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**To:** "Direct to Mayor and Council - DL"

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**Date:** 9/30/2019 5:39:12 PM

**Subject:** Memo - secondary suite program

**Attachments:** CMO - DCM - Memo - Secondary Suites - September 30 2019.pdf

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Good afternoon Mayor and Council,

The attached memo provides an update on work that staff have undertaken over the past two years to review the City's regulation and processes related to approval and construction of secondary suites. The agenda for Council's meeting tomorrow includes a report recommending amendments to the Zoning and Development By-law to address issues that have emerged under the existing requirements; those amendments represent one outcome of this broader effort in relation to secondary suites. The attached memo summarizes other outputs, including:

- Information obtained through a survey of homeowner perceptions related to the process and costs to legalize existing and new suites;
- An overview of costs associated with the construction of legal suites;
- Efforts to improve the process and timelines for obtaining permits for secondary suites;
- Our current approach to by-law enforcement in respect of secondary suites.

Please let me know if you have any additional questions.

Best,  
Paul

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*The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.*

## MEMORANDUM

September 30, 2019

TO: Mayor and Council

CC: Sadhu Johnston, City Manager  
Lynda Graves, Administration Services Manager, City Manager's Office  
Rena Kendall-Craden, Civic Engagement and Communications Director  
Katrina Leckovic, City Clerk  
Neil Monckton, Chief of Staff, Mayor's Office  
Alvin Singh, Communications Director, Mayor's Office  
Anita Zaenker, Chief of Staff, Mayor's Office  
Gill Kelley, General Manager, Planning, Urban Design and Sustainability  
Darrell Reid, Fire Chief, Vancouver Fire and Rescue Services  
Kathryn Holm, Chief Licence Inspector and Acting Co-General Manager,  
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Patrick Ryan, Chief Building Official  
Dan Garrison, Assistant Director, Housing Policy and Regulation  
Abi Bond, Managing Director, Homelessness Services and Affordable Housing  
Programs  
Iain Dixon, Assistant Director, Regulatory Litigation

FROM: Paul Mochrie, Deputy City Manager

SUBJECT: Secondary Suite Program Update

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On October 1, 2019, Council will be considering a report from the General Manager, Planning Urban Design and Sustainability that recommends a number of amendments to the Zoning and Development By-law impacting construction of secondary suites in RS zones and referral of such amendments to public hearing.

Planning staff initiated a review of secondary suites in new houses in early 2019 as part of implementation of the Housing Vancouver Strategy and 3-Year Action Plan. A number of issues have been identified with the construction of deeper basements, including a decrease in the livability of basement suites, and a range of environmental and sustainability impacts. Accordingly, staff are recommending a series of immediate changes to strengthen and clarify regulations to control the depth of basements and produce more livable basement floor area and secondary suites in new houses.

The above-referenced amendments to the Zoning and Development By-law are one output of a broader review of the City's Secondary Suite program that staff have undertaken pursuant to direction provided by the previous Council at the end of 2017. In addition to measures to achieve the production of quality suites in new homes, we have also been working to identify obstacles to the construction of legal secondary suites and legalization of existing suites, as well as options to increase the number of legalized suites.

This memo is intended to provide Council with an update on this work.

## **A. Background**

Secondary suites have been allowed in all one-family dwellings and most two-family dwellings<sup>1</sup> since 2004<sup>2</sup> under the *Zoning & Development Bylaw*. Approximately 3,400 suites have been constructed under permits for a new one-family dwelling since 2008 and permits have been issued for approximately 5,925 suites following initial construction since 2004. However, that subset of suites constructed with permits represents only 27% of the total 34,593 suites identified by BC Assessment in 2017.

## **B. Understanding potential obstacles to suite legalization**

In July 2018, Sentis Market Research Inc. was engaged by the City to conduct a survey of Vancouver owners to understand the following dimensions:

- Their awareness and understanding of the process to legalize or build a secondary suite;
- Their reasons for choosing (or not) to legalize their existing suite(s);
- Their perceived barriers to building a new secondary suite;
- Their experience with the City's permitting process; and
- Their opinion on options to incentivize legalization/construction of legal secondary suites.

