

## COUNCIL REPORT

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**TO:** CITY MANAGER **DATE:** 2019 July 24

**FROM:** DIRECTOR FINANCE **FILE:**

**SUBJECT:** AMENDMENTS TO SUPPLEMENTARY UTILITY FEES PROGRAM  
AND REGULATION OF HOUSE RENTAL BUSINESSES

**PURPOSE:** To obtain Council approval for amending the City's supplementary utility fees program and regulations relating to house rental businesses.

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**RECOMMENDATIONS:**

1. **THAT** Council approve the amended supplementary utility fees program, declaration and enforcement approach and changes to the regulation of house rental businesses, as outlined in Section 3.0 of this report.
2. **THAT** Council direct the City Solicitor to bring forward amendments to the following bylaws, as outlined in Section 4.0 of this report:
  - (a) *Burnaby Waterworks Regulation Bylaw 1953;*
  - (b) *Burnaby Sewer Charge Bylaw 1961;*
  - (c) *Burnaby Business Licence Bylaw 2017;*
  - (d) *Burnaby Business Licence Fees Bylaw 2017; and*
  - (e) *Bylaw Notice Enforcement Bylaw 2009.*
3. **THAT** notice of the amendments to the Business Licence Bylaw and the Business Licence Fees Bylaw be advertised in the local newspaper for two consecutive weeks after first, second and third readings of these amendment bylaws, as outlined in Section 5.0 of this report.

**REPORT****1.0 INTRODUCTION**

Following adoption of bylaw revisions on 2019 April 8 to the Burnaby Waterworks Regulation Bylaw 1953 and the Burnaby Sewer Charge Bylaw 1961, declarations were sent to 7,017 properties to confirm the rental status of their suite and credits for supplementary utility fees were provided to Single Family and Two Family Dwellings containing a

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secondary or in-law suite that is not rented, has not been rented, or will not be rented in the 2019 calendar year, as confirmed by a declaration submitted by the property owner. Additional enforcement provisions were included for submitting a false or inaccurate declaration, as set out under the Bylaw Notice Enforcement Bylaw 2009.

Following receipt of the declaration forms by the 2019 April 30 due date, credits for 2019 supplementary utility fees were made to over 1,900 properties. Credits were limited to 2019 fees and did not include adjustments for any prior year utility fees paid.

This report outlines the proposed supplementary utility fees program for Single Family and Two Family Dwellings starting in January 2020, including bylaw amendments, declaration process, penalty and enforcement approach. Further, changes to the regulation of House Rental Businesses under Burnaby Business Licence Bylaw 2017 are proposed.

## **2.0 POLICY SECTION**

Goal:

- A Dynamic Community:
  - Economic opportunity –  
Foster an environment that attracts new and supports existing jobs, businesses and industries
  - Community development –  
Manage change by balancing economic development with environmental protection and maintaining a sense of belonging

## **3.0 2020 PROGRAM**

### **3.1 Basis of the Program**

Starting in 2020, the amended supplementary utility fees program is proposed to apply to all Single Family Dwellings and Two Family Dwellings, comprising of around 32,000 properties in the City. As with the 2019 credit program, the basis for the supplementary utility fees will be the rental status of the suite, rather than the existence of a suite in the property. In levying supplementary utility fees only for properties with suites that will be rented, the City is ensuring that property owners are charged for the additional use of City utility infrastructure and resources necessary to facilitate the addition of renters in the community.

### **3.2 Declaration**

Subject to Council approval of this report, declaration forms for 2020 will be sent out to 32,000 properties in early October of this year. The deadline for return of the declaration

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forms will be 2019 November 30, which will allow for utility account adjustments to be processed prior to issuance of 2020 Utility Notices in late January.

Under the amended program, supplementary utility fees for 2020 will be applied to properties:

- for which owners have declared that they have a suite (of any form and whether authorized or not under the City’s Zoning Bylaw) that will be rented in 2020; or
- which were assessed supplementary utility fees in 2019 and the owners either returned a declaration to confirm that the suites in their properties will continue to be rented in 2020 or the owners did not return a declaration.

