

Barriers & Solutions

Barriers & Solutions A SECONDARY SUITES WORKSHOP

Across British Columbia, and particularly in our fast growing urban regions, we face significant pressures as to how we accommodate the thousands of new people who want to live in these communities, as well as ensuring the affordability of both rental housing and homeownership.

Secondary suites are one of the key options many local governments are looking to as a strategy to meet these challenges. However, there are important issues that need to be addressed to ensure a secondary suite program is successful in legal, financial and policy terms, as well as meeting the concerns of local neighbourhoods for the protection of the character and fabric of their community. There are also significant differences in the demographics and geography of our communities that affect the suitability and nature of suites in those areas.

Barriers and Solutions: A Secondary Suites Workshop is designed to look at those issues, seeking to identify the barriers facing successful suites programs and presenting practical solutions and best practices to meet those challenges.

FRIDAY **April 11** 2003

8:00 AM - 1:30 PM

SEGAL ROOM

SFU HARBOUR CENTRE

515 WEST HASTINGS STREET

VANCOUVER BC

AGENDA - AT-A-GLANCE

- 8:00 AM Registration and Coffee
- 8:30 AM Welcome & Introductions
- 8:45 AM Panel of Peers
- 10:00 AM Concurrent Working Sessions
- 12:15 PM Informative Lunch
- 1:15 PM Wrap up and Next Steps



HOME TO CANADIANS
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BARRIERS AND SOLUTIONS

A Secondary Suites Workshop Summary of Proceedings

Friday, April 11, 2003

Introduction

Across British Columbia and particularly in our growing urban regions, we face significant pressures in accommodating the thousands of new people who want to live here. In our communities, we also want to maintain the affordability of both rental housing and homeownership.

Secondary suites are one of the key options many local governments are looking to as a strategy to meet these challenges. There are, however, important issues that need to be addressed to ensure a secondary suite program is successful in legal, financial and policy terms. Local neighbourhoods are concerned about protecting the character and fabric of their communities. As well, there are significant differences in the demographics and geography of our communities that affect the suitability of suites.

On April 11th **BARRIERS & SOLUTIONS: A Secondary Suites Workshop** was held in Vancouver by Smart Growth BC in partnership with the Tenant's Rights Action Coalition, Canada Mortgage and Housing Corporation and the Greater Vancouver Regional District.

Some 140 participants including representatives of 24 local governments, community activists, senior government officials, academics and development and design professionals came together for a half day to focus on four key areas:

- Legal Liability, Health & Safety, and Regulatory Issues
- Financing of Secondary Suites, Mortgages, Utility Fees and Municipal Cost Recovery
- Sweet Solutions to Designing Secondary Suites
- Community Acceptance, Collaboration and Consultation

These discussions looked at the challenges facing local governments and the approaches used to address these issues. The workshop was, first and foremost, about practical, workable solutions that incorporate best practices as demonstrated through local examples.

Why Secondary Suites?

Estimates of the number of secondary suites in Greater Vancouver range from 70 - 100,000. They are in every neighbourhood and can be found in basements, attic lofts and

duplexes. They are also located in apartment buildings and other multiple unit housing developments.

While some municipalities have legalized a portion or all of their suites, the vast majority remain illegal or unregistered. Even where suites are legal, they are often not registered by homeowners who feel they cannot meet onerous Building Code standards, in financial or structural terms. Owners also avoid registration so as not to declare rental revenues or pay municipal utility fees. Under the current system, neither landlords nor tenants are protected, as each is afraid to report unfair behaviour to authorities. Those suites that are truly a hazard and renters or landlords who are vulnerable, will remain so.

Community concerns about secondary suites, including traffic, parking, noise and garbage issues, can often be addressed using municipal by-laws and enforcement.

Local governments are concerned about legal liability questions, costs of increased utility use and inspections. We need to determine a process where those municipalities that exercise reasonable diligence, particularly around health, safety and fire separation questions, are protected from unnecessary legal exposure. As well, municipalities must ensure that increased usage fees are seen to be fair and are not prohibitive to homeowners.

Smart Growth BC believes secondary suites have a legitimate role to play in our housing stock. They provide a private sector alternative that helps meet many of the needs and aspirations of our communities.

- They ensure affordable rental units that are currently not provided through other sources.
- They provide mortgage helpers, particularly for new homebuyers who have limited equity in expensive 'buyers' markets.
- They allow density increases without changing the character of a community.

The Workshop

BARRIERS & SOLUTIONS was designed to begin a dialogue that we hope will lead all levels of government to rethink the secondary suites question. We need workable solutions that are fair to all involved and that encourage suite development where beneficial to communities.

The following is a synopsis of the proceedings for the sessions. We hope you can use these deliberations to help keep the dialogue moving ahead in your local community. It is through advocacy at the provincial level, however, that real change can occur: provincial officials have the capacity to approve secondary suites province-wide and create a more flexible Building Code.

Next Steps

Smart Growth BC is working to develop linkages with local government, housing advocates, development interests and academics to pursue a working framework that will make secondary suites a more viable option for British Columbia. The next steps include:

1. Encouraging the government of British Columbia to make the necessary legislative and Order in Council changes to redefine a single-family residence in British Columbia to include the right to have a suite.
2. Encouraging the government of British Columbia to order a review and subsequent amendment of the provincial Building Code to create more flexible standards for secondary suites while still ensuring that health and safety and fire separation standards are not compromised.
3. Advocating that local governments adopt utility fee schedules for secondary suites that recognize the limited square footage of most suites and pro-rate utility fee increases based on area.

Thank you

On behalf of Smart Growth BC I want to thank the following organizations for their support and encouragement.

Our partners in the organizations of the event:

Tenant's Rights Action Coalition
Canada Mortgage and Housing Corporation
Greater Vancouver Regional District

Our funders who offered financial support to make this event possible:

Federation of Canadian Municipalities (ACT Program)
Canada Mortgage and Housing Corporation
Ministry of Children, Aboriginal and Women's Services, Province of B.C.

Plenary Session

Cheeying Ho, the Executive Director of Smart Growth BC, described secondary suites as an excellent way to accommodate population growth and increase the supply of affordable housing without changing the character of existing neighbourhoods. As such, they are a smart growth option.

