

## **Secondary Suites Amnesty Period Extension**

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### **EXECUTIVE SUMMARY**

On 2018 March 12, through the approval of the Suite Registry Bylaw 11M2018, Council mandated that all secondary suites must be registered by 2020 June 1 and Council also approved a two-year amnesty period. During the amnesty period The City waived the registry and development permit fees, and enforcement was focused on education and safety.

As a result of these efforts, over 1,600 secondary suites have been registered over the last 21 months and there are now 2,600 registered suites. However, data from a 2013 Canada Mortgage and Housing survey indicates there are still at least over 13,000 illegal secondary suites in Calgary.

Historically, secondary suites have played a critical role in the affordable housing spectrum and could potentially play an even larger role as the COVID-19 health emergency continues. Therefore, Administration is committed to supporting homeowners and enabling them to make their secondary suites safe. For those reasons, Administration believes it is in the best interest of Calgarians to extend the amnesty to 2021 December 31.

#### **ADMINISTRATION RECOMMENDATION:**

That the Standing Policy Committee on Planning and Urban Development recommend that Council:

1. Approve through to 2021 December 31 a continuation of the secondary suite amnesty program, and correspondingly adopt by resolution the 2020 fee changes in Attachment 1, and 2021 fee changes in Attachment 2.
2. Include with Council's 2022 budget considerations a recommendation regarding whether the secondary suite amnesty program, and waived fees to support the program, should continue after 2021.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2018 March 12 through C2018-0128 *Secondary Suite Process Reform*, Council gave three readings to the Suite Registry Bylaw 11M2018. There is no Council direction to report back on the secondary suite amnesty.

### **BACKGROUND**

A registered suites is one that has obtained all required City approvals and passed all required inspections. Once registered, the homeowner is provided with a unique identification number and two stickers which are for display on the property where the suite is located. The registry database is made available to the public online as a web-based map which is searchable by address and the unique identification number.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

In 2013, the Canada Mortgage and Housing Corporation estimated that there could be at least 16,000 or more illegal suites in Calgary. To date, there are 2,600 legal and safe suites on the suites registry, which means there are still over 13,000 suites remaining to be registered. Prior to Council passing the Registry in March 2018 and the commencement of the amnesty, the number of suites added to the registry averaged 10 – 15 suites per month. Over the last eight

## **Secondary Suites Amnesty Period Extension**

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months, prior to the COVID-19 health emergency, over 100 suites per month were being registered. Administration expects that after the amnesty and once Canada normalizes, registered suites will gradually drop back down to 10 – 15 per month.

### *If the amnesty is extended*

The Planning Applications Fee Schedules for 2020 (Attachment 1) and 2021 (Attachment 2) must be adopted by resolution of Council to ensure the Registry and Development Permit (DP) fees continue to be waived until 2021 December 31. Fees will be introduced starting 2022 January 1. Approximately \$1 million in DP and registry fees have been waived from March 2018 through present day. An additional \$1.8 million is the forecasted amount of waived fees if the amnesty is extended.

### *Benefits of extending the amnesty:*

- Acknowledges the difficulty owners are having due to the current health crisis and the anticipated longer-term effects on the local economy
- Allows The City to maintain positive momentum in working with owners to legalize suites
- Legalized suites are safe affordable housing options which benefit Calgarians at an uncertain time in the local economy
- Economic benefit for contractors and materials suppliers
- Every legal existing suite is a future cost avoidance for enforcement
- Could register 25% of the secondary suite market (5,000) by the end of December 2021, which would help normalize legal suites for the long term

### *Disadvantages of extending the amnesty:*

- The cost to Planning & Development of the entire suite approvals and inspection continuum is between \$900 - \$1250 per suite. Only the building permit fee (\$202 for an existing suite; \$402 for a new suite) are being charged during the amnesty
- Some members of the public are anticipating The City to take enforcement action on illegal suites after the amnesty
- Secondary suite permit volumes require a significant draw on Planning & Development resources

Given the success of the amnesty period, an extension would continue to take advantage of the culture shift in owners wanting to legalize their suites. Administration also acknowledges that moving to an enforcement approach during the current health emergency will mean an erosion in homeowner cooperation and could create cynicism among the public. By extending the amnesty for an additional 18 months, enforcement would continue to be focused on encouraging as many owners of existing illegal suites to apply for the required permits to bring the suites up to the minimum life safety standards of the Alberta Safety Codes, as well as not prosecuting a suite owner for with an unregistered suite for the duration of the amnesty. Our goal is to encourage the creation of as many safe and legal suites as possible. A building permit and its fee will still be required in all cases.

## **Stakeholder Engagement, Research and Communication**

Administration has received several requests from homeowners asking to extend the amnesty program. No formal engagement or outreach has been conducted.

## **Secondary Suites Amnesty Period Extension**

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### **Strategic Alignment**

There are several policies within the Municipal Development Plan that support enabling secondary suites. Specifically, the retention of the housing stock in Developed Areas and moderate intensification that respects the scale and character of existing development.

### **Social, Environmental, Economic (External)**

#### *Social*

Secondary and backyard suites are one of many housing choices that can accommodate a wide range of households (i.e. ages, income, family size and lifestyles). Expanding the opportunities in the low density residential districts provides sensitive intensification and more housing options.

#### *Environmental*

Policy and rules on secondary and backyard suites provides opportunities to use existing community infrastructure and to meet the varied needs of households.

#### *Economic*

The creation of new or the upgrading of existing secondary suites can enable the primary home owners to generate additional income towards their mortgage. It may enable prospective home purchasers to buy a home, when their incomes would have otherwise limited them to renting.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

The Registry fee of \$244 and the Development Permit fee of \$497 would come into effect on 2022 January 1 after the extended amnesty period ends as opposed to 2020 June 1 if the amnesty period is not extended.

Approximately \$1 million in DP and registry fees have been waived from March 2018 through present day. An additional \$1.8 million is the forecasted amount of waived fees if the amnesty is extended.

#### ***Current and Future Capital Budget:***

There are no capital budget implications with this report.

### **Risk Assessment**

There is a risk that by approving the recommendations, the public may perceive The City as being too lenient with illegal suites. This can be mitigated by ensuring measured enforcement actions are taken when suites do not meet minimum life safety requirements.

The risk of not approving the amnesty extension is that enforcement actions taken by Administration could result in The City being seen as unsympathetic and harsh given the issues homeowners are facing because of the COVID-19 health emergency. This could erode public trust and decrease cooperation with secondary suite owners.

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### **Secondary Suites Amnesty Period Extension**

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#### **REASON(S) FOR RECOMMENDATION(S):**

Prior to the current health emergency, an extension to the amnesty was going to be proposed by Administration because of the success of the program. Although many homeowners have demonstrated a willingness to work with The City during the amnesty, the impact of the COVID-19 health emergency is immediately going to impact the ability of suite owners to do the work required to make their suite safe. An amnesty extension acknowledges the difficulty owners are having due to the current health emergency and the anticipated longer-term effects on the local economy. An amnesty extension would also continue to take advantage of the culture shift in owners wanting to legalize their suites and allow for sufficient time to capitalize on the cost savings associated with the amnesty. For these reasons Administration is recommending an 18-month extension to the secondary suite amnesty.

#### **ATTACHMENT(S)**

1. Attachment 1 – Proposed 2020 Planning Applications Fee Schedule to support the extended amnesty
2. Attachment 2 – Proposed 2021 Planning Applications Fee Schedule to support the extended amnesty