



**Short-Term Rentals Temporary
Use By-law**

Environmental Scan Report

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Prepared for:

City of Ottawa

Prepared by:

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SHORT-TERM RENTALS TEMPORARY USE BY-LAW

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Table of Contents

| | | |
|------------|--|-------------|
| 1.0 | INTRODUCTION | 1.1 |
| 2.0 | PROJECT CONTEXT | 2.2 |
| 2.1 | RENTAL ACCOMMODATION STUDY | 2.3 |
| 3.0 | LEGISLATIVE AND POLICY FRAMEWORK | 3.5 |
| 3.1 | PLANNING ACT..... | 3.5 |
| 3.2 | PROVINCIAL POLICY STATEMENT | 3.6 |
| 3.3 | OFFICIAL PLAN..... | 3.8 |
| | 3.3.1 Introduction and Strategic Directions..... | 3.8 |
| | 3.3.2 Land Use Designations | 3.10 |
| 3.4 | CITY OF OTTAWA COMPREHENSIVE ZONING BY-LAW..... | 3.13 |
| | 3.4.1 Bed and Breakfast..... | 3.14 |
| | 3.4.2 Hotel | 3.16 |
| | 3.4.3 Associated Definitions and Provisions..... | 3.17 |
| 4.0 | ZONING CASE STUDIES FROM OTHER MUNICIPALITIES | 4.23 |
| 4.1 | BLUE MOUNTAINS..... | 4.23 |
| 4.2 | COLLINGWOOD | 4.24 |
| 4.3 | NIAGARA-ON-THE-LAKE | 4.25 |
| 4.4 | OAKVILLE..... | 4.27 |
| 4.5 | OSHAWA | 4.28 |
| 4.6 | TORONTO | 4.29 |
| 4.7 | VANCOUVER..... | 4.30 |
| 4.8 | NEW YORK..... | 4.31 |
| 5.0 | CHALLENGES TO ZONING REGULATIONS | 5.32 |
| 5.1 | BLUE MOUNTAINS..... | 5.32 |
| 5.2 | TORONTO | 5.33 |
| 6.0 | SUMMARY OF KEY OBSERVATIONS | 6.36 |

LIST OF TABLES

Table 1: Zones with Bed and Breakfast as a Permitted Use

Table 2: Zones Permitting Both Dwelling Unit and Hotel Uses

LIST OF APPENDICES

- A Rental Accommodations Study, Staff Report (November 5, 2019)
- B Case Studies from Other Municipalities: Compiled Zoning By-law Definitions
- C Case Studies from Other Municipalities: Compiled Zoning By-law Provisions for Short-term Rentals



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Introduction

1.0 INTRODUCTION

This purpose of this report is to summarize Stantec’s research, analysis, and observations regarding the application of land use planning tools to regulate short-term rental (STR) accommodation.

The City of Ottawa (the City) retained Stantec to provide professional land use planning services. This was to assist in the preparation of the temporary use by-law amendment to permit STRs. The City is preparing to present proposed regulations that are intended to provide by-law enforcement with the clear means of distinguishing between uses, succinct relevant terms and regulations, and ensure an effective and coordinated approach to regulating STRs in the service of the City’s goals.

The report has been arranged into the following sections:

- **Section 2.0** provides a description of the project’s scope and background, as well as discusses the coordination of the temporary use by-law with STR licencing regulations as they are being developed alongside the City’s Emergency and Protective Services Department.
- **Section 3.0** provides a review of Ontario’s land use planning framework as it relates to the proposed temporary use by-law, and the regulation of STR accommodation. The section also examines the City’s Official Plan (OP), focusing on the policies that support land use regulation. A brief review of the City’s Zoning By-law highlights provisions/regulations and sections that may require further investigation to ensure compatibility with the temporary use by-law.
- **Section 4.0** summarizes the approaches of six Ontario municipalities and the cities of Vancouver and New York to regulating short-term accommodations and similar land uses through their zoning by-laws. Additional information is provided in the report’s appendices.
- **Section 5.0** reviews challenges associated with STR regulations proposed by other Ontario municipalities. The section examines the decisions of the Local Planning Appeal Tribunal (LPAT) (formerly the Ontario Municipal Board) regarding appeals to the Town of the Blue Mountains, the Town of Niagara-on-the-Lake, and the City of Toronto’s STR-related zoning by-law amendments.
- **Section 6.0** summarizes Stantec’s key observations and recommendations.

For the purposes of this report, Stantec has limited its review and analysis to land use regulations affecting STR accommodations and related uses for the travelling public. The report does not examine licencing or regulations outside of the authority of the Planning Act.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Project Context

2.0 PROJECT CONTEXT

Short-term rentals are dwelling units or parts of dwelling units that are outside of the purview of the Ontario Residential Tenancies Act per Section 5(a):

5. This Act does not apply with respect to,
 - (a) living accommodation intended to be provided to the travelling or vacationing public or occupied for a seasonal or temporary period in a hotel, motel or motor hotel, resort, lodge, tourist camp, cottage or cabin establishment, inn, campground, trailer park, tourist home, bed and breakfast vacation establishment or vacation home;

Short-term rentals can take many forms ranging from rental of a room in someone's dwelling while a resident is present, to rental of entire dwelling in the absence of its resident. In the past, many municipalities did not consider a need to regulate short-term rentals due to the limited numbers and perceived minimal impacts.

The growth of online booking platforms has reduced the barriers to entering the STR market by facilitating marketing, payments, and communication between hosts and guests. Operation of a STR enables residents to monetize unutilized space within their dwellings as a supplementary source of income.

Guests are attracted to online booking platforms and STRs by a combination of lower prices (compared to traditional accommodation), unique accommodations, and greater variety (Amaro, Andreu, and Huang, 2018). While STR are available to all members of the public, the vast majority of STR users are visitors travelling away from their place of permanent residence (Hodgart et al. v. Toronto, 2019, para. 100).

Some landlords, recognizing the potential to generate greater incomes from their holdings, have elected to use their properties as STRs instead of as a residency for long-term lease from a tenant. In some instances, this has resulted in converting dwellings that initially housed long-term residents into dedicated short-term accommodations. These properties are sometimes called dedicated STRs, party houses, or ghost hotels, and exhibit characteristics of commercial uses instead of their original, residential character. These trends intensify the prevalence of commercial investors that own multiple properties with the intention to operate them only as STRs (Gurran and Phibbs, 2017).

The way in which STRs are operated mirrors traditional commercial forms of accommodating the travelling public, such as hotels, in terms of guest turnover and regular housekeeping. Short-term accommodation popularity has led to professional operators who purchase or rent one or more dwellings as dedicated STRs.

In many cities, the proliferation of STRs is correlated with growing housing prices and rents. The ability to derive income from a property quickly accounted for in the prices of homes, raising the costs to own or rent a property. Researchers have found a consistent relationship between the



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Project Context

growth in STRs at the local level and changes in housing prices. (Sheppard and Udell, 2016; Horn and Merante, 2017).

The effects of commercialization and scaling of short-term accommodations are more drastic in regions with large tourism sectors; many dwelling units are being removed from the long-term housing market in these areas.

In the City of Ottawa, the number of short-term rentals has grown rapidly, with listings increasing by 83% between 2016 and 2018, whereas the number of exclusively short-term rental units (those rented for over 120 days per year) increasing by 254% (Prism, 2019). STR activity occurs disproportionately in apartment buildings- occupying 1.2% of the City's apartments (excluding purpose-built rental units) a tripling from 2016.

For the purposes of this report, Stantec differentiates between the following three types of STRs:

- **Hosted STRs** are those in which the principal resident (host) is present when guests stay at the dwelling. Guests typically book a room or portion of the dwelling, and common areas are shared between the host and the guest.
- **Un-hosted STRs** are dwellings that guests book when the principal resident is away. Guests may book the entire dwelling, or a room or portion of the dwelling.
- **Dedicated STRs** are dwellings used solely to accommodate guests. They are not used as a principal residence.

It should be noted that these definitions may differ from those proposed by the City in the development of Zoning By-law definitions, provisions, and other legislative tools.

2.1 RENTAL ACCOMMODATION STUDY

In 2018, the City initiated a rental accommodations study (RAS) to examine the state of rental housing accommodations. If warranted, the study will lead to developing recommendations regarding rental accommodation quality and safety requirements; gathering data related to the emergence of STRs and their potential impact on long-term housing availability and affordability; gathering data related to the impacts of rooming houses and other forms of shared accommodations, and; determine concerns regarding problem hotel and motel operators.

The RAS was supported by the following data, studies, and policy papers examining various facets of the City's rental market:

- Rental Accommodations Literature Review and Inter-jurisdictional Environmental Scan (Prism, February 2019)
- City of Ottawa Rental Market Analysis (Prism, March 2019)
- Property Standards in Rental Housing 2009-2018 (Ottawa, August 2019)



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Project Context

- Regulation of Long-Term Rental Accommodations (Maclaren Municipal Consulting, September 2019)
- Regulation of Short-Term Rental Accommodations (Maclaren Municipal Consulting, September 2019)

City staff and consultants also engaged with the public through several open houses, online materials, and surveys, and with over 230 stakeholders and interest groups. The RAS ultimately recommended a multifaceted approach to addressing various long-term and short-term accommodation issues. Of the various recommendations the study recommended implementation of a Temporary Use By-law to permit the rental of a dwelling on a short-term basis while the principal resident is absent- an activity which is limited to hotel uses under the current zoning provisions.

Specifically, the RAS (p. 12) stated that, as part of a new regulatory regime for short-term rentals, accompanying zoning regulations are necessary to:

... allow both hosted and un-hosted short-term rental uses of the host's primary residence, in order to reduce negative community impacts generated from such uses and to protect the availability of long-term housing stock, as described further in this report.

The RAS (p. 49) goes on to specify that the zoning changes should be accomplished through a temporary use by-law:

Staff recommend a temporary use [zoning] by-law to allow STR activity in residential areas, in primary residences, where the Host has obtained the required permit, in order to provide the City the opportunity to implement the framework and measure its effectiveness without the risk of creating legal non-conforming rights should future conditions change or if the framework proves less successful than anticipated.

This report is being conducted in support of Planning, Infrastructure, and Economic Development's work to implement the above recommendation.

The RAS and its recommendations were discussed at the November 5, 2019 Community and Protective Services Committee meeting and approved by Council on November 27, 2019 (ACS2019-EPS-GEN-0015). The study is attached as Appendix A.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

3.0 LEGISLATIVE AND POLICY FRAMEWORK

The following sections examine facets of Ontario's land use planning framework as they relate to the proposed temporary use by-law, and the development of land use planning regulations affecting STRs. These sections review the City's official plan and summarize text and policies that support land use regulation. Finally, a brief review of the City's Zoning By-law highlights provisions and sections that may require further investigation to ensure compatibility with the temporary use by-law.

3.1 PLANNING ACT

The Planning Act is the basis for land use planning in Ontario. The act outlines the rules, procedures, and statutory timelines that are required to guide planning authorities. The act also describes how the different facets on Ontario's policy-led land uses framework operate together.

Section 39(1) of the Planning Act states that municipalities have the authority to pass a by-law under Section 34 (zoning by-laws) of the same act to permit the temporary use of land, buildings, or structures which would otherwise be prohibited. The by-law, referred to as a temporary use by-law, may be in force for a period of up to three years and, under Section 39(3), may be extended for up to three more years:

39(1) The council of a local municipality may, in a by-law passed under section 34, authorize the temporary use of land, buildings or structures for any purpose set out therein that is otherwise prohibited by the by-law.

39(2) A by-law authorizing a temporary use under subsection (1) shall define the area to which it applies and specify the period of time for which the authorization shall be in effect, which shall not exceed three years from the day of the passing of the by-law.

According to Section 34 of the Planning Act, a prohibited use is any use of land that is not expressly permitted by a zoning by-law:

34(1) Zoning by-laws may be passed by the councils of local municipalities:

1. For prohibiting the use of land, for or except for such purposes as may be set out in the by-law within the municipality or within any defined area or areas or abutting on any defined highway or part of a highway.

The basis of a zoning by-law is an overarching prohibition of all land use within its boundary. The by-law is then written to define and permit different categories of land use in accordance with areas or zones outlined in the by-law. Provisions regarding the height, mass, bulk, or density of buildings are included in zoning by-laws to define building envelopes within which structures are



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

permitted. Temporary use by-laws build on the framework of an established zoning by-law by adding additional land use permissions on an interim basis.

The temporary use by-law will consider a memorandum prepared by City staff (March 27, 2018) which relates dedicated and un-hosted STRs most closely to hotels uses, and they are therefore not permitted in residential zones.

Section 1 of the Planning Act defines a residential unit as the following:

Residential unit means a unit that,

- (a) consists of a self-contained set of rooms located in a building or structure,
- (b) is used or intended for use as residential premises, and
- (c) contains kitchen and bathroom facilities that are intended for the use of the unit only.

The term is used throughout the act, and the act stipulates that OPs and land use regulations are required to permit additional residential units within, or in buildings accessory to, detached, semi-detached, and rowhouse dwellings (Section 16[3] and Section 35.1). In simpler terms, these sections require communities to permit secondary dwelling units (second residential units) and coach houses (residential units in accessory building) on lots where detached, semi-detached, and multiple attached dwellings are permitted.

Residential units are used, or intended to be used, as residential premises. If a secondary dwelling unit or coach house is not used as a residential premises, it is not considered residential unit, as defined in Sections 16(3) and 35.1 of the act. Implications of changing the use of a residential property are discussed further in Sections 3.3.2 and 3.4 of this report.

3.2 PROVINCIAL POLICY STATEMENT

The current Provincial Policy Statement (PPS) came into effect in April 2020, superseding the previous 2014 PPS. Section 3(5)(a) of the Planning Act states that the decisions of a council or planning board must be consistent with policy statements issued by the province.

Section 1.1.1 of the PPS states that healthy, liveable, and safe communities must be sustained, among other things, by:

- b) accommodating an appropriate affordable and market-based range and mix of residential types (including single-detached, additional residential units, multi-unit housing, affordable housing and housing for older persons), employment (including industrial and commercial), institutional (including places of worship, cemeteries and long-term care homes), recreation, park and open space, and other uses to meet long-term needs.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Section 1.1.4.1 of the PPS states that healthy, integrated, and viable rural areas should be supported by:

- c) accommodating an appropriate range and mix of housing in rural settlement areas;
- d) encouraging the conservation and redevelopment of existing rural housing stock on rural lands.

Section 1.4 of the PPS focuses on the provision of sufficient land to accommodate residential growth and meet the needs of current and future residents. Housing policies discussed in the PPS apply to all residential units and all residents who reside in the planning area. Housing is intended:

1.4.1 To provide for an appropriate range and mix of housing options and densities required to meet projected requirements of current and future residents of the regional market area.

a) maintain at all times the ability to accommodate residential growth for a minimum of 15 years through residential intensification and redevelopment and, if necessary, lands which are designated and available for residential development.

1.4.3 Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by:

b) permitting and facilitating:

1. all housing options required to meet the social, health, economic and well-being requirements of current and future residents, including special needs requirements and needs arising from demographic changes and employment opportunities.

The term 'housing options' is defined and expanded on in the definitions section of the PPS:

Housing options: means a range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi-residential buildings. The term can also refer to a variety of housing arrangements and forms such as, but not limited to life lease housing, co-ownership housing, co-operative housing, community land trusts, land lease community homes, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

The recent LPAT decision regarding Toronto's STR zoning changes refers to the policies above, and concludes that the PPS policies related to housing are intended to meet the needs of current and future residents. Sections 4.6 and 5.2 of this report discuss Toronto's STR zoning by-law amendments and the subsequent LPAT decision in more detail.



3.3 OFFICIAL PLAN

Ottawa's Official Plan (OP) provides a vision for the city's growth and evolution through to the year 2036. The current OP (OPA#180) was adopted by Council in January 2017, and is partially under appeal to the LPAT.

OPs are policy documents that outline a community's goals and objectives in managing the social, economic, built, and natural environment effects of development or redevelopment. An OP provides direction for a number of topics, including transportation and mobility; the arrangement of land uses and their built form; economic development; environmental protection; and housing.

OPs are binding documents; once an OP is in effect, Section 24 of the Planning Act states that no public work or by-law that does not conform to the plan may be passed. On this basis, a temporary use by-law will need to demonstrate conformity with the goals and policies of the current OP.

Zoning by-laws—and, by extension, temporary use by-laws—are regulatory tools that implement the goals and policies detailed in an OP. Section 1.7 of Ottawa's OP recognizes that zoning by-laws are essential for translating policies into consistent decisions and actions:

One key to translating Official Plan policies into consistent decisions “on the ground” is the Zoning By-law. This comprehensive municipal regulatory document, based on wide public consultation, sets out the permitted uses, densities, and other important rules for development.

While a fundamental component of the OP is to manage and direct development to accommodate population growth, the document includes limited discussion and policies regarding the intents and purposes of housing. Based on a review of OP policies, Stantec has determined that the document's underlying assumption is that housing is intended for residents of the City.

The following sections are a compilation of OP text and policies relevant to the development of, and rationale supporting, land use regulation for STRs.

3.3.1 Introduction and Strategic Directions

Section 1.4 of the OP provides a list of goals to advance the City's long-term sustainability. The City's primary goal for housing is to ensure that, “Housing options are green, healthy, and meet the needs of the whole community”.

Section 1.6 of the OP outlines the guiding principles that form the basis of the OP, and discusses parallel growth management plans. The following bullets from the OP indicate some of the ways the OP responds to select guiding principles (bolded):



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

A Caring and Inclusive City

- Housing policies support increased availability of affordable housing and address the integration of a range of housing into all neighbourhoods to meet the varied needs of all household types including families, seniors, and young people.

An Innovative City Where Prosperity is Shared Among All

- Home-based businesses are permitted throughout the city.
- A wide range of economic development activities—from farming and tourism to home-based businesses—is permitted in the rural area.
- The provision of affordable housing by the public and private sectors is promoted as a key vehicle for sharing economic prosperity and stimulating growth.

A Responsible and Responsive City

- The existing housing stock is protected and conserved.

Section 2 of the OP outlines the broad policies governing growth and change. Section 2.2 begins with a review of population, household, and employment projections, which show robust growth over the document's planning horizon. These projections are essential to the OP and parallel growth management plans as they provide policy makers with metrics by which to gauge the scale of physical changes that the plans must accommodate.

The OP considers housing and population to be intricately linked. Household projections are derived from population growth and demographic change projections—that is, the number of people who will move to Ottawa, and the demographic composition of existing and new residents. This information is translated into household projections based on average household size and housing type.

Household projections are used to accommodate the evolving housing needs of existing and future residents. The projections do not include allowances for dwellings that do not house permanent residents, such as dedicated STRs.

Household projections are fundamental to the City's growth management strategy and the allocation of residential land supply, including land requirements for designated growth areas. Policies two and eight in Section 2.2.1 state that:

2. Sufficient land will be provided in the urban area to meet the city's projected requirement for housing, employment and other purposes, which is based upon a planning period of 20 years in accordance with the Provincial Policy Statement

8. Sufficient land will be provided within village boundaries to provide for a 10-year requirement for housing, employment and other purposes.

Creating liveable communities requires a focus on community design by engaging in collaborative community building. One facet of community building is how buildings and the spaces around them look and function in their setting. This notion is relevant to the need for housing in the City,



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

and to accommodating social diversity as a cornerstone of a liveable community, as stated in the OP:

Diversity in the housing supply is achieved through a mix of multiple and single-detached housing, provision of ownership and rental housing, housing affordable to low- and moderate-income groups, and housing appropriate to households with special needs.

Policies in the OP ensure that all forms of housing are permitted wherever residential uses are generally permitted, and they are subject to zoning by-law regulations.

3.3.2 Land Use Designations

Section 3 of the OP details direction for the use of land within specific areas of the city identified by land use designations.

Section 3.1 lists policies related to land uses that are permitted in multiple designations, including for secondary dwelling units, coach houses, and garden suites.

Policy 1 allows secondary dwelling units and coach houses in all zones that permit detached, semi-detached, duplex, or townhouse dwellings; however, this is subject to certain exceptions. The policy is derived from Section 16(3) of the Planning Act, which requires OPs to include policies allowing additional residential units in detached, semi-detached, and rowhouses. As noted in Section 3.1 of this report, the Planning Act defines residential unit as a principal residence.

Garden suites may be permitted in zones that permit dwellings subject to a temporary use by-law. Garden suites are considered ancillary to an existing residential building, and they must be designed to be portable. The intent is to provide interim or temporary accommodation for, as an example, an independent family member requiring limited care.

Urban Land Use Designations

Section 3.6 of the OP provides policies regarding urban land use designations. Most of the City's urban areas are designated as **General Urban Area**. This broad designation permits, "a full range and choice of housing types to meet the needs of all ages, incomes, and life circumstances". General Urban Areas are permitted for employment, retail uses, service industry uses, industrial uses, cultural uses, leisure, greenspace, entertainment, and institutional uses. While a broad mix and range of uses are permitted in a General Urban Area, the Zoning By-law regulates the location, scale, and type of land use in accordance with the provisions of the OP.

Mixed-use Centres and Town Centres act as central nodes of activity in their surrounding communities. They have the potential to achieve high population densities and have compact, mixed-use, transit-oriented developments. They permit a broad variety of land uses, such as office spaces, institutional uses, community centres, retail uses, entertainment, service industry uses, and residential uses.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Mainstreets designate streets that are intended to continually evolve into compact, mixed-use, pedestrian-oriented streets that are accessible by foot, cycle, transit, and automobile. A variety of uses are permitted, including retail and service commercial uses, office spaces, and residential and institutional uses.

The **Central Area** is the economic and cultural heart of the city. It is comprised of the city's central business district, adjacent urban communities, and parliamentary precinct. The OP aims to increase the number of residents living in the City's Central Area, which permits broad range of land uses and activities. Most of the Central Area is also covered in the Central Area Secondary Plan and Centretown Secondary Plan, which both provide additional policies for private and public development.

Residential use is the predominant use (general urban area) or an important part (mixed-use centres, main streets, and the central area) of all four urban designations' intent and purpose. While all designations permit commercial uses to some extent, the policies in Section 1 and 2 of the OP were created to support residential uses and increase the number and variety of housing opportunities in each urban land use designation. The text and policies of the OP stress the protection of existing housing stock and that a variety of housing options are required to accommodate the City's growing population and evolving household demographics.

Rural Land Use Designation

Section 3.7 of the OP provides policies regarding various rural and village land use designations. Ottawa's rural area includes 26 villages and hamlets of varying size and character.

Villages are rural settlement areas that permit a variety of land uses. These land uses provide for the daily needs of the rural community and ensure Ottawa's Villages remain distinctly rural in character and scale. Because villages are the focus of surrounding rural communities, a range of uses are permitted, including residential uses, small to mid-sized retail uses, commercial restaurants, office spaces, personal service establishments, light industrial uses, institutional uses, places of worship, and public open space.

Policy 10 states that:

A wide range of housing forms to meet the needs of the Village's population will be permitted in Villages. The form and scale of development will be limited by the available servicing methods and subject to the policies of Section 4.4 on water and wastewater servicing.

Villages are also subject to several secondary plans that provide more detailed direction regarding land use.

General Rural Areas accommodate a variety of land uses such as farms, rural housing, woodlots and forests, small industries, golf courses, existing clusters of residential subdivisions, and severances and commercial development.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Despite the broad list of permitted uses, General Rural Areas are primarily for agriculture and non-agricultural uses that would not be appropriate in a settlement area (i.e., an urban area or village). Limited residential and tourist services are also permitted if they do not conflict with other permitted uses. Policy 4 states that:

4. The following uses will be permitted within the General Rural Area without requiring a zoning by-law amendment:
 - a. Agricultural uses, forestry and conservation, and natural resource management activities;
 - b. Residential uses on existing lots of record and on new lots created by severance as provided for by this Plan;
 - c. Animal boarding, breeding, and training facilities, including stables;
 - d. Bed and breakfast establishments;
 - e. Open space;
 - f. Cemeteries.

Policy 5 states that tourist or travelling public uses are permitted, but they are subject to a zoning by-law amendment:

5. A zoning by-law amendment will be required where any of the following uses are proposed in General Rural Areas:
 - d. Other new non-residential uses that would not be better located within a Village or Rural Employment Area and which are in keeping with the rural character or those uses that meet the needs of the travelling public, such as a restaurant; gas station; motel; retail not exceeding 300m² of cumulative total gross leasable floor area on a lot; or, similar use.

While policies 4 and 5 suggest an intention to protect rural areas from tourism and commercial uses conflicting with other permitted uses, they are not consistent with the long-standing and widespread practice of rural vacation property rental. Rental of these properties are considered by Stantec as a form of dedicated STR rental.

Policy 7 provides direction regarding a zoning amendment to permit new uses. It is Stantec's opinion that a temporary use by-law permitting dedicated STRs in the General Rural Area would meet all criteria applicable to Policy 7:

- a. The use would not be better located in a village, Rural Employment Area or the urban area.
- b. If the use is to be located on a local road, it must be demonstrated that the volume and pattern of traffic flow anticipated from the development will not interfere with the proper functioning of the local road network;
- c. The privacy of adjacent landowners or the amelioration of potential adverse impacts from lighting, noise, odour, dust or traffic can be achieved by separating the land uses, buffering or other measures as part of the development;



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

d. The potential for reducing possible impacts on neighbouring agricultural uses or nearby rural residential uses or Village communities, where relevant; [Amendment #180, November 8, 2017]

The development is in keeping with the surrounding rural character and landscape;

e. All those requirements of Sections 2 and 4 related to transportation, servicing, design and compatibility and environmental protection;

f. Noxious uses will only be considered where suitable screening and buffering can be provided and generally these uses will not be considered in locations within groundwater recharge areas or immediately adjacent to residential areas, Scenic-Entry Routes, or waterfront areas;

g. The impact that the development will have on the protection of tree cover and local wildlife movement, as result of proposed site clearing and grading, fencing, security lighting, and other similar site plan matters.