First Presentation: A Profile of People Living in Secondary Suites

Andrew Ramlo, Director of Urban Futures Incorporated, profiled those who live in secondary suites.

In the 2001 Statistics Canada Census, the description of an 'apartment or flat in a detached duplex' is most likely to indicate a secondary suite. They are defined as: "One of two dwellings, located one above the other, but not attached to any other dwelling or structure (except its own garage or shed). The two units together have no other dwelling attached to the back, front, or sides, and have open spaces on all sides."

The 2001 Census listed private dwellings by structure type: in the Greater Vancouver Regional District (GVRD), 43.6% of private dwellings were single detached homes, 25.2% were apartments under five storeys, 11.8% were apartments over five storeys, 10.8% were other ground-oriented structures and 8.6% were flats in detached duplexes. The Census also recorded rental dwellings: in the GVRD, 42% were apartments under five storeys, 20% were apartments over five storeys, 16% were single detached homes, 12% were flats in detached duplexes and 9% were other ground-oriented structures.

It is estimated that 'flats in detached duplexes' make up between 8 percent and 9 percent of the total housing stock and about 12 percent of the rental housing stock in the GVRD.

Changes in the lifecycle of housing occupancy

To understand the lifecycle of housing occupancy, the concept of household maintainer is used. Those who define themselves as being primarily responsible for a household's finances are referred to as the household maintainer. The percentage of people in a community who define themselves as household maintainers is referred to as the crude household maintainer rate. The concept is further refined by matching the number of people who are household maintainers in each age group to the total number of people in the age group in the region. This is known as the 'age specific household maintainer rate'. The age specific household maintainer rates in the GVRD in 2001 showed a high of 62 percent for the 75-79 age group and a low of 2 percent for the 15-19 age group.

Household maintainer rates were derived for owned flats in detached duplexes in the GVRD. A high of 4.6 percent was seen for the 25-29 year old age category for those described as tenant occupied. In the owner occupied category, a high of 2.6 percent was seen in the 40-44 age category.

The past decade of household maintainers

Ramlo addressed the changes in the lifecycle of housing occupancy by focusing on the past decade of household maintainers. The change in maintainer rates for rented flats in detached duplexes in the GVRD between 1991 to 1996 by age group saw a high (0.9% increase) among 25 to 34 year olds to a low (-.05%) in the 75-year plus category. Looking at the same indicators between 1996 to 2001, the largest increase was in the 45 to 54 year old age group (0.6%) and the biggest drop (-0.6%) was in the 20 to 24 year old group. In explaining these changes, Ramlo pointed to those between 15 to 34 years increasingly doubling up or staying at, or moving back, home. There also appeared to be an increase in independent living for those 75 years plus.

When looking at the percentage of young people living with their parents in the province, between 1981 to 2001 there was a 70 percent jump for those in the 20 to 24 age group and a 188 percent increase for those 25 to 29 years. These increases are consistent with the overall Canada figure in 2001 for 20 to 29 year olds living with their parents (41%). More people in this age group, it was noted, are in school than were a decade earlier. As well, immigration has had an impact both on children and elderly family members living in family homes.

Implications on affordability

The bank uses the following underwriting model to determine household financing:

$$\text{Principal} = \frac{\text{Gross Income} * \text{Gross Debt Service Ratio } 30\%}{\text{Interest} + \text{Taxes}}$$

If the household can demonstrate that the home includes a secondary suite that brings in a monthly income, the bank will consider this income in determining the amount of financing they will provide.

Secondary suites are also an important source of affordable housing for tenants. This is key given that close to 130,000 households were paying more than 30 percent of their incomes in rent, according to the 1996 Census data.

Conclusions: Suites make home ownership more affordable by increasing the amount of principal an owner can service since the rental stream is considered an income by the bank. On the rental side, allowing suites in homes adds rental capacity to the region, as potential owners want homes with 'mortgage helpers'.

Second Presentation: Secondary Suites in the City of North Vancouver

City of North Vancouver Councillor Craig Keating discussed his city's experience with secondary suites.

The City of North Vancouver encompasses about 5.5 square miles. It is a densely populated and fast growing municipality with more than half the city's private dwellings rented. To

meet the growing need for affordable housing, in 1995 the city passed a zoning by-law permitting secondary suites in all single-family zones across the city. The following conditions applied:

- A secondary suite is permitted only in a single-family dwelling.
- The total floor space of the secondary unit must be a minimum of 38 square metres and cannot exceed 90 square metres. It cannot occupy more than 40 percent of the habitable floor space of the building.
- The owner must live on site.
- Only one secondary suite is permitted per single family dwelling.
- The secondary suite must be located within the principal building on the lot.
- The house cannot be subdivided into two strata units and
- One additional on-site parking space must be provided.

The city considered legalizing secondary suites in the early 1990s as a way of addressing the need for more affordable housing options. A Secondary Suites Citizens Advisory Committee was formed in 1991 and an opinion survey was conducted. Sixty-three percent of homeowners with suites were found to be in favour of legalizing them and 55 percent of homeowners without suites favoured legalization. The city has approved 125 suites and estimates there are more than 1500 unapproved suites in the city, many in duplexes and triplexes.

Although enforcement policies have been 'complaints driven', there remain no guidelines around complaints. Councillor Keating felt that guidelines should specify that complaints must be made by an abutting property owner and be limited to health and safety issues. As well, he spoke to the need to legalize suites in duplexes, triplexes and homes that are not owner occupied.

The Building Code was cited as one of the main reasons why so few homeowners have registered suites with the city. It is difficult for older dwellings to meet the current Code requirements. Some specifications, such as a hard-wired alarm system make sense, whereas others such as drywall specifications seem excessive, according to Councillor Keating.

Third Presentation: Secondary Suites in the City of Surrey

City of Surrey **Councillor Marvin Hunt** reported much experience with secondary suites, but no success stories.

Secondary suites are the principal type of affordable housing in Surrey. They often serve as a 'mortgage helper', moving households into home ownership more quickly. There are about 18,000 to 20,000 suites estimated in Surrey, of which about 200 are legal. It would be impossible, according to Councillor Hunt, for the city to shut down the illegal suites, as this would create a housing crisis.

