Centre Wellington

Report to Council

To: Mayor Watters and Members of Council

Report: COR2024-53

Prepared By: Adam McNabb, Managing Director of Corporate Services & Treasurer

Date: 30 Sep 2024

RE: Short Term Rentals in Centre Wellington

Recommendation:
THAT the Council of the Township of Centre Wellington receive for information the Draft Short-Term Rentals in Centre Wellington Report prepared by Maclaren Municipal Consulting Inc;

AND staff be directed to post the document to Connect CW for any additional feedback;

AND THAT the consultant prepare the necessary documents and draft by-law to regulate Short-Term Rentals in Centre Wellington.

Report:
Background
In April 2024, Maclaren Municipal Consulting Inc., was retained to conduct public consultation and other activities required to support the development of a Licensing by-law to address the regulation of short-term rentals (STR) in the Township of Centre Wellington.

The draft report outlines the community engagement undertaken, including workshops and a survey, highlights the feedback and insight obtained as well as sets out recommendations for a regulatory short term rental licensing by-law.

Members of the STR Steering Committee (noted below) attended the workshops, provided information and local insight and supported the work of the consultant. The members of the Steering Committee are supportive of a licensing by-law with a fee structure that covers the costs to administer and enforce without placing an undue financial burden on the STR owners/operators. The Steering Committee also supports developing and applying mechanisms such as a point rating system, tickets for noise complaints, parking improperly, littering, monetary penalties for operating without a license, advertising without a license, etc., Licensee Acknowledgement, and Render's Code of Conduct.

Resources Required
In the event the STR licensing was graduated or phased in and are issued for a 3 year term, staff believe the existing compliment, with the exception of a new By-law Clerk and Licensing Officer position in 2025 for Legislative Services (subject to council endorsement), the various affected areas, By-law, Building and Fire can accommodate the application review, circulation and inspection process. It would have to be on a first come first served basis and existing STRs would have priority over new. We anticipate initially there will be backlog and no doubt a strain on resources, however; all are attainable with a graduated approach. If endorsed by council through the annual budgeting process, the Public Educator/inspector currently identified as a need in 2026, will assist in easing the heavy workload on the Fire division.

There is much work to be completed ideally before the adoption of a by-law, including preparation of all the supporting documents (application form, renter's code of conduct, webpage, etc.), policies and procedures, a more fulsome review of rates to ensure appropriate time allocation, and full cost recovery, definition of STR boundaries and mapping, scheduling of inspections and the implementation of a software program for licensing and enforcement. This work would be a prerequisite to any licensing implementation of the approximately 150 to 200 STRs currently operating in Centre Wellington.

Next Steps
Staff is seeking Council's feedback on the recommended approach and implementation framework for a regulatory licensing by-law for Short Term Rentals. Based on that feedback and any specific direction given, staff is recommending Maclaren Municipal Consulting Inc., be directed to finalize the report and draft the licensing by-law to regulate short term rentals within Centre Wellington. Staff will also bring forward an amendment to the Fees and Charges By-law with the appropriate licensing and inspection fees.

Corporate Strategic Plan:
Create the conditions for economic prosperity
Managing growth while enhancing the community’s unique character

Consultation:
The STR Steering Committee: Dan Wilson, Adam McNabb, Brett Salmon, Kristen Bettiol, Joao Carrolo, Kendra Martin, Jason Benn, Kerri O'Kane and Satnam Chauhan.

Attachments:
- CW STR Draft Report

Approved By:
Adam McNabb, Managing Director of Corporate Services & Treasurer
Dan Wilson, Chief Administrative Officer

Final Report

Short Term Rentals in Centre Wellington

Maclaren Municipal Consulting Inc.

August 28, 2024

Table of Contents

1 Mandate and Process 3

2 Public Consultation Process 3

2.1 Survey Results 3

2.2 Public Workshop Results 6

2.3 Stakeholder Comments 8

2.4 Public Consultation Summary 8

3 Jurisdictional Review 10

3.1 Innisfil 10

3.2 Georgina 10

3.3 Woolwich 10

3.4 Ramara 10

3.5 Tiny Township 10

3.6 Stratford 11

3.7 Coburg 11

3.8 Niagara-on-the-Lake 11

3.9 Kawartha Lakes 11

4 Potential By-Law Provisions 11

4.1 Tourism Impact 11

4.2 Impact on Long-Term Rental Housing 12

4.3 STR Association 13

4.4 Regulation 13

4.5 Limiting the Inconvenience of STRs to Residents 15

4.6 Limits to the Number of STRs 16

4.7 Geographic Distinctions 17

4.8 Parking 18

4.9 Limiting STRs to Owner Units 19

4.10 Changes in Zoning/ Official Plan 19

4.11 Fees 20

4.12 Existing STRs 22

5 Summary 23

1 Mandate and Process

Maclaren Municipal Consulting Inc (Maclaren) was hired to complete the consultation processes and other activities required to support the development of a by-law framework to address the licensing of short-term accommodation rentals (STRs) in the Township of Centre Wellington. Maclaren was to conduct a review of specified other municipalities, determine what, if anything, had to be done, and use this analysis to develop a by-law incorporating terms suitable to Centre Wellington and suggest how it should be implemented.

2 Public Consultation Process

The team felt it was critical to engage with the community to understand the needs of various facets of the community before moving forward with possible regulation. The nature and desires of the community are central to the terms of any possible regulatory approach. It was also particularly important to have as much of the consultation process as possible conducted before elementary schools closed for the summer and the summer vacation period began.

Public Consultation consisted of:

- Establishing an intake portal (Connect CW) integrated with the municipal website to focus on informing the public, inviting participation in the survey, the public meetings and direct comments to the consulting team by phone or email.
- Setting up a survey, both on the website and in hardcopy to facilitate participation,
- Printing and distributing flyers that invited participation in the survey, the public meetings and direct comments to the consulting team.
- Attending the Key Projects Open House on May 31.
- Conducting street visits (handing out flyers at box stores, i.e., Canadian Tire/Walmart and in both downtowns).
- Attending the “Meadows Music Festival.”
- Holding public workshops with members of the community, and
- Conducting interviews with members of Council and members of the public involved with the issue.
- Consolidating results from the survey.

