



Subject: Residential Rental Licensing Financial Data
Report to: Thorold City Council

Recommendations

1. That Council **RECEIVE** this report for information purposes, and as recommended in Report DS 39-2024, Council **APPROVE** the following;
2. That Council **DIRECT** staff to prepare amendments to the Residential Rental Licensing By-law that establish:
 - provisions specific to short-term rental and Bed and Breakfast establishments,
 - a demerit point system for residential rental licences,
 - an administrative fee for non-appearance to scheduled inspections, and
 - a prohibition of advertising a rental unit without a valid Residential Rental Licence, andfor Council's consideration at a future meeting;
3. That Council **DIRECT** staff to review the licence application fee for ability to fund expenses associated with enforcement of the Residential Rental Licensing By-law and report back with recommendations;
4. That Council **APPROVE** the creation of one additional By-law Enforcement Clerk position effective January 2, 2025;
5. That Council **APPROVE** a PRE-BUDGET APPROVAL for an operating budget increase of \$85,000 to cover the costs of the additional By-law Enforcement Clerk and a capital budget increase of \$5,000 to cover the purchase of computer and office equipment and supplies for the By-law Enforcement Clerk, funded by residential rental licensing fees and penalties;
6. That Council **APPROVE** the creation of one additional Fire Prevention Officer position effective January 2, 2025;
7. That Council **APPROVE** a PRE-BUDGET APPROVAL for an operating budget increase of \$145,000 to cover the costs of the additional Fire prevention Officer and a capital budget increase of \$80,000 to purchase a vehicle, computer equipment, radio and related equipment for the Fire Prevention Officer, funded by residential rental licensing fees and penalties;
8. That Council **APPROVE** an operating budget overrun of \$10,000 to the By-law Enforcement Division's portion of the 2024 operating budget, funded by residential rental licensing application fees and penalties, to accommodate temporary

administrative support within the By-law Enforcement Division for the remainder of the 2024 calendar year;

9. That Council **DIRECT** staff to research how boarding, lodging or rooming houses contribute to the housing supply within Thorold and report back to Council with the findings and any recommendations; and
10. That funding for the existing Fire Prevention Officer **BE TRANSFERRED** from RRL to levy for 2025 for a budget levy impact of \$52,000.

Key Facts

- Amendments to the Residential Rental Licensing By-law are recommended to establish:
 - provisions specific to short-term rental and Bed and Breakfast establishments,
 - a demerit point system for residential rental licences
 - an administrative fee for non-appearance to scheduled inspections
 - a prohibition of advertising a rental unit without a valid Residential Rental Licence
- An additional By-law Enforcement Clerk position is required to maintain service delivery and enforcement of the Residential Rental Licensing By-law.
- An additional Fire Prevention Officer position is required to maintain enforcement of the Residential Rental Licensing By-law.
- Council requested historical financial data pertaining to enforcement of the Residential Rental Licensing By-law for review in consideration of the recommendations provided in report DS 39-2024.

Budgetary Status

The budgetary impacts provided below are identical to those provided in report DS 39-2024.

An overrun to the operating budget in the amount of \$10,000, funded by residential rental licensing fees and penalties, is required to accommodate the wages of temporary administrative support staff within the By-law Enforcement Division for the remainder of the 2024 calendar year.

Pre-budget approval in the amount of \$85,000 operating expenses and \$5,000 in capital expenses, funded by residential rental licensing fees and penalties, is required to accommodate the hiring of one additional By-law Enforcement Clerk effective January 2, 2025. The capital budget increase will be used to purchase a computer and related equipment for the additional By-law Enforcement Clerk.

Pre-budget approval in the amount of \$145,000 operating expenses and \$80,000 in capital expenses, funded by residential rental licensing fees and penalties, is required to accommodate the hiring of one additional Fire Prevention Officer (“FPO”) effective January 2, 2025. The capital budget increase will be used to purchase an additional vehicle, computer equipment, radio, furniture, cell phone and related supplies for the additional Fire Prevention Officer.

It is expected that all expenses associated with enforcement of the Residential Rental Licensing By-law will be funded by residential rental licensing fees and penalties and therefore not impact the general levy.

Council approved a FPO in 2023, which was funded partially from the levy and partially (\$52K) from Residential Licensing Revenues. With the creation of a dedicated FPO for Residential Licensing in 2025, we are able to deploy the existing FPO back to full time fire duties. This will require funding from the levy for that portion that was formerly funded from RRL.

Analysis

Council received a report DS 39-2024 on October 22, 2024, containing recommendations for staffing enhancements and by-law amendments associated with the Residential Rental Licensing By-law. Council requested historical financial data relevant to enforcement of the Residential Rental Licensing By-law for review to consider the recommendations of the report. The table below provides annual revenue and expense data since enactment of the by-law.

*data reconciled up to October 2024

	2018	2019	2020	2021	2022	2023	2024*
Application Fee Revenue	\$16,435	\$97,900	\$175,535	\$178,335	\$220,025	\$252,941	\$227,160
Penalty Revenue	\$0	\$0	\$100,000	\$110,500	\$151,940	\$238,516	\$379,814
Miscellaneous Revenue	\$530	\$3,268	\$680	\$1,033	\$1,330	\$580	\$0
Expenses	\$153,149	\$152,657	\$106,831	\$119,711	\$139,199	\$222,758	\$256,631
+/-	-\$136,183	-\$51,490	\$169,386	\$170,158	\$234,096	\$269,277	\$350,343

The residential rental licence application fee is collected at the time of application however the revenue is recognized using revenue recognition accounting principles and therefore is divided over the 24-month lifespan of the licence. This means that although an application fee was paid at the time of application, smaller amounts of revenue are recognized over 24 months versus a lump sum at the time of payment.

Additionally, penalties are recognized as revenue at the time of payment and not the time that a penalty is issued to an individual or corporation.

Due to the above process, revenue recognition will fluctuate based upon the time of year in which a residential rental licence is issued, or a penalty is paid and whether a licence holder allows their license to expire.

Impact on the Environment, Climate Change

There are no known environmental or climate change related impacts to this Report.

Alternatives Reviewed

None

Relationship to Strategic Plan

- Vibrant and Prosperous Community
 - Livable Community

- Community Wellbeing

Other Pertinent Reports

- DS 39-2024 Residential Rental Licensing Amendments

Prepared and Recommended by:

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Approved and Submitted by:

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This report was prepared in consultation with Terry Dixon, Fire Chief.

Appendices

Appendix 1 Report DS 39-2024 Residential Rental Licensing Amendments