A major problem is the substandard building and safety issues implicated in many illegal suites. Many do not have proper ceiling clearances, points of access, or electrical and plumbing systems.

Surrey began to deal with the issue of secondary suites in 1975. The city stated that by 1980 they wanted to eliminate suites. These dates have been continuously rolled ahead as the debate continues. In the early 1990s, the city embarked on a consultation process with some communities supporting secondary suites and others opposing. The city then established certain areas where secondary suites would be allowed in single family homes, subject to owners rezoning properties and constructing suites in accordance with Building Code requirements. The homes needed to be owner-occupied and size restrictions were applied.

The city's zoning by-law includes the Single Family Residential Secondary Suite Zone (RF-SS) to enable the implementation of legal secondary suites. There are about 1400 single family lots in the city covered by this zone, most being illegal. Reasons include:

- The cost to comply with the Building Code ranges from \$5000-\$10,000 and is considered prohibitive.
- The payment of development cost charges (DCCs) for secondary suites was a disincentive (Note: Surrey eliminated DCCs for secondary suites in 2002).
- The rezoning and public hearing process is intimidating to property owners.
- The payment of rezoning application fees and public hearing fees of \$900 is seen as a disincentive.

Surrey's RF-SS Zone specifies a maximum suite size of 90 square metres and requires that two additional parking spaces be provided on private property. The city collects utility charges (water, sewer and drainage) of \$450 annually on 'known' secondary suites. This accounts for about 60 percent of the utility charges for the principal dwelling unit.

The city takes by-law enforcement action against illegal secondary suites on a complaint basis, but focuses most of its attention on dwellings that contain two or more illegal suites. While the city has removed an estimated 170 illegal suites, during the same period a further 310 suites have been added to the city's utility bill.

Concerns have been raised about secondary suites:

- People believe that secondary suites are contained within 'mega' homes.
- There have been traffic and parking problems. Some landlords have paved over entire front yards to accommodate parking requirements.
- Planning for new schools has been complicated since suites can add a significant student population that is not counted. There are now, therefore, more portable classrooms and extra school structures in the city.
- Residential developers have complained that the market for rental housing is undermined by secondary suites.

Councillor Hunt concluded by saying that he would like to see provincial legislation allowing one secondary suite in every single family home.

Workshop 1: Legal Liability, Health and Safety, and Regulatory Issues

I) **Deborah Curran**, from the West Coast Environmental Law Society, discussed what local governments should consider when developing secondary suite policies and programs. Local governments need to:

- Design a program that matches local government resources, while meeting community needs.
- Maintain the character of the neighbourhood.
- Address concerns about parking and utility use.
- Decide whether secondary suites will be legalized and what types of inspections enforced.
- Consider potential liability concerns.

Municipalities

Curran raised examples of secondary suite policies in several municipalities.

1. Grand Forks

In Grand Forks, a secondary suite is defined as an accessory dwelling located within the structure of a principal single family detached dwelling. They are allowed where single family dwellings are permitted, with a maximum of one suite not to exceed 90 square metres or 40 percent of the principal dwelling's floor area. If a suite is discovered or owners make an inquiry, the owner is informed that they must obtain a building permit and the building inspector ensures the suite is built to Code.

2. District of Central Saanich

Secondary suites are permitted in all R-1 zones (single family residential areas). They are allowed in principal dwellings where the frontage and lot area is twice the minimum size for the zone. The front of the dwelling must resemble a single-family home (one at-grade front door, access to the second storey through an internal staircase and second floor balconies at rear only).

3. Victoria

The zoning by-law recognizes duplexes, with a conversion policy in place since the 1950s. Each dwelling unit must be at least 150 square metres including a minimum habitable floor space of 46 square metres. Duplexes must comply with the Building Code (not the relaxed secondary suite standards) and owners can apply for strata divisions. If an application does not meet the Building Code requirements but complies with zoning, an owner can have a suite but cannot convert it to a strata unit. In addition, 33 percent of the backyard must be landscaped and off street parking provided.

Enforcement is by 'complaints only'. If the city discovers an illegal suite, they will inspect it and if it complies with the zoning, it can be legalized. If the suite cannot be legalized, the city will put notice on title and obtain a demolition permit.

4. Whistler - Suites for Employees

Whistler has a development pattern similar to other resort municipalities that forces most employees to live outside the community and travel long distances to work. Many can afford neither local rents nor the cost of purchasing a home. Historically, 75 secondary suites have been built in Whistler each year. Suites may be built within a property owner's existing allocation of gross floor area. In most residential or RS zones, the zoning by-law dictates that a suite cannot be used for tourist accommodation.

Whistler is proposing a by-law to encourage the building of more secondary suites through the use of a density bonus system. It states that:

- In residential single zones (RS1, 2 and 3), an owner could receive a density bonus of up to 56 square metres for an employee suite.
- A covenant regulating rental and resale restrictions is placed on the suite title. The covenant sets maximum rental rates of \$1.25 per square foot and in the event of a strata subdivision, the resale price of the space is limited to \$125 per square foot.
- A suite is permitted only where there is a 0.35 floor space ratio.

5. Burnaby's Simon Fraser University (SFU) UniverCity

A mixed-use development is planned for Burnaby Mountain whose goal is to create a complete community attached to the university. The zoning by-law will permit 'multi family flex units' allowing suites in a strata townhouse or apartment. A multi family flex-unit is a strata titled apartment or townhouse unit with a gross floor area not less than 74 square metres and a rental accommodation area not less than 24 square metres (or up to 35 percent of the gross floor area).

The suites must:

- contain a secondary kitchen area with a compact range or microwave oven and built-in cook top, compact refrigerator, sink, counter, cabinets, and venting-
- have at least one closet and bathroom with a toilet, sink, and bathtub or shower
- be wired for independent telephone connection prior to occupancy and have a separate lockable entrance door providing direct exterior access

The multi family dwelling must provide common washing machines and dryers for the suites. Not less than 10 percent and not more than 50 percent of units must be flex suites. They are to be listed with the student housing registry if available for rent.

Curran also noted that secondary suites, generally, are permitted on agricultural land reserves unless prohibited by a local government by-law. One suite is permitted within single family dwellings.