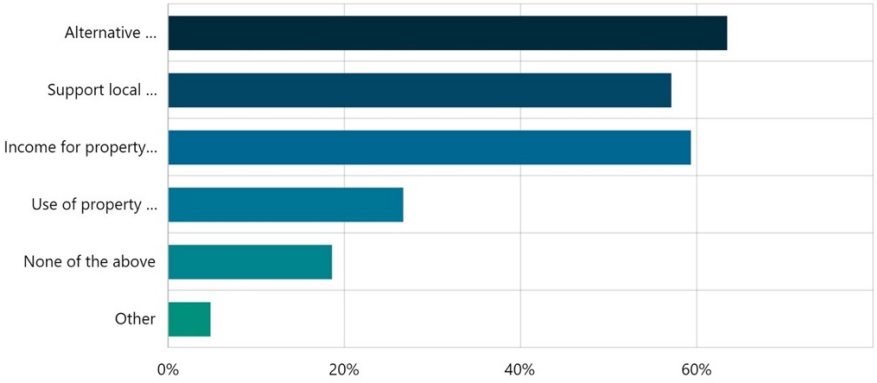
2.1 Survey Results

Maclaren created a five-question survey for Centre Wellington residents and other interested parties to partake in and share their thoughts on STRs in the municipality. We are pleased that 631 surveys were completed. The survey covered topics including the reasons for interest in STRs, perceived advantages and disadvantages of STRs, possible regulation options, an area in which the participant could indicate where the participant resides, and an area for other comments. The survey results, in the order of the survey, are detailed below.

1. What category best describes you?
    1. Resident in Centre Wellington 70.84%
    2. Property Owner in Centre Wellington 59.59%
    3. Host property for STRs 7.61%
    4. Other 5.71%
    5. Operate/Work for a Hotel/Motel 0.79%

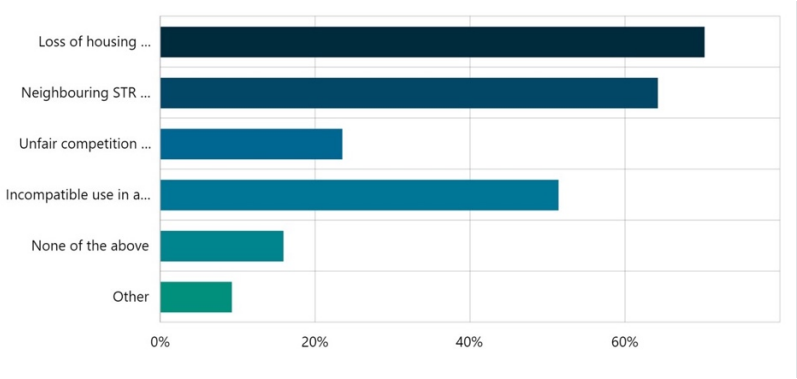
Most responses came from residents of Centre Wellington, and of those, most were homeowners. 48 responses came from STR owners or hosts, a relatively small portion of the total responses. Only 36 responses, less than 6%, came from "others" who are likely to be STR users.

2. What advantages do you see in short-term rentals (select all that apply)
    1. Alternative accommodation choices for visitors 63.39%
    2. Support local tourism/economic impact from visitor spending 57.05%
    3. Income for property owner 59.27%
    4. Use of property when otherwise unoccupied 26.62%
    5. None of the above 18.54%
    6. Other 4.75%



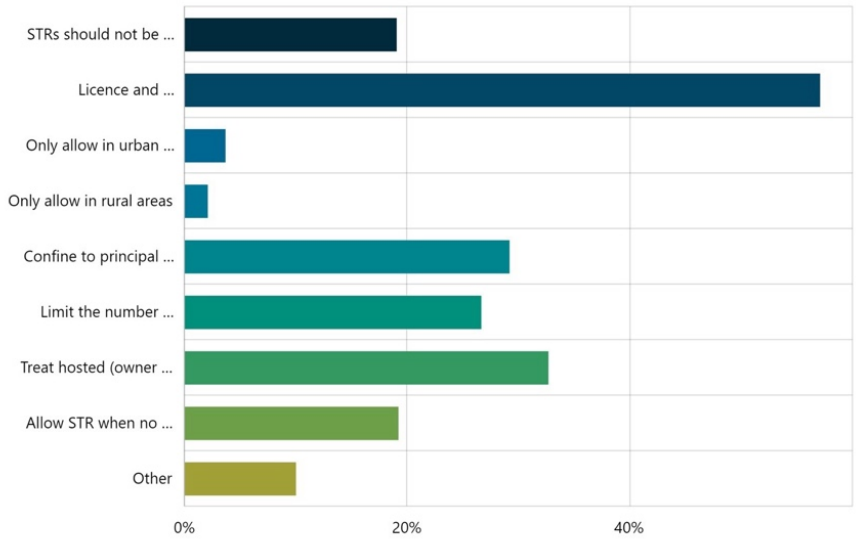
Most survey respondents noted that a key advantage of STRs is the availability of alternative accommodation choices for visitors, whether that be simply less expensive accommodation, accommodation for travelling families, for those buying, selling or renovating homes or in town on a temporary basis for work, or in at least one case, a family break up. Two-thirds of respondents also noted the strong relationship with tourism and local economic impact, and two-thirds noted the income for the property owner is important, especially with housing prices so elevated.

