

Finance, Administration and Audit Committee Report

DATE: Monday, May 06, 2019

WARD(S): ALL

TITLE: SHORT-TERM RENTAL REGULATION

FROM:

Mary Reali, Deputy City Manager, Community Services

ACTION: DECISION

Purpose

This report provides recommendations for the establishment of a regulatory regime for “short-term rentals” (STRs), including technical amendments to the City’s Zoning By-law, creation of a new STR Licensing by-law and a Municipal Accommodation Tax (MAT) STR by-law.

Report Highlights

- A regulatory framework will place parameters around what constitutes a legal short-term rental, ensure minimum standards are met, and require the maintenance of a valid municipal licence.
- The advent of STRs has created both a growing number of opportunities for residents to participate in the Sharing Economy, as well as community concerns around the impact of STRs.
- Regulation will help to create a balance between the demand for STRs and the demand for affordable housing options, while satisfying the diverse needs of people visiting Vaughan, and continuing to support the evolution of business models that spur economic growth.
- Regulation will facilitate the application of the Municipal Accommodation Tax (“MAT”) on STRs, which is expected to generate approximately \$120,000 annually, and balances the market with respect to traditional overnight accommodations.
- Licensing fees for STRs will be established at an annual rate of \$300 per property, and for STR brokers on an incremental scale based on number of properties managed, between \$500 and \$10,000; revenues will contribute to offsetting the costs of administration and enforcement, estimated at \$167,000 annually.

Recommendations

1. That the recommendations provided in Attachment 1 of this report be adopted; and
2. That staff be authorized to undertake any other actions required to implement the recommendations of this report, including implementing the proposed new by-laws and making any consequential amendments to related by-laws, subject to the approval of City Legal Services.

Background

In 2014, City Council adopted the *By-law Strategy*, which introduced a strategic framework for review, creation and amendment of the City's By-laws and related regulatory public policies. Guided by the Strategy, staff have undertaken, and continue to carry out, comprehensive reviews of the City's regulatory frameworks to better address emerging issues and protect the public interest by establishing relevant, effective public policies that continue to support health and safety, quality of life and well-being of our residents. Vaughan remains one of the five fastest growing City's in Canada and a City of choice for residents and visitors alike.

The advent of Sharing Economy business models, including ride-sharing, and food delivery, amongst others, continue to spark commercial disruptions, displacing incumbent industry leaders and expanding the boundaries of traditional markets. As these technologically-driven platforms continue to increase in popularity, governments at all levels will continue to have to innovate their regulatory approaches to ensure that they remain relevant and suitable to today's social and economic environment.

History of Short-Term Rentals

The renting of a home or part of a home for a short duration, and "home-sharing" where people exchange housing accommodations while on vacation or other reasons, is not new to the tourism industry. The advent and popularity of online platforms, such as Airbnb, HomeAway, and VRBO (Vacation Rentals by Owner), HomeAway, Flipkey, Homestay, Go With Oh, OneFineStay or Booking.com has contributed to the proliferation and ease of short-term home rentals in cities across the world. This type of rentals is now commonly referred to as "short-term rentals" (STRs) and are generally understood to refer to private individuals renting out all or part of their residences for short periods of time in exchange for a fee.

Staff working group

In 2018, an interdepartmental working group was created to study the impacts of STRs and explore potential regulatory responses. This group was led by BCLPS, and comprised of representatives from Building Standards, Economic and Cultural Development (ECD), Corporate and Strategic Communications, Policy, Planning and Environmental Sustainability, and Vaughan Fire and Rescue Services (VFRS)

departments. External resources such as York Regional Police (YRP) and an external consultant were also added to the study team.

Stakeholder engagement and research

The City of Vaughan (COV) values the opinions of all citizens and stakeholders. Staff have undertaken an extensive internal and external stakeholder engagement process to develop a fulsome understanding of the current situation, including the challenges and benefits associated with STRs in Vaughan.

