



TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES Meeting on May 27, 2013
FROM:	G. KOTSIFAS, P. ENG. MANAGING DIRECTOR, DEVELOPMENT & COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL
SUBJECT:	RESIDENTIAL RENTAL UNITS LICENSING FEES

RECOMMENDATION

That on the Recommendation of the Managing Director, Development & Compliance Services and the Chief Building Official, this report **BE RECEIVED** for information ; it being noted that should Council wish to attain full cost recovery for the Residential Rental Units Licensing By-law, a licence fee of \$55 be implemented and approved fees for fire inspections be collected.

PREVIOUS REPORTS

April 8, 2013 Amendments to Fees and Charges By-law - CPSC

BACKGROUND

As part of the 2013 Budget, Council approved a Business Case to increase user fee revenues by \$180,000 for the Residential Rental Units Licensing by-law program to move towards a full cost recovery model. Subsequently, staff submitted a report on April 8, 2013 to the Community and Protective Services Committee with a proposed fee structure of \$200 for a new application and \$100 for a licence renewal. On April 16, 2013 Municipal Council requested a report back on non-compliance and options on fee increases for this program.

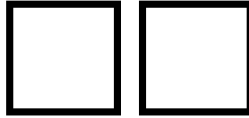
Licensed Rental Properties

It is estimated that there are 7,500 – 8,000 rental properties within the applicable structure type (single detached, duplex, triplex, fourplex and converted dwellings) requiring licensing of rental properties. Approximately 3,000 rental properties have been licensed and 800 additional applications are pending zoning review and/or fire inspections. The license fees are based on rental properties and not the number of rental units. Based on the number of approved licences and applications in process, there are 3,700 – 4,200 properties which require licences.

Issue: Fire Inspections

Discussion: As part of the program, a fire inspection is required to ensure that rental property meets all the requirements of the Fire Protection and Prevention Act. If the fire inspection was completed within the past two years of the rental license application submission, no additional fire inspection is required as part of the review process.

In order to keep fees and costs low for landlords, an administrative decision was made not to charge for initial fire inspections. As was noted in the April 8, 2013 report, the Residential Rental Units Licensing By-law initiated 1,750 fire prevention inspections. Based on the number of inspections initiated by this by-law, an estimated \$300,000 in fees has not been charged to date.



At the April 8, 2013 public meeting on fee increases, it was stated by a number of landlords that they had no concerns with ensuring compliance with fire prevention regulations and associated costs. Fire Prevention Administration has been consulted throughout the fee increase debate and has advised that there are many examples of individuals calling for a residential unit fire inspection (at no cost) under the false pretense of the Residential Rental Unit Licence By-Law. Fire Administration supports this by-law as numerous buildings with serious violations of the Ontario Fire Code have been identified and subsequently corrected. In addition, the Fire Department has responded to a number of structure fires in the last number of years that occurred in buildings that were being used as rental properties that had not yet been inspected or identified. Fire Administration will continue to monitor and evaluate their capacity to conduct said inspections in light of their present legislated requirements under the Fire Protection and Prevention Act and amendments to the Ontario Fire Code and Ontario Building Code respecting vulnerable occupancies recently announced by the Premier of Ontario. It would be reasonable and fair to charge for fire inspections for all new applications where the landlord does not have a recently approved (passed) fire inspection within two years. Note, as the fees are currently in effect, no additional by-law changes are required.

Recommendation: beginning June 12, 2013, a fee of \$171 (per the Various Fees and Charges By-law) will be collected for all new applications submitted for a Residential Rental Unit By-law license.

Issue: Rental Properties vs. Rental Units

Discussion: Within the estimated number of rental properties containing four or less rental units, there is a total number of 12,500 self-contained rental units. Under the current fee structure, the licence fee is applied to the property and not the rental unit. Irrespective of the type of structure type, the licence fee is the same. Council has the option to charge a licence fee applicable to the unit situated on a rental property. There are a number of financial options available should Council wish to charge licence fees by the number of units. One option would be a flat fee for each rental unit while another option may be a flat fee for the rental property and a nominal amount for each rental unit within the subject property. Given that the costs of administration and enforcement generally do not rise in equal proportion depending on the number of rental units per property, fee increases based on rental units is not recommended.

Recommendation: that an additional fee not be charged for each rental unit for new and renewal applications.

Issue: Fee increase for full recovery

Discussion: On average, half of the number of rental property owners who require licences have applied and have either received their licenses or are awaiting zoning and/or fire approval. Assuming all rental properties are licensed (7500 - 8000), the license fee for full recovery would be in the range of \$52.50 - \$56. The key rationale for this decrease in relation to the previous submitted license fee of \$200 for new applications and \$100 for renewal applications is the collection of the initial fire inspection fee.

On an annual basis moving forward, there would be an initial increase in fees collected due to rental properties requiring fire inspections, however, as the number of rental properties licensed approaches 7500 - 8,000 properties, the license fee will approximate full cost recovery.

Recommendation: that a fee of \$55 for both new applications and renewal applications be charged in an effort to achieve full cost recovery of the program.

CONCLUSION

In response to Council's direction, this report outlines the history of several past decisions to keep fees low for the Residential Rental Units Licensing By-law. For example, initial fire inspection fees were not collected saving landlords that have complied to date \$300,000 in fees. Licensing fees were charged per rental property not per rental units thus reducing costs for landlords of multi-unit buildings. To achieve full cost recovery, new applications will be required

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to pay for initial fire inspection fees and licence fees should be increased from \$25 to \$55 for new and renewal applications.

PREPARED BY:	RECOMMENDED BY:
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cc: FPO - Jim Jessop