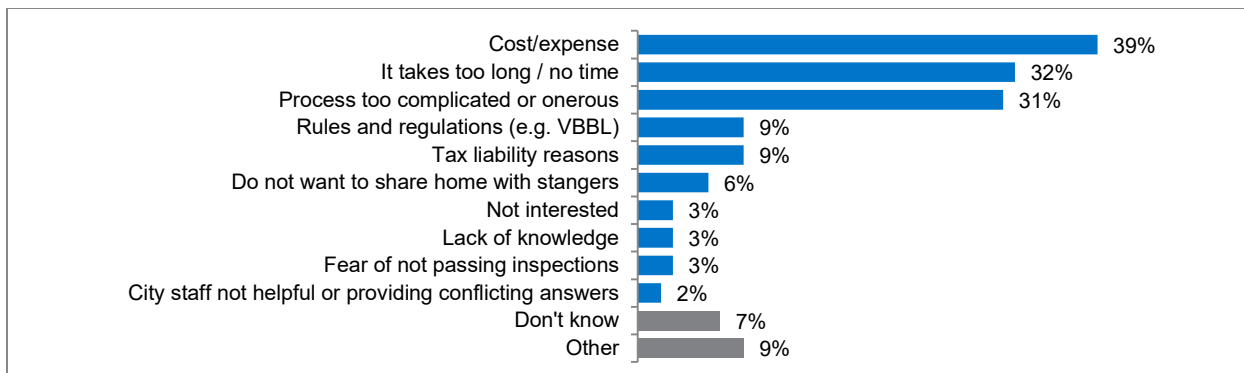
A total of 706 homeowners responded to the survey. Of those respondents, 163 indicated that they own at least one secondary suite and 102 of that group reported owning an unpermitted suite.

The primary issues that homeowners identified as reasons for choosing not obtain permits for secondary suites were the perceived cost/expense (39%), the time needed (32%), and the complexity of the permitting process (31%).

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<sup>1</sup> Some RT and RM zones do not allow secondary suites in two-family dwellings.

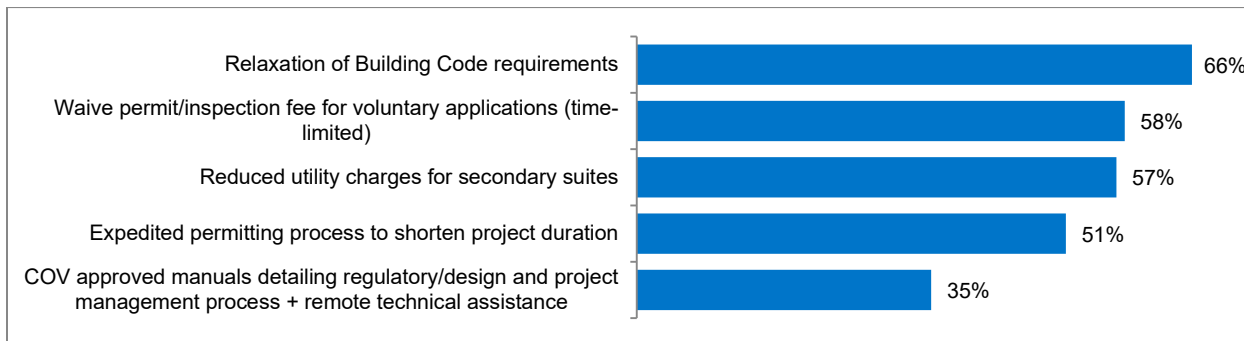
<sup>2</sup> A full chronology of key council decisions relating to Secondary Suites is included in Appendix A



**Figure 1:** Reasons for not going through the City's permitting process for secondary suites

Those homeowners who do not already have a secondary suite were asked how likely it is that they would consider building one in the next few years. Approximately 92% of respondents said that it was unlikely, or that they were unsure, with only 8% of homeowners saying that they definitely or probably would consider building a suite.

