

## PROBLEM PROPERTIES INITIATIVE UPDATE

### RECOMMENDATION

That the April 11, 2022, Community Services report CS00896, be received for information.

#### Report Purpose

##### Information only

Community and Public Services Committee is being provided with an update on Administration's Problem Property Initiative to demonstrate progress, raise awareness on resourcing and provide information on next steps related to the problem properties initiative.

### Previous Council/Committee Action

At the December 6, 2021, City Council meeting, the following motion passed:

That as part of the upcoming Problem Properties Initiative Update that will be brought forward to Community and Public Services Committee in First Quarter 2022, that Administration provide information on the following efforts to address residential and commercial problem properties:

1. Metrics on the prevalence of problem properties and existing inter-jurisdictional efforts to address them.
2. Options for additional enforcement tools for both tenant-occupied and vacant/derelict problem properties, including but not limited to tax subclasses.
3. Options to expedite the redevelopment of problem properties, including partnerships with housing providers.
4. Advocacy opportunities for Council to strengthen provincial legislation affecting problem properties.
5. Opportunities to access federal resources related to the underlying causes of problem properties.

# Problem Properties Initiative Update

## Executive Summary

- Problem properties are intrinsically linked to community safety and well-being as part of the larger experience of safe, vibrant, clean and healthy communities.
- Administration works closely with Alberta Health Services, the Edmonton Police Service, community groups, and other stakeholders in an effort to address the complex factors associated with problem properties.
- With over 250 properties currently identified, a multidisciplinary approach and resourcing are needed to effectively address chronic or long-standing problem properties.
- A problem properties framework will replace the current action plans for the 2023 to 2026 budget cycle.

## REPORT

Problem properties are properties that have a significant detrimental impact to the surrounding area, including, but not limited to nuisance conditions, land use infractions, property deterioration, unlicensed business operations and/or noise violations. These properties are located throughout Edmonton and for their neighbours and often their inhabitants, are contrary to the safe, vibrant, clean and healthy communities described by The City Plan. Problem properties are a symptom of larger social issues and, in addition to individual responses, must be comprehensively addressed on a system level through efforts including:

- affordable housing
- anti-racism initiatives
- reconciliation
- safe and inclusive spaces
- crime prevention and crisis diversion
- equity, diversity and inclusion

Throughout this report, there are technical terms that may be inaccessible to some Edmontonians. A guide to these terms was developed to improve accessibility (Attachment 1).

Since 2016, Administration has worked with Alberta Health Services, the Edmonton Police Service, community groups, and other stakeholders in an effort to address the complex factors associated with problem properties.

In 2018, the Residential Inspection Safety Compliance team was established with a goal of addressing problem properties using a coordinated and efficient approach. Since 2018, the team has identified 486 problem properties, conducted 1,337 inspections, and issued 2,560 enforcement actions (Attachment 2). In response to the motion concerning vacant and derelict properties, the original definition of Problem Properties has now been expanded to include these types of properties. Specifically from January 1, 2021, to February 24, 2022, there were 251 vacant and derelict building sites identified in Edmonton. Although the number of new

## Problem Properties Initiative Update

problem properties identified has increased annually, the team maintains an average of 26 days from intake to first inspection. The team has also decreased the time it takes to completely close a file from an average of 281 days (2018) to 85 days (2021). These results can be attributed to inter-jurisdictional efforts to resource this work, coordinating inspections, escalating enforcement when necessary, and a holistic approach to closing a file.

### Problem Properties Initiative - Action Plan 2020-2022

In 2020, Administration presented the Problem Properties Initiative - Action Plan 2020-2022 to City Council (June 29, 2020, Citizen Services report CR\_7749 - Problem Properties Action Plan). The Action Plan outlined 29 actions that were developed with impacted communities, neighbours, Alberta Health Services, the Edmonton Police Service, and social support agencies. The action plan aimed to address problem properties across six major themes:

- stronger and faster compliance strategies
- realigning and targeting existing resources
- legislative and process improvement
- using data to drive solutions
- better internal and external communications
- improving housing safety and looking at opportunities for redevelopment.

The actions were designed to be practical, impactful, and sustainable. Of the 29 actions, 22 are complete and seven are in progress (Attachment 3). Administration is on track to complete the action plan at the end of 2022, when a new strategy for 2023-2026 will take its place. The strategy is currently being developed using a human-centred process, with data-driven and evidence-based approaches. The project team developing the strategy is composed of representatives from each stakeholder area and organizations such as Edmonton Police Service and Alberta Health Services. Given the complexity of problem properties, Administration will develop the strategy along with representatives from relevant stakeholders and organization. The co-creation process will provide the opportunity to explore innovative approaches to create a viable strategy.

In the idea generation phase, the project team generated approximately 125 prototype possibilities, more than 90 “just do it” ideas, along with a few items that were put aside for further review that could be used as future considerations. The project team used three filtering exercises to select eight prototypes to be advanced. Of the eight, four were prioritized for testing.

