

Change of Use Initiative – What we Heard Report

Introduction

The Change of Use is an initiative in partnership with the Business and Local Economy (BLE) team and the Business Advisory Committee (BAC). The main goals of the initiative are:

1. **Build a better understanding of businesses needs and perspectives when interacting with The City to open and manage their business, especially with the Change of use domain.**
2. **Identify opportunities to streamline the Change of Use (Policy; Land Use Bylaw; Timeline and Cost) process when opening a business**

The purpose of this report is to document and analyze the feedback obtained from targeted stakeholders during the meetings.

Approach

External stakeholders were identified to participate in two workshops described below. There were seven stakeholders who are characterized as experienced applicants and represent the major players in business in the Calgary market. They range from real estate and land development corporations, commercial property management, brokers and realtors. The two workshops were:

Issues and Opportunities identification - In order to obtain stakeholders feedback the workshop was focused on two key questions:

- When executing or going through Change of Use (COU) related activities what are the main difficulties and challenges that you encounter? What gives you a headache?
- What would make your life as a business owner easier? What would be a good relief for you? What do you dream about?

Business and Local Economy (BLE) has also engaged with key internal stakeholders from Planning & Development to build a better understanding of details related to Change of use.

Empathy Mapping – In order to build empathy towards the stakeholders when navigating the processes and activities related to Change of Use the workshop was focused on the participants telling their personal stories guided by the following questions:

Doing	Feeling	Thinking
<ul style="list-style-type: none">• What are the things you did before even begin the COU process?• What are the things you did to begin the COU process?• What are the things you did while waiting for an outcome?• What are the things you did when you got the outcome of the process?	<ul style="list-style-type: none">• How did you feel at each part of the COU process?	<ul style="list-style-type: none">• What went through your mind at each part of the COU process?

In addition to the above workshops the BLE team conducted a very high-level environmental scan with the cities of **Edmonton and Ottawa**.



What We Heard

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Summary of findings

During the issues and opportunities identification workshop, the Business Advisory Committee (BAC) and the Business and Local Economy (BLE) engaged with key stakeholders to better understand their pains and gains and provide input on the processes when doing business with The City of Calgary.

Below there is a summary of the key findings based on the feedback from internal and external stakeholders

City Policy/ Land Use Bylaw	External Policies	Culture Change – People’s behaviors and mindsets	Customer Support and Awareness	Technology
Major Issues				
<p>Regulation - The Land Use Bylaw overregulates the market limiting flexibility.</p> <p>Process Time – The Land Use Bylaw generates processes that increases the time to be completed resulting in delays to start a business and consequently revenue lost.</p> <p>Process Cost - The upfront COU permit fees and cost to the customer to put together required documents for the applications can be cost prohibitive for new businesses.</p>	<p>Increase of complexity - External policies add more layers and contribute to a longer timeline in completing the Change of Use processes and requirements</p>	<p>Working towards a “Yes” - Current City culture reinforces decisions towards a “No” instead of working towards a possible “Yes”.</p>	<p>Business startup requirements awareness - Business owners are not aware of the approvals required. It is a challenge to understand how their business model related to the type of approvals required to start a business.</p>	<p>Integrated User Experience - Technology is not fully integrated with the various stages and types of COU processes resulting in not the most optimal user experience.</p>



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The external stakeholders have identified from the above the following priorities, in no order of importance:

- **Within the Land Use Bylaw Regulation:**
 - Prescriptive commercial zoning with too many discretionary uses
 - Lack of value and logic in the permitted use category
- **Land Use Bylaw processes and time that result in lack of clarity and uncertainty**
- **The shift in mindset to work towards a “Yes”**

Change of Use detail findings

Table 1 highlights the details around the major issues based on key internal and external stakeholder feedback.