3. What disadvantages do you see with short-term rentals (select all that apply)
    1. Loss of housing available for long-term rentals 70.21%
    2. Neighbouring STR creates parking/noise/litter/safety problems 64.18%
    3. Unfair competition for hotels/motels/B&Bs 23.45%
    4. Incompatible use in a residential area 51.35%
    5. None of the above 15.85%
    6. Other 9.19%



The largest negative, mentioned by over 70% of respondents, is the impact of STRs on the long-term rentals, the conversion of long-term rentals to short-term rentals. Over 60% noted the impact of STRs on local residents, including complaints about parking, noise, litter and safety issues. A little more than one-half suggested STRs are incompatible with residential neighbourhoods, generally.

4. How do you think the municipality should deal with short-term rentals?
    1. STRs should not be allowed in the municipality 19.02%
    2. Licence and regulate them 57.05%
    3. Only allow in urban areas 3.65%
    4. Only allow in rural areas 2.06%
    5. Confine to principal residence only 29.16%
    6. Limit the number permitted or institute setbacks from each other 26.62%
    7. Treat hosted (owner present or close) vs. un-hosted accommodation differently 32.65%
    8. Allow STR when no (few) complaints are received 19.18%
    9. Other 9.98%



The key question of course, is what the municipality should do about STRs. Very few respondents thought STRs should be banned entirely (19%) or suggested that limiting STRs to either the rural areas or the urban areas was the answer. The largest response was that STRs should be licensed and regulated, almost 3 out of 5. There were lower levels of support for the other options presented.

5. Do you reside, or is your business in:
    1. The urban area of Centre Wellington 85.42%
    2. The rural area of Centre Wellington 12.68%
    3. Outside of Centre Wellington 2.06%
    4. Other 2.69%

Most respondents were residents of Centre Wellington, with the majority of them living in the urban areas of Elora and Fergus.

The survey offered an opportunity for participants to leave additional comments/concerns regarding STRs in Centre Wellington. Of the 631 survey participants, 203 (32.2%) chose to provide comments. Of the 203 comments provided, 15.2% regarded housing concerns, 3% were parking issues, 9% touched on tourism, 18.2% explained community concerns, 28.6% were regulation suggestions. Many participants echoed concerns about the lack of affordable housing in Centre Wellington and displacement of long-term rental tenants to make room for the influx of STRs. There was considerable concern expressed about “outsiders” (people who don’t live in the community) who run STRs for profit, and much less concern about hosts who rent a part of their house. Additionally, comments were provided that explain concerns about unregulated STRs and their impact on the community. These include garbage issues, noise, nuisances to neighbours, parties, and parking among many others. Others commented they ran STRs and managed them to ensure there were no issues.

Comments about regulation ranged from complete banning of STRs to zoning/density regulation and limiting how many STRs there can be or that a host can own. There were also comments left about the benefits to the tourism industry to have STRs in the municipality such as they are a more affordable option, and that there is a severe lack of alterative options. Finally, comments that were placed in the other category ranged from comments about the consulting process, political comments, and comments explaining they have had no issues with STRs. Alternative perspectives suggested STRs are already over-regulated, and no further constraints are required.

2.2 Public Workshop Results

The website, flyers and word of mouth encouraged interested parties to RSVP to one of three public workshops that were held over two days (June 19, 2024 – 7 pm and June 20, 2024 - 2 pm and 7 pm) and garnered over 30 people in attendance. Participants included STR “hosts” (ranging from owners of “glamping” accommodations to traditional STRs in Elora’s downtown core) and

those who had concerns about STRs that pertain to the themes as mentioned above. Each of the three workshops are discussed below.

Workshop 1 - June 19, 7 pm

This discussion took the perspective that STRs are small businesses and that each one is unique (a range of STR owners were present from glamping to STRs in both downtowns). One community member near a badly operated STR also participated. All participants in the discussion seem to support licensing STRs in Centre Wellington. It was noted that while STR hosts support the regulation of STRs to prevent issues from "bad actors", they are concerned about being overregulated and stated that if this occurred, it would deter them from continuing to offer their accommodation. In the discussion about STR licensing, participants mentioned that different types of accommodations (i.e., one bedroom in an owner's home vs. a five-bedroom whole house) should have to adhere to different standards. This included different standards for fire inspections and property standards inspections; however, participants agreed that these aspects should be included under the licence. Participants discussed how licencing of STRs should include a definition(s) for hosts to identify how their accommodation fits into the proposed regulation. Participants also discussed the difficulty of issuing a formal complaint about existing STRs and suggested creating a more accessible format. This group's proposed regulation also included capping the number of STRs in Centre Wellington, Owner Operation, and consequences for failure to adhere to the regulation.

Workshop 2 – June 20, 2 pm

The second discussion included many participants who believed that Centre Wellington doesn't have a problem with STRs. However, the discussion did surround possible regulation as participants did feel the importance of proposing some regulation before a serious problem arises. It was mentioned that STRs in the municipality offer accommodation for more than just tourism. Hosts explained that they have guests staying at their property waiting for surgery, visiting an ill family member, and construction workers, among many others. Similar to the previous meeting, hosts explained that if fees (licencing, MAT tax etc.) became too much for them it would deter them from running their STR. This group also mirrored the point of the previous group about capping the number of STRs in the community. This group preferred a phased in approach to regulation as they perceive that the current issues experienced do not warrant implied restrictions. At the conclusion of this discussion, participants discussed creating an association or board of STR owners that could act as an overseeing body.

Workshop 3 – June 20, 7 pm

Our third workshop was comprised of participants concerned about STR operation and regulation in Centre Wellington, and some STR operators. A large topic of discussion was the housing crisis. Participants explained that some long-term rental tenants have been displaced from their housing to accommodate the increase in demand for STRs. Further, it was mentioned that many STRs sit

empty for long periods of time, causing strife among community members. This group also echoed previous comments about the lack of a formal and accessible complaint system for residents to express their concerns. Additionally, this group shared many ideas pertaining to possible STR regulation. The group's ideas for what STR regulation should look like are listed below.

