

ADMINISTRATIVE REPORT



TO: Planning & Development Committee
FROM: B. Newell, Chief Administrative Officer
DATE: September 23, 2021
RE: Review of Temporary Use Permit (TUP) Application Fees

Administrative Recommendation:

THAT the Regional District's Fees and Charges Bylaw be amended to apply a fee of \$1,250.00 for applications seeking a Temporary Use Permit (TUP) and \$1,250.00 for the renewal of a TUP.

Purpose:

The purpose of this report is to seek direction from the Board regarding the fees to be applied to applications for a Temporary Use Permit (TUP), including a renewal.

Statutory Authority:

Under Section 462 of the *Local Government Act*, the Regional District may impose fees for an application for the issue of a land use permit.

Importantly, a fee imposed under Section 462 “must not exceed the estimated average costs of processing, inspection, advertising and administration that are usually related to the type of application or other matter to which the fee relates.”

Background:

At its meeting of July 24, 1986, the Board adopted the “Regional District of Okanagan-Similkameen Procedures Bylaw No. 906, 1986”, which established an application fee for a TUP. This fee as well as subsequent amendments are as follows:

| TUP Fee | Renewal Fee | Amending Bylaw No. | Adoption Date |
|----------|-------------|--------------------|---------------|
| \$200.00 | \$200.00 | 906 | 1986-07-24 |
| \$300.00 | \$300.00 | 1565 | 1995-01-19 |
| \$700.00 | \$700.00 | 2194 | 2003-02-06 |
| \$700.00 | \$350.00 | 2619 | 2013-03-21 |

Labour Costs:

While the average or “typical” amount of staff time spent on a TUP application can vary due to the unique complexities of each proposal and experience of the applicant, it is estimated that staff spend approximately 32 hours per application, as follows:

- File Manager (Planner I): 15.0 hours
- Administrative Clerk: 10.0 hours
- Administrative Assistant: 3.0 hours
- Planning Manager: 2.0 hours
- Other Staff: 2.0 hours

Newspaper Advertising Costs:

The average cost associated with meeting the statutory notification requirements for a TUP under the *Local Government Act* — being published in at least 1 issue of a newspaper — is approximately \$320.00, or 45.7% of the current fee and 91.4% of the renewal fee.

The average cost of the notices used by the Regional District to notify residents of a new application in their area have ranged between \$200.00 to \$500.00 (price is influenced by number of other RDOS notices included in the “bi-weekly ad”).

Other Costs:

In addition to the advertising costs referenced above, the Regional District incurs other costs associated with the processing of amendment bylaw applications, including:

- venue rentals (PIM and Advisory Planning Commission);
- postal charges (mailing notices for PIMs and Board consideration; approx. \$1.00/envelope); and
- travel (fuel and staff overtime spent travelling to and attending night meetings).

A “Typical” TUP:

Since 2015, the “typical” TUP application has been for a “vacation rental” use. Administration recognises, however, that amendments to the Regional District’s Development Procedures Bylaw adopted on July 22, 2021, no longer mandate the scheduling of an APC meeting or PIM for “vacation rental” TUP renewals prior to Board consideration.

It is assumed that this *may* have implications for the costs incurred by the Regional District in processing these types of TUPs, but there has only been limited experience with this new procedure to date and it is unknown how many renewal applications the Board may, or may not subsequently direct be considered at an APC/PIM.

2020 Budget:

In 2020, the advertising allocation in the Electoral Area Planning budget for experienced an approximately \$20,000 deficit. While this shortfall was partially attributable to the volume of notifications being undertaken by the department, it was also attributable to higher advertising rates charged by local newspapers.

Analysis:

When hard costs and labour are accounted for, the average or “typical” cost to the Regional District of processing a TUP application is currently \$2,500.00. Administration is, therefore, concerned that the current application fees of \$700.00 for an initial application and \$350.00 for a renewal are insufficient to cover the costs being incurred.

In response, there are seen to be three general options available to the Board:

Option No. 1 – Cost Recovery:

While cost recovery of all monies expended on every TUP application processed by the Regional District is not possible, an application fee of \$2,500.00 would accurately capture the amount of staff time and hard costs associated with a “typical” application and renewal.

Conversely, Administration recognises that the TUP process offers an avenue for property owners who feel a land use regulation unduly burdens their use of a property to appeal to the Board for relief

from such a regulation. An application fee that more closely approximates “typical” costs may be seen as creating a possible hardship in these situations.

Option No. 2 – Revised Cost Subsidization:

Administration recognises that the fees applied to TUP applications have historically not been based on a cost recovery model and have been subsidized by requisitions.

As an example, the Board previously reduced the fees for a “vacation rental” TUP application between 2015 and 2017 from \$700 to \$350. These fees did not reflect the costs incurred by the Regional District in processing an application but were seen to be an important in encouraging operators to formalize an existing “vacation rental” use by obtaining a permit.

