

City of Kelowna

Regular Council Meeting

AGENDA



Monday, May 12, 2025

9:00 am

Council Chamber

City Hall, 1435 Water Street

Pages

1. **Call to Order**
2. **Confirmation of Minutes** 2 - 3
May 5, 2025
3. **Reports**
 - 3.1 **Micro Suite Review** 20 m 4 - 19
To review of micro suite building policy and requirements.
4. **Resolution Closing the Meeting to the Public**

THAT this meeting be closed to the public pursuant to Sections 90(1)(a)(e)(g)(i) and (k) of the Community Charter for Council to deal with matters relating to the following:

 - Appointment of officers
 - Acquisition of land
 - Litigation and potential litigation affecting the City
 - Legal Advice
 - Provision of a municipal service
5. **Adjourn to Closed Session**
6. **Reconvene to Open Session**
7. **Termination**



**City of Kelowna
Regular Council Meeting
Minutes**

Date: Monday, May 5, 2025
Location: Council Chamber
City Hall, 1435 Water Street

Members Present Mayor Tom Dyas, Councillors Ron Cannan, Maxine DeHart, Charlie Hodge, Gord Lovegrove, Mohini Singh, Luke Stack, Rick Webber and Loyal Wooldridge

Staff Present City Manager, Doug Gilchrist; Deputy City Clerk, Michael Jud

(* Denotes partial attendance)

1. Call to Order

Mayor Dyas called the meeting to order at 9:00 a.m.

2. Confirmation of Minutes

Moved By Councillor Hodge/Seconded By Councillor Lovegrove

THAT the Minutes of the Regular AM Meeting of April 28, 2025 be confirmed as circulated.

Carried

3. Resolution Closing the Meeting to the Public

Moved By Councillor Wooldridge/Seconded By Councillor Hodge

THAT this meeting be closed to the public pursuant to Sections 90(1)(e), (k), and Section 90(2)(b) of the Community Charter for Council to deal with matters relating to the following:

- Acquisition of Land
- Proposed provision of a municipal service
- Confidential information from Provincial and Federal Governments

Carried

4. Adjourn to Closed Session

The meeting adjourned to a closed session at 9:00 a.m.

5. **Reconvene to Open Session**

The meeting reconvened to an open session at 11:00 a.m.

6. **Termination**

The meeting was declared terminated at 11:00 a.m.

Mayor Dyas

mj/cm

Michael J. Paul
D/City Clerk

DRAFT

Report to Council



Date: May 12, 2025
To: Council
From: City Manager
Subject: Review of Micro Suites
Department: Housing Policy and Programs

Recommendation:

THAT Council receives, for information, the report from the Housing Policy and Programs department dated May 12, 2025, with respect to micro suite building and policy requirements.

Purpose:

To review micro suite building policy and requirements.

Background:

This report responds to the January 27, 2025, Council resolution directing staff to review current micro suite building policies and requirements within the Official Community Plan and Zoning Bylaw No. 12375.

Previous Council Resolution

Resolution	Date
THAT Council directs staff to review current micro suite building policies and requirements as outlined in the City of Kelowna's Official Community Plan and Zoning Bylaw No. 12375	January 27, 2025

There is often confusion between studio units and micro suite units. Studio units are apartments that do not contain an independent bedroom. Studio units range in size but are typically smaller than apartments with one or more bedrooms. Micro suites are a sub-category of studio units that are smaller than 29 square metres in area. Micro suites are hard to track independently, as micro suites are usually regulated and tracked with studio units.

In British Columbia, micro suite units emerged following the implementation of *Bill 27 - Local Government (Green Communities) Statutes Amendment Act*, in 2008. The legislation exempts units smaller than 29 square metres ('micro suites') from Development Cost Charges imposed by local governments. The intent of this exemption was to help reduce housing costs, and the environmental and infrastructure costs of sprawl.

Micro suite regulations were first introduced into the City's Zoning Bylaw in 2017. Between 2008 and 2017, there were no specific regulations for micro suites, and they were treated the same as studio units.

In 2017, following concerns raised by Council regarding micro suites, staff brought forward several updates to the Zoning Bylaw and relevant policies. Regulations were introduced to restrict micro suites to the five Urban Centres (Rutland, Midtown, Capri-Landmark, Pandosy, and Downtown) and the University South Village Centre as defined in the Official Community Plan, and to locate them within 400 m of a bus stop or transit station. Additionally, policies were updated to prohibit Rental Housing Grants from being applied to DCC exempt units, as Rental Housing Grants are intended to offset DCCs.

Since the updates in 2017, Council has raised a number of related concerns, including:

- infrastructure impacts related to the DCC program (see Financial Considerations),
- unit size constraints, and
- access to green space and common amenity space.

Discussion:

Role of micro suites

Micro suites play a role in helping the City of Kelowna meet its provincially mandated housing targets and ensuring a variety of unit types to meet the diverse needs of Kelowna households. Provincial targets estimate that over the next five years, the City of Kelowna will need an additional 5,326 studio and one-bedroom units, around 61 per cent of the total target. The City's Interim Housing Needs Report (HNR) similarly sees a significant demand for smaller homes, estimating that 31 per cent of new households over the next five years will be one-person households. Of these, approximately 43 per cent fall within the low-income category, highlighting the importance of affordable options.

