

To: Corporate Services Committee

From: Tracy Adams, Commissioner,
Corporate Services Department

Report Number: CORP-20-03

Date of Report: January 29, 2020

Date of Meeting: February 3, 2020

Subject: Short-Term Rental Licensing Consultation Results and
Proposed Licensing System

File: D-2200

1.0 Purpose

The purpose of this report is to respond to City Council's ("Council") September 24, 2018 direction (CORP-18-51):

1. That staff be authorized to initiate a public and industry stakeholder consultation process as detailed in Section 5.5 of Report CORP-18-51; and,
2. That staff develop a Business Licensing class to regulate short-term rentals, taking into account feedback from the consultation process, and report back to the Corporate Services Committee in 2019.

This report responds to both correspondence CORP-17-89 from Elizabeth Anderson and Council's direction, and presents findings from the public and industry stakeholder consultation process related to licensing standards for Short-Term Rentals (S.T.R.s).

The report:

- presents proposed licensing standards for S.T.R. Operators (also known as "Hosts");
- recommends that the introduction of this licensing system coincide with other technical amendments to Licensing By-law 120-2005, as amended ("Licensing By-law"); and,
- recommends that staff be directed to investigate the potential of entering into Memorandums of Understanding (M.O.U.) with S.T.R. Companies that facilitate the booking of S.T.R.s located in the City of Oshawa ("City").

Attachment 1 is a copy of Report CORP-18-51, dated September 6, 2018, "Preliminary Research and Proposed Public Consultation Process for Short-Term Rentals Business Licensing".

Attachment 2 is a copy of correspondence received from Airbnb dated November 18, 2019.

Attachment 3 is a copy of correspondence received from Hotel Association of Canada dated February 27, 2019 and revised November 5, 2019.

Attachment 4 is a copy of correspondence received from the Ontario Restaurant Hotel and Motel Association dated February 5, 2019.

Attachment 5 is the feedback received from one (1) Bed and Breakfast Establishment (“B&B”).

Attachment 6 is the general public and S.T.R. Operator feedback received through the online and paper feedback forms and community engagement tables at City facilities.

Attachment 7 is the results from municipal benchmarking.

Attachment 8 is the S.T.R. Proposed Licensing System Overview including general standards that would form the basis of the licensing system.

Attachment 9 is a copy of the City of Vancouver’s M.O.U. with S.T.R. Company Airbnb.

2.0 Recommendation

That the Corporate Services Committee recommend to City Council:

1. That Licensing By-law 120-2005, as amended, and General Fees and Charges By-law 13-2003, as amended, be further amended as described in Section 5.6 of Report CORP-20-03 “Short-Term Rental Licensing Consultation Results and Proposed Licensing System”, dated January 29, 2020, to license Short-Term Rental Operators and to implement other technical amendments, and that such an amending by-law be passed in a form and content acceptable to the Commissioner of Corporate Services and Legal Services;
2. That Council approve the licensing and enforcement approach outlined in Section 5.8 of Report CORP-20-03 “Short-Term Rental Licensing Consultation Results and Proposed Licensing System”, dated January 29, 2020;
3. That staff be directed to investigate entering into Memorandums of Understanding with participating Short-Term Rental Companies that facilitate the booking of S.T.R.s located in the City of Oshawa and report back to the Corporate Services Committee.

3.0 Executive Summary

This report responds to correspondence CORP-17-89 and Council’s direction to initiate a public and industry stakeholder consultation process (“Consultation Process”), develop licensing standards to regulate S.T.R.s taking into account feedback from the Consultation Process, and report back.

Findings from the Consultation Process and a proposed licensing system for S.T.R. Operators are both presented. The proposed licensing system would regulate S.T.R. Operators in a way that acknowledges the benefits of S.T.R.s while mitigating the negative

effects they may present in the community. These may include concerns related to noise, property standards, safety and neighbourhood image. It would enhance regulations found in Zoning By-law 60-94, as amended (“Zoning By-law”) and would help to establish a comprehensive regulatory approach to the issue of S.T.R.s. Among other things, the proposed regulatory approach:

- Enhances the enforcement of the Zoning By-law provision that requires an S.T.R. to be the **principal residence** of the S.T.R. Operator;
- Introduces a requirement to have a **local contact** available at all times to respond to issues and who is available to attend to the S.T.R. within a period of no greater than one (1) hour from the time of contact by telephone or email;
- Introduces **insurance** requirements;
- Enhances the enforcement of the Zoning By-law provision that restricts S.T.R. operations to no more than **twenty-eight (28) consecutive days** and no more than **one hundred and eighty (180) days** in a calendar year;
- Enhances the enforcement of the Zoning By-law provision that **prohibits any other rental use** within a dwelling unit that contains an S.T.R.; and,
- Introduces a **Renter’s Code** that would provide information about relevant City by-laws to S.T.R. renters.

Additionally, this report recommends that staff be directed to investigate the potential of entering into M.O.U.s with S.T.R. Companies, similar to the City of Vancouver’s approach, and report back to the Corporate Services Committee.

4.0 Input From Other Sources

Sources consulted in the preparation of this report are detailed in **Table 1**. Input and consultation consisted of direct contact and/or reviews of websites, by-laws and/or reports.

Table 1 Input From Other Sources

Internal Branches	Other Municipalities	Other
<ul style="list-style-type: none"> • Corporate Communications • Finance Services • Fire Services • Legal Services • Municipal Law Enforcement and Licensing Services (M.L.E.L.S.) • Planning Services 	<ul style="list-style-type: none"> • Ajax • The Blue Mountains • Calgary, AB • Clarington • Kingston • London • Mississauga • Oakville • Ottawa • Pickering • Toronto • Vancouver, B.C. • Vaughan • Victoria • Whitby 	<ul style="list-style-type: none"> • Durham Municipal Insurance Pool • Airbnb • Hotel Association of Canada • Ontario Restaurant Hotel and Motel Association • Local B&Bs • Region of Durham – Finance Department • Region of Durham – Health Department

5.0 Analysis

5.1 Background

At its December 4, 2017 meeting, the Corporate Services Committee (“Committee”) considered correspondence CORP-17-89 that requested the City establish regulations for S.T.R.s. The Committee subsequently referred the item to staff for a report. An initial review of the issue identified that an amendment to the City’s Zoning By-law was necessary prior to establishing a regulatory/licensing framework. As such, the Development Services Committee considered report DS-18-87 “City-initiated Amendments to the Samac Secondary Plan, Zoning By-law 60-94, the Urban Growth Centre Community Improvement Plan and the Simcoe Street South Renaissance Community Improvement Plan” at its May 7, 2018 meeting, which recommended, among other things, amending the Zoning By-law to establish land-use provisions for S.T.R.s. Council approved the S.T.R. related amendments to the Zoning By-law at its May 22, 2018 meeting and no appeals were submitted regarding the amendments.