Prototype	Description	Status/Results
Dedicated office for problem properties	Create a dedicated agency or a section within an existing agency to reduce part-time and side of desk approaches	Currently unfunded and may not proceed without funding
Improved processes	A streamlined enforcement process that escalates consequences for property owners who repeatedly breach partner agency legislation	Prototype in development, started November 2021

## Problem Properties Initiative Update

Tenancy Toolkit	Developing separate resource toolkits resources for tenants, landlords and the Residential Inspection Safety Compliance team	Requires further testing and research to explore how toolkits could support the fostering and nourishing of positive relationships between landlords and tenants as well as between frontline staff and the people they serve. Will need further resources to build out and maintain
Measures of success for decision making, resource allocation and priority setting	Identified as high importance for urgency, viability and meeting a high unmet need	Drafted a logic model to identify the short, medium and long term outcomes  Carried out a case study (Attachment 4)

The remaining four prototypes will require an assessment of lessons learned and evaluation of current prototypes before further work proceeds. The prototype work will be developed through a coordinated and collaborative effort reflecting all partners involved in addressing problem properties.

### Options for Additional Enforcement Tools

Administration reviewed three different enforcement tools to support the Problem Property Initiative.

#### Bylaw Amendments

Bylaws relevant to problem properties have undergone a review for clarity and the agencies responsible for enforcing them have or will put forward formal amendments for approval.

#### Tax Subclass

The *Municipal Government Act* grants the City authority to create tax subclasses for residential properties, allowing for different tax rates to be applied to the subject properties. City Council can direct Administration to bring forward a bylaw that creates a new subclass that defines derelict residential properties and charges a higher tax rate on these properties. This would create a deterrent for property owners owning such properties to allow them to fall into disrepair.

The *Edmonton City Charter, 2018 Regulation*, also allows for the creation of a subclass for non residential “derelict” properties. However, this subclass is limited in two significant ways. First, the legislated tax rate ratio significantly limits the City's ability to increase a non-residential derelict properties tax rate since it could not be more than 5 times the rate of the lowest residential tax rate. In addition, the *Regulation* requires that derelict non-residential property be unoccupied for at least one year, which is difficult to monitor and prove. This would likely lead to increased assessment complaints for this type of property. It is therefore not recommended to pursue a non-residential option without legislative change to remove these restrictions. The use of this tool within the City Charter would require a public hearing, which would likely delay implementation past the 2023 taxation year. Administration continues to engage with the province to explore further opportunities for any related legislative amendments within the *Municipal Government Act*.

## **Problem Properties Initiative Update**

If Council wishes to pursue a subclassing option, Administration would suggest limiting an initial program to the residential class of property as monitoring non-residential vacancy will prove challenging. To initiate a residential subclass, an appropriate tax ratio to the regular residential rate would need to be set. This type of tax tool may best be implemented when paired with a grant that will encourage the remediation of these problem properties by the end of the taxation year. The amount of the grant could be based on the difference between the higher tax rate applied to derelict properties, and the lower tax rate applied to most residential properties. This would create both an incentive and a disincentive to deal with derelict residential properties. To pursue this approach, Community and Public Services Committee would need to make a motion for Administration to return with a report outlining the criteria and rate ratio associated with a derelict residential tax subclass.

### Community Property Safety Team

Administration will be running a 90-day pilot project known as the Community Property Safety Team. The pilot project is currently in development and will be operational by the end of April 2022. The Community Property Safety Team will escalate enforcement measures with the goal of gaining immediate compliance at these buildings of concern. This team will be responsible for securing and holding landowners accountable for vacant and unsecured buildings that pose a fire risk to the surrounding community. If the property owners are not compliant, Administration will pursue remedial action to make these properties safe at the property owners' cost. The pilot project is using temporarily reallocated resources.

### **Redevelopment of Problem Properties**

Administration has supported the redevelopment of problem properties through an expedited permitting process. Typically, permit applications are processed in the order received but Administration developed an expedited review process for problem property applications and decreased service timelines, as identified in the 2020-2022 action plan. Where development, building and/or associated trade permits are required for construction or demolition activities, an application process is established. These permit types can include circulation to external stakeholders in relation to items like asbestos management or utility connections. Current service level timelines with complete applications are 25 days.

Administration also supported redevelopment through a pilot project that saw collaboration with non-profit housing providers that participate in the land acquisition and redevelopment of problem property sites. The pilot program provided grant funding of up to 40 per cent towards the capital construction cost of a project. Although the grant was awarded to three applicants, the program did not meet several of its objectives, including the redevelopment of highly problematic properties, therefore, Administration will discontinue the project.

Administration also provided a one-time grant funding of \$100,000 to Edmonton Community Development Company in 2020. The grant provided funds to hire a full-time property coordinator to support the strategy to redevelop 10 problem properties located in Edmonton core neighbourhoods. The coordinator also undertook research into the social and economic

## Problem Properties Initiative Update

costs of problem properties in comparison to the social and economic benefits of market developments.

