

## SECONDARY SUITES UPDATE

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### SUMMARY/ISSUE

To provide an update on the Secondary Suites Grant Program and public consultation and stakeholder engagement undertaken and to recommend development of a city-wide policy and regulatory position on Secondary Suites.

### PREVIOUS COUNCIL DIRECTION/POLICY

On 2007 November 26 Council referred LPT2007-61 Public Consultation and Education on Secondary Suites to the Ad Hoc/Task Force Housing Sub-Committee to report to Council, through the Intergovernmental Affairs Committee.

On 2008 October 02 Council approved IGA2008-36, Secondary Suites Grant Pilot Program, which approved the implementation of the Secondary Suites Grant Pilot Program for the upgrading of up to 50 existing Secondary Suites and the creation of new legal Secondary Suites and which approved the revised terms of reference for the Public Consultation and Education on Legal Secondary Suites Program.

On 2010 May 17 Council approved LAS2010-33, which approved the continuation of the Secondary Suites Grant Program and public education and consultation and directed Administration to report back no later than 2011 January.

On 2010 June 07 Council approved NM2010-20 'Secondary Suite Policy' (Alderman McIver, Alderman Lowe and Alderman Stevenson), which directed Administration to "prepare a scope, budget and work plan for consideration by the 2011 January SPC on Land Use Planning and Transportation for a developed neighborhoods (excluding R-C1 and R-1 designated neighborhoods) Secondary Suites Policy." A motion by Alderman Ceci further directed the following:

"That with respect to NM2010-20, Administration prepare an amending bylaw to allow Secondary Suites in all residential districts, not including R-C1 and R-1 designated neighbourhoods, and return directly to Council on 2010 July 26."

At the 2010 July 26 Combined meeting of council Administration's recommendation: "That Council:

1. Adopt the amendments to Land Use Bylaw 1P2007; and
2. Give three readings to the proposed Bylaw 34P2010 "

was moved by Alderman Ceci, seconded by Alderman Hawkesworth and carried.

### ADMINISTRATION RECOMMENDATIONS:

That the SPC on Land Use, Planning and Transportation recommends that Council:

1. Receive for information the findings of the public education and consultation contained in Attachments 2, 3, 4, 5 and 6;
2. Receive for information the commentary and analysis related to NM2010-20 Secondary Suite Policy;
3. Consider Option 3, Attachment 1 which would:
  - Remove the requirement for site specific redesignations in R-1, R-C1 and R-C1L areas to allow Secondary Suites contained within dwelling units Permitted Use in all residential districts;
  - Allow Secondary Suites in detached forms as discretionary uses in all residential land use districts; and
  - Create design guidelines for detached forms of Secondary Suites to guide Development Authority decisions on these discretionary applications.

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### INVESTIGATION

This report provides a consolidated response to direction received from council to address two aspects of Secondary Suites. The first is to provide an update on the Grant Program and public education and stakeholder consultation on Secondary Suites. The second requested a report on budget and work plan implications of developing a policy for Secondary Suites in developed areas, excluding R-1 and R-C1 neighborhoods.

#### Background

A Secondary Suite is a category of land use intended to allow for modest intensification of single detached, low density residential areas without significantly altering neighborhood character. Its principal purpose is to provide for the development of one additional dwelling unit on a parcel that would typically accommodate only one single detached dwelling. It differs from duplex, apartment and other multi-residential forms of housing in that the unit must be secondary or accessory to the principal dwelling, typically through restrictions on size, and must be provided within or as part of a traditional single detached housing built form. Under Calgary's Land Use Bylaw (LUB), a Secondary Suite can be incorporated either within a single detached dwelling, normally as a basement suite, or in a detached form as a garage suite or garden suite. It is restricted by maximum floor area to a size of 70 m<sup>2</sup> or approximately 750 square feet.

Secondary Suites were first formally introduced within Calgary's Land Use Bylaw (LUB) in 2007, although the concept had been tested in a number of Calgary communities through the use of Direct Control designations.