Respondents were asked to evaluate specific options to incentivize homeowners with an existing unpermitted secondary suite to go through the City's permitting process. Among respondents with unpermitted secondary suites, the "relaxation of Building Code requirements" was the most common response, with 66% of respondents saying it definitely or probably would incentivize them to legalize their suite.



**Figure 4:** Likelihood of policy options encouraging those with unpermitted secondary suites to legalize the suite

### C. Costs of legalizing a suite

Project costs for legalizing an existing secondary suite vary based on the amount of work that homeowners chose to undertake. This cost will include work that is required under the Vancouver Building Bylaw, but may also include additional work not specifically associated with legalizing the secondary suite, but required to be completed (such as correcting deficiencies related to other work completed without a permit). It may also include other discretionary work that the homeowner may choose to complete to achieve a particular quality or style.

A review of 107 projects submitted between 2017 and 2019 found the average project cost was approximately \$18,400. However, 52% of these projects had a value under \$5,000, with the maximum project value being around \$35,000.

All new suites require a development permit to change the dwelling use from a one-family dwelling to a one-family dwelling with a secondary suite. This development permit costs \$784. A building permit is then needed to carry out the required construction work. The cost of a building permit depends on the scale of the work, but ranges from \$158 (for projects with a value of less than \$5,000) up to around \$500 (for a project with a value of \$35,000).

Based on the work required, one or more trade permits (electrical, gas, plumbing, or sprinkler permits) are typically required to legalize a suite. Based on a review of 75 properties that went through the legalization process in 2017 and 2018, the average cost of permits and other fees (charged for work without permit, re-inspections, etc.) was around \$1,500<sup>3</sup>.

If a homeowner intends to rent the secondary suite a long-term rental business licence is required which includes a one-time application fee of \$58 and the annual fee of \$72 (pro-rated based upon when the licence is obtained).

If a special inspection is required, this has a fee of \$206.

In summary, a typical estimate for the total fees payable to the City by a homeowner in order to legalize a secondary suite in their pre-2001 home, and to rent this out, is approximately \$1,850. (Within a range of \$942 to \$2,500)

#### **D. Permit Processing Improvements**

Given the intelligence generated through the survey, we have undertaken a focused effort to simplify our regulations and processes, improve the quality of information we provide to homeowners and reduce the time it takes to approve secondary suite permit applications. A summary of these various actions is provided below.

##### ***i. Simplified Building Code requirements for new secondary suites***

The recent changes to the *Vancouver Building Bylaw* include extensive harmonization with the Provincial requirements for secondary suites and a shift to more prescriptive language regarding the secondary suite demising wall. These changes provide greater clarity to builders, consistency throughout the province, and include prescriptive plain-language requirements. The proposed changes will help to facilitate the creation of additional ancillary residential units in new and existing low density residential buildings by removing current barriers to construction.

The City is also participating in a Secondary Suites Working Group (comprised of the Province and other municipalities). The aim of the Working Group is to provide input to establish a tool for assessing the life safety performance of existing (non-permitted) suites and identifying measures that could bring these suites to an acceptable level of

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<sup>3</sup> Based on an average project value of \$12,600.

life safety performance that avoids the displacement of tenants and maintains rental affordability.

**ii. *Removal of the Special Inspection requirement***

Prior to January 2019, all applications for suite legalization (initiated voluntarily by the property owner or through an enforcement action) were required to undergo a Special Inspection. After reviewing secondary suites that had completed the permitting process, we found that homes constructed after 2001 did not have the same safety issues as often seen in older homes. On this basis, the additional requirement was removed from the legalization process for newer homes.

Property owners can still voluntarily apply for a Special Inspection, if they wish to do so (for insurance or other reasons).