The **Agricultural Resource Area** designation is intended to protect major agricultural areas and other lands suitable for agriculture from loss to other land uses, and to ensure that other uses do not conflict with agricultural operations.

Policy 5 states that:

5. On-farm diversified uses and agriculture-related uses that are compatible with, and do not hinder surrounding agricultural operations, may be permitted subject to the criteria below and the Provincial Guidelines.

a. On-farm diversified uses are secondary to the principle agricultural use of the property. They are to be limited in area and include but are not limited to; home-based businesses, home industries, agri-tourism, and uses that produce value-added agricultural products from *the farm operation*.

Policy 5(a) allows for on-farm diversified uses that are secondary to the agricultural use of the property, such as agri-tourism. Stantec's review of this policy suggest that all forms of STRs (hosted, un-hosted, and dedicated STRs) could be considered consistent with the policies for on-farm diversified use.

3.4 CITY OF OTTAWA COMPREHENSIVE ZONING BY-LAW

The City's Comprehensive Zoning By-law was approved by Council in 2008. It has been updated, modified, and added to over the past 12 years. The by-law's role is to implement the policies and direction of the OP.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

3.4.1 Bed and Breakfast

A review of the zoning by-law suggests that what Stantec terms ‘hosted STRs’ would meet the definition of a bed and breakfasts and, as such, would be subject to the policies in Section 121 of Zoning By-law 2008-250:

Bed and breakfast means a private residence within the whole of a residential use building that is operated to provide the traveling public with temporary accommodation including sleeping accommodation, meals and other connected services and facilities within the occupant’s dwelling unit; and does not include a hotel.

Section 121 – Bed and Breakfast Provisions

Where permitted a bed and breakfast must:

- (1) be located only in a residential use building;
- (2) be limited to locations in the following residential use buildings in the identified areas that must be permitted uses in the zone in which they are located:
 - (a) any residential use building in Areas A, B or C on Schedule 1, and
 - (b) a detached dwelling in Area D on Schedule 1; and
- (3) provide meals only to guests of the bed and breakfast.

A bed and breakfast must be located in a private residence and, more specifically, in the occupant’s dwelling unit. As noted in PIED’s March 28, 2018 memorandum to the Planning Committee (ACS2018-PIE-EDP-0019) the bed and breakfast definition most closely aligns with a hosted STR (i.e., providing the travelling public with temporary accommodation within the occupant’s dwelling unit). City staff suggested that the type of use described by Stantec as an un-hosted STR (a whole dwelling unit that is rented out on a short-term basis), is most closely related to a hotel use under current zoning definitions.

The Zoning By-law definition requires a bed and breakfast to occupy the whole of a residential building, meaning that under current definitions, a bed and breakfast may not operate in a multi-unit building.

In a rural area, the requirement the requirement of Section 121(2)(b) precludes the establishment of a bed and breakfast in any form of residence other than a detached dwelling.

Most zones that permit bed and breakfasts also provide for a maximum number of guest bedrooms; depending on the zone, the maximum is either three or ten guest bedrooms (see

Table 1).

Table 1: Zones with Bed and Breakfast as a Permitted Use

| Zones Permitting Bed and Breakfast Uses | | |
|---|----------------|-----------------------------------|
| By-law Part | Zone(s) | Notes |
| Residential | R1, R2, R3, R4 | • Maximum of three guest bedrooms |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

| Zones Permitting Bed and Breakfast Uses | | |
|---|-------------------------------------|--|
| By-law Part | Zone(s) | Notes |
| | (Residential) | |
| Residential | R5 | <ul style="list-style-type: none"> Maximum of ten guest bedrooms |
| Mixed Use/Commercial | AM (Arterial Mainstreet) | <ul style="list-style-type: none"> No guest bedrooms maximum |
| Mixed Use/Commercial | GM (General Mainstreet) | <ul style="list-style-type: none"> Maximum of ten guest bedrooms Prohibited in GM2, GM13, GM18, GM19, GM21, GM22, GM26, GM27, GM28, and GM30 zones |
| Mixed Use/Commercial | GM29 | <ul style="list-style-type: none"> Maximum of three guest bedrooms |
| Mixed Use/Commercial | LC (Local Commercial) | <ul style="list-style-type: none"> Maximum of ten guest bedrooms |
| Mixed Use/Commercial | LC8 | <ul style="list-style-type: none"> Maximum of three guest bedrooms |
| Mixed Use/Commercial | MD (Mixed-Use Downtown) | <ul style="list-style-type: none"> No guest bedrooms maximum |
| Mixed Use/Commercial | TM (Traditional Mainstreet) | <ul style="list-style-type: none"> No maximum Prohibited in TM1, TM2, TM3, and TM7 zones |
| Rural | AG (Agriculture) | <ul style="list-style-type: none"> Maximum of three guest bedrooms Prohibited in AG4 to 8 zones |
| Rural | RC11 (Rural Commercial) | <ul style="list-style-type: none"> No guest bedrooms maximum |
| Rural | RR (Rural Residential) | <ul style="list-style-type: none"> Maximum of three guest bedrooms |
| Rural | RU | <ul style="list-style-type: none"> Maximum of ten guest bedrooms |
| Rural | VM (Village Mixed Use) | <ul style="list-style-type: none"> No guest bedrooms maximum Prohibited in VM1 and VM9 zones |
| Rural | V1, V2, V3 (Village Residential) | <ul style="list-style-type: none"> Maximum of three guest bedrooms |

In 2018, the City changed to the definition of dwelling unit in a 2018 amendment to the Zoning By-law to include a maximum of four bedrooms. The City therefore has to define oversized dwelling units as all dwellings with five to eight bedrooms. An oversized dwelling unit is a separate land use, and it is permitted only in the form of a detached dwelling. Residential units with more than eight bedrooms are defined as rooming houses under the Zoning By-law, and are discussed further in Section 3.4.3 of this report.

By stating in the bed and breakfast definition that the a bed and breakfast must be in the occupant's dwelling unit (with "dwelling unit" limited to 4 bedrooms), the definition restricts bed and breakfasts to dwellings meeting the by-law's definition of a dwelling unit, excluding oversized dwelling units. As a result, a bed and breakfast may not operate in a dwelling with more than four bedrooms though some zones permit up to ten guest rooms.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Stantec recommends examining this discrepancy in the bed and breakfast definition as part of the STR regulation exercise.

The requirement that a bed and breakfast must occupy the whole of the residential building does not reflect the variety of dwelling types where hosted STRs currently operate. According to the Regulation of Short-Term Rental Accommodations report prepared by Maclaren, STRs are concentrated in Ottawa's central neighbourhoods and operate within a range of dwelling types (e.g. detached houses, apartment buildings, etc.) and buildings (e.g. residential and mixed-use buildings).

A review of other municipalities' bed and breakfast (or equivalent) definitions is provided as part of several case studies in Section 4.0 of this report.

3.4.2 Hotel

Under the current Zoning By-law, a whole dwelling unit rented out on a short-term basis is most closely related to a hotel use, regardless of whether there it is a principal resident (un-hosted STR) or there is no principal resident (dedicated STR). The hotel definition includes a list of other dwelling types that are also considered hotels within the by-law: "**Hotel** includes a motel, a motor hotel and an apartment hotel".

There are a limited number of zones in the City that permit both dwelling units and hotels, as shown in Table 2. Under current circumstances, dwelling units in these zones could be used as un-hosted or dedicated STRs (i.e. considered hotels).

Table 2: Zones Permitting Both Dwelling Unit and Hotel Uses

| Zones Which Permit Residential Uses and Hotel | | |
|---|---------------------------|--|
| By-law Part | Zone(s) | Notes |
| Mixed Use/Commercial | AM | |
| Mixed Use/Commercial | GM (various) | <ul style="list-style-type: none">Both uses permitted in GM3 to 6, GM11, GM12, GM18, GM 20, GM24, GM26, GM 28, GM30, and GM31 zones |
| Mixed Use/Commercial | MC | <ul style="list-style-type: none">Hotel prohibited in MC6 and MC15 zones |
| Mixed Use/Commercial | MD | <ul style="list-style-type: none">Hotel and dwellings prohibited in MD1 zoneHotel is prohibited in MD4 zone |
| Mixed Use/Commercial | TD | – |
| Mixed Use/Commercial | TM | – |
| Rural | RC (Rural Commercial) | <ul style="list-style-type: none">Dwelling units are permitted as accessory to other permitted usesDwelling or hotel prohibited in RC5, RC10, RC11, |
| Rural | VM (Village Mixed Use) | <ul style="list-style-type: none">Hotel is prohibited in VM1 and VM2 zones |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

3.4.3 Associated Definitions and Provisions

Several defined terms, and their respective provisions may have implications in the development of a TUB regulating short-term rentals. The following section identifies various terms defined by the Zoning By-law, compiles provisions if applicable, and provides observations regarding the particular definitions and their potential impact on the development of zoning provisions for STR.

Accessory and Ancillary Uses

Accessory means aiding or contributing in a secondary way to a principal use to carry out its function, and having regard to this definition:

- a. an accessory use is a land use that is accessory to a principal use;
- b. an accessory building is a building that houses an accessory use;
- c. an accessory structure is a structure, that is not a land use, but is accessory to a principal use and this definition is broadened to include tower antennas and satellite dishes.

Ancillary Use means a listed, permitted land use that is additional, secondary and complementary to a permitted principal use, but not accessory to the permitted principal use.

A TUB, or other modifications to the Zoning By-law, will need to determine whether a STR will be considered an accessory or ancillary use. Were STRs considered an accessory uses the provisions of Section 55- Accessory Uses, Buildings and Structures would apply and the use would be permitted in all locations pending use-specific provisions or prohibitions within particular zones. Were STRs considered ancillary uses, they would be permitted only in locations where they are a listed, permitted land use. In this case, they would be subject to the zone provisions of each respective zone, and Section 55 would not apply.

Bedroom

Bedroom means a room used or designed for use primarily for sleeping.

The bedroom definition is used by a number of other definitions within the By-law, such as “dwelling unit”, “oversize dwelling unit”, “rooming house”, and “rooming unit” (below). As discussed in Section 3.4.1 of this report, bed and breakfast uses are also restricted to a maximum number of bedrooms in certain zones.

Conversion

Conversion means the alteration of, but not demolition of a residential use building to increase the number of principal dwelling units or rooming units, resulting in the creation of a use which must be a permitted use in the zone and does not include the creation or addition of a secondary dwelling unit, and the converted has a corresponding meaning.

The defined term appears to be intended to narrow the definition of “conversion” to exclude addition of a secondary dwelling unit. The term is used in a limited number of locations, including Section 90- Residential Conversions (transition provisions related to by-law 2014-189) and Section 122- Conversions (relating to changes between residential dwelling types, and secondary dwelling unit changes).



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Dwelling, Dwelling Unit, and Oversize Dwelling Unit

Dwelling includes:

- a. Apartment Dwelling, Low Rise means a residential use building that is four or fewer storeys in height and contains four or more principal dwelling units, other than a townhouse dwelling or Stacked Dwelling.
- b. Apartment Dwelling, Mid Rise means a residential use building that is more than four storeys but less than ten storeys in height and contains four or more principal dwelling units, other than a townhouse dwelling or Stacked Dwelling.
- c. Apartment Dwelling, High Rise means a residential use building that is ten or more storeys in height and contains four or more principal dwelling units, other than a townhouse dwelling or Stacked Dwelling.
- d. Bunk House Dwelling means a seasonal dwelling for the housing of temporary farm workers and includes a kitchen, bathroom and communal sleeping facilities.
- e. Coach House means a separate dwelling unit that is subsidiary to and located on the same lot as an associated principal dwelling unit, but is contained in its own building that may also contain uses accessory to the principal dwelling.
- f. Detached Dwelling means a residential use building that contains only one principal dwelling unit or oversize dwelling unit.
- g. Duplex Dwelling means a residential use building containing two principal dwelling units that are divided horizontally.
- h. Dwelling Unit means a residential unit that:
 - i. is used or intended for use as a residential premises by one household and not more than three roomers or boarders; and
 - ii. contains no more than four bedrooms.
- i. Linked-detached Dwelling means a residential use building containing two detached dwelling units that are only connected by the foundation, with each unit having lot frontage except where located within a planned unit development.
- j. Townhouse Dwelling means a residential use building containing three or more attached principal dwelling units divided vertically.
- k. Semi-detached Dwelling means a residential use building containing two attached principal dwelling units that are divided vertically, with each unit having lot frontage except where located within a planned unit development.
- l. Stacked Dwelling means a residential use building of four or fewer storeys in height containing four or more principal dwelling units where the units are divided horizontally and vertically, and in which each dwelling unit has an independent entrance to the interior.
- m. Secondary Dwelling Unit means a separate dwelling unit subsidiary to and located in the same building as an associated principal dwelling unit; and its creation does not result in the creation of a semi-detached dwelling, duplex dwelling, three-unit dwelling.
- n. Three-unit Dwelling means a residential use building containing three principal dwelling units divided horizontally or a combination of horizontally and vertically

Use of the term “dwelling unit” in development of STR definition(s) or provisions would restrict such a use to the built forms mentioned above. The definition also includes that of “secondary dwelling unit”- meaning any STR provisions which refer to a “dwelling” or “dwelling unit” would apply equally to secondary dwelling units.

Oversize dwelling unit means a residential unit that:

- a. is used or intended for use as a residential premises by one household and not more than three roomers or boarders ; and



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

- b. contains more than four, but no more than eight bedrooms.

As mentioned in Section 3.4.1 of this report, changes to the Zoning By-law in 2018 differentiated between a dwelling unit (with up to four bedrooms) and an oversize dwelling unit (with five to eight bedrooms). It is recommended that the City consider whether the TUB will consider STRs in both dwelling units and oversize dwelling units. If there is a desire to limit the number of rooms within an STR these separate definitions could be considered.

Oversize dwelling units may only take the form of a detached dwelling due to the oversize dwelling unit definition being nested within the detached dwelling definition (see above).

The dwelling unit and oversize dwelling unit definitions are nested within, but discrete from, the residential unit definition (below). As a result, definitions which use the term “residential unit” encompass more than only dwelling units or oversize dwelling units.

Garden Suite

Garden suite means a one-unit, self-contained and portable detached residential structure that is ancillary to and on the same lot as a detached, linked-detached or semi-detached dwelling, and excludes a trailer as defined herein.

A garden suite does not use the defined term “dwelling unit” in its definition. Should the City intend to permit STR in garden suites explicit inclusion of the use may be warranted. Garden suites are subject to the provisions of Section 124- Garden Suite Provisions. Section 124 notes that parking is not required for a garden suite.

Garden suites are defined separately from coach houses (defined as dwelling units) and require a site-specific Temporary Use By-law to establish and are permitted for a temporary period only.

Group Home

Group home means a supervised residential use building in which three to ten persons, exclusive of their dependants and of any staff, live as a group in a single housekeeping establishment, and where residents require support or supervision on a daily basis, but excludes correctional facilities and shelters.

A group home does not use the defined terms “dwelling unit”, “oversize dwelling unit”, or “residential unit”, but is required to be in a “residential use building”. Should an STR be defined based on its placement in a dwelling unit, oversize dwelling unit, or residential unit, it is not anticipated to impact uses meeting the definition of a group home. Group homes are subject to the provisions of Section 125- Group Home Provisions. Group homes in residential zones must occupy the whole of the residential use building, precluding the use of a portion of a group home building for another use.

Home-Based Business

Home-based business means one or more businesses operated by a resident as secondary and subordinate uses to a residence or farm, and includes a home-based day care.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Home-based businesses are regulated by the provisions of Sections 127, 128, or 128A depending on their location. Home-based business provisions place limitations on the scale and intensity of activity of these uses to ensure minimal impacts on adjacent uses and ensure that the residential use and character is maintained. Additional restrictions are placed on home-based businesses in certain dwelling types, such as secondary dwelling units, rooming units, or apartment dwellings.

Mixed-Use, Non-Residential, and Residential Use Building

Mixed use building means a form of development in which a building contains both residential and non-residential uses, and mixed use development has the same corresponding meaning.

Non-residential building means a form of development in which a building contains any type or combination of permitted non-residential uses, and non-residential development has the same corresponding meaning.

Residential Use Building means a building composed solely of residential units; and residential use and residential premises have corresponding meanings.

The “residential use building” definition utilizes the term residential unit as opposed to the narrower terms of dwelling unit and/or oversize dwelling unit.

Mobile Home

Mobile home means a residence that is designed and manufactured to be transported on its own chassis and is equipped for year-round occupancy.

The mobile home definition does not use any other terms defined within the Zoning By-law. As a result, a mobile home is not considered a dwelling unit, oversize dwelling unit, or residential unit. Should the City intend to permit STR in mobile homes, this permission would need to be stated explicitly in the TUB.

Residential Unit

Residential unit means a self-contained set of rooms located in a **building**, designed to be lived in by one or more persons, and which contains sleeping, kitchen and bathroom facilities that are intended for the exclusive use of the residents of the unit; and is not a mobile home or other vehicle.

As noted in earlier discussions, the “residential unit” definition is separate from that of a dwelling unit or oversize dwelling unit. The dwelling unit and oversize dwelling unit definitions are nested within, but discrete from, the residential unit definition (below). As a result, definitions which use the term “residential unit” are not considered dwelling units or oversize dwelling units.

Retirement Home and Retirement Home, Converted

Retirement home means a building or a part of a building containing rooming units or a combination of rooming and dwelling units, providing residence mostly to senior citizens who do



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

not require assistance with daily living, and which may provide ancillary health, personal service, and recreational services to serve the residents of the home, and may have up to 25 per cent of its gross floor area devoted to providing supervised or supportive in-house care for those who need assistance with daily living including on-going medical care, nursing care, counselling and social support services.

Retirement home, converted means the whole of a residential use building or the whole or part of any other building that was converted to a retirement home.

The “retirement home” definition utilizes the “rooming unit” and “dwelling unit” definitions of the Zoning By-law.

Rooming House and Rooming Unit

Rooming house means a residential unit, other than a group home, retirement home or converted retirement home, that:

- a. is not used or intended for use as a residential premises by a household; or
- b. is used or intended for use as a residential premises by a household and more than three roomers or boarders; or
- c. contains more than eight bedrooms.

Rooming unit means a room, or a suite of rooms including no more than two **bedrooms**, that constitutes a separate, independent residential occupancy, but which is not self-contained and which requires access to other parts of the **residential unit** intended to serve the residents, including shower or bathtub facilities, kitchens, eating areas or bathrooms.

Shelter

Shelter means an establishment providing temporary accommodation to individuals who are in immediate need of emergency accommodation and food, and may include **ancillary** health care, counselling and social support services.

Shelters are not considered residential units and subject to Section 134- Shelter Accommodation of the by-law which, among other items, specify minimum separation distances between shelters and to residential zones.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Legislative and Policy Framework

Based on the above definitions the following Venn diagram can be used to conceptualize the relationships between sever zoning definitions which may impact the formulation of definitions describing STRs.

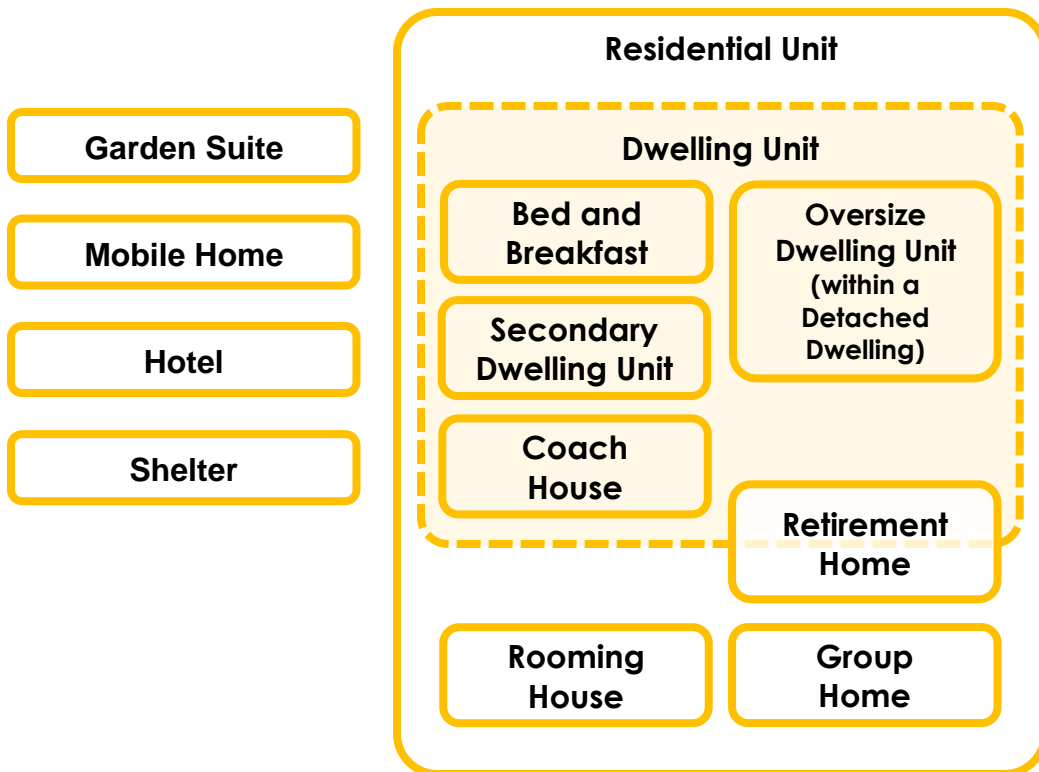


Figure 1: Venn diagram depicting the relationships between various Zoning By-law definitions.



4.0 ZONING CASE STUDIES FROM OTHER MUNICIPALITIES

The following eight sections summarize the approached taken by various municipalities in Ontario, as well as the cities of Vancouver and New York, which have responded to pronounced impacts from STR expansion in their jurisdictions. Additional information, including summaries and comparisons of common definition related to STRs, and compiled zoning provisions affecting STRs, are provided in **Appendix B and C** to this report.

4.1 BLUE MOUNTAINS

The town of the Blue Mountains enacted one of Ontario's first zoning by-laws explicitly regulating short-term accommodation. Council determined that all STR units would be regulated as a distinct land use, with the intention to reduce adverse impact on the surrounding lower density residential areas.

Starting in 2007, the town drafted amendments to the two zoning by-laws (covering two former municipalities prior to amalgamation) and the town's OP. Prior to adopting the OP and zoning by-law amendment, the town enacted interim control by-laws restricting short-term accommodation in most low-density residential areas until the completion of its Short Term Accommodation Study in April 2008. The town made adjustments to the draft OP and zoning amendments based on community feedback, and the OP and zoning by-law amendments were adopted by town council in January 2009.

The amendments were subsequently appealed to the Ontario Municipal Board (now the LPAT). All appeals were either withdrawn by the appellants or dismissed by the Board upon review (*Blue Mountain v. Rosen*, 2011, PL080455). The Board's decision was upheld in a subsequent challenge brought to the Ontario Superior Court (*Blue Mountain v. Rosen*, ONSC, 2012).

The amendment to the OP added policies specific to STRs, and addressed the town's intended approach to regulation. Items discussed include:

- The decision that STRs are considered commercial uses permitted only where defined by a zoning by-law
- The decision that residential accommodations greater than 30 days are not considered STRs
- Various policies restricting or prohibiting STRs in existing detached dwelling neighbourhoods
- Various items to be included in the Zoning By-law

Schedule A-5 of the OP maps where STRs are permitted in the town of the Blue Mountains.

The town made minimal amendments to STR policies in the OP in 2018. The changes were intended to maintain the intent and purpose of the former policies; no appeals were received to the amendment.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

New provisions affecting short-term accommodation addressed in Zoning By-law 83-40 (former Township of Collingwood), Section 5.24, and Zoning By-law 10-77 (former Town of Thornbury), Section 7.6; both by-laws use consistent provisions and a consistent definition of a STR (referred to as a short-term accommodation):

Short-term Accommodation means a building or structure or any part thereof that operates or offers a place of temporary residence, lodging or occupancy by way or concession, permit, lease, license, rental agreement or similar commercial arrangement for any period less than thirty (30) consecutive calendar days, throughout all or any part of a calendar year. Short term accommodation uses shall not mean or include a motel, hotel, bed and breakfast establishment, tourist cabin or cottage, hospital, commercial resort unit, village commercial resort unit or similar commercial or institutional use.

The town's definition covers both dedicated STRs and STRs of a whole dwelling while the dwelling's principal resident is absent. Hosted STRs best meet the definition of a bed and breakfast, which must be, "the principal residence of the establishment's proprietor" and may not have more than three guest rooms.

The zoning by-laws also state the following regulations regarding STRs:

- Prohibited in lower-intensity residential zones (R1, R2, R3, or RM2 zones)
- Maximum of nine occupants
- Minimum separation between two STRs—or an STR and a bed and breakfast—of 120 metres
- Subject to Site Plan Control
- Landscape buffer requirements when the STR use abuts a residential zone which permits detached dwellings and requires a waste/recycling enclosure
- Must be connected to municipal water and sewage (i.e. not permitted to have private, communal, or partial water and sewage services)

Parking rates differ based on the unit's built form: detached dwellings must provide a minimum of 0.5 parking stalls per occupant, or 1 stall per room—whichever is greater. Multi-unit dwellings must provide 1.75 parking stalls for the first four bedrooms, and 1 stall per additional bedroom.

4.2 COLLINGWOOD

Despite neighbouring the town of the Blue Mountains, Collingwood has taken a different approach to regulating STRs under the Zoning By-law. Collingwood's STR definition is intended to prohibit dedicated STRs; hosted STRs fall within the definition of a bed and breakfast, requiring them to meet all provisions for bed and breakfasts.

