Agenda – Executive Policy Committee – September 17, 2019

REPORTS

Item No. 7 Strategies and Tools to Enhance Neighbourhood Liveability

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

Recommendations / Amendments related to Neighbourhood Liveability By-law:

1. That, subject to recommendation 2 being adopted, Council impose an inspection fee (new) of $225 for non-compliant property owners, which will be applied to third and subsequent inspections, to recover costs on behalf of the City of Winnipeg and to act as a deterrent to ongoing non-compliance. The fee will be effective upon Council adoption.

2. That Council approve the addition of one, full-time equivalent (FTE) position within Community By-law Enforcement Services (CBES) to administer the clerical process involved in recovering the inspection fees identified in Recommendation 1.

3. That, for residential properties where there are three or more rental units, the property owner be required to post on that property, as prescribed by by-law, a valid contact number of a caretaker/property manager for that property; and that person must return any calls with respect to the property within 48 hours.

Amendments to Neighbourhood Liveability By-law and Vacant Buildings By-law:

4. That condominium corporations be subject to prosecution and other enforcement action as an owner of common elements of condominiums for the purposes of the Neighbourhood Liveability By-law and the Vacant Buildings By-law.

5. That appellants be required to post publicly, notices of any appeals to orders issued under either by-law on the property, in a prescribed manner for a period of seven consecutive days prior to the appeal hearing.

Amendments to the Vacant Buildings By-law:

6. That the ability to request a fee waiver be replaced with the ability to request a refund of any fees under the by-law with a 30-day maximum timeframe to apply for the refund.

7. That the designated employee be granted the authority to require boarding of a residential building where safety concerns outweigh the negative impacts of boarding, and that escalating boarding fees currently applicable to commercial properties apply to these buildings as soon as the designated employee imposes this requirement.

WINNIPEG PUBLIC SERVICE RECOMMENDATION (continued):

8. That, in order to encourage owners to have long-term vacant buildings occupied, re-used, or demolished, an Empty Building Fee (new) in the amount of 1% of the most current assessed value of the property be imposed annually on properties that remain vacant after they have had five annual inspections under the by-law. The fee will be effective as of January 1, 2020.

9. That subject to approval of Recommendation 8, net revenue from the Empty Building Fee be directed to the Housing Rehabilitation Investment Reserve to be reinvested in affordable housing initiatives.

Problematic business activities:

10. That the Public Service be directed to further examine whether additional regulations on problematic business activities will enhance the City's ability to address and maintain community standards, and report back to Council at, or before, its final meeting of 2020.

General:

11. That Council enact amendments to the Neighbourhood Liveability By-law and the Vacant Buildings By-law (draft amending By-law attached as Appendix C) which will implement Recommendations 3, 4, 5, 6, 7 and 8 set out above.

12. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 9, 2019, the Executive Policy Committee directed the Winnipeg Public Service to report back to the appropriate Committee of Council in 90 days, outlining tools, strategies or tactics to further promote voluntary compliance and deter repeat or long-term non-compliance of the Neighborhood Liveability By-Law No. 1/2008 and the Vacant Building By-Law No. 79/2010.

ADMINISTRATIVE REPORT

Title: Strategies and Tools to Enhance Neighbourhood Liveability

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
W. Yee	C. Fernandes	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

This report provides Council with a number of strategic initiatives and tools to further promote voluntary compliance and deter repeat or long-term non-compliance with the Neighbourhood Liveability By-law (NLB) and the Vacant Buildings (VB) By-law.

The report puts forward 10 recommendations which support four key strategies: enhancing operational efficiencies, improving safety and reducing community blight, reducing timelines for compliance, and improving accountability and transparency. This report also shifts historical policy directions by proactively discouraging long-term building vacancies and by occasionally requiring residential buildings to be boarded up in the interests of public safety.

Recommended actions include implementing inspection fees for non-compliant properties, increasing communication in the community, improving efficiencies through by-law amendments, and addressing long-term solutions to motivate occupancy or demolition of vacant buildings.

RECOMMENDATIONS

Recommendations / Amendments related to Neighbourhood Liveability By-law:

1. That, subject to recommendation 2 being adopted, Council impose an inspection fee (new) of $225 for non-compliant property owners, which will be applied to third and subsequent inspections, to recover costs on behalf of the City of Winnipeg and to act as a deterrent to ongoing non-compliance. The fee will be effective upon Council adoption.

2. That Council approve the addition of one, full-time equivalent (FTE) position within Community By-law Enforcement Services (CBES) to administer the clerical process involved in recovering the inspection fees identified in Recommendation 1.

3. That, for residential properties where there are three or more rental units, the property owner be required to post on that property, as prescribed by by-law, a valid contact number of a caretaker/property manager for that property; and that person must return any calls with respect to the property within 48 hours.

