

## **SECONDARY SUITE DEVELOPMENT PERMIT EXEMPTION - UPDATE**

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### **EXECUTIVE SUMMARY**

On 2015 July 20, Council approved an amendment to the Land Use Bylaw (LUB) to allow for an 18 month Development Permit (DP) exemption for secondary suites where the suite complies with the rules of the LUB and is already listed as a permitted use. This initiative cut costs and timelines for people constructing legal and safe suites.

A Building Permit (BP) is still required for all secondary suites, but the DP exemption provides for an accelerated approval process which reduces the time it takes to get the BP. The accelerated process replaces the 30 day DP process with a 30 minute bylaw check. The reduction in timelines has been a contributing factor to an increase of 35% in legal and safe suites over the past 13 months.

The DP exemption includes a sunset clause in the LUB which will cause the exemption to end on 2017 March 03. Staff have worked closely with applicants and industry representatives on the implementation of the DP exemption and have received a positive response to this initiative. It is notable that there has been no change to the process for the community because a permitted use Development Permit would not have been circulated for comment and approvals are not subject to appeal.

This update report includes a recommendation for a Land Use Bylaw amendment to remove the sunset clause from the relevant section of LUB, thereby making the DP exemption permanent.

### **ADMINISTRATION RECOMMENDATIONS**

That the Planning and Urban Development Committee:

1. Direct Administration to prepare an amending bylaw to the Land Use Bylaw that makes permanent the secondary suite development permit exemption, as outlined as proposed text in Attachment 1;
2. Forward the amending Bylaw directly to the January Combined Public Hearing of Council; and
3. Recommend that Council give three readings to the proposed Land Use Bylaw Amendment.

### **RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2016 NOVEMBER 04:**

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That Council:

1. Direct Administration to prepare an amending bylaw to the Land Use Bylaw that makes permanent the secondary suite development permit exemption, as outlined as proposed text in Attachment 1; and
2. Forward the amending Bylaw directly to the January Combined Public Hearing of Council to give three readings to the proposed Land Use Bylaw Amendment.

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

On 2015 March 30, Council ADOPTED, Moved by Councillor Chabot, Seconded by Councillor Pootmans, that the SPC on Planning and Urban Development Recommendations contained in Report PUD2015-0229 be adopted, as follows:

That Council:

1. Endorse the Suite Safety Campaign as outlined in Attachment 1; and
2. Direct Administration to prepare an amendment to the Land Use Bylaw to allow for an 18 month exemption from a Development Permit for suites where they are already permitted.

### **BACKGROUND**

A key priority for The City of Calgary in the regulation of secondary suites is the safety of the occupants. As reported to Council on 2013 June 24 in PUD2013-0176, a City initiated suite safety study in 2012/2013 revealed that when secondary suites were constructed without permits, basic life safety essentials were absent in about 80 percent of the suites inspected. The City worked with the landowners to identify barriers to applying for approval of a legal suite that they perceive when constructing a legal secondary suite. These landowners identified several disincentives to compliance including the following:

- The cost to construct, renovate or upgrade to meet safety requirements;
- The cost, time required and uncertainty of permits and approvals, particularly land use redesignation, if required;
- Increased income taxes, if rental income is reported to the Government of Canada; and
- Perceived increased property taxes.

On 2014 September 22 through deliberation of PUD2014-0671, and in part as a result of information gathered from the suite safety study, Council directed Administration to establish the Secondary Suites Working Group, with the mandate of developing options for how illegal suites can be made safe. The Working Group recommended the development of a Suite Safety Campaign to address the safety concerns of existing suites through policy and process changes. The Suite Safety Campaign also included considerations that would reduce the barriers to construct a secondary suite. The key points of the campaign included:

- A proposal to have an 18 month exemption from a Development Permit for suites in areas where they are already permitted;
- A proposal for a Secondary Suite registry that would identify secondary suites that have completed all required permits, and have received permission to occupy from The City; and
- The piloting of a public information campaign, with the goal of informing and encouraging existing and potential suite owners to construct their suites with permits and to ensure their suites are up to acceptable safety standards.

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All three points of the campaign have been carried out. The DP exemption started on 2015 September 01, the registry on 2015 September 26 and the public information campaign was underway by mid October 2015. The Secondary Suite Registry is an online interactive map, located on the City's website ([secondariesuites.calgary.ca](http://secondariesuites.calgary.ca)) and lists legal and safe secondary suites in Calgary. These suites have obtained all necessary permits and have been inspected to meet Alberta's Safety Code requirements.