At the September 10, 2018 meeting, Committee considered Report CORP-18-51 “Preliminary Research and Proposed Public Consultation Process for Short-Term Rentals Business Licensing” (**Attachment 1**) which provided background information on S.T.R.s, the results of a literature review and municipal benchmarking exercise, and recommended that staff initiate a comprehensive Consultation Process to attain feedback on the issue of S.T.R.s and business licensing under the Licensing By-law in the City. Staff were directed to undertake public consultation, develop a business licensing class and report back to the Corporate Services Committee.

S.T.R.s have a unique operating structure in that they are offered or made available by “Operators” who typically utilize the service of a “Short-Term Rental Company” that advertises and facilitates S.T.R. reservations via the internet and receives payment for the service. This Report will use the term “Operator” when referring to the person who operates an S.T.R. It will use the term “Company” when referring to the company/platform that facilitates the booking of S.T.R.s between Operator and guest.

5.1.1 The City’s Zoning By-law and S.T.R.s

S.T.R.s are regulated through the Zoning By-law. S.T.R.s are defined in the City’s Zoning By-law as “...all or part of a dwelling unit that is used to provide temporary accommodation, not including a cancer lodge, crisis care residence, or university residence”. The Zoning By-law was amended in 2018, as per DS-18-87, to establish a number of regulations related to the use of S.T.R.s, including:

- Permitting S.T.R.s in all zones that permit dwelling units;
- Placing a cap on the number of consecutive days an S.T.R. may provide temporary accommodation (less than twenty-eight (28) consecutive days);
- Placing a cap on the total number of combined days an S.T.R. may operate in a calendar year (a maximum of one hundred and eighty (180) days);
- Limiting S.T.R.s to the principal residence of the Operator;

- Prohibiting any bed and breakfast, home occupation, other rental accommodation, group home or lodging house in dwelling units that contain S.T.R.s.¹; and,
- Requiring that the S.T.R. does not change the external residential appearance of the dwelling unit and that it does not contribute to adverse effects such as those from excessive traffic, parking, noise and hours of operation.

5.2 S.T.R. Statistics: Number of S.T.R.s and Enforcement Files

As of July 2018, the third-party compliance monitoring service Host Compliance identified approximately 113 unique S.T.R.s operating on a periodic basis within the City. Host Compliance provided the historical data found in **Table 2**.

Table 2 Approximate Number of Unique S.T.R.s in Oshawa by Year

	May 2016	May 2017	July 2018
Number of S.T.R.s	31	63	113

Approximate statistics related to S.T.R. complaint files between 2016 and 2019 are found in **Table 3**.

Table 3 Overview of S.T.R.-Related Files between January 1, 2016 and December 31, 2019

	2016	2017	2018	2019
Complaint Files	1	6	12	19
Number of Properties Involved	1	5	8	9

Complaints relate to a variety of by-laws, including licensing, noise, nuisance, parking, zoning, etc.

5.3 Public and Industry Consultation Process

Staff undertook a one (1) month Consultation Process from January 30, 2019 to February 28, 2019 to engage community members and stakeholders on S.T.R.s. Additional industry-specific engagement occurred following the initial one (1) month period.

The Consultation Process focused on potential business licensing standards for S.T.R.s through the City’s Licensing By-law. It was comprised of various engagement initiatives that included:

- Feedback forms available online on Connect Oshawa and on paper at Service Oshawa
- Community engagement tables on:

¹ This prevents someone from renting a house and subsequently offering the rented home as an S.T.R.

- Wednesday, February 20 between 6:30 p.m. and 8:30 p.m. at the South Oshawa Community Centre
- Thursday, February 21 between 9:30 a.m. and 11:30 a.m. at City Hall
- Thursday, February 21 between 6:30 p.m. and 8:30 p.m. at the Delpark Homes Centre
- Direct engagement attempts with industry stakeholders, including:
 - Airbnb (feedback appended as **Attachment 2**);
 - Expedia Group (e.g. Vrbo and HomeAway);
 - The Hotel Association of Canada (feedback appended as **Attachment 3**);
 - The Ontario Restaurant Hotel & Motel Association (feedback appended as **Attachment 4**);
 - Local hotels and motel; and,
 - Local B&Bs (feedback appended as **Attachment 5**).

Consultation opportunities were promoted to the community and stakeholders through various mediums, including the City's website, media materials, social media, as well as print and digital promotional material.

5.3.1 General Response to Consultation

In total:

- 133 completed a feedback form; and,
- 37 attended a community engagement table.

Results of the feedback forms have been appended as **Attachment 6**.

It is important to note the following:

- Staff contacted two (2) S.T.R. Companies known to be facilitating the booking of S.T.R.s located in Oshawa (Airbnb and Expedia Group), however only Airbnb responded;
- Staff contacted seven (7) local hotels and motels, however no responses were received; and,
- Staff contacted five (5) local B&Bs and feedback was received from only one (1).

5.4 Updated Municipal Scan

Given the emerging and dynamic nature of municipal responses to the issue of S.T.R.s, staff have undertaken an updated benchmarking exercise, the results of which have been appended as **Attachment 7**.

5.5 Issue Definition and Regulatory Objectives

S.T.R.s present a number of benefits to individuals and the community. These include, but may not be limited to, supplementary income, affordable and alternative accommodation options, and increased vibrancy of the local economy.

A licensing system for S.T.R. Operators should consider balancing the benefits of S.T.R.s while mitigating potential negative effects related to their operation.

Negative effects may include issues such as:

- Disruptions to local communities and neighbours related noise, nuisances, parking, and other by-law violations
- Concerns related to property standards and maintenance, safety and neighbourhood image.

5.6 Proposed Business Licensing System

After conducting analysis of the issues, staff have determined that establishing a licensing system would best address the concerns identified in Section 5.5. A licensing system has the ability to regulate S.T.R.s in a manner that encourages their responsible operation. The goal is to develop a licensing system that complements Zoning By-law regulations, encourages Operators to be accountable for the operation of their S.T.R., mitigates neighbourhood disturbances, and enhances the enforcement tools available to the City to address non-compliant properties. General licensing regulatory objectives are identified in **Table 4**.