**iii. *Simplified documentation requirements***

In March 2019 we simplified the documents that we require homeowners to provide when applying for a Secondary Suite permit. We now only require floor plans for the secondary suite itself. We also simplified the site plan requirements to only include information on grade levels, parking locations and emergency egress details.

Previously we required applicants to submit floor plans for all dwelling units on the parcel, including the main dwelling unit, as well as site plans for the parcel.

**iv. *Improved webpage and information materials for applicants***

Through the Sentis survey, and through our other applicant/resident feedback channels, we heard clearly that the information provided to permit applicants was not meeting homeowners' needs.

In light of this we have been systematically working through all the pages on [vancouver.ca](http://vancouver.ca) to better align information to suit applicant needs, and present it in an order that is more aligned with typical applicant journeys. We have also been reviewing the information that we provide in print format in the Services Centre.

In the past quarter, we published a new Secondary Suite Program guide with simplified language and additional visuals to better support Vancouver's diverse population. We also added a "*Frequently Asked Questions*" section to the secondary suites webpage to address common questions from homeowners.

**v. *Processing time improvements***

As part of our two-year investment in permitting processing capacity, we have been adding resources to all our review teams and providing additional data tools to our front line managers to enable them to focus on improved permit processing times. As a result, we have seen faster turnaround times for secondary suite permits and we anticipate that this performance will continue to improve.



	Issued DB Permit Count	Average Processing Time (weeks)	95 <sup>th</sup> Percentile (weeks)
2019*	44	10	30
2018	77	15	41

\*As of June 5, 2019

Trade permits (electrical, gas, plumbing, or sprinkler permits) are also often required to legalize a secondary suite. These permits may be applied for online by a licenced contractor and, on average, are issued between five and 15 business days. We have added resources to this team and are working to improve permit processing times here too.

#### E. Enforcement of secondary suite regulations

We are improving our reporting capabilities to enable consistent tracking of secondary suites built in new construction, as well as those legalized in an existing dwelling. However, given the significant proportion of suites that have been constructed without permits, our data regarding the entire stock of secondary suites across the City is incomplete.

Enforcement in relation to unpermitted secondary suites is challenging and is typically complaint-based. Our priority with respect to these files is to ensure that residents are living in safe dwelling units. Wherever possible, staff aim to avoid enforcement action that would result in a resident being evicted.

Where there is concern that residents may be living in unsafe dwelling units, Property Use refers casefiles to Vancouver Fire and Rescue Services (VFRS) to address immediate fire safety risks, including barred windows and a lack of working smoke alarms.

I hope the foregoing information is of some assistance. If you have any additional questions at this time, please let me know.

Yours truly,



Paul Mochrie  
Deputy City Manager

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## Appendix A: Secondary Suites in Vancouver – Chronology