Administration is also reviewing existing funding opportunities within City Council approved revitalization areas to support more housing initiatives and strategies to address problem properties.

### Intergovernmental Advocacy

Agencies that operate under the problem properties initiative enforce municipal bylaws and provincial and federal acts and codes. Each agency is solely responsible for enforcing its relevant legislation and the circumstances in which they apply enforcement is guided by organizational mandates. At this time, Administration is not recommending any political advocacy specifically related to amending any provincial legislation currently used to address problem properties.

Related to the system causes of problem properties, lack of affordable housing is a key contributing factor to Edmonton's current challenges. Without a sufficient supply of affordable housing, vulnerable people have limited choices on where to live and may reside at a problem property despite inadequate or hazardous living conditions. Both Council and Administration continue to advocate to the provincial and federal governments for the provision of capital and operating dollars for housing that meets the basic needs of all Edmontonians.

Administration is working with partner organizations, such as Homeward Trust, Niginan Housing Ventures and the Mustart Seed, and the Canada Mortgage and Housing Corporation to deliver 446 units of affordable and supportive housing in the coming months, which includes \$61 million of federal investment. Administration expects that the increased supply of transitional/bridge and permanent supportive housing will contribute to addressing the underlying need for problem properties as this provides options for people experiencing precarious housing situations.

### Next Steps

Administration will continue to work with communities to address problem properties by executing the following steps:

1. Complete the remaining actions from the Problem Properties Initiative - Action Plan 2020-2022 using existing resources temporarily allocated to the initiative
2. Continue to advance the prototyping work
  - a. create a dedicated agency or a section within an existing agency
  - b. continue to streamline enforcement processes that escalate consequences for property owners who repeatedly breach partner agency legislation
  - c. develop separate toolkits and resources for tenants, landlords and the Residential Inspection Safety Compliance team

## Problem Properties Initiative Update

- d. begin using the logic model's measures and outcomes for success to support decision making, resource allocation and priority setting
  - e. finalize the 2023 to 2026 strategy to address problem properties, focusing on addressing systemic issues
  - f. consideration will be given to the remaining four prototypes to be developed and tested
3. In preparation for budget deliberations for the 2023-2026 budget cycle, Administration will compile the final findings to share with City Council. This will include a summary of the problem properties initiative work, options to pursue initiatives and pilots that were explored through prototyping and will prioritize ongoing strategic actions to address problem properties. The information will also include future recommendations, including resource requirements, to continue to evolve the problem properties work.

### Budget Implications

Further exploration of these options to determine additional funding requirements will require a motion from Council during the 2023-26 budget deliberations.

## COMMUNITY INSIGHT

During the development of the 2023 to 2026 problem properties strategy, more than 50 internal and external stakeholders were engaged, including those from the surrounding communities and those with lived experience (Attachment 5). The perspectives and insights from these sessions, paired with supporting research, were used in the foundational design brief phase of the human-centred design process and helped form the four strategic pillars for current and future work: governance and decision making, enhanced enforcement and inspections, community engagement and communication, and partnerships and collaborations. The design briefs were created to challenge the status quo and generate ideas from the project team on potential solutions and prototypes.

### GBA+

Many people staying in or employed at problem properties may be from vulnerable populations including those dealing with challenging housing needs, mental health issues, experiencing episodic homelessness, low income, substance abuse issues, as well as people living with disabilities, people who were formerly incarcerated and newcomers to the city unaware of their rights. Housing is a significant barrier for anyone who lacks personal references or employment or has a criminal record, forcing them to stay in living conditions that are not up to minimum safety standards.

The 2023 to 2026 strategy will acknowledge intersectionality where other factors such as education, language, culture, income, social status and lived experience of those in problem properties are considered when developing and delivering initiatives to address problem

## Problem Properties Initiative Update

properties. There is access to supports, but websites on how to use the supports can be difficult to navigate and hard to access.

A GBA+ review identified a number of findings, including:

- that marginalized individuals disproportionately live in poverty and experience barriers in accessing information
- inexperienced landlords may lack the knowledge to provide tenants with appropriate living conditions and address conflict
- the scope of problem properties and the number of agencies involved can make it difficult for the community to know who is responsible for what or who they can call
- orders to remediate unsafe living conditions can lead to a displacement of the people living in the properties
- problem properties absorb a significant amount of time and resources to investigate and bring into compliance

To address these findings, Administration identified several mitigation strategies, including creating a toolkit that is available in multiple media and for various audiences, a centralized model to govern and oversee the work formally, the ability to access support and referrals on-site, and focus on preventative services.

## ATTACHMENTS

1. Definitions
2. Metrics of Problem Properties in Edmonton
3. Problem Properties Initiative - Action Plan Update 2022
4. Problem Properties Case Study
5. Community Insight - What We Heard