There are many tools to support secondary suites including the 1995 Building Code standards for secondary suites, maintenance by-laws, permits and inspection fees and safety upgrades to legalize suites.

II) Bill Buholzer, of Lidstone Young Anderson, discussed secondary suites and liability issues for local governments.

Local government building regulations and liability

Buholzer spoke to the potential for local governments to be liable for building and zoning regulations. He noted a central difference between Canada and the U.S. In Canada, zoning by-laws themselves do not create a cause for action against a local government. In the U.S., however, local citizens may take legal action if they believe a zoning decision has affected their property values. These claims do not arise in Canada because property rights are not enshrined in our constitution.

Basic principles of negligence law describe duties in society not to harm one another. A person can be liable for negligence if he does harm to another person. From this concept, comes the 'standard of care' that is owed by one person to another. In negligence law, people are expected to act in a 'reasonably prudent manner'. In terms of local governments, building officials are seen to have a duty of care to carry out their work in a manner that is reasonably competent. If the building official's work is not deemed to have been carried out in a 'reasonable' manner, a local government could be liable for negligence.

'Joint and several liability' is a related and key concept for local governments. British Columbia law states that if a defendant is found to be liable in a lawsuit, the defendant may be required to pay the entire amount of the plaintiff's claim. This could happen if the plaintiff is unable to collect from other defendants. If there is a lawsuit regarding the construction of a home, for example, if no other defendants (such as contractors and architects) have any assets at the time of the judgment, the local government could be required to pay the entire amount.

This issue has had an effect on the ability of municipalities to obtain insurance. As the cost of insurance premiums has been increasing, municipalities have begun questioning whether they should continue to be involved in inspections and enforcement of the Building Code. Municipalities have provided this service in the belief that the public thinks it is important. The service, however, may be too costly given the potential for liability and the cost of insurance premiums.

The Building Code and secondary suites

The Building Code is a provincial regulation that sets standards for all types of construction. Many local governments have adopted a building by-law assuming responsibility for the administration of the Code even though they are **not required** to. Local governments may set standards that are higher than the Building Code, but they cannot set lower standards.

The Building Code deals with construction in two different ways, according to Buholzer. Part Nine applies to single family dwellings. For more complex buildings, the Code has performance standards and the owner usually employs an engineer and architect. Local governments often depend on these professionals. If there were a lawsuit against the municipality, the municipality would argue that it relied on the architect and/or engineer and the municipality would likely not be liable for defects in construction. However, in more

simple residential construction, local governments have municipal building inspectors review building plans and do inspections. If there is a lawsuit, the owner will most likely include the municipality as one of the defendants. The legal test becomes: 'is the error one that a reasonably competent building inspector ought not to have made'.

The Building Code has separate standards for secondary suites that are slightly less onerous, making it easier to retrofit homes to permit suites. The suite cannot be strata titled. The lower standards are based on the assumption that the owner has full control over the entire dwelling. Buholzer pointed out several areas of concern with Code provisions. Section A-1.1.2.3.(1), Application to Existing Buildings, includes the following:

The successful application of Code requirements to existing construction becomes a matter of balancing the cost of implementing a requirement with the relative importance of that requirement to the overall Code objectives. The degree to which any particular requirement can be relaxed without affecting the intended level of safety of the Code requires considerable judgment on the part of both the designer and the authority having jurisdiction."

Every time a municipality applies the Code to an existing building, the municipal inspector is put in the position of making different judgment calls. If a decision turns out to have been the 'wrong' decision and a lawsuit is launched, the negligence test will be applied.

Section A-9.36.1.2. Construction Requirements, Secondary Suites is another 'mine field' for local governments. This section states: "As it may not be feasible to comply with the current Code, discretion should be used provided it does not substantially reduce the level of safety intended by the Code." Again, municipalities may be vulnerable to a lawsuit based on an inspector's decision.

Buholzer emphasized that it is more straight forward to apply the Code to new construction than to existing dwellings since applying the Code to existing dwellings requires a great deal of discretion. Therefore, if municipalities want to avoid potential negligence claims, they should focus on inspections of secondary suites in new constructions.

Local government responses to liability issues

Buholzer concluded by outlining three different approaches local governments can take to avoid potential negligence claims resulting from secondary suites.

Local governments can adopt a conservative approach by requiring building inspectors to err on the side of caution. While this approach may reduce the local government's potential liability, the owners will incur higher building costs, driving up rental costs.

A second approach involves avoiding secondary suites through restrictive zoning.

Local governments could, alternatively, adopt a policy of not enforcing the Code for secondary suites. The existing case law suggests that local governments would not be found negligent for losses that occur as a result of local government policy. (However, they can be

liable if a policy is not implemented). Therefore, if a local council determines that having affordable housing is more important than ensuring that Building Code standards are enforced and adopts a policy of not conducting inspections of secondary suites, they should not be liable for any claims that may arise as a result of their non-enforcement policy.

Council cannot pass a by-law to lower the standards of the Code, said Buholzer. While currently most municipalities adopt the entire Building Code, the Municipal Insurance Association recommends that municipalities focus their attention on adopting building by-laws that specify what aspects of the Code they choose to administer and enforce.

III) Ernie Levesque, Director of Development for the City of Port Coquitlam, used Port Coquitlam as a positive example of how secondary suite legalization can occur.

Until 1995, Port Coquitlam had been discouraging secondary suites. New homes were required to have covenants to prohibit suites. A growing demand for suites by homeowners, however, prompted council to re-examine the issue. In 1995, the city wanted to know if the public was interested in suites and, if so, under what conditions. During the 1995-97 consultation period, a survey was sent to homeowners and two public meetings were held to review the matter. Around 70 percent of homeowners indicated that they favoured suites. In early 1998, the City of Port Coquitlam amended its zoning by-law to permit secondary suites in single family residential zones.

- Only one suite was permitted in a single family home
- Size was restricted to 90 square metres, or 40 percent of the habitable floor space
- No child care operation was permitted in a house with a suite
- A secondary suite must comply with the Building Code.