Secondary Suite Program	
1940	War Measures Act, federal statute applied throughout Canada, encourage homeowners to relieve wartime housing shortage by allowing suites in single-family homes
1956	Council decision to close secondary suites in RS-1 areas. However, “moratorium” suites installed prior to 1956 were given a temporary reprieve.
1959	Council orders closure of all suites in RS-1 district.
1960	Council adopts policy to eliminate all illegal suites in RS-1 districts within 10 years.
1961	Council agrees to withhold enforcement action for suites occupied by parents, grandparents and children of the owner.
1963	Council agrees to withhold enforcement action where there is recognized financial or medical hardship of the owner or tenant.
1960-1974	Through a series of four resolutions, Council instructs the Director of Planning to renew development permits for suites until December 31, 1974.
Dec. 1974	Council instructs the Director of Permits and Licensing to temporarily withhold enforcement action on illegal suites in the RS-1 areas with respect to which a development permit expires on December 31, 1974
1975	Council establishes a plebiscite process, resulting in the creation of the RS-1A zoning district in two separate areas of the City (Kitsilano and Grandview Woodlands)
1977	Council adopts specific financial and medical guidelines for approving hardships applications. These are reviewed and updated as required.
1978	Council resolved that hardship applications not be considered for suites built since January 1, 1975.
1980	Council authorizes a council committee to be the final appeal for hardship suites.
1981	Council review its secondary suite policy, decides to continue to withhold enforcement action for approved parent, family, hardship and moratorium suites, and enforcing closures on a complaint basis.
1983	Hardship Committee is disbanded. The Director of Permits and Licenses is given full responsibility for hardship applications, with an appeal to Council.
1983	Council rescinds the October 1978 resolution not to consider hardship applications for building erected after January 1, 1975. Council also approves a \$100 processing fee and requirement to meet minimum life safety standards.
1986	Council directs the Director of Permits and Licenses to refuse any hardship applications for withholding the enforcement where there are known legitimate complaints from residents in the neighbourhood.
Fall 1989-early 1987	Council established direction for the secondary suite review program. This included allowing family suites and the approval for the Joyce Station area “pilot project.”
1986-1988	Council considered and chooses not to permit suites in all RS-1 areas. As an alternative, they establish a plebiscite process, whereby voters indicated a yes/no preference in the 1988 municipal election. This was followed by an implementation program in those areas that indicated yes.
1987	Council determine that the City hardship policy contravenes both the City Charter and the RS-1 Zoning Schedule
December 14, 1987	Council approves amendments to the Zoning & Development Bylaw for new RS-1S district schedules.
1988	Council approves bylaw to require partial sprinklering for upgrading new secondary suites.



July 14, 1988	Council approved the creation of 12 positions for a dedicated Secondary Suite Program team focused on the Joyce Station area
December 13, 1988	Introduction of new secondary suite regulations in the Vancouver Building Bylaw under Bylaw No. 6450
1989	Council approved and enacted the Secondary Suite Inspection Fee By-law No. 6553 to reduce fees for inspection of suites.
November 30, 1989	Council approved an additional 11 positions for the Secondary Suite Program team to expand the program to all RS-1 and RS-1S zoned neighbourhoods
April 24, 1990	Council adopted building regulations which require secondary suites be sprinklered for new one and two-family dwellings
1991	Council approved a two-level special inspection fee for secondary suites to encourage early applications once homeowners were informed via the notification process. Applications received within 90 days were charged \$10 for a special inspection, while those received after were charged the regular fee of \$252.
November 1994	Council approved extending the Secondary Suite Program team comprised of 13 staff members until December 31, 1995 to allow completion of the notification process in all RS-1 and RS-1S zoned neighbourhoods
August 1, 1995	The notification process for the last neighbourhood was completed.
December 31, 1995	The Secondary Suite Program team had processed a total of 4,247 Special Inspection applications, resulting in 2,905 Development Permits being issued for short and long-term retention of suites.
July 8, 1999	Council adopts a policy to pursue ways to bring more secondary suites into legal conformity while also investigating more effective enforcement methods. The Chief License Inspector is instructed to withhold enforcement in the phase-out suite use for up to 3-years.
July 31, 2001	Council approves recommendation to award a contract to Gage-Babcock & Associates to conduct a <i>Secondary Suite Standards and Enforcement Review</i> project
September 2003	Council directs staff to report back on measures to legalize and regulate secondary suites as part of an overall motion on "Housing and Social Diversity and Inclusion."
January 27, 2004	Council approved amendments to the Zoning and Development Bylaw that: <ul style="list-style-type: none"> <li>▪ Allow secondary suites in RS, RT and RM zones</li> <li>▪ Limit the number of secondary suites to one for each one-family dwelling</li> <li>▪ Remove the terms family suite and phase out suite throughout.</li> </ul>
March 23 and May 18, 2004	Council approves changes to the Building Bylaw to provide an enhanced level of flexibility for secondary suites, and permitted the Chief Building Official and Director of Planning the discretionary power to waive "suite ready" requirements where appropriate. These changes included: <ul style="list-style-type: none"> <li>• Removing the requirement for sprinklering of secondary suites</li> <li>• Waive upgrading for spatial separation of buildings, except for new window openings</li> <li>• Removing upgrade requirements other than those required to address major fire and life safety requirements or unsafe conditions</li> </ul>
April 12, 2005	Council approves amendments to the Zoning & Development, Building, Parking and Fee Bylaws to further facilitate the legalization of suites and provide consistency of bylaws. Among the major amendments were: <ul style="list-style-type: none"> <li>▪ Remove requirements for internal access</li> <li>▪ Establishment of same minimum site areas for most zoning districts</li> <li>▪ A minimum of one parking space for every dwelling unit, except for a building constructed before April 20, 2004</li> </ul>
October 31, 2006	Council approves minor amendments to the CD-1 bylaws to permit one family dwellings with a secondary suite