Staff have engaged extensively with members of the public, businesses, interest groups and STR companies. A comprehensive stakeholder mapping exercise identified the following stakeholder groups:

- Ratepayers' Associations
- Homeowners in the city of Vaughan
- Renters in the city of Vaughan
- The general Vaughan public
- Neighbours (people living in areas/communities where short-term rentals are being operated)
- Condominium boards in the city of Vaughan
- Hotel and motel owners and operators in the city of Vaughan (12)
- Fairbnb (national coalition of homeowners, tenants, tourism businesses and labour organizations)
- City of Vaughan staff
- Airbnb
- The Regional Municipality of York
- Vaughan Chamber of Commerce
- Building Industry and Land Development Association (BILD)
- Greater Toronto Hotel Association
- Ontario Restaurant Hotel and Motel Association
- Expedia
- Greater Toronto Apartment Association
- Insurance Bureau of Canada
- Travel Industry Council of Ontario (TICO)
- Toronto Real Estate Board
- Municipal Property Assessment Corporation (MPAC)
- Federation of Ontario Bed and Breakfast Accommodation
- The Condo Owners' Association
- The Ontario Landlords Association
- Residential Construction Council of Ontario (RESCON)
- Billet hosts in the City of Vaughan (i.e., rentals for foreign students)

The engagement process included three phases:

Phase 1: Initial consultation

An online survey was launched on Nov. 1 and ran until Dec. 31, 2018. It was promoted on all of the City's corporate channels including Facebook, Twitter, Instagram, the City Update eNewsletter, Vaughan TV and community centre TV screens, digital signs, the website homepage and in Council eNews. A [public service announcement](#), which was published on Nov. 5, 2018, also promoted the online survey and was distributed to media outlets. The Vaughan Citizen picked up the story and published it [online](#) on Nov. 6, 2018 and in print on Nov. 16, 2018. Citizens who called in to Access Vaughan from Nov. 26 to Dec. 7, 2018 were also asked to answer select survey questions regarding short-term rentals. An email address, shorttermrentals@vaughan.ca, was also created to receive and respond to questions and comments about STRs.

A total of **830 surveys** were completed: **425** through the online survey and **405** completed over the phone with an Access Vaughan citizen service representative. A total of **133 open-ended comments** were received via the online survey. A total of **203 email addresses** were collected from respondents who indicated interest in receiving information from the City, as it becomes available, related to short-term rentals in Vaughan, including future consultation opportunities.

Phase 2: Public and stakeholder meetings

A public consultation meeting was held in each of the five wards in Vaughan in February and March of this year. The public meetings were attended by a total of 45 residents. The meeting format included a background presentation on STRs, including information about the current prevalence of STRs in Vaughan, as well as a question-and-answer period and a handout for participants to respond to two key questions:

1. What are the concerns surrounding short-term rentals in Vaughan?
2. What benefits and opportunities do short-term rentals represent for our communities?

The Corporate and Strategic Communications department implemented a comprehensive communications approach to promote the public meetings. There was also outreach to the approximately 200 citizens who provided their email addresses during phase one who expressed their desire to be informed on future consultation opportunities, as well as industry stakeholders who were also engaged in phase one.

Numerous meetings and discussions were held with various interest groups and STR companies, such as the Toronto Real Estate Board and Vaughan Chamber of Commerce and Airbnb, and as well, staff conducted a review of Fairbnb online media, an advocacy group which has shared concerns with respect to STRs and their impact on affordable housing and resident safety.

Phase 3: Validation

As part of phase three consultations, staff updated the website with information about the recommended regulatory framework for STRs, including the proposed technical amendments to the City's Zoning By-law, creation of a new by-law for STRs licensing and a Municipal Accommodation Tax (MAT) STR By-law. The STRs email address, shorttermrentals@vaughan.ca, remained open to receive additional comments and questions about the recommended regulatory framework.