A STR is defined as:

The use of a dwelling unit, or any part thereof, that is operating or offering a place of temporary residence, lodging, or occupancy by way of concession, permit, lease, licence,



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

rental agreement or similar commercial arrangement for any period of 30 consecutive calendar days or less, throughout all or any part of a calendar year.

STRs are considered similar to motels, hotels, or bed and breakfasts. Short-term accommodation is not permitted in a dwelling unit unless it meets all the criteria of a bed and breakfast under Section 4.25 of the by-law. The requirement that “the proprietor shall reside in the single detached dwelling” effectively means that a bed and breakfast cannot be used as a whole-unit STR or as an un-hosted STR. The by-law does not explicitly prohibit renting out a whole dwelling for a short period of time while the dwelling’s principal resident is absent; however, based on the by-law’s regulations regarding bed and breakfasts, it is unlikely that this would be permitted.

The by-law states that a bed and breakfast “means a type of home occupation engaged in providing short-term accommodation”. As such, the regulations in Section 4.39 (Home Occupations) also apply. Generally, bed and breakfast regulations compliment applicable home occupation regulations; they are intended to maintain the residential function of dwellings by requiring a principal resident and placing limits on the intensity of commercial activity.

4.3 NIAGARA-ON-THE-LAKE

The town of Niagara-on-the-Lake (NOTL) has created three mutually exclusive dwelling use definitions describing different types of STRs. The three separate definitions specify between built form types and the number of bedrooms within the unit:

Cottage rental means the commercial use of a single detached dwelling unit with up to three bedrooms that may be rented for periods up to 28 consecutive days for use as temporary accommodation and used as an occasional or seasonal residential dwelling for recreation, rest or relaxation, but not occupied continuously as a principal residence. When occupied continuously as a principle residence (i.e. for more than 28 days), a “Cottage Rental” can be used as a “Single Detached Dwelling”. A “Cottage Rental” use is not a “Villa”.

Vacation apartment means an “Apartment Dwelling” or a “Residential Unit” above a business on a commercially zoned property that is rented for periods up to 28 consecutive days for use as temporary accommodation and used as an occasional or seasonal residential dwelling for recreation, rest or relaxation, but not occupied continuously as a principle residence. When occupied continuously as a principal residence (i.e. for more than 28 days), a “Vacation Apartment” can be used as an “Apartment Dwelling” or as a “Residential Unit” in accordance with Section 6.48. A “Vacation Apartment” is not a “Villa” or a “Cottage Rental”.

Villa means the commercial use of a single detached dwelling unit with four or more bedrooms than may be rented for periods up to 28 consecutive days for use as temporary accommodation and used as an occasional or seasonal residential dwelling for recreation,



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

rest or relaxation, but not occupied continuously as a principle residence. When occupied continuously as a principal residence (i.e. for more than 28 days), a “Villa” can be used as an “Single Detached Dwelling”. A “Villa” is not a “Cottage Rental”.

Each of the definitions above recognize that, if occupied continuously as a principal residence, a cottage rental, vacation apartment, or villa may be used as its respective dwelling type.

This has the effect of categorizing un-hosted STRs (when the principal resident operates their dwelling as an STR while they are absent) as cottage rentals, vacation apartments, or villas depending on the dwellings characteristics. The town’s definitions are intended to cover dedicated and un-hosted STRs and explicitly state that these STRs are considered commercial dwelling uses.

As a result of the definitions above, hosted STRs fall within the definition of a bed and breakfast or country inn, which are considered ancillary to the principal, residential use.

Country Inn means a residential use which is in the principal residence of the owner/operator and host, having more than three rented rooms and providing lodging and only breakfast to overnight guests. Country Inns located in the Agricultural Zone District are restricted to a maximum of six (6) rented rooms.

Bed and breakfast means a single-detached dwelling with no more than three (3) guest bedrooms for overnight guest lodging, where only breakfast is included, for the temporary accommodation of the traveling or vacationing public and includes the living accommodation of the residents of the dwelling. Such establishment shall be licensed by the Town of Niagara-on-the-Lake and shall not include a restaurant, hotel, motel, boarding or rooming house, nursing home, or any home licensed, approved or supervised under any general or special Act. The principal use of the dwelling unit shall be for residential purposes and the bed and breakfast establishment shall be an ancillary use to the main residential use. Guest bedrooms shall not be suites.

The land use definitions allow the town to tailor zoning provisions for each type of hosted, un-hosted, or dedicated STR, as well as specify which types of STR are permitted in particular zones. For example, cottage rental STRs:

- Are permitted only in detached dwellings with three or fewer bedrooms
- Require two off-street parking stalls
- Require connection to water and sanitary services, if within the urban boundary, or must be approved by the public health department if outside of the boundary

Vacation apartments:

- Are permitted apartment dwellings, or residential units above a business, with less than three bedrooms
- Do not have minimum parking requirements
- Require a connection to water and sanitary services



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

Finally, villas:

- Require a site-specific zoning amendment to permit the use and are subject to site plan control
- Require a connection to water and sanitary services if within the urban boundary, or must be approved by the Niagara Region if outside the boundary
- Require one parking stall per guest room (similar to country inns and bed and breakfasts)

The zoning framework is complemented by a licencing regime for STRs.

The zoning amendment and concurrent NOTL OP amendment were appealed to the Ontario Municipal Board, who issued their decision in December 2013. The appeal was related to a technical issue (the definition of a bedroom), and all parties agreed to a settlement.

4.4 OAKVILLE

In 2018, the town of Oakville added zoning regulations for STRs to their two zoning by-laws covering Oakville and North Oakville. Prior to the changes, STRs had been equated to hotel land uses, and they were restricted to commercial zones that permit hotels. Both by-laws use a consistent definition of a STR (referred to as a short-term accommodation):

Short-term Accommodation means the provision of a dwelling unit which is used for the temporary lodging of the travelling public for a rental period not greater than 28 consecutive days.

STR regulations differ slightly between the Oakville and North Oakville zoning by-laws, but both permit STRs in a secondary dwelling or a secondary suite when operated by a resident in the principal dwelling unit. In both instances, a minimum of one parking stall is required.

Minor changes were made to the bed and breakfast establishment definition to clarify that they must be located within a dwelling. Adjustments to the bed and breakfast regulations allow up to three guest bedrooms—an increase from two previously—and increased the maximum gross floor area of those rooms to 30% of the total residence (from 25% previously).

Oakville's STR definition is intended to permit dedicated STRs in secondary units where a permanent resident resides in the principal dwelling unit.

Oakville's definition does not require an STR to occur in a dwelling unit with a principal resident. Provisions within the two zoning by-laws state that STRs may be located in dwellings permitted by the respective zone and may include an accessory dwelling or second suite. A STR must be operated by a principal resident of the dwelling, but deems the principal residence of the main dwelling unit on the lot to also be the principal resident of an accessory dwelling unit.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

In this sense, the definition allows dedicated STRs in accessory units, not by explicitly permitting dedicated STRs, but by specifying that the definition of a principal residence includes a resident in the principal dwelling unit.

In turn, a hosted STR falls within the definition of a bed and breakfast. There is no explicit prohibition of un-hosted STRs.

The zoning framework is complemented by a licencing regime for STRs.

4.5 OSHAWA

In 2018, the City of Oshawa amended their zoning by-law to permit STRs as a land use in all zones that permit dwelling units. The city's definition of an STR is the following:

Short Term Rental means all or part of a dwelling unit that is used to provide temporary accommodation, not including a cancer lodge, crisis care residence, or university residence.

The city's STR definition appears to intentionally overlap with the bed and breakfast definition; the only difference is the requirement that a bed and breakfast be located in a detached dwelling and that it must contain no more than three guest bedrooms. Specifically, the by-law states that:

Bed and Breakfast means a single detached or farm dwelling in which not more than three bedrooms are made available for the temporary accommodation of travelers, to whom meals may be furnished, but does not include a hotel or lodging house.

However, both STR and bed and breakfasts regulations require that the dwelling must remain a principal residence.

Section 5.16 of the by-law details regulations for STRs, including the following:

- STRs are permitted where dwelling units are permitted
- STRs may provide accommodation for a period less than 28 consecutive days, and this must not exceed 180 cumulative days in a year
- A bed and breakfast cannot also be a STR, or vice versa
- The STR must be the operator's principal residence

The regulations reference the principal residence definition used by the federal Income Tax Act.

Oshawa's STR definition covers hosted and un-hosted STRs, despite a potential overlap between hosted STR and bed and breakfast definitions. Dedicated STRs are prohibited, as Section 5.16 of the by-law requires STRs to be the operator's principal residence. There is no prohibition of un-hosted STRs. The by-law's reference to the Income Tax Act definition of a principal residence means that the dwelling does not need to be simultaneously occupied by a guest and the primary



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

resident. The resident may be away from their principal residence and rent the unused dwelling as an STR.

Unlike other Ontario municipalities, Oshawa has elected to include STR requirements- such as duration of stay or a principal residence requirement, within the zoning by-law's provisions. While this approach is consistent with the traditional structure of a zoning by-law, it has the consequence of simplifying any site-specific variances to the by-law. Since these requirements do not form part of the STR definition, a variance or amendment on a site-specific basis to Section 5.16 of the by-law without being complicated by features of the STR definition.

Oshawa's licencing regime came into force on September 30, 2020.

4.6 TORONTO

Toronto's implementation of STRs zoning provisions in 2018 is the most recent to be appealed to the LPAT.

At the time of this report, there are over 45 zoning by-laws in force and effect within the city due to delays in implementing a city-wide zoning by-law (By-law 569-2013) because of ongoing and protracted appeals to the Local Planning Appeals Tribunal (LPAT). As a result, zoning related to STRs is addressed in a standalone by-law: By-law 1452-2017. All other zoning by-laws direct readers to this separate by-law. By-law 1452-2017 states that a STR:

means all or part of a dwelling unit, that:

- a. is used to provide sleeping accommodations for any rental period that is less than 28 consecutive days; and
- b. the principal residence of the short-term rental operator.

The by-law provides four criteria for permitted STRs:

- STR must be in a dwelling unit, a bed-sitting room, or a secondary suite
- STR must have no more than three bed-sitting rooms in a dwelling unit used for this purpose
- The secondary suite must be exclusively and separately occupied as a principal residence
- STR must not be in a vehicle

The 'dwelling unit' definition within the by-law is consistent with that of Zoning By-law 569-2013- Toronto's comprehensive Zoning by-law currently under partial appeal to LPAT:

Dwelling Unit means living accommodation for a person or persons living together as a single housekeeping unit, in which both food preparation and sanitary facilities are provided for the exclusive use of the occupants of the unit.

By-law 569-2013 also defines 'group homes' as living accommodation, but not as a dwelling unit, bed sitting room, or secondary suite:



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

Group Home means premises used to provide supervised living accommodation, licensed or funded under Province of Ontario or Government of Canada legislation, for up to ten persons, exclusive of staff, living together in a single housekeeping unit because they require a supervised group living arrangement

This has the affect of prohibiting STR in group homes.

The definition of an STR requires that it be located in the principal residence of the STR operator, thereby prohibiting dedicated STRs. The by-law permits both hosted and un-hosted STRs, as long as operators demonstrate that the dwelling is their principal residence in the case of an un-hosted STR.

The City of Toronto's definition of a STR (hosted or un-hosted, within By-law 569-2013) overlaps with the tourist home definition, which is the city's closest definition to a bed and breakfast. However, in both STR and tourist homes, the dwelling must remain a principal residence:

Tourist Home means a use that:

- a. is in a dwelling unit which is the principal residence of the tourist home operator;
- b. caters to the needs of the travelling public by the furnishing of sleeping accommodation;
- c. may include the provision of meals.

Definitions of other residential-type uses- such as group homes, municipal shelters, nursing homes, residential care homes, respite care facilities, or student residences do not use the term "dwelling unit" as part of the definition. As a result, STR cannot be established in these uses.

The zoning amendment was appealed to the LPAT by four parties. The LPAT's decision was issued in November 2019 in favour of the City of Toronto; no modifications were ordered.

Toronto's licensing by-law was approved by council alongside the Zoning By-law, but enforcement was paused until the zoning appeals were addressed. The City of Toronto began enforcing licensing regulations during summer 2020.

4.7 VANCOUVER

In 2018, the City of Vancouver amended their Zoning and Development By-law to define and regulate STRs as conditional land uses. The amendment defined STRs (referred to as short-term rental accommodations), and modified the definitions of bed and breakfasts and hotels to be mutually exclusive to one another.

Short Term Rental Accommodation which means the use of a dwelling unit, or one or more bedrooms in a dwelling unit, as temporary accommodation, but does not include Bed and Breakfast Accommodation or Hotel.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Zoning Case Studies from Other Municipalities

The amendment also defined “principal residence unit” and “booking” in the by-law section containing STR regulations (Section 11.32 of the Zoning and Development By-law).

The by-law provides four criteria for permitted STRs:

- STR must be located in a lawful dwelling, secondary suite, laneway house, or lock-off unit that is a principal residence unit
- STR must not be operated in combination with a bed and breakfast
- Only one booking is permitted at a time, and no more than two adults may occupy each bedroom
- Permission is limited to two years

The definition and regulations for STRs require that the dwelling act as a principal residence, thereby prohibiting dedicated STRs. The by-law permits both hosted and un-hosted STRs as long as the dwelling is someone’s principal residence unit.

The amendment also prohibited the use of a dwelling unit for less than 30 days unless it forms part of a hotel, bed and breakfast, or STR; this provision removes the need to include a maximum rental duration in definitions of each use.

According to Vancouver’s Licence By-law, a business licence is required to operate a STR. Third-party property management groups must obtain a property management business licence.

4.8 NEW YORK

The city of New York is one of the most prominent adopters of STR regulations. In New York, STRs are subject to city (Administrative Code) and state (Multiple Dwelling Law) ordinances.

The Administrative Code is an enormous compilation of local laws on a range of matters from parking violations to criminal justice, organized under 35 titles. The Administrative Code (§26-2101) states that:

- The term “short-term rental” means a rental for occupancy of fewer than 30 consecutive days of:
- i. a dwelling unit or part thereof or
 - ii. housing accommodations within a building.

The code relies on building classification types under the state Multiple Dwelling Law, which organizes buildings based on their intended use. Most apartment buildings are considered Class A buildings and are intended for permanent residence purposes, which the law defines as the following:

...“permanent residence purposes” shall consist of occupancy of a dwelling unit by the same natural person or family for 30 consecutive days or more and a person or family so



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Challenges to Zoning Regulations

occupying a dwelling unit shall be referred to herein as the permanent occupants of such dwelling unit.

Despite many nuances and exceptions beyond the scope of this review, the local and state ordinances prohibit dedicated and un-hosted STRs in most multi-unit residential dwellings. Only hosted STRs are permitted in multi-unit dwellings. Dedicated, hosted, and un-hosted STRs are permitted in residential building types other than multi-unit.

Due to differences in the legal framework of land use planning within the United States, New York has not been added to summary tables within the Appendices of this report.

5.0 CHALLENGES TO ZONING REGULATIONS

5.1 BLUE MOUNTAINS

The Blue Mountains OP amendment and amendments to the zoning by-laws were appealed to the Ontario Municipal Board (OMB) by three parties, two of which settled with the town during the course of the hearing.

The appeal was based on the following four grounds, which the Board addressed in their June 2011 decision:

1. The proposal attempts to regulate the user, tenure, or the operation of STRs, rather than the use of land (i.e. people zoning).
2. There is no proper planning justification for the Interim Control By-laws, the OP, and the Zoning By-law amendments. No land use study has been undertaken pursuant to Section 38 of the Planning Act.
3. There is no evidence that demonstrates any negative impact unique to accommodations of 30 days or less.
4. The proposed regulation of short-term accommodation is not consistent with the Provincial Policy Statement and does not conform with the town's OP.

The Board rejected the appellants assertion that the town's regulations constituted people zoning and that they were inconsistent with the Ontario Human Rights Code or Charter of Rights and Freedoms. The Board noted that the differentiation between transit and permanent accommodations is recognized in several court decisions and provincial laws. The Assessment Act, for example, also uses a 30-day period as a line for transient living accommodation. On this basis, the Board noted that STRs are not considered affordable housing as STRs are not defined as residential housing units.

The by-laws restrict STRs in certain areas, and these restrictions apply regardless of the occupant. The Board found that the by-laws are a legitimate exercise of the town's authority to



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Challenges to Zoning Regulations

zone for varying levels of use intensity, and differing needs for municipal services. The town's authority to define STRs as a separate land use was likened to that of seasonal dwellings as a separate and distinct land use.

The Board concluded that the OP and zoning by-law amendments were consistent with the PPS, and stated that:

The purpose of the proposed Official Plan and zoning by-law amendments is not to eliminate or limit access to [STR] units but to regulate this type of accommodation to create a more compatible situation. The Town has directed [STRs] to locations where servicing and appropriate levels of infrastructure are available, where the intensity of use can be better accommodated, and where future growth needs can be met. The Board finds that this course of action by the Municipality is in step with the policies established by the PPS for a strong, liveable and healthy community and will provide opportunities for sustainable tourism development.

The OMB decision was subsequently appealed to the Ontario Superior Court as a matter of law. After considering the evidence, the Court denied the appeal and awarded costs to the town.

According to the Ontario Municipal Board Act, leave to appeal is granted only if the moving party can demonstrate there is some reason to doubt the correctness of the decision, and if there is a question of law that is sufficiently important to warrant the Court's attention; the Court did not find instances of either.

The Court concluded that the Board considered the PPS and the OP in their decisions, and agreed with the Board's conclusion regarding concerns of people zoning.

The Court differed from the Board with respect to the Human Rights Code (HRC). Whereas the Board concluded that the HRC did not apply since dedicated STRs are not considered affordable housing, the Court noted that equal treatment with respect to services, goods, and facilities should be considered for STRs. However, the Court pointed out the distinction between the term "place of origin" in the HRC, and "place of residence", both of which have been differentiated in previous cases. As such, the Board's determination regarding the HRC stands.

5.2 TORONTO

The LPAT appeal to Toronto's STR zoning by-law was heard by the LPAT in the summer of 2019. The written decision was issued in November 2019.

The LPAT identified an issue regarding whether a STR in a dwelling without a principal resident constitutes a commercial or residential use. The LPAT notes that STRs span a spectrum of arrangements, with increasing intensity from hosted STR to dedicated STR; if a STR becomes a commercial land use—or where on the spectrum it becomes a commercial land use—was the appeal's core issue.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Challenges to Zoning Regulations

The appellants argued that a residential unit used as a STR is identical to one used by an owner, or a unit tenanted for a longer period than 30 days, arguing that both are residential in nature and use a dwelling unit for its intended purpose of living. The City of Toronto opposed this view; as summarized in paragraph 27 of the written decision:

The PR [principal residence] requirement ensures that the use remains residential by requiring the dwelling unit to be a place of living first, and only secondarily as a place for travellers to sleep or otherwise stay. The City sees the ZBAs [zoning by-law amendments] as permitting home sharing without derogating from the primary purpose of residential areas, and prohibiting commercial STRs where people stay but where no-one actually lives. The City considers dedicated STRs as commercial uses akin to a hotel.

The LPAT agreed with the City's approach to defining STR based on a rental period of less than 28 days, noting that the distinction is consistent with PPS, Growth Plan, and Official Plan policy objectives and stating in paragraph 104:

To address the policy objectives, a distinction for STRs based on rental periods shorter than 28 days – essentially one month using the shortest month of the year as the threshold – is an appropriate, convenient and understandable means of differentiating STRs from long-term rentals.

The LPAT agreed with the City of Toronto, and considered the dedicated STR to exceed what is expected and appropriate in residential areas; they therefore decided that it should be considered a separate and distinct use of land. In paragraph 90 of the written decision, the LPAT concludes that:

Residential areas are designed and intended to be non-commercial areas where people reside, with some exceptions for in-home activities such as a home occupation as-of-right, and small-scale services and retail uses by rezoning. Commercial areas are designed and intended as locations for business where commerce is practiced. Zoning by-laws routinely separate uses into classes and subclasses to prevent one type of use from infiltrating another. The differences between the use of a house as a place of permanent residence and the dedicated use of that same house for daily paying guests is sufficient to warrant differentiation under s. 34(1) and (2) [zoning by-laws] of the Act. A dedicated STR is an identifiable and distinguishable use of land.

In reviewing the PPS, the LPAT pointed to the policies discussed in Section 3.2 of this report, highlighting that housing is provided to meet the current and future needs of residents. Based on these policies and the rationale quoted in the above paragraph, the LPAT concluded that a principal residence requirement applies to secondary units.

Finally, the LPAT approved of the zoning amendment in its closing paragraphs. Any person may occupy a dwelling unit as an owner or tenant and, as such, may operate a STR within the provisions of the by-law, similar to other home occupations or home-based businesses. The



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Challenges to Zoning Regulations

amendment enables residents to rent out unused rooms or their entire dwellings when they are absent. Dedicated STRs are permitted for stays of 28 days or longer:

Much of the criticism centres on what the ZBAs restrict. Turning that around, it is also helpful to understand what the ZBAs permit. To provide for the legitimate needs of residents, visitors and businesses for STR accommodations, the following forms of STRs are allowed by the ZBAs: dedicated units for stays of 28 days or longer (not STRs by definition, but units not aimed at the long-term rental market); entire dwelling units offered by the PR occupants; and rooms within dwelling units whether the PR occupants are present or absent.

The LPAT ultimately dismissed the appeals in their entirety.



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Summary of Key Observations

6.0 SUMMARY OF KEY OBSERVATIONS

Zoning regulations specific to STR land uses have been successfully implemented by several municipalities in Ontario. Of the cases reviewed, in instances where the decisions of Council have been appealed, zoning regulations have been upheld by the LPAT and several courts.

The PPS compels municipalities to provide a range and mix of housing types in urban and rural settlement areas to meet the needs of current and future residents. Ottawa's OP echoes the direction in the PPS by including policies to protect and conserve the existing housing stock, while accommodating population growth and demographic change with an appropriate range and mix of housing. The OP includes several policies connecting population to the housing of residents. Housing is intended for residents of the City.

In the case of appeals to the Town of the Blue Mountains and the City of Toronto's zoning by-laws regulating STRs, the LPAT confirmed that STRs are considered a distinct and separate land use from residential land use, under certain circumstances. In the case of both municipalities, the LPAT agreed that the distinction made by their respective by-laws was an appropriate exercise in land use planning and regulation.

With this information in mind, Stantec can provide the following observations and recommendations to support the City's development of a temporary use by-law regulating STRs.

Provincial Policy Statement and Official Plan

- PPS policies 1.1.1b), 1.4.1, and 1.4.3b) note that planning authorities shall provide for a range and mix of housing to meet long-term needs.
- The guiding principles of the OP highlight the importance of a range and mix of safe and affordable housing options for residents. These principles are reflected in a number of land use designations which support both economic development through tourism with the need to accommodate the growth in population and demographic change of residents through the provisions of a variety of housing. STRs in dwelling units without a principal resident (dedicated STRs) do not appear to be supported by the City's current OP policies.
- Urban designation policies related to housing place importance on maintaining a range and mix of housing options for residents while maintaining community character.
- Rural designation policies echo those of the urban area, while also promoting opportunities for agri-tourism and maintaining the rural or village scale and character.

Case Studies of Other Ontario Municipalities

Summary tables of definitions and zoning by-law provisions from other Ontario municipalities have been provided in Appendix C and D of this report.

- Several approaches have been used by different municipalities to regulate STRs. However, most municipalities categorize dedicated STRs as commercial land uses, and liken hosted



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

Summary of Key Observations

STRs to bed and breakfasts. While some municipalities allow dedicated STRs, they are subject to more regulations than hosted or un-hosted STRs.

- Nearly all Canadian municipalities reviewed in Section 4.0 of this report have enacted zoning regulations for STRs alongside licensing and permitting regulations.
- Of the Ontario municipalities reviewed, only the Town of Oakville permits a secondary unit or coach house to be used as a dedicated STR, and only if the STR operator resides in the principal dwelling.

City of Ottawa Zoning By-law Overall Suggestions

- If hosted STRs continue to fall under the definition of a bed and breakfast, the current bed and breakfast definition should be adjusted to include the types of buildings and dwelling units in which they are permitted. The current requirement that a bed and breakfast must occupy the whole of a residential use building is not in line with the majority of the currently-operating STRs in the Ottawa, which are located in everything from detached dwellings to mixed-use buildings.
- The use of “dwelling unit”, a defined term in the Zoning By-law, in the bed and breakfast definition should be removed or adjusted to resolve discrepancies between the number of bedrooms permitted in a dwelling unit (or oversize dwelling unit) with the maximum number of permitted guest bedrooms in some zones.
- The definition of a hotel is non-specific and may include dedicated STRs. This may have implications in zones that permit residential land uses and hotels.