The city decided against requiring registration or introducing an inspection program because the city's previous efforts to prohibit flourishing secondary suites had failed. Legalizing suites in the zoning by-law and attempting to force Code compliance would likely push owners to return to the illegal underground economy, according to Levesque. Using massive resources to achieve compliance was not considered a priority. The city assumed that existing suites conformed to the Code and provided information on how to renovate suites to comply. The city also ensured Code compliance at the time of home construction. Enforcement was targeted to duplexes that had been converted into four-plexes. The city did not require additional parking, preferring crowded streets to possible front yard parking lots.

Outcomes

Levesque reported that the legalization of suites has resulted in few noticeable changes. He commented that as before, the city investigates complaints where two or more suites are located in a house. Upon discovery of a secondary suite, the city charges the owner a \$582 utility fee. (The city had been billing known suite owners before suites became legal). The utility charges have caused controversy, which Levesque believed would be resolved only with water meters. The legalization of suites has removed some of the inhibitions to talking about suites. For example, suite tenants are now freer to obtain dog licenses

(whereas before they may not have come forward for fear that the city would learn about their suite). The city, Levesque said, has received more inquiries about Building Code requirements since legalization. Also, the city can now account for most secondary suites. From a total 9,400 single detached homes, 2,100 homes are being charged the additional utility fee.

The City of Port Coquitlam believes its approach has been successful in removing the issue of secondary suites from the public agenda as a controversial item. Local governments, Levesque emphasized, need to understand their community's opinions surrounding secondary suites. Programs can be tested to see if implementation controls discourage the building of suites. Legalizing suites is a positive move and, ultimately, provides tenants with more security, he reminded participants.

Workshop 2: Financing of Secondary Suites, Mortgages, Utility Fees and Municipal Cost Recovery

I) Utility Fees

The Tenants' Action Rights Coalition (TRAC), a coalition of groups with a mandate to promote housing security and affordability, believes that secondary suites are of vital importance to tenants as an affordable housing option. According to TRAC's **Vanessa Geary**, secondary suites offer access to ground-oriented housing in single family neighbourhoods that would otherwise be unaffordable. As well, they offer a 'softer' method of increasing densities without dramatically changing neighbourhood character.

Since TRAC became involved in challenging Delta's by-laws limiting secondary suites, municipalities have arbitrarily increased utility fees for houses with suites, according to Geary. These fees, charged by 12 of 13 Lower Mainland municipalities, range between 80 to 100 percent of the rate for a single family home and are not based on any established formula. The rates are seen as a disincentive to creating suites and may lead to rent increases.

TRAC studied the actual consumption and municipal service usage rates of secondary suites in Victoria, the District of North Vancouver and Abbotsford. The 1999 study, "Secondary Suites: Benefit or Burden?" found that for most municipal services, secondary suites increase usage by no more than 30 to 40 percent over single family houses. This represents less than 1.5 times the total services of a single detached house. Rather than overtaxing, the study found, secondary suites offset population declines and have positive effects on school enrolments. If user fees were deemed necessary, the study argued that these should be based on either total square foot rates or measured consumption.

II) Financing and Mortgages

John MacLean representing VanCity Savings Credit Union, said that it is VanCity policy not to distinguish between whether suites are considered legal or illegal. VanCity mortgage financing depends on allowing borrowing of up to a maximum of 40 percent of gross income based on Total Debt Servicing Requirements (TDSR). A secondary suite allows the borrower to add 90 percent of the rental income to the TDSR calculation, making home buying affordable for many families. To finance new construction, VanCity requires a tenancy agreement or an appraiser's report on revenue potential (for commercial buildings with more than four units). Commercial building financing is based on the net operating income and requires municipal approval and building permits. Loans for adding suites to homes require that the borrower already have a tenant. Without a tenant, the loan will be based on the homeowner's income and borrowing capacity without the tenant. This can create a catch 22 situation. If, for example, there is a need to upgrade to meet the Building Code to get a tenant, the homeowner may need to take a loan without the benefit of having a tenant.

Issues related to financing and utilities

a.) Municipal perspectives:

- Nanaimo has found that secondary suites in newer neighbourhoods have much higher utility usage rates than suites in older neighbourhoods.
- Bowen Island presents different usage issues than larger municipal areas. Residents on Bowen Island mainly get their water from wells and discharge their sewage into septic tanks. In this case, suites are seen to overload the septic systems and place an unfair burden on the fresh water supply.
- In Victoria, the average number of children per house is the same with or without secondary suites. In Abbotsford, houses with suites average 60 percent more kids.
- In Lions Bay, secondary suites are considered especially important for young couples with children as an affordable living option.

b.) Barriers to financing:

- Municipal. There is resistance from municipal finance officials to giving a lower utility rate for secondary suites due to internal struggles over utility costs.
- Lending institutions. Not all lending institutions take the VanCity approach of not basing financing on whether the suite is legal or illegal. To offset its policy, VanCity requires that the building be adequately insured to cover the potential loss of value.
- Building Code. Many noted that the Building Code is too onerous and bringing a suite in an older house up to Code is almost insurmountable financially. New houses are more likely to meet the Code than older ones.

Additional issues were raised during the workshop:

- Disincentives (such as losing a provincial grant if the population grows) for secondary suite development in small municipalities of fewer than 5000 should be removed.
- Regional development cost charges are on a per unit basis that is the same for small units (secondary suites) as for large ones regardless of whether those smaller units are anticipated to use the same level of services and amenities.
- The cost to municipalities of enforcing secondary suite by-laws remains a concern.
- BC Assessment figures for secondary suites are thought to be inaccurate. The municipality of White Rock, for example, estimates it has 1000 suites more than the assessment lists. BC Assessment needs more capacity to record the actual number of secondary suites to prevent unfair taxation and to recoup costs.

Recommendations

Workshop participants named four central concerns:

1. Equitable cost recovery
2. Legal liability concerns for municipalities
3. Lack of reliable data concerning non-utility services such as roads, schools, recreation, etc.
4. Financial implications of the Building Code for tenants, owners and municipalities

Equitable cost recovery

There must be universal principles that guide equitable cost recovery. A user pay system employing meters was seen as the fairest method and could be turned into a universal principle. One participant noted, however, that the cost of metering and meter readers could easily exceed increased revenues, and therefore might not be an economical solution. Participants felt that the application of cost recovery measures may vary among municipalities. It was recommended that municipalities should demonstrate equitable cost recovery methods in order to gain community acceptance.

