

NO: R186

COUNCIL DATE: **SEPTEMBER 23, 2013**

---

## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **September 17, 2013**  
FROM: **General Manager, Finance & Technology** FILE: **4815-05**  
SUBJECT: **Penalty Related to Unauthorized Secondary Suites**

---

## RECOMMENDATION

The Finance & Technology Department recommends that Council:

1. Receive this report as information;
2. Approve amendments to Surrey Secondary Suite Service Fee By-law No. 17356 as documented in Appendix A attached to this report and as generally described in this report that, if adopted, will introduce a fee that will be levied against any property owner that installs a secondary suite without authorization from the City of Surrey;
3. Authorize the City Clerk to bring forward the necessary amendment By-law for the required readings and adoption; and
4. Approve the implementation plan and communications program related to the subject By-law amendments as documented in this report.

## BACKGROUND

In 2010 Council adopted amendments to the City's Zoning By-law to allow a "secondary suite" as a permitted use (subject to defined conditions and limitations) in each of the Zones where a "single family dwelling" is a permitted use. In 2011, Council introduced a Secondary Suite Service Fee in support of its decision to allow "secondary suites" as a permitted use. The Secondary Suite Service Fee addresses the additional costs incurred by the City in satisfying the demands placed on City infrastructure and services by the occupants of secondary suites. The Secondary Suite Service Fee for 2013 is \$395 per suite per year. The Secondary Suite Service Fee is collected from relevant properties as part of the annual property taxes related to each such property.

## DISCUSSION

When the Secondary Suite Service Fee was introduced, the City's records showed that there were 17,300 properties that contained a secondary suite. Since that time the inventory of secondary suites in the City has grown to 24,150 secondary suites. The owner of each property on which one of these known secondary suites is located is subject to paying the Secondary Suite Service Fee as part of the annual property taxes for the property.

Once the Secondary Suite Service Fee is attached to a property it can only be removed from the property tax account if the property owner arranges for an inspection by a By-Law Enforcement Officer to confirm that the suite no longer exists on the property.

It has become evident to staff that some property owners are now removing their secondary suites on a temporary basis to satisfy the inspection by the By-law Enforcement Officer that a suite no longer exists on the property which then results in the Secondary Suite Service Fee being removed from the tax roll for the property. Then after the inspection by the By-law Enforcement Officer is completed the owner reinstates the suite without the City's being aware of such reinstatement.

Similarly, the builders of some new single family dwellings in the City are constructing new homes that are "suite ready" but do not have the secondary suite constructed in the home as part of the initial construction of the new home. Once the house has been approved by the City's Building Inspector through final inspection, the owner of the completed house then proceeds to construct a secondary suite in the house without a permit or inspections by the City. In this circumstance, since the suite is not on the City's records (i.e., the City is not aware of the suite), the owner is not invoiced the Secondary Suite Service Fee on the annual property tax notice for the property.

Clearly, neither of the above circumstances is reasonable in the context of fairness and equity across property owners in the City and in relation to the costs that the City incurs in providing services for the occupants of secondary suites.

### **Proposed Penalty for Unregistered Secondary Suites**

With a view to creating a level playing field for all property owners in the City, it is proposed that a fee of \$1,000 be introduced as part of the Surrey Secondary Suite Service Fee By-law that will be levied against the owner of any property that is found to contain a secondary suite that is not on the City's records. It is further proposed as a means to encourage property owners to come forward and declare secondary suites that aren't yet registered on the City's records that, such a fee not take effect until February 1, 2014 and that a communications program be undertaken between now and then to inform property owners about the pending change.

Owners will be able to register their secondary suites with the Property Tax Division. If the suite is contained in a dwelling for which a building permit was issued after January 1<sup>st</sup>, 2012, the Planning & Development Department will be notified to ensure that the suite complies with the City's building standards.