As with the 2019 declaration, “rented” is proposed to mean the receipt of rental income in exchange for use or occupancy of the suite for any period of time, including renting to family members or relatives. The following definition of “suite” is proposed to be included as part of the bylaw amendments: “Suite” means “one or more habitable rooms constituting one self-contained unit with a separate entrance and containing a kitchen or set of cooking facilities, all of which are accessory to a Single Family Dwelling or Two Family Dwelling, whether or not such “suite” complies with other City bylaws”. This definition would allow supplementary utility fees to be applied to Single Family and Two Family Dwellings with secondary suites, in-law suites and other accessory units that meet this definition.

Homeowners will be required to submit a declaration form in all cases by the 2019 November 30 deadline. If a property owner declares that a suite in the property will not be rented in 2020, but subsequently rents the suite, the owner will be required to submit a further declaration and will be assessed the full supplementary utility fees for the year.

### 3.3 Supplementary Utility Fees

2019 discounted rates for supplementary utility fees in a Single Family Dwelling are currently \$294.88 for water and \$276.12 for sewer, for a combined charge of \$571.00 (\$600.00 non-discounted). 2019 discounted rates for supplementary utility fees in a Two Family Dwelling are currently \$221.16 for water and \$276.13 for sewer, for a combined charge of \$497.29 (\$522.15 non-discounted).

For the amended program, it is proposed that rates for Single Family and Two Family Dwellings be aligned in order that the combined water and sewer discounted supplementary utility fees will be \$570 (undiscounted \$600) for both types of properties in 2020.

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The proposed 2020 rates are broken down as follows:

	Supplementary Utility Fees for Single Family or Two Family Dwelling with a Rented Suite (Paid by March 15)	Supplementary Utility Fees for Single Family or Two Family Dwelling with a Rented Suite (Paid after March 15)
Burnaby Waterworks Regulation Bylaw – Schedule A	\$294.00	\$310.00
Burnaby Sewer Charge Bylaw – Schedule C	\$276.00	\$290.00
<b>Total</b>	<b>\$570.00</b>	<b>\$600.00</b>

The supplementary utility fees will not be prorated if a suite in a Single Family or Two Family Dwelling is only rented for part of the year. Also, a credit will not be provided if the City receives a declaration that a suite will be rented, but the property owner ultimately does not end up renting the suite.

### 3.4 House Rental Businesses

Currently, Schedule B of the Burnaby Business Licence Bylaw 2017 relating to “House Rental Businesses” applies to Single Family Dwellings with secondary suites which are rented or offered for rent and not occupied by the owner. The property owners of such properties are required to obtain a Business Licence and comply with the requirements in Schedule B of the Business Licence Bylaw, which include providing contact information for a local property manager and promptly responding to complaints received by the City or the RCMP. The current Business Licence fee for “House Rental Businesses” is \$380 for an initial licence and \$130 for an annual renewal licence.

In regard to rented Single Family Dwellings with a secondary suite that were not owner-occupied, issues arose during the implementation of the 2019 supplementary utility fees credit program with the potential overlap between supplementary utility fees and house rental business licence fees and the under-reporting of house rental businesses within the City. To address these issues, it is recommended that Schedule B of the Business Licence Bylaw relating to “House Rental Businesses” apply to all Single Family Dwellings and Two Family Dwellings (with or without a suite) that are rented and not occupied by the property owner.

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It is also proposed that such properties with valid Home Rental Business Licences be exempted from the supplementary utility fees, and that the Business Licence fee be increased to \$570 for initial and renewal licences in order to match the supplementary utility fees. This will avoid a property being subject to two City fees based on its rental status and promote more accurate reporting of house rental businesses in the City. To coordinate with the 2020 supplementary utility fees program, the amendments to the House Rental Business regulations and associated licence fee increases are proposed to be effective 2020 January 1.

As part of the supplementary utility fees declaration for 2020, owners of properties that will be rented in 2020 will also be asked to confirm if they reside on the premises. If they do not, they will be required to obtain a Home Rental Business Licence for their property and the property will be exempted from payment of the supplementary utility fees.

