

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. LS-2024-0004

**FOR THE CONSIDERATION OF
COUNCIL**

February 28, 2024

**SUBJECT: SHORT -TERM RENTAL ACCOMMODATION LICENSING – PROPOSED
USER FEES**

1. RECOMMENDATION:

- 1. That Report No. LS-2024-0004 prepared by the Clerk’s Division, Legislative Services Department, dated February 28, 2024, respecting Short-Term Rental Accommodation Licensing – Proposed User Fees be received;**
- 2. That Council approve the proposed amendments to the Short-Term Rental Accommodation Licensing Bylaw with regards to the STRA User Fees; and,**
- 3. That Council direct the Clerk’s Division to prepare the necessary bylaw to give effect to the proposed amendments.**

2. PURPOSE:

The purpose of this report is to provide Council with an evaluation of the Short-Term Rental Accommodations (STRA) licensing user fees and to present Council with recommendations for amendments to STRA Licensing Bylaw No. 2019-0061(LI-3) to update those user fees. Bylaw No. 2019-0061 (LI-3) is included as Attachment No. 1 to this report.

3. BACKGROUND:

At its meeting on October 09, 2019, Council adopted STRA Licensing Bylaw No. 2019-0061(LI-3) for regulating Short-Term Rental Accommodations (STRAs) in the Town of Georgina. The purpose of the STRA Licensing Bylaw was to regulate and control STRA uses within the municipality. The STRA application fee schedule was included as Appendix “B” to the Bylaw. In accordance with the Bylaw, the Town began accepting applications for the licensing of STRAs on January 1st, 2020.

On July 12, 2023, Council received Report No. LS-2023-0008, in which Staff recommended amendments to the STRA Licensing Bylaw. At the meeting, Council approved the recommendations to amend certain provisions of the Bylaw with regards to On-site Host requirements and driveway or parking area limitations. At this meeting, Council directed staff to conduct a thorough review of the current STRA Licensing Bylaw,

specifically with regards to the application of demerit points, enforcement matters, and STRA application licensing fees.

This report is brought before Council to provide an evaluation of the STRA licensing user fees, together with recommendations for amendments to the STRA Licensing Bylaw to update those fees. As directed by Council previously, Staff will conduct a thorough review of the Bylaw in relation to the other provisions identified by Council at a later date.

4. ANALYSIS:

Staff has conducted a review of the STRA licensing user fees to determine appropriate fee levels for the processing of applications and the issuance of STRA licenses. The *Municipal Act, 2001*, S.O. 2001, c.25, as amended, authorizes a municipality to impose fees or charges on persons for services or activities provided or done by or on behalf of it, and for costs payable by it for services or activities provided. It is considered a financial best management practice for local governments to periodically review and update their user fees. The principal purpose of a user fee is to ensure that the cost of providing a service that benefits the users of that service should be borne by those users, rather than the entire community.

i. Current Fee Structure:

The STRA user fee schedule is included as Appendix “B” to the STRA Licensing Bylaw, so those fees were set when the Bylaw was passed in 2019. The consultant retained at the time to assist in research and preparation of the policy framework for the regulation of STRAs had recommended a licensing application fee of \$2000 for the first year, with the renewal fee for each subsequent year to be \$550. The consultant’s recommendations were based on their evaluation of the process and the need to offset the costs associated with the administration and enforcement of the STRA regulations. However, to reduce possible barriers to compliance at the time, Council approved reduced fees, as set out in Table 1 below:

Table 1: Current STRA Licensing User Fees

| DESCRIPTION OF SERVICE/ACTIVITY | CURRENT FEE |
|---|-------------|
| SHORT-TERM RENTAL ACCOMMODATION – NEW APPLICATION | |
| Short-term Rental Accommodation Licensing Fee | \$250.00 |
| Occupant Load, Inspection and Report | \$158.00 |
| Sewage Capacity Inspection Report (Fee applicable to properties on private septic systems) | \$106.00 |
| Fire Services Inspection Report | \$122.00 |

Table 1: Current STRA Licensing User Fees (Cont.):

| DESCRIPTION OF SERVICE/ACTIVITY | CURRENT FEE |
|--|-------------|
| SHORT-TERM RENTAL ACCOMMODATION – RENEWAL APPLICATION | |
| Short-term Rental Accommodation Renewal Licensing Fee | \$150.00 |
| Occupant Load and Inspection Report (Fee applicable if change made to original Application) | \$158.00 |
| Fire Services Inspection Report | \$122.00 |
| APPEALS COMMITTEE MEETING (SHORT-TERM RENTAL ACCOMMODATION) | |
| Appeal/Variance Application | \$1,400.00 |

ii. Cost Recovery:

Licensing user fees are based on a cost recovery model and are intended to offset administration costs; they cannot be utilized as a 'profit centre' for the Town. Through staff's review and evaluation of the current STRA licensing process, it has been determined that the present fees of \$250 for a new application and \$150 for a renewal application are insufficient to recover the costs associated with the processing of STRA applications.

iii. Recommended Amendments to User Fees:

Upon review of the most up-to-date actual revenue and expenses for the STRA licensing service, it was determined that the application fees should be revised to ensure that a substantial portion of the Town's cost is recovered from the individuals or companies that benefit from the services being provided. Based on the ongoing monitoring of key factors outlined in this report and experience from the processing of STRA applications under the current regulations, staff are recommending the following amendments to the STRA licensing user fees:

a. Proposed amendment to increase the Licensing Application Fee to \$550 and the Renewal Fee to \$350:

Since the implementation of the STRA Bylaw in January 2020, it has been noted that the degree of oversight required from staff for the administration of this program is quite extensive and that the current application fee is insufficient to recover the associated costs. The proposed increases of the application fee to \$550 and the renewal fee to \$350 are not inconsistent with other municipalities' fees, and the additional revenue would address a current shortfall relative to the costs of administering the STRA licensing program.

b. Proposed amendment to add Late Licence Renewal Fee:

Staff are proposing that every late licence renewal be subject to an initial late fee of 50% of the original licencing fee. Every month late thereafter will incur an additional 15% late fee per month. This approach would be consistent with other business licensing bylaws administered by the Town. Late fees serve as a deterrent, encouraging timely renewal of licences, and would help offset greater administrative costs associated with processing delayed renewals.

c. Proposed amendment to add Bylaw Enforcement Inspection Fee of \$100 per Application:

Processing of STRA applications requires extensive interdepartmental collaboration and input. All STRA proposals are inspected/reviewed by various Departments/Divisions, such as the Fire Department, the Building Division (Zoning Examiner review and Septic Inspector review), the Municipal Law Enforcement Division, and the Clerks Division. Currently, fees are imposed by all Departments/Divisions required to inspect/review a STRA proposal, except for the Bylaw Enforcement Division. Staff are recommending an amendment to the STRA user fees to include a Municipal Law Enforcement inspection/review fee at \$100 for each application to cover the cost associated with that Division's services.

iv. Proposed Fee Structure:

In addition to the proposed amendments outlined in this report, the inspection/review fees payable to inspecting Departments/Divisions will also be revised to align with the fee bylaws containing the respective Department's/Division's user fees. Staff are also recommending a concomitant change to the way the inspection/review fees from the relevant Departments/Divisions are referenced in the STRA Licensing User Fees Schedule. References in the Schedule to the inspection/review fees charged by the Town's Fire Department and Building Division will include notations specifying that such fees will be adjusted in accordance with any changes to the fees specified in the Fire Department and Building Division fee bylaws, where applicable. This change is proposed in order to ensure that inspection/review fees are updated and charged accurately in accordance with the relevant bylaws, as amended.

Should Council approve the proposed amendments to the STRA User Fees as recommended by staff in this report, the amended fee structure will include user fees as shown in Table 2 below:

Table 2: Proposed STRA Licensing User Fees

| DESCRIPTION OF SERVICE/ACTIVITY | CURRENT FEE | PROPOSED FEE |
|--|-------------|-------------------|
| SHORT-TERM RENTAL ACCOMMODATION – NEW APPLICATION | | |
| Short-term Rental Accommodation Licensing Fee | \$250.00 | \$550.00 |
| Occupant Load, Inspection and Report <i>Note:</i> To be adjusted in accordance with Building Division Fee Bylaw 2021-0019, as amended | \$158.00 | \$218.00 |
| Sewage Capacity Inspection Report (Fee applicable for properties located on private septic) <i>Note:</i> To be adjusted in accordance with Building Division Fee Bylaw 2021-0019, as amended | \$106.00 | \$146.00 |
| Fire Services Inspection Report <i>Note:</i> To be adjusted in accordance with Fire and Emergency Services Fees Bylaw 2023-0063(FI-3), as amended | \$122.00 | \$132.00 |
| Bylaw Enforcement Inspection and Report Fee (NEW) | N/A | \$100.00 |
| SHORT-TERM RENTAL ACCOMMODATION – RENEWAL APPLICATION | | |
| Short-term Rental Accommodation Renewal Licensing Fee | \$150.00 | \$350.00 |
| Occupant Load and Inspection Report (Fee applicable if change made to original Application) <i>Note:</i> To be adjusted in accordance with Building Division Fee Bylaw 2021-0019, as amended | \$158.00 | \$218.00 |
| Fire Services Inspection Report <i>Note:</i> To be adjusted in accordance with Fire and Emergency Services Fees Bylaw 2023-0063(FI-3), as amended | \$122.00 | \$132.00 |
| Bylaw Enforcement Inspection and Report Fee (NEW) | N/A | \$100.00 |
| APPEALS COMMITTEE MEETING (STRA) | | |
| Appeal/Variance Application | \$1,400.00 | \$1,400.00 |

5. RELATIONSHIP TO STRATEGIC PLAN:

This report addresses the following strategic goal(s):

GOAL: “Delivering service excellence”

This goal is achieved by ensuring that the Town of Georgina administers and provides services relating to STRAs in compliance with the applicable regulations approved by Council for STRAs in the Town.

6. FINANCIAL AND BUDGETARY IMPACT:

Proposed recommended amendments to the STRA licensing user fees will result in an increase in revenue, but as business licensing fees are calculated on a cost recovery basis, any additional revenue realized will merely offset the costs of administration, enforcement and compliance.

7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:

There are no public consultation or notice requirements associated with this report.

8. CONCLUSION:

Should Council approve the proposed amendments to the STRA Licensing Bylaw as noted in this report, Staff will prepare the necessary bylaw to give effect to the amendments. Further, Staff will continue to monitor the overall impact of the Town’s regulations on STRAs, as well as the efficiency of the licensing and enforcement process.

APPROVALS

| | |
|-----------------|--|
| Prepared By: | Mamata Baykar Deputy Clerk |
| Reviewed By: | Rachel Dillabough Town Clerk |
| Recommended By: | Michael Bigioni Town Solicitor / Director of Legislative Services |
| Approved By: | Ryan Cronsberry Chief Administrative Officer |

Attachments:

Attachment No. 1 - By-law 2019-0061 (LI-3) to Licence, Regulate and Govern Short-Term Rental Accommodations