- Owner occupied
- A minimum space between STRs
- Some support grandfathering in existing properties some do not
- Tiered system (different types of accommodations follow different guidelines)
- Scaling up system (start regulation small and build on when needed)
- STRs should not be allowed to host events, cap the number of people allowed in a dwelling to avoid parties
- Creating a better system to deal with the influx of garbage caused by STRs
- Buildings should be up to code (fire, property standards inspection and be insured).

All three groups mentioned the challenges of the Landlord and Tenant Act regulation of long-term tenancies, with some STR owners indicating a concern with, or hostility towards, providing long term accommodation as a consequence.

2.3 Stakeholder Comments

The project team also heard from some stakeholders with a strong interest in the subject. They emphasized the importance of the tourism industry to Centre Wellington, and to many of the businesses in the downtowns of both Elora and Fergus. However, one very badly operated STR was the scene of repeated late parties, large guest attendance whether from the immediate guests or others who gathered to celebrate a wedding. Wedding festivities are intended to be a once in a lifetime event, not every night reality. Parking issues also came up frequently, in part because there is another study of parking requirements underway, and partly as a result of the lack of public transit that could provide an alternative to car ownership. The approach to regulating and enforcing regulations was discussed, including the need to have effective regulation. The “Montreal experience” with some guests losing their lives as a result of a fire in their unregulated STR was raised – a unique experience for sure in a very dense environment, but an important reminder of the need for safety.

2.4 Public Consultation Summary

The discussions presented four general themes (Housing, Tourism, Community, and Income) that would remain relevant for the remaining parts of public consultation. The identified themes will be discussed below.

2.4.1 Housing

The consulting team heard from residents that the increase of STRs in Centre Wellington had caused previous low-cost long-term rental accommodations to be taken off the rental market, causing those tenants to be displaced. Some of the STRs only appear to use rooms within a host's residence, however the second-floor apartments above stores, particularly in Elora, were mentioned as lower rent units that were definitely lost to STRs. Additionally, residents explained that STRs are taking up too much of the rental market, causing the prices of remaining long-term rentals to increase. Business owners in both downtowns (Elora and Fergus) also noted the lack of low-cost long-term rentals in the municipality, which created issues obtaining seasonal staff. These individuals explained that this issue was causing potential staff to choose other opportunities in larger areas (i.e., Kitchener, Waterloo, and Guelph), which strains existing employees who need to accommodate increased tourism in the summer months. There was little recognition of the general housing crisis – the impact of COVID and low interest rate on housing prices and subsequently on rental rates. Consistently we heard of the need for effective government action to resolve housing and rental prices.

2.4.2 Tourism

Tourism arose in numerous discussions with residents, business owners, and other interested parties. These conversations revealed the high-value tourism holds within Centre Wellington. Many explained that without the increased tourism in the summer months, many businesses would not exist. Interested parties understand the need for STRs and other types of accommodations to house tourists in the municipality.

2.4.3 Community

Residents in the municipality value the sense of community that exists in Elora and Fergus. Concerns were raised about the potential for the sense of community to be lost if STRs overpopulate in the municipality. Additionally, concerns were expressed regarding the upkeep of the property (mowing the lawn, maintaining the garden, etc.).

2.4.4 Income

There were two types of issues raised. One that STRs offer a way to bring in some income for homeowners who are stretched by the market and the high costs of everything, including the investments required to make STRs work. It can also provide a steady source of income, as it has for Bed and Breakfast establishments for years. The concept of over-regulation, or simply prohibiting STRs was seen as a substantial threat to these operators. The second view was that

some STRs are owned by investors from outside the community who are simply interested in the profit that can be obtained by running STRs.

3 Jurisdictional Review

The nature of the approach to STRs changes dramatically with the municipality involved, depending primarily on their attitude towards STRs. However, in all cases examined, the approach has been to limit the impact on permanent residents, either by establishing strict regulations or fees on STRs generally, or by establishing some approach to limit the likelihood of poor behaviour by STR owners/operators. The following sections highlight the approaches followed.

3.1 Innisfil

Council decided to change the zoning by-laws by amending the definition of a Bed & Breakfast to include an on-site ancillary unit and excluding STRs as a permitted use. The outcome is therefore allowing the rental of up to three rooms in a house, or a second unit on a property, provided that the owner or operator lives in the property.

3.2 Georgina

Requires the registration of all STRs, including safety inspections, noise control, guidelines for property upkeep and a Renter's Code of Conduct. The fee is $550 for an application and $350 for a renewal, with various inspections ranging from $100 to $218. A demerit system has been established that can lead to revocation of a license.

3.3 Woolwich

Passed changes to the zoning by-law that limit each STR to 6 rentals with a maximum of 112 days rental per year and require a Zoning Compliance Certificate for any change in use.

3.4 Ramara

Adopted a licensing by-law, with a $3,000 annual fee, a 300 m. restriction/setback from other STRs, a requirement for fire and property standards inspections and a demerit point system that ensures proper behaviour.

3.5 Tiny Township

Requires licensing with $1,500 per year fee, inspections from fire and property standards. The fee is expected to cover costs. 294 applications were received (300 limit), with 80% having some requirement for improvement (often alarms or fire extinguishers missing, but some major issues). Property rentals are limited to 92 days per year, with a limit of 2 guests per bedroom.

3.6 Stratford

Requires licencing with an STR only permitted when the owner is absent, to a maximum of 180 days per year rental. B&Bs remain permitted at any time without the limit on days rented. The fee is $201 for a room plus $122 per additional room for B&Bs, or $402 plus $122 per room for STRs (whole units).

3.7 Coburg

Coburg has been considering the STR issue for some time and has not yet concluded what approach to take. Staff have proposed both changes to the zoning by- law and establishment of a licensing bylaw

3.8 Niagara-on-the-Lake

Issues licences. Requires compliance with the Fire Code, Building Code, Property Standards By-law, Clean Yards By-Law, Zoning By-law, and Ontario Electrical Safety Code. Licensing comes with a cost of $279 per room. There are four categories of licensees – Bed and Breakfasts (rooms in owner's house), country inns, cottages, and vacation apartments (entire units).

