

REPORT TO COUNCIL

DATE: Tuesday, April 9, 2024
TO: Mayor and Council
FROM: Ann Carr, Planning Administrator
SUBJECT: Short-Term Rentals

BACKGROUND INFORMATION:

Short term rentals have been a discussion point in the community for a few years. Delegations to Council on the impacts to the neighbours was first heard at the council meeting of July 13, 2021. Since that time several more conversations have taken place, and they are split evenly between the advantages and the disadvantages.

Council has heard from owners who rent who have brought tourists and economic development to Bonfield. They have also heard stories about renters disregarding the atmosphere of the neighbourhood. Since the community is divided and Council does want to address the issues, they have heard public consultation was undertaken,

First consultation was through the Official Plan review process, then the Community Satisfaction Survey. Results from those consultations were reported to the public at the March of 2024 Town Hall meeting along with another survey with more direct questions to help guide Councils decision on how to move forward. The results of that survey are attached in Appendix A.

The community certainly did provide direction to Council through the survey. While not all respondents completed all answers, from question 15 (do you own a STR) it is clear that this is a topic the entire community is weighing in on. 39 responses were from rental owners while 208 answers were from general community.

Overwhelmingly the community agrees the Township should allow short term rentals and with regulations. Below is a summary of the potential regulations suggested in the survey.

	Regulate	Do not Regulate	Inconclusive
Restrict roads		X	
Live on-site		X	
Demerit System		X	
Limit # of STR per person			X
Building Inspection			X
Septic Inspection			X
Renter Code of Conduct	X		
Licence			X
Complaint response	X		
Number of rental nights		X	
Allow non-occupiable dwellings		X	

Staff also performed a scan of online sites to better understand the use of short-term rental in Bonfield.

Short-term Rental Statistics for Bonfield:

- 34 Advertised short term rentals are advertised through various websites like Air BnB and Vrbo.
- 71% are located on waterfront properties which is also the residential limited services zone.
- If a family of 4 were to be staying in a short-term rental that would equate to 136 visitors.
- 3.14% of taxed properties in the Township of Bonfield are used as short-term rental.
- Statistics Canada says that the typical stay at a short-term rental is 3.5 to 4 days.
- Using the rental figures provided in the 34 advertisements at 4 nights per stay results in a \$1,992,848.00 per annum industry in Bonfield not including residual spending within the Municipality.

Confidence in the survey:

When reviewing the survey results it was found that the same IP address had conducted the survey 18 times and one other had conducted the survey 6 times which creates uncertainty in the validity of the survey. Therefore, there is an estimated 8.7% discrepancy in the survey results. A conclusive answer in reviewing the survey answers is considered when there is a margin of 20% or more between yes and no.

How were the questions formed?

Questions were formed by viewing by-laws and standard policies that have been made by other municipalities to regulate and licence short-term rentals.

Why have other municipalities created licencing and by-laws for short-term rentals?

By-laws serve several essential purposes. They provide clarity and consistency by defining roles, responsibilities, and procedures, by-laws help prevent misunderstandings and conflicts among the community. By-laws provide transparency and accountability for decision making. By-laws establish a framework for decision making, determine the rights and responsibilities of ratepayers, and ensure fair consistent governance.

A proposed by-law will aim to assist in maintaining a balance between municipal economic prosperity, residential well-being, and addressing the housing needs of the community. They provide for licencing for a business to ensure the interest of health and safety, well being of persons, consumer protection and nuisance control. Imposing licencing provides revenue to execute the regulation. Those municipalities that have also imposed a Municipal Accommodation Tax (MAT) use the revenues to offset tourist infrastructure costs as well as to fund marketing strategies for their communities to increase tourism.

Why have other municipalities decided NOT to licence and create a by-law for short-term rentals?

Staffing resources would not allow for inspections or enforcement of the by-law.

Other By-laws and legislation regarding the conduct of renters are in place to regulate the behaviour of the renter, i.e. Noise by-laws, Open Air Burning By-laws, etc.