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APPENDIX A
Rental Accommodations Study
Staff Report (November 5, 2019)



**Report to
Rapport au :**

**Community and Protective Services Committee
Comité des services communautaires et de protection
15 November 2019 / 15 novembre 2019**

**and Council
et au Conseil
27 November 2019 / 27 novembre 2019**

**Submitted on November 5, 2019
Soumis le 5 novembre 2019**

**Submitted by
Soumis par :**

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Department/directeur général, Direction générale des services de protection et
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA
VILLE**

**File Number/Dossier numéro ::
ACS2019-EPS-GEN-0015**

SUBJECT: Report on Rental Accommodations Study and Regulatory Regime

**OBJET : Rapport de l'Étude sur les logements locatifs et du régime
réglementaire**

REPORT RECOMMENDATIONS

That Community and Protective Services Committee recommend that Council:

- 1. Receive the following reports related to the Rental Accommodations Study:**

- a. **“Rental Accommodations Literature Review and Inter-Jurisdictional Scan”, Prism Economics and Analysis, 2019, attached as Document 3,**
 - b. **“City of Ottawa Rental Market Analysis”, Prism Economics and Analysis, 2019, attached as Document 4,**
 - c. **“Regulation of Long-Term Rental Accommodations”, Maclaren Municipal Consulting Inc., September 23, 2019, attached as Document 7, and**
 - d. **“Regulation of Short-Term Rental Accommodation”, Maclaren Municipal Consulting Inc., September 23, 2019, attached as Document 8, and**
2. **Approve the recommended regulatory framework for Rental Housing as described in this report and set out in Document 1 – *Regulatory Regime for Rental Housing*, and**
- a. **direct the General Manager of Emergency and Protective Services to develop the proposed Rental Property Management By-law and related by-law amendments for approval by the Community and Protective Services Committee and Council in 2020, as described in this report, and**
 - b. **approve, for immediate implementation, an increased flat re-inspection fee of \$500 in Schedule A of the Property Standards By-law (2013-416, as amended), as described in this report, and**
3. **Approve the recommended regulatory framework for Short-Term Rental (STR) Accommodations as described in this report and set out in Document 2 –*Regulatory Regime for Short-Term Rentals*, and**
- a. **Direct the General Manager of Emergency and Protective Services to develop the proposed Short -Term Rental By-law and related by-law amendments for approval by the Community and Protective Services Committee and Council, and**
 - b. **Direct the General Manager of Planning, Infrastructure and Economic Development to develop a Temporary Use By-law for short-term rental use in residential areas, for approval by Planning Committee and Council, as described in this report, and**
 - c. **Direct the City Treasurer and City Solicitor to conduct a review of the Municipal Accommodations Tax revenues to fund the short-term rental requirements, and if funds are not available, direct the City Treasurer and**

City Solicitor to develop the required by-law to amend the Municipal Accommodations Tax By-law in order to increase the Municipal Accommodations Tax by 0.25% with the increase directed to the City and to be used to administer and enforce proposed short-term rental regulations as described in this report, and that such amendment be placed directly on the agenda of Council for enactment, as described in this report; and

- d. That the timing of the required by-laws and by-law amendments set out in items a., b. and c. be designed and coordinated to come into force concurrently, as further described in this report, and**
- 4. Approve 2.0 temporary Full-Time Equivalents (FTEs) for Rental Housing enforcement and administration, and 6.0 temporary FTEs and 1.0 additional temporary FTE (first year of implementation only) for Short-Term Rental Accommodations enforcement and administration, for a total of temporary 8.0 FTEs and 1.0 additional temporary FTE (first year of implementation only), effective upon implementation of the regulatory regimes set out in Recommendations 2 and 3, to be funded through revenue generated from fees and the Municipal Accommodation Tax, as described in this report.**

RECOMMANDATIONS DU RAPPORT

Le Comité des services communautaires et de protection recommande que le Conseil municipal :

- 1. prenne connaissance des rapports suivants se rapportant à l'Étude des logements locatifs :**
 - a. « Logements locatifs : revue de la littérature et analyse du contexte d'autres municipalités », Prism Economics and Analysis, 2019, reproduit ci-joint dans la pièce 3;**
 - b. « Analyse du marché locatif de la ville d'Ottawa » Prism Economics and Analysis, 2019, reproduit ci-joint dans la pièce 4;**
 - c. « Réglementation des logements locatifs à long terme », Maclaren Municipal Consulting Inc., 23 septembre 2019, reproduit ci-joint dans la pièce 7;**
 - d. « Réglementation du logement locatif à court terme », Maclaren Municipal Consulting Inc., 23 septembre 2019, reproduit ci-joint dans la pièce 8, et**

2. **Approuve le cadre réglementaire recommandé pour le logement locatif selon les modalités exposées dans le présent rapport et reproduites dans la pièce 1 (*Régime réglementaire pour les logements locatifs*), et**
 - a. **donne pour consigne au directeur général, Services de protection et d'urgence de mettre au point le règlement municipal proposé sur la gestion des logements locatifs et les modifications se rapportant à ce règlement pour les faire approuver en 2020 par le Comité des services communautaires et de protection et par le Conseil municipal, selon les modalités exposées dans le présent rapport, et**
 - b. **approuve, pour les mettre en œuvre immédiatement une hausse des droits de réinspection fixes de 500 \$ prévus dans l'annexe a du Règlement sur les normes d'entretien des biens (no 2013-416, dans sa version modifiée), selon les modalités exposées dans ce rapport, et**
3. **approuve le cadre réglementaire recommandé pour les logements locatifs à court terme (LCT) selon les modalités exposées dans ce rapport et dans la pièce 2 (*Régime réglementaire pour la location à court terme*), et**
 - a. **donne pour consigne au directeur général, Services de protection et d'urgence de mettre au point le règlement municipal proposé sur la location à court terme et les modifications se rapportant à ce règlement pour les faire approuver par le Comité des services communautaires et de protection et par le Conseil municipal;**
 - b. **donne pour consigne au directeur général, Direction générale de la planification, de l'infrastructure et du développement économique de mettre au point un règlement sur l'utilisation temporaire pour la location à court terme dans les zones résidentielles, pour le faire approuver par le Comité de l'urbanisme et le Conseil municipal selon les modalités exposées dans ce rapport;**
 - c. **donne pour consigne à la trésorière municipale et à l'avocat général de la Ville de mener un examen des recettes perçues au titre de la taxe municipale d'hébergement afin de financer les besoins en location à court terme, et si les fonds ne sont pas disponibles, donner pour consigne à la trésorière municipale et à l'avocat général de la Ville de mettre au point le règlement nécessaire afin de modifier le Règlement sur la taxe municipal**

d'hébergement afin de hausser de 0,25 % la taxe municipale d'hébergement et de consacrer la hausse à la Ville pour lui permettre d'administrer et de faire appliquer les règlements municipaux sur la location à court terme selon les modalités exposées dans ce rapport, et enfin, d'inscrire directement cette modification à l'ordre du jour du Conseil pour la faire adopter, selon les modalités exposées dans ce rapport, et

d. que les délais indiqués dans les alinéas a., b. et c. ci-dessus pour les règlements à adopter et les modifications à y apporter soient conçus et coordonnés pour produire leurs effets en même temps, selon les modalités exposées dans ce rapport, et

- 4. approuve 2,0 équivalents temps plein (ÉTP) temporaires pour l'application et l'administration des règlements sur le logement locatif, ainsi que 6,0 ÉTP temporaires et 1,0 ÉTP temporaire supplémentaire (pour la première année de la mise en œuvre seulement) pour l'application et l'administration des règlements sur les logements locatifs à court terme, soit un total de 8,0 ÉTP temporaires et de 1,0 ÉTP temporaire supplémentaire (pour la première année de la mise en œuvre seulement), avec effet à la date de la mise en œuvre des régimes réglementaires évoqués dans les recommandations 2 et 3, à financer à même les recettes apportées par les droits et par la taxe municipale d'hébergement, selon les modalités exposées dans ce rapport.**

EXECUTIVE SUMMARY

The Rental Accommodations Study was approved by Council in Budget 2018 for the purpose of providing Council with recommendations concerning the regulation of various forms of rental accommodations within the City of Ottawa, including:

1. Rental housing – meaning private long-term rental housing (referred to in this report as “rental housing”);
2. Short-term rental accommodations, such as those facilitated through platforms such as Airbnb and Flipkey (referred to in this report as “short-term rentals” or “STRs”); and,
3. Traditional hotels, motels and bed and breakfasts.

The study has considered and addresses specific emerging issues related to rental accommodations, such as:

- concerns expressed by community organizations/associations and members of the public about the quality and safety of rental accommodations and how the City addresses key property standards issues such as pest and vermin control;
- the emergence of short-term rentals in the City in the recent past, both in private dwellings and in investment properties, and their impacts for long-term housing availability and affordability as well as related community nuisance such as increased noise and “party house” concerns, as well as consumer protection considerations for guests;
- community impacts associated with management of high-density “bunkhouses”, rooming houses and other forms of shared accommodations; and
- the concern of problem hotel and motel operators.

The study considered issues of municipal concern relating to these emerging issues, including but not limited to public health and safety, the economic and social well-being of the City, and the protection of persons and property, including consumer protection.

Staff have taken an evidence-based approach for this study. In addition to extensive public and stakeholder consultation, staff have conducted policy research and commissioned studies specific to rental housing and short-term rental activity within the City. The staff recommendations reflect what has been heard from the community and what has been learned through research. Regulatory options and potential lessons to be learned from other jurisdictions were evaluated against the specific conditions occurring in Ottawa to test their applicability and anticipated impact on City operations and the community at large. It is noted that data concerning rental housing availability and affordability collected through the Rental Accommodations Study was shared across City departments to inform their ongoing work, such as the development of the New Official Plan and the Residential Fourth Density (R4) Zoning Review as well as the Housing Services Branch’s work on social housing programs and the Ten-Year Housing and Homelessness Plan, all of which are ongoing and will consider issues of the availability and affordability of housing.

This report represents the first report back to Council on the Study and provides Council with data, analysis and recommendations concerning both rental housing and short-term rentals. The next steps will consist of developing specific regulations based on the approaches presented in this report. The proposed draft by-laws will be prepared for consideration by Committee and Council in 2020, or as soon as feasible as outlined below.

It is important to note however that the report provides separate recommendations for both **rental housing** and for **short-term rentals**, which can be considered independently from each other.

For **rental housing** – that is, long-term private rental accommodations - additional regulations are recommended to address property standards issues with enforcement to be focused on areas and properties where they are needed most through increased enforcement resources and consumer education initiatives for landlords and residents, rather than through landlord licensing. The measures recommended by staff include:

- for recommended immediate implementation, an increased re-inspection flat fee of \$500 for property standards matters caused by continued non-compliance by the property owner or occupier, in order to further deter non-compliance and provide cost-recovery for focused enforcement of rental housing properties by By-law and Regulatory Services;
- for development and consideration in 2020, a new draft Rental Property Management By-law, as described in Document 1, that creates obligations for communication between landlord and tenants, including how to report maintenance issues and clear instructions for waste management and property upkeep, in order to mitigate service demands; and
- also for development and implementation in 2020, the development and provision of education materials including information on applicable rules and tenant rights, as well exploring the creation of a searchable database of property violations for purposes of public information, among other recommendations, as described in this report and in Document 1.

Staff paid particular attention to the cost implications of various regulatory options for rental housing, particularly where costs can be passed on to tenants through above guideline rent increases permitted through the *Residential Tenancies Act, 2006*. Staff were informed by the research and recommendations of the City's consultants, as noted below in this report. Staff have noted that according to 2016 Census data, 42% of renters in Ottawa live below the affordable shelter-cost-to-income ratio, spending 30% or more of their pre-tax income on shelter and accounting for more than 113,000 residents.^[i] The demographic profile of tenants in unaffordable housing shows that this group includes above average numbers of young adults, persons living with disability, recent immigrants, other minority groups and seniors, as set out further below. In this perspective, staff considered the recommendations of the consultant concerning licensing landlords under a business licensing regime, together with the stakeholder and

public input received and approaches taken by other jurisdictions in this area. The evaluation of efficiency, enforceability and sustainability of landlord licensing lead staff to conclude that this is not the preferred regulatory solution for Ottawa for the reasons noted below in this report.

A new regulatory regime is also recommended for **short-term rental accommodations**, to be developed and brought forward for approval, in order to address issues of consumer protection and the safety of hosts, guests and neighbours of STRs; to protect viable long-term housing options; and to mitigate the occurrence of negative community impacts of STRs and nuisances arising from their use in residential areas, including:

- a registration system for STR platforms and STR property agents, together with a permit system for STR hosts, with associated user fees, prescribing regulations and specific obligations for conduct that will protect guests and hosts and mitigate nuisances for neighbours, as described in Document 2, with some exemptions recommended for short-term rentals of cottages and vacation homes in rural areas;
- anchoring this regulatory regime on the principal residence requirement for the host, with a prohibition on short-term rentals in properties other than principal residences and rural vacation properties, in order to protect housing inventory and the character of residential neighbourhoods;
- an accompanying Temporary Use By-law to allow, from a zoning perspective, both hosted and un-hosted short-term rental uses of the host's principal residence, in residential areas, for a trial period of 3 years;
- a review of the Municipal Accommodations Tax revenues to fund the short-term rental regulations, and if funds are not available, an increase in the Municipal Accommodations Tax (MAT) of 0.25% to provide for By-law administration and enforcement capacity for the above-noted STR regulations on a cost-recovery basis;

The above-noted elements of the proposed short-term rental regulations are recommended to be considered together in order to provide a complete regulatory approach – that is, new regulations for how STR platforms, hosts and guests conduct short-term rentals, with complementary zoning provisions to anchor the short term rental use only in primary residences, and an accompanying funding mechanism to provide for administration and enforcement of these new regulations on a cost recovery basis.

However, staff also recommended that the approval of the recommended short-term rental regulations await a key decision of the Local Planning Appeals Tribunal (LPAT) addressing various appeals of the City of Toronto's own short-term rental regulations and which could have an impact on the approach taken in Ottawa. As noted below in this report, various elements of Toronto's STR regime mirror the proposed regulatory regime for Ottawa, such as the primary residence requirement. As a result, waiting for this decision will provide the opportunity to make any required adjustments to the recommended STR framework prior to bringing forward the regulations in their final form for approval.

While the timing of the LPAT decision for the Toronto appeals is unknown, staff expect that the development of the draft Short-term Rental By-law and the accompanying Temporary Use By-law can begin in 2020 and be presented to the appropriate Standing Committees of Council as soon as possible thereafter, with the implementation of the proposed increase in the Municipal Accommodations Tax to occur concurrently should existing revenues from the Municipal Accommodations Tax not be sufficient to fund the administration of the proposed Short-term Rental regulatory regime, as described below. The Planning, Infrastructure and Economic Development department advises it will commence work the Temporary Use By-law in Q2 2020 using outside consulting resources since current staff resources are occupied with other priority projects. The timing of completion for this aspect of the regulatory regime is dependent on the outcome of consultations and any stakeholder concerns. As a result, staff will advise the relevant Committees and Council of any developments related to the LPAT decision and other matters affecting timing of the above-noted elements, and the proposed by-laws will be brought forward to the appropriate Standing Committees of Council as soon as feasible based on the above-noted timelines.

For **hotels, motels, and bed and breakfasts**, staff recommend that new regulations are not necessary at this time based on research and input from stakeholders. However, staff are recommending further review of existing legal tools available based on a current example, with findings to be reported back following conclusion of those legal proceedings, as described in this report.

Staff have conducted robust consultation in the development of the above regulations, including more than 230 stakeholders and three rounds of public consultation, as described in Document 6. Input from the public and stakeholders indicates support for the above recommendations as described further in this report. Staff also engaged a consultant to conduct an independent review of regulations and provide recommendations for staff to consider. The final consultant reports are attached as

Document 7 – Consultant Report: Regulations for Long-Term Rental Accommodations and Document 8 – Consultant Report: Regulations for Short-Term Rental Accommodation. Staff consideration of consultant recommendations is included in the Discussion section of this report.

Key performance indicators of the proposed regulatory regimes for post-implementation are expected to include increased resident satisfaction, a net reduction in property standards orders as well as overall complaints related to rental accommodations, and cost/revenue neutrality for administration and enforcement.

Collectively, the recommendations in this report are expected to provide additional enforcement resources and support on a cost-recovery to provide focused enforcement regarding rental housing and short-term rental accommodations. The above recommendations will also restore Property Standards enforcement capacity that is currently being used to manage STR activity under existing regulations.

Given that under the Planning Act, a Temporary-Use By-law is prescribed to a maximum term of 3 years, staff also recommend that the effectiveness of the STR regulatory approach recommended in this report be evaluated at the completion of the 3 years, with staff recommendation as to whether it should continue in whole or in part. This 3-year period will permit staff to gather data on the regime's effectiveness in terms of compliance with legal use, its effect on complaints about negative community impacts, and its effect on the long-term housing supply, as appropriate.

BACKGROUND

The Rental Accommodations Study was approved by Council in Budget 2018 for the purpose of providing Council with recommendations concerning the regulation of various forms of rental accommodations within the City of Ottawa, including:

1. Long-term rental housing (referred to in this report as “rental housing”); and,
2. Short-term rental (STR) accommodations (e.g. those facilitated through platforms such as Airbnb and Flipkey), as well as traditional hotels, motels and bed and breakfasts.

The study considered issues of municipal concern relating to rental housing, including but not limited to public health and safety, the economic and social well-being of the City, and the protection of persons and property, including consumer protection. In addition, the study obtained information about how to address community comments and complaints about property standards in rental housing, as well as reported

concerns about the negative community impacts arising from rental housing in certain circumstances, such as excessive noise and neighbourhood disturbances, and solid waste and parking issues, among others.

The study has also considered and addresses specific emerging issues related to rental accommodations, such as:

- concerns expressed by community organizations/associations and members of the public about the quality and safety of rental accommodations and how the City addresses these issues;
- the emergence of short-term rentals both in private dwellings and in investment properties and possible impacts for long-term housing availability and affordability, as well as related community nuisance and consumer protection considerations;
- community impacts associated with management of high-density “bunkhouses”, rooming houses and other forms of shared accommodations; and
- the concern of problem hotel and motel operators.

An evidence-based approach was used to review and consider the above-noted issues, including: research from consultants on regulatory approaches and regulations in other Ontario, Canadian and international jurisdictions, literature and jurisdictional reviews, research specific to the rental market in Ottawa including availability and affordability of rental housing as well as short-term rental activity, together with fulsome stakeholder engagement and public consultation, as further described below.

Amendments to existing by-laws as well as the development of new regulations have been reviewed as part of the study and have taken into consideration their potential impacts on housing quality, availability and affordability, in order to best serve the housing needs of residents.

As a result of this work, staff are recommending the following in respect of both rental housing and short-term rental accommodations:

New regulations for **rental housing**, including:

- a new by-law that creates obligations for communication between landlord and tenants, including how to report maintenance issues and clear instructions for waste management and property upkeep in order to mitigate service demands

identified in the Property Standards in Rental Housing Report (Document 4), to be developed and brought forward for approval in 2020, as described below;

- increased re-inspection user fees for property standards matters caused by continued non-compliance by the property owner or occupier, in order to provide cost-recovery for focused enforcement for rental housing properties by By-law and Regulatory Services, to be implemented immediately, and
- the development and provision of education information including tenant rights and applicable by-laws for both landlords and tenants, among other recommendations, as described in this report and in Document 1.

A regulatory regime for **short-term rental accommodations** is recommended to address issues of consumer protection and the safety of hosts, guests and neighbours of STRs; to protect viable long-term housing options; and to mitigate the occurrence of negative community impacts of STRs and nuisances arising from their use in residential areas, including:

- a registration system for STR platforms and STR property agents, together with a permit system for STR hosts, with associated user fees, with regulations and specific obligations for conduct;
- the above regulations to be anchored on the primary residence requirement for the host, with a prohibition on short-term rentals in properties other than primary residences, such as those operated by commercial operators or in investment properties;
- accompanying zoning regulations to allow both hosted and un-hosted short-term rental uses of the host's primary residence, in order to reduce negative community impacts generated from such uses and to protect the availability of long-term housing stock, as described further in this report;
- an increase in the Municipal Accommodations Tax (MAT) of 0.25%, should existing revenues from the Municipal Accommodations Tax not be sufficient to provide for By-law administration and enforcement capacity for the above-noted STR regulations on a cost-recovery basis; and
- All of the above-noted regulations would come into force concurrently to provide for a complete regulatory regime, with staff expectation that such could be accomplished as soon as possible based on the timelines noted below in this report.

Key performance indicators of the proposed regulatory regimes for post-implementation are expected to include increased resident satisfaction, a net reduction in property standards orders as well as overall complaints related to rental accommodations, and cost/revenue neutrality for administration and enforcement. Staff also recommend that the effectiveness of the recommended regulatory regime for short-term rentals, including the proposed regulations for platforms, hosts and agents, and the Temporary Use By-law, be evaluated at the completion of the prescribed 3 years for the Temporary Use By-law.

Scope of Review

The City of Ottawa has enacted a number of by-laws which directly or indirectly regulate rental accommodations. These include but are not limited to: the Property Standards By-law, the Property Maintenance By-law, the Noise By-law, the Zoning By-law, the Traffic and Parking By-law, and the Licensing By-law, among others. These were reviewed as part of this study.

Given its focus on regulations and a review of existing by-laws this study does not address broader housing issues related to land-use planning, social housing funding and management or social services delivery. These areas of municipal concern are outside of the mandate of Emergency and Protective Services Department (EPS). While each broader issue is considered during policy analysis, this study does not provide specific recommendations to address housing challenges in these areas.

Similarly, this study does not consider regulations specific to long-term care facilities, group homes, shelters and other forms of supportive housing.

Integration with Other City Initiatives

The Rental Accommodations Working Group, led by EPS, was formed in order to understand the issues, policies and programs relevant to regulations for rental housing and short-term rentals, and to ensure linkages with the ongoing work of other departments, where appropriate. The Working Group included participation from Community and Social Services (CSS), Corporate Services (CS), Legal Services, Planning Infrastructure and Economic Development (PIED) and the former Service Innovation and Performance Department (now Innovative Client Services).

This group provided a forum for the free exchange of data and collaborative policy analysis throughout the study. Any non-regulatory issues identified through the course

of the study were referred to the appropriate City department through their Working Group representative.

For example, data about rental housing availability and affordability collected through the Rental Market Analysis (Document 4), further described below, was shared with the Planning, Infrastructure and Economic Development Department to support the development of the New Official Plan and the Residential Fourth Density (R4) Zoning Review. This data was also shared with the Community and Social Services Department to inform Housing Services Branch's work on social housing programs and the Ten-Year Housing and Homelessness Plan.

The Working Group also identified community stakeholders. Approximately 230 stakeholder groups were identified and invited to participate in the study, including community associations, industry and trade associations, post-secondary institutions and student associations, and community advocacy groups. Further details about public engagement are included in this report and in Document 6.

Related Initiatives of Planning, Infrastructure and Economic Development

Current initiatives of the Planning Committee and the Planning, Infrastructure and Economic Development department will address the availability of housing and rental housing. The first initiative is the New Official Plan, the strategic document that describes how the city will grow over time, where we will place major infrastructure, and what policies will be in place to support economic growth and guide the development and evolution of communities.¹

The second initiative is the Residential Fourth Density (R4) Zoning Review. Phase One of the review successfully ended the development of high-density "bunkhouses ". This review included a concurrent Emergency and Protective Services (EPS) report entitled *Rooming House Licensing By-law Review (ACS2018-EPS-GEN-0009)* that recommended measures to harmonize supporting regulations.

The current phase of the R4 Zoning Review will explore zoning changes to enable a wider range of low-rise, multi-unit infill housing in R4-zoned neighbourhoods suitable to a wide range of household types, incomes and tenures.² Residential rental housing of this form is of particular advantage to Ontario municipalities. In addition to meeting the growing housing needs of the community, tenants in buildings with five or more units are afforded additional protections under the *Residential Tenancies Act, 2006*.

As EPS analysed policy options, each was considered within the context of the New Official Plan development process and the 2015–2018 City Strategic Plan. This included consideration of the possible adverse consequences that proposed regulations could cause towards Council 's strategic directions. When required, additional options were sought from PIED and other departments, as well as consultations with industry stakeholders such as the Eastern Ontario Landlord Organization (EOLo) and Ottawa Real Estate Board (OREB).

Given that very low vacancy rates are expected to continue as described below in the Rental Market Analysis, staff have aimed to develop a regulatory framework that minimizes impacts on needed investment in rental housing. Housing availability was also an important consideration in the development of the recommended framework for short-term rentals discussed later in this report.

Understanding the regulatory landscape

In order to understand the overall regulatory landscape for rental accommodations, staff undertook an evidence-based approach, which included obtaining a literature and environmental scan to consider how other jurisdictions have addressed these issues and assess their applicability in Ottawa and reviewed applicable legislation and regulations. In order to understand the specific rental market found in Ottawa, staff also obtained a current rental market analysis of Ottawa, conducted a detailed analysis of property standards requests for rental properties over the last ten years, and obtained an independent local regulatory review and analysis. Finally, staff conducted extensive stakeholder engagement and public consultation to inform the study and the recommendations of this report. All of these steps are further described below.

Literature Review and Environmental Scan

Staff engaged Prism Economics and Analysis, an independent consulting agency with expertise in housing policy and market analysis to conduct an environmental scan. Their methodology included examination of leading academic and policy research on the topics of rental housing and short-term rental regulation and consideration of real-world applications in multiple Canadian and international jurisdictions.

The Environmental Scan has been used to identify promising practices that might have application in Ottawa. Further assessment of the applicability of these regulations, given the differences in enabling legislation and municipal powers is included in the Discussion section. A copy of the Literature Review and Environmental Scan is attached as Document 3.

Understanding the Ottawa context

It was also important to understand the current status of the rental market in Ottawa. In order to establish baseline data for evidence-based policy analysis, staff commissioned a Rental Market Analysis to assess the present state of the rental market, including short-term rental activity. Staff also conducted a review of service history related to property standards in private market rental housing. Each of these reports are further described below.

Rental Market Analysis (RMA):

The City commissioned Prism Economics and Analysis to conduct the Rental Market Analysis. Their full report is attached as Document 4. This analysis has helped to quantify the present state of rental housing availability and affordability as well as key characteristics such as the age of housing stock and the population and number of bedrooms per unit. The Rental Market Analysis also provides insights on the STR market including the span of activity, its growth and the resulting influences on the availability and affordability of housing within the City, which staff have taken into consideration in developing the recommended regulations and approaches set out in this report. This data has been used to validate stakeholder input, model resource requirements for various regulatory scenarios and assess likely community impacts.