3.9 Kawartha Lakes

Kawartha Lakes issues STR licences, with the fee depending upon the type of the STR ($150 for a six-month hosted application, up to $1500 for an unhosted year-round application). The fines for issues such as noise double with each occurrence, with a first occurrence only costing $115, a second $230, a third $460 and reaching $920 for the fourth occurrence, and doubling for each occurrence after.

4 Potential By-Law Provisions

4.1 Tourism Impact

Centre Wellington is heavily oriented to the tourism trade, and particularly to weddings. The Elora Mill & Spa has built a reptation as a wedding venue, although it has only limited accommodation within it. The Mill does far more than weddings, with the spa, restaurant and its location in the heart of downtown Elora key to the attraction. But it, and other tourism-oriented businesses, particularly the many summer concerts and festivals must rely on other locations for accommodation. There are relatively few accommodation options within Elora and Fergus, essentially the Village Inn in Elora and the Best Western Plus in Fergus. With a population of 31,000, Centre Wellington relies upon the Short-Term Rental (STR) market to provide accommodation, for weddings, for other visitors, for visitors to local families, for temporary workers in the community and for urgent needs – housing during construction or renovation projects, family break-up or similar needs.

4.2 Impact on Long-Term Rental Housing

There was considerable discussion of the impact of STRs on the cost and availability of rental housing in the community generally, and rental housing for low-income individuals in particular. Some businesses noted that they cannot find accommodation for their employees within Elora and Fergus, and many individuals noted that housing costs are so high, and have increased so fast, that low-income individuals can no longer afford housing. Further the "renoviction" of some low-income units, particularly those over stores in the downtown areas, has displaced tenants from units that have traditionally met the needs of the low income.

The Conference Board of Canada conducted a study of the influence Airbnb had on housing rental rates between 2016 and 2022, the period of rapid growth of STRs. They found that Airbnb in particular had modest impact in the areas they studied (330 neighbourhoods in 19 Canadian cities). They found that at most .5% of the 30% increase in rental rates, or about $10/month could be attributed to Airbnb. They speculated that the low impact was largely a result on the modest number of units (.5%) that were involved with Airbnb. They also found that efforts to restrict STRs which were followed by many cities and provinces resulted in significant (50%) reductions in the number of STRs but did not result in rent reductions. However, it should be noted that the study was funded by Airbnb, which does impact the integrity of the findings.

Desjardins looked at the same data and concluded there was some impact, with a 1% increase in the share of housing used by STRs leading to a 2.3% increase in rents. It found that operation of an STR provided higher net revenue than operation of long-term rentals, however in an open market like Centre Wellington, one would expect it to achieve some kind of equilibrium in the last few years, especially since at least some STRs have stopped operating. The Desjardins report also noted that rents have "skyrocketed" in recent years, really since COVID, with rents up almost 10% a year in 2022 and 2023, so STRs have not been the major factor in the increased rents.

In Centre Wellington, there are between 155 (our findings) and 210 (Granicus which seeks a funded role in implementing a new by-law) STR units, and approximately 11,972 units (Statistics Canada 2021) units. Granicus did include some traditional STRs such as the traditional hotels and motels in their compilation, which explains some of the difference. This suggests that between 1.3% and 1.8% of the units are STRs, so a larger percentage than was found in other communities by the Conference Board study.

There have also been some substantial changes in housing prices and rental rates – more in some communities than in others -as a result of COVID, the growth of "work from home" options, and increasing interest rates. We have also seen the growth of "tent cities" and in the numbers of homeless individuals in general over the last few years. Is that related to the growth of STRs? It is difficult to be clear on this factor, but the elimination of even 1.8% of the units cannot be a significant factor. On the other hand, the loss of specific traditionally low-cost units, such as the second-floor units over shops, is a clear influence on the availability of low-cost units. Can those

be restored to long-term rental units? Banning whole-unit STRs might achieve that but would also have a significant impact on the tourism business in Centre Wellington.

There is also no evidence to suggest that banning, or even seriously limiting STRs would result in rental reductions. The Conference Board also indicated many municipalities have severely limited STRs without seeing a consequent reduction in rent levels. The construction of more rental housing, and specifically rental housing aimed at the low-income population is a much more promising undertaking.

4.3 STR Association

One alternative would be to follow the suggestion made at one of the Public Workshops to sponsor the creation of an STR Operators Association that would have the ability to hear complaints and problems and approach the owners/hosts of the properties concerned to resolve the issues. The feeling was that owners of STRs would have the moral authority to convince other STR owners/managers to "behave" and establish constraints on their guests that would eliminate the problems. This approach would have the least impact on the municipality, although some effort would be required to ensure the association was established, and that it dealt with issues that came forward.

It is likely that the association would resolve many, perhaps even most of the issues that arise. However, it is also likely that there will be an owner/host or two who find the advice and direction provided by an association contrary to their financial interests and decide to ignore it. The approach would also not result in any reduction of the impact on housing availability. It is likely to have less impact over time, as the original enthusiasts change their focus. This approach is not recommended, and should only be considered as a first phase, expecting a future desire to move to a more effective approach.

4.4 Regulation

The public participation process brought forward clear and convincing evidence that there is a problem, specifically problems related to noise, parking and over-crowding. The deaths that related to a fire in unregulated Montreal STRs was raised during the consultation process and provides ample evidence that there can be a safety issue that also should be dealt with. The majority of responses to the survey supported the concept of licencing STRs, and most of the STR owners present at the public meetings also recognized that licencing would be necessary.