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

The secondary suite DP exemption has cut costs and timelines for people who want to create legal and safe suites. This addresses a permit and approvals related cost and time disincentive to legalizing secondary suites found during the 2013 suite safety study. The results of the DP exemption are:

For Customers:

- Cost savings because there is no need to produce drawings for the DP; and
- Time savings because a 30 day Permitted Use DP has been replaced with a 30 minute bylaw review process at the permit counter,
  - 140 secondary suite applications have been exempt from a DP which results in a time savings for customers of about 4,200 days.

For Administration

- Reduced staff time for review of secondary suite applications; and
- Because, since 2014 January 01, there has been no fee for secondary suite DP applications there is no loss of revenue for Planning & Development by continuing to have a DP exemption for permitted use secondary suites.

Improved Safety for Tenants

- The DP exemption is a contributing factor to an increase in the number of safe and legal suites,
  - From 2015 September 01 to 2016 September 30, the number of legal and safe secondary suites has increased by 35 percent from 431 to 585.

### **DP Exemption Approval Process**

In order to qualify for the DP exemption process, a suite must comply with every rule in the LUB regarding suites. This is verified through a bylaw check at the counter. If a relaxation to a rule in the LUB is noted during the bylaw check, the applicant can either choose to apply for a DP for the relaxation or make a change to the plans to bring the suite into compliance.

Once the bylaw check is completed, the application progresses to a building permit. After confirmation of safety code information, the permit is issued and construction of the suite may commence. On more straightforward files the Building Permit can be issued at the counter, otherwise the permit is usually issued within three to five days. If a DP were required this process would take about 35 days on average, with the applicant needing to make two more visits to the permit counter at the Municipal Building.

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### Land Use Bylaw Amendment

The DP exemption will expire on 2017 March 03. To allow the DP exemption to continue, Council approval of an amendment to the LUB is required. Because of the positive contribution the DP exemption is making on the creation of legal and safe suites, Administration is recommending that the amendment to the LUB be made to allow for permanent DP exemption for permitted use secondary suites. The proposed Land Use Bylaw amendment is included in this report as Attachment 1.

Administration typically brings land use bylaw amendment proposals to Calgary Planning Commission (CPC), and CPC would then make a recommendation to Council. As part of forming the public policy and process recommendation to Council, Administration believes this issue warrants advance consideration by the appropriate Council Standing Policy Committee (SPC), which includes provision for public input. Pursuant to the SPC on PUD's consideration, Administration believes this matter can proceed directly to Council.

CPC members have been advised of Administration's plans in regard to this report, including being advised that any CPC member could elect to comment on the issue as part of the SPC or Council process.

Administration will monitor and review the process applied to consider this LUB amendment, and determine whether it has merit to be considered for use for other initiatives being brought to Council.

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

As noted earlier in this report, Administration conducted a suite safety study in 2012/2013 to determine whether suites were unsafe when constructed without permits but also to better understand why owners of suites choose to construct and operate them illegally. Participants in the study identified the costs associated with creating the drawings and materials for a development permit and the length of time required to obtain approval as reasons for not legalizing their suite.

Administration has met with CHBA-UDI Calgary Region Association to discuss the permanent DP exemption. This organization is supportive of the permanent DP exemption as the temporary DP exemption allows for a faster and lower cost approach in creating secondary suites. A letter of support has been submitted by CHBA-UDI Calgary Region Association, included in this report as Attachment 2.

Administration presented to over 100 members of the Real Estate Investment Network (REIN), who are supportive of a permanent DP exemption. A letter of support from REIN, is included in this report as Attachment 3.

Throughout the secondary suite DP exemption, Administration utilized social media (Twitter, Facebook, Instagram and YouTube) to monitor feedback from Calgarians. The City has received very positive feedback about the new process with very few negative comments. For example, the Facebook post on the DP exemption received 383 positive reactions compared to seven negative reactions.

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### **Strategic Alignment**

The Municipal Development Plan (MDP) recognizes that communities are not static. Communities will, “evolve over time as demographics shift and buildings age, offering an opportunity to review and accommodate changing community needs.” (Page 2-16) In Developed Areas, the MDP reinforces the need for stability in communities by encouraging low to moderate intensification that respects the scale and character of existing development. Secondary suites are a suitable form of intensification in the Developed Areas, and promote the retention of the existing housing stock and vitality of residential areas. The secondary suite DP exemption encourages landowners to consider alternative forms of housing and results in the reinvestment of existing housing stock. Specific MDP policies that support secondary suites include:

#### **Section 2.2.5**

- a. “Encourage growth and change in low-density neighbourhoods through development and redevelopment that is similar in scale and built form and increases the mix of housing types such as accessory suites, semi-detached, townhouses, cottage housing, row or other ground-oriented housing.