Micro suites currently meet the housing needs of a variety of household types with a range of reasons for choosing micro suite living. Interviews with local micro suite developers and operators highlight that residents opting to live in micro suites include young professionals, seniors, people working outside of Kelowna, students, and couples. They also shared that some tenants rented these units due to affordability, while others were willing to give up space for location, or the opportunity to save money.

Developers and operators emphasized that the layout and quality of micro suite units are integral aspects of livability and are more important than size. When discussing location and amenities, location is an important consideration when developing micro suites to ensure that residents have access to places of employment, shopping, public outdoor amenity space, and social gathering spaces.

Overall, the need for smaller homes in Kelowna is projected to remain strong, and micro suites provide one way to meet that need.

Current Regulations

Micro Suites are defined in Zoning Bylaw No. 12375 as "a dwelling unit which is less than 29 metres square in gross floor area" and are a permitted unit type in the five Urban Centres (Rutland, Midtown, Capri-Landmark, Pandosy, and Downtown), and the University South Village Centre. Micro suites are regulated the same way as studio units in all other Zoning Bylaw regulations, including common and private amenity space, off-street parking, and bicycle parking.

While in the Zoning Bylaw there are regulations that specifically apply to micro suites, the OCP does not provide guidance specific to micro suites. Instead, the OCP encourages a diverse mix of housing forms to support a variety of household types and sizes to meet the community's housing needs.

Micro suites from 2020 to present

Historical data regarding micro suites is difficult to obtain, as micro suites are typically tracked under the umbrella of studio units. For the City of Kelowna, CMHC data highlights that studio units made up around 12 percent of private apartment units from 2021 to 2024, including both rental and ownership. It is not clear what share of these studio units were micro suites.

Improved data is available looking at projects coming forward. Currently, 7 per cent (585 units) of open development permit applications for apartment units are micro suites. However, one application in the University South Village Centre is 93 per cent micro suites, which skews the average. When removing this application from the calculations, micro suites account for only 2 per cent (144 units) remaining in-stream apartment units across the city.

While rental data specific to micro suites is not available, data indicates that studio units have lower rents than larger units. For example, rent for studio units is approximately 15 per cent lower than for one-bedroom units (CMHC). In addition, the vacancy rate for these studio units has typically remained lower than all unit types, indicating that demand for studio units remains high.

Conclusion:

Micro suites are a sub-category of studio units and are regulated with studio units in the Zoning Bylaw. Micro suites are permitted to be located within the five Urban Centres (Rutland, Midtown, Capri-Landmark, Pandosy, and Downtown) and the University South Village Centre, providing residents with access to transit, places of employment, schools, shopping, and commercial activities.

In recent years and looking forward, micro suites have and are expected to remain a small share of new homes built in Kelowna (~5 per cent). They do, however, provide a housing option for a variety of households in Kelowna, whether they are students, residents looking to find more affordable accommodation, or households looking for access to high-amenity areas.

With growth also being signaled along major transit routes to and from Urban Centres, the Transit Supportive Corridors Pilot Project provides an opportunity to consider whether micro suites are a suitable housing type along Transit Supportive Corridors. This initiative is underway, with future touch points with Council later this year.

Micro suites are likely to remain a desirable housing choice for a share of Kelowna residents, with housing needs estimates and targets consistently indicating strong growth in smaller, one and two-person households.

Internal Circulation:

Development Planning
Long Range Planning
Building and Permitting
Infrastructure Delivery
Communications

Considerations applicable to this report:

Existing Policy:

- Interim Housing Needs Report (November 2024), 5-year Allocation of Projected Growth + Demand
- 2040 Official Community Plan, Chapter 1: The Big Picture

Legal/Statutory Procedural Requirements:

- Local Government Act, Section 561 – Circumstance in which development cost charges are not payable
- 'Bill 27 – Local Government (Green Communities) Statutes Amendment Act, 2008'
- Appendix B – Housing Unit Breakdown as Guidance for the City of Kelowna.

Consultation and Engagement:

Staff met with three different development groups who own and/or operate studio units within the City of Kelowna to understand their experience and gain insight into who rents/owns these units.

Financial/Budgetary Considerations:

The Official Community Plan (OCP) anticipates that over 70% of growth (including micro suites) will happen in Urban Centres by 2040. The necessary infrastructure to maintain Council service levels is already included in the 20-Year Servicing Plan and 10-Year Capital Plan, and growth patterns are continuously monitored by staff. The relatively small percentage of projected micro suite units (~ 5%) is considered to have a minor influence on infrastructure demand.

Considerations not applicable to this report:

Legal/Statutory Authority: N/A

Communications Comments: N/A

Submitted by:

A. Cook, Planner II

Reviewed by:

J. Moore, Housing Policy and Programs Manager

Approved for inclusion:
Services

R. Smith, Divisional Director, Planning, Climate Action & Development



Micro Suite Regulations Review

Housing Policy and Programs

May 12, 2025

Purpose

To review current micro suite building policies and requirements.



