

MAXIMUM FLOOR AREA

Revisions for Commercial Uses in Select Residential Zones

Recommendation			
That Administration prepare amendments to Zoning Bylaw 20001, as outlined in Attachment 5 of the August 13, 2024, Urban Planning and Economy report UPE02154, and return to a future City Council Public Hearing.			
Requested Action		Committee Decision Required	
ConnectEdmonton's Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		Urban Places	
City Plan Values	LIVE. THRIVE. CREATE.		
City Plan Big City Move(s)	A Community of Communities A Rebuildable City Catalyze and Converge	Relationship to Council's Strategic Priorities	15-minute Districts Arts and Culture Economic Growth
Corporate Business Plan	Transforming for the Future		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Zoning Bylaw 20001 		
Related Council Discussions	<ul style="list-style-type: none"> October 16-20/23, 2023, Urban Planning and Economy report UPE02036, Charter Bylaw 20001 To adopt a new Zoning Bylaw for the City of Edmonton and repeal Bylaw 12800 (the current Edmonton Zoning Bylaw) 		

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Previous Council/Committee Action

At the October 16-20/23, 2023, City Council Public Hearing, the following motion was 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.

Executive Summary

- Zoning Bylaw 20001 allows limited commercial development in the (RS) Small Scale Residential Zone, (RSF) Small Scale Flex Residential Zone and (RSM) Small-Medium Scale Transition Residential Zones. This supports The City Plan's goals to encourage entrepreneurial opportunities, support innovative business models and foster communities where people can easily meet their daily needs closer to home.
- Administration interprets the intent of the motion to be to continue supporting this business opportunity while reducing the potential impact of new businesses on neighbours.
- An analysis of permits and licenses issued on sites zoned Neighbourhood Convenience Commercial (CNC) Zone under former Zoning Bylaw 12800 indicates that decreasing the maximum floor area to 100m² would substantially restrict the viability of permitted commercial uses in the RS, RSF and RSM Zones and make the conversion of average-sized homes into businesses more difficult.
- Administration recommends a reduction in the maximum floor area per individual commercial establishment from 300 m² to 200 m², rather than 100 m², in the RS, RSF and RSM Zones. A maximum floor area of 200 m² can meet the needs of most small-scale businesses. While some flexibility will be lost, the potential impact to neighbouring properties may be reduced.

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 communities where people can easily meet their daily needs closer to home.

The size of commercial uses under the RS, RSF and RSM Zones is currently limited to 300 m² per individual establishment. Floor area includes all interior spaces including basements and garages but does not include outdoor patio space.

More than one 300 m² commercial establishment may be developed per lot if it meets the other zoning limitations noted below. Community uses, such as Child Care Services, are not impacted by the maximum commercial floor area regulation.

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Maximum Commercial Floor Area Rationale and Additional Mitigations

A maximum commercial floor area of 300 m² per individual establishment was initially chosen for the following reasons:

- To support compatibility with adjacent residential properties
- To ensure that businesses in small-scale residential zones are neighbourhood-scale
- To support small business viability and flexibility
- To accommodate most residential home conversions to a commercial use, and
- To align with the maximum commercial floor area regulation in the (RM) Medium Scale Residential Zone.

To help mitigate potential negative impacts on surrounding properties, commercial uses in the RS, RSF and RSM zones are also limited by:

- Type: Only Food and Drink Services (e.g. restaurants and coffee shops), Health Services (e.g. dental offices and counselling services), Indoor Sales and Services (e.g. retail stores, art studios, and hair salons), and Offices (e.g. law offices and insurance offices) are permitted.
- Location: Commercial uses are only permitted where the neighbouring property is in a non-residential zone that allows for commercial uses. Approximately 0.2 per cent of small scale residential lots meet this location criteria.
- Outdoor 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.

Research

Jurisdictional Scan

Administration conducted a jurisdictional scan of 17 other Canadian municipalities to determine how their Zoning Bylaws regulate commercial uses in small-scale residential zones. While some municipalities have begun to allow commercial uses in smaller-scale residential zones, most do not. Of the municipalities that do allow commercial uses in small-scale residential zones, maximum floor area limits vary between 93 m² to 278 m². Attachment 1 provides full jurisdictional scan details.

