



INFORMATION REPORT

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	August 14, 2018
SUBJECT/REPORT NO:	Illegal Businesses on Agricultural Areas Pilot Project Final Report (PED16207(c)) (Ward 11)
WARD(S) AFFECTED:	Ward 11
PREPARED BY:	Robert Ustrzycki (905) 546-2424 Ext. 4721
SUBMITTED BY:	Ken Leendertse Director, Licensing and By-law Services Planning and Economic Development Department
SIGNATURE:	

Council Direction:

City Council, at its meeting held on June 22, 2016, approved Item 9 of Planning Committee Report 16-012, as amended, which directed staff to undertake an 18 month pilot program, including hiring a temporary Zoning Enforcement Officer, to address complaints regarding alleged illegal businesses in the agricultural area of Ward 11.

Council's resolution also directed staff to report back with terms of reference, including key performance measures and expectations, before initiating the pilot program, and directed staff to report back with the results of the pilot project. The pilot project is set to expire in September 2018.

Information:

On June 14, 2016, the Planning Committee adopted a motion by Councillor B. Johnson for establishing a pilot project to address a growing list of complaints regarding the alleged illegal businesses in Ward 11. On November 1, 2016 staff Report PED16207 was approved to establish a pilot project regarding Illegal Businesses in the Rural Area of Ward 11 including key performance measures and a requirement to provide to the Planning Committee Interim Information Reports at six month intervals from the commencement of the project.

The pilot project commenced in March, 2017 is approaching its 18 month completion date. Information Reports providing interim results for the pilot project were presented to the Planning Committee on September 19, 2017 (Report PED16207(a) Planning

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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Committee Report 17-015) and February 6, 2018 (Report PED 16207(b) Planning Committee Report 18-002).

To summarize the pilot project, the scope of the program acknowledges that all businesses need to operate on a level playing field, and recognizes that education and enforcement are important components to ultimately gain compliance with the City's Zoning By-laws. The pilot project appointed a temporary Zoning Examiner/Enforcement Officer dedicated to inspect and enforce the reported illegal businesses in Ward 11.

The primary objectives of the pilot project are to:

- effectively respond and investigate public complaints of businesses operating from agricultural properties in contravention of the City's By-laws in an expeditious manner;
- increase public awareness and understanding of the regulatory by-law requirements for operating a business from agricultural lands;
- gain compliance of the businesses identified as operating illegally from agricultural lands in Ward 11; and,
- increase community confidence and reduce the identified contraventions to provide a level commercial playing field.

The pilot project commenced on March 6, 2017 providing a concentrated enforcement effort to address illegal businesses operating from lands zoned "Agricultural" in Ward 11. Efforts were made to seek voluntary compliance to remedy any zoning and/or licensing contravention, commencing legal action where there was no diligent effort to comply.

Zoning investigations represent approximately 5% of Municipal Law Enforcement (MLE) calls for service. Zoning complaints relating to illegal businesses are generally lengthy and complicated investigations that utilize every enforcement tool available for the Officer to achieve compliance.

The Zoning Examiner/Enforcement Officer responded to a total of 74 complaints, concluding that 14% of the properties were operating in contravention of the City Zoning By-laws. Businesses not conforming to the City's Zoning By-laws were required to cease and desist operations, or apply for a Minor Variance or Re-Zoning. Necessary measures were also taken to correct other contraventions identified as a result of the Officer's inspection.

The following details summarize the enforcement actions from the March 6, 2017 start date of the project to July 1, 2018:

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182	inspections/visits
8	warnings issued
15	voluntary compliance
4	legal action
43	no violation (determined no contravention existed)
7	referred to other department/agency

The staff dedicated specifically to this project eliminated the backlog in calls for service in Ward 11 within the first four months of operation for an initial response within 72 hours. In addition to responding to complaints that otherwise may not have been recognized, the pilot project also had other positive effects such as addressing:

- accumulation of garbage and debris;
- identifying illegal cannabis grow operations;
- discovering stolen vehicles; and,
- generating annual cost recovery through business taxes.

The cost recovery for this enforcement initiative/action is largely realized over time by any increase in the property tax from agricultural to commercial/industrial use. Municipal Property Assessment Corporation (MPAC) determines Current Value Assessments and classifications for all properties in Ontario to prepare an annual assessment roll for each municipality. Every four years the assessed values of every property is updated. Under the phase-in provisions in the *Assessment Act*, an increase in assessed value is introduced gradually over four years. The current valuation day of January 1, 2016, is in effect for the 2017-2020 property tax years. Property assessments are also continually updated resulting from Building/Change of Use Permits or requests for consideration, but are not generally realized until the calendar year following. Although the gap is not immediately captured, the tax increase resulting from the enforcement action is realized annually thereafter.

The amount of tax increase varies in each instance depending on the scale of the change of use following assessment of the property. City staff consulted with MPAC to gain a better understanding of the assessment process. Calculations are based upon the type of use or enterprise, type/condition/size of buildings, and the square footage of the varied uses when apportioned to the remaining land/building uses (i.e. residential/agricultural use). Considering the complexity of property assessments and the gap in property assessments, staff is not able to provide a fixed or weighted average to determine an appropriate cost recovery analysis to the pilot project. To assist Committee Members, the following calculation provides an illustration of the annual tax increase for the introduction of an industrial business for a property in an agricultural zone:

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An agricultural property 67 acres in size, with a single family dwelling and accessory farm buildings, is assessed at \$8,200 for the 2018 property tax year. The occupants convert a farm building 3,300 square feet in size to introduce a manufacturing use. This change in use, following assessment, may result in a 74% property tax increase to \$14,260 indexed annually.

Conclusion

Staff completed the project, analyzed the data, and evaluated the results to determine if the actions and initiatives met the goals and objectives of the project. In summary, the Council approved project, in the opinion of staff, provided an immediate and effective response to complaints of illegal businesses operating in agricultural areas, eliminating the backlog of zoning calls for Ward 11.

APPENDICES AND SCHEDULES ATTACHED

N/A

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