

## ADMINISTRATIVE REPORT



**TO:** Planning & Development Committee

**FROM:** J. Zaffino, Chief Administrative Officer

**DATE:** December 19, 2024

**RE:** Vacation Rental Review – Proposed Business Licencing Fees (X2024.016-ZONE)

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### **Administrative Recommendation:**

**THAT the Regional District of Okanagan-Similkameen Fees and Charges Amendment Bylaw No. 3050.04 be initiated.**

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### **Purpose:**

The purpose of this report is to provide options in relation to the fee to be applied to applications seeking a business licence.

### **Background:**

Under Section 326.1(1) of the *Local Government Act*, the Board may, by bylaw, regulate in relation to business under Division 3 of the *Community Charter*. Division 3 of the Charter states that a council has authority to “provide for a system of licences.”

Further, Section 397(1)(a) of the *Local Government Act* states that the Board may, by bylaw, impose a fee or charge payable in respect of all or part of a service of the regional district. The authority to impose fees in relation to services includes the “regulatory service” of business regulation, provided by a regional district.

The establishment of a fee for business licences is being undertaken as part of other initiatives related to the “Vacation Rental Review” project.

### **Analysis:**

In considering this issue, Administration notes that the fees applied to land use applications are generally subsidized and do not reflect the actual costs to the Regional District of processing such applications.

An exception to this practice is, however, the current fee that is applied to temporary use permit (TUP) applications that seek to allow a “vacation rental” use to occur on a parcel.

These fees are currently set at \$2,500, which was reflective of the actual, typical costs to process such an application by the Regional District in 2022. By way of comparison, the TUP fees applied to all other types of land uses was set at \$1,250, which reflects a subsidization rate of approximately 50%.

In further consideration of the *Local Government Act* requirements (found at Section 462), application fees should generally reflect “the estimated average costs of processing” an application.

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In light of the above considerations, as well as the fees being applied by member municipalities (e.g. Penticton and Summerland), Administration is recommending that the fee to be applied to STR and B&B businesses on an annual basis be \$500.00.

It is recognized that this number is an approximation only, as the Regional District has no direct experience in the issuance of business licences and, therefore, no “yardstick” against which to estimate anticipated processing costs (e.g. labour and hard costs).

Conversely, and in light of what other member municipalities are currently charging for a business licence application for a short-term rental accommodation use (including bed and breakfast operations), the Board may wish to consider an alternate fee, such as \$1,000.00, \$750.00 or \$350.00, or some other amount.

**Financial Implications:**

Calculating the administrative costs of processing applications, conducting inspections, and enforcing compliance for a program that the Regional District has no direct experience administering is seen to present a significant challenge to accurately determining financial implications of the proposed business licencing program.

If business licencing fees are set too low, they are unlikely to cover the cost of the program (e.g. staff time, IT systems, enforcement, etc.), resulting in any deficiencies being covered by tax payers. If the fee is set too high, it may be deemed unreasonable and could discourage compliance.

Based upon a review of the fees being charged by other local governments in the Okanagan, Administration considers the proposed \$500 fee to be appropriate, but is aware that a higher fee may be required in future if the intent is for the program to run on a full cost recovery basis.

For this reason, Administration is anticipating that a review of this fee will be required following the conclusion of the 2025 or 2026 licencing years to identify all direct and indirect costs incurred by the Regional District in administering with the program and bringing forward recommended fee changes in response.

**Communication Strategy:**

The proposed bylaw amendment will be notified in conjunction with the statutory requirement for the Regional District to notify the proposed business licence bylaw.

**Alternatives:**

1. THAT the Regional District of Okanagan-Similkameen Fees and Charges Amendment Bylaw No. 3050.04 not be initiated.

**Respectfully submitted:**



C. Garrish, Senior Manager of Planning

Attachments: No. 1 – Summary of SILGA Member STR Business Licence Fees

Attachment No. 1 – Summary of SILGA Member STR Business Licence Fees\*

	Local Government	Business Licence Fee		Comments
		STR	B&B	
1.	Penticton	\$775.00 (H.O.) \$515.00 (major) \$260.00 (minor)	\$220.00	"H.O." = High Occupant STR with 6 or more patrons
2.	Kelowna	\$750.00 (major) \$345.00 (minor)	\$160.00	Minor occurs in a principal residence
3.	Summerland	\$500.00	\$500.00	
4.	West Kelowna	\$500.00	\$500.00	
5.	Revelstoke	\$500.00	\$500.00	+\$250/bedroom
6.	Sun Peaks	\$500.00 (4+ BR) \$400.00 (3 BR) \$300.00 (2 BR) \$140.00 (1 BR)	\$150.00	BR = bedroom Different rates are applied to "strata complexes"
7.	CORD	\$360.00	\$160.00	Includes administrative fees (2025)
8.	Sicamous	\$265.00	\$265.00	
9.	Oliver	\$200.00	\$200.00	
10.	Armstrong	\$193.00	\$193.00	
11.	Chase	\$175.00 (major) \$125.00 (minor)	\$175.00 (major) \$125.00 (minor)	Minor is less than 3 bedrooms
12.	Lillooet	\$150.00	\$150.00	
13.	Spallumcheen	\$130.00	\$130.00	
14.	Peachland	\$112.00	\$112.00	
15.	Keremeos	\$100.00	\$100.00	
16.	Lake Country	\$100.00	\$100.00	\$350 fee for an STR and B&B on parcel
17.	Lumby	\$100.00	\$100.00	
18.	Vernon	\$100.00	\$100.00	
19.	Clinton	\$100.00	\$100.00	
20.	Salmon Arm	N/A	\$100.00	
21.	Clearwater	N/A	\$100.00	STRs do not appear to be permitted
22.	Barriere	N/A	\$100.00	
23.	Logan Lake	N/A	\$100.00	
24.	Princeton	\$85.00	\$85.00	
25.	Osoyoos	\$75.00	\$75.00	
26.	Enderby	\$75.00	\$75.00	
27.	Coldstream	\$70.00	\$60.00	Additional charge per bed applied
28.	Kamloops	\$67.20	\$67.20	
29.	Ashcroft	\$60.00	\$60.00	
30.	Merritt	\$50.00	\$50.00	
31.	Cache Creek	\$50.00	\$50.00	
32.	Lytton	\$50.00	\$50.00	

\* based upon a review of documents posted online by applicable local governments in December of 2024