



**To:** Chief Administrative Officer **Date:** August 19, 2024  
**From:** Dan Sommer, Director of Development Services  
**Subject:** **Secondary Suites Program Final Update**

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## Recommendation(s)

This report is provided as information only and no Council action is required. This report also seeks Council direction as to whether a phase-out of the utility double billing program should be implemented and over what period of time.

## Purpose

The City's Secondary Suites Program (the Program) was fully implemented on May 16, 2024, following a community-wide call for the registration of all existing secondary suites in Mission. At the direction of Council, the Program's registration deadline, originally set for April 2, 2024, was extended to May 15, 2024 (RC24-227) to allow for further engagement by the City and to provide registered property owners with additional time to register their existing suite(s). This report provides follow-up information on the number of suites registered by the extended deadline (RC24-015), and a discussion on how utility fees and exemptions could be managed in relation to the City's solid waste and water metering programs.

## Background

### *Program Objectives*

The City introduced a new secondary suites program to simplify the process for a homeowner to advance the legalization of their existing suite. The key aspects of the program include:

- **Zone Allowance:** Eliminated the need for site-specific zoning by allowing secondary suites as an outright "permitted use" in most single-family and duplex residential areas.
- **Registration:** Provided a no-inspection suite registration option for existing, unauthorized suites until May 15, 2024.
- **Goal:** Registration of all secondary suites in Mission to ensure safe housing, equitable utility sharing, and better planning for City services.
- **Balance:** Uphold tenant safety and community well-being beginning with the registration of existing suites as the first step toward full compliance under Mission's suite certification option.

During the Program's launch, many residents questioned the need to register their existing suites, especially by those who were being billed an additional utility charge relating to their secondary suite utilities prior to the Program's launch. The City needed reliable housing data to plan for area specific amenities and services. To encourage registration, the Program allowed homeowners to register their existing suites without requiring an inspection provided that a landlord completed a written declaration that their suite was believed to be safe for rental occupancy.

A simple registration requirement not only addressed the significant staff resources that would have been required to undertake inspections of all the suites that registered, but also provided homeowners with some options toward full "certification" of their existing suites. Any suite that registered prior to May 15, 2024, is now formally recognized as a "registered suite" with the City and will be identified as such on their tax notices. Registrations after May 15, 2024, must now apply to have their suite "certified" with the City through a building permit application to ensure that all bylaw and British Columbia Building Code requirements have been met; which is a process typical of all of municipalities that regulate and license secondary suites in their communities.

## Discussion and Analysis

### *Registration Uptake*

A total of 3,213 existing suites were registered under the Program prior to May 15, 2024, representing a 36% increase from the 2,365 suites that the City was previously aware that existed. While 340 of the known suites did not register, an additional 1,236 new suites unknown to the City registered. Some homeowners who did not register their suite chose to decommission it, while others—likely new purchasers—were unaware that their home had been previously identified as having a suite. The following Table provides a breakdown of the types of suites and the number in each category.

| Category  | Number |
|---|--------|
| Suites registered under Program                       | 3213   |
| Suites previously known to City                       | 2365   |
|   |        |
| New suites registered under Program                   | 1236   |
| Previously known suites that registered under Program | 1884   |
| Known suites that have not registered under Program   | 340    |
|   |        |
| Suites previously exempted from double utilities      | 449    |
| Suites exempted from double utilities under Program   | 1112   |

### *Utility Billing Exemptions*

As the Table shows, there was a notable increase in the number of applications received for exempting property owners from paying double utility fees for their suites. Exemptions are offered annually to eligible homeowners who declare that they exclusively use their suites for family or personal purposes. Applications rose from 449 in the previous year to well over 1,000 under the new Program. Staff suspect that the sharp increase in applications is partly due to the removal of the eligibility condition that a family member occupying the suite must also be listed on the property's title to receive the utility exemption. The increase may also be attributed to the waiving of the inspection requirement that was previously necessary for exemption applications.

### *Secondary Suite Utility Billing*

In the early stages of Program development, the question of fairness regarding utility consumption and billing was considered, including the possibility of removing exemptions

altogether by way of mandatory water metering. However, the idea of making water meters mandatory for suites was later abandoned due to the potential financial hardship many residents might face in bearing the cost of installing a meter (RC24-009).

Alternatively, at the November 6, 2023, regular council meeting, Council resolved that those seeking an exemption from double billing would only be required to register for the Water Meter Program (RC23-576).

#### *Update on Water Meters*

A voluntary consumer-pay water meter program was approved on August 28, 2023 (SC23-029). To encourage property owners to invest in a meter, incentives such as a low-interest loan program and the supply of the meter and transceiver portion of the assembly by the City were also approved. At that time, property owners wishing to register a secondary suite were required to install a water meter.

Changes to the Water Bylaw needed to implement the Water Meter Program were considered by Council on December 4, 2023, deferred (RC23-644) to December 18, 2023, and then again deferred (RC23-675) pending additional information and a clear public engagement and communications strategy. As noted, the mandatory water meter installation for secondary suites was changed to voluntary at the January 8, 2024, regular meeting (RC24-009).

Since then, a communications consultant was retained by the City, and a strategy is currently being finalized. A preliminary recommendation by the consultant is for the City to simplify the installation and application process, requiring property owners to do little more than submit an application with payment. Staff are actively working on identifying a contractor to install meters, thereby eliminating the option for owners to retain their own contractor.

Another key factor discussed in the communications strategy is that owners of suites currently paying secondary suite utility charges will have a very short payback period if a meter is installed at their property. Targeting these suite owners in the initial stages of the communications plan is likely to result in a substantial number of applicants for meters. However, if double utility billing is phased out or eliminated, there will be much less incentive for these owners to install a meter, as those paying single utility bills have a much longer payback period. As a result, achieving universal metering could take considerably longer than initially expected.