In light of this, and recognising the fees being charged by other Okanagan local governments (see Attachment No. 1), the Board may wish to implement a revised application fee of \$1,250.00. Administration considers that this level of fee will cover all hard costs as well as some of the labour costs associated with processing an application.

Should, however, the Board support the re-introduction of a two-tier fee structure in order that the fees applied to “vacation rental” application are different, and in recognition of the recently revised processing procedures for “vacation rental” renewals, Administration recommends that consideration of TUP fees be deferred so additional options may be presented.

Conversely, the subsidization of application fees results in all additional costs incurred in the processing an application being covered by general requisitions through the Electoral Area Planning budget.

Option No. 3 – Status Quo:

The current amendment bylaw fees applied by the Regional District are comparable with those charged by other local governments (see Attachment No. 1) and maintaining the status quo is available to the Board.

This is, however, the least desirable option given the costs being incurred by the Regional District and the resultant deficits in the Electoral Area Planning budget.

Accordingly, under this scenario, Administration favours an increase to the advertising allocation in the Electoral Area Planning budget.

Alternatives:

1. THAT the Regional District’s Fees and Charges Bylaw be amended to apply a fee of \$2,500.00 for applications seeking a Temporary Use Permit (TUP) and \$2,500.00 for the renewal of a TUP;
2. THAT the Regional District’s Fees and Charges Bylaw be amended to apply the following fee to applications seeking a Temporary Use Permit (TUP):
 - a) *TBD*
3. THAT consideration of the fees applied to a Temporary Use Permit (TUP) application under the Regional District’s Fees and Charges Bylaw be deferred pending:
 - a) *TBD*

4. THAT the fees applied to a Temporary Use Permit (TUP) application under the Regional District's Fees and Charges Bylaw not be amended;

AND THAT the allocation for advertising in the 2022 Electoral Area Planning budget be increased from \$30,000.00 (2021 level) to \$40,000.00 to address notification costs.

Respectfully submitted:



C. Garrish, Planning Manager

Attachments: No. 1 – Summary of SILGA Member TUP Fees (Sept. 2021)

Attachment No. 1 – Summary of SILGA Member TUP Fees (Sept. 2021)

| | | TUP | TUP Renewal* |
|-----|--------------|----------------------------|----------------------------|
| 1. | Revelstoke | \$2,530.00 | \$2,530.00 |
| 2. | Kelowna | \$1,915.00 | \$1,915.00 |
| 3. | Clearwater | \$1,500.00 | \$1,500.00 |
| 4. | Sun Peaks | \$1,500.00 | \$1,500 - \$50.00 |
| 5. | Coldstream | \$1,500.00 | \$200.00 |
| 6. | TNRD | \$1,500.00 - \$500.00 | \$750.00 - \$250.00 |
| 7. | Vernon | \$1,400.00 | \$1,400.00 |
| 8. | NORD | \$1,300.00 | \$200.00 |
| 9. | CORD | \$1,200.00 | \$1,200.00 |
| 10. | Salmon Arm | \$1,200.00 | \$900.00 |
| 11. | Barriere | \$1,200.00 | \$1,200.00 |
| 12. | Lake Country | \$1,100.00 | \$730.00 |
| 13. | SLRD | \$1,000.00 | \$800.00 |
| 14. | CSRD | \$1,000.00 | \$650.00 |
| 15. | Summerland | \$1,000.00 | \$500.00 |
| 16. | Penticton | \$880.00 | \$440.00 |
| 17. | Kamloops | \$750.00 | \$750.00 |
| 18. | Lillooet | \$750.00 | \$750.00 |
| 19. | Oliver | \$700.00 | \$350.00 |
| 20. | Keremeos | \$700.00 | \$350.00 |
| 21. | RDOS | \$700.00 | \$350.00 |
| 22. | West Kelowna | \$650.00 | \$650.00 |
| 23. | Enderby | \$650.00 | \$650.00 |
| 24. | Sicamous | \$500.00 | \$500.00 |
| 25. | Logan Lake | \$450.00 | \$450.00 |
| 26. | Merritt | \$400.00 | \$400.00 |
| 27. | Chase | \$400.00 | \$400.00 |
| 28. | Ashcroft | \$250.00 | \$250.00 |
| 29. | Clinton | \$250.00 | \$250.00 |
| 30. | Lumby | [TUPs not issued] | [TUPs not issued] |
| 31. | Spallumcheen | [TUPs not issued] | [TUPs not issued] |
| 32. | Armstrong | [TUPs not issued] | [TUPs not issued] |
| 33. | Osoyoos | [TUPs not issued] | [TUPs not issued] |
| 34. | Peachland | [TUPs not issued] | [TUPs not issued] |
| 35. | Cache Creek | [not specified on website] | [not specified on website] |
| 36. | Princeton | [not specified on website] | [not specified on website] |
| 37. | Lytton | [not specified on website] | [not specified on website] |

* if not specified in a bylaw, it is assumed renewal fee is same as initial application fee