Data Analysis

Administration analyzed permit and licensing data for various types of businesses under the former (CNC) Neighbourhood Convenience Commercial Zone to gauge the typical size of a neighborhood-scale business. Approximately 45 per cent of neighbourhood businesses have a floor area of 100 m² or less, while around 75 per cent have a floor area of 200 m² or less. Only 10 per cent have a floor area between 200 m² and 300 m².

The data also reveals variations in floor area based on business type. Specialty food services (e.g. coffee shop) often occupy smaller spaces, with an average floor area of 116 m² (55 per cent have a

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floor area of 100 m² or less), whereas restaurants typically require larger spaces, with an average floor area of 168 m² (only 32 per cent fall below 100 m²).

Commercial development under the (RS) Small Scale Residential Zone may involve converting single detached houses into commercial spaces. The average size of a single detached house in the former (RF1) Single Detached Residential Zone is 140 m², excluding basements and garages. Reducing the maximum floor area to 100 m² would make converting an average-sized home into a commercial space more challenging, potentially necessitating rezoning, variances or partnerships with other businesses to utilize existing space.

Attachment 2 outlines the data collected and Attachment 3 visually presents the different scales of business.

Recommendation

Administration recommends a reduction in the maximum commercial floor area to 200 m² as outlined in Attachment 4. A maximum floor area of 200 m² will meet the needs of most small-scale businesses and will continue to support 15-minute communities. While some flexibility will be lost, the potential impact to neighbouring properties may be reduced.

Administration recommends 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 and small-medium scale residential zones.

If the Urban Planning Committee accepts the proposed approach, Administration will prepare a bylaw amendment as outlined in Attachment 4 and return to a future Public Hearing.

Community Insight

Business Stakeholder Interviews

Qualitative information on the floor area needs of small businesses was gathered through interviews and email surveys with 14 commercial stakeholders, including small business owners, developers and Business Improvement Area representatives (Attachment 5). Feedback revealed varying space requirements across business types, with many indicating 100 m² was too small and 300 m² too large for small-scale residential zones. Discussions also included converting single detached housing into businesses, with concerns raised that limitations on floor area would hinder the viability of such conversions. While most neighbourhood-scale businesses do not need 300 m², some house conversions could benefit from this size to utilize basements and garages.

Zoning Bylaw Renewal Feedback

Engagement for this report focused on researching the relationship between small business size and viability. Broader engagement regarding the inclusion of commercial uses in the small scale residential zones occurred during the Zoning Bylaw Renewal engagement conducted in fall 2022

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and the spring 2023. During these engagement periods, public feedback was mostly supportive of allowing limited small-scale business opportunities in residential zones.

Community stakeholders, including community leagues, were provided a four-week period in March and April 2024 to review a draft of this Council report. Feedback supported reducing individual commercial establishment sizes to 100 m², citing concerns about negative impacts on neighbouring residential properties and land value inflation.

Industry stakeholders, such as the former Urban Development Institute (UDI) - Edmonton Region, expressed concerns about increasing regulatory barriers and restricting innovation and supported maintaining the existing 300 m² maximum.

The recommendation aims to balance resident and business interests. Reducing the maximum floor area to 200 m² could accommodate most small businesses while recognizing the primarily residential nature of the neighbourhood.

GBA+

Allowing commercial opportunities in the small-scale and small-medium scale residential zones brings services closer to where people live which supports those who have mobility issues and who cannot afford to travel far distances to meet their daily needs.

This regulation also provides alternative rental and ownership options for small businesses and not-for-profit organizations. In consideration of this, Administration reached out to small business owners and an arts organization to gain feedback on potential impacts of the proposed change.

Interviews revealed concerns that reducing the maximum commercial floor area could lead to more barriers for smaller business owners and not-for-profit organizations. Variances can be risky, costly and time-consuming for applicants. In some cases, variances may present too large a risk and the business or organization will seek other options.

The maximum commercial floor area recommended in this report seeks to balance commercial viability with residential compatibility. Reducing the maximum commercial floor area too much could lessen the effectiveness of the regulation which is intended to support local businesses and increase accessibility of services.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachments

1. Jurisdiction Scan
2. Permit, Licensing and Net Floor Area Data
3. Small Business Examples
4. Mark-up and Rationale of Proposed Text Amendment

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5. Commercial Stakeholder Insight