The cost for enforcement is not financially viable.

The municipality does not feel that there is a need to preserve the housing market due to the number of short-term rentals.

There is also an air of wait and see as the provincial and federal governments have been tackling this issue directly. British Columbia and Quebec have already tabled legislation for province wide policy. The Federal government is actively reviewing STR rules under the mandate of affordable housing. It is unknown when, or even if, any rule will be introduced to alleviate the concerns Council is hearing. Ontario has not committed to any review at this point.

Lessons learned from other municipalities:

1. Township of Puslinch

The Township of Puslinch v. Monaghan, 2015 ONSC 2748 (case law). This is the only case law available. There are no other court decisions regarding short term rental bylaws.

The Ontario Superior Court confirmed that Zoning By-laws that purport to regulate short-term rental use of a property cannot do so in a way that is discriminatory, vague, uncertain, or insufficiently specific.

The Township of Puslinch argued that under its Zoning By-law, use of the property by short-term renters was as a "tourist establishment," which was not a permitted use of the property under the Zoning By-law.

The Zoning By-law was ineffective in this regard because the use of the property by short-term renters was substantively the same as personal use by the "owner" which the Township conceded was permitted as a "single detached dwelling" use.

The court rejected the Township arguments and found that "to the extend the Tourist Establishment By-law seeks to regulate short-term use in the residential recreational zone, it seeks to regulate people not the use, therefore, it is "ultra vires of the Planning Act."

Zoning does not apply to the use of the short-term rental when used for residential purposes.

2. Township of Tiny

A staff report was provided to explain the cost of the short-term rental by-law. The Township of Tiny had decided to allow for 300 licences to be provided on a first come first served basis. A building inspection was part of the requirement for the licence. After the inspections were completed, the Township had discovered that there were over 200 infractions that had to be remedied before the licences could be issued. Infractions consisted of extra bedrooms being built without permits, noncompliant plumbing and heating systems, extra washrooms built without permits. Over 20 decks built without permits. The Township had to hire an intern to

care for the building inspection infractions and it also took over a year to issue all the 300 licences.

3. County of Haliburton

Implemented a registration by-law before regulating short-term rentals to receive a data base on how many short-term rentals were there, where they were, and the amount of income that was generated for the first year.

Public surveys were conducted, and considerations made from the result of the surveys. The County will be hiring a third party to regulate and enforce their short-term rental by-law. The study helped them implement the licence fees to ensure it would pay for the third party to implement the regulations and to not effect the rate payers.

ANALYSIS:

ADVANTAGES AND DISADVANTAGES OF SHORT-TERM RENTAL REGULATIONS:

During the research into short term rentals staff have reviewed over 20 municipal bylaws, spoke to other municipal staff to gauge the intent and success of the bylaws that have been implemented, and have attended workshop sessions. This has provided a sound knowledge on how short-term rentals have affected other communities. The statements listed below are a summary of the research and feedback obtained.

DISADVANTAGES:

When there are no specific by-laws in place to regulate short-term rentals, the situation can lead to several potential outcomes:

1. **Lack of Oversight:** Without clear regulations, short-term rental platforms (such as Airbnb and VRBO) may operate without proper oversight. This can result in issues related to safety, noise, lack of consumer protection and other concerns. Cannot ensure that there is responsible ownership.
2. **Neighborhood Disruptions:** Unregulated short-term rentals can disrupt residential neighborhoods. Increased traffic, noise, and frequent turnover of guests may impact the quality of life for permanent residents. Cannot control the character of the neighbourhood.
3. **Housing Availability:** In areas with high demand for housing, unregulated short-term rentals can reduce the availability of long-term rental units. Property owners may prefer lucrative short-term rentals over traditional leases, affecting the housing market.
4. **Uneven Competition:** Unregulated short-term rentals may compete unfairly with hotels and other accommodation providers. Hotels are subject to various regulations, while short-term rentals may avoid similar requirements.
5. **Legal Uncertainty:** Guests and hosts may face legal uncertainties regarding their rights and responsibilities. Clarity on issues like liability, insurance, and property rights is essential. Does not allow regulation for health and safety.

