

## POLICY C610 REVIEW TO EXPLORE ENFORCEMENT RELATED RESOURCE SUPPORTS

### Recommendation

That the November 26, 2024, Urban Planning and Economy report UPE02661, be received for information.

<b>Requested Action</b>	Committee Decision Required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Healthy City Urban Places Regional Prosperity</b>		
<b>City Plan Values</b>	LIVE. THRIVE. PRESERVE. CREATE.		
<b>City Plan Big City Move(s)</b>	A Rebuildable City	<b>Relationship to Council's Strategic Priorities</b>	Conditions for Service Success  Economic Growth
<b>Corporate Business Plan</b>	Serving Edmontonians		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Policy C610 - Fiscal Policy for the Planning and Development Business</li> <li>• Policy C551 - Residential Infill in Mature Neighbourhoods</li> <li>• Policy C450B - Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• June 18, 2024, Urban Planning and Economy report UPE02150, Allocation of Enforcement or Compliance Resources</li> <li>• June 18, 2024, Urban Planning and Economy report UPE01993, Construction Site Safety and Accountability - Impact Assessment</li> <li>• December 4, 2023, Community Services report CS02050, Edmonton Enforcement Staffing (A. Knack)</li> </ul>		

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### **Previous Council/Committee Action**

At the August 13, 2024, Urban Planning Committee meeting, the following motion was passed:

That Administration review and propose recommendations to amend Policy C610 - Fiscal Policy for the Planning and Development Business Administrations to enable the inclusion of compliance activities related to permitted construction activities through a coordinated compliance team.

### **Executive Summary**

- The City of Edmonton's Policy C610 - Fiscal Policy for the Planning and Development Business, formalizes the fiscal management and operating principles of the Planning and Development Business, using fees generated by various development services to fund the associated service provision while meeting established service levels.
- Traditionally, activities related to enforcement have not been included in the funding model despite some activities being directly connected to the services offered.
- Administration has identified a number of opportunities where enforcement activities facilitated by the Development Services branch are directly related to the Planning and Development Services being offered, and can proceed with updates to the procedures under Policy C610 - Fiscal Policy for Planning and Development Business through the authority of the City Manager. No changes to the policy itself are required.
- This approach will also enable the funding of new resources to streamline and centralize residential infill complaints and inquiries, and to implement two new compliance tools, the Project Implementation Plan (PIP) and the Construction Accountability Program (CAP).
- The net impact will be a decrease to the net tax levy requirement as costs shift to the Planning and Development Business Model, with maintained and enhanced service provisions.

## **REPORT**

Delivering efficient and predictable planning and development services to city-building partners attracts investment to Edmonton, creates economic prosperity and supports quality of life for Edmontonians. Similar to funding models in other major Canadian cities, these services are funded by the fees charged for land development applications, development permits, building permits and other associated services. Edmonton's model is referred to as the Planning and Development Business Model (PDBM) and is governed by Policy C610 - Fiscal Policy for the Planning and Development Business.

The PDBM is designed to be a financially self-sustaining model that supports the stability of Edmonton's development services through the ups and downs of economic cycles, which can drive substantial fluctuations in application volumes and revenues. It also buffers the corporation's tax levy requirements from volatility in revenue. Procedures under Policy C610 outline which revenues are collected and which expenses can be funded by those revenues to ensure the model remains financially self-sustaining.

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Administration reviewed Policy C610 to identify procedure revisions that would enable the inclusion of those compliance activities related to permitted construction activities, including the development and funding of a coordinated compliance team. This review found that a procedural update under the authority of the City Manager can enable the inclusion of compliance activities. No revisions to Policy C610 are required and the changes to procedures would decrease the net tax levy requirement. Through the Authority of the City Manager, Administration is proceeding with updates to the procedure under Policy C610 to enable the inclusion of compliance activities related to permitted construction activities through a coordinated compliance team.

### **The Need to Enable Compliance Activities**

The City issues approximately 4,000 residential development permits per year, and approximately 10,000 residential building permits per year. The City is responsible for enforcing City of Edmonton bylaws that address residential development infractions, including Zoning Bylaw 20001, Community Standards Bylaw 14600, Traffic Bylaw 5590, Public Places Bylaw 14614, Business Licence Bylaw 20002 and Drainage Bylaw 18093. The City is also responsible for the administration of relevant provincial acts including the *Safety Codes Act* and *Traffic Safety Act*.

In response to increased infill construction, and to support The City Plan's growth targets, Administration is developing new tools to assist both existing residents and builders to increase compliance at construction sites. The new Project Implementation Plan (PIP) and Construction Accountability Program (CAP) will provide a centralized framework for the intake, administration and responding to residential development complaints.

Administration also analyzed various approaches within the organization to address infill and construction site safety complaints where the construction sites posed significant concerns to neighbouring community members. Based on this analysis, Administration has identified an opportunity to align the centralization of residential compliance and enforcement activities, modeling the existing Problem Properties Initiative (PPI) governance structure.

The procedural update under Policy C610 will provide Administration with the funding and resources required to enable these changes to compliance and enforcement activities.

### **Policy C610 and Compliance Activities**

Procedures under Policy C610 specify activities, programs and services that are included in and excluded from the PDBM Enforcement services, including Zoning Bylaw Compliance / Enforcement, Safety Codes Bylaw Enforcement, Lot Grading Compliance / Enforcement, and Landscaping Compliance / Audit are currently excluded from the PDBM and are therefore funded by tax levy.

