

DRAFT REPORT

Maximum Floor Area - Revisions for Commercial Uses in Small Scale Residential Zones

Previous Council/Committee Action

At the October 16-23, 2023, City Council Public Hearing, the following motion passed:

That Administration provide a report, including amendments to Charter Bylaw 20001, to reduce the maximum Floor Area per individual commercial establishment from 300 m² to 100 m² in the (RS) Small Scale Residential Zone.

REPORT

Existing Regulation under Zoning Bylaw 20001

The (RS) Small Scale Residential Zone, (RSF) Small Scale Flex Residential Zone, and (RSM) Small-Medium Scale Transition Residential Zone allow for limited commercial development to support The City Plan's goals of:

- encouraging entrepreneurial opportunities,
- supporting innovative business models, and
- creating 15-minute communities by allowing people to easily meet their daily needs closer to where they live.

The size of commercial uses under the RS, RSF and RSM Zones is limited to 300 m² per individual establishment. Floor area includes all interior spaces including basements and garages and doesn't include outdoor patio space. More than one commercial establishment may be developed per lot.

A maximum commercial floor area of 300 m² per individual establishment was chosen to support compatibility with adjacent residential properties and ensure that businesses in this zone are neighbourhood-scale. 300 m² also accommodates most residential home conversions to a commercial use - including basements and garages - and aligns with the maximum commercial floor area regulation in the (RM) Medium Scale Residential Zone. Public feedback was mostly supportive of allowing small-scale businesses in neighbourhoods during the development of Zoning Bylaw 20001.

To help mitigate potential negative impacts on surrounding properties, commercial uses in the small-scale residential zones are also limited by:

- **Type:** Only Food and Drink Services (eg. restaurants and coffee shops), Health Services (eg. dental offices and counselling services), Indoor Sales and Services (eg. retail stores, art studios, and hair salons), and Offices (eg. law offices and insurance offices) are permitted.
- **Location:** Commercial uses are only permitted where an interior side lot line abuts a site in a non-residential Zone that permits commercial uses.
- **Activity:** Outdoor business activity, storage and outdoor speakers are not permitted, except, a maximum 20 m² outdoor seating area is permitted in the front or flanking side yard.
- **Residential regulations:** Commercial uses must comply with the same regulations as residential uses, such as maximum site coverage, maximum height, minimum setbacks, and minimum landscaping requirements.

Background Research

Administration conducted a jurisdictional scan of 14 other municipalities to determine how their Zoning Bylaws regulate commercial uses in small-scale residential zones (Attachment 1). While a handful of smaller municipalities in Alberta have begun to allow commercial uses in smaller-scale residential zones, most large Canadian municipalities do not. Of the municipalities that do allow commercial uses in small-scale residential zones, maximum floor area limits vary. For example:

- The City of Vancouver limits grocery stores to a maximum floor area of 110 m²
- The Town of High River limits retail space to a maximum of 278 m²
- The Town of Okotoks limits retail space to a maximum building footprint of 275 m²
- The Town of Beaumont limits commercial development through the same minimum setbacks and maximum site coverage that apply to residential uses.

Administration also analysed permit and licensing data for retail, office, health service, personal service, and food service businesses under the former (CNC) Neighbourhood Commercial Zone to understand the typical size of a neighbourhood-scale business. The data shows that about 45% of neighbourhood businesses have a floor area of 100 m² or less and about 75% have a floor area of 200 m² or less. Only about 10% of neighbourhood businesses have a floor area between 200 m² and 300 m². Attachment 2 provides more information about the data collected and Attachment 3 provides images of business of different sizes to help visualize the different scales.

The data also indicated that floor area varies depending on the type of business. Some businesses, such as specialty food services, are more commonly located in smaller spaces,

with 55% having a floor area of 100 m² or less. Other businesses, such as restaurants, tend to require larger spaces, with only 32% having a floor area of 100 m² or less. This could be due to higher space needs related to kitchen equipment, food storage, washrooms, and seating.

Administration conducted surveys and interviews with small business owners, developers, and Business Improvement Association representatives regarding business space needs (Attachment 4). Interviews highlighted varying space requirements for different businesses, with specific business types requiring more space than others. A majority of respondents felt 100 m² was too small for certain business types while 300 m² seemed too large for small-scale residential zones. Five respondents suggested a maximum floor area of 200 m² would strike the right balance. One respondent suggested 125 m². One respondent suggested 300 m² should be maintained.

Conversion of single detached housing into businesses was also discussed during interviews. One interviewee mentioned that not being able to use the whole house would make purchasing the home for a business a less desirable option. According to property tax data, the average size of a single detached house in the former (RF1) Single Detached Residential Zone is 140 m² (1,510 ft²). This measurement does not include basements or garages, meaning that the actual floor area available in a converted house is larger than the average. Reducing the maximum floor area to 100 m² would make conversion of an average-sized home to a commercial use more difficult, requiring either a rezoning, variance or partnering with other small business establishments to use up the existing space.

Information gathered from data and interviews suggests that lowering the maximum floor area of commercial uses to 100 m² per individual establishment in the RS, RSF, and RSM Zones would reduce the range of business types that could make use of this commercial opportunity and reduce the overall flexibility of the space. It would also complicate the conversion of existing houses which are typically larger than 100 m². While the research indicates that most neighbourhood-scale businesses do not require 300 m² to be viable, some house conversions would benefit from the 300 m² maximum to accommodate the use of basements and garages for business purposes.

Summary of Proposed Amendments

Based on a review of existing businesses, a jurisdiction scan, permit and licensing data, and information gathered through interviews with business experts, Administration is proposing a reduction in the maximum commercial floor area to 200 m² as outlined in

Attachment 5. A maximum floor area of 200 m² will meet the needs of most small-scale businesses and, while some flexibility will be lost, the potential impact to neighbouring properties may be reduced.

Administration also proposes that the change be applied across the (RS) Small Scale Residential Zone, (RSF) Small Scale Flex Residential Zone, and (RSM) Small-Medium Scale Transition Residential Zone to maintain a uniform approach to commercial development in the city's small-scale residential zones.

Administration does not propose a reduction in the maximum commercial floor area from 300 m² to 100 m². The analysis indicates that setting the maximum floor area this low would significantly restrict the viability of permitted commercial uses in the small-scale residential zones and make the conversion of existing homes into businesses more difficult.

If the Urban Planning Committee accepts the proposed approach, Administration will prepare a charter bylaw amendment as outlined in Attachment 5 and return to a future Public Hearing.