ADVANTAGES:

Short-term rentals, facilitated by platforms like Airbnb, have sparked debates about their impact on housing markets and local communities. While some advocate for strict regulations or outright bans, others argue that there are advantages to not regulating them.

1. **Income Generation:** Short-term rentals provide an additional income stream for property owners. This can be especially beneficial for individuals who rely on rental income to cover expenses.
2. **Higher Housing Values:** The availability of short-term rentals can contribute to increased property values in certain areas, benefiting homeowners and investors.
3. **Greater Choice:** Travelers enjoy a wider range of accommodation options beyond traditional hotels, allowing them to experience local neighborhoods and culture. The Township of Bonfield has very limited access to accommodations.
4. **Local Experiences:** Staying in residential areas through short-term rentals provides a more authentic experience compared to standard hotels. It allows visitors to experience what Bonfield has to offer in outdoor recreation.
5. **Efficient Use of Space:** Underutilized properties can be put to productive use, maximizing the value of existing housing stock.
6. **Support for Local Tourism Economy:** Short-term rentals can boost local economies by attracting tourists and encouraging spending on dining, shopping, and entertainment.

Options for Council:

1. ***To allow short-term rentals to continue without regulation or licencing, take no action.***

Potential Consequences:

- a. Strengthen by-laws to address disturbances resulting from occupants. Noise By-laws, parking by-laws, open air burning by-laws.
- b. Unknown budget for increased OPP callouts, pay per call.
- c. How do we ensure consumer protection?
- d. How do we ensure the health and safety of the occupants?
- e. How does the Township re-coop added users to infrastructure and services without affecting the entirety of the rate payer?
- f. What mechanisms would be in place to prevent waterfront property being owned for the sole purpose of short-term accommodations?

- g. What mechanisms are available to local residents to ensure affordable housing remains available?
- h. Ensure environmental protection of waterfront with increased septic use.
- i. How do we maintain the character of the neighbourhood?
- j. No consequences for Operators.
- k. Lack of direction and guidance.

2. To ban short-term rentals in their entirety.

Potential Consequences:

- a. Loss of support for tourism economy.
- b. No accommodations for visitors.
- c. Loss of revenues to create affordability for property owners.
- d. Bonfield will not be a choice for visitors.
- e. By-law enforcement costs to enforce a regulatory ban unknown.
- f. No marketability for the Township of Bonfield.
- g. Neighbourhoods gain back their feeling of security and character.
- h. No impact on the housing market.

3. To allow short-term rentals to continue with licencing and regulation.

Potential Consequences:

- a. Extra costs for the owner/operator (license, inspections).
- b. A feeling of over governance of property owners.
- c. Maintain character of the neighbourhood.
- d. Provides for the safety of the user. Current lack of legislation for short-term rentals. (hotels and motels, must follow legislation such as Accommodation Sector of Guests Act, 2001, Fire Safety, Inn keepers Act, 1990, Sanitary Regulations, Occupiers Liability Act) These Acts protect the consumer and provide health and safety regulations.

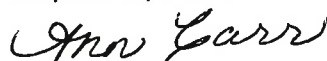
- e. Ontario Residential Tenancies Act vs. Short-Term Rentals education for operators. Regulating the number of days per one visit prevents the visitor from falling under the Ontario Residential Tenancies Act.
- f. Provides guidance for the owner, occupier, and neighbourhood for expectations as well as transparency. The Code of Conduct for the occupier will provide direction on the expected behaviour as well as allowing the neighbourhood to maintain its character.
- g. Allows the municipality to maintain economic prosperity.
- h. Ensures responsible ownership.
- i. Provides data for the Township.
- j. Allows accommodation and tourism opportunities.
- k. By-law enforcement costs of the regulation are unknown.
- l. Provides revenue for enforcement of the regulation.
- m. Not known if the federal or provincial government will step in and regulate short-term rentals.