Eight of the 9 jurisdictions regulate STRs with one approach or the other:

Table 1 - **Type of Regulation**

	Approach	Room Rental	Ancillary Units	Full Units
Innisfil	Zoning	Yes	yes	no
Georgina	Licensing	yes	yes	no
Woolwich	Zoning	In part	No	No
Ramara	Licensing	yes	yes	yes
Tiny	Licensing	Yes	Yes	yes
Coburg	Undetermined			
Stratford	Licensing	as B&B		As STR
Niagara on the Lake	Licensing)	yes	yes	Cottages only
Kawartha Lakes	Licensing	yes	yes	yes

However, Innisfil and Woolwich have decided to change their zoning by-laws, rather than introduce a licencing bylaw (a third has not yet determined what approach to take). The two that amended the zoning by-law found they could achieve their goals through the zoning by-law, with relatively minor changes to their enforcement processes. Any prosecutions occur under the Planning Act, a process which is already well understood. Innisfil simply changed the by-law to make the rental of rooms, and secondary apartments on the owner's property a permitted use, and to outlaw any other establishment of an STR. Woolwich has permitted STRs, but only for a maximum of 6 rentals or a period 112 days, whichever comes first.

Innisfil has the more generous approach but has still eliminated the "ghost hotel", an STR operated by someone who does not live on the property, and hence does not experience the noise or any parking issues that evolve. Changing the zoning by-law also has the advantage (or disadvantage, depending upon your perspective) of minimizing the impact on existing operators, as most would have the benefit of "non-conforming" uses – although it would also provide minimal tools to shut them down.

The licensing approach has the advantage of allowing the removal of poor operators, as many have done.

The goals of a licensing approach should be:

a) To limit the inconvenience to other residents as a result of STRs
b) To continue to have STRs serve as an important element of tourist accommodation
c) To limit the future growth of STRs, particularly in residential areas, to preserve housing stock.
d) To limit the impact on existing, good STR operators.
e) To improve the safety of STR accommodation.

The licensing approach can achieve all these goals.

4.5 Limiting the Inconvenience of STRs to Residents

Resident concerns generally relate to noise, parking and litter/garbage. A licencing by-law can deal with these issues. A number of municipalities have established point rating systems that result in the suspension or revocation of a license to operate an STR if the tenants behave badly.

Table 2 - **Use of Demerit Systems**

	Use Demerit System	Appeal Committee
Georgina	Point System	yes
Ramara	Point System	yes
Tiny	Point System	Yes
Stratford		
Niagara on the Lake	Point System	yes
Kawartha Lakes	Point System	yes

Five of the six municipalities use a point system with some trigger for loss of a licence. In some cases, the municipality allows a "municipal officer" (usually a by-law enforcement officer or a fire fighter) to issue a ticket, with some points assigned at the issuance of the ticket, rather than awaiting a conviction – which may result in additional points being assigned. The tickets may be issued for noise complaints, parking improperly on private property, or litter on the property, as well as breaches of by-laws such as property standards or Fire safety concerns.

There are none that we are aware of, that revoke a license after a single offense. Anyone can have a bad experience, and the issue is whether the owner or operator learns from that experience and ensures it does not happen again. One challenge is that the infraction must be a real one, and not a result of a dispute between neighbours. It is possible to resolve this by only counting convictions but achieving a conviction can take a significant amount of time and allow offences to continue for considerable time. Another approach is to appoint a respected person, or a committee to hear any appeals from the charges laid and determine whether it should "count" towards a license revocation. A committee made up of one STR neighbour, one STR owner and a member of Council seems to be an approach. Another approach is to use a committee with wider functions, perhaps a property standards committee, or a committee that can hear appeals to all Administrative Monetary Penalties (AMPs).

Oshawa seems to have gone the farthest in developing the Administrative Monetary Penalty system (https://www.oshawa.ca/en/city-hall/tickets-and-fines.aspx#Does-the-A-M-P-system-apply-to-all-by-law-infractions) which allows a relatively quick resolution of by-law infractions, and provides a vehicle for appeal of by-law infractions to Screening and Hearing Officers, essentially judges appointed by the Council. This provides for a quick resolution, and a vehicle for appeal in the event the complaint and the resulting charge is not reasonable. AMPs has the additional benefit of allowing gradually increasing fines, usually for second, third, fourth, etc. offences,

which can ensure the fines become material to even the largest offender over time. For instance, Kawartha doubles the fine for each occurrence.

Kawartha Lakes charges the "offender" (can be a guest) but also charges an Inspection fee to the owner, which starts at $115 for a first-time offender and doubles each offense after that (e.g. $921 for a fourth offence, $1,842 for a fifth, etc.

4.6 Limits to the Number of STRs

A small number of municipalities have attempted to contain the number of STRs, limiting the spacing of STRs, or limiting the number of nights an STR can be used.

Table 3 - **Limits on the Number or Location of STRs**

	Number of STRs	Spacing of STRs (metres)	Limiting Nights
Georgina	150	100	92
Ramara		300	
Tiny	300		
Stratford			
Niagara on the Lake			
Kawartha Lakes			

The concern about the impact of STRs on the housing market, and particularly the rental market, and concern for the community, suggests that a proliferation of STRs can have an impact on housing availability and change a neighbourhood composition and make-up. This leads to suggestions to limit the growth of STRs. There were some calls during the consultation process to set a limit on the number of licences that could be issued; however, the taxi experience (which will be elaborated next) suggests this could have risks. Taxi licences in large cities became very valuable, generally because there was a limit on the number that could be issued. As a consequence, the impact on licence value became an important consideration in taxi discussions, and recent court findings suggest the municipality can be held liable for decisions that impact licence value.

An alternative that would have a similar impact is a requirement that there be a certain spacing between licenced STRs. This approach would prevent particular streets from having a large number of STRs, changing the nature of the neighbourhood. This is primarily of interest if existing STR operators receive some exemption, so the distance applies primarily in areas where there are not concentrations of STRs to date.

The approach to limiting the number of nights STRs can be rented does not have a lot of advantages. It is often (for example in Toronto) applied only to whole unit STRs instead of to rented rooms in a Host's location. Even in these instances, it requires whole units to remain

empty for half the year, defeating the goal of achieving full use of the housing units that are available.