Amendments to Neighbourhood Liveability By-law and Vacant Buildings By-law:

4. That condominium corporations be subject to prosecution and other enforcement action as an owner of common elements of condominiums for the purposes of the Neighbourhood Liveability By-law and the Vacant Buildings By-law.

5. That appellants be required to post publicly, notices of any appeals to orders issued under either by-law on the property, in a prescribed manner for a period of seven consecutive days prior to the appeal hearing.

Amendments to the Vacant Buildings By-law:

6. That the ability to request a fee waiver be replaced with the ability to request a refund of any fees under the by-law with a 30-day maximum timeframe to apply for the refund.

7. That the designated employee be granted the authority to require boarding of a residential building where safety concerns outweigh the negative impacts of boarding, and that escalating boarding fees currently applicable to commercial properties apply to these buildings as soon as the designated employee imposes this requirement.

8. That, in order to encourage owners to have long-term vacant buildings occupied, re-used, or demolished, an Empty Building Fee (new) in the amount of 1% of the most current assessed value of the property be imposed annually on properties that remain vacant after they have had five annual inspections under the by-law. The fee will be effective as of January 1, 2020.

9. That subject to approval of Recommendation 8, net revenue from the Empty Building Fee be directed to the Housing Rehabilitation Investment Reserve to be reinvested in affordable housing initiatives.

Problematic business activities:

10. That the Public Service be directed to further examine whether additional regulations on problematic business activities will enhance the City's ability to address and maintain community standards, and report back to Council at, or before, its final meeting of 2020.

General:

11. That Council enact amendments to the Neighbourhood Liveability By-law and the Vacant Buildings By-law (draft amending By-law attached as Appendix C) which will implement Recommendations 3, 4, 5, 6, 7 and 8 set out above.

12. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On April 9, 2019, Executive Policy Committee directed the Public Service to report back to the appropriate Committee of Council, outlining tools, strategies or tactics to further promote voluntary compliance and deter repeat or long-term non-compliance of the Neighbourhood Liveability By-Law No. 1/2008 and the Vacant Buildings By-Law No. 79/2010.

IMPLICATIONS OF THE RECOMMENDATIONS

The recommendations in this report will further promote voluntary compliance and deter repeat or long-term non-compliance of the Neighbourhood Liveability By-Law No. 1/2008 and the Vacant Buildings By-Law No. 79/2010. They support four key strategies: enhancing operational efficiencies, improving safety and reducing community blight, reducing timelines for compliance, and improving accountability and transparency.

Upon approval, one full-time equivalent position will be added to the City's human resource complement. Two new fees are introduced in the by-law(s) and administered by CBES.

There are a number of variables that impact the number of inspections that may be subject to the Inspection Fee. For this reason, as well as the intention to motivate compliance with the fee, revenue projections prior to implementation and accumulation of statistical data would be premature. Similarly, the potential revenue generated from an Empty Building Fee based on a percentage of assessed taxable value is unpredictable; therefore, the offsetting net revenue contribution to the Housing Rehabilitation Investment Reserve cannot be quantified. However, while the Inspection Fee may motivate compliance, it will not be 100% effective and will at minimum be sufficient to recover the costs of the request FTE and administrative support of the program(s) in 2020 and future years. No additional mill rate support would be required.

HISTORY/DISCUSSION

At its April 9, 2019, meeting, Executive Policy Committee directed the Winnipeg Public Service to report back to the appropriate Committee of Council, outlining tools, strategies or tactics to further promote voluntary compliance and deter repeat or long-term non-compliance of the Neighbourhood Liveability By-Law No. 1/2008 and the Vacant Buildings By-Law No. 79/2010.

The Community By-law Enforcement Services (CBES) Division of the Community Services Department experiences challenges to enforcement and compliance; the proposed amendments to these two by-laws are expected to improve compliance and neighbourhood liveability. In addition, the licensing of certain businesses which can impact communities requires a review so that the City will have the appropriate tools to address evolving issues and problematic activities. Consequently, CBES has consulted with the Planning, Property & Development Department, Winnipeg Fire Paramedic Service, and Legal Services on existing by-laws, and whether amendments are needed to provide more effective oversight and the correct tools to gain compliance.

Four strategies and 10 corresponding recommendations were developed based on consultations. The strategies are as follows:

1. **Strategies to enhance operational efficiencies**: Recommendations such as fees for repeated inspections of non-compliant properties allow for cost recovery and incentivize by-law compliance. Allowing prosecution of condominium corporations will reduce the time required to enforce by-laws with respect to common areas. Changing the possibility of a waiver to a request for a refund will require that applicants first pay the fee, reducing the time spent by the Public Service to recover unpaid fees. Requiring rental property owners to have a caretaker or property manager available to deal with complaints will also provide for more efficient use of City by-law enforcement officers' time.