Table 4 General Regulatory Objectives

Regulatory Objective	Description	Examples
Health and Safety	To enhance and encourage safe practices for S.T.R. Operators.	<ul style="list-style-type: none"> • Establishing minimum fire safety standards related to protections such as smoke and carbon monoxide alarms • Requiring compliance with City by-laws
Consumer Protection	To enhance and encourage practices that protect the rights of consumers.	<ul style="list-style-type: none"> • Insurance requirements • Requiring Operators to display a licence number in their online listings • Requiring a local contact be available 24/7 during rental periods
Nuisance Control	To promote responsible behavior and limit community disruption.	<ul style="list-style-type: none"> • Requiring a local contact be available 24/7 during rental periods • Requiring the use of Renter’s Code

A licensing system for S.T.R. Operators can assist the City with numerous items, including:

- Ensuring compliance with City standards in an efficient and effective manner (e.g. Zoning By-law, Noise By-law 112-82, Nuisance By-law 65-2009, etc.);
- Addressing the public’s interest and achieving the regulatory objectives outlined above;
- Tracking S.T.R.s (e.g. the quantity and location of those operating in the City);
- Providing information about currently licensed S.T.R.s on the City’s website; and,
- Increasing Operator accountability through the risk of licence revocation.

A review of the literature and experiences from other municipalities show that simplicity of standards and affordability are necessary to achieve higher levels of compliance and a successful licensing system.

Staff have reviewed existing City by-laws and licensing systems, related literature, S.T.R. standards in other municipalities, and consultation feedback, and have identified proposed standards for a licensing system that will help residents leverage the benefits of S.T.R.s while ensuring that the City's regulatory objectives are achieved.

A new licensing system would require that the City's Licensing By-law and the General Fees and Charges By-law 13-2003, as amended, be further amended to establish a regulatory framework for S.T.R. Operators. Technical amendments to the Licensing By-law will be required in addition to establishing an S.T.R. business licensing schedule, including ensuring clear delineation between licensed S.T.R.s and other licensing schedules (e.g. reviewing definitions and ensuring delineation and alignment with Schedule "K" - Rental Housing). Notice would be provided as required by the Notice to the Public By-law 147-2007.

At this time, S.T.R. Company licensing is not recommended as these companies are based outside the municipality (refer to Section 5.9).

5.6.1 Licensing System, Application and Operation Requirements

Highlights of the proposed licensing system include:

- Establishing new and updating existing definitions in the Licensing By-law as necessary (possible examples include Short-Term Rental and Short-Term Rental Operator);
- Introducing a new schedule to the Licensing By-law to license S.T.R. Operators;
- Licensing S.T.R. Operators on an annual basis;
- Requiring applicants to attest to compliance with various rules and standards, including City by-laws and the Ontario Fire Code (e.g. having functioning smoke and carbon monoxide alarms) as part of the application process;
- Requiring S.T.R. Operators to supply the City and renters with information for a local contact available to respond to any issues at all times within a period of no greater than one (1) hour from the time of contact by telephone or email while the S.T.R. is in operation;
- Undertaking property and record inspections in response to complaints and on an audit-basis;
- Introducing a Renter's Code to educate guests about City by-laws and renter responsibilities;
- Limiting the number of rooms being rented to four (4) if an S.T.R. operates by the room (no room limit if operating as a whole-home rental); and,
- Requiring S.T.R. Operators to share operating data (e.g. the number of nights rented in the previous year).

The proposed draft application requirements and operating standards (appended in **Attachment 8**) would form the basis of an amending by-law to be drafted to establish a new licensing schedule for S.T.R. Operators within the Licensing By-law. Standards would align with existing licensing systems, address regulatory objectives, and limit the regulatory burden for S.T.R. Operators to achieve compliance.

5.6.2 Licensing Fees

To meet increased demands on City services as a result of regulating S.T.R.s, it is important that the City establish a licensing fee to assist with recovering the cost of licensing administration and enforcement. While developing proposed fees, staff have conducted a cost analysis and considered the fees established by other municipalities. Benchmarked fees and the proposed fees for the City are found in **Table 5**.

While the proposed fees for the City are based on the principal of cost recovery, the program is unlikely to achieve full cost recovery during its initial years as it is difficult for the City to accurately determine the number of active S.T.R. Operators in Oshawa at this time. The licensing system and fees will be reviewed once the system has been implemented and as data is acquired from licensing and a third-party compliance monitoring service (refer to Section 5.8.2). Staff will report back if adjustments are required.

Table 5 Benchmarking and Proposed Licensing Fees

Municipality	Licensing System Active?	S.T.R. Operator Annual Licence Fee	Other Licence Fees
Oshawa (Proposed)	No	\$75.00 (existing application fee) \$75.00 (licence fee)	N/A
Calgary, Alberta	In process	Operator (4 or fewer rooms): \$100.00 Operator (5 or more rooms): \$295.00	N/A
Kingston	In process	\$180.00	N/A
London	Residential Rental Unit Licence System (R.R.U.L.)	R.R.U.L. Operator: \$165.00 (initial application) \$171.00 (fire inspection) \$55.00 (annual renewal)	
Oakville	Yes	\$237.00	Annual Company Licence: \$44,500.00
Ottawa	In process	Operator (Valid for 2 Years): \$100.00	One-Time Company Registration Fee: \$4,000.00
Toronto	In process	\$50.00	One-Time Company Licence: \$5,000.00 and \$1.00 per night booked through the company
Vancouver, British Columbia	Yes	\$58.00 (application fee) \$51.00 (2019) \$99.00 (2020)	N/A
Victoria, British Columbia	Yes	Primary Residence Operator: \$150.00 Other Operator: \$1,500.00	N/A

Note: The Local Planning Appeal Tribunal decision related to the City of Toronto's Zoning By-law amendments was released on November 18, 2019 and upheld the City of Toronto's regulatory framework. The City of Toronto is currently implementing their licensing system, which has not yet come into effect.

5.7 B&Bs and Proposed S.T.R. Licensing System

The City does not currently license traditional B&Bs. This proposed licensing system is not intended to license traditional B&Bs, as their operations do not typically cause the neighbourhood issues seen with S.T.R.s. However, affiliation with an S.T.R. Company is one of the major differences between B&Bs and S.T.R.s. Accordingly, if a B&B chooses to advertise on or work with an S.T.R. Company an S.T.R. licence would be required under the proposed licensing system.