Legal liability concerns for municipalities

Participants believed that using a common province-wide approach to assess liability through a body such as the BC Municipal Finance Authority would be helpful. Municipalities now interpret their levels of risk differently. Port Coquitlam was seen to provide a good provincial model.

Lack of reliable data for non-utility services such as roads, schools, recreation, etc.

Reviews of municipal data in areas such as recreation, police calls, roads, etc were recommended. There was a call for more accurate research so that service usage can be fairly assessed.

Financial implications of the Building Code for tenants, owners and municipalities:

Participants pointed to the need for research on the economic impacts of the Building Code. It was recommended that the Code be more flexible with equivalencies encouraged. Incentives should be provided to meet Code requirements. Finally, there was a call to lobby the provincial government to make changes to the Building Code.

Workshop 3: Sweet Solutions to Designing Secondary Suites

The workshop focused on the design of secondary suites as related to health, safety and neighbourhood aesthetics. It sought to identify key issues, best practices and satisfactory resolutions.

I) Norm Connolly, a research consultant with the Canada Mortgage and Housing Corporation (CMHC) spoke to secondary suite affordability, design strategies and Flex Housing™ features.

To ensure successful secondary suites we must focus on design strategies, according to Connolly. He warned against over-compartmentalizing floor plans and wasting space. He recommended built-in furniture, a limited colour palette, sliding pocket doors, tall ceilings, natural light and multi-use planning.

Flexible housing design can take homeowners through a variety of life stages, from first-time homebuyers, to growing families, home-office users and empty nesters. It is less costly than retrofitting the house at each stage.

Connolly used the example of Flex Housing™ as a model for secondary suite design. Flex Housing™, also described as life cycle housing, prioritizes ease of future changes, with the goal of increasing the length of occupancy. Non-load bearing walls are designed to be easily moveable, phone lines and electrical outlets are pre-planned to create different options. Fire rated assembly between walls and floors is built in from the beginning for potential suite division. This means that a bedroom can easily be converted to a home office, or a secondary suite can be installed in a basement.

There are two demonstration models in B.C.: the flex/healthy demonstration home called HOME 2000 at the B.C. Institute of Technology campus and the Richmond Flex Demonstration Home in Steveston, sponsored in part by CMHC and the City of Richmond. Both provided tours and the Richmond home has already been sold. CMHC is now working with the Sto:lo Tribal Council to develop the Seabird Island Sustainable Community Demonstration Project, an example of a multi family development with flex features. At SFU, the UniverCity development applied Flex Housing™ ideas to create a sustainable community with 4500 housing units.

CMHC is currently surveying consumer demand for Flex Housing™ in the province and assessing the Richmond Flex Housing™ demonstration home. More information is contained in the CMHC publication Flex Housing: The Professional's Guide.

II) Cindy Chan Piper, the Principal of Piper Designs, focused on the Richmond Flex House™ evaluation for CMHC, identifying key successes and barriers. The Richmond Flex House™ sought to demonstrate life cycle housing and promote user-friendly house design.

The duplex is designed to allow:

- a main floor suite and secondary suite downstairs
- a home office and secondary suite downstairs and main suite upstairs
- a home business downstairs and main suite upstairs
- a home for one family, or
- a main suite on ground level for a senior and rental suite on upper floor

The wiring and plumbing for each option is installed in advance, with design and 'rough-in' for accessibility and sustainability features planned first. The zoning, in this case, does not necessary permit a small business.

Building Code issues that may need to be incorporated include fire separation and rating, unit size (suite can be up to 40 percent of main area), rated vertical separation, separated heating systems (if forced air) and sprinklers required in Vancouver.

A cost analysis of four different configurations in the Flex Home™ found a single family dwelling cost \$70/sq. ft to build compared to \$78/sq. ft for the Flex House™. There is a 2.7% cost premium added to 'rough-in' features, a 12.8% premium to build the features and a 22.2% premium to renovate later.

The main design challenges were:

- Lack of private outdoor space for upstairs unit
- Non-optimal use of attic space
- Lack of permeable surface area - backyard was paved for accessibility purposes, and
- Limited accessibility features

Solutions included:

- Use of 8 foot ceilings
- Attention to natural light - preferably from two planes
- Incorporation of an open space plan with fewer walls
- Designed to look like single family dwellings in neighbourhood
- Use of a direct street connection

The demonstration home in Richmond was built on a lot that received special zoning just for the project. Richmond currently has no secondary suite policy but does allow coach houses on arterial roadways. Flex Housing™ that incorporates secondary suites, sustainability and accessibility could provide a solution through regulating change and raising awareness, according to Chan Piper.

Discussion

The Flex Housing™ concept, participants felt, may offer a solution to the secondary suite issue over the long term. If suites are 'roughed-in' safely in new housing, houses could be designated Flex Houses™ with the term secondary suites being avoided altogether.

Challenges remain with suites in existing homes, however, in particular the prohibitive cost of upgrading to Code. Participants agreed that the central challenge lay in achieving optimal

design at a reasonable cost. Design challenges, it was felt, could be overcome. Benefits to declaring suites, such as the ability to write off costs including the cost of the upgrade, were also acknowledged. Many participants argued that a homeowner expecting to receive an income from a secondary suite should be willing to pay to make the suite safe. Because people are wary of Building Code rules, it was felt, they would remain apprehensive to register their suites. For municipalities, liability issues presented the major concern.

Financing and incentives for upgrading suites to suitable standards were considered central issues. It was agreed that getting suites registered and built to Code must be simplified (less 'red tape'). Coquitlam offered an example through developing life safety standards for existing suites that are less stringent than the Building Code. Incentives, it was suggested, could be built into income taxes, property tax credits or through a regulatory system (e.g. bonus floor space allocated for legal suites). Zoning by-laws need updating to accommodate new technologies like Flex Housing™. Public education around the value of secondary suites, it was agreed, will help support municipal politicians to overcome their reticence to fully legalize suites.

