

Date: January 21, 2026

Title: Secondary Dwelling Unit Activity – 2025 Summary

ISSUE:

As part of the 4-unit amendments in April 2025, Council directed the Planning and Development Department to provide reports to City Council summarizing secondary dwelling unit activity and the impacts of By-law No. Z-5.338 for activity ending December 31, 2025, 2026, and 2027. The following report summarizes secondary dwelling unit activity for the 2025 year.

SITUATION, BACKGROUND & DISCUSSION:

SITUATION:

a. Current (extant) Direction.

At the April 14, 2025, Regular City Council Meeting, the following resolution was passed:
BE IT RESOLVED THAT the Council for the City of Fredericton hereby directs the Planning and Development Department to provide reports to City Council analyzing the impact of By-law No. Z-5.338, A By-law to Amend By-law No. Z-5, A Zoning By-law for the City of Fredericton including, but not limited to the following information:

- *The total number of secondary dwelling units created;*
- *The number of each type of secondary dwelling units created including the number of units created through conversion and the number created by the construction of new floor space;*
- *A summary of the locations of the secondary dwelling units by neighbourhood;*
- *A summary of the current ownership status of approved secondary dwelling units;*
- *A summary of by-law enforcement activity related to secondary dwelling units;*
- *Staff analysis respecting the relative effectiveness of the by-law amendments including what has worked well and what has not worked well; and*
- *A report is to be provided for activity ending December 31, 2025, December 31, 2026, and December 31, 2027.*

b. Alignment.

The 4-unit amendments as part of By-law No. Z-5.338 are directly linked to the City of Fredericton's obligations under the Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (HAF) contribution agreement and also support the broader implementation of the City's Affordable Housing Strategy through providing more housing options and zoning flexibility.

c. Link to CAO goal or inflight.

The City's Strategy Map 2022-2026 includes building community, with a focus on enhancing our existing neighbourhoods and encouraging responsible growth.

d. Why is this coming to Council and why now?

The 2025 report on secondary dwelling unit activity is being advanced as part of the annual reporting requested by Council.

BACKGROUND.

Affordable Housing Strategy

As part of the City's Affordable Housing Strategy adopted in 2022, there were eight recommendations to help address the housing crisis. Recommendation #3 was to "review and amend Zoning By-law regulations to enable more and faster housing". This included:

- Removing limitations on basement apartments and allow 2 dwelling units as the lowest maximum density across Fredericton, and
- Allowing 4 to 6 units as the lowest maximum density on broad sub-areas of the city, such as within areas of the North Core, South Core, and City Centre.

Phase I Amendments

In August 2024, a first phase of amendments to the Municipal Plan (Z-6.8) and Zoning By-law (Z-5.328) were advanced to implement the City's Affordable Housing Strategy, removing limitations on basement apartments and allowing 2 dwelling units across Fredericton. Before these amendments, basement apartments were widely permitted (in the former R-2 zone) but were the only type of secondary dwelling unit permitted without an amendment process (former garden and in-law suites). The set of amendments from phase I in 2024 generally included:

- Introducing secondary dwelling units beyond the basement;
- Establishing a new definition for secondary dwelling units that encompassed basement apartments, accessory apartments (formerly in-law suites) and garden apartments (formerly garden suites);
- Removing the size and bedroom restrictions for basement apartments; and,
- Removing the existing amendment process (related to the former garden and in-law suites).

Housing Accelerator Fund (HAF)

Council-in-Committee, at its meeting on July 24, 2023, directed staff to submit the City of Fredericton's application for funding under the Housing Accelerator Fund (HAF). Following the application, staff from the Canada Mortgage and Housing Corporation (CMHC) initiated discussions with City Staff regarding funding under the HAF on November 9, 2023. CMHC requested that enhancements be made to the City's application, notably amending the Zoning By-law to permit a minimum of 4 residential units as-of-right for serviced residential development in all zones.