Staff have concluded that the Rental Market Analysis measures what many residents have expressed during consultations – that Ottawa is currently experiencing significant pressure in terms of the availability and affordability of rental housing. As noted in the RMA, “Ottawa’s real estate market is characterized by rising prices and scarce availability of rental units, which creates pressures for housing affordability but also motivates new residential investment.”³ The findings of the RMA reveal that in recent years, growth in demand for rental housing has surpassed the creation of new units by a margin of 3 to 1.⁴ While this trend is beginning to shift, with new private sector investment in purpose-built rental housing, it is also noted that new construction is primarily high-end units. Construction of affordable units and family-sized rental units continues to lag behind demand. Recent analysis from the Canadian Mortgage and Housing Corporation notes that in 2018 “bachelor units had the lowest vacancy rate, while three bedroom unit vacancies declined at the largest rate compared to last year”⁵ and that “the average rent on two-bedroom units in structures built since 2005 sits 26% higher than asking rents on same bedroom count vacant units in the wider market.”⁶

As our City has surpassed one million residents, Ottawa’s rental housing market has faced significant pressure. With a high population of students, as well as transitory

workers in the public service, technology sector and military, just over one third of households (34.3%) live in rental housing.⁷

Affordability of Rental Housing

The affordability of rental housing is a growing concern. According to the Rental Market Analysis, “Shelter costs for the City of Ottawa have risen rapidly since 2016, with apartment rents rising 7.8% over a two-year period and rent on detached homes increasing by 11.3%. This has increased the average rent for a three-bedroom house from \$1,547 in 2016 to \$1,737 in 2018.”⁸

In order to be considered affordable, the annual household income would need to exceed \$69,500, assuming this cost includes utilities. Adding an additional \$300 a month to provide heat, water and electricity raises the affordability threshold above \$81,000. According to Census data analysed by the Canadian Rental Housing Index, the median household income for two parent families with children is approximately \$64,000.

The Rental Market Analysis notes that “unaffordable housing exists not only in lower-income suburban areas but also in pockets of exurban tracts, likely reflecting the high cost of single detached homes even in less dense communities”⁹. The report adds that “Since 2016 the shortage of affordable rental accommodations has likely worsened, as the number of rental units has grown slower than the population in rental accommodation and current market rent listings for apartments are on average 28% higher than 2018 average rents.”¹⁰

According to 2016 Census data, 42% of renters in Ottawa live below the affordable shelter-cost-to-income ratio, spending 30% or more of their pre-tax income on shelter. While this proportion is slightly better than the provincial average of 46%, it still accounts for more than 113,000 residents.¹¹ The demographic profile of tenants in unaffordable housing shows that this group includes above average numbers of young adults, persons living with disability, recent immigrants, other minority groups and seniors.

As such, staff paid particular attention to the cost implications of various regulatory options, particularly where costs can be passed on to tenants through above guideline rent increases permitted through the *Residential Tenancies Act, 2006*.

Property Standards Data in Rental Housing:

The Public Policy Development Branch of EPS has analysed a 10-year history of Property Standards Service Requests, for the period from 01 January 2009 to 31 December 2018, to identify and quantify issues associated with private market rental housing. This analysis, attached as Document 5, has served to identify gaps in

regulation, prioritize issues for policy development and assess the impact of regulatory changes on service demand and enforcement resources.

Overall, this data reveals that housing quality is sufficiently meeting the needs of residents. The report notes that nine out of ten rental units have not been subject of a property standards service request during the past decade¹². This analysis further shows that 3.3% of units have had multiple service requests and a smaller subset of 0.5% have been responsible for 23% of all service demand.¹³ This data has led staff to examine the unique circumstances of these units and pursue options for focused solutions as further discussed below in the Rental Housing section of this report.

Local Regulatory Review and Independent Analysis:

The City engaged Maclaren Municipal Consulting Inc. (Maclaren) to conduct an independent review of existing City of Ottawa by-laws in order to identify possible gaps in regulation and propose solutions.

As a component of their work, Maclaren conducted two rounds of public consultations in partnership with City staff. Maclaren also met independently with Councillors, other City departments and a range of community and business organizations.

The first round of public consultations was conducted in June 2019. A series of three discussion papers were published for the purpose of assessing resident experiences and concerns regarding rental housing conditions, student housing, and short-term rentals. Public input was collected through an online survey and a series of workshops, as well as direct stakeholder engagement.

A second round of public consultation was conducted in August 2019. This consultation provided two policy options papers, one for rental housing conditions and another for STR. Residents were asked to consider various options to address the concerns identified from the first round of consultation. Feedback was collected through an online survey, as well as emails to stakeholders and previous workshop participants.

Maclaren's findings are attached as Document 7 - Regulations for Long-Term Rental Accommodations and Document 8 - Regulations for Short-Term Rental Accommodations. Each provides a detailed description of methodology, analysis and outcomes in the form of specific policy recommendations.

The independent analysis provided by Maclaren contributed to the development of the staff recommendations included in this report. By examining issues specific to Ottawa,

the Maclaren reports provided staff with additional insight on community concerns and public support for possible regulatory avenues.

Listening to the Community – Public and Stakeholder Consultation:

Throughout this study, staff have engaged with approximately 230 identified stakeholders, including community associations, post-secondary institutions and student unions, tenant advocacy organizations, landlords, short-term rental hosts and managers, business and trade associations, and social service agencies.

Staff have also read more than 3,000 written submissions from residents, collected online and through in-person surveys. Full details about public consultation methodology and outcomes is attached as Document 6.

In addition to the two public consultations conducted by Maclaren, staff conducted an additional public consultation in October 2019. This included an online survey on Engage Ottawa from October 4 to 18 and two public meetings. A public meeting on rental housing regulations was held on October 22 at Ben Franklin Place and the public meeting on short-term rentals was held October 23 at the Nepean Sportsplex.

The final round of consultations asked questions specific to policy options under consideration by staff. Residents were provided a brief summary of previous consultation outcomes, key research findings collected by staff and a brief policy analysis. Residents were then asked to indicate if they agreed or disagreed with a series of policy statements. This feedback informed the final policy recommendations included for discussion in this report.

While a detailed description of the findings of these public consultation exercises can be found in Documents 6 and in Maclaren's papers found at Documents 7 and 8, the key findings can be summarized as follows:

Rental Housing

Staff analysis of public input indicates that:

- Most homeowners and tenants agree that property owners should be charged for the cost of re-inspections, whereas most landlords disagree.
- Most homeowners and tenants agree that fees from re-inspections should be used to provide proactive by-law enforcement, whereas most landlords disagree.
- A significant majority of homeowners, tenants and landlords all agree that:

- landlords should adhere to basic rules of conduct;
 - landlords and tenants should work together to address pest control;
 - vulnerable persons should be able to designate a person to assist them with property standards issues,
 - the City should provide more information about regulations and resources, with particular attention on marginalized groups.
- Homeowners and Tenants expressed strong support for publishing property standards violation information online. Landlords were more divided on this issue, with 104 agreeing, 130 disagreeing, and 27 undecided.

Short-Term Rentals

Staff analysis of responses indicates:

- There is general agreement that STR activity should be allowed in primary residences and in rural areas and should not be issued where condominium corporations or landlords do not approve.
- There is general agreement that fees should be kept low to encourage participation/compliance and that enforcement costs should be recovered through the MAT tax collected by STR platforms on behalf of hosts.
- Although a large majority of STR hosts disagree with the requirement to get a permit, STR Hosts agree that if permits are issued, the City should be able to revoke permits for serious or repeated violations.
- The recommended ban on commercial STR activity is supported by 58% of non-STR hosts and 32% of STR hosts. It is further supported by 35% of landlords.
- The recommended ban on commercial STR activity is not supported by 48% of STR Hosts and 36% of non-STR Hosts. This measure was not supported by 58% of landlords.

Hotels, Motels and Bed and Breakfasts

Staff analysis of responses indicates:

- Approximately 70% of respondents indicated support for a strategy to address problem hotels and for staff's recommendations concerning hotel, motel and bed and breakfast use of STR platforms,
- Approximately 56% of participants agreed that these businesses should not pay additional fees and 63% supported requiring traditional bed and breakfasts to pay the same fee as other hosts when using STR platforms for bookings.

Relevant Legislation:

The *Municipal Act, 2001* (as amended) provides municipalities in Ontario with broad authority to regulate and enact by-laws. In particular, subsection 8(1) of the Act confers broad authority to a municipality to enable it to govern its affairs as it considers appropriate, and to enhance the municipality's ability to respond to municipal issues.

Under Subsection 10(2) of the *Municipal Act, 2001*, municipal councils may pass by-laws within the following areas, among others:

- the economic, social and environmental well-being of the municipality (paragraph 5);
- the health, safety and well-being of persons (paragraph 6), and
- the protection of persons and property, including consumer protection (paragraph 8).

As part of its general by-law making powers in the above-noted areas, a municipality may also enact by-laws that regulate or prohibit activities as well as require persons to do certain things, and may create a system of licenses, approvals, registrations or other types of permissions respecting a particular matter (Subsection 8(3) of the Act). It is noted however that Courts have found that prohibiting a business outright is not within a municipality's power. In addition, a municipality is authorized under Section 128 of the Act to regulate in with respect to public nuisances, including matters which are or could become or cause public nuisances in the option on Council.

As a result of the above-noted authorities and powers - but subject to the specific limitation on business licensing noted below - a municipality has authority to regulate rental accommodations as proposed in the report on the basis of protection of tenants and visitors using rental properties, as well as residents of neighbourhoods in which they are located. This also includes enacting regulations to address negative community impacts emanating from various types of rental accommodations, including the

mitigation of neighborhood nuisances such as noise, illegal parking, and property standards and maintenance issues.

Limitation on Business Licensing Regime For Rental Accommodations:

As described further in the Legal Implications Section of this report, a specific limitation exists in *Ontario Regulation 583/06 – Licensing Powers*, passed under Part IV of the *Municipal Act, 2001*, dealing with business licensing powers. This specific limitation prohibits municipalities from enacting business licensing by-laws with respect to “the business of trading in real estate”, which includes a prohibition on licensing various aspects of real estate matters including those businesses or entities undertaking transactions related to renting and leasing, listing of properties, and advertising properties for rent or lease.

However, it is noted that regulations enacted by the City may take various forms, such as stand-alone by-laws to address specific local issues or nuisances (such as the *Noise By-law*, *Property Maintenance By-law*), or a permit regime with conditions of issuance along with regulations and standards for conduct, equipment or related aspects of the regulated activity (such as the *Special Events on Private and Public Property By-law*; the *Encroachment By-law*; or the City’s signs by-laws). Sufficient authority exists in other by-law making powers under the *Municipal Act, 2001* to allow the City to regulate both short-term rentals and housing conditions by means of regulatory tools other than business licensing, such as the proposed permit system for short-term hosts, the registration system for platforms and short-term rental agents, and the standards for landlords and tenants regarding pest and vermin, along with the other proposed requirements in this report, as discussed further in the Legal Implications Section

Consideration of Human Rights and Non-Discrimination:

All municipal by-laws and policies are subject to the *Ontario Human Rights Code* (OHRC). Municipalities must ensure that their by-laws are consistent with the OHRC and do not discriminate on the basis of prohibited grounds enumerated in it. Section 35(2) of the *Planning Act* (as amended) further prohibits the municipality from passing zoning by-laws that have the effect of distinguishing between persons who are related/unrelated in respect of the occupancy or use of a particular building. In other words, by-laws should focus on the use of the building rather than who occupies it. With respect to regulation of rental accommodations, the Ontario Human Rights Commission has stated that municipalities should consider the following when they license/regulate in this area:

- Legitimate planning, health and safety, Building Code, property standards and maintenance issues.
- Effectively enforcing existing municipal by-laws for issues like parking, noise and property standards is often the best way to address problem behaviours in housing and residential areas. Using these existing options ensures that inappropriate behaviour is targeted and addressed consistently and fairly – for renters, landlords, visitors and homeowners alike.
- Renters are entitled to the same privacy and enjoyment of their homes as homeowners. Licensing should not over-scrutinize renters, violate their privacy, or treat them differently than anyone else living in the neighborhood.¹⁴

The regulations and enforcement approaches proposed in this report are in line with the above-noted human rights considerations, in that they do not address a particular group but rather are of a general application. The recommended new by-laws and enforcement strategies target issues of municipal concern across the City, such as the health and safety of renters and visitors using rental accommodations, the negative community impacts of rental accommodations where issues of noise, solid waste and property standards, and nuisances are not mitigated, and enhanced property standards and enforcement for all rental accommodations to ensure that problems are quickly addressed.

DISCUSSION

Introduction

This section of the report provides staff analysis in support of the recommended regulatory frameworks for both: (1) rental housing and (2) short term rentals, as well as (3) supplementary recommendations for hotels, motels, and traditional bed and breakfasts.

Each is presented in detail below, including staff findings from research and consultation with stakeholders and the public. Staff recommendations are summarized in this section, with detailed recommendations for regulations for Rental Housing found in Document 7, attached, and for Short-Term Rentals found in Document 8. Staff's recommendations establish sustainable regulations for rental accommodations that address concerns for public health and safety, the economic and social well-being of the municipality, and the protection of persons and property, including consumer protection.

1. Rental Housing Regulations

For the purposes of this report, rental housing means private, long-term rental housing. The staff recommendations for new regulations related to rental housing, as well as non-regulatory initiatives such as the provision of tenant consumer protection information and a website to report violations, are recommended to address the overall municipal concerns of ensuring public health and safety, the protection of persons and property including consumer protection, and the overall economic and social well-being of the City. Specifically, staff believe that the recommended regulatory regime for rental housing will achieve the following outcomes:

- increased consistency in rental housing quality through strategies directed towards addresses where repeated property standards, property maintenance, or other service requests are received,
- improved effectiveness of enforcement activities, including increased by-law response and investigation capacity to provide additional focused enforcement where it is needed most,
- more effective pest and vermin control,
- more incidents to be resolved without City intervention by increasing tenant consumer awareness, and full cost recovery through service fees from non-compliant addresses.

To achieve these outcomes, the **regulatory framework** proposes the measures noted below, which are more fully described in Document 1:

1. Create a Rental Property Management By-law to establish rules for landlord-tenant communication where landlords must provide tenants with information in writing on the contact information of the landlord and designated property manager (if applicable) as well as rules to ensure on-site compliance and minimize property standards issues such as instructions for waste management, lawful parking, maintenance and cleanliness of common areas and exteriors, and instruction on who to report a problem. These measures will also assist in the effective enforcement of violations when they occur, as described in Document 1.
2. Prescribe specific standards for both landlord and tenants concerning the management of pests and vermin, as recommended by Maclaren Municipal Consulting.

3. Establish a new re-inspection fee of \$500 applicable to inspections when a property standards notice of violation or order is not complied with in the specified time frame and deficiencies or non-compliance persist, in order to provide cost-recovery for by-law administration and enforcement.
4. In addition, based on the new re-inspection fees noted in measure 3, fund two new Property Standards Officer positions to provide focused enforcement capacity towards problem addresses and neighborhoods, as recommended by Maclaren Municipal Consulting.¹⁵
5. Provide enhanced case management to implement new data fields and process to track rental addresses and provide enhancements for response, such as identifying rental addresses at call intake, identifying whether the service request is from the landlord, tenant, neighbor or other, and provide automated billing for prescribed fees, as further described in Document 1, which can be achieved through existing resources and within budget directions.
6. Staff will review existing legislation and explore solutions to allow by-law officers to more efficiently exercise lawful right of entry powers in order to assist on-site inspections in rental housing, as recommended by Maclaren, particularly in cases where more than one unit is affected by the property standards issue (e.g. pest management, floods), and where access is required to investigate and inspect for compliance with the City's rooming house regulations.¹⁶

In terms of **non-regulatory recommendations for rental housing**, staff recommend as follows:

7. Establish a Consumer Protection website for tenants, as recommended by Maclaren¹⁷ and as more fully described in Document 1, as well as explore initiatives to address increased consumer protection and tenant education, including:
 - a. Reviewing the feasibility of establishing an online searchable database of property standards violations for the public,
 - b. Provide on the City's website (Ottawa.ca) other appropriate venues, tenant educational content, including potentially developing social media videos accessible in multiple languages most frequently spoken by tenants, subject to the availability of a funding source.

Timing of recommendations: It is expected that that measures 1, 2, 4, 5, 6 and 7 will be developed by staff in early 2020, and that staff will report back to the Community and

Protective Services Committee for approval of these regulatory recommendations as soon as possible in 2020. However, staff recommend that the increased re-inspection fees set out in measure 3 should be implemented immediately upon approval of this report in order to ensure increased enforcement capacity of 2 Property Standards Officers as noted further below.

Rationale for Recommended Measures 1 - 6:

The recommended measures noted in items 1 – 6 above have been designed to allow focused resources towards known issues. By avoiding unnecessary regulations and inspections, it is staff's recommendation that the City can achieve greater results with less impact on rental housing availability and affordability.

While it is staff's assessment that the overall quality of private market rental housing in Ottawa meets the needs of the community based on the research conducted by Maclaren and the City's analysis of property standards service requests, there are exceptions. The analysis of Property Standards in Rental Housing (Document 5) shows that approximately one in ten units has had a property standards complaint over the past decade.¹⁸ These include complaints from tenants, landlords, and neighbours. This data correlates with public input collected during the first consultation, whereby 88% of tenants (316 out of 360) that had requested repairs in the last 12 months indicated that landlords either made the repairs when request or committed to do so repairs when possible.¹⁹

The overall trend for growth in service requests at private market rental housing addresses closely mirrors the overall trend for property standards. Both have grown by 60% over the past decade.²⁰ This variation is consistent on an annual basis, with private market rental housing constituting 17-19% of all complaints in any given year.²¹ This suggests that private market rental housing standards are being maintained relative to overall community standards.

However, within the service request data analysed by the City, there is a clear pattern of problems associated with specific addresses and communities. The analysis identifies that a small portion of rental properties, representing one-half of one percent (0.5%) of the total rental stock, are responsible for nearly one quarter (23%) of service requests.²² These properties are largely in low-income neighbourhoods across the urban area. Based on this data, staff are of the opinion that a focused approach to enforcement of property standards, property maintenance and related issues is the best approach in the circumstances.

With respect to pests and vermin, staff's research reveals that these issues continue to be the most pervasive problem reported in all forms of rental housing. Service requests for pest and vermin comprise 32% of all complaints investigated by By-law and Regulatory Services (BLRS).²³ While the standard found in the Property Standards By-law respecting pests and vermin is clearly established as, "A dwelling shall be kept free of vermin at all times",²⁴ staff have identified the need for clearer direction on how this is to be achieved, including the shared responsibility of tenants and landlords to address issues when they occur. As a result, staff recommend the development of specific pest and vermin control standards to be inserted into the existing Property Standards By-law to delineate the shared responsibility of both landlords and tenants in this area. As more fully described in Document 1, such standards would be developed with multi-departmental and stakeholder input and would reflect best industry practices.

It is expected that the above-noted regulations and amendments also improve the effectiveness of enforcement. The funding capacity for two Property Standards Officers through additional re-inspection fees, as set out in Document 1, will provide BLRS with additional capacity and equip officers with the tools they need to address violations when they occur in addresses where property standards or other problems are occurring, and on a focused basis. In addition, the above regulations aim to achieve financial sustainability by recovering the costs of additional enforcement through re-inspection service fees associated with the enforcement of continued deficiencies and violations, as required under the City's User Fees and Charges Policy. It is noted that as compliance improves, fewer fees will likely be collected but fewer inspections will also likely be required. Should violations increase over time, applicable fees would be re-assessed or additional capacity for By-law and Regulatory Services could be added if necessary.

In addition, using the additional enforcement capacity of two property standards officers by focusing inspections on problem areas and avoiding unnecessary inspections minimizes the environmental footprint. Compared to licensing options, discussed below, fewer staff and vehicles are required, less equipment is required, and less fuel is expended with a targeted enforcement approach that is recommended. Based on data provided by By-law and Regulatory Services, Property Standards Officers currently drive approximately 8,000 km each year, on average. Assuming that the new officers will drive a similar amount in similar vehicles, the recommended framework will add an estimated 4.4 tonnes of CO₂ emissions. This is significantly lower than the 35.4-369.5 tonnes of CO₂ emissions anticipated under the licensing scenarios discussed below.

Rationale for Measure 7:

Based on research from Maclaren, staff recommend increased provision of consumer protection information and education material in order to equip tenants and landlords with the tools needed to address more housing quality issues without the intervention of the City. This includes exploring the feasibility of creating an online searchable database, as described in Document 1, to provide access to information regarding property standards violations and orders as has been done in the City of Vancouver, or to service request data as is the case in Toronto. In reviewing the feasibility of developing this online searchable database, staff would consider applicable costs, as well as protection of privacy issues under the *Municipal Freedom of Information and Protection of Privacy Act* and other applicable legislation, working with Legal Services in doing so. Alternatively, service requests information could also be made available on the consumer protection and education website for tenants.

Staff would also review the feasibility of providing educational content, including social media videos accessible in multiple language, in order to provide tenants with information about their rights, applicable by-laws and other relevant information that assists them with their tenancy and housing choices. This is further described in Document 1.

The above recommendations arise in part from the City's understanding that the numbers related to the property standards requests noted above are likely under-represented. Stakeholders such as the Association of Community Organizations for Reform Now (Ottawa ACORN), Legal Aid Ontario, and the Somerset West Community Health Centre have all identified through consultations the challenges faced by marginalized communities when addressing rental housing conditions. They have reported that often, tenants are unaware of the services available due to the language and literacy issues they face. They have also reported that tenants are afraid to ask for assistance, due to real or perceived threats of repercussions from their landlords and the challenge of finding affordable houses in the current market.

Considerations regarding Rooming Houses

Consideration of regulations regarding rooming houses falls under the rental housing umbrella. In addition to the general policy considerations applied to rental housing, staff also considered the unique circumstances surrounding rooming house living. This included direction to staff received at Community and Protective Services Committee on 21 June 2019 regarding the Rooming House Licensing By-law Review (ACS2018-EPS-GEN-0009) to consider the need for:

1. Restrictions (limits per ward or separation distances)
2. A ratio between people and number of washrooms (and showers)
3. Specific kitchen amenities
4. Private solid waste pick-up
5. A mandatory site compliance inspection prior to license renewal

At this time, Staff do not recommend any additional rooming house regulations as current regulations for property standards and licensing requirements are being enforced by a dedicated rooming house inspector within By-law and Regulatory Services. In terms of specific improvements to rooming house amenities, staff recommend that these be sought through incentives for rooming house operators rather than prescribing them through regulations. The current Ontario Renovates Component of the Investment in Affordable Housing (IAH) Ontario Program and Social Infrastructure Fund (SIF) is an example of such an incentives-based program and is further described below.

Rooming houses are currently regulated under a municipal licensing framework that provides for enhanced inspection requirements and service standards to ensure compliance with zoning, building and property standards requirements of the City. Other by-laws pertaining to property standards and property maintenance also apply to rooming houses.

To assess the current regulatory environment for rooming houses, staff consulted with staff from By-law and Regulatory Services and from Community and Social Services. In addition, consultations occurred with local social service agencies and interviews were conducted with rooming house tenants at their residences. On the advice of Somerset West Community Health Centre, staff worked with the Community and Social Services department's Housing Services to visit a series of rooming houses in Alta Vista, Rideau-Vanier and Somerset Wards. This provided an opportunity to engage directly with rooming house tenants that would otherwise be unlikely to be aware of, and participate in, the primary public consultations. Staff interviewed 36 rooming residents and 3 operators, while also gaining a first-hand assessment of the varied states of conditions across the rooming house inventory.

Some work has already been done to address conditions in the City's rooming houses. While both stakeholders and By-law and Regulatory Services (BLRS) have noted improvement in the conditions of some buildings following the appointment of a

designated rooming house inspector, the lack of resources has been identified as an impediment to address the very demanding circumstances of rooming house tenants and operators. The one designated inspector has issued more than 100 Property Standards Orders in the last year, but BLRS has indicated that they are challenged to provide timely follow-up inspections. Many of the violations relate to re-occurring issues, such as pests and vermin, that require more intensive case management than can currently be provided.

Consultant's findings and Staff Assessment:

Research from Maclaren indicates that the number of rooming houses in the City have declined sharply in recent history from about 400 during the 1990's to about 91 today. This trend is occurring in other major cities as well. Both Toronto and Montreal have taken recent action to address dwindling inventory. In Toronto, the City passed new development rules to require replacement affordable housing stock. Montreal took more immediate and direct action, purchasing more than 430 rooming house units off the private market for transfer to social services providers.²⁵

While rooming house supply is not an issue within the mandate of Emergency and Protective Services, staff have given consideration to avoid regulations that are likely to cause further erosion of rooming house inventory, as these may increase demand on emergency and social housing and contribute to the growing housing security challenges in our community, which will not be in the public interest.

It is noted that in 2018, BLRS implemented a full-time Rooming House Inspector to enforce property standards and licensing requirements. While it is still too early to provide a full assessment of efficacy, indications from owners, tenants, and social services all point towards a marked improvement in conditions in most units. At this time, BLRS has noted that more than 160 enforcement actions have been taken in the past year, however capacity of the existing officer is limited.

Based on the above considerations, staff's assessment of the issues directed for review by Community and Protective Services Committee is described below.

Minimum separation distances/limits: Staff does not support a requirement for separation distances or caps on the number of rooming houses in wards. Based on the research provided by Maclaren, staff are concerned that to place further restrictions on the most affordable form of housing may cause further negative impacts on the when housing affordability challenges have been noted in Ottawa by both the RMA and by Maclaren's research. In addition, adding additional regulations through minimum

separation distances or limits on numbers may also increase the established decline in rooming house numbers overall.

Increasing ratios for roomers and kitchen/bathroom amenities: It is staff's opinion that increased standards for kitchen and bathroom amenities should be achieved through incentives rather than regulation, such as those described below. Staff is concerned that requiring rooming house operators to undertake extensive renovations with associated financial relief may cause them to sell or re-develop their assets, resulting in reduced inventory and displaced residents.

Grandfathering existing units while implementing new standards for new units is also not advisable, as staff are concerned that this approach may not bring any benefits to existing tenants while also reducing the probability of new development.

Staff suggests that the nature, character and number of rooming house units is best addressed through housing policy and budget frameworks rather than regulation.