2. **Strategies for improving safety and reducing community blight**: In the past, the City's vacant building's policy has been aimed at discouraging boarding up of vacant buildings rather than discouraging vacancies. This report recognizes that sometimes safety concerns outweigh the negative effects of boarding and allows a designated employee to require that buildings must be boarded up. In addition, recognizing that buildings that are unoccupied for many years are a blight on the neighbourhood and a safety concern, this report recommends that, for the first time, the City impose a fee to encourage property owners to have their buildings occupied or demolished. It is also recommended that revenue from this fee be used to rehabilitate housing, thereby further improving neighbourhoods.

3. **Strategies to reduce timelines for compliance**: Recommendations which motivate property owners to comply with by-law standards, such as inspection fees for ongoing non-compliance and long-term vacant buildings, will prompt early compliance and encourage occupancy and re-use. Reducing the time spent by officers in serving orders on condominiums, and having residents able to contact a building manager, are also expected to assist in reducing the time for compliance.

4. **Strategies to increase accountability and transparency to community**: This strategy requires property owners to be accountable to the community in which they reside or do business. Recommendations involve requiring non-compliant property owners to pay for their non-compliance, requiring property owners to post information about appeals and post caretaker contact information, and a proposal to review relevant by-laws to increase or create accountability on businesses for engaging in activities that can negatively affect neighbourhoods.

Appendix A provides a summary of the recommendations and the relevant strategy that it supports. The following is a discussion of each of the 10 recommendations:

1. <u>Inspection Fees for Non-Compliance</u>

Council approval of a $225 inspection fee will authorize charging an inspection fee for non-compliant properties under the Neighbourhood Liveability By-law (NLB). Inspection fees would only be applied to <u>third and subsequent</u> inspections to resolve a non-compliant property standard based on an order issued by the City of Winnipeg. That is, the fee would apply only after a first inspection has determined a lack of compliance, a compliance order has been issued and a second inspection after the compliance date has expired has determined that the property is still not in compliance with the order.

This fee, which is avoidable, is intended to recover the costs of inspections for the City and has an incidental consequence of "incentivizing" or motivating non-compliant property owners to become compliant in a timely manner. Currently, non-compliant

property owners consume a significant amount of resources from CBES. By-law officers must dedicate a significant amount of their time addressing the non-compliant property; in many cases this involves multiple communications with the owner or their representatives as well as the community, and ongoing monitoring so as to facilitate continued movement toward compliance. This process tends to be long and impacts neighbouring properties and the community at large. Staff have determined cost recovery of $225 to be minimal, based on officer's time, travel cost, and clerical support required to support the activity noted above.

Between 2014 and 2018, over 6,000 third and subsequent inspections were required to address non-compliance – more than 1,000 per year, on average. The costs associated with these inspections are entirely attributable to the failure of the property owner to comply with an order that the owner has had a chance to appeal.

On any given day the number of "open orders" accounts for approximately 75% of activities for the enforcement branch of CBES. In these circumstances, officers' activity ranges from contact with property owners or their representatives, attending a property to determine if corrective action has been taken, and confirming plans of the owner. As noted below, even if the proposed fee reduces the number of third and subsequent inspections required, it is anticipated that the revenue from fees imposed and collected will be sufficient to pay the expense of an additional FTE clerical staff. The excess will begin to reduce the costs to the City of officers' time in conducting these inspections.

There are approximately 2,000 "open orders" being dealt with by CBES (see Appendix B for a point-in-time sample of "open orders" being managed by CBES). These are situations where an order has been issued but the property has not yet been brought into compliance. With any point in time scenario, the percentage of properties that are at the second or subsequent stages of inspection will vary. Analysis suggests that approximately 45% of open orders are at the first inspection where a violation has been noted. Approximately 21% are at the second inspection and the issue has been corrected. The remaining 34% are at the three or more inspections stage.

Below is a table outlining inspection stages and when the proposed fee will apply:

Inspection Stage	**1st Inspection**	**2nd Inspection**	**3rd and subsequent Inspection**
Inspection Type	Investigation	Compliance	Enforcement
Purpose of Inspection	Inspection to determine if a violation of a by-law exists.	An inspection to determine if a property owner has complied with an order by a specified compliance date.	Any and all subsequent inspections made until a violation has been corrected.
Inspection Fees	NO	NO	YES

2. **One (1) full-time equivalent (FTE) position within Community By-law Enforcement Services to administer Recommendation #1**

   CBES is seeking approval to hire one (1) FTE clerical staff to administer the invoicing and collection of the inspection fee referred to in Recommendation #1.

   To fully recover the administration costs for this position for 2020 would require approximately 320 inspections to which the inspection fee applied. As noted, since 2014, CBES has conducted more than 1,000 inspections annually to which this fee would apply. Although one of the goals of the fee is to reduce the number of these inspections required, it will not be 100% effective. Therefore, it is anticipated that enough inspections to which the fee applies will still be carried out to recover the costs of the administrative support of the program(s) in 2020 and future years. Accordingly, no additional mill rate support would be required. Any fees recovered in excess of the costs of the additional clerical staff would begin to off-set the costs to the City of conducting inspections and engaging in other enforcement activities.