Staff also sent follow up emails to the original industry stakeholder list created as part of Phase One. Follow up communications with these groups included notifying them of the City's recommended regulatory framework and notice that the public report would be presented at a Finance, Administration and Audit Committee Meeting, and that the public could attend to provide further comment.

2018 Citizen Satisfaction Survey

To assess citizen satisfaction with existing programs and services provided by the City of Vaughan and to prioritize issues to improve and focus municipal service delivery, the City has routinely conducted citizen satisfaction surveys since 2007. Through the most recent 2018 survey, the information gathered was intended to assist the City in identifying key trends and issues of importance as we continue to strive for service excellence.

Administered by research firm Ipsos-Reid, the 2018 survey was conducted among 806 respondents 18 years of age and older living in the city of Vaughan. The margin of error of the completed interviews was +/- 3.5 per cent, 19 times out of 20. The results of the survey were weighted based on age, gender and sub-region within Vaughan to match the demographic profile of residents based on 2016 census data. The survey ran from June 18 to July 15, 2018. Of note, the survey asked the following question: *In your view, as a resident of the City of Vaughan, what is the most important issue facing your community, that is the one issue you feel should receive the greatest attention from your Mayor and Members of Council?*

This was an unprompted question, meaning citizens were not given a list of issues to choose from, rather, they were encouraged to proactively provide their own ideas. Staff requested that Ipsos-Reid review citizen responses to determine if any specific references to STRs or Airbnb were made. They found there were no mentions of either, indicating that STRs is not an important top-of-mind issue compared to other issues.

Based on this fulsome engagement, staff have identified key information and trends in public sentiment with respect to STRs, summarized below.

Short-term rentals in Vaughan

Staff used complaint information and stakeholder input to gain a better understanding of the nature and extent of the issues that STRs have created in Vaughan.

Airbnb in Vaughan

Staff engaged the popular STR company Airbnb, who advised that they hold 80% of the STR market share in Vaughan, which by their present estimates means that they offer 320 of the current 400 STRs offered in the City. The company provided the following information:

- on February 12, 2019, there were 320 STR hosts in Vaughan, though they explained that this number fluctuates regularly;
- Vaughan STR hosts typically earn \$6,700 per year on average;
- a typical STR rental is for 4.1 nights at a time;
- typical STR hosts rent their home/room for 49 nights annually; and
- 49% of Vaughan STR hosts typically rent their entire home, while 48% typically rent a private room within their home, which in a pool of 320 STRs, equates to 157 entire homes rented and 154 homes renting a private room.

Prevalence and distribution of Short-Term Rentals

The City's Planning department has reviewed the distribution of STRs, finding that they are found throughout the City, with greater concentrations in some areas which may vary by season, such as areas surrounding Canada's Wonderland during the summer season.

Based on 2016 StatsCan data with respect to numbers of households considered in tandem with data from Airbnb, we can estimate that approximately 400 of the total 94,217 households in Vaughan are likely hosting STRs at any given time.

What we heard about short-term rentals

Vaughan residents, through a series of consultations across the city's five wards, shared their experiences, concerns and suggestions with respect to short-term rentals.

Input from York Regional Police

In reviewing their activity related to STRs, York Regional Police ("YRP") advised that in 2018, there were several criminal and non-criminal complaints investigated, such as assaults, sexual assaults, disputes, identity fraud and property damage. YRP suggested that STR applications should require a greater breadth of information, including insurance and key contact information, and that processes for lodging complaints related to STRs should be clear and accessible to the public.

Support for city regulation

As mentioned above, in the telephone and online surveys, staff heard from 830 respondents; more than three quarters indicated that they were Vaughan home-owners, but as well, respondents included other organizations, such as condominium board members, a short-term rental platform company, a tourism organization and various ratepayers' association members. Two key results were that:

- 473 of respondents advised that STRs are not an issue in Vaughan; and
- 581 of respondents believed that the City should regulate STRs.

