

NO: R228

COUNCIL DATE: October 24, 2016

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **October 20, 2016**

FROM: **General Manager, Engineering** FILE: **3900-01**
General Manager, Finance & Technology
General Manager, Planning & Development

SUBJECT: **New Construction - Effective Dates for Service Fees**

RECOMMENDATION

The Engineering Department, the Finance & Technology Department and the Planning & Development Department recommend that Council:

1. Approve amendments to “Surrey Secondary Suite Service Fee Bylaw, 2011, No. 17356” and “Waste Management Regulations and Charges Bylaw, 2015, No. 18412” that would change the effective date for Service Fees from the current date of three (3) months from application date, to six (6) months from date of building permit issuance.

BACKGROUND

With the implementation of the Secondary Suite Service Fee and the added transparency of the property tax notice, customers have become more aware of the costs associated with implementing a secondary suite, as well as the effective dates of their Secondary Suite Service Fee and Solid Waste Service Fee. Both the Secondary Suite Bylaw (17356) and the Waste Management Bylaw (18412) include provisions for new construction that require the associated fees to become effective three (3) months from the date of permit application, pro-rated for the remainder of the year. These fees are collected at the time of permit application and must be paid before the permit is approved. In 2016 there has been a significant increase in the number of new construction customers who are challenging the rationale for the effective dates of these services.

DISCUSSION

The Secondary Suite Service Fee Bylaw (Secondary Suite Bylaw) and the Waste Management Regulations and Charges Bylaw (Solid Waste Bylaw), include the same provisions for effective dates, being three (3) months after the building permit application has been submitted. In 2016, the transparency of the property tax notice was improved, which has brought to light the application and implication of the current effective date calculation.

Customers indicated that, on average it takes three (3) months for a building permit to be issued once an application has been submitted; from there it can six to nine months to build a residential single-family dwelling. The common complaint stems from the inequity of the secondary suite charges. Property owners who self-declare a suite or where the suite is identified

through the investigation process, have the Secondary Suite Service Fee and the additional solid waste charge added from the date of identification, whereas new construction is expected to pay the charges long before the services are being utilized.

Through discussions with customers, staff in Engineering, Finance & Technology and Planning & Development, recommend the following changes to the Secondary Suite Service Fee and the Solid Waste Fee initiated through new construction:

- Change the effective date of new services to six (6) months from the date that the building permit is issued.
- Transfer the collection of the associated fees to the Property and Payment Services Section.

The following table shows the breakdown on how suites were identified over the last 3 years:

	<u>2014</u> *	<u>2015</u>	<u>2016</u> **
New Construction	485	477	459
Self-Declaration	3,370	575	151
Other Identification	316	391	222
Suite Removals	(360)	(326)	(243)
	<u>3,811</u>	<u>1,117</u>	<u>589</u>

*2014 is the year that the self-declaration process and penalty fee were introduced

**2016 data is to September 30, 2016

It is estimated that 1,000 new single-family residences are constructed each year, with approximately 575 of those containing a secondary suite. The changes to the effective service start date would result in an annual reduction of approximately \$180,000 in solid waste revenue and \$155,000 in secondary suite revenue. It is important to note that these revenue losses would be off-set to some degree, by a reduction in staff time being spent on customer complaints and billing adjustments.

While there is a financial implication for a change such as this, it is believed that these changes will provide more equity between our customers and encourage our residents to appropriately plan for the construction of their secondary suites.

SUSTAINABILITY CONSIDERATIONS

The proposed bylaw changes discussed within this report are keeping with the Sustainability theme of Inclusion and the associated desired outcome that appropriate and affordable housing is available to meet the needs of all households in Surrey.

CONCLUSION

In an effort to recognize the time required to process a new residential building permit and to then complete the construction of a new residential single-family residence, it is recommended that the effective date for new Secondary Suite Service Fees and Solid Waste Fees be changed to six (6) months from the date that the building permit has been issued. In addition, it is also recommended that the Property & Payment Services Section assume the responsibility to collect these fees.

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