Table 1 – Change of Use (COU) major issues details

Theme	Major Issue	Context and details around the components of the major issue OR Sub-issue	Comments from stakeholders	Potential Considerations
City Policy/ Land Use Bylaw	Regulation - The Land Use Bylaw overregulates the market limiting flexibility.	There are too many uses in the current Bylaw.	“Broaden existing uses” “Permits per capita are higher than other cities, are we over regulating?”	Reduce and consolidate commercial uses such as Restaurant. Regulate intensity and impact of uses Remove rules from the use definition and add to the land use districts. Current Work in Progress: Short-term business friendly land use bylaw amendments to be approved by Council in July/2021.
		The requirements (i.e. Land Use designations) from the 2P80 bylaw delivered better economic benefits than the ones in the 1P2007.	“Desirable uses are not listed in all districts and there is no explanation” “Reduce number of districts i.e. C-N1 doesn’t allow for vet clinic and C-N2 does”	Reduce/consolidate land use districts, list more uses and if uses are not listed provide a rationale.
		The requirement to define a specific use for a location newly established poses two challenges:	“Is there a way to have more flexibility on the base DP uses? New tenants aren’t	Do not list the uses in the bays on the permit drawings. Instead list the uses for the parcel. This

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		<ul style="list-style-type: none"> Front-end - for the investor who needs to identify which one is best appropriate Future - for the investor who might be limited to commercialize the location and for the potential business who might need to apply for a change of use permit, depending on the type of business. 	<p>always known and causes more COU permits late”</p> <p>“In Phoenix they give you multiple options of uses in bays on the base DP”</p> <p>“There is lack of trust on developers”</p> <p>“Applicants that don’t live in the city do not understand the process and just want to check the boxes, then the city holds them up and just says no”</p>	<p>would allow flexibility for where the uses can go in the building and eliminate more permitting requirements.</p>
City Policy/ Land Use Bylaw	Process Time – The Land Use Bylaw generates processes that increases the time to be completed resulting in delays to start a business and consequently revenue lost.	Permitted Change of Use (COU) process/category has minimum impact and does not deliver significant benefits. Current mechanisms in the Land Use Bylaw (i.e. Tenancy Change) are not fully utilized to streamline the experience for businesses.	<p>“Why does the city need this?”</p> <p>“What is the value to a customer or citizen?”</p> <p>“Tenancy change is the same process except DP has a fee”</p> <p>“If change of use is permitted, why do you need a change of use?”</p> <p>“Revenue lost from processing permitted COU is insignificant.”</p> <p>“What is the value in the data for the city?”</p>	<p>Pilot removing permitted change of use applications.</p> <p>Re-allocate staff to review applications to ensure there is no time delay for approval.</p>
		Permitted COU permit applications take a few days. Permits take up to 12 weeks to issue if the COU is for permitted with relaxation or discretionary. The business opening is delayed, the business owner loses income and the landlord loses rental income or the tenant.		

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		External circulation referees add 3 weeks to the application review timeline.	"Many do not make comments."	Review list of circulation referees and determine if there is room to remove referees who do not provide feedback. Decrease 3-week timeline for comment circulation referees. Pilot removing circulation referees for non-contentious uses.
		Advertising dates for public online notices result in a 1-week delay.	"If a development permit is approved by Monday it makes the Thursday advertising window (2 days). If approved Tuesday or later, it will not get posted until the following Thursday (8 days)."	Increase number of days for the public notice to 2 days a week.
	Process Cost - The upfront COU permit fees and cost to the customer to put together required documents for the applications can be cost prohibitive for new businesses.	The fee for discretionary/relaxation change of use is substantially higher than for the permitted change of use. \$200.00 vs. \$625.00. If the application is not approved, the business owner loses their money and has to start all over again.	"There is a huge fee jump from permitted to discretionary"	Based on the experience with COVID19 relief (fees waived until end of 2021), explore a long-term fee structure and reduction for permitted to discretionary change of use categories.
External Policies	Increase of complexity - External policies add more layers and contribute to a longer timeline in completing the Change of Use	The Municipal Government Act, which determines the advertising period timeline of a development permit was changed from 2 week to a 3-week advertising period.		
		Requirements from Alberta building code (Safety Codes Council) - adds to the complexity of starting a business increasing time and potentially holding up applications.	"Other cities have a code check up front" "Ottawa has a code compliance mechanism"	Safety Codes Officers to review change of use development permit applications and provide preliminary code comments upfront.