The proposed changes to the regulation and fee for House Rental Businesses require amendments to the Burnaby Business Licence Bylaw 2017 and Burnaby Business Licence Fees Bylaw 2017. The *Community Charter* requires that before adopting a bylaw in regards to business regulation, Council must give notice of its intention and provide an opportunity for persons who consider they are affected by the bylaw to make representations to Council. Public notices are proposed to be advertised in the local newspaper for two consecutive weeks after first, second and third readings of the amendment bylaws

### 3.5 Fines and Enforcement

In order to discourage false or inaccurate declarations and failure to report by property owners, the penalties of \$500 under the Burnaby Waterworks Regulation Bylaw 1953 and \$500 under the Burnaby Sewer Charge Bylaw 1961 (same penalty amounts as under the 2019 credit program) will be applied against any homeowners who provide false or inaccurate information in their supplementary utility fees declaration or fail to submit a declaration despite having a rented suite. Fines will equal a combined penalty amount of \$1,000. In the case of a false or inaccurate declaration or where a declaration has not been submitted even though the property has a suite that is rented, the supplementary utility fees will be applied to the property's utility account and be backdated to the beginning of the year, in addition to the imposition of the penalties.

Any rental properties that are required to obtain a Home Rental Business Licence but do not do so will be subject to a penalty of \$500 for operating without a business under the Burnaby Business Licence Bylaw 2017.

Enforcement with respect to the declarations and the rental status of the properties for the purposes of the supplementary utility fees program and Home Rental Business Licence requirement will be managed by the Licence Office within the Public Safety and Community Services Department.

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#### **4.0 PROPOSED BYLAW AMENDMENTS**

In order to implement the 2020 program as set out in Section 3.0 above, amendments are proposed for the following five bylaws, effective 2020 January 1:

- *Burnaby Waterworks Regulation Bylaw 1953*
- *Burnaby Sewer Charge Bylaw 1961*
- *Burnaby Business Licence Bylaw 2017*
- *Burnaby Business Licence Fees Bylaw 2017*
- *Burnaby Bylaw Notice Enforcement Bylaw 2009*

##### **4.1 Burnaby Waterworks Regulation Bylaw 1953**

The following amendments are proposed for the Burnaby Waterworks Regulation Bylaw 1953:

**Section 3(2)** – delete reference to supplementary utility fee for new flat rate water service applied for via Building Permit for a single family dwelling with a suite. The current provision imposes an automatic supplementary utility fee for new single family dwellings with a suite one year after issuance of a Building Permit for the dwelling. Under the amended supplementary utility fees program, the fees would only apply if the suite is rented.

**Section 41** – amend with wording the same or similar to the following:

*41. (1) Every owner of any parcel of land or premises of which water is supplied by the City under the provision of this BYLAW, and not on metered service, shall pay the flat rate service fee prescribed in Schedule "A" of this BYLAW. The Collector shall render accounts for such flat rate service for the period commencing on the 1st day of January and ending on the 31st day of December in each and every year, and the Collector may tabulate and render such accounts on the statement of the Collector of Taxes showing the taxes due on such parcel of land or premises and upon the improvements thereon as required by the Community Charter. Such flat rate service fee shall be due and payable on the 1st day of January in each year, and shall be entered by the Collector on the tax roll of the City for such year against the parcel of land or premises in respect of which water is, on the said date, supplied or ready to be supplied by the City, as aforesaid, for that year, unless such parcel of land or premises is by law exempt from the imposition of such rates against the same.*

*(2) Except as set out in subsection (5) below, every owner of a single family dwelling and two family dwelling with a suite shall pay the fee for a rented suite prescribed in Schedule "A" of this BYLAW if the suite was, is or will be rented at any time during the calendar year for which the fee is payable.*

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*(3) Every owner of a single family dwelling and two family dwelling shall submit a declaration, in form and content established by the Director Finance, to the City confirming the following in respect to the dwelling by November 30<sup>th</sup> of each year for the next calendar year:*

- (a) whether the dwelling contains a suite or not;*
- (b) if the dwelling contains a suite, whether the suite is or will be rented at any time; and*
- (c) if the dwelling is or will be rented, whether one or more of the owners is or will be residing at the dwelling.*

*Where a declaration is not submitted by the November 30<sup>th</sup> due date, the information contained in the City's latest record for the property is deemed to be the current information for the year in which the fee is payable pursuant to subsection 41(2).*