As such, while more than half of respondents did not believe that STRs were an issue in Vaughan, the great majority of respondents believed that the City should have a regulatory framework in place to govern them.

Concerns about Short-Term Rentals

Staff heard the following concerns from stakeholders and complaints.

- **Homes being used as party houses:** A number of residents reported living in close proximity to STR houses being used to host parties on the weekends. They described these parties as often having loud music until late hours of the night, many parked vehicles which frequently obstructed the flow of traffic and, in some cases, houses had hired security guards manning the door, similar to a night club. In a few recent incidents in Vaughan, there have been incidents of criminal matters occurring at these parties, prompting the attention of YRP.
- **Poor upkeep of properties:** Some residents complained of STR properties being poorly maintained, with renters sometimes damaging property and leaving behind excessive amounts of trash, all contributing to a general concern over how these nuisances might impact property values.
- **Fire and access safety:** Some residents expressed concern that STRs in homes may not have the proper life-safety measures, such as smoke and carbon monoxide alarms, and that the owners may not be providing the proper emergency information to their renters, potentially creating a serious hazard.
- **Condominium residents:** Some condominium residents expressed concern that having STR renters leads to overuse and excessive wear-and-tear of common/shared areas, ultimately resulting in higher condo fees, and concern about their homes feeling like hotels, with a changing influx of different STR renters having access to their buildings.
- **Hotels, motels, other accommodation venues and the Municipal Accommodation Tax:** These venues expressed concern over unfair competition from STRs, who are not subject to the same taxes and often provide accommodation at lower costs. As of April 1, 2019, as per By-law 029-2019, guests at Vaughan hotels, motels, campgrounds and bed-and-breakfasts have been required to pay the Municipal Accommodation Tax (MAT), a 4% charge for paid overnight accommodations.
- **Impact on affordable housing:** One concern that surfaced in almost every municipality is that homeowners/occupants may choose to offer available rooms

or suites as STRs instead of as long-term affordable housing, with the underlying motivation being able to earn more money as an STR provider, while avoiding stricter landlord-tenant regulations associated with long-term rentals. Many municipalities have attempted to protect the long-term affordable housing supply by limiting the number of nights that an STR can be rented to be between 28 and 30 nights, with an additional limit on the total number of days that an STR can be rented in a given year.

Positives of Short-Term Rentals

Staff also heard from stakeholders about the positive impacts of STRs:

- **Additional supplementary income:** Some stakeholders expressed interest in becoming STR operators as a way to supplement their income and have greater housing stability.
- **Affordable travel options for tourists, families and those caring for loved ones:** Some residents expressed that they enjoyed using STRs to travel and found them to be an enjoyable and more affordable option for accommodation, especially for large families. STRs also were seen as more economical and convenient alternatives for those with relatives who may be staying in the City for various other reasons, such as required medical care.
- **Support to Vaughan business community:** Some suggested that STRs contributed to ancillary industries, economic stability and greater business success for restaurants and other industries that benefit from, and cater to, visitors.
- **Increased accessibility to housing options through technology:** Some stakeholders indicated that STR platforms made it easier to find accommodation within an area, providing an opportunity to lodge in a desired area while looking for permanent accommodations within that same area and to create greater rental-housing competition within an area, putting a downward pressure on rental housing prices generally in that area.

Current regulatory framework and oversight

In the event of an issue, BCLPS, VFRS and Building Standards will collaborate to appropriately respond to circumstances relating to use and occupancy. The City will also continue to engage YRP as needed, for more serious matters, such as criminal offences in any circumstance.

The City currently has a range of regulations with which to address the concerns associated with any properties, including STRs, such as the Debris, Noise, Parking, Property Standards, and Waste by-laws, as well as the Ontario Building and Fire Codes. Staff have a range of powers under these regulations, such as issuing monetary

penalties for infractions, undertaking and recovering costs of remedial work where needed and where appropriate, and/or pursuing an order to close the premises where a residential home is being misused for other purposes.