Regulations and legislation are changing for short-term rentals. As of July 1, 2021, new federal rules on sales tax collection and remittance apply to platform-based short-term accommodations. Furthermore, the playing field is changing because provincial and municipal regulatory frameworks are now in place in several jurisdictions across Canada to control and limit commercial host activities. This includes new regulations being implemented and some older, poorly enforced, or not impactful regulations being refined. This may have an impact on short-term rentals supply and the proportion of revenues captured by those types of activities in the accommodation services subsector after the pandemic.

RECOMMENDATION:

WHEREAS a staff report was provided to Council regarding short-term rentals, and the survey results from the Community Survey and the Town Hall survey for information purposes has been presented; THEREFORE Council directs the planning administrator to prepare a draft by-law based on the responses from the survey results from the community in favour of permitting short-term rentals with regulation.

Respectfully submitted,



Ann Carr
Planning Administrator

I concur with this report,



Nicky Kunkel
CAO Clerk-Treasurer

Short Term Rentals Report

April 9, 2024

Appendix A

Community Satisfaction Survey Results:

A community survey was conducted, and four questions were asked regarding short-term rentals. 159 answers were received with the following results:

1. **Should the Township permit short-term rentals?**
64.52% agree 35.48% disagree
2. **Regulate short-term rentals with a licence?**
53.69 % agree 46.31% disagree
3. **Should the municipality only permit them on Municipal maintained roads?**
36.81% agree 63.19% disagree
4. **Should the municipality limit the number of nights they can be rented?**
35.14% agree 64.86% disagree

The Township proceeded to take this information to a Town Hall meeting. Another survey was conducted for the purpose of short-term rentals at the Town Hall Meeting and the survey was also posted to the Township Website.

1. **Should the Township allow short-term rentals?**
Yes 84.67% 243 responses No 15.33% 44 responses
2. **Allow with regulations?**
Yes 60.49% 147 responses No 39.51% 96 responses
3. **Allow on private roads?**
Yes 86.55% 206 responses No 13.45% 32 responses
4. **Add municipal accommodation tax?**
Yes 37.34% 90 responses No 62.66% 151 responses
5. **Does the owner have to live inside the dwelling?**
Yes 11.93% 29 responses No 88.07% 214 responses
6. **Demerit system for the licence?**
Yes 34.73% 83 responses No 65.27% 156 responses
7. **Limit the number of short-term rentals owned by one person?**
Yes 41.80% 108 responses No 58.20% 142 responses
8. **Require a building inspection?**
Yes 43.80% 106 responses No 56.20% 136 responses
9. **Require a septic inspection?**
Yes 47.11% 114 responses No 52.89% 128 responses
10. **Require a code of conduct for visitors?**
Yes 66.12% 160 responses No 33.88% 82 responses

11. Require a licence?				
Yes	43.44%	106 responses	No 56.56%	138 responses
12. Should there be a response time for complaints?				
Yes	67.51%	160 responses	No 32.49%	77 responses
13. Regulate the number of days that it can be rented for?				
Yes	22.82%	55 responses	No 77.18%	186 responses
14. Should yurts, tents, trailers be allowed for rent?				
Yes	74.29%	182 responses	No 25.71%	63 responses
15. Do you own a short-term rental?				
Yes	15.79%	39 responses	No 84.21%	208 responses
Survey says if no that the survey is complete				
16. Is it on a municipal maintained road?				
Yes	55.56%	25 responses	No 44.44%	20 responses
17. Is it an occupiable dwelling? (home or cottage)				
Yes	88.37%	38 responses	No 11.63%	5 responses
18. Is it a gazebo, yurt, tent, or other style of dwelling?				
Yes	14.29%	6 responses	No 85.71%	36 responses
19. Are you a seasonal resident?				
Yes	17.07%	7 responses	No 82.39%	34 responses
20. Is your short-term rental your permanent residence?				
Yes	25.58%	11 responses	No 74.42%	32 responses