

## RURAL RESIDENTIAL MINIMUM PARCEL SIZE PROJECT

Please note: Recommendation #2 was varied by the Committee as follows:

2. That staff prepare a report that provides a comparison between the cost for a region-wide project to reduce the minimum parcel size in Rural Residential areas versus servicing studies through the regular Official Community Plan review processes.

### **RECOMMENDATIONS**

1. That the Board receive the report titled “Rural Residential Minimum Parcel Size Project” dated July 3, 2025, for information.
2. That the Board direct staff to undertake servicing studies to support a one-hectare minimum parcel size for land zoned Rural Residential 2, Subdivision District ‘D’, through the regular Official Community Plan review processes.

### **BACKGROUND**

During the preparation of “Regional District of Nanaimo Zoning Bylaw No. 2500, 2024” (Bylaw 2500), a draft of the zoning bylaw was prepared for proposed restrictions on the creation of building strata lots under Section 241 of the *Strata Property Act*. In response to concerns among residents in the process of registering building strata lots, the Regional District of Nanaimo (RDN) Board determined not to proceed with restrictions and the following resolutions were made at its September 24, 2024, meeting:

24-486

*That the Board direct staff, following the adoption of Bylaw 2500, to prepare a report and recommendations for allowing building strata conversion in more land use designations and exploring the possibility of amending the Regional Growth Strategy and applicable Official Community Plans to develop a density neutral approach to allowing the conversion of existing two lot rural building strata developments to a bare land strata or fee simple subdivision.*

24-487

*That the Board direct staff, following the adoption of Bylaw 2500, to prepare a draft policy and guidelines on Additions, Replacement, and New Buildings on Parcels Containing a Building Strata Development.*

24-488

*That the Board direct staff, following the adoption of Bylaw 2500, as a priority project to prepare a separate report and recommendations for initiating a process to consider amendments to the Regional Growth Strategy, applicable Official Community Plans, and zoning regulations for all parcels zoned Rural Residential 2 by Bylaw 2500 that are designated Subdivision District ‘D’ that allow two dwelling units on a*

*parcel greater than 2.0 hectare to reduce the minimum parcel size to Subdivision District 'F' (1.0 hectare minimum parcel size) with one dwelling unit per parcel.*

Most rural and rural residential zoned properties within the RDN currently have a 2.0 hectare minimum parcel size for each lot created through subdivision. Despite this minimum parcel size, under these zones each lot greater than 2.0 hectares may have two principal dwellings. Where each dwelling is constructed concurrently and not previously occupied, the dwellings may be registered as a strata lot under Section 241 of the *Strata Property Act* (known as a building strata). Rather than a subdivision of land where property lines define the boundaries of the lot, this form of strata is defined by the exterior walls of the building and the land is shown as common property. Unlike other forms of subdivision, building strata lots are not approved by a Provincial Approving Officer with respect to long term health and safety of the lots.

Building strata tenure is an unintended form of development in rural areas and a source of potential impacts on the groundwater and transportation infrastructure. This form of ownership creates challenges for the RDN and property owners because zoning regulations can only apply to the land use of the parent parcel and do not recognize the separate ownership of two building strata lots. As zoning does not recognize the building strata lots, all subsequent permitted accessory uses for the parent parcel are shared between the owners. As only the buildings in the building strata are considered separate strata lots and the land is a form of common property, property owners have difficulty to construct house additions or further accessory buildings not compliant with the building strata plan. Further to Board Resolution 24-487 noted above, a separate report will be provided to the RDN Board on a policy to guide building permit requirements to additions, replacement and new buildings on parcels containing a building strata development.

A change from a 2.0 hectare to a 1.0 hectare minimum parcel size within areas having more suitable conditions for the proposed density will provide property owners with the ability to formally subdivide under the *Land Title Act* or *Bare Land Strata Regulations*, and therefore a more predictable form of tenure. Additionally, this ensures subdivision is approved through the Provincial Approving Officer to create parcels that are safe and contribute to public infrastructure when required. This does not mean that the existing density is appropriate for all lands currently zoned Rural Residential 2 or that there are no unintended increases in density. The subdivision approval process will consider the sustainability of long-term potable water and septic disposal areas for an individual subdivision application. However, the subdivision process may not be able to consider the cumulative impacts on neighbouring properties and broader area, which will vary depending on the characteristics of aquifers or area soil conditions.

As identified in the above-noted Board resolution, any reduction in minimum parcel size should include a reduction in the number of proposed dwellings permitted on a parcel to take a density neutral approach. The intention of such an amendment is to provide property owners with the ability to subdivide a separate parcel as a safe alternative to building strata. Should the minimum parcel size be reduced, building stratas should not continue to be an option for property owners. The second dwelling for parcels greater than 2.0 hectares is also no longer necessary given each parcel over 0.4 hectares is permitted a detached secondary suite on the same parcel.

### **Regional Growth Strategy and Official Community Plan Implications**

With respect to the *Resource Lands and Open Space* and *Rural Residential* designations in the “Regional District of Nanaimo Regional Growth Strategy Bylaw No. 1874, 2023” (RGS), policy 5.2 prohibits the reduction of the minimum parcel size for subdivision established in each Official Community Plan (OCP). Any zoning reduction of minimum parcel size from 2.0 hectares to 1.0 hectare will need to be approved through the RGS amendment process and amendment of the seven OCPs as outlined in the *Local Government Act*. Like the development or update of an RGS, a Regular RGS Amendment must follow the full adoption process that includes acceptance by each member municipality and adjacent regional district by resolution. Should any member municipality or adjacent regional district refuse to accept the RGS amendment, statutory resolution processes would apply.