Despite the City's regulatory toolkit, Zoning By-law and Licensing By-law do not speak specifically to STRs; this limits the ability of staff to address STRs in a more comprehensive way. Staff note that the following Ontario municipalities have developed or are in the process developing STR-specific regulations:

- Blue Mountains
- Kingston
- London
- Markham
- Mississauga
- Niagara-on-the-Lake
- Oakville
- Ottawa
- Toronto
- Waterloo

Among these municipalities, staff noted several commonly proposed/implemented approaches to increasing their regulatory abilities, including:

- requiring registration or licensing of STR “brokers”, such as Airbnb, and STR “operators”, i.e., persons renting their homes or a portion of their homes;
- creating STR-specific regulations, including the requirement for brokers and operators to share information;
- creating the ability for STR operators to be penalized and even banned from operating when non-compliant with regulations, and requiring STR brokers from not advertising them;
- placing limits on the number of nights a home can be rented as an STR, in order to minimize the reduction of homes offered for long-term affordable housing;
- establishing application, renewal, and inspection fees to recover costs associated with STR regulation from those in the industry rather than solely from the tax base;
- requiring STRs to be occupied by the primary resident; and
- no changes to the cities' Official Plans are proposed on the basis that STRs are considered to be accessory to principal residential use.

Table 1 - Jurisdictional scan of Ontario Short-Term Rental regulations

City	Status on regulation of Short-Term Rentals	Short-Term Rental fees (if applicable)
Blue Mountains	Regulation is in place, with restrictions on which residential zones STRs are allowed to operate	• Application fee for operators: \$2,500.00 for houses and \$1,500.00 for condo units • Renewal fee for operators: \$1,000.00 for houses and \$500.00 for condo units • Late renewal fee: \$500.00 • Fire safety inspection: \$75.00 • STA Licensing Committee Appeal fee: \$500.00 • Council STA Appeal Fee: \$500.00 • STA re-inspection fee: \$100.00 • Replacement STA licence placard: \$50.00
Brampton	No regulations are in place	NA
Caledon	No regulations are in place	NA
Guelph	No regulations are in place	NA
Kingston	Licensing intended to be introduced in 2019	• Fees for operators: \$ 175 for 5 years, proposed
London	STR study underway, with consultations scheduled for Q3 2019	NA
Markham	Regulations are pending, however in the interim, rezoning is required to operate STRs	• Fees for brokers: \$5000 one-time application fee per company + \$1/night booked • Fees for operators: \$50 annually
Mississauga	Regulations are pending, with STRs not allowed in secondary suites or basement apartments	NA

City	Status on regulation of Short-Term Rentals	Short-Term Rental fees (if applicable)
Niagara-on-the Lake	Regulations are in place	• Fee for brokers: NA • Fees for operators: \$108/license guest room per year • STR Appeal Fee: \$250 (non-refundable)
Oakville	Regulation pending	• Fees for brokers: \$ 44,500 annually • Fees for operators: \$ 237 annually
Ottawa	Study underway	NA
Richmond Hill	No regulation in place	NA
Toronto	Regulations are pending a Local Planning Appeal Tribunal (LPAT) appeal in August 2019	• Fees for brokers: \$5000 annually and \$1 per night rented • Fees for operators: \$50 annually
Waterloo	Regulations are pending	• No specific STR licensing, however there are rental licences ranging from \$500 to \$1200

Staff have considered these and other regulations in developing the recommendations outlined in the Analysis and Options section.

Previous Reports/Authority

[Municipal Accommodation Tax](#), Item 3, Report No. 1, Finance, Administration and Audit Committee, January 29, 2019.

Analysis and Options

Staff recommendations and reasoning are listed below.