   In addition, a fee for a third and subsequent inspection has the incidental consequence of motivating non-compliant property owners to become compliant in a more timely manner. This will reduce the time City by-law enforcement officers spend on third and subsequent inspections for longer-term non-compliant properties and allow officers to focus their time more on investigating new complaints and identifying corrective action.

3. **Owners of residential properties with three or more rental units to post contact information, and for contact person to return calls within 48 hours**

   For residential properties where there are three or more rental units, owners will be required to post a valid contact number of a caretaker or property manager for tenants and neighbours to contact, and be responsible to ensure that person returns calls within 48 hours of contact or be subject to enforcement and penalties.

   The purpose of this recommendation is to minimize circumstances where tenants and/or neighbours cannot contact the property owner or manager and are forced to turn to the City to address property standard issues, which leads to higher volume of calls for service. This requirement is expected to increase communication between renters, neighbours, and landlords, thus allowing owners to address issues at the community level before an escalation to CBES and formal enforcement action. In addition, being in a position to contact a building manager will reduce the time spent by City by-law enforcement officers in arranging for inspections, issuing orders or penalty notices, and otherwise dealing with properties. A contravention of this provision would be subject to a fine of $300 under The Municipal By-law Enforcement Act.

4. **Condominium corporations identified as an owner of common elements of condominiums in the NLB or Vacant Buildings (VB) By-law**

   Condominium corporations will be identified as owners of common elements (e.g., these would typically include hallways, parking lots, roofs) of condominium property under both by-laws. With the condominium corporation as a recognized owner of common property, the City would have the option to issue non-compliance orders and issue tickets to condominium corporations for contraventions related to the common elements.

This change will facilitate significant efficiencies for the City. Currently, for non-compliant condominium properties, for example, the City is required to issue orders to all condominium owners of that property. In some cases this could result in service of over one hundred orders to address a simple property standard issue that would be most efficiently addressed by having the City's by-law staff work with the condominium corporation to address the non-compliance and provide any education that is required. The City will not be able to post the cost of remediation to property taxes of the condominium corporation although, if the remediation is significant, there continues to be flexibility to notify all condominium owners and charge all owners with the cost of remediation.

5. Public Posting of Appeals to Orders

Amendments to both the NLB and VB by-laws would require appellants to publicly post their appeal, at the property in a manner prescribed in the By-law, for a period of seven (7) consecutive days prior to the appeal hearing. At times, community concerns may appear to the community to go unaddressed during the appeal process, especially when extensions of timelines are provided for the appellant. This requirement will give the community notification of the committee meeting at which the appeal will be heard and give them a chance to speak at the hearing. The public posting will enhance transparency and communication for the community, as well as provide an opportunity to be involved. A contravention of this provision would be subject to a fine of $150 under The Municipal By-law Enforcement Act.

6. Waiver of Vacant Buildings By-law fees replaced with a refund of fees with a 30-day maximum timeframe to apply for the refund.

All fees imposed under the VB By-law, including fees for boarding vacant buildings, are currently subject to being waived by the Standing Policy Committee on Property and Development, Heritage and Downtown Development. However, some property owners apply for the waiver, are denied and then refuse to pay the relevant fees. This proposed change would allow them only to apply for a refund - not a waiver - of the fees. This requires that they pay the fees up front. Moreover, this recommendation would impose a 30-day limit on an application for a refund of the fees. This change will improve efficiencies in City processes by reducing the time spent by City staff in trying to collect unpaid fees.

7. Designated employee under the Vacant Buildings By-law authorized to require boarding of a residential property due to safety concerns, and that boarding fees and boarding requirements for commercial properties apply to these buildings.

Historically, the goal of the City's policy in respect of vacant buildings has been to minimize the time buildings are boarded, for two reasons: first, because a boarded building represents a safety concern for firefighters and, second, because it is a blight on the neighbourhood. For this reason, the VB currently discourages boarding of commercial buildings by imposing escalating fees for boarding and by limiting boarding of residential buildings to one year. However, there is now a general consensus among CBES, Winnipeg Fire Paramedic Service (WFPS) and Winnipeg Police Service (WPS) that in some situations, safety concerns addressed by securing a residential building by boarding it outweigh the negative effects of boarding. This amendment would provide

authority to the designated employee to require by way of an order that the owner board a vacant building if they determine boarding is required. The designated employee, will have the authority to require boarding in certain circumstances to address safety issues raised by police or fire. In this case, the owner would be subject to escalating fees for boarding that are applicable to commercial buildings as soon as the requirement is imposed. The requirement to board the building would last a maximum of six months but could be renewed. It would be terminated when the building is occupied. A failure to comply with a requirement to board a vacant residential building would be subject to a fine of $1,000 under the Municipal By-law Enforcement Act.

