



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: HOME BASED BUSINESS

PURPOSE OF REPORT

On March 11, 2019 Councillor Joly provided notice in accordance with Section 23 of Procedure Bylaw 3/2018 of her intention to make the proposed motion below:

In order for Council to debate the motion, it must be formally moved.

PROPOSED MOTION(S):

That by <DATE> Administration present to the Governance, Priorities and Finance Committee changes to the land use, business, and any other applicable bylaws to:

1. Allow home-based business to employ one person who does not live at the residence;
2. Allow an exterior sign/plaque on the residence to advertise the business that is a maximum of 20X30cm; and
3. Create a "minor home-based business" designation when all employees are residents and there are no business related visits to the home and; reduce or waive the business licence fee for these businesses.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Council Strategic Priority #2 - Economic Development
Enhance Business/Commercial Growth

- Corporate Project 2.6 – Develop Strategies to enable entrepreneurial ventures and groups.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Land and Economic Development

This section lists programs and associated services that help plan and build a sustainable community including economic diversity and prosperity.

Land Use Planning			
Service Name	Service Definition	Service Component	Current Service Level
		Land Use Bylaw Amendments	Processing time is 4-6 months from the pre-application to completion of the amendments. Issue notice to public for public hearing, 17 days prior to public hearing meeting.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND:

Essentially, a land use bylaw has two purposes. It provides the mechanism through which the 'use' and development of all land located within the municipal area are regulated, and in so doing, it also provides an indication of the future development of a municipality.

In speaking directly to the proposed notice of motion, the current Land Use Bylaw (9/2005) enables a resident to work from home. Should someone decide to start a business by first being self-employed, the Bylaw has two 'uses', both discretionary, which may locate in most of the residential land use districts. These uses are **"home occupation"** and **"home office"**, but they are taxed by the city at the residential tax rate and not the non-residential rate that is incurred by all other businesses. Currently, neither uses allow for employees. Should an additional employee (other than the occupant) be permitted, it will result in an increase in the intensity of the 'use', for example on-site parking needs, and increased production capabilities, which may generate more client visits and deliveries. An increase in intensity of a 'use' in the residential districts, often results in complaints, which in turn leads to enforcements.

The Land Use Bylaw already has a designation similar to the one described for the proposed "minor home-based business", which is the **"home office"** use mentioned here above. Home offices are operations that don't qualify as a 'home occupation'. The use is less intensive, there are no client visits, and it is an office function only. A home office does not need a development permit (e.g., a sole proprietorship consulting business that only does online work from their home).

The matter of signage is something which will require amendments to Schedule C of the Land Use Bylaw.

Once a home occupation has reached a stage in the growth of the business whereby an alternate premises and/or additional assistance is required, Economic Development can assist with site relocation, operational growth, and together with NABI (Northern Alberta Business Incubator), can provide entrepreneurial guidance. When a home occupation grows to a point where a residential location is no longer deemed appropriate or cannot handle increased business capacity, the next available progression is to consider renting or purchasing a space in the City's commercial or industrial spaces.

In discussions with Economic Development, they recommended that the first key step in considering this initiative would be a careful assessment of the city's existing business environment and the general impacts it could have. From a business

environment perspective, Economic Development would recommend considering the following factors:

- It would likely not align with the City's Economic Development goals of expanding non-residential growth and would assist the expansion of home based business growth. There are many standing small businesses that operate on the threshold of this model that could easily move into this new home based category. This would increase the risk of reducing the existing non-residential inventory of standing businesses (bricks and mortar).
- The creation of this home based expansion leaves room for more commercial vacancies as there are a large number of professional services that could move to a home based model. Some the current inventories of these types of standing businesses in the city are:
 - 201 ambulatory health care services (dentists, physicians, chiropractors, optometrists, physical and speech therapists)
 - 146 personal and laundry services (mainly health care & aesthetic services)
 - 26 Insurance carriers & related activities
 - 24 Funds & other financial vehicles
- Of the 2600 total businesses in St. Albert, 1034 are home based businesses. There is no shortage of home based businesses as they already constitute 40% of the city's business inventory.
- A larger inventory of these businesses would likely be harder to monitor and enforce as home based businesses are already a challenge to monitor.
- Waiving the fees of these businesses could create the perception that they are not required to register, and that would take away part of the data that we currently use to measure the local business environment.
- The intent and value of Business Licensing is for statistics as a measurement of the business environment, it is not focused on revenue. The 2019 rate for an in-town business license is \$140.76 and is prorated at lower rates as the year progresses.
- Residential areas could get concentrations of businesses and the surrounding residents could have concerns. What limitations would be required in certain areas to prevent this and how would it be regulated?
- One of the key objectives of Corporate Project 2.6, "Develop Strategies to enable entrepreneurial ventures and groups", is to assist in commercializing home based businesses by providing access and programs that enable growth. An assessment of the business environment and sufficient time to carry out the project would be needed to find effective solutions.

Although Administration understands that it is the intent of the Motion to make it "easier" to run a business from home, this action would be counter to the Council Strategic Priority #2: Economic Development: Enhance business/commercial growth. One of Economic Development's consistent initiatives is to try and

encourage businesses to follow the path of growth which would make them expand into commercial/industrial spaces.

Should the proposed Notice of Motion be supported by the Governance, Priorities and Finance Committee, an amendment of the Land Use Bylaw will be required. Administration will be able to return to Council with a fully researched background document and required Land Use Bylaw amendments in the second quarter (Q2) of 2020 at the earliest.

Report Date: April 1, 2019

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Committee/Department: Planning & Development/Economic Development

Chief Administrative Officer: Kevin Scoble