

REPORT SUMMARY

Short-Term Rentals Regulations

Finance, Administration and Audit Committee Presentation

Gus Michaels, Director and Chief Licensing Officer
By-law and Compliance, Licensing and Permit Services

Monday, May 6, 2019



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Overview

- City staff have conducted a comprehensive review of Short-Term Rentals (“STRs”) in line with the City’s *By-law Strategy*.
- This presentation summarizes staff recommendations.
- Staff are proposing a regulatory framework to:
 - license and create standards for STRs
 - support a balance between STRs and affordable housing options
 - satisfy the diverse needs of people visiting Vaughan
 - continue to support business models that spurs economic growth

This report will be posted at vaughan.ca/council.



Council's Strategic Priorities

The proposed framework supports the following Council's Strategic Priorities:

- Area 4: ACTIVE, SAFE AND DIVERSE COMMUNITIES
- Area 5: ECONOMIC PROSPERITY, INVESTMENT AND SOCIAL CAPITAL



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the review



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Background

- Home rentals are not new, but the increasing popularity of online platforms has contributed to the proliferation of STRs in cities around the world.
- Examples of STR “brokers”:

Airbnb

HomeAway

VRBO

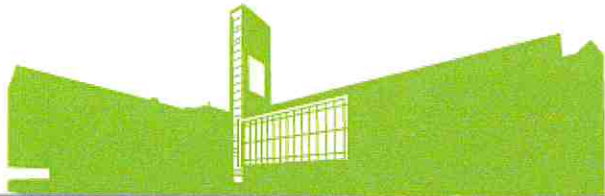
Flipkey

Homestay

Go With Oh

OneFineStay

Booking.com



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Staff Short-Term Rental Working Group

- By-law and Compliance, Licensing and Permit Services (BCLPS)
- Building Standards
- Vaughan Fire and Rescue Service (VFRS)
- Economic and Cultural Development (ECD)
- Corporate and Strategic Communications
- Policy, Planning and Environmental Sustainability
- York Regional Police (YRP)



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Research and stakeholder engagement

Research

- Jurisdictional scan of other Ontario cities
- Review of **32** complaints received since January 2014

Engagement

- Access Vaughan and online surveys totaling **830** responses
- **Five** public consultation meetings attended by **45** residents
- Numerous meetings and discussions with various interest groups and STR companies, such as the Toronto Real Estate Board, Vaughan Chamber of Commerce and Airbnb
- Review of advocacy group media, such as Fairbnb media



what we heard



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Key survey findings

- **830** respondents
- On average, **57 per cent** of respondents indicated STRs are not an issue in Vaughan
- Approximately **70 per cent** of respondents believe the City of Vaughan should regulate STRs



Concerns about Short-Term Rentals

- Homes being used as party houses
- Poor upkeep of properties
- Insufficient life safety equipment and information provided to renters
- Excessive wear-and-tear of common/shared areas at condominiums
- Competitive unfairness with STRs currently not required to pay Municipal Accommodation Tax (MAT), unlike hotels and motels
- Reduce availability of affordable housing



Positives of Short-Term Rentals

- Additional supplementary income for home owners
- Affordable travel options for tourists, families and those caring for loved ones
- Temporary housing options for those seeking to establish a more permanent residence in Vaughan
- Support to Vaughan business community
- Increased accessibility to housing options through technology



Other cities developing STR regulations

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



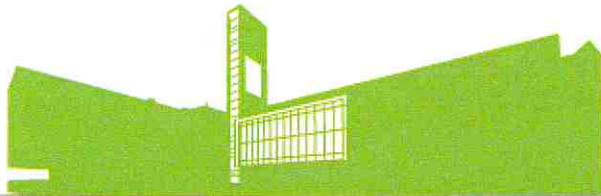
Common approaches to regulation

- Requirement for STR brokers and STR operators to be licensed
- Requirement for brokers and operators to share information
- Providing for penalties or ability to ban operators
- Placement of limits on the number of nights a home can be rented as a STR



Common approaches to regulation

- Establishment of fees to recover costs rather than relying solely on the tax base
- Consideration of STRs as accessory to the principal residential use, thereby not necessitating any changes to the city's Official Plan



recommendations



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Proposed regulations and actions

No	Proposed regulation or action	Reasoning
1	<p>Define Short-Term Rentals:</p> <p>“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.”</p>	<p>By defining STRs, the City can clearly articulate what constitutes a legal STR and, in this way, apply specific provisions, regulations and oversight.</p>
2	<p>License:</p> <ul style="list-style-type: none">• STR brokers (such as Airbnb)• STR operators (those who rent their homes)	<p>Licensing provides the City with:</p> <ul style="list-style-type: none">• leverage when it comes to inspection authority and enforcement powers;• revenue to offset the costs of administration, oversight and enforcement.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
3	<p>As a condition of licensing, require STR brokers and operators to share and update information with respect to:</p> <ul style="list-style-type: none">• their contact information• their property• proof of principal address	<p>To ensure the City has appropriate contacts and information enabling efficient and appropriate response to addressing any complaints related to STRs.</p>
4	<p>Create provisions for which a STR licence may be:</p> <ul style="list-style-type: none">• refused• suspended• subject to conditions• revoked	<p>The City would be able to:</p> <ul style="list-style-type: none">• prohibit a STR broker or host from operating• impose conditions, suspend or revoke any licence• ban a STR broker or host from re-applying for up to 12 months