*(4) An owner shall submit a further declaration within 30 days if the status of a suite changes from not rented to rented or will be rented at any time following the submission of a declaration pursuant to subsection (3) above.*

*(5) A single family dwelling or two family dwelling with a suite is exempt from the fee under subsection (2) above if the dwelling:*

- (a) is rented and not occupied by one or more owners of the dwelling; and*
- (b) has been issued a House Rental Business Licence under the Burnaby Business Licence Bylaw.*

*(6) For the purpose of this section 41:*

- (a) "rented" shall mean the receipt of rental income in exchange for use or occupancy of the suite for any period of time, including renting to family members or relatives; and*
- (b) "suite" shall mean one or more habitable rooms constituting one self-contained unit with a separate entrance and containing a kitchen or set of cooking facilities, all of which are accessory to a single family dwelling or two family dwelling, whether or not such "suite" complies with other City bylaws.*

*(7) No owner shall submit to the City a declaration pursuant to subsection (3) or (4) above that contains false or inaccurate information.*

*(8) The fee imposed pursuant to subsection (2) above shall not be:*

- (a) prorated if a suite is only rented for part of a calendar year; or*

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*(b) refunded if a declaration is submitted pursuant to subsection (3) or (4) confirming the suite is or will be rented but the owner subsequently does not rent the suite.*

**Schedule A** – delete the reference to “Secondary suite, or in-law suite in Single Family” and “In-Law Suite in a Two Family Dwelling” and corresponding fees, and replace with the following:

Supplementary Utility Fee for Single Family or Two Family Dwelling with a Rented Suite (Effective 2020 January 1, Paid by March 15)	\$294.00
Supplementary Utility Fee for Single Family or Two Family Dwelling with a Rented Suite (Effective 2020 January 1, Paid after March 15)	\$310.00

#### 4.2 Burnaby Sewer Charge Bylaw 1961

The following amendments are proposed for the Burnaby Sewer Charge Bylaw 1961:

**Section 4A(1)** - amend with wording the same or similar to the following:

*4A. (1) The owner of every residential strata lot, multiple-family dwelling and two family dwelling shall pay for the use of the sewer system the annual charge set out in Schedule “C” annexed hereto.*

**Section 4B** – add with wording the same or similar to the following:

*4B. (1) Except as set out in subsection (4) below, every owner of a single family dwelling and two family dwelling with a suite shall pay the charge for a rented suite set out in Schedule “C” annexed hereto if the suite was, is or will be rented at any time during the calendar year for which the fee is imposed.*

*(2) Every owner of a single family dwelling and two family dwelling shall submit a declaration, in form and content established by the Director Finance, to the City confirming the following in respect to the dwelling by November 30<sup>th</sup> of each year for the next calendar year:*

*(a) whether the dwelling contains a suite or not;*

*(b) if the dwelling contains a suite, whether the suite is or will be rented at any time; and*



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(c) if the dwelling is or will be rented, whether one or more of the owners is or will be residing at the dwelling.

Where a declaration is not submitted by the November 30<sup>th</sup> due date, the information contained in the City's latest record for the property is deemed to be the current information for the year in which the fee is payable pursuant to subsection 4B(1).

(3) An owner shall submit a further declaration within 30 days if the status of a suite changes from not rented to rented or will be rented at any time following the submission of a declaration pursuant to subsection (3) above.

(4) A single family dwelling or two family dwelling with a suite is exempt from the fee under subsection (1) above if the dwelling:

(a) is rented and not occupied by one or more owners of the dwelling; and

(b) has been issued a House Rental Business Licence under the Burnaby Business Licence Bylaw.

(5) For the purpose of this section 4(B):

(a) "rented" shall mean the receipt of rental income in exchange for use or occupancy of the suite for any period of time, including renting to family members or relatives; and

(b) "suite" shall mean one or more habitable rooms constituting one self-contained unit with a separate entrance and containing a kitchen or set of cooking facilities, all of which are accessory to a Single Family Dwelling or Two Family Dwelling, whether or not such "suite" complies with other City bylaws.

(6) No owner shall submit to the City a declaration pursuant to subsection (2) or (3) above that contains false or inaccurate information.