5.8 Enforcement and Licensing Approach

Staff will respond to complaints and undertake an audit-based enforcement and licensing approach. This would enable efficient regulation while ensuring the cost of the licence can be kept affordable to encourage compliance. These approaches are detailed below:

- **Complaint-based:** involves responding to and investigating complaints related to potential by-law violations. If complaints are received, M.L.E.L.S. will investigate to ensure that:
 - If the property is operating as an S.T.R., it has a licence
 - If the property is licensed, the S.T.R. is complying with the terms and conditions of the licence (e.g. the renters code is made available to renters, they are not renting more than the permitted number of days, etc.)
 - The S.T.R. and renters are complying with other City by-laws (e.g. noise, property standards, parking, etc.)
- **Audit-based:** S.T.R. Operators provide transient accommodation in their principal residence on a temporary basis. As such, an S.T.R. Operator may choose to operate one (1) day, then remove their S.T.R. listing and cease operating for a period of time before returning to the market at a later date. Given the intermittent nature and potential volume of S.T.R. Operators, a licensing system with regularly scheduled inspections would be resource-intensive to administer. To be efficient and effective, an audit-based licensing and enforcement approach is recommended, whereby the Operator is responsible for ensuring their principal residence meets health and safety standards and by-law requirements on an ongoing basis.
 - If M.L.E.L.S. staff become aware of a potential by-law violation for a licensed or unlicensed S.T.R., an audit and/or investigation would be undertaken, as appropriate
 - M.L.E.L.S. would periodically audit S.T.R. Operator records or conduct inspections of the property after a licence has been issued, as required, as a method of ensuring compliance. For example, if an Operator is known for having a history of issues such as previous non-compliance or is suspected to be operating beyond the permitted number of days, an audit and/or inspection may be conducted. This approach would:
 - Require applicants to attest to compliance with all by-law standards (e.g. Property Standards By-law 01-2002, Lot Maintenance By-law 127-2007, and Zoning By-law 60-94), the Ontario Fire Code and fire safety requirements noted in **Attachment 8** at the time of application
 - Require applicants to maintain records related to their operation (e.g. the number of nights rented and the type of rental – whole home or by-the-room), and to present these records at the time of application or for audit and enforcement purposes
 - Involve the undertaking of property and record inspections on a complaint- and audit-basis by City staff, including M.L.E.L.S. and potentially Fire Services to ensure compliance with applicable standards

Enforcement of by-law violations related to S.T.R. operations would be undertaken on a complaint-basis for the first six (6) months while public education and communication is undertaken. Following this, enforcement would continue to be undertaken on a predominantly complaint-basis, however proactive enforcement may be undertaken, as

needed, through an audit-based approach and utilizing data obtained from a third-party compliance monitoring service (outlined in Section 5.8.2) to identify those operating in contravention of the Licensing By-law.

To achieve compliance, a variety of tools may be used as detailed in Section 5.8.1.

5.8.1 Enforcement Tools

Tools to achieve compliance include education, Administrative Monetary Penalties (A.M.P.) and Provincial Offences Act (P.O.A.) fines/charges (detailed in **Table 6**). Education and A.M.P.s will be used to encourage compliance, but for more significant, serious and/or ongoing contraventions, staff may proceed through the P.O.A. system on a case-by-case basis.

Table 6 Enforcement Tools

Penalty Tool	Explanation
Education	Involves educating violators about relevant City by-laws and providing the opportunity to come into compliance
A.M.P.s	Existing applicable Licensing By-law A.M.P.s include: <ul style="list-style-type: none"> • Operating without a required licence: \$500 per owner per occurrence • Contravening any provision of the licensing system: \$250 per owner per occurrence
P.O.A. Fines/Charges	Existing P.O.A. charges and fines include: <ul style="list-style-type: none"> • A fine of not less than \$500 and not more than \$100,000 (as established by the Courts) • For each day or part of a day that the offence continues, a fine of not less than \$500 and not more than \$100,000 (as established by the Courts)

It is important to note that guests may continue to be subject to fines under applicable by-laws for any contraventions (e.g. renters who create excessive noise or park illegally would be subject to applicable A.M.P.s).

5.8.2 Data Collection and Third-Party Compliance Monitoring

Data collection is necessary to understand the local S.T.R. environment and is an important component of regulation. It is necessary to monitor the local S.T.R. market by reviewing statistics related to the total number of unique and active S.T.R.s within the City, the number of nights rented and the types of listings, etc. Technology is available to assist with the tracking of S.T.R.s. through online third-party compliance monitoring services that assist with identifying properties operating through S.T.R. Companies. In order to ensure effective and efficient regulation, staff would obtain the services of a third-party compliance monitoring service to assist with tracking S.T.R.s. The anticipated costs have been included in the 2020 Council approved operating budget.

5.9 S.T.R. Companies and M.O.U.s

Regulating online businesses not located within local boundaries is a new challenge facing municipalities with the rise of the Sharing Economy. Given that these companies are

located outside of the municipality, and in some cases the province or country, enforcing municipal by-laws may be challenging and resource-intensive.

It is important for the City to receive relevant data for enforcement and compliance monitoring purposes; however, transactions and associated records are managed through an S.T.R. Company.

With the noted enforcement challenges, and following extensive consultation with the City of Vancouver, rather than introduce S.T.R. Company licensing at this time, it is recommended that staff be authorized to investigate an approach similar to that of Vancouver. A copy of the City of Vancouver's M.O.U. with S.T.R. Company Airbnb has been appended as **Attachment 9**. This approach does not involve licensing S.T.R. Companies, but rather entering into M.O.U.s. The City of Vancouver's licensing system has seen an estimated 73% compliance rate between September 2018 and November 2019. Key features of the City of Vancouver's M.O.U. approach include:

- Data/information-sharing from the Company
- The Company requiring a licence number be displayed in all listings; failure to display a licence could result in removal from the Company's platform/website/application

If, in the future, the M.O.U. approach is not successful in Oshawa, the City may wish to consider further investigating licensing S.T.R. Companies.

5.10 Next Steps

Staff have developed a proposed licensing system that includes a number of licensing and operating standards specific to S.T.R. Operators. At this time it is recommended that staff be directed to draft a by-law for Council approval to amend both the Licensing By-law and General Fees and Charges By-law 13-2003, as amended.

Should Council approve an amending by-law, staff will require a period of six (6) months for implementation activities following the passing of an amending by-law prior to accepting licence applications. Implementation activities include establishing the administrative components of the licensing system and training for M.L.E.L.S. and Service Oshawa staff. During this time, staff will also undertake communication and education activities to inform the public and industry about the new regulations. The education period will focus on providing information about the new licensing system and communicating the date when the City will begin accepting licence applications. During this time Municipal Law Enforcement Officers will respond to complaints associated with other by-law infractions, however no licensing enforcement will be undertaken. Following this, staff will proceed with enforcement as described in Section 5.8.

6.0 Financial Implications

The annual cost for third-party compliance monitoring services, approximately \$5,000, has been included in the 2020 Operating Budget. The overall impact of licensing revenues and enforcement costs are unknown at this time.