Background

- Council resolution – January 27, 2025

THAT Council directs staff to review current micro suite building policies and requirements as outlined in the City of Kelowna's Official Community Plan and Zoning Bylaw No. 12375.

What is a micro suite?

- Sub-category of studio units that are less than 29 m².
- Often regulated and tracked with studio units.



Background

2008

Provincial legislation exempted units smaller than 29 m² from Development Cost Charges (DCCs)

2008 to 2017

No specific regulations or definitions within City bylaw or policy

2017

Regulations adopted into the Zoning Bylaw and relevant policies updated

Current Regulations

Zoning Bylaw No. 12375

- Definition added
- Permitted in Urban Centres & University South Village Centre
- Regulated as studio units

2040 Official Community Plan

- No specific regulations
- Encourages a mix of diverse housing forms

Role of Micro Suites in 5 Year Housing Targets

Provincial housing targets

61%

Studio and one-bedroom

City's Interim Housing Needs Report

31%

One-person households

Discussion

- Meet the housing needs of a variety of household types
- Reasons to rent:
 - affordability
 - location
 - opportunity to save



Discussion

Integral aspects of livability

- Well designed layout and quality of finishings
- Located near shops, services, amenities, transportation

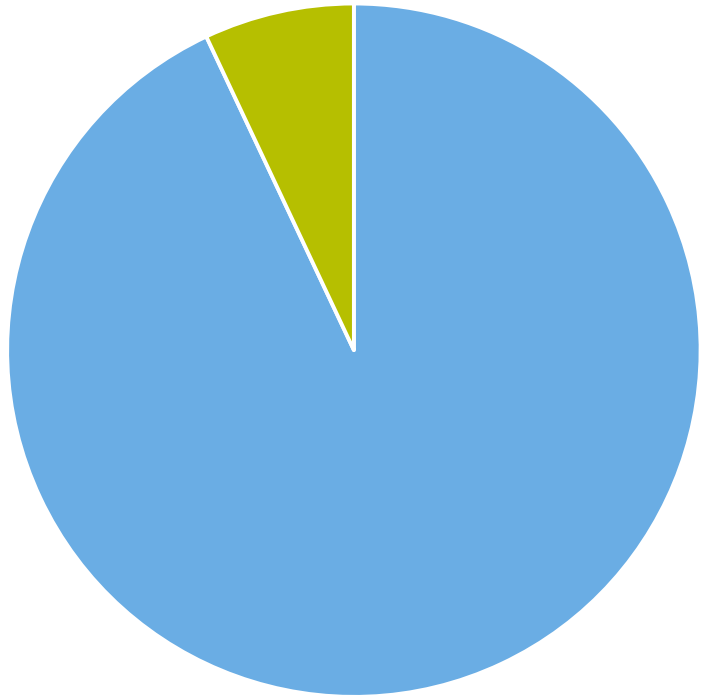


Discussion

- On average, rental rates for studio units are lower.
 - Studio rent is approximately 15% lower than one-bedrooms
- Small units represent a small fraction of past housing units.
 - Studios made up around 12% of private apartment units between 2021-2024

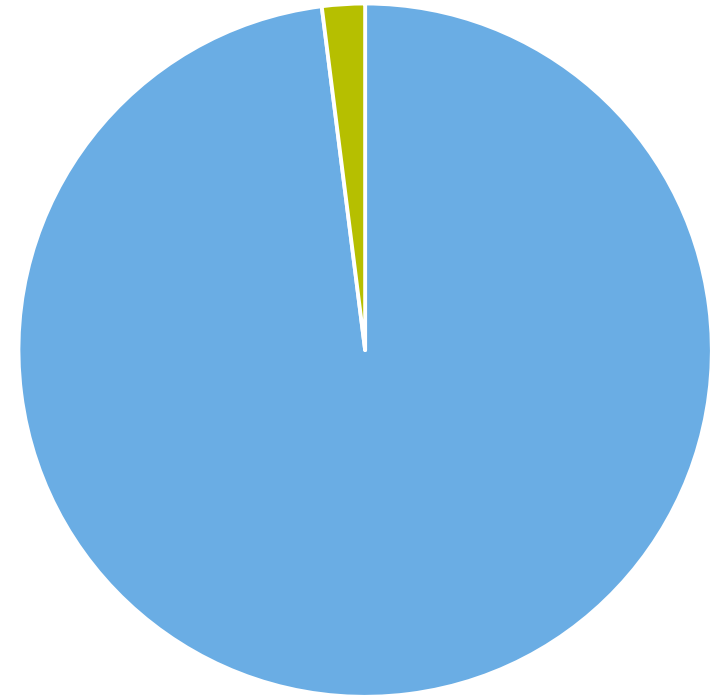
In-stream Development Permit Applications

Applications with apartments



■ Studio to 3+ Bedrooms ■ Micro Suites

Without application near UBCO campus



■ Studio to 3+ Bedrooms ■ Micro Suites

Conclusion

- Regulated as studio units within the Zoning Bylaw
- Represents a small share of new homes
- Opportunity for consideration of micro suites along TSCs
- Meets the needs of certain demographics