(7) The fee applied pursuant to subsection (1) above shall not be:

(a) prorated if a suite is only rented for part of a calendar year; or

(b) refunded if a declaration is submitted pursuant to subsection (2) or (3) confirming the suite is or will be rented but the owner subsequently does not rent the suite.

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**Schedule C** – delete the references to “Secondary suite, or in-law suite in Single Family” and “In-Law Suite in a Two Family Dwelling” and corresponding fees, and replace with the following:

Supplementary Utility Fee for Single Family or Two Family Dwelling with a Rented Suite (Effective 2020 January 1, Paid by March 15)	\$276.00
Supplementary Utility Fee for Single Family or Two Family Dwelling with a Rented Suite (Effective 2020 January 1, Paid after March 15)	\$290.00

#### 4.3 Burnaby Business Licence Bylaw 2017

In Schedule B of the Business Licence Bylaw, the definition of “rental house” is proposed to be amended with wording the same or similar to the following:

*“rental house” means a single family dwelling or two family dwelling, as defined in the **Zoning Bylaw**, that:*  
*(b) is rented or offered for rent; and*  
*(c) is not occupied by the **owner**.*

#### 4.4 Burnaby Business Licence Fees Bylaw 2017

In order to implement the revised fee for House Rental Business Licences, as discussed in Section 3.4 of this report, the following amendment is proposed for the Burnaby Business Licence Fees Bylaw 2017.

**Schedule A** – delete “Home Rental Business Licence” and corresponding fees and replace with the following:

Business Category	Initial Licence Fee	Prorated Initial Licence Fee (effective July 1)	Renewal Licence Fee	Shared Location Fee
House Rental Business Licence	\$570	\$570	\$570	N/E

#### 4.5 Burnaby Bylaw Notice Enforcement Bylaw 2009

In order to impose penalties for non-compliance with the declaration requirements in the Burnaby Waterworks Regulation Bylaw and Burnaby Sewer Charge Bylaw, as discussed in Section 3.5 of this report, the following bylaw sections and corresponding penalties are proposed to be included in Schedule A of the Burnaby Bylaw Notice Enforcement Bylaw 2009:

<b>Bylaw Section</b>	<b>Description The following fines apply to the contraventions below:</b>	<b>A1 Penalty Amount</b>	<b>A2 Discounted Penalty (within 15 days)</b>	<b>A3 Compliance Agreement Available (50% reduction)</b>
<b>Burnaby Waterworks Regulation Bylaw</b>				
41(3)	Failure to submit declaration by due date	\$500	\$400	NO
4A(4)	Failure to submit further declaration	\$500	\$400	NO
41(7)	Submitting false or inaccurate declaration	\$500	\$400	NO
<b>Burnaby Sewer Charge Bylaw</b>				
4B(2)	Failure to submit declaration by due date	\$500	\$400	NO
4A(3)	Failure to submit further declaration	\$500	\$400	NO
4B(6)	Submitting false or inaccurate declaration	\$500	\$400	NO

A bylaw amendment is not needed to implement the \$500 penalty for House Rental Businesses that fail to apply for a business licence, as operating without a valid business licence is already a violation of the Burnaby Business Licence Bylaw that is subject to a \$500 penalty under the Bylaw Notice Enforcement Bylaw.

#### 5.0 **RECOMMENDATION:**

It is recommended that Council approve the amended supplementary utility fees program and changes to the House Rental Business regulations as set out in Section 3.0 of this report and direct the City Solicitor to bring forward the bylaw amendments outlined in Section 4.0, effective 2019 January 1.

In order to satisfy the notice requirement under *Community Charter* for changes to business regulation bylaws and ensure all interested parties are provided sufficient notification, it is recommended that notice of the proposed amendments to Burnaby Business Licence Bylaw

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2017 and Burnaby Business Licence Fees Bylaw 2017 be advertised in the local newspaper for two consecutive weeks after first, second and third readings of these bylaws. The notice will provide a deadline of one week after the last notice to make written submissions. All responses will be collected and provided to Council prior to final adoption of the amendments to Burnaby Business Licence Bylaw 2017 and Burnaby Business Licence Fees Bylaw 2017.



Noreen Kassam  
DIRECTOR FINANCE

NK: RR /do

cc. City Solicitor  
Director Planning and Building  
Director Public Safety and Community Services  
Director Engineering