#### *Update on Solid Waste*

The City currently collects, garbage, recycling and compost through contracted services using a manual curbside collection system. The existing contract expires in June 2025 and staff are currently finalizing an RFP for the future contract to include a transition from manual to automated collection. This transition will include switching over to carts compatible with the automated collection vehicles.

The carts used in automated collection systems offer the flexibility of tiered sizing, from 80L to 360L. As part of the transition, billing will shift from a household or dwelling-unit basis to a cart size basis, similar to the billing system used by the [City of Abbotsford](#). Residents will be able to request the size of cart for each waste stream that meets the needs of their property. Details of the cart-exchange program will be finalized with the successful proponent of the upcoming RFP process.

Cart-based billing will eliminate the need for double-billing of properties containing suites. The transition from manual to automated collection is expected to be complete by the beginning of 2027.

### *Option to Phase-Out Double Utility Billing*

While establishing a Citywide water meter program and negotiating new contracts for automated solid waste cart collection will take time, these two initiatives would ultimately remove the need for double utility billing and, therefore the option to apply for an exemption as utility fees would be based on individual household consumption. In the interim, Council directed staff to report back on the removal of double billing for utilities and the possibility of averaging the cost across all subscribers over a period of four to seven years (RC23-577).

In simple terms, to remove double utility billing altogether, an increase to utility fees for all users would need to be 13.8%, or about \$205 per consumer. Notwithstanding any inflationary increases set by Council, the phasing out of this increase over different periods would result in the following annual increases:

- 4-Year Phase-Out: A 3.45% increase per year, approximately \$51.25 per year per consumer.
- 5-Year Phase-Out: A 2.76% increase per year, approximately \$41.00 per year per consumer.
- 6-Year Phase-Out: A 2.3% increase per year, approximately \$34.17 per year per consumer.
- 7-Year Phase-Out: A 1.97% increase per year, approximately \$29.29 per year per consumer.

Council direction is requested as to whether a phase-out of double utility billing is desired. Staff note that a seven year phase-out still maintains some incentive for people to switch to water meters and would offer more equity for people without suites at least in the shorter term.

These annual increases would allow for a more gradual adjustment to the new billing structure, minimizing the financial impact on certain consumers as the City transitions to a system based on individual consumption, i.e., a water meter program and automated solid waste cart collection program. While removing double utility billing and exemptions offer administrative benefits to the City and lowered utility fees to homeowners, the issue of fairness remains for many residents who will be required to pay high utility fees despite not having the additional utility usage or revenue typically associated with a secondary suite.

### *Impact of Provincial Housing Initiatives*

On November 30, 2023, the provincial legislature passed Bill 44, part of the “local government housing initiatives,” which amended the *Local Government Act* to increase density allowances in areas zoned for single-family or duplex uses. In Mission, Small-Scale Multi-Unit Housing (SSMUH) legislation permits up to three housing units on lots previously restricted to single-family or duplex densities in Mission.

While the legislation aims to increase housing supply and diversity, it has led to confusion among some residents that SSMUH allows more than one suite in a home. However, multiple suites in single-family homes are not permitted under current BC Building Code regulations. This misunderstanding of SSMUH by some landlords has impacted the City’s building inspections and enforcement efforts as it navigates these new provincial mandates.

### *Impacts of the Secondary Suites Program on Enforcement*

Bylaw Enforcement staff respond to complaints about secondary suites only when the issue involves the suite not being registered with the City or when there are life/safety concerns related to the dwelling. Since the Program's rollout, Division staff have seen an increase in complaints related to secondary suites. These complaints require the creation of a file and an investigation. Complaints related to parking, unsightly properties, or other issues not unique to secondary suites are handled as typical calls.

However, when a complaint is directly related to an unregistered secondary suite, practice requires that two officers enter the private property to ensure the safety of the staff. The need for an additional officer for these inspections reduces the capacity of that officer to handle other general enforcement tasks.

Although processing times and file closures have improved since the Program's implementation, it remains challenging for staff to ensure consistent and lasting compliance as some homeowners quickly restore a decommissioned suite after inspection by simply reinstalling doors and locks, thus recreating a self-contained unit.

Explaining the perceived inconsistency between the BC Building Code's restrictions and the expanded allowances under SSMUH is time-consuming and often leads property owners to escalate their concerns to management.

### **Financial Implications**

While there are no immediate financial impacts associated with this report, the potential phase-out of double utility billing will require increased utility fees for all users. The phased increases range from 1.97% to 3.45% annually, depending on the duration of the phase-out. These increases are on top of other potential increases due to inflation and changes to the capital programs. The financial impacts related to a universal water meter program and amending solid waste contracts will be considered when those programs are presented to Council.

### **Communication**

The City has engaged a communications consultant to simplify the water meter installation process. Inspections and bylaw enforcement staff have been working to address misconceptions about the new provincial housing legislation through education and progressive enforcement if deemed appropriate. Any adopted phase-out program for double utilities will be communicated through normal channels (e.g: social media, direct emails, community newsletter, website, building/developer forums etc).

### **Summary and Conclusion**

The Secondary Suites Program has successfully registered over 3,200 suites. However, challenges remain in transitioning to a more equitable utility billing system. Phasing out double utility billing and promoting water meters will require careful financial planning and effective communication to ensure smooth implementation and community support.

**Report Prepared by:** Dan Sommer, Director of Development Services

**Reviewed by:** Mike Younie, Chief Administrative Officer

**Approved for Inclusion:** Mike Younie, Chief Administrative Officer