Table 2 – Current state, proposed regulations and reasoning

No	Current state	Proposed regulation or action	Reasoning
1	Short-Term Rentals are not defined in any City of Vaughan by-law and are therefore not explicitly regulated.	Define Short-Term Rentals as, “All or part of a dwelling unit used to provide sleeping accommodations for any rental period that is 29 consecutive nights or less in exchange for payment but does not include Bed-and-Breakfasts.”	By defining STRs, the City can clearly articulate what constitutes a legal STR and, in this way, apply specific provisions and requirements.
2	Letting, lodging, boarding, and other arrangements of accommodation are not licensed by the City.	Create licensing categories for STR Brokers (such as Airbnb) and STR Operators (those who rent their homes) in a stand-alone by-law, requiring initial licensing and annual renewal, requiring the following annual fees: STR Brokers to be licensed and renewed annually at: • \$10,000 for those with more than 100 listings; • \$5,000 for those with 51 to 100 listings; • \$1,000 for those with 11 to 50 listings; and • \$500 for those with 10 or fewer listings. STR Operators to be licensed annually at \$300 per property.	Licensing provides the City with leverage when it comes to inspection authority and enforcement powers, as well as the revenue to contribute to the costs of administration, oversight and enforcement, thereby off-setting pressure on the City’s tax base.
3	The City does not currently collect information about STR Operators.	As a condition of licensing, require STR Brokers and Operators to share and update information with respect to: • their contact information, including emergency contacts where someone can be reached 24 hours a day during rental periods; • a description of their property, which parts will be used for rental and access/exit information; and	To ensure the City has appropriate contacts and information to respond to any complaints related to STRs, as well as to verify that the STR is being operated in accordance with regulation (e.g. principal residence).

No	Current state	Proposed regulation or action	Reasoning
		government-issued identification that demonstrates that the address is the STR Operator's principal residence.	
4	There are no specific by-law provisions that related to STR operation and advertising.	Create provisions in which an STR licence may be refused, suspended, subject to conditions and/or revoked, including but not limited to when: - The applicant/licensee has not completed the application, including submission of required documents of fee payment. - The applicant/licensee has failed to pay fees, fines or any outstanding debt (e.g. MAT) associated with this or other City by-laws. - There is reason to believe the information provided is false or ceases to be accurate. - Where an adverse report has been received from any of the officials, departments, or other public authorities. - The applicant/licensee are not acting in accordance with integrity, honesty or any laws or there is reasonable grounds to believe they are not doing so. - There are reasonable grounds to believe that the conduct of the applicant/licensee and/or other circumstances has infringed or would infringe on the rights of other members of the public and/or would endanger their health, safety, or would infringe on the rights of members of the public.	Where the Chief Licensing Officer deems it necessary, the City would be able to prohibit an STR broker or host from operating, impose conditions, suspend, or revoke any licence, as well as to ban them from re-applying to operate for a period of up to 12 months, subject to appeal.

No	Current state	Proposed regulation or action	Reasoning
		7. An applicant/ licensee was refused/ revoked/ suspended within the last 12 months. 8. There is any other matter that the Chief Licensing Officer is authorized by law to consider. In addition, create the provision that any refusal, suspension, revocation or condition would be subject to an appeal process.	
5	There are currently no by-laws which advise that STRs must operate in line with existing regulatory requirements.	Advise that STRs must operate in accordance with all applicable law and regulations, including but not limited to the Building and Fire Code.	To create greater awareness amongst operators and in this way to achieve higher levels of compliance
6	There is no unique identifier for STR Operators.	Require STR Brokers to list STR Operator licence numbers in advertisements and require STR Brokers to stop advertising any STR for which the licence has been suspended or revoked by the City.	This will encourage a system of transparency, enabling complainants to more easily identify STRs and report any issues to the City for follow-up.
7	There are no current provisions restricting in what areas STRs can operate.	Allow STR Operators to offer accommodations in residential dwelling types only, as determined by the related proposed zoning by-law provisions.	To identify where STRs are permitted and to prohibit non-residential buildings from being used as STRs, while continuing to allow other types of purpose-built accommodation buildings, such as hotels and motels, to continue to operate.