Solid Waste pick-up: Solid waste pick-up from high-density addresses is being considered in the development of the new Solid Waste Master Plan. This is the most appropriate mechanism to address these concerns. In the meantime, it is staff's recommendation that property standards, maintenance and waste issues are best addressed through ongoing enforcement of existing standards.

Mandatory site compliance inspection: Staff note that this is already a regulatory requirement in the existing Rooming House licensing regime found in Schedule 26 of the Licensing By-law (2002-189, as amended). By-law and Regulatory Services is required to inspect each building prior to renewal and may ask for additional inspections by fire prevention and public health officials as necessary. By-law and Regulatory Services has indicated that staff capacity to manage frequently re-occurring issues between inspections is the key factor impacting their efforts to manage housing conditions in rooming houses.

Creating Incentives to Improve Rooming House Conditions

Housing Services Branch approached rooming house landlords in 2017 under the Ontario Renovates Component of the Investment in Affordable Housing (IAH) Ontario Program and Social Infrastructure Fund (SIF) to assist rooming houses owners with essential repairs and accessibility related modifications that would also improve living conditions for residents.

Rooming house providers were required to be in good standing with the City of Ottawa or actively be working towards compliance as determined by the City. Forgivable loans up to \$10,000 per rooming unit were available for qualified rooming houses up to a maximum of \$100,000 for a single property. An agreement was required with the City with a second mortgage registered on title to secure the funding remain for a period of fifteen (15) years to ensure both compliance and affordability.

Of the 5 applications received, 3 rooming house landlords were approved for a total of 4 rooming house buildings. However, of the 4 buildings approved under the program, 2 have yet to complete renovations while the other 2 have exited the program.

Through the 10 Year Housing and Homelessness Plan Refresh, Housing Services will consider expanding the Ontario Renovates Program to include further engagement of private sector landlords of small apartment buildings and rooming houses. This expansion of this program could be considered in 2020/2021 by the Community and Social Services department.

Landlord Licensing Costs/Benefits Analysis

Staff considered multiple business licensing approaches as regulatory options for rental housing. The evaluation of efficiency, enforceability and sustainability of landlord licensing, as well as the legal uncertainty surrounding municipal licensing of real estate activities noted in the Legal Implications Section, all lead staff to conclude that licensing is not the preferred regulatory solution for Ottawa, for the reasons noted below.

The cost and affordability implications of licencing, as described below in this report, are the primary reason why staff do not recommend Maclaren's recommendations (numbered four to ten) respecting landlord licencing. Even if implemented on a trial basis, as proposed by Maclaren, residents are likely to experience increased housing costs. In addition, as noted above, the results of the property standards service requests analysis (Document 5) shows that only one in ten rental units has had a property standards complaint in the last 10 years. This data also shows that only a small percentage of rental properties (0.5%) present recurring problems. As such, landlord licensing is not recommended.

Specific landlord licencing scenarios that were considered included:

- Universal licensing with annual inspections
- Universal licensing with performance-based inspections, similar to City of Toronto's "RentSafeTO" program

- Limited licensing in specific communities (Sandy Hill, Algonquin College)
- Limited licensing for specific types of dwellings

Under each scenario, staff modelled resource and cost requirements for anticipated service demand. Staff assessed the number of units to be impacted as well as the human resource and logistical requirements needed to service the projected number of inspections and investigations.

Approaches of other Ontario jurisdictions:

Staff also considered the implementation of similar frameworks in other jurisdictions, including the cities of London, Oshawa, Toronto and Waterloo, and was also informed by the Literature Review and Environmental Scan as well as research conducted by Maclaren in this regard.

London implemented rental property licensing in 2011. Their framework covers rental properties with four (4) units or less and costs \$336 dollars for initial registration and \$55 per annual renewal. Conditions of renewal may invalidate a license and require a new application to be submitted at the higher fee. This framework does not include automatic annual re-inspections, relying on resident complaints and changes to license conditions to trigger re-inspections.

Oshawa was the first Ontario municipality to introduce rental property licencing. Their framework was introduced in 2009 and applies to residential rental houses within the vicinity of the University of Ontario Institute of Technology and Durham College. Oshawa charges \$575 for an initial licence, annual renewals can be reduced to \$360 with early payment. Additional re-inspections are billed at \$75 each. This licensing framework does not create a right of entry process for inspectors, which is subject to provisions of the *Municipal Act* and *Building Code Act*, but rather it requires that “a Landlord does not directly or indirectly require or cause a Tenant to refuse to consent to lawful entry and inspection of a Rental Unit for the purpose of determining compliance with the Licensing By-law.”²⁶ Licensing further restricts the number of bedrooms to four and the total gross floor areas for bedroom use as 40% of the dwelling unit.

Toronto's program was introduced in 2017. Their approach regulates residential apartment buildings with three or more storeys and 10 or more units through a registry system. Toronto charges \$11.02 to register each unit. Inspections are conducted at least once every three years. Building with low inspection scores are billed an audit administrative fee of \$1870.33, plus \$113.00 per hour of inspection time.²⁷ The

program aims to recover 53% of costs through registration and inspection fees, with the remainder funded from property taxes.

Waterloo's licensing framework was introduced in 2012. It applies to various low-rise residential rentals in six licensing categories and excludes apartment buildings, defined within the by-law as buildings that contain more than four (4) dwelling units with vertical separation between units and independent entrances connecting to a common hallway and exit.²⁸ Registration fees range from \$400 to \$450, with annual renewal fees ranging from \$210-\$351 dollars depending on the type of unit. Critics of the licensing framework argue that residential rents in impacted buildings rose an estimated 5-7% as a result of licensing costs, with nominal benefits for tenants.²⁹

Each jurisdiction has selected a regulatory approach to meet the specific needs of their community. Policy goals and outcomes must be evaluated against regional differences. For example, Toronto has more than double the proportion of households that live in buildings with five or more stories, at 44.3% compared to Ottawa's 18.4%.³⁰ Population density in Toronto is also 13 times higher than Ottawa, requiring fewer resources to benefit more residents.

Expected cost impacts of landlord licensing:

According to the Environmental Scan produced by Prism Economics, "licensing application and inspection fees are usually based on a cost-recovery model and range from \$300 to \$600 in Canadian jurisdictions."³¹ To assess the resource requirements anticipated for implementation in Ottawa, staff used the Rental Market Analysis to determine the number of rental units to be included in each scenario. Consultations with By-law and Regulatory Services helped to determine the manageable caseload for property standards officers and all associated costs related to service delivery. Where the number of additional officers exceeded span of control limits for supervisors and managers, additional staffing costs for the required management team were also accounted for.

A high-level estimation of capital costs was developed based on the Preliminary Building Capacity Assessment and Facility Study conducted by LWG Architectural Interior Inc. While this study did not consider the additional staffing requirements of landlord licensing, it provides several relevant findings:

- the current facility is significantly undersized to accommodate the current and future needs of By-Law;³²

- evaluation of Ontario Building Code occupancy requirements indicate that 9.3 m² of building space is required for each additional employee,³³
- The cost for construction and fit out of additional space is estimated at \$380 per square foot,³⁴

Based on this information, staff estimated the cost of additional space as approximately \$38,040 per employee. Staff utilized a 20-year linear amortization to account for these capital costs in the licensing model as an annual expense of \$1,902 per employee.

The expected cost impacts for tenants were then calculated by dividing the total enforcement cost by the number of units and then by 12 months.

Scenario A – Universal licensing and inspections

Inspecting more than 133,000 rental units on an annual basis would require 182 Full Time Equivalent (FTE) positions, including 167 Property Standards Officers, 12 Supervisors, one additional manager and two licensing clerks. Staff anticipate that this service can be provided on a cost recovery basis for \$275-\$300 per unit, resulting in expected monthly rent increases of approximately \$25 per month.

Scenario B – Universal licensing with performance-based inspections

Staff considered a scenario where rental buildings are inspected every three years, with inspections of rental units to be determined by compliance with approved regulations. Compliance rates were assumed to fall between existing historical service demand (1%) and a higher rate of problems (25%) that assumes unreported tenant issues occur at rates reported by ACORN Ottawa, in their survey of low-income residents, entitled State of Repair.³⁵

Inspecting 29,400 buildings each year, plus additional investigations to address deficiencies in between 294 and 7,350 rental buildings and 500 to 11,000 rental units each year would require between 44 and 67 FTE. The anticipated impact on monthly rent would be in the order of \$18 to \$28 per month.

Scenario C – Limited licensing in Sandy Hill and areas around Algonquin College

Applying the same requirements as Scenario A, but within the limited confines of Sandy Hill and Algonquin College, as recommended by Maclaren Consulting, would require 16 FTE. However, these costs would be absorbed by a limited

supply of approximately 10,000 units. The anticipated impact on monthly rent would be in the order of \$29 per month.

Scenario D – Limited licensing based on building age or type

Through the Rental Market Analysis (RMA) staff sought the data necessary to model regulatory approaches based on specific types of buildings or buildings of certain ages. However, analysis of the RMA and other data sources could not identify specific criteria that merited further consideration.

Staff caution that the above noted costs are for illustrative purposes only. Determination of actual costs and associated community impacts would require the development of a full business case and updated Building Capacity Assessment and Facility Study.

Effect of added costs on rents:

Staff reviewed the potential cost that landlord licencing frameworks will apply to rents. The basis for assigning costs to tenants exists in the *Residential Tenancies Act, 2006*, which provides that landlords may apply for above guideline rent increases resulting from an “extraordinary increase in the cost for municipal taxes and charges for the residential complex or any building in which the rental units are located.”³⁶

While the cost of licencing would be shared equally among tenants, staff analysis indicates that the added costs will likely have more impact on residents already at or below the affordability threshold. While staff notes that an Ottawa-based licencing solution may be achievable with the cost ranges applied by other Canadian municipalities, the additional cost for residents is of concern to staff. Based on the 30% Cost-To-Income Ratio for Housing Affordability, staff calculate that licencing fees within the above ranges used by other jurisdictions would increase the affordability threshold for each unit by \$720 to \$1,150, meaning that without a corresponding rise in household income, this would result in a greater proportion of residents living in unaffordable conditions.

It is further noted that another cost driver will be compliance rates. Under the regulatory options noted above, if landlords register every property and pay all prescribed fees, then there will be sufficient resources to conduct all inspections.

However, if landlords do not comply, more enforcement resources will need to be directed towards identifying and investigating suspected unlicensed rental properties.

According to a study by the Centre for Community Progress, “Experience shows that without proactive steps to get landlords licensed, only one-third or fewer are likely to get into the system.”³⁷ Non-compliance by landlords could present significant budget pressures that are not accounted for in the above scenarios. Risk management strategies would need to be considered and accounted for in the development of any business case for licensing.

Effect of landlord licensing on property standards:

The effectiveness of licensing as a tool for property standards may also be questioned. When property standards issues occur, tenants should not have to wait for a scheduled inspection every one to three years to address them. This creates additional problems for tenants, landlords and often neighbours in adjacent units and properties. Educating and empowering tenants to resolve issues with their landlord, and to seek help from the City when needed, is more likely to provide better outcomes.

While licensing will likely catch a number of previously unreported issues, staff analysis indicates that it may present an inefficient use of resources given the current levels of service demand for rental housing concerns. Whether issues occur at the rates tracked in the Property Standards Report, noted above, or as expressed in the ACORN survey, between 75-99% of tenants would pay for services they do not require and would be subject to inspections that are likely unnecessary.

2. Regulating Short Term Rental (STR) Accommodations in Ottawa

Overall considerations:

The work conducted by the City’s consultants during this study as well as feedback received during consultation all indicate that the new home-sharing economy has been a boon for many of Ottawa’s residents, providing the opportunity to earn additional income by renting space in their homes to out of town guests. In Ottawa, the number of short-term rental units has been growing quickly over the last several years, with total listings increasing from 3,343 in 2016 to 6,278 in 2018.³⁸

When operated as intended, short-term rentals contribute to a vibrant tourism sector, as well as providing new options for visiting students, workers and families.

However, the popularity of STR has led to the creation of professional operators that have purchased one or more residential properties for full time use as travel accommodation rentals. As described in the Environmental Scan (Document 3), many

cities around the globe have experienced this trend, removing a significant amount of housing inventory and increasing costs for homeowners and renters alike.

The City has experienced an increase in complaints about the community impacts and nuisance generated by STR activity. While City service request data shows that complaints attributable to STR activity have increased from 3 complaints in 2015 to 86 complaints in 2018³⁹, it is important to note that these only capture the service requests where an STR platform was specifically identified by the complainant. It is not always known or reported when STR is the root cause of a nuisance complaint and the City does not currently have the administrative processes or regulatory tools required to link specific service requests to STR addresses.

In the first consultation for the Rental Accommodations Study, participants were asked to identify if they have experienced STR disruption. While 77% of responses indicated that they had not experienced any disruption, this number was 91% among STR hosts and only 68% among participants that did not identify as STR hosts.

Among the 317 non-host participants that reported experience with problems caused by STR activity, many reported multiple occurrences or different types of issues occurring, as noted in the table below.

Table 1 - Public Input Concerning STR Disturbances

| Nature of Problem | Number Reported |
|---------------------------------------|------------------------|
| Excessive noise | 240 |
| Neighbourhood parking | 200 |
| Strangers on my street/in my building | 194 |
| Excessive garbage/waste | 174 |
| Concern for personal safety | 147 |
| Property damage | 108 |
| Other Complaints | 100 |

Stakeholder input from multiple community associations also indicated that they were concerned about a loss of the residential character of their neighborhoods in certain cases due to short-term rental activity. As noted by Maclaren, “Heavy use of a short-term rental property, even by well-behaved guests, can lead to a sense of loss of peace and enjoyment by neighbours.”⁴⁰ It is noted that By-law and Regulatory Services has investigated serious incidences of over-crowding and, as indicated in media reports, Ottawa Police Service have also been required to respond to serious incidents when STR are used as “party houses”.

The policy challenge for STR regulations therefore is to create a regulatory framework that permits STR activity where it is beneficial while limiting or eliminating harmful practices, particularly those that displace residents and increase housing costs.

As part of the review of potential regulations for short-term rentals, staff have also considered the current status of short-term rental uses from a planning perspective, in consultation with staff from the Planning, Infrastructure and Economic Development department (PIED). Under the current Zoning By-law, and as reported to Council in the Response to Enquiry on Short-Term Rentals, July 12, 2017 report (ACS2018-PIE-EDP-0019), the rental of an entire residence without the owner present is considered a hotel use and is prohibited in most areas. However, this zoning requirement has not stopped the presence of so-called “ghost hotels” – a term commonly used to describe whole-home or unit rentals that are rented on the short term but where the owner of the premises does not live there. According to the Rental Market Analysis commissioned by the City, there were approximately 1,236 likely commercial operators of whole home/unit STR rentals in the City in 2018. In Ottawa, the experience of By-law and Regulatory Services has indicated that investigations of zoning violations for STRs can be challenging, require time and are resource intensive. The length of time it takes to resolve a zoning investigation may also mean that residents in the affected neighborhood can experience prolonged disruption from problem operators before relief is possible.

Based on research from the RMA and Maclaren, staff have also considered the effect of STRs on housing costs, and research indicates that STRs can escalate housing costs in two ways:

1. each room or unit regularly used for STRs removes from the market a room or unit that might otherwise have been offered to a long-term tenant, and

2. the ability to derive income from a housing unit raises its value, raises the tenant's ability to pay for expensive housing, and thereby raises prevailing housing prices.⁴¹

Recommended Short Term Rental Regulatory Regime

Staff recommend a regulatory regime that will provide the ability for short-term rental accommodations to take place in an individual's primary residence only, in residential areas only, subject to regulations. The proposed regulations will ensure that the activity is supervised by the host and does not disrupt the residential character of the neighborhoods in which they occur; that guests have information at their disposal to make informed decisions about the rental to ensure consumer protection; and that address issues of negative community impacts and nuisances such as noise and illegal parking are minimized, as further described below and in Document 2 to this report. In addition, staff are recommending that short-term rental activity occurring in investment or commercial properties that are not primary residences not be allowed in residential areas, as recommended by Maclaren, in order to mitigate nuisances that tend to occur with absentee hosts and to protect potential long-term housing stock, as described below and in Document 2.

Overall, the recommended framework for short-term rental regulations is designed to achieve the following outcomes:

- Limit the impact of STR activity on the availability and affordability of housing
- Permit residents to benefit from STR activity in their homes, with necessary regulations
- Protect the quality and character of communities
- Protect the rights of condominium corporations and landlords
- Provide enhanced consumer and safety protection for STR guests.

To achieve these outcomes, the proposed framework for short-term rentals includes the following measures:

- Create a Short-Term Rental (STR) By-law to:
 - establish rules of conduct for STR Platforms, Agents and Hosts
 - establish a permit regime for Hosts

- require that STRs only be permitted in primary residences, in residential zones, with the complementary creation of a Temporary Use By-law to allow hosted and un-hosted STR use in residential areas, as noted further below,
- Provide specific direction to hosts concerning consumer protection and the health and safety of guests,
- Create a specialized STR Enforcement Unit within BLRS to provide necessary enforcement capacity based on additional user fees and revenues from the Municipal Accommodations Tax, and,
- Create a registration system for condominium corporations and landlords that wish to prohibit STR activity on their properties.

Key Components and Timing of Implementation:

Based on the above-noted considerations and findings, staff recommend a regulatory regime that has 3 key components:

1. a new Short-Term Rental Accommodation By-law, described in Document 2, to provide regulations for STR platforms, agents and hosts for the purposes of ensuring public safety, the protection of persona and property including consumer protection, and to minimize the negative community impacts or nuisances that may occur from this use;
2. the implementation of appropriate zoning by means of a Temporary Use By-law in order allow both hosted and un-hosted short-term rental accommodations in principal residences only, in residential areas only; and,
3. the use of the Municipal Accommodations Tax of 0.25% to fund the administration, management and enforcement of new STR regulations proposed above, as further described in this report.

Staff recommend all 3 of the above components be implemented concurrently in order to create an enforceable and sustainable STR regime that addresses the local issues discussed above related to short-term rental uses.

Timing of Regulatory Regime for STR

Several milestones will have an affect on the coming into force of the 3 concurrent components of this proposed STR regime.

Firstly, the key recommendation that STR activity only be permitted in principal residences has been the subject of an appeal before the Local Planning Advisory Tribunal (LPAT) in the City of Toronto, and staff recommend waiting for LPAT's decision on that legal challenge before proceeding with a similar regulation here. While the hearing of the matter in the City of Toronto concluded earlier this fall, the LPAT decision has not yet been issued. Once it is, staff will advise of any consequences in relation to the recommended STR regulations here.

In addition, once the LPAT decision on the primary residence requirement is known and assuming no legal impediments exist, the Temporary Use By-law noted below will be developed and brought by the Planning, Infrastructure and Economic Development department to the Planning Committee for approval. This by-law is necessary to allow short-term rental use in principal residences, both when the owner/host is present and non-present, in residential areas. The PIED has advised that the work to develop the Temporary Use By-law will likely commence in Q2 2020, using an external consultant. The timing of completion work for the Temporary Use By-law is dependent on the outcome of consultations and stakeholder concerns. As a result, the proposed Temporary Use By-law would be brought to Planning Committee following completion of that work and as soon as feasible.

As a result of the above, the full implementation of the new STR regulations, including the recommended permit and registration system, the temporary use by-law, and the use of the Municipal Accommodations Tax will only occur once the three pieces may be applied concurrently. Staff will provide updates to members of Committee and Council on the development of the timing as more information become available.

Further, given that under the Planning Act a Temporary-Use By-law is prescribed to a maximum length of 3 years, staff also recommend that the effectiveness of the STR regulatory approach recommended in this report be evaluated at the completion of the 3 years, with staff recommendation as to whether it should continue in whole or in part. This 3-year period will permit staff to gather data on the regime's effectiveness in terms of compliance with legal use, its effect on complaints about negative community impacts, and its effect on the long-term housing supply, as appropriate.

Each of these measures for the regulation of STR platforms, STR agents, and STR hosts, is set out in detail in Document 2 and is further described below.

Regulation of Short-Term Rental Platforms

A short-term rental “platform” is a technology company that facilitates short-term rental business by providing a website or application to connect guests with hosts in the community and conduct the financial transactions between the two parties. While Airbnb is the best known, and the largest provider in Ottawa, Expedia Group brands such as VRBO, HomeAway and trivago are all active in Ottawa. As an emerging industry it is also likely this landscape will continue to evolve rapidly.

As with other emerging trends and models in the sharing economy, such as private transportation companies like Uber and Lyft, the many benefits offered by the innovation are often accompanied by unintended consequences that must be managed by local governments.

The proposed Short-Term Rental By-law requires platforms to register with the City and compels them to provide the data necessary to allow the effective and efficient enforcement of short-term rental regulations, such as the limitation on location and the primary residency requirement. In addition, platforms will be required to only allow postings of STR properties where the hosts have received a municipal permit, among other regulations noted below and more fully described in Document 2. A full consideration of all of the requirements for platforms pertinent to public health and safety, consumer protection, and nuisance abatement will be provided when the staff report back with the developed Short-Term Rental By-law, as recommended.

It is noted data collection and analysis is a key component of the administration and enforcement of recommended framework. The ability to compare platform data to both City-held data and scraped data is essential to the effective regulation of public health and safety, the safety and well-being of persons, and the economic and social well-being on the municipality. As noted in Maclaren ‘s recommendations, “Establishing a registration system is key to effective enforcement of the rules Ottawa chooses to adopt. It is a common strategy adopted by other municipalities, including Vancouver, proposed rules for Toronto, and Quebec’s system.”⁴²

Platforms will also be responsible for collecting and remitting the Municipal Accommodations Tax, as noted below, and for ensuring that all listings include the STR permit number and information on the occupancy limit for the property, as determined by the City.

Regulation of Short-Term Rental Agents

For the purposes of this report, a short-term rental “agent” is a person or company that undertakes the management of short-term rental activity, property or accommodations on behalf of the property owner/host, or provides similar services.

Under the recommended regulatory framework, agents will be subject to a minimal amount of regulations, as further described in Document 2, such as a requirement for registration with the City, to maintain a list of clients, and to provide such information to By-law and Regulatory Services when requested. Agents will also be required to provide 24/7 contact information and attend service addresses within two hours of a call by By-law and Regulatory Services. These conduct requirements will assist in the enforcement of proposed regulations.

Regulation of Short-term Rental Hosts

A short-term rental “host” is the owner or leaseholder of a property where STR activity takes place, such as a unit or a residence being used for short-term rentals.

The recommended regulatory regime will require hosts to register with the City and apply for an STR Permit for the property where rental activity will occur.

Hosts will be required to include the STR Permit number and occupancy rating on any listing for their property. Hosts will also be required to provide guests with specific instruction regarding waste management, lawful parking, community nuisances, and personal safety.

As part of the development of the proposed Short-term Rental By-law, staff are exploring the establishment of municipal fines for offences, as well as a revocation or suspension process for permits, in order to ensure that non-compliance with applicable regulations can be addressed. For example, a host could have their permit revoked for egregious or repeated violations of City by-laws. Hosts who have had a permit revoked could also be blocked from receiving future permits. To ensure fairness, hosts will have the ability to appeal any decision regarding the denial or revocation of a permit. The permit will be valid for a period of two years and will cost hosts \$100.

Focus on Primary Residence for Regulation of Short-Term Rental Properties

Staff recommend that only primary residences be eligible to obtain an STR permit.

The Rental Market Analysis commissioned by the City sought to identify likely commercial operators utilizing data scraped from STR platforms such as Airbnb and

Expedia Group. The findings of the report indicate that the number of likely commercial operators “increased from 349 in 2016 to 1,236 in 2018. While the total number of listed properties levelled off between 2017 and 2018, the share of exclusive short-term rental listings continued to rise. As a result, overall revenue from short-term rentals continued to climb, from \$11.7M in 2016 to about \$39.8M in 2018.”⁴³

No commercial operations would be permitted under the proposed rules. This measure is intended to protect the economic and social well-being of the municipality by preventing much-needed housing stock from being diverted to commercial STR use, and directly addresses the priorities of ensuring the availability and affordability of rental housing stock. As noted by Maclaren, “Limiting short-term rentals to principal residences is a theme shared by reforms in other jurisdictions, including the leading Canadian examples of Vancouver and Toronto. These large cities with the most acute housing issues have not allowed short-term rental of attached units. Generally, the tightest regulations are found in cities with severe housing shortages or massive tourist flows.”⁴⁴

While Maclaren recommended permitting STR in secondary units within residential zones, as well as permitting investment properties to conduct STR in mixed-use zones, it is staff’s evaluation that this would not be in the public interest. Permitting these options would likely result in reduced housing supply and increased housing costs for residents. As noted by Prism, “The high concentration of short-term rental units in the downtown is a pattern seen in most other cities” and “this concentration intensifies the impact in those areas where full-time use as a short-term rental is desirable, materially eroding the stock of rental housing for long-term use.”⁴⁵

The Rental Market Analysis indicates that as many as 1,236 properties have been diverted to STR use by the end of 2018.⁴⁶ Staff have also been made aware of specific cases where tenants were evicted to make way for STR activity and have met with communities where high concentrations of STR activity have caused material erosion to the quality and character of their neighbourhoods. Based on the research provided by the RMA and Maclaren, it is staff’s assessment that limiting STR to principal residences is an important measure to ensuring the City’s ability to manage these issues moving forward.

To support the requirement for principal residence and the corresponding prohibition on commercially operated STR in these areas, the conditions of issuance of the proposed STR permit will require that the permit holder is a natural person (as opposed to a corporation) and is a resident of Ottawa. Where the person is a property owner, proof of

ownership will be required. Where the person is a leaseholder, a copy of the lease will be required. If STR activity is addressed under the terms of the lease, written consent of the property owner will be required.

