in the future should market conditions improve. Pre-zoning for affordable housing in urban centres and corridors, however, will be reviewed independently as discussed in a separate report at today's GPC meeting.

To most effectively address these key directions, Staff recommend that the Zoning Bylaw be repealed and replaced with a new bylaw. This will allow for a comprehensive and wholesale update. Recognizing the timeline to complete such an update, pre-zoning for affordable housing is proposed as a proactive interim measure.]

COMMUNICATION AND COMMUNITY ENGAGEMENT

Targeted stakeholder engagement will be scheduled later in 2026 once proposed bylaw changes have been developed. Engagement will fall under "consult" on the spectrum of public participation

and will be targeted to Zoning Bylaw regular users (e.g. architects, builders, land surveyors, land developers, real estate agents, other professionals, community associations, etc.). |

NEXT STEPS

It was previously anticipated that stakeholder engagement and bylaw drafting could start in the fall of 2025; however, the timeline for this project has been impacted by Staff resources in the last year. The project timeline has been updated but it is noted that Staff capacity for the Zoning Bylaw Update will need to be balanced with active file management which varies based on the volumes of development applications received. Given current resource capacity, the following tentative timeline is proposed:

- **January – June 2025** – Background research and information gathering (**COMPLETED**)
- **March – December 2025** – Conduct analysis with consultants (**COMPLETED**)
- **January – October 2026** – Draft amendments based on direction from Council
- **November – December 2026** – Stakeholder engagement
- **January – March 2027** – Refine and complete draft bylaw
- **April – May 2027** – Zoning Bylaw introduction and adoption

OPTIONS

1. That the Governance and Priorities Committee recommend that Council direct Staff to:
 - a. Prepare a bylaw to replace "City of Nanaimo Zoning Bylaw 2011 No. 4500" in accordance with the Key Directions as outlined in the Staff report titled "Zoning Bylaw Update", dated 2026-JAN-26; and,
 - b. Proceed with stakeholder engagement prior to returning to Council with a draft bylaw.
 - The advantages of this option:
 - An update to the Zoning Bylaw would better align with and reinforce *City Plan* objectives.
 - The disadvantages of this option:
 - None identified.
 - Financial implications:
 - Previous work with consultants completed with Provincial Capacity Funding. Additional funds may be used for support with stakeholder engagement.
2. That the Governance and Priorities Committee provide alternate direction. |

KEY MESSAGES

- Background research on the Zoning Bylaw has been completed including: financial feasibility analysis, architectural analysis, and a review of zoning bylaw best practices.
- Four Key Directions are proposed: 1) alignment with *City Plan*, 2) review of residential zoning, 3) additional density provisions, and 4) ease of use of the bylaw.

- Based on the findings of the Financial Feasibility Analysis, Staff do not recommend exploring inclusionary zoning further at this time.
- Staff are seeking Council direction to prepare a bylaw to replace Zoning Bylaw 2011 No. 4500 and to proceed with stakeholder engagement prior to returning to Council.

ATTACHMENTS

ATTACHMENT A: Link to Financial Feasibility Analysis: Density Bonusing, Inclusionary Zoning, and Tenant Protection Report

ATTACHMENT B: Existing Zoning Architectural Testing

ATTACHMENT C: Zoning Bylaw No. 4500 Comprehensive Review: Background Information and Research

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