Solutions

The working group presented solutions to encourage suite legalization:

- Residential Rehabilitation Assistance Program (RRAP) grants. RRAP grants can be used to upgrade single family homes to include a suite, however they are currently available only to homeowners with an income of \$18,000 or less. The group suggested looking at the possibility of increasing the threshold for qualifying, while specifying criteria for homeowners to enter into housing agreements. In order to qualify for the RRAP grant as a higher threshold earner, the owner would commit to keeping the rents affordable for a determined length of time, for example.
- Incentives. Using the City of Coquitlam as an example, all suites, legal or not, are charged utility fees. If the suite is not registered, the homeowner pays the full charge. This is cut to 40 percent for registered suites.
- "Outside the box" renovations. Particularly in older homes with features such as low ceiling basements, bringing the suite up to Building Code standard can be challenging. Creative solutions might include digging out the floor to make up the height difference.

Workshop 4: Community Acceptance, Collaboration and Consultation

I) **Matt McNeil**, a planning consultant with Housing Strategies Inc., addressed ways to challenge community opposition to new residential developments.

The workshop focused on building community acceptance for secondary suites by identifying and prioritizing issues and considering best practices. 'NIMBY' - not in my backyard - involves any collective action to oppose change. It is based on the perception that change has a negative impact on the quality of life, one's socio-economic status, resident surroundings, etc. The opposition arises from resident desire to prevent certain types of

land use near their homes, the fear of property values declining and the possibility of decreased parking. A NIMBY type opposition is organized through informal coalition building, formal presentations to council and, upon resolution, dissolution of the coalition. Coalitions use petitions, lobbying, 'stacking' of public meetings and legal action. A NIMBY coalition can be powerful, according to McNeil, because the need to protect a perceived loss will always be greater than the need to promote a new benefit.

Opposition falls into four categories:

- Economic - decreased property values
- Social - fear of people that are different
- Environmental - loss of existing habitat
- Physical - including increased traffic, noise and parking

McNeil explained the types of 'NIMBY' opposition:

1. Process: The land use regulations in existence or the process to develop regulations is seen as flawed. If, for example, those involved in a public consultation process move away before a plan is implemented, the community process may not be considered legitimate.
2. Project: While the negative impacts of the physical characteristics of the housing proposal are emphasized, there is often no evidence to justify people's fears.
3. Presage: Opposition arises due to assumed negative impacts of the housing proposal.
4. Pretext: Opposition is based on past experiences with housing type or developer.
5. Prejudice: Opposition is directed against particular occupants but is disguised in 'politically correct' language.

Opposition may be based on misinformation, conflicting values or personal grudges. We often fail to acknowledge the importance of connection to home surroundings. People have come to see their homes as protecting them from social 'problems' and as a reflection of their socio-economic status. Social interactions within communities tend to be seen as familiar and safe. Changes to these dynamics may be viewed as a threat to one's personal safety. Community members join together to protect common interests.

The challenges to NIMBY opposition lie in the inability to address the opposition with a consistent plan. What works one time with one community does not necessarily work with others. Usually, housing providers decide how to approach opposition. Local officials decide whether opposition is perceived as 'good' or 'bad'. Municipal planners manage the process by distributing information.

To challenge 'NIMBY' opposition, it is important to understand whether residential concerns raised are deep rooted or superficial. Specific tools are needed to address concerns and change neighbourhood perceptions around affordable housing. The idea that affordable housing just does not fit in certain neighbourhoods remains a huge obstacle.

Strategic Planning Process

The stages of 'NIMBY' opposition (denial, curiosity, planning, action, evaluation and support) are part of a strategic planning process. The difficulty lies in the fact that a typical

planning process gives very little time to the 'denial' and 'curiosity' stages, instead focusing on the problem and solution. This especially relates to the affordable housing issue. People need time to recognize a potential problem in the planning process itself.

Key Processes:

- Build in enough time for information sharing and a response process. Information should be presented in a number of venues, not just on one occasion. Encourage people to inform themselves about housing issues through consulting BC Housing and CMHC websites.
- Allow community's emotional release to happen before facts are introduced. This can be a lengthy process and should occur away from public meetings.
- Encourage movement of discussion from problems to solutions, fear of impacts to the benefits of development. Emphasize that new neighbours are not necessarily threatening by creating empathy for potential occupants.
- Identify ways in which NIMBY goes against the core values of the community. Draw the connection, for example, between family values leading naturally to a desire for affordable housing. What is the community doing to improve affordable housing? Illustrate your point with housing continuum examples (e.g. living with parents, rental housing, small starter home, family and downsizing). Point out that everyone has the right to affordable housing and demonstrate how these options are limited for many people in their community. Alternative housing options, the opposition can be reminded, might be missing for them, their children or parents in the future if the problem is not addressed now.
- Develop a key 'peer' resource - someone from the community who will talk to others about potential benefits of the development.
- Attempt to stop the environment from becoming confrontational. A typical public meeting is adversarial. Instead, initiate one-to-one discussions, focus groups and workshops. Use an agreed upon agenda, have people face each other and use a facilitator. It is important to meet at a neutral location. Emphasize collaboration by creating a process for positive community development.
- Transform the process. Show that you respect people by acknowledging good ideas and sending thank-you letters. Build a commitment to understanding and support initiatives that work for everyone involved, or at least the majority of those involved.

Conclusions:

It is crucial to find a balance between the facts and people's emotions. The process should acknowledge both problems and solutions, move from competition to collaboration, result in understanding, change from a negative focus to a positive one and bring out core issues without avoidance. It helps to know community goals, values, planning policies and

neighborhood designs. Consider doing a needs assessment, involving residents in project planning and recruiting 'peer' supporters early on. Be prepared to devote time to education.

II) Mark Bostwick, a social planner with the District of North Vancouver, spoke about legalizing secondary suites in the District of North Vancouver. The district has 86,000 people, 84 percent live in single family homes, 20 percent of the housing stock is rental and much of this includes secondary suites.

The process to legalize secondary suites began with community discussions and complaints to building departments about suites. It became apparent that suites could be found in all neighbourhoods. The district promised to eliminate secondary suites by 1992, but homeowners were allowed to pay fees in order to keep suites for two to three years. In the meantime, the Housing Strategy was created with a priority to address social housing. In a close council vote, it was decided that suites should be legalized.