8. <u>Empty building fee be applied to all vacant buildings that have been subject to five (5) Schedule A inspections as outlined in the Vacant Buildings By-law,</u>

An initiative has been implemented in Vancouver to address both vacant buildings and affordable housing available to their citizens – an Empty Homes Tax. Each year, owners of residential property (Class 1, Residential; which includes single-family residences, multi-family residences, duplexes, apartments, condominiums, nursing homes, seasonal dwellings, manufactured homes, some vacant land, farm buildings and daycare facilities) in Vancouver are required to submit a property status declaration to determine if their property is subject to the tax. The objective of the Empty Homes Tax, also referred to as a vacancy tax, "…is to return empty or under-used properties to use as long-term rental homes for people who live and work in Vancouver." Discussions with officials in Vancouver indicate that preliminary evidence suggests that this initiative is achieving the desired results.

The primary commonality between Vancouver's initiative and the one proposed in this report is simply the "motivating" factor of discouraging vacancy where there are impacts to the surrounding community or municipality. Another is the fact that the amount of both Vancouver's tax and the proposed fee are based on the assessed value of the property. This structure is necessary to provide the motivation to have a building occupied. A $1,000 fee on a vacant single family home worth $150,000 might be enough to prompt efforts to have it occupied but is highly unlikely to motivate the owner of a vacant apartment block or commercial building worth millions.

However, there are three distinct and significant differences between Vancouver's initiative and this proposal, they are: scope, property use, and objective.

- Scope - Vancouver's initiative casts a wide net and could apply to large numbers of properties, whereas Winnipeg's is more focused on a small number of properties. The proposed Winnipeg model will apply only to "long-term" vacant properties which have had five or more annual (Schedule A) inspections under the By-law during a single period of vacancy. This means that it has been vacant for at least five consecutive years. As shown by the chart below, of the 538 vacant buildings currently identified by CBES, the proposed model would only apply to 101.
- Property use – Vancouver's model applies only to residential buildings; Winnipeg's will address all long-term vacant properties regardless of the type and use.
- Objective - Vancouver's primary goal is to increase housing supply through homes that are not being used (unoccupied or vacant). Winnipeg's primary goal

is to reduce community blight and renew neighbourhoods through occupancy and re-use of long-term vacant buildings.

In addition, it is important to note that Vancouver has imposed a tax while this proposal would impose a fee. Properly authorized, taxes can be imposed for a variety of reasons, including to generate revenues. Fees may be imposed for more limited reasons, including cost recovery as well as to encourage behaviour that aligns with public policy objectives. The latter is the purpose of the fee proposed here.

Note, as well, that this proposal shifts historical policy directions of the City by proactively discouraging long-term building vacancies. Until now, boarding up and maintenance of vacant buildings was the primary focus of the VB By-law in order to address issues of safety, property standards and neighbourhood blight. Building vacancies themselves were never prohibited or discouraged. The foundation of the VB By-law continues to focus on safety, minimum property standards and motivating re-occupancy or demolition. This initiative increases a property owner's level of motivation to address long-term vacant buildings that can become an epicenter of blight for a neighbourhood and in this regard shifts to a more proactive form of influencing behaviour.

Below is a point in time count of the number of properties enforced under the VB by-law organized by number of years under active enforcement and type of property. The highlighted numbers are the amount of buildings that would be subject to the fee (101), which is currently 18.7% of the total number of vacant buildings under VB by-law enforcement.

Vacant Buildings Being Enforced Under the VB By-law 79/2010

As at June 24 2019

# of Active VB Years of vacancy	Building Type Non-Residential /Multi-Family	Residential	Grand Total
0-4	121	316	437
5-9	16	48	64
10+	19	18	37
Grand Total	**156**	**382**	**538**

9. **<u>If the Empty Building Fee proposed in Recommendation #8 is approved, net revenues will be credited to the Housing Rehabilitation Investment Reserve to be reinvested in affordable housing initiatives.</u>**

The City of Winnipeg adopted its current Housing Policy in 2013. That policy supports the development of affordable housing as well as housing initiatives that facilitate neighbourhood liveability, insofar as the reduction of blight that may impact a community in the long-term. The recommendation to reinvest the fees proposed in recommendation #8 in affordable housing initiatives via the Housing Rehabilitation Investment Reserve (HRIR) supports the City's Housing Policy and the broader OurWinnipeg policy to reduce community blight, increase housing supply and affordable housing.

Research has indicated that the supply of affordable housing is directly linked to the overall supply of housing for a municipality. If there are shortages in certain sections of the housing continuum it will impact demand in other parts of the housing continuum, thus affecting supply in those other areas.

The HRIR was created by City Council on June 21, 2000, to fund City housing programs that supported the City's previous housing policy, for which no funding was provided in operating budgets. It was intended that the HRIR act as a revolving fund so that incremental tax revenues resulting from housing programs in which the HRIR had invested would be returned to the HRIR to finance future projects. The HRIR continues to fund housing programs for which the funding is provided through an annual transfer from the General Revenue Fund. Currently, the HRIR is used to further housing development and housing related initiatives that renew neighbourhoods and supports the City's Housing Policy.