No	Current state	Proposed regulation or action	Reasoning
8	There is limited authority for City staff to enter dwelling units for the purposes of inspection, requiring that they must have the occupant's permission or a warrant.	Under licensing, STR Operators can be compelled to provide access to their properties for purposes of inspection, as well as take other safety measures, such as post life-safety plans which outline access and egress, and among other regulations, establish criteria and penalty for obstructing the appropriate City officials for carrying out their lawful authorities.	To ensure compliance with relevant life-safety and all other regulatory standards, including powers of the City and related penalty system.
9	Many municipalities limit the length of time for which a STR can be rented, such as ranging from 28 to 30 days	STR Operators to be required to list accommodations for periods of 29 consecutive nights or less per booking and not exceeding 180 days for all bookings within any calendar year.	This provision is aimed at limiting the accommodation terms in order to mitigate the adverse impact on potential affordable long-term rental housing. This requirement is also aligned with MAT regulations. The 180-day cap is intended to limit the economic benefit of short-term rentals vis-à-vis long-term housing, thus promoting the later.
10	There are no regulations with respect to which homes and units can provide STRs	Allow STR Operators to offer accommodation in any home which is the owner's principal residence or the principal residence of a tenant who has the owner's permission to operate an STR, also requiring that in the case of a condominium, the additional permission of the Condominium Board is required. These regulations will be achieved through the proposed licensing framework.	This provision is aimed at prohibiting strictly commercial and speculative interests from operating STRs at the expense of long-term housing.
11	The Zoning By-law permits Bed-and-Breakfast establishments in	This should stay the same, as a separate category of accommodation that continues to require site-specific Council approval.	No issues have been reported to the City about these businesses.

No	Current state	Proposed regulation or action	Reasoning
	the C11 Mainstreet Commercial zone		
12	There are no limits on the number of simultaneous bookings that can be hosted by an STR	Allow STR Operators to allow one booking for one property at any time, whether it be the whole home or a single room that is being rented.	This provision is intended to limit the number of different parties occupying a home at one time, in the hopes of reducing nuisances, parking issues and other concerns.
13	There is no requirement for an STR Broker to disclose information about STR hosts.	Require STR Brokers to disclose information about STR hosts and their accommodations to the City as needed for investigation and planning purposes, and to retain this information for at least three years.	Leverage the information gathered by STR Brokers to enhance the City's ability to investigate and plan.
14	MAT of 4 % will apply to City of Vaughan hotels, motels, campgrounds and bed and breakfasts as of April 1, 2019.	Require that STRs be subject to MAT, which must be collected and remitted to the City by STR brokers.	This will ensure MAT is applied fairly and consistently among different types of accommodations throughout Vaughan, and remitted to the City in an efficient manner.
15	Staff have observed that some STR brokers are based in other countries, and as such, operate with different regulations than those which would apply here.	To prohibit any STR Brokers from imposing mandatory arbitration clauses for STR Operators or users, or regulations outside of those in line with Canadian, Ontario or municipal regulation.	The intent of this provision is to ensure that all parties involved in STRs are subject to the correct regulations, and not subject to restrictive clauses that would prohibit their ability to exercise their local rights.
16	There are currently no penalties specific to STR operation.	Establish penalties for any person or director or officer of a corporation who commits or assents to a contravention of the by-law, with fines not to exceed \$100,000 or a special fine, in an amount	Ensure that the City has the authority to impose penalties for STRs operating in

No	Current state	Proposed regulation or action	Reasoning
		the court deems appropriate to eliminate or reduce the possible economic advantage of the contravention, and a fine of up to \$10,000 per day for each day in which an offence continues. In addition, ensure that obstruction, hindrance or interference of an investigation be a chargeable offence.	contravention of regulations.
17	The City of Vaughan Official Plan (OP) does not address STRs.	That no change to the OP is proposed at this time, on the basis that STRs in Vaughan are considered to be accessory to principal residential use. With that said, staff intend to monitor the impact of STRs over time.	This will enable land use to continue as outlined in the OP, while staff evaluate its impact and if needed, undertake the OPA process.

