

Update Report on Streamlining Change of Use

RECOMMENDATION:

That the Business Advisory Committee recommend that Council receive this report for the Corporate Record.

HIGHLIGHTS

- Council directed Administration to conduct a scoping of the Business Advisory Committee's (BAC) priority 2B, Streamlining Change of Use, and to return to the BAC no later than Q1 2023 (report BAC2022-1129).
- Business owners highlighted three main concerns regarding the Change of Use process: cost, time, and regulations in the Land Use Bylaw (LUB).
- Proposed changes to the LUB addresses all these concerns by:
 - Improving timelines and simplifying the process for local businesses to open in existing spaces; and
 - Reducing costs for businesses during the Change of Use process.
- The feedback from BAC on these changes will be used to inform Administration's report and recommendations to the Infrastructure and Planning Committee, which will include amendments to the LUB to streamline the Change of Use process.
- A comprehensive review of LUB uses and districts is not part of this initiative, and will be done during the renewal of the LUB, starting this year.
- **What does this mean to Calgarians?** Streamlining the Change of Use process means Calgarians will ideally see fewer empty commercial spaces in their communities. The most common Change of Use applications are for everyday commercial businesses that typically have minimal impacts on the surrounding community since the buildings are already built.
- **Why does this matter?** These changes will make it faster and easier for entrepreneurs to open and grow their businesses in existing and vacant buildings. By reducing permit steps, The City can support the success of local businesses and attract new businesses to Calgary.
- Changes will impact the commercial and mixed-use districts in the Land Use Bylaw.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Through previous engagement and outlined in prior reports (BAC2021-0956 and BAC2021-1170) to the Business Advisory Committee (BAC), business owners noted challenges with the Change of Use permit process. The main concerns raised by business owners around the Change of Use process were the time it takes to start their business, cost and onerous regulations in the Land Use Bylaw (LUB). To deliver on one of Council's priorities to focus on enabling business, Administration's goal with this work was to find opportunities to streamline the process by amending the LUB. These changes enable a business owner to get to occupancy faster and with less cost, while still ensuring transparency, applying the correct use on the application and ensuring appropriateness of the uses in these locations.

A Change of Use permit is required when a business leaves a space and another business moves into that space (i.e., going from a retail store to a pet groomer). The Change of Use process may require up to three different approvals:

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1. Land use confirmation/approval: this step determines if the business is allowed under the LUB.
2. Safety Code permits: this step ensures any renovations to the space meet the applicable safety codes, such as a building permit.
3. Business Licence: this last step ensures all approvals have been obtained and the business will be able to operate in a safe manner.

This report focuses on the first approval and addresses the concern of regulation (LUB) barriers. Improvements completed or ongoing for the safety codes permitting and inspection process (second approval listed) and the business licence process (last approval listed) are being led by teams in the Development, Business and Building Services business unit. The regulation changes are aligned and do not conflict with these ongoing improvements, and all contribute to streamlining the entire Change of Use process.

Administration is presenting the following changes to the LUB for discussion.

- Remove two uses (Accessory Food Service, Accessory and Liquor Service) and deem them to be ancillary to other uses thus no longer requiring a separate development permit.
- Delete the use of Take-Out Food Service as it is a redundant use and combine it into one of two existing restaurant uses as the function and activities are the same.
- Introduce regulation changes to the Commercial Office (C-O) District that will increase the number of permitted uses in this district.
- Remove the requirement for a development permit if the Change of Use is for a permitted use in a commercial or mixed-use district. It is important to note that there would still be methods in place to record the Change of Use and maintain transparency for Calgarians.

The above changes can be delivered by end of Q3 2023. Additional information and the rationale for these changes is in Attachment 2.

These changes will positively impact a minimum of 30 percent of all development permits The City receives annually for commercial and mixed-use districts. Benefits to business owners will range from:

- Reduction in processing times by six to 21 days, depending on the use.
- Reduction in costs associated with permit drawings and fees.
- Broader range of permitted uses allowed, providing greater certainty to business owners and communities alike.

Administration investigated the opportunity to expand the Centre City Enterprise Area development permit exemptions to other areas in the city, such as funded Main Streets and Business Improvement Areas. However, the reasons not to pursue this opportunity at this time are:

- Required additional engagement with various property owners, business groups, community groups and Business Improvement Areas to ensure any regulation changes respond directly to their needs. Estimated timeframe for this engagement would be a minimum of six months.
- Lack of interest in participating from a few Business Improvement Area

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representatives.

- Concerns with the inability to review, provide comments and remove the potential to appeal the decision for a discretionary permit.
- The perception of reducing the transparency of the development permit process with no input or review being conducted, prior to a decision.
- Increasing the timeline by a minimum of six months if these changes were included.
- Consideration of alternative regulation changes and process through the renewal of the LUB.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Public engagement was conducted previously, starting in 2019, through the Business and Local Economy Team. Further discussions with Administration were conducted as part of this work to complement the public feedback.

IMPLICATIONS

Social

Streamlining the Change of Use process provides an opportunity for a variety of businesses and services to enable and create complete communities.

Environmental

The changes ensure vacant retail and commercial spaces can quickly find new tenants and will provide a balance between building new spaces and allowing existing spaces to be retrofitted.

Economic

These Land Use Bylaw amendments reflect The City's business-friendly approach and reduce time and cost for both businesses and Administration during the land use approvals process.

Service and Financial Implications

No implications currently as the options are for discussion only. Additional information will be provided when the amending bylaw is reviewed by the Infrastructure and Planning Committee, should Council approve the recommendation in this report.

RISK

There is an ongoing risk for any entrepreneur to know what information and approvals are needed from the City, to operate their business.

**Planning and Development Services Report to
Business Advisory Committee
2023 April 19**

**ISC: UNRESTRICTED
BAC2023-0351
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Refinements and continuous improvements through information on The City's website, and information sessions, would be undertaken to mitigate this risk.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Proposed Land Use Bylaw Amendments and Rationale
3. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning and Development Services	Approve
Debra Hamilton	Planning and Development Services	Approve
Josh White	Planning and Development Services	Consult
Bruce Cullen	People, Innovation and Collaboration Services	Inform