After February 1<sup>st</sup>, 2014 if a property is found to contain a suite that has not been registered with the City, a fee of \$1,000 will be levied against that property, which if it is not paid will be levied in the same way as property taxes as part of the next annual property tax notice for the related property. In addition to the penalty the owner of such a property will also be subject to paying the Secondary Suite Service Fee in that year and each subsequent year unless the suite is confirmed to be removed by a City Inspector.

### **Proposed Communications Plan**

With a view to ensuring that all of the City's property owners are properly informed of this new process and the related fee, staff is proposing the following communications program:

- A letter will be forwarded to the owner(s) of each single family dwelling in the City that advises them of the new process and the related fee;
- Further in each case where staff inspects a dwelling to confirm that a suite does not exist including at final inspection of every new dwelling, the staff person will inform the

property owner/builder that the property may be subject to re-inspection to confirm that a suite has not been installed or reinstated. The owner/builder will also be informed that if they want to install a suite they will need to make application through the City's Building Division for a permit to allow for the installation of a suite. They will be further informed that if a suite is installed without the City being properly notified and the City discovers such a suite after its installation, the owner will be subject to a \$1,000 penalty fee in addition to the annual Secondary Suite Service Fee; and

- Notices with similar information to the above will be placed in the local newspapers and on the City's website during the fall of 2013. Appropriate contact information in relation to registering a secondary suite with the City will also be included in such notices.

Appendix A attached to this report documents the necessary By-law amendments, which are recommended in this report.

Legal Services has reviewed the proposed changes and has no concerns.

## **SUSTAINABILITY CONSIDERATIONS**

The recommendation of this report if adopted will assist in achieving the objectives of the City's Sustainability Charter; more particularly, the following scope action items:

- EC3: Sustainable Infrastructure Maintenance and Replacement; and
- EC4: Sustainable Fiscal Management Practices.

## **CONCLUSION**

Based on the above discussion, it is recommended that Council:

- Approve amendments to Surrey Secondary Suite Service Fee By-law No. 17356 as documented in Appendix A attached to this report and as generally described in this report that, if adopted, will introduce a fee that will be levied against any property owner that installs a secondary suite without authorization from the City of Surrey;
- Authorize the City Clerk to bring forward the necessary amendment By-law for the required readings and adoption; and
- Approve the implementation plan and communications program related to the subject By-law amendments as documented in this report.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

Appendix A – Surrey Secondary Suite Service Fee By-law Amendment

CITY OF SURREY  
BY-LAW NO. xxxxx

A by-law to amend the provisions of "Surrey Secondary Suite Service Fee By-law, 2011, No. 17356," as amended.  
.....

The Council of the City of Surrey, in open meeting assembled, ENACT AS FOLLOWS:

1. "Surrey Secondary Suite Service Fee By-law, 2011, No. 17356" as amended is hereby further amended as follows:
  - (1) Insert new Section 1.1 as follows: "An owner of real property that contains one or more secondary suites shall notify the City in the form and manner established by the Collector, of the existence of each secondary suite on the property."
  - (2) Insert new Section 3.1 as follows: "Effective February 1, 2014, where a secondary suite has been installed on any land or premises without the notification to the City required under Section 1.1, a penalty fee of one thousand dollars (\$1,000.00) will be added to the secondary suite service fees levied against the property under this By-law. This penalty fee shall form a charge upon the lands on which the secondary suite is located and may be recovered in the same manner and by the same means as overdue taxes. Any amounts remaining unpaid on December 31 in any year will be added to the property tax levy of the property upon which the secondary suite is located and will be subject to the same interest rate and collection process as overdue property taxes as legislated in the *Community Charter*."
2. This By-law shall be cited for all purposes as "Surrey Secondary Suite Service Fee By-law, 2011, No. 17356, Amendment By-law, 2013, No. xxxxx".

PASSED FIRST READING on the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

PASSED SECOND READING on the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

PASSED THIRD READING on the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_MAYOR

\_\_\_\_\_CLERK