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
5	Advise that STRs must operate in accordance with all applicable law and regulations, including but not limited to, the Building and Fire Codes.	To create greater awareness amongst operators and in this way, to achieve higher levels of compliance.
6	<ul style="list-style-type: none">• Require STR brokers to list STR operator licence numbers in advertisements.• Require STR brokers to stop advertising any STR for which the licence has been suspended or revoked.	To encourage a system of transparency, enabling complainants to more easily identify STRs and report any issues to the City for follow-up.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
7	Allow STR operators to offer accommodations in residential dwellings only.	<ul style="list-style-type: none">• To identify where STRs are permitted and to prohibit non-residential buildings from being used as STRs.• To continue to support other types of purpose-built accommodation buildings, such as hotels and motels, to remain competitive.
8	Under licensing, STR operators can be compelled to provide access to their properties for purposes of inspection, as well as take other safety measures.	<ul style="list-style-type: none">• To ensure compliance with relevant life-safety and all other regulatory standards.• To create offences for obstructing or hindering inspections or other actions by the City.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
9	<p>Require STR operators to:</p> <ul style="list-style-type: none">• list accommodations that are available to let for periods of 29 consecutive nights or less, per booking• not exceed 180 days for all bookings within any calendar year	<p>This provision is aimed at limiting the adverse impact on potential affordable long-term rental housing, encouraging longer-term rentals.</p>
10	<ul style="list-style-type: none">• Restrict STRs to the operator's principal residence.• Require the owner's permission to operate a STR (if property is tenanted).• If in a condominium, require the additional permission of the Condominium Board.	<p>This provision is aimed at prohibiting strictly commercial and speculative interests from operating STRs at the expense of long-term housing.</p>

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
11	Bed-and-Breakfasts should continue to be a separate category of accommodation that continues to require site-specific Council approval.	No issues have been reported to the City about these businesses.
12	Allow STR operators to have one booking for one property at any time, whether it be the whole home or a single room that is being rented (i.e., no multiple renters).	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.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
13	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	Require that STRs be subject to Municipal Accommodation Tax (MAT).	This will ensure MAT is applied fairly and consistently among different types of accommodations throughout Vaughan; further providing economic stimulus to Vaughan tourism industry and assisting in off-setting administration and enforcement cost, reducing future pressures on Vaughan's tax base.

Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
15	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 regulations.	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.



Proposed regulations (continued)

No	Proposed regulation or action	Reasoning
16	<p>Establish penalties, such as:</p> <ul style="list-style-type: none"> • fines of up to \$100,000 • special fines, in an amount the court deems appropriate to eliminate or reduce the possible economic advantage of the contravention • fines of up to \$10,000 per day for each day in which an offence continues 	<p>Ensure that the City has the enforcement leverage to compel STRs brokers and operators to comply with municipal regulations.</p>
17	<ul style="list-style-type: none"> • STRs in Vaughan are considered to be accessory to principal residential use. • No change to the Official Plan (OP) is proposed at this time. • Staff intend to monitor the impact of STRs over time. 	<p>This will enable land use to continue as outlined in the OP, while staff evaluate its impact and if needed, undertake the OPA process.</p>

Impacts to staffing

- Staff intend to draw on existing staff resources in BCLPS, Building Standards and VFRS to administer, monitor and enforce the proposed regulations.
- City staff are exploring the need for additional resources and technology to administer and enforce the new regulations, proceeding through the appropriate process during the 2020 Budget submission cycle.



Projected licensing revenue

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



Projected Municipal Accommodation Tax revenue

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



Broader regional impacts

The proposed recommendations would:

- bring Vaughan in line with common regulatory approaches in other major Ontario municipalities
- provide greater consistency across Ontario cities



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Summary of recommendations

- Recognition of STRs as a permitted use in areas where residential uses are permitted
- Introduction of a licensing and regulatory regime
- The requirement for all STRs to be subject to the MAT

Implementation, including the introduction of the required by-laws, will take place in the fall of 2019, with an implementation of Jan. 1, 2020.



Conclusion

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.

The proposed establishment of a regulatory framework will:

- ensure the health and safety of our residents
- maintain a high quality of life
- foster economic sustainability across our city
- align with Council's Strategic priorities



*questions or
comments*