With Council's recent decision to allow Secondary Suites in R-1N and R-C1N districts (narrow lot single detached districts), the LUB now provides for Secondary Suites as a

discretionary use in most low density residential districts, with the exception of the larger lot single detached districts R-1 and R-C1. Therefore home owners intending to develop a secondary suite on larger single lots, which account for the majority of single detached parcels in Calgary, must apply for a site specific land use redesignation in addition to a development permit application in order to allow a secondary suite.

Attachment 3 provides maps of recent development permit and redesignation applications for Secondary Suites.

#### Update on the Secondary Suite Grant Program

The Secondary Suites Grant Program was approved by Council (IGA2008-36) and was launched in April 2009. It offers an incentive of up to \$25,000 to create or upgrade new or existing Secondary Suites in Calgary (apart from in R-C1, R-1 and R-C1L land-use districts). In 2010 May Council approved LAS2010-33, which extended the Grant Program until 2011 December. City Spaces Consultants were engaged by The City from 2009 to carry out an evaluation of the Secondary Suites Grant Pilot Program and to assist The City with the public education and consultation on Secondary Suites, as approved by Council (IGA2008-36).

City Spaces Consultants have provided an update to the original evaluation report that was completed in 2010 March 2010 and attached to the update report received by Council in 2010 May (LASC2010-33), which is included in Attachment 4. .

As a result of the Grant Program, there have been hundreds of inquiries by residents who are interested in developing a new suite or upgrading an existing suite. This has resulted in 76 applicants being accepted into the program. Sixteen suites have been completed and the balance is in various

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stages of the approval and construction process. This program does not address redesignation applications when a land use change is required to develop a legal suite. However, it has provided opportunities for significant learnings around the development of secondary suites and has resulted in streamlining the development approval process.

### Update on Public Education

Three public open houses were held in fall 2009 to improve access to City staff and help the public to understand the legislative and regulatory requirements for Secondary Suites.

Due to the amount of legislative and regulatory process associated with the implementation of Secondary Suites (e.g. Land-Use Bylaw, development permit process, building permit, Fire Code, Alberta Building Code), a key focus has been the production and distribution of information that is helpful to home owners navigating these processes. This includes the Grant Program brochure and other information available Online and through 311 (please reference [www.calgary.ca/secondariesuitesgrants and/or www.calgary.ca/secondariesuites](http://www.calgary.ca/secondariesuitesgrantsand/orwww.calgary.ca/secondariesuites)).

“A Guide for Homeowners” (Attachment 5) has been developed and will be used to assist homeowners in deciding if a secondary suite is right for them. A new monthly workshop is being facilitated by DBA and the Office of Land Servicing & Housing to assist secondary suite applicants with the legislative, regulatory and grant application processes. Early feedback from applicants has been very positive.

### Update on Stakeholder Consultation and Research

Consultation work included a random-sample, Calgary-wide telephone survey, and self-selecting web-based survey in fall 2009 and focus group and stakeholder interviews with

key groups in late 2009/early 2010. Accompanying research included a scan of major cities in Western Canada in spring 2010 and an evaluation of the Grant Pilot Program. A report on this work was provided to Council in 2010 May (LAS2010-33). Council approved an extension to the Grant Program at that time.

Further consultation work has included additional workshops with stakeholder groups and interviews with City staff in summer 2010, conducted by City Spaces.

Common themes from the interviews with City staff were: that a perceived policy void on Secondary Suites is creating some challenges for homeowners, builders, and City staff in relation to approval and implementation; health & safety risks associated with illegal suites are a major concern across business units; and the current requirement to redesignate R-1 and R-C1 parcels is a significant barrier to suite implementation. While legal Secondary Suites are not perceived as “affordable housing” in a traditional sense, (as the suites may not be rented at average or below average rents and may not attract tenants on lower than average incomes), they are viewed as a positive contribution to the housing market as they increase the rental housing stock for a broader range of incomes; therefore, meeting broader housing affordability objectives. Importantly Secondary Suites are seen as a means of expanding the diversity of housing options available, giving more choice to both renters and homeowners.

