

Extension of Secondary Suite Amnesty

RECOMMENDATION(S):

That Council approve the fee schedule as proposed in Attachment 2 to extend the Secondary Suite Amnesty Program through to 2023 December 31.

HIGHLIGHTS

- The purpose of this report is to receive approval of the proposed fee schedule. The fee waiver is one of the pillars of the Secondary Suite Amnesty Program. Please see Attachment 1 for details about the Secondary Suite Registry and Amnesty Program.
- What does this mean to Calgarians? It means suite owners will continue to receive support from Administration, motivating them to legalize their suites. Legalized suites are safe, affordable housing options that benefit Calgarians at an uncertain time in the local economy.
- Why does it matter? There are still thousands of unregistered existing secondary suites that need to be legalized before cost-prohibitive building code requirements are required to be enforced.
- The program goal was to reach 5,000 registered, safe secondary suites by the end of 2021. This goal was exceeded by over 1,500 suites; to date, over 6,500 suites are registered on the Secondary Suite Registry. An extension of the amnesty to 2023 December 31 would allow this momentum to continue.
- 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 pandemic continues.
- Incentives such as waiving development permit fees, waiving suite registry fees, and clearly communicated interpretation of minimum safety code requirements for existing suites are crucial elements to supporting this program.
- This amnesty extension will not preclude Administration from utilizing enforcement tools as a last resort.
- Council previously approved a continuation of the secondary suite amnesty program through to 2021 December 31 and correspondingly adopted by resolution the 2020 and 2021 fee changes.
- Strategic Alignment to Council's Citizen Priorities: A city of safe and inspiring neighbourhoods.
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

In 2013, the Canada Mortgage and Housing Corporation (CMHC), in their “Calgary Rental Market Survey”, estimated that there could be at least 16,000 or more “accessory” suites in Calgary. At the time, almost all of those would have been illegal secondary suites. To date, over 6,500 legal and safe suites have been added to the Secondary Suite Registry, which means there are still many suites remaining to be registered.

Prior to Council passing the Secondary Suite Registry in March 2018 and the commencement of the Secondary Suite Amnesty Program, the number of suites added to the registry averaged 10 – 15 suites per month. The program incentivized owners to voluntarily legalize by waiving the development permit and registry fees for all suites and focused enforcement on education. Since the amnesty, the monthly registered suites increased exponentially from an average of 100 per month in 2019, to 160 per month in 2020, and over 200 per month in 2021.

This amnesty extension will not preclude Administration from utilizing the Secondary Suite Registry Bylaw or other enforcement tools. Enforcement action will be taken when necessary going forward. However, standalone enforcement without the amnesty program will not have the same positive effect as what the amnesty has achieved.

Extending the amnesty means:

- The City can continue a successful program and maintain the trend of increasing the number of legal suites in Calgary.
- suite owners can take advantage of the window of opportunity to legalize suites before cost-prohibitive code requirements are required to be enforced.
- the goal for December 2023 is to reach 13,000 registered suites, normalizing legal suites for the long term, making it easier for renters to avoid illegal suites.
- acknowledging the difficulty owners are having due to the current pandemic, supply shortages, and the anticipated longer-term effects on the local economy.
- enforcement will not be relied upon as the sole means of encouraging legalization.

Given the success of the amnesty period, an extension would continue to take advantage of the momentum of owners wanting to legalize their suites. Administration expects that the rate of suite registration will drop back to pre-amnesty rates of 10 – 15 per month if the amnesty expires.

In order to extend the amnesty period, the Planning Applications Fee Schedules for 2022 (Attachment 2) must be adopted by the resolution of Council to ensure the Development Permit (DP) fees and Secondary Suite Registry fee continue to be waived until 2024 January 1. A building permit and its fee (\$206 for an existing suite) will still be required in all cases.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

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Administration has received several inquiries from homeowners, industry, and members of Council, asking if the amnesty program could be extended. No formal engagement or outreach has been conducted.

IMPLICATIONS

Social

Secondary and backyard suites are one of many housing choices that can accommodate a wide range of households including Calgary's marginalized population (i.e. ages, income, family size and lifestyles). More legal suites mean more safe places to live, better neighborhoods, and a better city for Calgarians.

Environmental

Policy and rules on secondary and backyard suites provide 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 homeowners 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.

Service and Financial Implications

Decrease in rates or fees

\$3.8 million

If approved, the amnesty will waive the development permit fee of \$447 and the registry fee of \$220. This would result in an annual reduction of \$1.9 million in revenues collected, based on the current rate of applications.

The total annual operating cost for this program is approximately \$3.1 million, which includes staff resources for applicant support, permit approvals and inspections, as well as program advertising and education efforts. Planning & Development will fund these costs within the existing Development Approvals and Building Safety service line operating budgets. When costs exceed the fee revenues required, then the Planning & Development Sustainment Reserve is available, if required, as a funding source in accordance with its purpose.

To date, approximately \$3.7 million in development permit and secondary suite registry fees have been waived since the amnesty program was introduced in March 2018.

RISK

There is a risk that by approving the recommendations, the public may perceive The City as being too lenient with illegal suites. This risk is mitigated by ensuring measured enforcement actions are taken when necessary.

The risk of not approving the amnesty extension is the loss of momentum, meaning the rate of suites being legalized will diminish. The more suites we can legalize and make safe, the better our citizens can feel about living in great neighbourhoods in a great city.

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Owners' willingness to convert their suites is a factor outside of our control. The program relies on illegal suite owner buy-in to reach the goal of 13,000 suites on the Secondary Suite Registry. This is being mitigated by encouraging renters to seek out registered suites when they rent.

If the program's popularity surpasses 250 suites registered per month, there is a risk that additional staffing may be required to maintain current timelines on response.

ATTACHMENT(S)

1. Previous Council Direction and Background
2. Proposed 2022 Planning Applications Fee Schedule to support extended amnesty

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalglish	Planning & Development	Approve