



Residential Rental Licensing Program Financial Forecast

Council Presentation

December 10, 2018





Background

- **Council Report COM2017-031 presented on December 11, 2017 - 5 year review of program;**
- **Acknowledgement of the benefits of the residential licensing program;**
- **Council direction:**
 - **To move forward with proposed program improvements; and**
 - **Report back, as part of 2019 Budget process, with a long term financial forecast, fee structure and reserve fund forecast.**



Program objectives

- 1. The protection of health and safety, and human rights for persons living in low-rise rental dwellings; and**
- 2. The protection of the residential amenity, character and stability of residential areas;**

It is important to note that, in order to deliver on these objectives, significant work is involved in addressing community impacts, beyond just the processing and issuance of licenses. The program fees are applied to this work as well.



Methodology

Staff have worked throughout several months to identify the challenges and opportunities related to the program's revenue and expense model;

Developed long range forecast for program expenses, based on assumptions;

Developed a fee structure aimed to benefit as many license classes as possible and minimize the impact on others



Challenges

No fee increases since the original program fees were established in 2011;

Cumulative inflationary increase of approximately 9% over the same period of time (1.5% per year), absorbed through the program; e.g. fee of \$449.78 in 2012 would be \$491.80 in 2018

In 2012 expenses for the program were \$1,112,826 and in 2017 total expense was \$1,135,507. This represents, an average year over year expenditure growth of 0.4% per year.



Challenges

- **A noticeable shift in the rental market more high rise and purpose rental housing; and**
- **On-line and internet app advertising practices, can make it more difficult to identify unlicensed rental properties to bring them into compliance**
- **Ongoing investment in technology, corporate support to keep the program running efficiently**



Opportunities

- **Proposing a reduction of approximately \$100,000 in staffing costs (leading into 2020) - - Municipal Enforcement and Planning Approvals**
- **Also, reducing costs associated with capital projects underway**
- **Forecast from 2019 to 2029 does not include any fee increases; dependent upon reaching forecasted license volumes**



Recommended Option

Option 2 – Stepped Fee

Comparison of fee increases and decreases are found in Appendix A of the report

Cumulative effect:

- **74% of licensees (42,026) will see a fee reduction averaging \$5**
- **26% of licensees (15,078) will see a fee increase averaging \$11**



Reserve Fund

- **Projected reserve balance for end of 2018 is \$164,742**
- **Projected reserve balance at end of 2029 is \$23,791**
 - Reserve balance is low to support giving the majority of licensees a price decrease
 - If license volumes are not achieved fee increases may be required in the 2019 to 2029 time window
 - Each year fees will be re-assessed as per city practice



Summary

Staff's recommendation will allow for sustainability of the rental licensing program while maintaining the integrity of the program and delivering on the program objectives