#### **Section 2.3.1**

- a. “Provide for a wide range of housing types, tenures (rental and ownership) and densities to create diverse neighbourhoods that include:
  - i. A mix of housing types and tenures, including single detached, ground-oriented (e.g. duplexes, row houses, attached housing, accessory dwelling units and secondary suites), medium- and higher density and mixed-use residential developments; and
  - ii. A range of housing choices, in terms of the mix of housing sizes and types to meet affordability, accessibility, life cycle and lifestyle needs of different groups.”
- b. “Promote a broader range of housing choice for all ages, income groups, family types and lifestyles by:
  - i. Encouraging housing opportunities for low- and moderate-income households in all communities;
  - ii. Promoting innovative housing types, such as co-housing, live/work and cottage and carriage housing and accessory dwelling units, as alternative means of accommodating residential growth and providing affordable housing options; and,
  - iii. Including supportive land use policies and development strategies in Local Area Plans that encourage the provision of a broader range of housing affordable to all income levels.”
- f. Create affordable housing by encouraging:
  - vi. “The provision of an adequate supply of rental accommodation across the city that is affordable to low-and moderate-income households”

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### Section 3.5.1

- a. "Recognize the predominantly low density, residential nature of Developed Residential Areas and support retention of housing stock, or moderate intensification in a form and nature that respects the scale and character of the neighbourhood."

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

#### Social

Secondary suites are one of many housing choices that can accommodate a wide range of households (e.g. ages, income, family size, and lifestyles). This form of housing is supported in the policies of the Municipal Development Plan. A secondary suite may also allow a primary home owner to remain in their home for a variety of emotional, financial or family reasons. Policy and process amendments that encourage home owners to construct a safe and legal suite help to reduce the number of illegal suites that are available to prospective renters, addressing a key safety issue for the City.

#### Environmental

Policy and process amendments that encourage the construction of safe and legal secondary suites in Calgary will provide opportunities to add residential units, while using existing community infrastructure and amenities.

#### Economic

The DP exemption has reduced timelines and cut costs for people who want to create legal and safe suites. Secondary suites provide an investment opportunity for home owners to reinvest in developed communities, ultimately revitalizing and reinvigorating older neighbourhoods. The creation of new, or the legalization of existing secondary sites can enable primary home owners to generate additional legitimate income. Secondary suites may enable prospective home purchasers to buy a home, when their incomes would have otherwise limited them to renting.

The DP exemption has reduced the time and cost required for Administration to approve a secondary suite. This has been achieved by reducing the time and complexity required to obtain an approval for a secondary suite, while still ensuring the secondary suite complies with the Land Use Bylaw.

### **Financial Capacity**

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

DP application fees for secondary suites were waived by Council effective 2014 January 01. If a permitted use DP became a requirement again, there would be no revenue generated unless a DP application fee for secondary suites was directed to be introduced by Council. As such, by waiving the need for a permitted use secondary suite DP it is expected there would be minimal or immaterial impact on the current and future years operating budget.

Secondary suite building permits are still required for all secondary suites, with fees set at approximate cost recovery levels for the permit review and inspections.

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

No impacts.

### **Risk Assessment**

The proliferation of illegal secondary suites has inadvertently created a safety issue for both the occupants of secondary suites and of the primary dwelling. Policy and process amendments that encourage the construction safe and legal suites in Calgary are intended to reduce the number of unsafe suites in Calgary. Should the recommendation in this report not be approved, there is a risk of returning to a more complex application process which could discourage owners of secondary suites from legalizing them.

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

The DP exemption has cut costs and timelines for people who want to create legal and safe suites. It has addressed the disincentive related to the cost and time required of permits and approvals and is a contributing factor to the 35 percent increase in the number of legal and safe suites constructed over the last 13 months. The DP exemption reduces the amount of staff time dedicated to the approval of secondary suites without compromising compliance with the Land Use Bylaw. The recommended amendment to the Land Use Bylaw will enable the DP exemption to continue.

### **ATTACHMENT(S)**

1. Proposed wording to amend Land Use Bylaw 1P2007
2. Letter of support from CHBA-UDI Calgary Region Association
3. Letter of support from the Real Estate Investment Network