10. <u>Full review of By-laws related to Certain Business Activities and Community Standards</u>

The Public Service will examine whether additional regulations on certain forms of businesses will enhance the City's ability to address and maintain community standards resulting from specific business activities.

As part of the process to review By-laws, stakeholder meetings will be facilitated with subject matter experts in building and occupancy, fire prevention, police, legal services, and external regulatory agencies as appropriate. The recommended action will be provided to Council for consideration in 2020.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 29, 2019

Project Name:

Strategies and Tools to Enhance Neighbourhood Liveability

First Year of Program **2020**

	2020	2021	2022	2023	2024
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 72,500	$ 66,300	$ 67,625	$ 68,975	$ 70,355
Less: Incremental Revenue/Recovery	72,500	66,300	67,625	68,975	70,355
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct costs are to support the administration of the Inspection Fee (Recommendation 1) and/or Empty Building Fee (Recommendation 8) programs and include one Clerk C FTE requiring one-time costs of $7,500 for a work-station and computer and annual salary and benefits, and other employment costs of approximately $65,000 beginning in 2020 with salary and benefits increasing annually under the terms of the CUPE collective agreement. There are many variables that impact the number of inspections that may be subject to the Inspection Fee. For this reason, as well as the intention to motivate compliance with the fee, revenue projections prior to implementation and accumulation of statistical data would be premature. Similarly, the potential revenue generated from an Empty Building Fee based on a percentage of assessed taxable value is unpredictable therefore the offsetting net revenue contribution to the Housing Rehabilitation Investment Reserve cannot be quantified. To fully recover the administration costs for 2020 would translate into approximately 320 inspections subject to the Inspection Fee. Between 2014 and 2018, over 6,000 third inspections were required to address non-compliance. While the Inspection Fee may motivate compliance it will not be 100% effective it will be at a minimum be sufficient to recover the costs of the administrative support of the program(s) in 2020 and future years. No additional mill rate support would be required.

Original signed by K. Lemoine

Kelly Lemoine, CPA, CA
Manager, Finance and Administrative Services
Community Services Department

CONSULTATION

This Report has been prepared in concurrence with:
Legal Services Department
Planning, Property and Development Department

This Report has been prepared in consultation with:
Winnipeg Fire Paramedic Service
Winnipeg Police Service

OURWINNIPEG POLICY ALIGNMENT

The actions outlined in this report are tightly aligned with the goals and enabling strategies of OurWinnipeg as it relates to expectations around property standards and community wellbeing. Under Section 01-4 Housing, an important policy direction is to:

> **Provide leadership in encouraging and enforcing property related housing standards that create and promote safe living conditions for homeowners, tenants and for communities as a whole.**
>
> **Pursuant to the above direction, OurWinnipeg outlines the following enabling strategies:**
>
> - Help maintain a community sense of well-being and safety by responding to community requests for enforcing livability and property standards and derelict buildings in a cooperative and timely way.
> - Promote tenant, landlord and homeowner awareness of property related standards, such as fire, health and building codes, and encourage residents and landlords to undertake preventative maintenance that reduces property decline and maintains or improves safety standards.

SUBMITTED BY

Department: Community Services
Division: Community By-law Enforcement Services
Prepared by: Winston Yee
Date: August 26, 2019
File No: CMS-2019-5

Attachments:
Appendix A – Summary of Recommendations and Strategies
Appendix B – Folder Inventory Summary
Appendix C – Draft By-law

APPENDIX A: Summary of Recommendations and Strategies

RECOMMENDATIONS	STRATEGIES			
	Enhance efficiency	Improve Safety/ Reduce Blight	Reduce Timelines to Compliance	Increase Accountability and Transparency
1. That, subject to recommendation #2 being adopted, Council impose an inspection fee of $225 for non-compliant property owners, which will be applied to third and subsequent inspections, to recover costs on behalf of the City of Winnipeg and to act as a deterrent to ongoing non-compliance.	✓	✓	✓	✓
2. That Council approve the addition of one full-time equivalent (FTE) position within Community By-law Enforcement Services (CBES) to administer the clerical process involved in recovering the inspection fees identified in Recommendation #1.	✓		✓	✓
3. That, for residential properties where there are three or more rental units, the property owner be required to post on that property as prescribed by by-law a valid contact number of a caretaker/property manager for that property; and that person must return any calls with respect to the property within 48 hours.	✓		✓	✓
4. That condominium corporations be subject to prosecution and other enforcement action as an owner of common elements of condominiums for the purposes of the Neighbourhood Liveability By-law and the Vacant Buildings By-law.	✓		✓	
5. That appellants be required to post publicly notices of any appeals to orders issued under either by-law on the property in a prescribed manner for a period of seven consecutive days prior to the appeal hearing.				✓
6. That the ability to request a fee waiver be replaced with the ability to request a refund of any fees under the By-law with a 30-day maximum timeframe to apply for the refund.	✓			
7. That the designated employee be granted the authority to require boarding of a residential building where safety concerns outweigh the negative impacts of boarding, and that escalating boarding fees currently applicable to commercial properties apply to these buildings.	✓	✓	✓	
8. That, in order to encourage owners to have long-term vacant buildings occupied, re-used, or demolished; an Empty Building Fee in the amount of 1% of the most current assessed value of the property be imposed annually on properties that remain vacant after they have had five annual inspections under the By-law.		✓	✓	
9. Subject to approval of Recommendation #8, direct revenue from the Empty Building Fee to the City's Housing Rehabilitation Investment Reserve		✓		
10. That the Public Service be directed to further examine whether additional regulations on problematic business activities will enhance the City's ability to address and maintain community standards.	✓	✓		✓