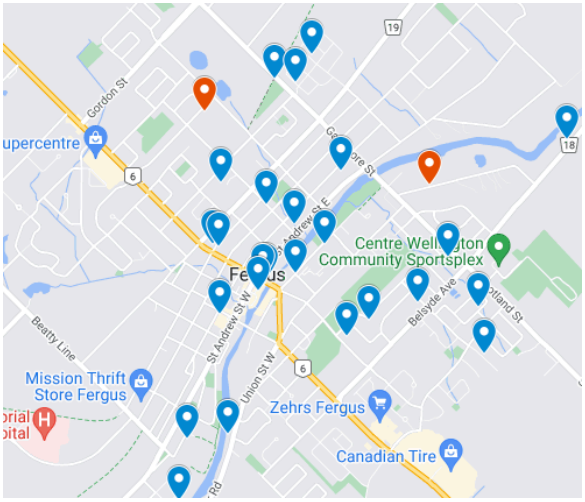
4.7 Geographic Distinctions

There are some reasons to make geographic distinctions.

Table 4 - **Map of Existing STRs (Airbnb in blue, others in Red)**

The tourism area is largely focused in Elora, and to a lesser extent in Fergus, and the largest number of STRs appear to have been established in Elora, although there are a significant number in Fergus. In both cases, the focus is on the tourist areas, specifically the downtowns, although the "downtowns" clearly extend beyond the central business disrict areas.

Table 5 - **A blow-up of Elora and Fergus**



4.8 Parking

There were also calls for the provision of parking requirements for licenced STRs, more extensive parking than exists at the moment. To some extent these requirements could be met in suburban locations, but within the tourism zones, where many of the STRs are currently established, there is little opportunity for new parking requirements. There are parking problems, but STRs are only one contributor to them. Many municipalities require more parking for restaurants that other commercial uses, for instance, and usually they have higher requirements for commercial uses than for residential uses. It is also important to note the differences between the older areas and the newer residential and commercial areas. The downtown areas were generally built before the automobile was the standard means of travel. They were built without extensive, or even any, parking spaces. New subdivisions and commercial areas were built expecting the car to take up some space, and provision was made for parking.

This leaves a couple of alternatives. Some geographic distinctions could be based on the downtown commercial areas, where most STRs are on second floors above commercial enterprises. Another opportunity would be to use the Elora and Fergus Heritage Area Overlays as a basis of distinction. This would be particularly valid for parking requirements, as the older buildings in the Heritage Area Overlays were generally built before automobiles were invented, or at least became the standard means of transportation that had to be stored.

4.9 Limiting STRs to Owner Units

The most frequent step taken by municipalities has been to limit STRs to the actual unit owned by the licensee. This approach has:

- Substantially reduced the number and nature of complaints as "guests" are effectively supervised by their Hosts
- Resulted in a reduction in the number of "whole unit" rentals, and an increase in rentals of rooms
- Resulted in a 50% reduction in the number of STRs (Conference Board using Airbnb data)

There were many comments during the public consultations about the need to have "local" Hosts, generally as a result of the increased responsiveness of Hosts when they, like their neighbours, experience the poor behaviour of some guests. The issue became one of "how local is local". Some suggested the approach used in some municipalities that limit hosts to renting individual rooms. Others suggested the same benefits accrued when people rented another unit in their building (granny suite, basement suite, etc.). Others suggested that owners in their neighbourhood, or on the street was adequate. Others suggested everyone has a cell phone these days, and the ability to take calls from neighbours, so it doesn't matter. Others suggested a local Manager was as good as a local owner.

The problem STRs all had owners who were not in the building, on the property, or on the street. In one case the owner was out of town and had a manager in Fergus, who seemed to have little interest in managing a property in Elora. On the other hand, some conscientious owners were within the township but responded as required.

In some cases, conscientious owners handled more than one rental, particularly the "glamping" properties in the rural areas (although in some cases close to the urban area). They offered a unique service that clearly could not be converted to long-term rentals.

We suggest that the licensee be located on the property, or in the general area where the STR is located. This will allow the glamping operations to continue and allow the rental of second or even third units on the property to continue, and ensure the operators are exposed to their neighbours and their "guests" behaviour.

We suggest that the establishment of new STRs could be limited, and responsiveness required if the owner (or operator as tenants could operate as well) was on the property, or within 1,000 metres of the property. This could be combined with a requirement that new STRs outside the Heritage overlay be at least 100 metres from any existing STR.

4.10 Changes in Zoning/ Official Plan

In some municipalities, the zoning by-law and/or Official Plan are amended to:

- Include a definition of Short-Term Rentals, usually any residential rental for less than 28 days
- Allow or Prohibit STRs in specific parts of the municipality. In most cases, industrial areas are excluded, in some cases commercial and residential zones have been treated differently, in other cases they have been prohibited from some specific neighbourhoods or areas.

In Centre Wellington there has been no call for the rural and urban areas to be treated differently, and no suggestion that STRs be prohibited in specific zones or areas. A licencing by-law is capable of establishing a definition and could include a requirement that residential uses be permitted in the area of a proposed STR, or the STR would not be permitted. It is therefore proposed that the zoning by-law and Official Plan is not amended, which will make the process much simpler and less expensive to administer.

Charges of breach of a licencing by-law can be just as effective as charges of breaching the zoning by-law, and the inclusion in the STR by-law of a requirement not to advertise without a licence and to include the licence number in any advertisement can make it easier to charge under the Licencing By-law than under the zoning by-law.