Of the activities currently excluded, Landscaping Compliance / Enforcement, Zoning Bylaw Infill Compliance / Enforcement, and Safety Codes Bylaw Enforcement have been identified for inclusion in the scope of the PDBM. Including these activities will result in a shift in the funding source from tax levy to user fees from permits and land development applications. In addition to better aligning costs and revenues from development service and activities, this procedural

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update would enable changes to support safe development activity, and better address issues and complaints.

Development Services facilitates a number of other enforcement activities, including compliance related to lot grading and zoning concerns (including problem properties), which have not been proposed to transfer to PDBM funding. Enforcement of these complaints are not directly associated with ongoing permit activity and stem from concerns raised by residents about activity occurring on private property. These enforcement activities are funded through tax levy and no change is proposed to their funding through this review.

### **Budget/Financial Implications**

Beginning in 2025, the PDBM will fund enforcement services through user fees from permits and land development applications, which are currently funded by the tax levy. This will result in an overall reduction to the net tax levy requirement of \$1.2 million. As previously identified in the June 18, 2024, Urban Planning and Economy report UPE02150, Allocation of Enforcement or Compliance Resources report, an additional 2.0 FTEs are required to streamline and centralize infill complaints and inquiries, increasing the annual expenditure budget for the PDBM by about \$0.2 million. Based on current projections, these additional resourcing costs can be funded by the PDBM, while adhering to Policy C610 - Fiscal Policy for the Planning and Development Business.

These changes are reflected in the November 13, 2024, Financial and Corporate Services report FCS02529, Fall 2024 Supplemental Operating Budget Adjustment - 2023-2026 Operating Budget.

At the October 29, 2024 Urban Planning Committee, a motion was made regarding the Urban Planning and Economy report UPE01925 Trees on Public and Private Property, directing Administration to prepare amendments to Zoning Bylaw 20001 to enable the administration of landscape securities for small scale residential developments. The resource costs for this program have not yet been calculated and more work is required to identify the potential impacts to the PDBM. Additional analysis on financial impacts will be presented at Public Hearing in 2026. The financial impacts of the implementation will also be shared at that time.

### **Community Insight**

Broad community insight was not specifically sought for the purposes of addressing the motion. Following the motion, Administration presented the concept of including compliance and enforcement costs in the PDBM to representatives of the development and building community for feedback. Risks that were identified by the development and building community for consideration included:

- Sustainability of the PDBM - compliance and enforcement activities do not recover their cost and the addition of these expenses in the PDBM may jeopardize the long-term financial sustainability of the business model.
- Governance - Policy C610 provides critical governance over the revenues and expenditures of the PDBM, including the definition of allowable expenses funded through the PDBM, and it is imperative that there is a direct relationship to service provided in relation to user fees paid.

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In consideration of these risks, Administration shared that these costs can be funded through existing user fees without jeopardizing the financial health of the PDBM based on current revenue projections. Revenue projections are reviewed twice each year and this risk will continue to be monitored. In addition, a Cost of Service study will be completed in 2025 to assess and allocate the costs and revenues of PDBM services, guiding appropriate fee adjustments to ensure a sustainable business model for the City. Further, it is justifiable to include compliance activities undertaken within Development Services in the scope of the PDBM as ensuring compliance to rules and regulations provide a direct link to the overall effectiveness of the regulatory system.

### **GBA+**

The City of Edmonton's compliance and enforcement activities support multiple lines of service. Bylaw infractions actioned through compliance and enforcement activities can impact Edmontonians in a variety of ways based on their own unique diversity factors. The City is responsible for administering the *Safety Codes Act*, however, the Act itself does not explicitly consider GBA+. The approach the City takes to administration of the Act is the opportunity to apply a GBA+ lens to the current state and to potential changes.

Development of the PIP and CAP programs included an intentional focus on equity for residents while ensuring the City is fulfilling its mandate as regulator of most construction activities. The PIP and CAP programs will also have minimal impact on the cost of housing overall, and ensure every neighbourhood, builder and neighbour is protected equitably against unsafe construction activities.

This procedural change under Policy C610 will facilitate the implementation of the PIP and CAP programs, thereby supporting greater equity during the construction process.

### **Environment and Climate Review**

Centralizing residential compliance and enforcement activities will support increased construction activities, particularly in the city's redeveloping areas. Infill development supports a reduction in greenhouse gas emissions that are enabled through increasing density and can help the City progress towards its climate resilience goals.

At the same time, development can have negative environmental impacts on biodiversity, urban heat island and water quality. Compliance and enforcement activities can proactively reduce some of these environmental impacts:

- Landscaping Inspection: Verify the installation of natural surfaces and trees, enhancing climate resilience.
- Lot Grading: Verify proper drainage, which can reduce the risk of property damage during heavy rainfall.
- Development Compliance: Enforcing requirements such as proper material storage during construction, to minimize sedimentation risks to the sewer system.

Centralizing resources is intended to support increased compliance and more positive environmental outcomes as development occurs. The PIP and CAP program are administrative

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controls and are not anticipated to have a significant impact on climate targets related to mitigation or adaptation.