7.0 Relationship to the Oshawa Strategic Plan

The recommendations in this report respond to the Oshawa Strategic Plan Goals:

- 4.1 Economic Prosperity and Financial Stewardship: Responsible Taxation; and,
- 4.2 Accountable Leadership: Deliberate Community Engagement



Brenda Jeffs, Director,
Municipal Law Enforcement and Licensing Services



Tracy Adams, Commissioner,
Corporate Services Department

Public Report

To: Corporate Services Committee

From: Tracy Adams, Commissioner,
Corporate Services Department

Report Number: CORP-18-51

Date of Report: September 6, 2018

Date of Meeting: September 10, 2018

Subject: Preliminary Research and Proposed Public Consultation
Process for Short-Term Rentals Business Licensing

File: D-2200

1.0 Purpose

This report responds to the Corporate Services Committee's December 4, 2017 direction to investigate the creation of a by-law that regulates the use of properties as short-term rentals.

In May 2018, Oshawa City Council approved an amendment to Zoning By-law 60-94 to establish where short-term rentals can be located and to create certain regulations, including those related to operating time limits and principal residence requirements.

The purpose of this report is to provide information on short-term rentals, recommend that staff initiate a public and industry stakeholder consultation process and report back on potential policy options for a new Business Licensing class to the Corporate Services Committee in 2019.

2.0 Recommendation

That the Corporate Services Committee recommend to City Council:

1. That staff be authorized to initiate a public and industry stakeholder consultation process as detailed in Section 5.5 of report CORP-18-51; and,
2. That staff develop a Business Licensing class to regulate short-term rentals, taking into account feedback from the consultation process, and report back to the Corporate Services Committee in 2019.

3.0 Executive Summary

Short-term rentals (S.T.R.s) are an international phenomenon which has recently emerged in popularity in the City of Oshawa ("the City"). With S.T.R.s come a variety of benefits to

travelers and homeowners, but there are also issues for neighbours and the community as a whole. These issues require a carefully developed policy response while considering community standards and ensuring compliance with Zoning By-law 60-94 (“Zoning By-law”) and other applicable standards.

City Council approved zoning regulations to address where such uses would be permitted within the City in May 2018. This report proposes that the City should continue to develop S.T.R. regulations by creating a business licensing class that establishes licensing requirements and operational standards in order to have an effective regulatory system. Accordingly, this report proposes a consultation process to attain public and industry feedback which will form the development of a recommended licensing system to regulate S.T.R.s in the City.

4.0 Input From Other Sources

The following, detailed in **Table 1**, were consulted in the preparation of this report.

Table 1 Input from Other Sources

Internal Branches	Other Municipalities	Other
<ul style="list-style-type: none"> • Legal Services • Purchasing Services • Planning Services • Fire Prevention 	<ul style="list-style-type: none"> • Town of Ajax • Municipality of Clarington • City of Kitchener • City of Mississauga • Town of Oakville • Town of Richmond Hill • City of Toronto • City of Vancouver • City of Vaughan • Town of Whitby 	<ul style="list-style-type: none"> • Compliance Monitoring • Company Host • Compliance

5.0 Analysis

5.1 Background

At its December 4, 2017 meeting, the Corporate Services Committee (“the Committee”) considered correspondence CORP-17-89 requesting that the City establish regulations for S.T.R.s (**Attachment 1**). The Committee subsequently referred the item to staff for a report. An initial review of the issue identified that an amendment to the City’s Zoning By-law was necessary prior to establishing a regulatory/licensing framework, and as such, at its May 7, 2018 meeting, the Development Services Committee considered report DS-18-87 “City-initiated Amendments to the Samac Secondary Plan, Zoning By-law 60-94, the Urban Growth Centre Community Improvement Plan and the Simcoe Street South Renaissance Community Improvement Plan” which recommended, among other things, amending the Zoning By-law to establish land-use provisions for S.T.R.s. A copy of the amending by-law can be found in **Attachment 2**. City Council subsequently approved the

S.T.R. related amendments to the Zoning By-law at its May 22, 2018 meeting, and no appeals were submitted regarding this initiative.

S.T.R.s are now defined in the City's Zoning By-law as "...all or part of a dwelling unit that is used to provide temporary accommodation, not including a cancer lodge, crisis care residence, or university residence."¹ Furthermore, the following S.T.R. zoning regulations were established:

- A short-term rental is a permitted use in all zones that permit dwelling units.
- A short-term rental shall be used to provide temporary accommodation for any rental period that is less than twenty-eight (28) consecutive days and not exceeding a combined total of one hundred and eighty (180) days in a calendar year.
- The dwelling unit in which the short-term rental is located shall be the principal residence, as defined in the Income Tax Act, of the person or persons operating and residing in the short-term rental.
- Notwithstanding anything in this by-law to the contrary, no bed and breakfast, home occupation, other rental accommodation, group home or lodging house shall be permitted in any dwelling unit which contains a short-term rental.
- A short-term rental shall not be established or operated in a manner which changes the external residential appearance of the dwelling unit or that contributes to the adverse effects such as, but not limited to, those from excessive traffic, parking, noise and hours of operation.

5.2 Licensing Review

S.T.R.s have a unique operating structure in that they are offered or made available by "Hosts" or "Operators" (property owner) who typically utilize the service of a "Short-Term Rental Platform" that advertises and facilitates S.T.R. reservations via the internet and receives payment for the service. **Table 2** provides a comparison between various S.T.R. Stakeholders. Presently, most municipalities do not regulate S.T.R.s, while some larger municipalities are considering licensing such uses as a business class.

A scan of the literature finds that the "sharing economy"² is growing and is expected to be a part of most communities for the long-term. In the realm of S.T.R.s, it is important to differentiate between "sharing" and "commercial activities" - the latter typically competes with traditional business models and gains a disproportionate advantage by not being held to the same standards while renting out residential properties.




"Commercial operators," such as those who rent a number of properties using S.T.R. platforms like Airbnb, arguably pose greater competition to existing accommodation

¹ Zoning By-law 60-94

² Refers to people using online platforms to sell or rent underutilized property, goods or services and rating each other's trustworthiness through online reputation systems

industries and often have the greatest impact in a community because the S.T.R. is not owner-occupied.³

Table 2 Principal S.T.R. Terms

S.T.R. Stakeholder	Example	General Characteristics
Host/Operator (Home Sharing)		<ul style="list-style-type: none"> • Typically One Property Part-Time • May Be Referred to as “Home Sharing” • May Be All or Part of a Dwelling • Usually Principal Residence
Commercial Host/Operator		<ul style="list-style-type: none"> • Generally Multiple Properties • Predominantly Full-Time Rental
S.T.R. Platform		<ul style="list-style-type: none"> • Online Platform • Connects Hosts with Guests • Facilitates the Booking of S.T.R.s • May or May Not Have Physical Offices in Canada • Includes: Airbnb, Flipkey, VRBO

5.3 Municipal Scan

Staff have conducted a preliminary municipal scan which shows that municipalities across Canada are gradually investigating the licensing of S.T.R.s and S.T.R. platforms. Ontario cities including Oakville and Toronto are implementing systems that license or register both the platform and the host/operator. Other cities, such as Mississauga have only addressed Zoning provisions at this time. Cities that do license or register S.T.R.s typically include provisions to limit S.T.R.s to primary residences and require a local contact to be available at all times while the unit is rented.