Financial Impact

Licensing revenue and staffing

Pursuant to the Municipal Act of Ontario, and the subsequent authority to impose a licensing framework, revenues generated through licensing must be applied to the administration and enforcement of the licensing which generates the revenue. City staff are exploring the need for additional resources and technology to administer and enforce the new regulations and will proceed through the appropriate process during the 2020 Budget submission cycle.

In the interim, City of Vaughan staff intend to draw on existing staff resources in BCLPS, Building Standards, and VFRS to administer, monitor and enforce the proposed regulations. Extrapolating data on existing use, the following projected licensing revenue is anticipated annually, which is anticipated to offset the immediately resulting costs and any future anticipated costs:

Table 3 – Projected annual licensing revenues

Licensee	Estimated number of licensees	Suggested licensing fee	Expected annual revenue
STR broker - more than 100 properties	2	\$ 10,000	\$ 20,000
STR broker - 51 to 100 properties	3	\$ 5,000	\$ 15,000
STR broker - 11 to 50 properties	6	\$ 1,000	\$ 6,000
STR broker - up to 10 properties	12	\$ 500	\$ 6,000
STR operators	400	\$ 300	\$ 120,000
TOTAL PROJECTED REVENUE			\$ 167,000

Staff anticipate that STR regulation will necessitate additional administrative and enforcement resources, anticipating the following additional requirements:

- BCLPS anticipates need for an additional Full-Time Equivalent (FTE) enforcement position and one additional part-time administrative staff, which would be offset by the projected revenue.
- VFRS anticipates an increased requirement of 0.25 FTE for costs associated with the inspection of complaints and enforcement of infractions under the Ontario Fire Code.
- Building Standards and Fire and Rescue Services will continue to monitor the impact on their resources and assess their needs accordingly.

Municipal Accommodation Tax

In 2018, ECD commissioned a study, *Market Assessment of Municipal Accommodation Tax*, conducted by CBRE Limited Valuation and Advisory Services; their findings suggest that the STR market will continue to grow, and that a 4% MAT would likely generate at least \$120,000 in tax revenue annually.

Broader Regional Impacts/Considerations

The proposed recommendations would bring Vaughan in line with the regulatory approaches which have been and/or are being undertaken by other major Ontario municipalities, providing greater consistency across Ontario cities, including for residents, visitors, the business community and STR Operators and Brokers.

Conclusion

The proposed establishment of a regulatory framework aligns directly with the City's *By-law Strategy* and directly supports Term of Council Service Excellence Strategic Plan

(Area 4): ACTIVE, SAFE AND DIVERSE COMMUNITIES and (Area 5): ECONOMIC PROSPERITY, INVESTMENT AND SOCIAL CAPITAL to ensure the health and safety of our residents, maintain a high quality of life and foster economic sustainability across our City.

Proposed amendments include recognition of short-term rentals as a permitted use in areas where residential uses are permitted, the introduction of a licensing and regulatory regime, and the requirement for all short-term rentals to be subject to MAT.

The proposed regulations will ensure that the City of Vaughan has the ability to mitigate the potential impacts of Short-Term Rentals, support the identified benefits and ensure the appropriate measures are in place to address current and potential future concerns.

Given the timelines required under the Ontario Planning Act for amendments to zoning regulation, staff estimate that the proposed by-laws and amendments will be enacted in fall of 2019, with regulations implemented by January 2020.

For more information, please contact:

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Deryn Rizzi, Vaughan Fire Chief, ext. 6301

Attachments

1. Proposed recommendations

Prepared by

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