

Municipality of Lakeshore – Report to Council

Growth and Sustainability

By-law Services



To: Mayor & Members of Council
From: Rob Sassine, Division Leader – By-Law
Date: September 18, 2023
Subject: Prohibition of Short-Term Rental Enforcement

Recommendation

This report is for information only.

Background

On July 18th, 2023, Council passed a motion regarding short term rental accommodations. The following motion was passed:

212-07-2023

“Prohibit short-term rental accommodations in the Municipality of Lakeshore;
and

Direct Administration to bring a report regarding the steps to enforce the prohibition of short-term rental accommodations in the Municipality of Lakeshore.”

As a result, this report covers information on the enforcement of short-term rental accommodation. A separate report, prepared by the Planning Division, will cover the Council direction to prohibit short-term accommodation through a zoning by-law amendment.

Comments

The Lakeshore By-law Division has been enforcing existing by-laws as they relate to short-term rentals (STRs); however, compliance has been challenging. Jurisdictions across the globe are facing similar challenges and can be found in various stages of research and regulation of short-term rentals.

The issues being:

- anonymity of host locations, so the number and location of short-term rentals is difficult to determine;
- complaints reported to By-law related to noise and parking issues;

- potential Building Code, Fire Code and other safety concerns. The change from residential to commercial use of a dwelling is not reported or regulated, and therefore Building Code and Fire Code inspection is not undertaken;
- many municipalities have limited staff resources to address short-term rental issues; and
- related to the limited staff resources, commonly there is a need for investigations and enforcement of short-term rentals outside of normal business hours.

To help identify the exact location of STRs to assist in enforcement, Administration recommends the use of technology which is available from third-party service providers. Address Identification technology and processes make it possible to easily monitor the STR market and find the addresses and owners of all identifiable STRs. The software scans 70+ of the world's largest websites for all listings. The software will extract as much information as possible to help narrow down the list of possible address/owner matches. The results are combined with human analysts, who identify the exact address and owner information. This information is forwarded by the service provider to the Municipal client. The Municipality can direct their resources to be focused on the field investigation with the information provided rather than spending time to manually search platforms trying to identify STRs. In order to effectively monitor and enforce short-term accommodation, it is recommended that Lakeshore engage a service provider to use Address Identification software.

Additional resources will be required to conduct investigations and follow up on complaints as they occur. These By-law Officers should be available in the evenings and weekends to address when most complaints are received. To achieve successful compliance and enforcement, identifying the activity as it occurs is most effective.

It is noteworthy that in 2020, the Township of Oro-Medonte passed a Zoning By-law that prohibited STRs in certain zoned areas. An appeal was filed by STR owners and in 2022, the Ontario Land Tribunal ordered a repeal of the Township of Oro-Medonte Zoning By-law 2020-073.

In the Town of Goderich, short term rentals are currently not permitted in residential areas except where they meet the existing 'Tourist or Guest House Dwelling' definition in the Town's Zoning By-Law, which requires the operator to live on site while renting.

Goderich Town Council has directed their staff to amend the Zoning By-Law to allow short term rentals of an individual's principal residence while they are not on site, to a maximum of 60 nights a year; along with drafting a licensing by-law for short term rentals. This Zoning By-Law and Licensing By-Law will be considered by Council later this year.

Jurisdictions that have included short term rentals as a permitted use in owner occupied dwellings have also included a licensing by-law to help regulate and promote compliance and enforcement. A common tool for regulating short term rentals is through

a licensing program. Presently, the municipality does not require licenses to operate a business in Lakeshore (except for Vehicles for Hire). Licensing provides the opportunity to address the impacts of STRs identified above by balancing the needs of property owners with potential land use impacts and the needs of visitors looking for safe, adequate, and properly maintained short-term accommodation premises. Issuing an annual license to operate will allow a municipality to inspect the short-term rental property to ensure compliance with the Fire and Building Code, inspect the number of parking spaces and ensure proper insurance coverage on the property. Applications typically require a contact name and number to be given to Municipal staff to make it easier to follow-up on complaints and by-law infractions. If the short-term rental property does not meet the criteria in a licensing by-law, the license will not be issued.

Licensing also allows for Enforcement Officers to seek a quick resolution to minor violations without having to initiate court proceedings to gain compliance. Absent of a licensing by-law, any enforcement will be commenced under the Zoning By-law. As compared to a licensing by-law, prosecution under the Zoning By-law will require additional resources for prosecutions and potentially lengthy timeframes for compliance.

It should be noted that STR operators are not required to possess any type of Provincial License to operate a Short-Term Rental in Ontario. The province recognizes municipalities as responsible and accountable governments that are in the best position to address matters within their jurisdiction. All aspects of licensing are addressed through the *Municipal Act, 2001*, which grants municipalities broad powers which they may wish to consider using to regulate certain aspects of home-sharing platforms and hosts/operators. Under the *Planning Act*, municipalities have the authority to make local planning decisions that determine the future of communities, including whether and where home-sharing is allowed through their municipal official plan policies and zoning by-laws.

The collection and remittance of Federal and Provincial Sales Tax is the responsibility of the platform operator. As of July 1, 2021, the Federal government requires platform operators (Airbnb, VRBO) to comply with their obligations to register, collect and remit the GST/HST as set out under the rules and legislative provisions to ensure that the GST/HST applies effectively and fairly to e-commerce transactions.

Others Consulted

Granicus Software Company

Financial Impacts

Although no specific budget requests are made in this report, the following financial estimates are provided for Council's information regarding enforcement:

Address Identification Software - \$4,050 annually

By-law Compliance Officers (2) - \$201,000 annually inclusive of salaries and benefits

Computer, software, cellphone (2) - \$6,000 one-time cost
Uniforms (2) - \$5,000 one-time cost
Vehicle (1) - \$65,000 one-time cost

It should be noted that if a licensing model is undertaken a business case would need to be brought back to explore possible rates, structures and staffing models.

Report Approval Details

Document Title:	Short Term Rental Enforcement.docx
Attachments:	
Final Approval Date:	Oct 5, 2023

This report and all of its attachments were approved and signed as outlined below:

Prepared by Rob Sassine

Submitted by Tammie Ryall

Approved by Justin Rousseau and Truper McBride