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	processes and requirements.		"The commercial technical assistance centre (TAC) phone line that customers used to ask city staff code questions has been removed"	Re-introduce the Technical Assistance Centre (TAC) phone line service.
		Requirements from Alberta Health Services adds to the complexity of starting a business increasing time and potentially holding up applications		Circulate to AHS when for personal service and food service businesses.
		Subdivision Appeal board can add 2 months to the process if the permit decision or permit conditions are appealed.		Upfront education on the process so business owners are not surprised.
		Regulations related to Subdivision and Development Regulation (SDR) area (landfill/waste) automatically put business in the extended/longer timelines to complete the COU process.		
Culture Change – People's behaviors and mindsets	Working towards a "Yes" - Current City culture reinforces decisions towards a "No" instead of working towards a possible "Yes".	Bylaw interpretation is not consistent among City staff.	<p>"How do we get to yes?"</p> <p>"Staff doesn't make decisions (decision paralysis), could there be a policy change?"</p> <p>"Admin provides too much input through conditions and suggestions"</p> <p>"Admin is not educated/does not have empathy on the business side of the project"</p>	<p>Look at training group sizes for front line staff.</p> <p>More upfront engagement with the customer.</p> <p>Explore a more customized use questionnaire.</p>
Customer Support and Awareness	Business start-up requirements awareness - Business owners are not aware of the approvals required. It is a challenge to understand how their business model related to the type of	Business owners are surprised by the COU requirement. Landlords do not inform business owners of the change of use requirement before signing the lease and then they are held up and unable to open.	"Other cities meet customers on site to provide insight on how to get approval"	Add information online to inquire about the change of use process prior to signing a lease
		Customers, including landowners and developers are not aware that there is a commencement date for their development permit. Additionally, if multiple development permit applications are submitted for a site, it is unknown which permit approves the use.	"Commencement date is inconsistent when it's a comprehensive DP"	<p>Staff to educate customers on commencement of development.</p> <p>Staff to double check for lapse date on change of uses on revision development permits if uses are listed as existing and inform the customer</p>

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	approvals required to start a business.	Customers might not be able to operate in the space they chose because applications can be refused or appealed.		More education tools for customers such as online content or webinars.
		The removal of the letter of authorization has compromised owners' legal rights and interests, and the ability of owners to successfully manage properties for the best interest of the owners and tenants alike.	<p>"Letter of authorization allows the landowner to understand what units have COU for future leasing deals, i.e. COU lapsed and didn't allow the use again"</p> <p>"New development sites have a number of COU applications on the development map, landlords do not know what is going on, on their sites"</p> <p>"Tenants often negotiate lease provisions which include exclusivity in certain uses, in their agreements; sometimes protecting for exclusivity in current uses / sometime protecting for potential future uses for business expansion; and there is significant potential for multiple use conflicts without the owners' diligent oversight"</p>	Review letter of authorization requirement for contentious uses, such as Cannabis Store or Liquor Store.
		Customers do not submit complete applications. Collecting permit documents causes delays. Drawings do not have enough detail.	"Combine customer transactions to limit multiple contact with city staff"	<p>More education tools for customers.</p> <p>More upfront discovery, staff to ask more questions.</p>
		Incorrect addressing provided by customer or landlord for business location. An incorrect address would require a new permit application to be submitted at the correct address.		<p>Consult with an Addressing Technician.</p> <p>Confirm with business owner/landlord or landowner.</p>
Technology	Integrated User Experience - Technology is not fully	<p>Challenges with the online systems were identified by customers and city staff.</p> <ul style="list-style-type: none"> Applications are not easy to use. 	"Customers can apply for the wrong application"	Current systems are MyID, POSSE and Beanstream. Explore automation of systems.