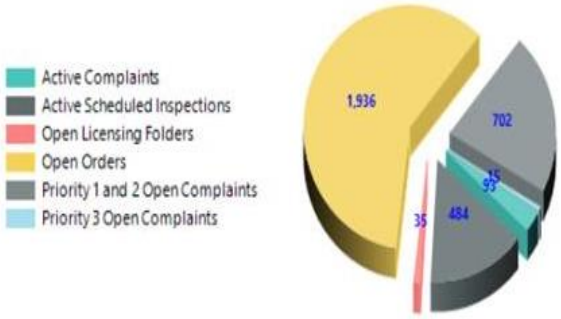
APPENDIX B

Community Services - ByLaw Enforcement - Folder Summary

Winnipeg

FROM beginning TO Friday, April 5, 2019

Folder Inventory Summary



Description	Total
Priority 3 Open Complaints	15
Priority 1 and 2 Open Complaints	702
Total Open Complaints	717
Active Complaints	93
Open Licensing Folders	35
Open Orders	1,936
Active Scheduled Inspections	484
Total (Others)	2,548

APPENDIX C

THE CITY OF WINNIPEG

BY-LAW NO. /2019

A By-law of THE CITY OF WINNIPEG to amend the Neighbourhood Liveability By-law and the Vacant Buildings By-law

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

PART 1
AMENDMENTS TO NEIGHBOURHOOD LIVEABILITY BY-LAW

Neighbourhood Liveability By-law amended

1 The Neighbourhood Liveability By-law No. 1/2008 is amended by this Part.

Definition of "owner" includes condominium corporation

2 The definition *"owner"* in section 2 is amended by

(a) adding *"including, in respect of common elements of a condominium, the condominium corporation,"* after *"includes a person who is responsible for the real property"*, and

(b) renumbering the clauses so that they are consecutive.

Posting of caretaker phone number required

3 The following is added after section 17:

Caretaker phone number to be posted when 3 or more dwelling units rented

17.1(1) *Where three or more dwelling units are rented or offered for rent in a dwelling, the property owner must*

(a) appoint a property manager or caretaker for that property, who may be the property owner; and

(b) post in a conspicuous place on the exterior of the building a permanent sign setting out the name of the property manager or caretaker for that property and a telephone number at which the property manager or caretaker can be reached or a voice mail left for him or her.

17.1(2) *The property owner must ensure that the property manager or caretaker named on the sign referred to in subsection (1) returns a telephone call with respect to property concerns made to the posted number within 48 hours.*

Appeals must be posted
4 The following is added after section 106:

Notice of appeals to be posted
106.1(1) Where the owner of property has appealed an order or decision made under this By-law in respect of that property, the owner must, at least seven days prior to the hearing date of the appeal, post in a conspicuous place on the property for at least seven consecutive days a notice setting out the date, time and subject matter of the appeal, as well as the hearing body for the appeal, as directed by the designated employee. A failure to comply with this provision invalidates the appeal and it must not be heard by the hearing body for the appeal.

106.1(2) The designated employee is authorized to direct the posting of notices as required by subsection (1), and, without restricting this general power, is authorized to prescribe particular or standard forms for the notice, the information to be set out on a particular notice and the location on properties where the notice is to be posted.

PART 2
AMENDMENTS TO VACANT BUILDINGS BY-LAW

Vacant Buildings By-law amended
5 The Vacant Buildings By-law No. 79/2010 is amended by this Part.

Definition of "owner" includes condominium corporation
6 The definition "*owner*" in subsection 2(1) is amended by adding *"including, in respect of common elements of a condominium, the condominium corporation,"* after *"includes a person responsible for the real property"*.