Hosts who apply for an STR permit will also be required to provide the square footage and number of bedrooms for the property, in order to establish occupancy limits in accordance with the *Zoning By-law (No. 2008-250)*, and this information could also be made available to the prospective renter in order to ensure full transparency about the rented property.

Social housing addresses will automatically be blocked from receiving permits, as the provision of short-term rental use is not the purpose of this type of housing.

Protecting the rights of condominium corporations and landlords

As recommended by Maclaren⁴⁷, the proposed Short-term Rental By-law would include an independent registration process. Condominium corporations and landlords which do not permit short-term rental activity on their premises will be able to flag this restriction to the City and prevent STR permits from being issued to their properties for consumer protection purposes. This service could be provided for a one-time registration fee of \$58, plus \$5 per civic address in order to ensure cost recovery.

Condominium corporations would be required to provide a copy of their condominium declaration and by-laws in order to register. The resulting prohibition will remain in effect until a new application is received. Property owners would also have to opportunity to restrict properties on a case-by-case base basis.

Protecting housing stock

Based on the research provided in the RMA and Maclaren, staff believe that the recommended regulatory framework for short-term will have a positive impact on overall rental housing availability and affordability. The recommended measures of the primary residence requirement and of permitting residents to offer un-hosted whole-unit rentals in their primary residence may reduce the profitability of commercial STR operations, thereby reducing the incentive to conduct illegal STR activity.

In addition, the recommended regulations will increase the risks for illegal commercial operators by providing a robust enforcement capacity. The new Short-Term Renal By-law will re-direct enforcement activity from current zoning investigations to proving permit violations, which are expected to be more straightforward from an investigation

and enforcement perspective. The permit system will enable BLRS to quickly identify violations and issue appropriate sanctions.

Enforcement will be further strengthened through a new Short-Term Rental Enforcement Unit, to be funded based on cost-recovery as described in the section below. Under current practices, when issues arise at an STR property the BLRS response may require a combination of By-law Enforcement, Property Standards and Zoning Enforcement or Parking Control. Under the recommended model, a specialized team will be able to investigate and address any violations occurring at the service address. The proposed complement for the Short-Term Rental Enforcement Unit would consist of 4 by-law officers, a data analyst and clerk, as well as an additional clerk to administer permit applications during the first year of the regime (6 FTEs plus 1 FTE). These positions would be funded on a cost-recovery basis through revenues from the permit/registration fees and the Municipal Accommodations Tax, as set out in Document 2 and further below.

Staff anticipate that a robust enforcement response will be required for this framework to achieve the desired aims. The framework provides for easy and affordable registration for platforms, agents, and hosts. By demonstrating the effectiveness of the new regulations and the City's will to enforce them, staff expect that it will become clearly advantageous for platforms, hosts and agents to comply with the new regulations.

Municipal Accommodations Tax - Achieving cost recovery and enforcement resources

While some jurisdictions have used high permit fees to provide for cost recovery of STR enforcement, it is staff's opinion that practice is counter-productive when it comes to shutting down commercial operators. High permit fees are likely to deter occasional users from participating, decreasing supply and causing demand for commercial operators, who then charge higher daily rates and collect more bookings.

The recommended regulatory approach for STR regulations would keep proposed permit fees for STR hosts and registration fees for agents low providing more opportunity for residents of all income levels to benefit from legal, regulated STR activity.

Rather than recovering the bulk of the costs for this regulatory approach from permit fees to be paid by the hosts, cost recovery would be achieved through existing revenue from the Municipal Accommodations Tax, should the City Treasure confirm that revenue

is available following a review. If sufficient revenues are not available to fund the administration and enforcement of the proposed regulations, an increase in the Municipal Accommodations Tax of a suggested 0.25%, for a total of 4.25% will be implemented as set out in Report Recommendation 3.c. This increase of 0.25% would be applied to cover the costs of the administration, management and enforcement of the proposed regulations for short-term rentals. For the first full year of the program, it is staff's assessment that expenses for the proposed regulatory regime are forecast at \$908,000.

For year Two of the regulatory regime, it is staff's assessment that expenses are forecast at \$834,000.

The recovery of costs for the recommended short-term rental regulatory approach will come from a combination of permit and registration fees to be paid by hosts, platforms and agents, as described above, and Municipal Accommodations Tax revenue which would be applied to cover the costs of the administration, management and enforcement of the proposed regulatory regime for short-term rentals. The City Treasurer's office will conduct a review of the Municipal Accommodations Tax revenues required to achieve sufficient cost recovery, as well as Municipal Accommodations Tax revenues that are currently collected by the Ottawa Gatineau Hotel Association which may be available for such purposes. Discussions are currently underway with the Ottawa Gatineau Hotel Association and Ottawa Tourism to review current revenues to determine if there is capacity to fund the proposed regulatory regime without increasing the Municipal Accommodations Tax rate. It is anticipated that discussions will conclude by the end of Q1 2020. If no capacity is found in the existing revenues, the City Treasurer and City Solicitor will take the necessary steps to implement the 0.25% increase as set out in Report Recommendation 3.c. This increase to the MAT would require a by-law amendment to the Municipal Accommodations Tax By-law as noted in Recommendation 3.c) which would be placed directly on Council's agenda for enactment but be coordinated to come into force concurrently with the proposed Short-Term Rental By-law and accompanying Temporary Use By-law for short term rentals, as described further in this report. The City Treasurer and City Solicitor will also coordinate the required amendments to the MAT collection agreements with the collection agents such as the Ottawa-Gatineau Hotel Association, in order to reflect the MAT increase for the City's cost recovery purposes.

The purposes of using the MAT as a method of achieving cost recovery is that the required revenue will come from guests to the City who are using the short-term accommodations (whether hotels, motels, or booked through platforms), rather than

resident hosts. This approach spreads the cost impacts among a greater number of people. It also supports the economic growth of the City by bringing new revenue in, rather than simply moving existing money within the economy. It is expected that staff from Emergency and Protective Services, Legal Services and Finance will work together to produce the required by-law amendment.

Proposed Temporary Use By-law

In order to implement the recommended framework, it will be necessary to address the existing zoning prohibition against un-hosted STR in residential zones. Rather than enacting a change to the Zoning By-law, which may have enduring consequences, staff recommends that a Temporary Use By-law be applied on a city-wide basis as recommended in Recommendation 3.b).

Under the *Planning Act*, a temporary use by-law may be enacted by Council for a period of up to three years. The by-law may be also be renewed upon expiry.

Staff recommend a temporary use by-law to allow STR activity in residential areas, in primary residences, where the Host has obtained the required permit, in order to provide the City the opportunity to implement the framework and measure its effectiveness without the risk of creating legal non-conforming rights should future conditions change or if the framework proves less successful than anticipated.

The Planning, Infrastructure and Economic Development department has advised EPS that this work could be incorporated into the department's 2020 work plan. PIED also advises that it may be necessary to hire a planning consultant to deliver this by-law as departmental resources are fully engaged on The New Official Plan and Residential Fourth Density (R4) Zoning Review, among other key initiatives. It is recommended that the enactment of the Temporary Use By-law only occur following the decision of the Local Planning Appeals Tribunal with respect to the current appeals of the City of Toronto's zoning amendments regarding short-term rentals, as described below, as one portion of those appeals focuses on the primary residence requirement, as is recommended in this case. It is recommended that the proposed Short-Term Rental By-law and the Temporary Use By-law be coordinated to come into force concurrently so as to ensure a complete regulatory framework. Staff from EPS and PIED will work to ensure reports to CPSC and Planning Committee will reflect this coordination.

Exemption for Rural Areas:

An exemption from some permit requirements will be provided for cottages and vacation homes in rural areas, as recommended by Maclaren⁴⁸ in order to reflect the long practice of cottage and vacation home rentals that have occurred without any problems, as described in Document 2.

LPAT Consideration for City of Toronto

As noted above, it is recommended that the City await the decision of the Local Planning Appeals Tribunal (LPAT) regarding the various appeals of the City of Toronto's STR regulations before tabling the Temporary Use By-law for the consideration of Council. Various elements of Toronto's STR regime mirror the proposed regulatory regime for Ottawa, such as the primary residence requirements that provide the foundation for each regime. Waiting for this decision will provide the opportunity to make any required adjustments to the recommended framework to reduce the possibility of future appeals prior to bringing forward the regulations in their final form for approval.

The LPAT concluded nine days of hearings on the City of Toronto's regulations in early October. Decisions from LPAT are typically issued within 60 days of the completion of each hearing, however complicated decisions can take longer to render. Staff anticipate a decision over the winter but have no certainty about when this will occur.

Regulation of Hotels, Motels and Traditional Bed and Breakfasts

As the City has considered short-term rental regulations the regulatory framework for traditional accommodations providers, such as hotels and motels, was also considered.

While these businesses are already regulated at the provincial level, recent enforcement challenges at a small number of problem addresses within the City merit closer scrutiny from the policy perspective. The City must also contend with the hybridization of STR activity with traditional hotel/motel/BNB operations, including the emergence of "virtual hotels". Virtual hotels replace a traditional bricks and mortar location with a digital presence that co-ordinates the bookings of accommodations and services at multiple locations. As a result, the regulatory approach for hotels and motels described below in this report builds on recent enforcement and legal activities to address a problem motel and suggests minimal regulation for the majority of hotels, motels and Bed and Breakfasts which currently do not present compliance challenges or negative impacts for the communities in which they are situated.

The EPS mandate respecting hotels focuses on the health, safety and well-being of persons and protection of persons and property, including consumer protection, as set out in the *Municipal Act, 2001*.

Currently, hotels, motels and bed and breakfasts are subject to all City by-laws of general application, such as Property Standards, Property Maintenance and Noise among others. Hotels with commercial kitchens also require a Food Premises License. Otherwise hotels and motels are not specifically regulated by the City but are subject to provincial legislation, including the *Innkeepers Act* and the *Hotel Registration of Guests Act*, as well as other legislation of general application such as the Building Code, the *Smoke-Free Ontario Act, 2017* and the Building Code, among others. Traditional Bed and Breakfast operations are also governed by general application by-laws, as well as specific Zoning provisions under Zoning By-law and signage requirements as established in the Permanent Signs on Private Property By-law (No. 2005-439).

Staff is not recommending further regulations for traditional travel lodging businesses such as hotels and motels, beyond the specific provisions and exemptions outlined in the Short-Term Rental Policy Framework set out in Document 2. Staff do recommend that hotels and motels and bed and breakfasts be required to obtain the proposed Short-Term Rental permit but be exempted from some of its requirements due to the specific nature of their premises (e.g. primary residence and natural person requirements).

Staff was specifically asked to consider if business licensing should be introduced as means to provide additional enforcement tools regarding problem hotel/motel operators. Following discussions with industry, a review of licensing practices in other jurisdictions, and an examination of service request data from Ottawa's hotels and motels, staff have concluded that an overall business licensing system for hotels and motels is neither warranted nor desirable. Staff recommend that specific processes available under the *Municipal Act, 2001*, be applied on a go-forward basis to address problem operators, as needed, and that these be based on lessons learned from a current example of multi-departmental efforts to close a problem motel, as described below.

Experience in Ontario and Other Provinces:

Within Ontario, the hotel industry is regulated by numerous statutes, including but not limited to the *Innkeepers Act*, *Hotel Registration of Guests Act*, *Consumer Protection Act, 2002* and *Accessibility for Ontarians with Disabilities Act, 2005* and the *Health Protection and Promotion Act*. Additional municipal regulations may apply in terms of licensing and inspection of food premises and licensing of entertainment venues located

within these establishments, as well as by-laws of general application such as those regulating property standards, property maintenance, signs, and noise, for example, for which specific enforcement action is possible including charges and fines. Given the comprehensive suite of existing regulations, municipal licensing for hotels and motels is exceptionally rare at the municipal level. Among major Canadian cities (Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal and Halifax) there are no known jurisdictions that have implemented business licencing for hotels and motels. Among the ten largest cities within Ontario, Hamilton is the only jurisdiction to have implemented business licensing for this industry. As per their Licensing By-law, fees range from \$458 to \$700 for the initial licence and \$184 for annual renewal.

The Ottawa Experience:

When considering whether to license a class of business, staff review the nature of business and its associated risks, as well as the prevalence of issues of municipal concern among the industry, such as those affecting public health and safety, consumer protection, or nuisance issues such as excessive noise or illegal parking, among others. To this end, a review of service request history indicates that there are no systemic or recurring issues related to the hotel/motel sector in Ottawa nor are there any recurring issues with bed and breakfasts. Staff reviewed a three-year history of service request data for all types of by-law complaints from each of the Ottawa Gatineau Hotel Association's 51 members plus 42 non-member businesses that are registered to pay Municipal Accommodations Tax.

This review identified 110 service requests in the period between 2016 and 2018 related to the operations of hotels and motels. These included:

- a) 55 property standards complaints, with bed bugs, mold and general cleanliness issues as frequent complaints
- b) 37 noise complaints
- c) 18 miscellaneous issues, including signs, encroachments, smoking, graffiti and fences.

Approach for addressing problem operators:

During this review, staff identified two hotels with a high volume of complaints. One hotel in Ward 16 has subsequently closed and been re-developed into condominiums. The second, located in Ward 9, is currently the subject of a court application by the City to have the business closed under Section 447.1 of the *Municipal Act, 2001*. This rarely-

used provision of the Act gives the City an avenue to apply to the Superior Court of Justice to have a business closed for a period of up to two years if it can be shown that the operation of the business constitutes a public nuisance. These applications require the consent of both the Chief of Police and the Attorney General of Ontario.

This report will not elaborate further on this second business as the matter is before the Courts. However, at the conclusion of that case, there will be an opportunity for staff from affected departments, with invitations to the Ottawa Police Services and Ottawa Public Health, to conduct a comprehensive review of the issue to identify lessons learned from this process that could be applied to any future cases.

While business licensing could provide an additional tool to address problem operators, it is important to note that a business licensing regime does not provide the City with the ability to close a business. The City may charge for unlicensed operation but has no authority to force such businesses to close. This may only occur through the court processes described above.

Additionally, creating new regulations such as an overall licensing (or similar) regime for an entire industry is not advised if the goal to address problems with one particular business. Ottawa's hotel industry operates in a highly competitive marketplace, including competition with local short-term rentals and nearby Gatineau hotels, as well as competition with other markets for convention and event business. Adding additional business requirements, such as licensing fees, inspections, and insurance requirements, can make the industry less competitive. This can lead to reduced economic output and employment without providing a commensurate value in improved industry standards or reduced demand for municipal services.

NEXT STEPS:

Should Council approve the recommendations of this report, staff will begin to develop the proposed by-laws and initiatives as follows:

Rental Housing:

- Staff will immediately implement the amended Property Standards By-law provision to introduce an increased re-inspection fee of \$500 for non-compliant property inspections, in order to deter ongoing violations and fund additional enforcement capacity of 2 Property Standards Officers (2 FTEs), and prevention initiatives.

- Staff will develop new pest and vermin control requirements with input from internal departments and external stakeholders, as set out in this report, and report back with the introduction of the Residential Rental Property Management By-law and other supporting measures in early 2020.

Short Term Rental Accommodations:

- Staff will develop the Short-Term Rental By-law and Temporary Use By-law and report back to the Community and Protective Services Committee and Planning Committee respectively for approval. This will occur following the outcome of the Local Planning Appeals Tribunal Hearings concerning Short-Term Rental regulation in Toronto.
- The City Treasurer and City Solicitor to conduct a review of the Municipal Accommodations Tax revenues to fund the short-term rental requirements. If funds are not available, the City Treasurer and City Solicitor will prepare the required amendment to the Municipal Accommodations Tax By-law to increase the tax by 0.25% and place the amending by-law directly on Council's agenda for enactment, but to come into force concurrently with the proposed Short-Term Rental By-law and Temporary Use By-law noted above. In addition, the City Treasurer and City Solicitor will also coordinate the required amendments to the MAT collection agreements with the collection agents such as the Ottawa-Gatineau Hotel Association, in order to reflect the MAT increase for the City's cost recovery purposes.
- The proposed Short-Term Rental By-law and Temporary Use By-law, together with any required changes to the Municipal Accommodations Tax, will be coordinated to come into force concurrently.
- Staff recommend that the effectiveness of the STR regulatory approach set out in this report, if approved, be evaluated at the completion of the 3 years of the Temporary Use By-law, with staff recommendation as to whether it should continue in whole or in part. This 3-year period will permit staff to gather data on the regime's effectiveness in terms of compliance with legal use, its effect on complaints about negative community impacts, and its effect on the long-term housing supply, as appropriate.

RURAL IMPLICATIONS

The are no rural implications in this report.

CONSULTATION

Consultations for the Rental Accommodations Study included three periods of public consultation along with ongoing engagement of 230 identified public stakeholders.

The first round of public consultation occurred in June 2019. Maclaren Municipal Consulting assessed resident opinions and experiences regarding issues related to housing conditions, student housing and short-term rental accommodations. This included an online survey and 10 in-person workshops. Resident input was analysed and reported in two subsequent policy options papers.

The second round of public consultations occurred in August 2019. Maclaren Municipal Consulting provided an analysis of the input collected during the first consultation and invited residents to consider various policy options for rental housing and short-term rentals. Feedback was collected through an online survey and outcomes were reported in Maclaren's final recommendations papers.

A third round of consultations was conducted by City staff in October 2019. This survey provided residents with an overview of previous consultations as well as key information and analysis being used to shape staff recommendations. Residents were then provided with a list of policy statements and asked if they agreed or disagreed with each statement.

In addition to the online survey, the final consultation also included two in-person meetings. A public meeting on Long-Term Rental Regulations was held on October 22 at Ben Franklin Place, followed by a meeting on Short-Term Rental Regulations at the Nepean Sportsplex on October 23rd.

The outcomes of each consultation are reported in Document 6.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations set out in this report. As stated in the report, the implementing by-laws will not be presented until after the outcome of the Local Planning Appeal Tribunal hearing on the Toronto by-law amendment is known as the outcome of that hearing could materially affect the options open to the City. Outlined below is an explanation of the specific statutory authorities

underlying the regulatory framework for rental housing and for short-term rental (STR) accommodations proposed in the recommendations.

Planning Act

Section 39 of the *Planning Act* allows a municipal council to enact a temporary use by-law for a period of up to three years. Once in place, a municipal council may, by by-law, extend the application of that temporary use by-law for further periods of up to three years.

As is the case with other zoning by-laws, a temporary use by-law is subject to appeal to the Local Planning Appeal Tribunal (LPAT).

Municipal Act, 2001

The Provincial Government has, through the *Municipal Act, 2001*, provided municipalities with the authority to enact by-laws to address a variety of licensing and regulatory matters. More particularly in relation to the proposed regulatory framework, subsection 10(2) of that statute lists eleven spheres in respect of which a municipal council can pass by-laws, including the following:

- the economic, social and environmental well-being of the municipality (s.10(2).5);
- the health, safety and well-being of persons (s. 10(2).6);
- protection of persons and property,
- consumer protection (s. 10(2).8); and,
- business licensing (s. 10(2).11).

The stated objectives of the proposed regulatory framework for rental housing and for short-term rental (STR) accommodations, which include protecting the City of Ottawa rental housing inventory and the character of its residential neighbourhoods through implementation of a principal residence requirement for the hosts of short term rental accommodations, as well as the protection of consumers of short term rental accommodations by requiring that short term rental hosts be natural persons able to respond to consumer concerns in a timely manner, reflect the above-listed spheres of jurisdiction.

Furthermore, in this regard it should be noted that, pursuant to the *Municipal Act, 2001*, the powers given to a municipality under that statute are to be interpreted broadly so as

to enable the municipality to govern its affairs as it considers appropriate and to enhance the municipality's ability to respond to municipal issues.

On the issue of the proposed fee structure, subsection 391(1) of the Municipal Act, 2001, which allows a municipality to impose fees and charges for services or activities done or provided by it, or for the use of its property. Subsection 391(3) further provides that the costs included in a fee or a charge imposed by a municipality may comprise administration or enforcement costs related to the service or activity being delivered.

Lastly, with regards to the proposed amendments to the Municipal Accommodations Tax By-law (No. 2017-401), provision is made in Part XII.1 of the Municipal Act, 2001 for these changes. Notably, the Transient Accommodation Tax Regulation 435/17, passed by the Province, permits the City to enter into an agreement with a tourism entity to receive a portion of the accommodation tax to promote tourism within the municipality.

Business Licensing

Staff assessed the availability of licensing authority for the enactment of a business licensing by-law for rental housing or for short-term rental accommodations. In this regard, consideration must be had to the Province's Regulation 583/06 under the Municipal Act, 2001, which serves to restrict a municipality's licensing authority in respect of specific matters. Of note is that this regulation prohibits a business licensing by-law in relation to "the business of trading in real estate". For purposes of defining "trade", specific reference is made in the Regulation to the Ontario Real Estate and Business Brokers Act, 2002, which broadly defines the term to include "a disposition or acquisition of or transaction in real estate by sale, purchase, agreement for purchase and sale, exchange, option, lease, rental or otherwise and any offer or attempt to list real estate for the purpose of such a disposition, acquisition or transaction, and any act, advertisement, conduct or negotiation, directly or indirectly, in furtherance of any disposition, acquisition, transaction, offer or attempt, and the verb "trade" has a corresponding meaning."

The broad scope of the definition and, consequently, of the restriction imposed on the municipality's licensing authority by the Provincial regulation, would appear to capture many aspects of the provision of rental housing or short-term rental accommodations. However, this restriction does not extend to the regulatory framework proposed in this Report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising out of the recommendations of this report.

FINANCIAL IMPLICATIONS

The incremental costs associated with the additional staff relating to Report Recommendation # 4 and planned annual software licensing, will be offset by revenue from the Municipal Accommodations Tax, as set out in Report Recommendation 3.c, as well as short-term rental accommodation and re-inspection fees, as described in this report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts arising out of the recommendations of this report.

TERM OF COUNCIL PRIORITIES

The staff recommendations presented in this report align with the City's strategic priorities for economic prosperity, healthy and caring communities, service excellence and financial sustainability.

SUPPORTING DOCUMENTATION

Document 1 – Regulatory Regime for Rental Housing

Document 2 – Regulatory Regime for Short-Term Rentals

Document 3 – Literature Review and Multi-jurisdiction Environmental Scan

Document 4 – Rental Market Analysis

Document 5 – Property Standards in Rental Housing Report

Document 6 – Public Input on Rental Accommodations

Document 7 – Consultant Report: Regulations for Long-Term Rental Accommodations

Document 8 – Consultant Report: Regulations for Short-Term Rental Accommodation

DISPOSITION

Upon approval:

1. **For Rental Housing:** The General Manager of EPS will
 - a. Prepare the required by-law to amend the *Property Standards By-law* (2013-416, as amended), to implement a re-inspection fee of \$500 in respect of notices of violations or orders as described in this report, and will work with the City Clerk to place such amendment on Council's agenda for enactment as soon as possible; and
 - b. Develop the proposed draft Rental Property Management By-law and related by-law amendments related to pest and vermin control, as set out in this report, and report to CPSC for approval in 2020, and implement the complementary initiatives set out in this report including consumer awareness information for tenants on Ottawa.ca and the searchable database for rental housing service requests.

2. **For Short-Term Rentals:**
 - a. The General Manger of EPS will develop the draft proposed Short-Term Rental By-law and related by-law amendments as set out in this report and will report to CPSC for approval as soon as feasible;
 - b. The General Manager of PIED will develop the draft proposed Temporary Use By-law for short-term rental use in residential areas, with work to begin in Q2 2020 as set out in this report, and will report to Planning Committee for approval once work is completed and as soon as feasible;
 - c. The City Treasurer and City Solicitor will conduct a review of the Municipal Accommodations Tax revenues to fund the short-term rental requirements. If funds are not available the City Solicitor and the City Treasurer will prepare the required amendment to the Municipal Accommodations Tax By-law (2017-401) to provide for an increase in the municipal accommodations tax of 0.25%, as described in this report, and make required amendments to the collection agreements with the approved collection agents, as described in this report; and,

- d. The coming into force of the by-laws set out in paragraphs 3.a., b., and c. will be coordinated to occur concurrently so as to ensure a complete regulatory regime.

