

Report to Council



Date: May 23, 2019
File: 0930-10
To: City Manager
From: City Clerk
Subject: Secondary Suite Business Licence Updates

Recommendation:

THAT Bylaw 10706, being Amendment No. 16 to Business Licence Bylaw No. 7878 be forwarded for reading consideration;

AND THAT Council may hear submissions directed to the business licence fee increase within the same public hearing in which the secondary suite Zoning Bylaw amendment bylaw is heard;

AND THAT the Zoning Bylaw amendment Public Hearing Notice contain an additional Notice that the public may make representations to Council regarding the business licence fee increase in the same manner as submissions may be made to the secondary suite Zoning Bylaw amendment bylaw.

Purpose:

To amend the Business Licence Bylaw to provide for a business licence fee for illegal secondary suites.

Background:

The requirement to obtain a business licence prior to renting a secondary suite will enable the public and the City to know and track which residential properties actually contain an inhabited suite as suites in residences will no longer be identifiable by tracking which properties have an "s" designation.

Enhancements will be made to the City mapping system to include a layer that shows which properties have an active secondary suite business licence. This will allow the public to identify which properties in their neighbourhood have a legal secondary suite.

Based on the proposed process for secondary suites, the business licence component is quite straightforward.

The issuance of a secondary suite business licence applied for concurrently with a building permit will be a simple administrative process tied to the issuance of the Occupancy Permit. The fee for a business licence applied for concurrently with a building permit will be reduced slightly from the current \$28.43 to \$27.50, to recover the administrative costs of producing and issuing the licence.

A handwritten signature in the bottom right corner of the page.

For a suite operating without a business licence and/or an Occupancy Permit, there will be a higher fee to cover the average time spent by bylaw enforcement staff investigating the illegal suite file of \$252 plus the \$27.50 licence fee for a total of \$277.50.

The actual number of secondary suite single family dwellings in the City is unknown. An older study from the Canadian Mortgage and Housing Corporation (CMHC) estimated 10-20% of a region's detached housing stock contain a suite. Using 2006 Census data and 2007-2012 building permit statistics, there are an estimated 24,475 single detached dwellings in the City. Assuming the CMHC data is still accurate; this would extrapolate to a conservative estimate of 2,450 secondary suites in Kelowna. Currently there are 617 active secondary suite business licences.

The CMHC study also noted municipal efforts to legalize secondary suites tend to have two, somewhat conflicting outcomes: greater enforcement of building and fire code requirements result in safer suites; the number of suites available declines and the average rent per suite increases.

Internal Circulation:

Director, Land Use Management
Director, Development Services
Director, Corporate Services

Legal/Statutory Authority:

Community Charter, sections 8(6), 15 and 59.

Legal/Statutory Procedural Requirements:

Council must provide an opportunity and provide notice for persons who consider themselves affected by the business licence bylaw amendment to make representations to Council. Staff recommend Council provide such an opportunity within the rezoning public hearing and that notice of this be provided in the same manner in which the notice of the public hearing is provided.

Existing Policy:

A business licence is required to rent a suite or room in a residence, hotel, motel, apartment, bed and breakfast, rooming house, private nursing home or rest home. However, an entire house may be rented without requiring a business licence.

Current enforcement policy is to enforce illegal secondary suites on a complaint basis only. Property owners are then offered the options of decommissioning the suite or applying for rezoning - see Secondary Suite (Legalization or Decommission) Bulletin Number 10-01 (attached).

Financial/Budgetary Considerations:

Secondary suite enforcement costs will be borne by the non-compliant property owner rather than by general taxation. Over the past three years, an average of 133 illegal suite service requests have been generated annually. Not all result in an owner rezoning - rather, the suite may be decommissioned; there may be multiple complaints for the same address; or the complaint may have been unfounded. The amount of cost-recovery revenue collected should

the bylaw changes be made will depend upon the priority given to enforcing non-compliant secondary suites by Council.

Personnel Implications:

Existing Bylaw enforcement staffing levels are adequate to issue secondary suite business licences and respond to secondary suite service requests should the number of secondary suite complaints remain constant. A moderate increase in the number of secondary suite service requests could be accommodated by lowering the priority of other types of bylaw calls.

A pro-active secondary suite enforcement policy would require staff dedicated to the project for a period of 12-18 months. The need for temporary additional staffing would be dependent upon what level of priority Council wanted for other types of Bylaw complaints.

Considerations not applicable to this report:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:



Stephen Fleming, City Clerk

Approved for inclusion:



R. Mayne, Director Corporate Services

Attachment:

Bulletin Secondary Suite (Legalization or Decommission) Number 10-01

cc: Director, Corporate Services
Director, Development Services
Director, Land Use Management
Bylaw Services Supervisor