The four stakeholder workshops facilitated in 2010 June by City Spaces were attended by builders, landlords & developers, realtors & homeowners, students & tenant representatives, and community association representatives. There was significant support for a more permissive approach to

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Secondary Suites across the first three workshops; however, participants in the community association workshop had more varied perspectives ranging from broad-based support through to strong opposition. Results are summarized in Attachment 6.

There were three main schools of thought from the workshops about how The City should proceed:

1. Strongly urge The City to “get on with it” and provide the opportunity for a suite in any detached home (with certain requirements) and let the market determine where and how many there would be;
2. Adopt a “go slow” approach looking for evidence of positive integration in R-2 and R-C2 districts before expanding policy to other districts; and
3. Support secondary suite development along transit corridors and in employment hubs as being the best way to build community consensus.

Concerns expressed to Administration over Secondary Suites generally relate to three sets of issues. Firstly some residents and community association representatives feel that if Secondary Suites were allowed in all single family areas then this use could expand rapidly, which could effectively limit the opportunity to choose a single family residential environment. Secondly there is a concern that introducing a large number of suites into existing single family areas would increase the population and intensity of these areas, with corresponding concerns over parking and traffic. Thirdly there is often an underlying concern that Secondary Suites may not be well managed and or maintained which could affect the overall quality of life in the community.

Given the short time Secondary Suites have been a formal option in Calgary, and the relatively small number of legal suites in operation, a number of these concerns may

stem in some measure from real experiences with illegal suites, which by their nature are often not constructed to meet building and fire codes, not adequately supplied with parking, and may be poorly maintained and managed.

Concerns related to potential property maintenance and nuisance impacts are not unique to Secondary Suites, and may arise in cases where properties and tenancies are not well managed. The Community Standards Bylaw provides a basis for addressing nuisances, property standards and neighbourhood liveability concerns in all areas of the city and with respect to all forms of dwellings. The City of Calgary’s Prosecutions Unit routinely prosecutes “nuisance” type offences, including excessive noise and untidy properties under the Community Standards Bylaw. Parking offences are prosecuted pursuant to the Calgary Parking Bylaw, and offences which involve the obstruction or unlawful use of a municipal street, including the shovelling of sidewalks, are dealt with under the Streets Bylaw. Municipal prosecutors continue to evaluate the effectiveness of fine amounts and enforcement options on an ongoing basis.

Other approaches to addressing the potential for property maintenance and nuisance concerns were suggested through the stakeholder process, including allowing Secondary Suites only where the principal dwelling is owner occupied, or establishing a requirement for a business license. While some municipalities have attempted to establish an owner occupancy restriction for Secondary Suites, this approach has proven extremely difficult to implement because of both practical and legal concerns. Introducing a business license is an alternative that could be further explored; however, comes with an administrative enforcement burden and a further level of complexity in the approval process.

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### Update on Policy and Regulatory Options

As outlined in the consultation and research presented above, The City has not established a specific policy on the development of Secondary Suites within R-1 or R-C1 areas that would guide decisions on redesignation or development permit applications. Council has approved a range of policies within the new Municipal Development Plan (MDP) which would generally support the expansion of Secondary Suites in Calgary as a means of increasing overall land use efficiency, responding to diverse and changing housing needs, and accommodating an increasing share of growth within the existing built areas of the city. Secondary Suites are also consistent with specific MDP policies including:

#### 2.3.1. Housing Diversity and Choice

“...create diverse neighborhoods 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.”

#### 2.2.5 Neighborhood Infill and Redevelopment

- a. “Encourage growth and change in low-density neighborhoods 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 and ground-oriented units.”

#### 2.5.1 Developed Residential Areas Policies

- 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 neighborhood.”