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- ⁵ Canadian Mortgage and Housing Corporation (November 2018) 2018 Rental Market Report: Ottawa-Gatineau CMA, p.2
- ⁶ Ibid, p.3
- ⁷ Statistics Canada (accessed March, 2019) Census Profile, 2016 Census Ottawa Census Subdivision
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- ²¹ City of Ottawa (September 2019) Property Standards in Rental Housing, 2009-2018, p.7-8
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- ²⁴ City of Ottawa (2013) By-law 2013-416, Property Standards, as amended, Subsection 13(1)
- ²⁵ Maclaren Municipal Consulting (May 2019), Rental Housing Conditions Discussion Paper, p. 19
- ²⁶ Oshawa Licensing By-law 120-2005, as amended, Schedule K, Subsection 7(h)
- ²⁷ Toronto Municipal Code, as amended(October 2019) Chapter 441, Appendix C - Schedule 12
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- ²⁹ Cohen Highley, LLP (September 2014), “A Tale Of Two Cities”: Landlord Licensing In Waterloo V. Guelph, Update”, <http://cohenhighley.com/articles/rent-control-bulletins/a-tale-of-two-cities-landlord-licensing-in-waterloo-v-guelph-update/>, accessed 07 Oct 2019
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³⁸ Prism Economics and Analysis (March 2019) City of Ottawa Rental Market Analysis, p. 24

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⁴¹ Sustainable Economies Law Centre (March 2016) Regulating Short-Term Rentals: A Guidebook to Equitable Policy” p. 16

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⁴⁸ Ibid, p. 25

APPENDIX B
Zoning Case Studies from Other Municipalities -
Compiled Definitions



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

**APPENDIX B:
ZONING CASE STUDIES FROM OTHER MUNICIPALITIES
COMPILED SHORT-TERM RENTAL, BED AND BREAKFAST, AND HOTEL DEFINITIONS (OR EQUIVALENTS)**

| Short-Term Rental | Bed and Breakfast | Hotel | Notes/ Additional Relevant Definitions |
|---|---|---|--|
| The Blue Mountains | | | |
| <p>Means a building or structure or any part thereof that operates or offers a place of temporary residence, lodging or occupancy by way or concession, permit, lease, license, rental agreement or similar commercial arrangement for any period less than thirty (30) consecutive calendar days, throughout all or any part of a calendar year. Short term accommodation uses shall not mean or include a motel, hotel, bed and breakfast establishment, tourist cabin or cottage, hospital, commercial resort unit, village commercial resort unit or similar commercial or institutional use.</p> | <p>Means a dwelling that operates or offers no more than three guest rooms as places of temporary residence, lodging or occupancy by way of concession, permit, lease, license, rental agreement or similar commercial arrangement throughout all or any part of a calendar year and that is the principal residence of the establishment's proprietor. Bed and breakfast establishment shall not mean or include motel, hotel, short term accommodation, tourist cabin or cottage, hospital or similar commercial or institutional uses.</p> | <p>Hotel: means an establishment that contains one building or two or more connected or adjacent buildings that, throughout all or part of a calendar year, caters to the needs of the public by furnishing guest rooms for a fee, including all such establishments as defined from time to time by the <i>Hotel Registration or Guests Act, R.S.O. 1990 c.H.17</i>, as amended, but not including any other establishment otherwise defined or classified in this By-law. A Hotel may or may not:</p> <ul style="list-style-type: none"> a. supply food; b. have an on-site management office; c. include permanent staff accommodation; d. include convention facilities; e. include one or more dining rooms; f. include recreational facilities for use by the guests; g. be licensed under the Liquor Licence Act of Ontario. | <p>See OMB Decision for Case No.: PL080455, dated June 22, 2011 See Rosen v. Corporation of the Town of the Blue Mountains 2012 ONSC 4215, dated July 19, 2012</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Short-Term Rental | Bed and Breakfast | Hotel | Notes/ Additional Relevant Definitions |
|--|---|--|---|
| | | <p>Motel: means an establishment that contains guest rooms with no private cooking facilities that are rented on a temporary basis to the travelling public with each room being accessed from the outside. A motel may include such accessory uses as a restaurant, meeting rooms, swimming pool, recreational facilities for the use of guests, but shall not include any adult entertainment establishment.</p> | |
| Collingwood | | | |
| <p>The use of dwelling unit, or any part thereof, that is operating or offering a place of temporary residence, lodging or occupancy by way of concession, permit, lease, licence, rental agreement or similar commercial arrangement for any period of 30 consecutive calendar days or less, throughout all or any part of a calendar year.</p> | <p>Means a type of home occupation engaged in providing short-term accommodation.</p> | <p>Business Type Hotel or Motel: the use of land or building for a hotel or motel primarily designed to provide basic short-term overnight accommodation with limited accessory facilities and services.</p> <p>Hotel: the use of land or building for establishments primarily engaged in providing short-term lodging in facilities known as hotels. These establishments provide suites or guest rooms, accessible from the interior only, and they may offer guests a range of complementary services and amenities, such as food and beverage services, parking, laundry services, swimming pools</p> | <p>Short-term rentals are only permitted in hotels, motels and bed and breakfasts. Bed and breakfasts are considered home occupations. See Appendix B for specific zoning provisions.</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Short-Term Rental | Bed and Breakfast | Hotel | Notes/ Additional Relevant Definitions |
|---|--|--|---|
| | | <p>and exercise rooms, and conference, convention or banquet facilities.</p> <p>Motel: the use of land or building for establishments primarily engaged in providing short-term lodging in facilities known as motels. These establishments accommodate clients travelling by motor vehicle, and provide short-stay suites or guest rooms with direct exterior access to rooms and parking areas adjacent to the room entrances. Limited complementary services and amenities may also be provided.</p> | |
| Niagara-on-the-Lake | | | |
| <p>Cottage rental means the commercial use of a single detached dwelling unit with up to three bedrooms that may be rented for periods up to 28 consecutive days for use as temporary accommodation and used as an occasional or seasonal residential dwelling for recreation, rest or relaxation, but not occupied continuously as a principal residence. When occupied continuously as a principle residence (i.e. for more than 28 days), a “Cottage Rental” can be used as a “Single</p> | <p>Bed and breakfast means a single-detached dwelling with no more than three (3) guest bedrooms for overnight guest lodging, where only breakfast is included, for the temporary accommodation of the traveling or vacationing public and includes the living accommodation of the residents of the dwelling. Such establishment shall be licensed by the Town of Niagara-on-the-Lake and shall not include a restaurant, hotel, motel, boarding or rooming house, nursing home,</p> | <p>Hotel means a commercial establishment in which accommodation is provided for the traveling public, with or without restaurant facilities, and having a minimum of ten (10) guest sleeping rooms or suites and may include among its internal functions a banquet hall, meeting rooms, licensed lounge, convenience store, gift shop and indoor or outdoor commercial recreation facilities and commercial entertainment facilities but does not include adult</p> | <p>See OMB Decision for Case No.: PL130584, dated December 5, 2013</p> <p>Explicitly notes that a bed and breakfast is an ancillary use to a dwelling</p> <p>Bedroom means, for the purposes of determining the number of bedrooms in a “Bed and Breakfast Establishment”, “Cottage Rental”, “Country Inn”, “Vacation Apartment” or “Villa”, a habitable room larger than seven square metres, including a den, study or other similar area, but does not include a living room, dining room or kitchen, and which</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Short-Term Rental | Bed and Breakfast | Hotel | Notes/ Additional Relevant Definitions |
|--|--|---|--|
| <p>Detached Dwelling”. A “Cottage Rental” use is not a “Villa”</p> <p>Vacation apartment means an “Apartment Dwelling” or a “Residential Unit” above a business on a commercially zoned property that is rented for periods up to 28 consecutive days for use as temporary accommodation and used as an occasional or seasonal residential dwelling for recreation, rest or relaxation, but not occupied continuously as a principle residence. When occupied continuously as a principal residence (i.e. for more than 28 days), a “Vacation Apartment” can be used as an “Apartment Dwelling” or as a “Residential Unit” in accordance with Section 6.48. A “Vacation Apartment” is not a “Villa” or a “Cottage Rental”.</p> <p>Villa means the commercial use of a single detached dwelling unit with four or more bedrooms than may be rented for periods up to 28 consecutive days for use as temporary accommodation and used as an occasional or seasonal</p> | <p>or any home licensed, approved or supervised under any general or special Act. The principal use of the dwelling unit shall be for residential purposes and the bed and breakfast establishment shall be an ancillary use to the main residential use. Guest bedrooms shall not be suites.</p> <p>Country inn means a residential use which is in the principal residence of the owner/ operator and host, having more than three rented rooms and providing lodging and only breakfast to overnight guests. Country Inns located in the Agricultural Zone District are restricted to a maximum of six (6) rented rooms.</p> | <p>entertainment facilities or body rub parlour.</p> <p>Motel means a commercial establishment consisting of a group of attached or detached living or sleeping rooms with bathroom, located on a single site, accessed by a separate entrance directly from outside of the building, and designed for use by the traveling public and may include restaurant facilities, a banquet hall, meeting rooms, licensed lounge, convenience store, gift shop and indoor or outdoor commercial recreation facilities and commercial entertainment facilities but does not include an adult entertainment facility nor body rub parlour.</p> | <p>meets the requirements of the Ontario Building Code for a bedroom.</p> <p>Suite or suite of rooms means rooms that are common to each other (adjacent and interconnected) and served with one or more entrances and capable of being occupied and used by person(s). These rooms may include such features as closets, cupboards and private sanitary facilities (an ensuite), sitting areas and sleeping areas.</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Short-Term Rental | Bed and Breakfast | Hotel | Notes/ Additional Relevant Definitions |
|---|--|--|--|
| residential dwelling for recreation, rest or relaxation, but not occupied continuously as a principle residence. When occupied continuously as a principal residence (i.e. for more than 28 days), a “Villa” can be used as an “Single Detached Dwelling”. A “Villa” is not a “Cottage Rental”. | | | |
| Oakville | | | |
| means the provision of a dwelling unit which is used for the temporary lodging of the travelling public for a rental period not greater than 28 consecutive days. (definition consistent in both zoning by-laws) | means the provision of lodging with or without meals for the traveling public within a single detached dwelling | means a building, or group of buildings, each containing sleeping accommodation, catering primarily to the traveling public, for rent or hire for temporary lodging. Hotel may also include restaurant, public hall and ancillary retail uses which are incidental and subordinate to the primary hotel function and oriented to serve the hotel patrons | |
| | means the provision of lodging units within a dwelling with or without meals for the temporary lodging of the travelling public. | means a premises containing lodging units for the temporary lodging of the travelling public and may include meeting facilities, recreation facilities, a restaurant, public hall, and retail stores which are incidental and subordinate to the primary hotel function and located in the same building. | Zoning By-law 2014-014 (Oakville) Lodging Unit: means a room provided for rent or hire, which is used or designed to be used as a sleeping accommodation and may contain bathroom facilities. |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| | | | |
|--|---|---|--|
| Oshawa | | | |
| means all or part of a dwelling unit that is used to provide temporary accommodation, not including a cancer lodge, crisis care residence or university residence. | means a single detached or farm dwelling in which not more than three bedrooms are made available for the temporary accommodation of travellers, to whom meals may be furnished, but does not include a hotel or lodging house. | means a building, or part of a building or group of buildings mainly used for the purpose of catering to the needs of the travelling public by furnishing sleeping accommodation, and includes a motel or motor hotel but does not include a bed and breakfast establishment, a lodging house nor an apartment-hotel. | Zoning By-law 60-94 |
| Toronto | | | |
| means all or part of a dwelling unit, that: a. is used to provide sleeping accommodations for any rental period that is less than 28 consecutive days; and b. the principal residence of the short-term rental operator. | Tourist Home means a use that: a. is in a dwelling unit which is the principal residence of the tourist home operator; b. caters to the needs of the travelling public by the furnishing of sleeping accommodation; and, c. may include the provision of meals. | means premises used to cater to the needs of the travelling public by providing sleeping accommodation in rooms or suites, and it may include an eating establishment that is ancillary to the hotel. | All of the City of Toronto zoning by-laws are amended to direct to Zoning By-law 1452-2017, which contains definition and provisions for short-term rentals. |
| Vancouver | | | |
| which means the use of a dwelling unit, or one or more bedrooms in a dwelling unit, as temporary accommodation, but does not include Bed and Breakfast Accommodation or Hotel. | the use of one or two bedrooms in a dwelling unit as temporary accommodation where the room rate includes breakfast provided on the premises, but does not include short term rental accommodations. | premises providing temporary accommodation by way of furnished sleeping, housekeeping or dwelling units, but does not include bed and breakfast accommodation or short term rental accommodation. | Zoning and Development By-law 3575 |



APPENDIX C

Zoning Case Studies from Other Municipalities - Zoning By-law Provisions for Short-Term Rentals



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

**APPENDIX C:
ZONING CASE STUDIES FROM OTHER MUNICIPALITIES
ZONING BY-LAW PROVISIONS FOR SHORT-TERM RENTALS**

| Short-Term Rental Provisions Section | Provisions |
|--|--|
| The Blue Mountains | |
| Zoning By-law (2018-65) Section 4.32 Short Term Accommodation Uses | All Short Term Accommodation Use provisions are as required under the Township of Collingwood 83-40 and Town of Thornbury By-law 10-77, as amended. |
| Former Township of Collingwood Zoning By-law 83-40 Section 5.24 Short Term Accommodation | <p>1 (a) No person shall use any land or erect, alter or use any building or structure for the purpose of a short term accommodation use within any Residential First Density (R1), Residential Second Density (R2), Residential Third Density (R3) or Residential Fourth Density (R4) Zone.</p> <p>(b) No person shall use any land or erect, alter or use any building or structure that secures nine (9) or more occupants for the purpose of short term accommodation use.</p> <p>(c) No short term accommodation use shall be located closer than 120 metres in a continuous path over the shortest distance from another short term accommodation use or bed and breakfast establishment.</p> <p>(d) Short term accommodation uses shall be subject to site plan control.</p> <p>(e) Where short term accommodation uses abut a residential zone that permits a single detached residential dwelling, the following landscaped open space provisions shall apply:</p> <p>(i) A minimum 3.0 metre wide buffer strip, measured from the rear lot line, shall be provided.</p> <p>(ii) A minimum 3.0 metre wide buffer strip, measured from the exterior side lot line, shall be provided save and except within a sight triangle and driveway entrance.</p> <p>(iii) A minimum 1.0 metre wide buffer strip, measured from the interior side lot line, shall be provided</p> <p>(f) One (1) enclosed waste/recycling depot shall be required.</p> <p>(g) A short term accommodation use shall have connection to municipal water and sewage services.</p> |
| Former Town of Thornbury Zoning By-law 10-77 Section 7.6 Short Term Accommodation | <p>(a) Not Permitted No person shall use any land or erect, alter or use any building or structure for the purpose of a short term accommodation use within any Residential (R1), Residential (R2), Residential (R3) or Residential Multiple (RM2) Zone.</p> <p>(b) Number of Occupants No person shall use any land or erect, alter or use any building or structure that secures nine (9) or more occupants for the purpose of short term accommodation use.</p> <p>(c) Site Plan Control Short term accommodation uses shall be subject to site plan control.</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Short-Term Rental Provisions Section | Provisions |
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| | <p>(d) Separation Distances No short term accommodation uses shall be located closer than 120 metres in a continuous path over the shortest distance from another short term accommodation use or bed and breakfast establishment.</p> <p>(e) Landscaped Open Space Provisions Where short term accommodation uses abut a residential zone that permits a single detached residential dwelling, the following landscaped open space provisions shall apply:</p> <p>(i) A minimum 3.0 metre wide buffer strip, measured from the rear lot line, shall be provided.</p> <p>(ii) A minimum 3.0 metre wide buffer strip, measured from the exterior side lot line, shall be provided save and except within a sight triangle and driveway entrance.</p> <p>(iii) A minimum 1.0 metre wide buffer strip, measured from the interior side lot line, shall be provided.</p> <p>(f) Waste/recycling Depot One (1) enclosed waste/recycling depot shall be required.</p> <p>(g) Municipal Services A short term accommodation use shall be connected to municipal water and sanitary sewage services.</p> |
| Collingwood | |
| <p>Collingwood Zoning By-law 4.25 Bed and Breakfast</p> | <p>4.25.1 A bed and breakfast is permitted subject to compliance with the following provisions.</p> <p>4.25.2 The bed and breakfast shall only be located in a single detached dwelling.</p> <p>4.25.3 The number of guest rooms available for occupancy shall be a maximum of three (3).</p> <p>4.25.4 The bed and breakfast shall not occupy the entire gross floor area of the single detached dwelling.</p> <p>4.25.5 The proprietor of the bed and breakfast shall reside in the single detached dwelling. A minimum of one (1) bedroom in the single detached dwelling shall be for the exclusive use of the proprietor.</p> <p>4.25.6 In addition to the proprietor, one (1) additional person who is not an occupant of the single detached dwelling may be employed by the bed and breakfast.</p> <p>4.25.7 A bed and breakfast generally includes the serving of prepared food to guests.</p> <p>4.25.8 Where there is two or more guest rooms offered for rent, a buffer area shall be required where the driveway abuts a mutual lot line. No buffer area is required where the driveway abuts a highway, street or lane.</p> <p>4.25.9 A bed and breakfast shall only be permitted in a single detached dwelling that is connected to both a municipal water supply system and a municipal sanitary sewer.</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Short-Term Rental Provisions Section | Provisions |
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| | <p>4.25.10 A bed and breakfast may be permitted in a single detached dwelling where a municipal water supply system and/or a municipal sanitary sewer is unavailable, provided that it can be demonstrated to the satisfaction of the Town of Collingwood that the applicable provisions of the <i>Ontario Building Code</i> are met.</p> |
| <p>Collingwood Zoning By-law 4.39 Home Occupation</p> | <p>4.39.1 A home occupation shall be a permitted use in any zone where a dwelling unit is a permitted use, subject to compliance with the following provisions. Where the home occupation is a bed and breakfast the provisions of General Provision 4.25 shall apply.</p> <p>4.39.2 A home occupation may include, without limiting the foregoing, the practice of domestic arts, the private teaching of music or academics, and the conducting of a business or trade or manufacturing use, an artist, a private home day care or pet grooming.</p> <p>4.39.3 A home occupation shall not include any noxious trade, business or manufacturing use.</p> <p>4.39.4 The number of home occupations permitted per dwelling unit shall be a maximum of one (1).</p> <p>4.39.5 The proprietor of the home occupation must reside within the same dwelling unit as where their home occupation is being conducted.</p> <p>4.39.6 In addition to the occupant of the dwelling unit, one (1) additional person who is not an occupant of the dwelling unit may be employed by the home occupation.</p> <p>4.39.7 If the home occupation includes the giving of instruction or teaching of any kind, the number of students or clients being instructed or taught at any given time shall be a maximum of three (3).</p> <p>4.39.8 Home occupations are not permitted outside storage or outside display and sale. One (1) trailer used as part of the home occupation is permitted subject to the provisions of General Provision 4.38.</p> <p>4.39.9 Any internal display and sale of goods and materials accessory to the home occupation shall not be more than a maximum of 10 m² of the area used by the home occupation.</p> <p>4.39.10 The home occupation shall be conducted within any part of the dwelling unit, or within a fully enclosed detached accessory building on the same lot as the dwelling unit, but may not be carried on in both at any given time.</p> <p>4.39.11 A home occupation shall be a maximum of 25% of the gross floor area of the dwelling unit.</p> <p>4.39.12 A home occupation conducted within a detached accessory building shall be a maximum of 20 m² of the floor area of the detached accessory building.</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

| Niagara-on-the-Lake | |
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| <p>Comprehensive Zoning By-law 4316-09 6.10 Country Inn and Villa</p> | <ul style="list-style-type: none"> (a) Any “Country Inn” or “Villa” shall be subject to a site specific amendment to the Zoning By-law prior to consideration as a “Permitted Use” in a residential zone. (b) A “Country Inn” or “Villa” must front on a public road or the Niagara River Parkway and be fully serviced with water and sewage disposal services approved by the Town on lands within the urban boundary and by the Niagara Region for lands located outside an urban area boundary. (c) Any “Country Inn” or “Villa” located outside the urban area boundary shall contain a maximum of up to six (6) rented bedrooms. (d) A maximum of one “Villa” per lot is permitted and no other uses of the property are permitted, including secondary residential units or suites, second “Villa”, “Cottage Rental” or secondary uses, although a secondary residential unit may be considered as part of a site specific zoning amendment process. (e) Any “Country Inn” or “Villa” shall be subject to a Site Plan Control Agreement pursuant to Section 41 of the Ontario Planning Act. (f) Any “Country Inn” or “Villa” shall provide for an outdoor amenity area of a minimum of 135 m² (1453 ft²) with an additional 9 m² (97 ft²) for each rentable bedroom beyond three (3). (g) Off street parking shall be provided in accordance with Section 6.39, Parking Space Requirements, and shall be screened from view from the public street and shall not be located in the outdoor amenity area, nor in the required exterior side yard setback, nor in the required landscaped portion of the front yard. (h) See Section 6.31 for Niagara Parks Commission’s requirements for access onto the Niagara River Parkway; (i) A “Country Inn” or “Villa” must be licensed appropriately by the Town of Niagara-on-the-Lake. |
| <p>Comprehensive Zoning By-law 4316-09 6.10 Cottage Rental</p> | <ul style="list-style-type: none"> (a) Where “Cottage Rental” is a permitted use, it shall only be permitted in a single detached dwelling and shall not contain more than three bedrooms. (b) There shall be no less than two off-street parking stalls available on-site. (c) A “Cottage Rental” shall have a minimum on-site amenity area(s) of 135m² (1453 ft²). (d) A “Cottage Rental” must front on a public road and be fully serviced with water and sewage disposal services approved by the Town on lands within the urban boundary and by the Niagara Regional Public Health Department for lands located outside an urban area boundary. (e) A maximum of one “Cottage Rental”. per lot is permitted and no other use of the property is permitted, including secondary residential units or suites, a second “Cottage Rental”, “Villa”, or secondary uses. (f) A “Cottage Rental” must be licensed appropriately with the Town of Niagara-on-the-Lake. |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

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| <p>Comprehensive Zoning By-law 4316-09 6.58 Vacation Apartment</p> | <p>(a) Where “Vacation Apartment” us a permitted use, it shall only be permitted in an “Apartment Dwelling” or in a “Residential Unit” above a business.</p> <p>(b) Where “Vacation Apartment” is a permitted use, it shall not contain more than three bedrooms.</p> <p>(c) There shall be one parking stall on-site for each unit.</p> <p>(d) A “Vacation Apartment” must be fully serviced with water and sewage disposal services approved by the Town.</p> <p>(e) A “Vacation Apartment” must be licensed appropriately with the Town of Niagara-on-the-Lake.</p> |
| <p>Oakville</p> | |
| <p>Zoning By-Law 2009-189 (North Oakville) 4.32 Short-Term Accommodation (2018-038)</p> | <p>Where a short-term accommodation is permitted in a zone, the short-term accommodation shall:</p> <ul style="list-style-type: none"> i. be permitted within dwellings permitted by the applicable zone, including a second suite; ii. be operated by the person or persons whose principal residence is the dwelling in which the short-term accommodation is located. For the purpose of this provision, the principal residence of a second suite shall be deemed to be the principle residence of the main dwelling unit on the lot; and, iii. not be permitted in a dwelling which also contains a bed and breakfast establishment, lodging units, private-home day care, or day care. |
| <p>Zoning By-Law 2014-014 (Oakville) 4.23 Short-Term Accommodation</p> | <p>Where a short-term accommodation is permitted, the following regulations apply:</p> <ul style="list-style-type: none"> a) A short-term accommodation is permitted in dwellings permitted by the applicable zone, including an accessory dwelling. b) A short-term accommodation shall be operated by the person or persons whose principal residence is the dwelling in which the short-term accommodation is located. For the purpose of this provision, the principal residence of an accessory dwelling shall be deemed to be the principal residence of the main dwelling unit on the lot. |
| <p>Oshawa</p> | |
| <p>Zoning By-law 60-94 5.16 Short-Term Rental (52-2018)</p> | <p>5.16.1 A short-term rental is a permitted use in all zones that permit dwelling units.</p> <p>5.16.2 A short-term rental shall be used to provide temporary accommodation for any rental period that is less than 28 consecutive days and not exceeding a combined total of 180 days in a calendar year.</p> <p>5.16.3 The dwelling unit in which the short-term rental is located shall be the principal residence, as defined in the <i>Income Tax Act</i>, of the person or persons operating and residing in the short-term rental.</p> <p>5.16.4 Notwithstanding anything in this by-law to the contrary, no bed and breakfast, home occupation, other rental accommodation, group home or lodging house shall be permitted in any dwelling unit which contains a short-term rental.</p> <p>5.16.5 A short-term rental shall not be established or operated in a manner which changes the external residential appearance of the dwelling</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

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| | unit or that contributes to adverse effects such as those from excessive traffic, parking, noise, and hours of operation. |
| Toronto | |
| Zoning By-law 1452-2017 | <ol style="list-style-type: none"> 1. This By-law applies to all the lands in the City of Toronto 2. The terms shown in bold text indicate they are defined terms in this by-law. 3. Despite defined terms in the former general zoning by-laws, for the purposes of this by-law the defined terms below have the following meaning: <i>Terms in the bylaw include – ancillary, bed sitting room, building, dwelling unit, secondary unit, short-term rental, structure, vehicle.</i> 4. Despite any other provision in any former general zoning by-law, a short-term rental is a permitted use if: <ol style="list-style-type: none"> (1) it is in a dwelling unit, a bed-sitting room, or a secondary suite; (2) there are no more than three bed-sitting rooms in a dwelling unit used for this purpose; (3) the secondary suite is exclusively and separately occupied as a principal residence; and (4) it is not in a vehicle. |
| Vancouver | |
| Zoning and Development By-law Section 11.32 Short Term Rental Accommodation (Note: this is a combined zoning by-law and development by-law) | <p>11.32.1 In this section 11.32, “principal residence unit” means the dwelling where an individual lives, makes their home and conducts their daily affairs, including, without limitation, paying bills and receiving mail, and is generally the dwelling unit with the residential address used on documentation related to billing, identification, taxation and insurance purposes, including, without limitation, income tax returns, Medical Services Plan documentation, driver’s licenses, personal identification, vehicle registration and utility bills.</p> <p>“booking” means a confirmed reservation of the dwelling unit, or of one or more bedrooms, as Short Term Rental Accommodation.</p> <p>11.32.2 Short Term Rental Accommodation is only permitted in a lawful dwelling unit, secondary suite, laneway house, or lock-off unit that is a principal residence unit.</p> <p>11.32.3 Short Term Rental Accommodation is not permitted in an accessory building or vehicle.</p> <p>11.32.4 Short Term Rental Accommodation is not permitted in a dwelling unit in combination with Bed and Breakfast Accommodation.</p> <p>11.32.5 No more than two adults may occupy each bedroom used as Short Term Rental Accommodation.</p> <p>11.32.6 Short Term Rental Accommodation is only permitted in dwelling units that comply with all applicable occupancy limits as set out in the Fire By-Law.</p> <p>11.32.7 No more than one booking may be permitted as Short Term Rental Accommodation in each dwelling unit at one time.</p> |



SHORT-TERM RENTALS TEMPORARY USE BY-LAW

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| | <p>11.32.8 Subject to the provisions of this section 11.32, Short Term Rental Accommodation is permitted in all CD-1 zoning districts where dwelling uses are permitted.</p> <p>11.32.9 Any development permit or exemption from a development permit for a Short Term Rental Accommodation is time limited to two years.</p> |
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