However, the RDN Board may also consider amending minimum parcel size policies and regulations at the time of each individual OCP review. The benefit of considering amendment through a full OCP review includes detailed aquifer and soils studies which study the cumulative effects on potable water availability and on-site septic capability. Furthermore, the amount of public consultation will be much greater than a project occurring at a regional level. If occurring through an entire Electoral Area OCP review and bylaw adoption process, the change to minimum parcel size may also be considered a Minor Amendment under the RGS criteria. As a Minor Amendment, a notice is provided to each affected local government, rather than acceptance under the full RGS amendment process. Given the comprehensive technical aquifer and soil studies, and public review through an OCP update, consideration of a change to minimum parcel size is recommended to occur through regular OCP reviews.

### **Land Use Implications**

Given two dwellings are currently permitted on every 2.0 hectare parcel, a change from 2.0 hectares to 1.0 hectare minimum parcel size conceptually would not change the density of dwelling units permitted on the land in one 2.0 hectare parcel. Such a change may allow a better form of tenure for the property owner in such situations. The subdivision approval process through the RDN and Provincial Approving Officer would also confirm each parcel within the subdivision has an onsite well, thus complying with zoning minimum potable water requirements, adequate natural soil above the groundwater table for septic disposal for the individual new lots, suitable building areas exclusive of hazards and appropriate access from public highways.

While the subdivision approval process ensures the proposed parcels are properly serviced, the process for individual small subdivision applications cannot easily consider cumulative impacts on the existing community, such as over withdrawal of groundwater, ability of soils to accommodate septic density, or drainage from proposed parcels. Prior to proceeding with changes to minimum parcel size policy or zoning regulations, identifying the cumulative effects and suitable areas through studies of aquifer characteristics and soil conditions for on-site septic and drainage for one dwelling unit (plus secondary suites) per hectare is recommended.

While the studies would be to identify suitable areas for a reduction in parcel size, they may also identify areas that are inappropriate for the density supported in the current zoning bylaw or areas that should have water conservation measures implemented. As an example, Aquifer 211 within the Benson Meadows area of Electoral Area C is an aquifer that has been adversely impacted by over withdrawal of a low yielding aquifer. Since 2005, many large subdivisions were created within this area and subsequently building stratas were registered for these parcels with the Land Title and Survey Authority. According to Province of BC groundwater monitoring records Aquifer 211 is reporting a large rate of decline and is not recovering, and as of the summer 2024 the groundwater level measured 15 metres deeper than the summer low of 2010. Thus, further restrictions on development or water conservation through development permit areas may need to be considered in these areas to protect adjacent properties and avoid further risk to the community of depleting ground water supply.

The proposed reduction to the minimum parcel size to 1.0 hectare is to not increase overall density in the Rural Residential 2 zone as discussed above. However, whether the density increases will depend on existing parcel sizes. As an example, for a parcel of over 2.0 hectares, two dwellings are now permitted under existing zoning and two parcels may be created under an amended minimum parcel size of 1.0 hectare. For a different example with a 3.0 hectare parcel, two dwellings are now permitted this parcel under existing zoning while three parcels with a total of three dwellings may be created under an amended 1.0 hectare minimum parcel size. The proposed studies will include estimates for number of dwellings under existing and amended zoning scenarios to confirm the scale of density change in the Rural Residential 2 zone.

Given the potential cost of region-wide soils and on-site servicing studies for suitable areas for higher density, the consideration of a 1.0 hectare minimum parcel size may be better addressed through individual OCP reviews. At the OCP review stage, the Long Range Planning Department budgets for necessary background studies for the Electoral Area, which may include onsite servicing capacity regarding potable water, on-site septic capability and

drainage. The OCP review process will also offer more opportunity to engage the public on how changes to minimum parcel size may impact the rural character of the community.

### **FINANCIAL IMPLICATIONS**

Through the OCP review processes, the required studies and the proposed updates to minimum parcel size can be undertaken within the Electoral Area Community Planning Service budget as part of the current 2025-2029 Financial Plan. The existing reserve budget can cover the cost of geotechnical, environmental, soil (for septic and drainage), and aquifer studies as part of up to two OCP reviews. Should the Board approve the recommendation, a report will be provided prioritizing the next OCP(s) to be reviewed.

For a region-wide project to reduce the minimum parcel size in Rural Residential areas, the cost for a larger study of soils and aquifers for all Electoral Areas is difficult to anticipate unless such a region-wide project is scoped and costed. Given the potential for higher costs for such a large region-wide project, an alternative would be to undertake two OCP reviews concurrently at such time that the Department is fully staffed within the current budget.

### **STRATEGIC PLAN ALIGNMENT**

The recommended approach by undertaking aquifer and soils studies for each OCP review is consistent with the with the 2023-2026 Board Strategic Plan and the following Plan Focus Areas:

#### **Managing Impacts of Climate Change**

- 2.1 Plan and implement risk management and mitigation strategies for identified hazards and vulnerabilities associated with climate change.
- 2.3 Advance priority actions that are identified within RDN Board-approved plans and initiatives.

#### **Water Security**

- 4.1 Understand our water resources and their risks, to manage our water resource efficiently and sustainably.
- 4.2 Evaluate our land use decisions through a water security lens.

### **REVIEWED BY:**

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