Currently, no municipalities within the Region of Durham license or register S.T.R. businesses. Some cities outside of the Region of Durham are currently investigating S.T.R. regulations, such as Vaughan, while others have taken a stance that specific regulations to address S.T.R.s are not necessary within their municipalities at this time. A comprehensive municipal scan is appended as **Attachment 3**.

5.3.1 Authority to License

The Municipal Act, 2001 grants municipalities the authority to license, regulate and govern any business wholly or partly carried on within the municipality, even if the business is

³ “An Overview of Airbnb and the Hotel Sector in Canada: A Focus on Hosts with Multiple Units.” Hotel Association of Canada, <http://www.hotelassociation.ca/advocacy/an-overview-of-airbnb-and-the-hotel-sector-in-canada.asp>.

being carried on from a location outside of the municipality.⁴ The Legislation enables the City to license and establish operating standards for short-term rentals, as necessary.

5.3.2 Municipal By-law Issues

With the proliferation of S.T.R.s, some communities have experienced growing issues related to the use of property as an S.T.R. These issues are typically experienced in neighbourhoods where “commercial operators” are continuously renting their S.T.R. Some properties may become “party houses”, used regularly by guests to have large gatherings that can create neighbourhood conflicts. Some of these issues experienced by municipalities in relation to the operation of S.T.R.s include:

- Noise
- Nuisance
- Parking
- Increased traffic
- Lot Maintenance
- Refuse

Since October 2016, the City has received approximately seventeen (17) complaints regarding S.T.R.s. The complaints range from matters pertaining to land use, noise and lot maintenance.⁵ Based on data obtained from compliance monitoring company Host Compliance, it is estimated that there are presently one hundred and thirteen (113) unique S.T.R.s in Oshawa.⁶ The number of S.T.R.s and S.T.R. issues may currently be limited; however, given the growth of S.T.R. platforms such as Airbnb, these numbers are expected to increase. Listings are generally located in single-family homes and approximately 32% are entire home rentals.⁷ It is important to note that the number of S.T.R. hosts fluctuates.

5.3.3 Potential Licensing Framework

S.T.R.s have been identified as being a concern for residents and businesses as this type of business activity is currently unregulated. The passage of a Zoning By-law framework for S.T.R.s has addressed where such uses may operate, but does not regulate the operator of that business in terms of compliance with minimum acceptable health, safety and community standards. A licensing requirement would place the onus on the S.T.R. host/operator to ensure that the business activity is minimizing disruption within the neighbourhood and is being managed in compliance with all City standards. Licensing also enables the creation of additional standards, such as the requirement for owner/operators to ensure there is a contact available at all times while the property is rented to respond to

⁴ Municipal Act, 2001

⁵ Number is approximate and based on available data between October 2016 and July 2018. Not all complaints were related to properties found to be operating a S.T.R. and S.T.R. use was generally not prohibited.

⁶ Based on July 2018 Host Compliance data

⁷ Based on July 2018 Host Compliance data

issues in a timely manner. Failure to operate in compliance with the various standards could result in referral of the licence to the City's Hearings Officer for possible revocation.

By making by-law compliance a licence condition for S.T.R.s, the host/operator is encouraged to ensure that they mitigate all by-law issues to avoid penalties or licence revocation. Maintaining an S.T.R. licence in good standing will communicate to customers and the community that they are a reputable business.

Licensing the S.T.R. platforms, in addition to operators, could assist the City with effectively managing issues related to the operation of S.T.R.s. as it would enable the City to ensure only licensed properties are advertised on the various S.T.R. online platforms. The City would be able to request and receive information/records from the online platforms to assist with enforcement. Tools such as information-sharing requirements between the City and S.T.R. platforms are necessary to effectively enforce S.T.R. regulations and limit negative consequences that may be associated with their operation.

5.4 Other Considerations

This review does not consider harmonizing S.T.R. standards with the Hotel/Motel Industry. These establishments are regulated through a robust system of provincial standards including, but not limited to, the Innkeepers Act, 1990; Hotel Registration of Guests Act, 1990; Occupational Health and Safety Act, 1990; Employment Standards Act, 2000; etc. which cannot be fully implemented in residential dwellings.

Additionally, the City does not currently license traditional bed and breakfast establishments (B&Bs). While a B&B Establishment is similar to an S.T.R., City Council previously made the decision in the 1990's and early 2000's to not license this class of business (see DCS-98-210, DS-01-163, OS-03-128, and correspondence CS-05-05)⁸ and, accordingly, this process will not include a recommendation to license B&Bs at this time.

5.5 Consultation Process

Given the complexity of the licensing proposal, it is necessary to initiate a consultation process to involve all industry stakeholders and the public. Staff have prepared a proposed research and consultation process comprised of three (3) phases outlined below:

- Phase 1: Further Research
- Phase 2: Consultation Process
 - Industry Consultation, including:
 - S.T.R. Platforms
 - S.T.R. Hosts/Operators
 - Other temporary accommodation providers such as:
 - Bed and Breakfast Establishments
 - Hotels/Motels

⁸ DCS-98-201 (Council meeting June 1, 1998); DS-01-163 (Council meeting July 16, 2001); OS-03-128 (Council meeting May 20, 2003); CS-05-05 (Council meeting January 17, 2005)

- Public Consultation
- Phase 3: Staff Report: Findings and Potential Licensing System

In the first phase, staff will continue to conduct research regarding this issue including assessing regulatory tools to improve compliance. Staff will concurrently initiate a consultation process with the S.T.R. industry and the general public. This consultation process will engage the public and industry through the use of surveys and open houses. Finally, staff will report the findings from the research and consultation phase and present a licensing system for the Corporate Services Committee's consideration in 2019.

6.0 Financial Implications

There are no financial implications related to the recommendations in this report, but the licensing review will be reflected in the 2019 Department Business Plan. A new Business licensing class for S.T.R.s is expected to present financial implications; therefore, a detailed financial assessment will be completed and included in the report back to Committee.

7.0 Relationship to the Oshawa Strategic Plan

The recommendations in this report respond to the Oshawa Strategic Plan Goals:

- 4.1 Economic Prosperity and Financial Stewardship: Responsible Taxation; and,
- 4.2 Accountable Leadership: Deliberate Community Engagement



Jerry Conlin, Director,
Municipal Law Enforcement and Licensing Services



Tracy Adams, Commissioner,
Corporate Services Department

Attachments

CORP-17-89

M.F.I.P.P.A. Sec 14 (1)

Oshawa, ON

M.F.I.P.P.A.
. Sec 14 (1)

November 9, 2017

Clerks Office
City of Oshawa
50 Centre St. S.
Oshawa, ON
L1H 3Z7

To Whom It May Concern

I am writing to you in hopes that the city of Oshawa will create a By-law that regulates the use of properties as short term rentals in our city such as Airbnb's.