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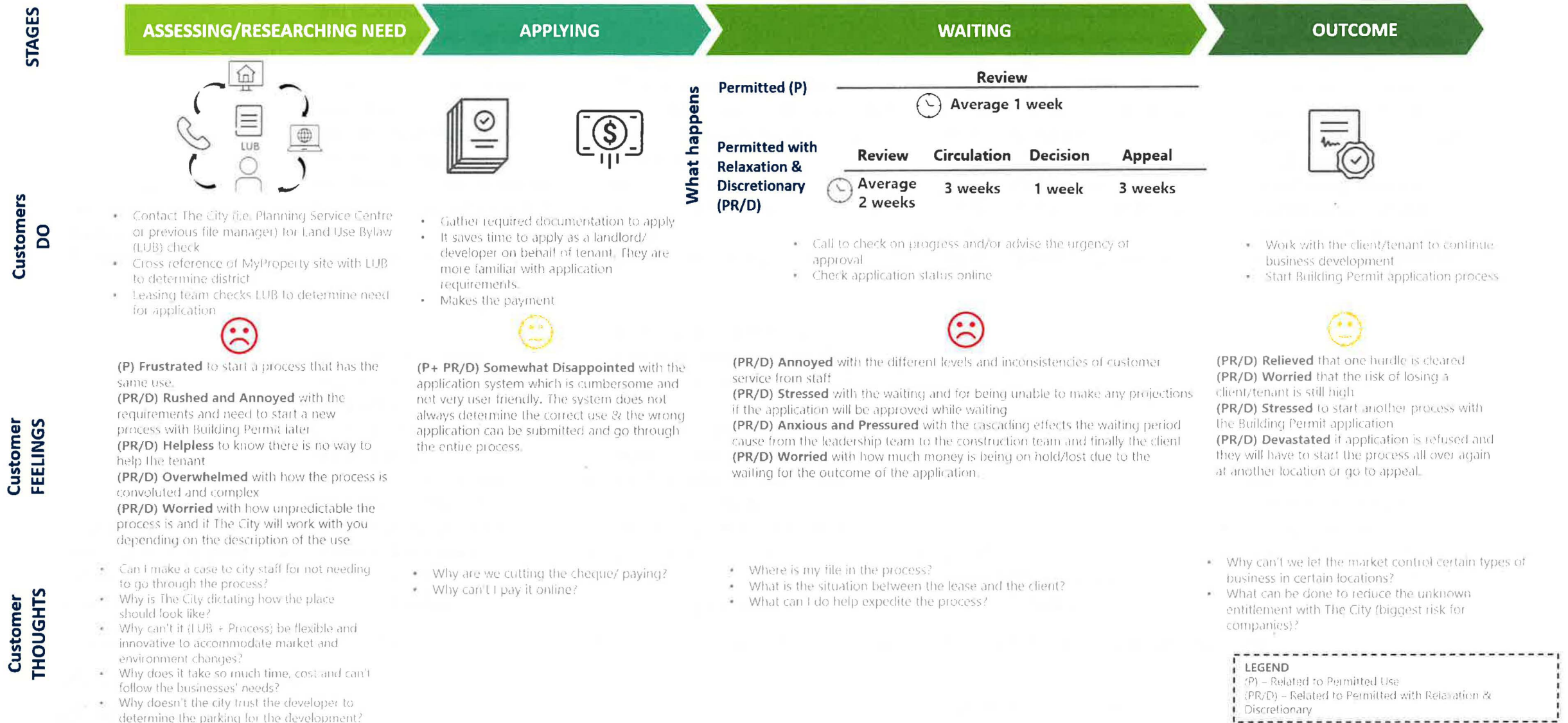
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	integrated with the various stages and types of COU processes resulting in not the most optimal user experience.	<ul style="list-style-type: none"> There is no integration of various systems required to complete the change of use and other processes. There is no technical support available for some systems. Applications have been lost in the online system. The systems require some manual processes which can lead to delays. 	<p>“It can take 3 days to process a payment online”</p> <p>“The staff do not follow up”</p>	Identify COU applications with repeat errors. Fix questions/gaps that lead to the errors.
		The city website does not provide information needed for customers to determine what application they need apply for. If the information is there, it is not linked.	<p>“One stop shop map for your property. i.e. maps and info on all depts.”</p> <p>“Applicant is not always the business owner, the applicant would not know the business details, and they would like to apply for the COU only.”</p>	<p>Explore automation of systems and a more front facing system for customers. I.e. a map that you click on the address and it tells you the potential permits/licence you need for the business model.</p> <p>Scan and compare to other city websites to make improvements.</p>

Empathy Mapping

During the empathy mapping workshop, the Business Advisory Committee (BAC) and the Business and Local Economy (BLE) engaged with key external stakeholders to build empathy towards and them when navigating the processes and activities related to Change of Use.

Below there is a summary of the key findings based on the feedback from external stakeholders

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High-level Environmental Scan

The table below provides a few highlights from the conversations BLE had with representatives responsible for the change of use processes in Edmonton and Ottawa.