Before deciding on the issue, the district needed an accurate count for secondary suites. A total of 1800-2800 suites were recorded in a survey conducted by the Social Planning Action Research Council of BC (SPARC). The survey also found that people who owned suites tended to be slightly older (late 40s), long time residents and employed (20 percent were retired). Owners said they kept suites to help with mortgages, to avoid living alone and to provide extra income in retirement.

Those who lived in secondary suites tended to be younger, had lived in the district for at least two years, had lower incomes, represented all 'family' types, paid about \$100 less in rent than those in apartments and often did not own cars. Renters had lower unemployment rates than the community as a whole.

In a second study, district staff analyzed 174 files related to illegal suites from 1993 to 1995, which included 106 resident complaints. The study found that most complaints were based on opposition to the principle of secondary suites. Other common complaints such as noise, trash, parties, parking and landlord/tenant matters, were complaints associated with all types of housing.

Bostwick recommended that before legalization, nuisance by-laws be reviewed, the community be informed about by-laws that protect neighbourhood design, and the relatively weak link between complaints and secondary suites is emphasized.

Economics of secondary suites

The economics of suites was also considered by the study. Much social housing was found in split-level buildings and met relatively up-to-date Building Codes. Suites, therefore, could easily be incorporated. The study found it would cost between \$10,000 to \$25,000 to design a secondary suite to meet the current Building Code. Many, it was believed, could afford this without needing a second mortgage. Rental income would allow owners to pay off the debt. The study also found that suites generally did not affect outward appearances of homes and did not visibly change community appearance.

District of North Vancouver secondary suite by-law requirements:

1. Accepted owner occupied rule.
2. Required suites be brought up to Building Code standards. Introduced \$60 city inspection.
3. Increased parking spaces for each house to three. This issue became contentious, especially for smaller lots.
4. Ensured the suite was no larger than 960 square feet.
5. Legalized suites only in single family zones.

The by-law was discussed at every council meeting, public meetings and information broadcasts on local television. Groups emerged in support, in opposition and neutral but willing to accept.

Raising the issue of secondary suites in the community

While the municipality's initial impulse was to highlight the need to protect and expand existing affordable housing options, it was later decided that the issue of safety/security would be more important to the community. The issue was important to owners who needed to have legal suites in order to call in municipal inspectors for safety checks. Tenants would be safer as would neighbours concerned about issues such as fires. The city council itself remained divided on the issue. Some felt that secondary suites would mean increased crime while others pointed to suite tenants having community involvement and pride.

Valuable lessons were learned during the process according to Bostwick.

- Keep perspective on opposition: the number of people opposing secondary suites never came close to the number that eventually ended up owning one.
- Stress one issue such as safety and health.
- Provide incentives rather than penalties for homeowners.
- Look for consensus areas in community.
- Remove obstacles such as registration fees.
- Avoid 'patchwork' legalization (different requirements for different neighbourhoods) to minimize community divisions.
- Set utility fees for suites.

Discussion

During discussion, Bostwick said that so far, 100 suites had been shut down for non-compliance. There have been no penalties for people who did not register secondary suites and compliance levels and numbers of suites have continued to increase. Rental prices have increased with legalization, Bostwick acknowledged, however tenants now receive greater protection.

Participants expressed concern that homeowners might not legalize suites if they felt there might be Building Code violations, such as deck construction, in their homes. On the other hand, if the inspector only focuses on inspecting the suite, the safety of the whole house could be compromised. Also, it was agreed that clarity about secondary suites could be

achieved through needs assessments that highlight the importance of issues such as health and safety to the community.

Participants felt it was important to promote secondary suites as a long-term investment, not just an immediate income generator. It was noted that secondary suites should not be viewed as the solution but as part of a broader housing strategy. It was considered essential to engage all stakeholders. A positive example is the Capital Regional District growth strategy on affordable housing that works with 13 municipalities.

Wrap-Up and Next Steps

Michael Geller, President and CEO, SFU Community Trust

Mr. Geller discussed the UniverCity Highlands neighbourhood project to be developed at Simon Fraser University (SFU) on Burnaby Mountain. The goal of this development is to create a vibrant, self-sustaining community. The development plan is intended to help change the university from a commuter campus to a complete community, with shopping, an elementary school, parkland and other services. Another goal is to provide housing for students. One of the ways this will be achieved is through the use of alternative development standards and flexible housing units.

The concept at SFU allows legal secondary suites in new multi-family buildings. The zoning bylaw provides for "multi-family flex units" which will allow suites in a strata townhouse or apartment. A "multi-family flex-unit" is a strata titled apartment or townhouse dwelling unit that has a gross floor area of not less than 74 m² (796.5 sq.ft.) and contains a defined area for potential rental accommodation, which is not less than 24m² (258.3 sq.ft.) and not more than 35 per cent of the gross floor area of the apartment or townhouse dwelling unit in which it is located.

In providing accommodation for students, it was recognized that students wanted to be able to cook their own meals and have some privacy. Therefore, the secondary suites must:

- Contain a kitchen area with a compact range or microwave oven and built-in cooktop, compact refrigerator, sink, counter, cabinets, and venting;
- Contain at least one closet, and a bathroom with a toilet, sink, and bathtub or shower;
- Be wired for independent telephone connection prior to occupancy; and Have a separate lockable entrance door providing direct access to the exterior of the dwelling unit.

In addition, the multi-family dwelling must provide common washing machines and dryers for the suites.

Not less than 10% and not more than 50% of units must be flex suites, and these suites must be registered with the student housing registry if they are available for rent.

It is expected that rents will be \$500-\$550 per month.

So far, there has been great interest in the multi-flex units among potential purchasers. They like the idea of being able to have a "mortgage helper" on the fifth floor of an apartment building.

Discussions are currently underway with the City of Burnaby as to whether the secondary suite should be subject to a separate levy - or if the levy for the entire unit should be based on the total square footage of the unit.

In conclusion, Mr. Geller expressed the view that the SFU model, which will permit secondary suites in multi-family buildings, has great potential to provide for more densification and facilitate the development of more diverse residential environments in the future. At the same time, the model is an excellent way to provide affordable rental housing.