City Spaces Consultants have utilized all of the research, evaluation and consultation work undertaken to date to provide their recommendations to The City (Attachment 2). A summary of their recommendations is outlined below:

- **Adopt a policy on Secondary Suites** that outlines The City’s objectives and approach towards Secondary Suites implementation.
- **Apply a city-wide approach** where Secondary Suites are allowed in all low density residential districts.
- **Amend the Land Use Bylaw** to allow Secondary Suites as a permitted use for basement suites and a discretionary use for detached garden/garage suites in all low density residential districts.
- **Clarify the land use regulations** and simplify the regulatory process.
- **Develop design guidelines** to help property owners with the siting and design of detached garden/garage suites.

### Assessment and Recommended Direction

Following an internal review of the consultant report provided in Attachment 2, and discussions between business units, Administration has outlined three broad policy and LUB amendment options in Attachment 1.

Option 1, would continue to prohibit Secondary Suites in R-1, R-C1 and R-C1L sites and require site specific redesignations for Secondary Suites in these districts. However, it also includes the development of policy to guide site specific land use redesignation recommendations to council. This option is essentially status quo and not recommended by Administration.

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This issue has been in policy discussion since the Land Use Bylaw 1P2007 was approved in 2007. To date the take up on Secondary Suites redesignation applications has been minimal but the staff and applicant time and cost to process has been significant. There has been little consistency on final decisions on the redesignation process after a Calgary Planning Commission recommendation and Public Hearing at Council. In addition, if successful in the redesignation the applicants are faced with both development and building permit applications, with associated time and costs.

An alternative is Option 2, which would remove the requirement for site specific land use redesignations in R-1, RC-1 and R-C1L areas and allow suites as a discretionary use in all residential districts. This would retain a development permit requirement for Secondary Suites but allow more discretion by the Approving Authority and an appeal mechanism by either the applicant or “affected person” in proximity to the development. In addition, City Wide policy on Secondary Suites to guide the Development Authority in their review would be developed.

Option 3 would:

- Remove the requirement for site specific redesignations in R-1, R-C1 and R-C1L areas to allow Secondary Suites contained within dwelling units Permitted Use in all residential districts;
- Allow Secondary Suites in detached forms as discretionary uses in all residential land use districts; and
- Create design guidelines for detached forms of Secondary Suites to guide Development Authority decisions on these discretionary applications

Administration believes Option 3 is the most effective and efficient approach to moving forward on Secondary Suites and would focus

the approval process on issues of safety. Issues regarding upkeep or property, parking, noise can be adequately dealt with through existing means such as the development regulations in the Land Use Bylaw, Community Standards Bylaw.

### NM2010-20 Secondary Suite Policy

This motion requested a report on budget and workplan implications of developing a policy for Secondary Suites in developed areas excluding R-1 and R-C1 neighborhoods. The Administration has interpreted the amended NM2010-20 to mean that no policy would be developed to guide decisions (whether development or land use) in R-1 and R-C1 districts. Administration believes that there would be very limited value or benefit to investing in the creation of a policy that does not address all land use districts with the potential to accommodate Secondary Suites, or that specifically excludes those districts for which Secondary Suites were intended and could most easily be accommodated because of larger lot sizes.

### Conclusions:

- Secondary Suites provide another housing alternative for Calgarians and an opportunity for modest increases in the efficiency of land use in low density communities, while respecting the scale and character of existing neighborhoods;
- They provide opportunities for maintaining or increasing the supply of rental accommodation as well as the supply of “relatively” affordable units;
- Experience from other cities with very permissive approaches for Secondary Suites suggests that, for a variety of reasons, the actual uptake on the creation of new suites tends to be very modest and gradual;
- The City needs to establish a clear direction on Secondary Suites to create

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understanding and greater certainty for applicants, communities and Administration.

- A more permissive approach to Secondary Suites can support the conversion and upgrading of illegal suites to safe standards. However, Administration expects that issues with illegal suites will continue in the future regardless of what approach is taken; and
- Expanding the opportunity for Secondary Suites is consistent with the strategic policy directions established by Council in the new MDP.