Designated employee to require boarding of residential buildings in some situations
7 The following is added after section 10:

Designated employee may order boarding of residential buildings
10.1(1) *Despite sections 9 and 10, the designated employee may order the owner of a vacant residential building to board the building in compliance with Part II of Schedule B where, after consultation with the Winnipeg Fire Paramedic Service and the Winnipeg Police Service, the designated employee concludes that safety concerns resulting from the building's lack of security outweigh the negative impacts of boarding, including the effect of the boarded building on adjacent buildings and the surrounding neighbourhood. The owner of a vacant residential building in respect of which an order under this subsection is issued must comply with the order.*

Order to board vacant residential building renewable every six months
10.1(2) *An order to board a vacant residential building authorized by subsection (1) expires six months after it has been issued but is renewable if the designated employee concludes, after consultation with the Winnipeg Fire Paramedic Service and the Winnipeg Police Service, that safety concerns which would result from removal of the boards outweigh the negative impacts of boarding, including the effect of the boarded building on adjacent buildings and the surrounding neighbourhood.*

Fees for boarded commercial buildings applicable when order issued
10.1(3) *Fees equivalent to those established for Boarded Building Permits for commercial buildings under section 8 are payable by the owner of a vacant residential building in advance for the time during which an order under this section applies to the building.*

Fees prorated if building occupied during time when order applies
10.1(4) *If a building that is subject to an order to board a vacant residential building under this section is occupied during the order, the designated employee must revoke the order and must refund fees imposed pursuant to subsection (3) on a prorated basis.*

Empty Building Fee imposed
8 The following is added after Division 3:

Division 3.1
Empty Building Fee

Empty Building Fee established
13.1(1) *An Empty Building Fee in the amount of 1% of the most recent assessed value of a vacant building is hereby imposed annually on the owner of vacant building that has been the subject of five or more "Schedule A" inspections under subsection 15(2).*

Empty Building Fee imposed 60 days after notice
13.1(2) *Subject to section 13.3, the Empty Building Fee imposed by subsection (1) is first payable 60 days after the designated employee sends notice to the owner of the vacant building that the building has been the subject of five or more "Schedule A" inspections and that the fee is payable.*

Empty Building Fee imposed annually
13.1(3) *The Empty Building Fee imposed by subsection (1) is imposed on each anniversary of the date it is first payable unless the designated employee determines that the building has been reoccupied in compliance with this By-law.*

Empty building reoccupied
13.2(1) *The Empty Building Fee continues to apply to a building until the designated employee determines that it has been reoccupied in accordance with this By-law. The owner of the building may request an inspection in order to have this determination made and the designated employee must inspect the building in response to a written request by the owner.*

Refund of empty building fee
13.2(3) *Where a building has been reoccupied in compliance with this By-law, the designated employee must authorize a refund of the Empty Building Fee paid in respect of the building on a prorated basis for the amount of time during the year that the building has in fact been determined to have been reoccupied in compliance with this By-law.*

Transition
13.3 *Despite subsection 13.1(2), the Empty Building Fee established by this Division is not payable prior to January 1, 2020.*

Appeals must be posted

9 The following is added after subsection 22(2):

Notice of appeals to be posted
22(3) Where the owner of property has appealed an order or decision made under this By-law in respect of that property, the owner must, at least seven days prior to the hearing date of the appeal, post in a conspicuous place on the property for at least seven consecutive days a notice setting out the date, time and subject matter of the appeal, as well as the hearing body for the appeal as directed by the designated employee. A failure to comply with this provision invalidates the appeal and it must not be heard by the hearing body for the appeal.

Designated employee authorized to direct posting of appeals
22(4) The designated employee is authorized to direct the posting of notices as required by subsection (1), and, without restricting this general power, is authorized to prescribe particular or standard forms for the notice, the information to be set out on a particular notice and the location on properties where the notice is to be posted.

Refund of fees authorized
10 Section 24 is amended by replacing *"reduce or waive any fee imposed under this By-law"* with *"refund in whole or in part a fee paid under this By-law if the applicant applies for a refund within 30 days after the fee is payable and if the committee determines that the fee was issued in error or"*.

PART 3

AMENDMENTS TO MUNICIPAL BY-LAW ENFORCEMENT ACT ENABLING BY-LAW

Municipal Enforcement Act Enabling By-law amended
11 Schedule A of the Municipal By-law Enforcement Act Enabling By-law No. 59/2016 is amended by

(a) adding the following in numerical order in the table applicable to the Neighbourhood Liveability By-law:

17.1(1)	*Owner of large residential property fails to appoint caretaker or post contact phone number*	*300*	*N/A*

17.1(2)	*Caretaker fails to return phone call within 48 hours*	*300*	*N/A*
106.1(1)	*Fail to post notice of appeal*	*150*	*N/A*

(b) adding the following in numerical order in the table applicable to the Vacant Buildings By-law

10.1(1)	*Fail to comply with order to board a vacant building*	*1000*	*N/A*
22(3)	*Fail to post notice of appeal*	*150*	*N/A*

DONE AND PASSED this day of , 2019.

Mayor

City Clerk

Approved as to content:

Director of Community Services

Legally reviewed and certified as to form:

Interim Director of Legal Services
and City Solicitor