Components	Calgary	Edmonton	Ottawa	Oshawa
(Bylaw/ Policy) How is the land/development regulated?	<ul style="list-style-type: none"> • Land use bylaw. • Development permit is required for all permitted and discretionary uses. Excludes pop up and interim uses in section 134.2. • Tenancy change is required for some business activities to confirm the land use approval for the business licence. 	<ul style="list-style-type: none"> • Zoning bylaw. • Development permit is not required if there is a building permit requirement. • No development permit required when business have same activities under the bylaw section 12.2. • No tenancy change process. A zoning approval is part of the business licence application. 	<ul style="list-style-type: none"> • Ontario building code. • Zoning bylaw • Site Plan control Bylaw. 	<ul style="list-style-type: none"> • Ontario Building Code • Planning & Zoning bylaw. • The Planning Act. • Majority falls under the Ontario building code.
(Customer Support) What supports are the available for the customer?	<ul style="list-style-type: none"> • Where: Majority information online • What: Checklists are provided with details needed to review the applications. • Who: A Planning Services Technician on rotation answers all enquires in the planning call centre, front counter or through the live chat function online. 	<ul style="list-style-type: none"> • Where: Majority information online • What: Checklists are provided with details needed to review the applications. • Who: A rotating staff member (1 month per staff) is assigned to help applicants and act as single point of contact. 	<ul style="list-style-type: none"> • Where: Majority information online • What: There are online guides to help navigate the “zoning codes”. • Who: dedicated Business Information Officer (BIO) guides the applicant through the permit application, license and external approval process. Acts as a single point of contact. 	<ul style="list-style-type: none"> • Where: Predominately in person and by email to subject matter experts. Online applications are being developed. • What: The mandate is that it is a 1 stop shop. The review process combines the building code and zoning use review under the building permit application.

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Components	Calgary	Edmonton	Ottawa	Oshawa
	<ul style="list-style-type: none"> Pilot for a Business Experience Representative underway until December 2021. 			<ul style="list-style-type: none"> Who: Plans Examiner and a Zoning Officer review the Building Permit. The Planning Department offers a live chat option online & an automated employee directory.
(Process time) How long does it take to complete an application?	<ul style="list-style-type: none"> Permitted – average 2-5 days Permitted with relaxation and discretionary – average 9-12 weeks. Total advertising & circulation period is 6 weeks. 	<ul style="list-style-type: none"> Permitted – average 1 to 2 weeks. Discretionary – average 25 calendar days. Total advertising & circulation period is 3 weeks as per the Municipal Government Act. 	Unable to determine.	<ul style="list-style-type: none"> Building Permit review is 10 to 30 days depending on the complexity of the project and if the application is deemed complete.
Other findings:	<ul style="list-style-type: none"> There is a 3-week time added for external circulation referees (Councilor, Business improvement area, community association) to make comments as per internal policy. Building permit can be taken in while the development permit is in advertising and is put on hold for the release of the development permit. There is no customer liability waiver. 	<ul style="list-style-type: none"> There are no external circulation referees (Councilor, Business improvement area, community association) to make comments unless there are exterior alterations or zoning clearances required. Building permit customer liability waiver is signed by the applicant to allow building permit review to go ahead prior to development permit release. No letter of authorization is required from the property owner. 	<ul style="list-style-type: none"> There is no separation of change of use and building permit. 	<ul style="list-style-type: none"> There is no separation of the Development permit (change of use/zoning) and Building permit. Letter of authorization from the property owner is required, with the exception of 2 developers who stamp the Building Permit drawings as accepted prior to the customer submitting the building permit application. There is a requirement for advertising to the public

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Components	Calgary	Edmonton	Ottawa	Oshawa
	<ul style="list-style-type: none"> No letter of authorization is required from the property owner. 	It is only a virtual check mark from the applicant when they apply.		<p>when there is a zoning variance (i.e not enough parking on site). Otherwise, there are no external circulation referees and no advertising.</p> <ul style="list-style-type: none"> Applicants are responsible for arranging and submitting a building code/safety audit to the City to determine if a Building Permit is required or not, in some cases. Building Permit fees go directly to the Provincial government. Committee of Adjustment (i.e Subdivision Appeal Board) hearings for exemption decisions can delay the process 6 weeks or more.

Findings from cities outside of Canada

Houston



No zoning policy/bylaw. The City does not get involved in “programming” what businesses locate where.

Application only for:

- Deed restricted neighborhood (almost always single family)
- Liquor stores or adult entertainment

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