Recently a property was sold at 187 Columbus Rd W and the new owners are using it as an Airbnb. In their advertising, they refer to the property as their "cottage" and it is available for parties, weddings, or any event! **They do not live on site.**

In a few short weeks, what was a peaceful neighborhood, has become a nightmare. The uncertainty of what each night will bring has caused an enormous amount of stress on the neighborhood, but mostly to the homes on either side. Already, there have been many sleepless nights, late night parties, numerous cars and guests, people in and out, and men urinating in the driveway.

These Airbnb's and short term rentals have been known to cause problems everywhere. From rentals being trashed, littered, parties where over 200 people squeezed into a one bedroom apartment, apartments turned into junkie dens, and some even used as pop-up brothels! Recently in the news, one couple was shocked to find out their basement apartment was being use to distribute drugs!

It is extremely important that the city puts a By-law in place to protect all its citizens from something like this moving in next door to them.

The city of Toronto has proposed regulations on short term rentals. If approved by council the regulations would include:

- Requirement to register with the city and pay an annual fee of \$50.00
- The operator, either owners or tenants, would have to provide 24 hour contact information to anyone renting the property, as well as a diagram with information about emergency exits
- The regulations would cap the number of nights in a calendar year in which a full unit can be rented at 180 and restrict owners from renting out any property other than their **PRINCIPAL RESIDENCE**
- They also plan on charging the Airbnb site with a one-time licensing fee.

This is the link to the Toronto story. <http://www.cp24.com/news/new-rules-would-allow-only-principal-residences-to-be-offered-as-short-term-rentals-1.3669231>

The city of Toronto's plan is a good one. I would only add a provision, which insures owners are on site when renting rooms etc.

In conclusion, we are asking that the city creates a By-law that bans short term rentals, unless they follow the above guide lines or ones set out by our city, are a hotel or a registered B&B.

Thank you in advance for your attention to this matter.

Elizabeth Anderson



By-law 52-2018
of The Corporation of the City of Oshawa

being a by-law to amend By-law 60-94, as amended, of The Corporation of the City of Oshawa.

IT IS ENACTED as a by-law of The Corporation of the City of Oshawa by its Council as follows:

1. By-law 60-94, as amended, is further amended by amending the definition of Agricultural Use by adding the word ", cannabis," after the words "flowers" and before the word "or landscaping materials" such that definition of Agricultural Use would read as follows:

"AGRICULTURAL USE" means an area of land with or without accessory buildings, structures or outdoor storage which is used primarily for: (a) the growing and harvesting of vegetables, fruits, field crops, mushrooms, berries, trees, flowers, cannabis or landscaping materials, and may include woodlot and forest tree uses; (b) the breeding, training, raising or boarding of birds, fish or animals of any kind; (c) the erection and use of greenhouses; (d) the packing, crating, storing, and sale of produce grown on the premises; or (e) other similar uses customarily carried on in the field of general agriculture, but does not include a kennel."
2. By-law 60-94, as amended, is further amended by:
 - (a) Deleting the definition of Catalogue Store.
 - (b) Amending definition of Retail Store by deleting the words "catalogue store" in the fourth sentence.
 - (c) Deleting Item 19.1.2(j) and renumbering the remaining items accordingly.
 - (d) Deleting Item 19.3.7(1)(h) and renumbering the remaining items accordingly.
 - (e) Deleting Item 19.3.14(1)(e) and renumbering the remaining items accordingly.
 - (f) Deleting Item 19.3.15(2)(e) and renumbering the remaining items accordingly.
 - (g) Deleting Item 19.3.16(2)(e) and renumbering the remaining items accordingly.
3. By-law 60-94, as amended, is further amended by amending the definition of Fuel Bar by adding the following words "For the purpose of this definition, an electric vehicle charging station ancillary to a parking space is not a Fuel Bar." at the end of the current definition and by deleting the period and adding the words ", and may include a related convenience store" immediately following words "dispensing of fuel" such that the definition of Fuel Bar would read as follows:

"FUEL BAR" means one or more fuel pumps for the sale of motor fuels and related products for vehicles, together with the necessary fuel pump islands, light standards, kiosks, concrete aprons, canopies, storage tanks and related facilities required for the dispensing of fuel and may include a related convenience store. For the purpose of this definition, an electric vehicle charging station ancillary to a parking space is not a Fuel Bar."
4. By-law 60-94, as amended, is further amended by:
 - (a) Adding a new definition of Short-Term Rental that would read as follows:

"SHORT-TERM RENTAL" means all or part of a dwelling unit that is used to provide temporary accommodation, not including a cancer lodge, crisis care residence or university residence."

- (b) Adding a new Subsection 5.16 and Articles 5.16.1 to 5.16.5 which permits a Short-Term Rental in any zone that permits a dwelling unit subject to regulations that would read as follows:

"5.16 Short-Term Rental

- 5.16.1 A short-term rental is a permitted use in all zones that permit dwelling units.
- 5.16.2 A short-term rental shall be used to provide temporary accommodation for any rental period that is less than 28 consecutive days and not exceeding a combined total of 180 days in a calendar year.
- 5.16.3 The dwelling unit in which the short-term rental is located shall be the principal residence, as defined in the Income Tax Act, of the person or persons operating and residing in the short-term rental.
- 5.16.4 Notwithstanding anything in this by-law to the contrary, no bed and breakfast, home occupation, other rental accommodation, group home or lodging house shall be permitted in any dwelling unit which contains a short-term rental.
- 5.16.5 A short-term rental shall not be established or operated in a manner which changes the external residential appearance of the dwelling unit or that contributes to adverse effects such as those from excessive traffic, parking, noise and hours of operation."

5. By-law 60-94, as amended, is further amended by:

- (a) Amending the definition of Block Townhouse by deleting the period after the word "aisle" and by adding the words ", but does not include a Street Townhouse Building." such that the definition of Block Townhouse reads as follows:

"BLOCK TOWNHOUSE" means a townhouse served by a private driveway or aisle, but does not include a Street Townhouse Building. For the purpose of this definition "Dwelling Unit" means a unit consisting of one or more rooms, which unit contains toilet and cooking facilities."