On November 20, 2023, Council directed that a letter be sent to the Minister of Housing agreeing to work with CMHC to implement the requested enhancements. That letter conveyed the City's preference for allowing 4 to 6 units in the core areas as the more nuanced and responsive approach to the housing crisis and the City's residential growth policy direction instead of allowing 4 units on a lot everywhere. However, it went on to say that "City Council would be prepared to initiate the process to amend the Zoning By-law to permit four units as of right in all serviced areas of the City if indeed it is a condition of application approval". CMHC then confirmed that the City's

preference of allowing 4 to 6 units only in core areas of the city would not meet the funding criteria and instead the amendments must allow for 4 units on all residential properties city wide. On November 24, 2023, staff were informed that the City’s request for Housing Accelerator funding was approved subject to execution of a Contribution Agreement. On December 11, 2023, Council adopted a resolution to initiate the necessary amendments to satisfy the funding approval conditions under HAF.

Phase II Amendments

Following city-wide public engagement, the second phase of amendments were advanced to implement the obligations under CMHC’s Housing Accelerator Fund. These amendments were heard at the February 13, 2025, Planning Advisory Committee with the Public Hearing and 1st/2nd Reading of the By-law at the March 10, 2025, Regular City Council Meeting, and the 3rd Reading of the By-law and adoption of Z-5.338 on April 14, 2025. The set of amendments from phase II in 2025 generally included:

- Combining zones to increase flexibility and reduce redundancy. The R-1, R-1N, and R-2 zones were combined to form a new R-1 zone, similarly the TP-2 and TP-3 zones were combined to form a new TP-2 zone;
- Allowing up to 3 secondary dwelling units (SDUs) in all low-rise residential zones as the means to achieve 4 units on a lot. This represents a more incremental approach in an effort to achieve a more “gentle” form of density in neighbourhoods;
- Establishing minimum lot area and frontage standards to govern how many SDUs would be permitted on a lot:

Number of SDUs (Max)	Lot Frontage (Min)	Lot Area (Min)
1 unit	11.5m	345m ²
2 units	15m	450m ²
3 units	18m	540m ²

- Adding the garage apartment as a new SDU type which is the unit over a detached garage, including specific standards to help address privacy and height of the upper level; and,
- Revising parking standards specifically for SDUs to provide more flexibility.

DISCUSSION.

The following provides a summary of the secondary dwelling unit activity in 2025 and requested information:

1) Total Number of Secondary Dwelling Units Created

- 34 Secondary Dwelling Units
 - 8 Secondary Dwelling Units Permitted Pre-Amendments (Prior to April 14, 2025)
 - 26 Secondary Dwelling Units Permitted Post-Amendments (After April 14, 2025)
- Breakdown of Secondary Dwelling Units by # of Units on the Property
 - Second (2nd) Unit on the Property: 33
 - Third (3rd) Unit on the Property: 1
 - Fourth (4th) Unit on the Property: 0

When looking at the number of secondary dwelling units permitted in 2025 relative to the City's overall housing starts (1564 total units), secondary dwelling units account for approximately 2%. Prior to the amendments, from 2020-2024 the number of secondary dwelling units averaged 11 units per year, with 2024 having 20 secondary dwelling units. In the Fredericton context, secondary dwelling units have been introduced at a very gradual pace and spread throughout the city, and that trend continues with the 2025 activity with a slight increase from previous years. Additionally, when looking at the number of secondary dwelling units on each property, property owners primarily look to introduce one secondary dwelling unit.

2) Number of Each Type of Secondary Dwelling Unit (including number of units created through conversion versus new floor space)

- Basement Apartment: 25 units
- Accessory Apartment: 8 units
- Garden Apartment: 0 units
- Garage Apartment: 1 unit

- Units Created Through Conversion: 30 units
- Units Created Through New Floor Space: 4 units

When looking at the secondary dwelling units by each type, almost 75% are represented by basement apartments and almost 90% created through conversion of existing floor space. Given the costs associated with development, particularly for individual property owners, the basement apartment would represent an option that is more cost effective for most. Additionally, with the amendments removing size and bedroom restrictions previously in place for basement apartments, it has helped secondary dwelling unit become viable. As it has only been approximately 10 months and one construction season since the amendments, staff anticipate property owners to continue to explore their various secondary dwelling unit options moving forward, with basement apartments continuing to be the main type.