June 10, 2008	Council adopts EcoDensity Charter and initial actions, including options for secondary suites, such as enabling full basements and permitting secondary suites in zones that are currently not permitted (e.g. apartments).
July 17, 2008	Council approves rezoning of East Fraser Lands (Phase I) which allows secondary dwelling units within apartments, up to a maximum of 25% of all units built.
May 5, 2009	Council approves amendments to the RS District Schedule to enable full-size basements (and increase in allowable FSRs) and more livable basement suites in single family areas.
July 21, 2009	Council enables secondary dwelling units in commercial areas, the Downtown and Southeast False Creek
July 26, 2011	Council adopted the Housing and Homelessness Strategy 2012-2021. Among the outcomes of the Strategy are the expansion of zones/housing types for secondary suites and laneway housing. The Strategy also aimed to build 5,000 new suites and laneways by the end of 2021.
September 24, 2013	Council adopted the 2012 British Columbia Building Code, with amendments to reflect unique Vancouver provisions as permitted under the Vancouver Charter. Fire and life safety requirements pertaining to secondary suites in the BC Building Code were not adopted because Vancouver's current provisions are more reasonable and well entrenched.
November 16, 2016	Council approves Empty Homes Tax (EHT). Unoccupied secondary suites (if the principal dwelling is occupied) are exempted from the EHT.
March 7, 2017	Council directs staff to pursue changes to zoning bylaws to allow houses that have one or two non-conforming suites to be grandfathered as legal non-conforming suites
November 14, 2017	Council approves short-term rental regulation (STR) framework, which includes prohibiting non-principal residents from renting out secondary suites for less than 30 days
November 28, 2017	Council adopts the Housing Vancouver Strategy (2018-2027) and 3-Year Action Plan. Action items that pertain to secondary suites include: <ul style="list-style-type: none"> <li>▪ Deploying a tactical response team that review city-wide regulations and identifies new policies and zoning changes to build new types of housing beyond the current limit of 3 units per lot in RS-zoned areas, by enabling multiple suites, laneway housing, duplexes, triplexes and fourplexes with secondary suites</li> <li>▪ Identify opportunities for expansion of legal secondary and lock off suites and laneway houses through the Cambie Phase 3 Planning Program and future community planning programs</li> <li>▪ Review regulations around secondary suites (and existing lock-offs) to understand obstacles around current regulations and licensing and identifying options to remove barriers and encourage compliance</li> </ul>
December 12, 2017	Council approves motion for staff to report back in the spring of 2018 on: <ul style="list-style-type: none"> <li>▪ The number, reason and type of long term rental suites occupied by renters that have been deemed unable to occupy by City inspectors in 2017;</li> <li>▪ The additional resources required for data collection if the data is unavailable, costly to gather or difficult to obtain;</li> <li>▪ To include in Housing and Homelessness annual reports, the number of long term rental suites deemed unable to be occupied, and the total number of suites that have been registered by type of suite</li> </ul>
September 2018	Council approved two-family dwellings and two-family dwellings with a secondary suite as an approved use in most RS zones.
December 2018	Council reaffirmed two-family dwellings and two-family dwellings with a secondary suite as a trial housing option in most RS zones.