4.11 Fees

The comparator jurisdiction charge fees as follows:

Table 6 - **Fees and Terms in Other Jurisdictions**

	Initial Fee	Term	Renewal Fee	Appeal Fee
Georgina	$550 plus Zoning Review ($218) Fire Inspection ($180.80) By-law Enforcement Insp ($100), Sewage Capacity (if relevant) $146	One Year	$350	$500 (appeal point) $1,400 (seek variance and award licence)
Ramara	$3,000	One year	$3,000	$500 (Under AMPs By-law)
Tiny	$1,750 $150/year for waitlist			$500

	Initial Fee	Term	Renewal Fee	Appeal Fee
Stratford	$201 plus $122/additional room for B&B, $402 plus $122 per additional room for STR Plus Change of Use	One year	same	$180
Niagara on the Lake	$279/room	Four Years	$279/room	
Kawartha Lakes	$150/$300 Hosted* $750/$1,500 Unhosted	6 mos. /1 year	same	Not permitted (can appeal refusal to issues licence)

- Hosted means the licensee/host/owner/permanent resident lives at the property, Unhosted includes other circumstances.

Clearly some municipalities, like Ramara or Tiny have estimated relatively highly to discourage STRs from licencing, and hence from operating in the municipality, while some, such as Niagara-on-the-Lake have kept costs reasonably low and set them to encourage smaller units. Kawartha Lakes has also distinguished between "hosted" units, where the licensee lives on the property, and "unhosted", which includes a licensee who does not live on the property.

In Centre Wellington, the intent is to recover all costs from licencing STRs from the fees charged for licencing. Although the Kawartha Lakes approach is attractive, the requirement that the applicant live close to the unit in question should eliminate the need. The assumed roles in Centre Wellington are:

- Licensing: The management of the license and the approval process, including determining applications are complete and ensuring all requirements (and inspections) are achieved.
- Fire Inspection: Ensures all fire requirements are met,.
- Buildings – Ensures there are no outstanding Building Code related orders against the property, and property plans are not inconsistent with any building permits.
- By-law Inspection – Designed to ensure consistency with municipal by-laws, particularly the Property Standards and Building Maintenance requirements. Would include inspection of the bedrooms and parking spaces identified in the application and confirmation of the maximum number of guests.

The table below shows the costs of the various roles:

Table 7 - **Inspections/Role Cost**

Inspection	Ave. Hours	Ave. Cost
Licensing	3	$223
Fire Inspection	1.5	$142
Buildings Role	1	$51
By-Law Inspection	3.5	$237

Thus, the whole cost should be $653, which would allow a cost per unit of $700, or a cost per bedroom of $225, to a maximum of $800 per unit. Further re-inspections as a result of orders issued would be at an extra cost of $150 per re-inspection.

Some municipalities limit licenses to one year, although Niagara-on the Lake offers a four-year license. Georgina offers a lower cost for a renewal, but most provide the same cost for a renewal. Annual inspections seem unnecessary and would be a major draw on staff time, but a review every four years would appear to allow for structural or operating changes without review. It is therefore recommended that licenses last three years, and that inspections to ensure compliance with any orders issued would be at an additional cost.

There may be sales during the licensing period. If so, the license could be transferred assuming the purchaser signs the required agreement, and that any planned changes are consistent with the by-law. A fee of $200 plus the cost of any inspection required would be required for transfer of a license.

4.12 Existing STRs

There are roughly 150 to 200 STRs in Centre Wellington now. This appears to meet the existing needs for tourism and other short term accommodation needs. The current STRs are located in areas with some demand for their services. Many cannot meet the requirements that have been suggested, particularly on-site parking. On the other hand, the municipality must ensure that all are providing safe accommodation, and that none are problems to their neighbourhoods. It is therefore proposed that existing STRs be invited to apply for licences in the first period, and that some of the requirements be waived to allow the existing STRs to be licenced and regulated. They would still need to have the safety inspections, and to manage their units properly, or lose their licences after a number of violations. If a sale of property is not accompanied with a transfer of the license, the property would lose any rights as an existing STR.

5 Summary

It is recommended that Centre Wellington adopt a licencing by-law with the following terms:

Topic	STRs outside the heritage overlay zones	STRs inside the heritage overlay zones	Existing STRs
Timing	By June, 2026	By June, 2026	By March 31, 2026
Fee	Cost per room of $225 to a maximum of $800 for a full unit. Licenses can be transferred if the new owner submits an application and a fee of $200.		
Term	3 years		
Submissions	• Application Form (includes STR by-law and regulations and on-line location of Clean Yards By-Law, Noise By-law, Vital Services By-law, Open Air Burn By-law. Property Standards By-law, and Zoning By-law) • Site plan, with parking spaces identified • Floor plan, with doors, window sizes and styles, and rental bedrooms identified, Location and type of smoke alarms, carbon monoxide alarms and fire extinguishers and exits • Insurance (certificate) • Attestation form • Electrical inspection documentation • HVAC inspection documentation (required yearly) • Wood Energy Technical Report (WETT) - if fireplace • Chimney Sweep inspection report if fireplace • Proposed Guest Code of Conduct • Draft Information to go to Guest/attendee		
Inspections	Fire Department, By-law Services and Building Inspector. If not on municipal water, Wellington Dufferin Guelph Public Health		
Maximum Occupancy	2 persons per bedroom (or limited by parking requirement outside the heritage overlay zone.)		
Host/Responder	Residence on property or within 1,000m		
Renting	Required to provide guests with information sheet: Fire escapes, extinguisher locations, Guest Code of Conduct, suggested parking locations, TV/internet operating information		
Point System	Points for each ticket issued, and for each conviction. Could be noise, parking on private property, litter, failure to provide information to guest, etc. Plan on 4 tickets or 3 convictions within a year resulting in loss of license. Point divided by two after one year and eliminated after two years.		
Minimum Distance	100 m	None	None

Topic	STRs outside the heritage overlay zones	STRs inside the heritage overlay zones	Existing STRs
Parking	1 space per room or per 2 people in permitted occupancy	None	None
Offences	Operating without a licence, Advertising without a licence, Advertising without a licence number, failure to provide information to guest,		
Fines	Set fine at $1,000, can be daily		