3) Summary of Secondary Dwelling Unit Locations by Neighbourhood (Ward)

- The attached Secondary Dwelling Unit Development Activity Map provides a geographic summary of the secondary dwelling units permitted. In summary by Ward:
 - Ward 1: 4 units
 - Ward 2: 1 unit
 - Ward 3: 1 unit
 - Ward 4: 0 units
 - Ward 5: 3 units
 - Ward 6: 6 units
 - Ward 7: 5 units
 - Ward 8: 5 units
 - Ward 9: 1 unit
 - Ward 10: 2 units
 - Ward 11: 4 units
 - Ward 12: 2 units

The general distribution of secondary dwelling units across the city is widespread. There is an almost even distribution on the north and south side, and no one Ward being a major concentration of secondary dwelling units permitted. The largest number in one Ward, being Ward 6, is 6 secondary dwelling units.

4) Summary of Current Ownership Status of Approved Secondary Dwelling Units

- Owner Occupied Properties: 21 properties
- Non-Owner Occupied Properties: 13 properties

Related to the breakdown of secondary dwelling units by the number of units on the property, just over 60% of properties with a secondary dwelling unit permitted are owner-occupied. As a reminder, there is no requirement for a property to be owner occupied where there is only one secondary dwelling unit (2 units) on the property. Overall, when you look at the different attributes, the primary form of secondary dwelling unit created is a basement apartment as the second unit in an owner-occupied property.

5) Summary of By-law Enforcement Activity Related to Secondary Dwelling Units

In speaking with By-law Enforcement staff, there have been no specific enforcement files related to the 4-unit amendments or permitted secondary dwelling units. By-law Enforcement would note that they do deal with general complaints and inquiries with respect to occupancy and parking on properties. For future years and reporting, By-law Enforcement is part of the new Development Management System currently being implemented, which should provide more accessible data and tracking of enforcement files moving forward.

6) Staff Analysis of Amendments

Overall, in staff's view the two sets of amendments related to secondary dwelling units have provided more zoning flexibility and streamlined processes, particularly for basement apartments as well as allowing more options beyond the basement. In staff's view, the existing standards in place allow for gentle density to be introduced in a manner that maintains the appearance of the main residential building. It has led to a slight increase in secondary dwelling unit activity compared to previous years, recognizing that secondary dwellings are introduced gradually, account for a small portion of the overall housing starts, and still represent a significant cost and investment for individual property owners particularly given overall affordability challenges. When looking at the different attributes, the primary form of secondary dwelling unit created is a basement apartment as the second unit in an owner-occupied property. Nonetheless, it should be made clear that with this being the first year of the amendments, this data represents a very small sample size.

From the initial amendments, there has been one adjustment of note being the building height for garden apartments. On October 15, 2025, the federal government released the Housing Design Catalogue, which features a range of standardized housing designs that meet regional Building Code requirements, with the aim of streamlining the approval process and building housing faster. For the City of Fredericton to meet one of its obligations under the Housing Accelerator Fund, the City must adopt a pre-approved plan for a secondary dwelling unit. To accommodate the design from the Atlantic Housing catalogue, the maximum building height standard for garden apartments is proposed to increase from 4.5 metres to 4.9 metres. This proposed change is part of

housekeeping amendments that were brought to the Planning Advisory Committee on December 10, 2025, with the Public Hearing and 1st/2nd Reading of the By-law at the January 12, 2026, Regular City Council Meeting, and the 3rd Reading at the January 26, 2026, Regular City Council Meeting.

NEXT STEPS:

The Planning and Development Department will continue to monitor development activity related to secondary dwelling units and report back in January 2027 with the relevant 2026 data.

SPOKESPERSON:

Prepared by: *Fredrick Van Rooyen, RPP, MCIP, Senior Planner*

Approved by: *Ken Forrest, RPP, MCIP, Director of Planning and Development*

/Attachments

(1) 2025 Secondary Dwelling Unit (SDU) Development Activity Map

Report Approval Details

Document Title:	Secondary Dwelling Unit Activity - 2025 Summary.docx
Attachments:	- 2025 Secondary Dwelling Unit (SDU) Development Activity Map.pdf
Final Approval Date:	Jan 22, 2026

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Forrest, Kenneth was completed by workflow administrator Nakhle, Doreen

Forrest, Kenneth

Hart, Steven