Administration believes that the approach outlined in Option 3 of Attachment 1 is a preferred approach to addressing Secondary Suites, that is, to allow Secondary Suites contained within a house as a permitted use in all residential districts. Detached forms of suites would be allowed as a discretionary use, and evaluated on a site specific basis. This approach will significantly improve opportunities for Secondary Suites and allow residents, builders, communities and City staff to gain more experience with this form of development in Calgary.

Administration is also establishing a cross business-unit working group be set up to continue to monitor and report on the implementation of Secondary Suites on an ongoing basis, to explore policy or regulatory changes where issues or concerns are identified, and to continue to investigate approaches to addressing the issues associated with illegal suites

### IMPLICATIONS

#### General

The recommendation in this report supports Secondary Suites as integral parts of complete communities as they can serve the growing need for housing diversity in Calgary.

#### Social

People choose to rent Secondary Suites (legal or illegal) as they provide a suitable home, at a price they can afford. They add a unique rental option into a restricted rental market. Legal suites are important because they ensure a safe living space for renters in addition to these other benefits. This policy also supports the target of 2,000 new Secondary Suites outlined in Calgary's 10 Year Plan to End Homelessness.

Despite significant costs in upgrading or creating a legal secondary suite, applicants are often motivated to do so as it provides a legitimate avenue for rental income and flexible living arrangements, e.g. options for family members including seniors & older children. Units delivered under the Grant Program serve to increase the number of safe & legal rental units available, improving choice within the rental market. A more permissive and streamlined regulatory environment could deliver more units.

#### Environmental

Secondary Suites provide an opportunity for The City to support objectives in the MDP and increase density in a sensitive and contextual way. A resulting modest increase in density in low density neighborhoods can improve the use of existing utility and community infrastructure and improve the viability of transit routes.

A more permissive regulatory approach also improves the opportunities for more suites to be upgraded to meet building and fire regulations which will have a positive impact on the health and safety of existing and future tenants.

#### Economic (External)

Secondary Suites provide an investment opportunity for home owners and applicants to assist in revitalizing and reinvigorating older neighbourhoods. They can make better

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use of existing infrastructure, while maintaining the character of low density areas.

Applicants continue to perceive a high level of financial risk with land use re-designations and the discretionary development permit processes, as the outcomes are not guaranteed and there are significant associated costs. The creation of new or the upgrading of existing Secondary Suites can enable the primary suite owners to generate additional legitimate income towards their mortgage that is recognized by lending institutions. It may enable prospective home purchasers to buy a home, when their incomes would have otherwise limited them to renting.

### BUSINESS PLAN/BUDGET IMPLICATIONS

Any of the three options identified in Attachment 2 could be incorporated within current business plans and budgets. Some minor adjustments to other work programs may be required.

### RISKS

An assessment of risks associated with each of the three options is provided in Attachment 1.

No clear direction on Secondary Suites will continue to create uncertainties and send mixed messages to applicants, communities and Administration. Additionally, inordinate amounts of administrative time will be required to process redesignation and development permit applications for this land use.

Administration is establishing a cross-business unit working group to monitor the impacts of any policy changes and to explore other policy directions. This cross business unit approach has been very successful in managing the implementation of the Grant Program as it facilitates strong coordination

amongst the approval and administrative business units and enables the identification and resolution of cross divisional issues. It will also help Administration to remain current and able to report on the effectiveness or challenges of Secondary Suite development.

### ATTACHMENTS

1. Administration Policy and Bylaw Amendment Options.
2. Calgary Secondary Suites Policy Report – City Spaces – 2010 November.
3. Maps- Recent Development Permit and Land Use Redesignation Applications.
4. Secondary Suites Grant Program Evaluation Update.
5. A Guide for Homeowners.
6. Secondary Suites Workshops – Summary Report.