- (b) Deleting the definition of Street Townhouse Building in its entirety and replacing it with the following:

"STREET TOWNHOUSE BUILDING" means a Townhouse with each Dwelling Unit having lot frontage and direct vehicular access to an improved street that is maintained by a municipality. Notwithstanding any other provision of this By-law, for the purpose of this definition Improved Street shall have the meaning defined in Section 2 of the Zoning By-law and not the meaning defined in Article 5.13."

- (c) Amending Article 4.9.3 by adding the words "and not less than fifty percent (50%) of every individual Parcel of Tied Land with a rear yard and a driveway abutting a common element condominium road" after the words "corner lot" and adding the words "block townhouse," after the words "semi-detached building" in the sixth sentence such that Article 4.9.3 would read as follows:

"4.9.3 Not less than fifty percent (50%) of the front yard and fifty percent (50%) of an exterior side yard of every lot in every residential zone shall be maintained as landscaped open space and not less than fifty percent (50%) of the rear yard of every corner lot and not less than fifty percent (50%) of every individual Parcel of Tied Land with a rear yard and driveway abutting a common element condominium road in every residential zone containing a single detached dwelling, semi-detached dwelling, semi-detached building, block townhouse or duplex shall be maintained as landscaped open space."

- (d) Amending Subsection 4.20 by adding a new Article 4.20.3 which prohibits the storage or parking of recreational vehicles, boats, trailers and snowmobiles in a yard abutting an improved street for any Parcel of Tied Land would read as follows:

"4.20.3 Notwithstanding Articles 4.20.1 and 4.20.2 the storage or parking of recreational vehicles, boats, trailers and snowmobiles is not permitted in a yard abutting an improved street for any Parcel of Tied Land."

6. By-law 60-94, as amended, is further amended by:

- (a) Amending the definition of Model Home by adding the words ", block townhouse" after the words "semi-detached dwelling" in the first line and the words "or in an approved draft plan of condominium or in relation to a common elements draft plan of condominium" after the word "subdivision" in third line and the words "or in the plan of condominium or in relation to a common elements draft plan of condominium" after the word "subdivision" in the fourth line, such that the definition of Model Home would read as follows:

"**MODEL HOME**" means a single detached dwelling, semi-detached dwelling, block townhouse building or street townhouse building constructed or to be constructed on lands in an approved draft plan of subdivision or in an approved draft plan of condominium or in relation to a common elements draft plan of condominium, with or without service connections, for the purpose of display and sale of dwelling units to be constructed on lots in the plan of subdivision or in the plan of condominium or in relation to a common elements draft plan of condominium."

- (b) Amending Article 4.13.2(b) by inserting the words "one block townhouse or" between the words "for" and "one" in the first line, by inserting the words "block townhouses or" between the words "of" and "street" in the fifth line and by inserting the words "or in the plan of condominium or in relation to a common elements draft plan of condominium" at the end of the Article, such that Article 4.13.2(b) reads as follows:

"A permit may be issued for one block townhouse or one street townhouse building only, provided that the building does not contain more than eight (8) dwelling units and the number of dwelling units therein does not exceed ten percent (10%) rounded to the nearest whole number of the total number of block townhouses or street townhouse dwelling units in the plan of subdivision or in the plan of condominium or in relation to a common elements draft plan of condominium."

7. By-law 60-94, as amended, is further amended by amending Article 4.1.4 by deleting the year "2010" and replacing with the year "2015."

8. By-law 60-94, as amended, is further amended by amending Article 4.6.3 by deleting the year "2010" and replacing it with the year "2015".

9. By-law 60-94, as amended, is further amended by:

- (a) Amending Table 4.10 by adding the word "Industrial" after the word "zones," and before the word "Institutional" in the first row of the first column, such that it would read as follows:

"(a) Specialized Office, Commercial excluding CBD Zones, Industrial, Institutional, Open Space and other class."

- (b) Deleting Item (b) in Table 4.10 and re-lettering the subsequent items as appropriate.

10. By-law 60-94, as amended, is further amended by:

- (a) Amending Sentence 5.12.6(3) by deleting the year "2018" and replacing it with the year "2021".

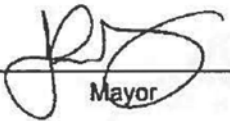
- (b) Amending Sentence 5.12.7(2) by deleting the year "2018" and replacing it with the year "2021".

11. By-law 60-94, as amended, is further amended by:

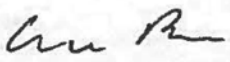
- (a) Deleting Articles 7.2.2, 7.2.3 and 7.2.4.

- (b) Amending Table 7.2 by deleting the number "21.0" and replacing with the number "16.2" from the second row of the third column and deleting the number "595" and replacing with the number "486" from the third row of the third column.
 - (c) Amending Table 7.2 by deleting the number "18.0" and replacing with the number "15.0" from second row of the fourth column and deleting the number "550" and replacing with the number "450" from the third row of the fourth column.
 - (d) Amending Table 7.2 by deleting the number "12.0" and replacing with the number "8.7" from second row of the fifth column and deleting the number "320" and replacing with the number "281" from the third row of the fifth column.
 - (e) Amending Table 7.2 by deleting the number "9.0" and replacing with the number "7.5" from the second row of the sixth column and deleting and replacing the number "275" with the number "225" from the third row of the sixth column.
 - (f) Amending Table 7.2 by deleting the number "450" and replacing with number "380" in the third row of the seventh column.
 - (g) Deleting Article 10.2.3.
 - (h) Amending Table 10.2 by deleting the number "21.0" and replacing with the number "16.2" from the third row of the third column and deleting the number "595" from the fourth row of the third column and replacing it with the number "486".
 - (i) Amending Table 10.2 by deleting the number "18.0" in the third row of the fourth column and replacing it with the number "15.0" and deleting the number "550" in the fourth row of the fourth column and replacing it with the number "450".
 - (j) Amending Table 10.2 by deleting the number "12.0" in the third row of the fifth column and replacing with the number "8.7" and by deleting the number "320" in the fourth row of fifth column and replacing it with the number "281".
 - (k) Amending Table 10.2 by deleting the number "9.0" in the third row of the sixth column and replacing with the number "7.5" and by deleting the number "275" in the fourth row of the sixth column and replacing it with the number "225".
 - (l) Amending Table 10.2 by deleting the number "450" in the fourth row of the seventh column and replacing with the number "380".
12. By-law 60-94, as amended, is further amended by amending Article 16.4.4 by adding the following words "Notwithstanding the foregoing, dwelling units, lodging houses and bedrooms may be permitted on the first floor if located behind the non-residential uses located at the front of the building adjacent to the street line." to the end of Article 16.4.4 such that Article 16.4.4 would read as follows:
- "16.4.4 Notwithstanding any other provision of this By-law to the contrary, dwelling units, lodging houses and bedrooms shall be restricted to the second storey, excluding basements, or higher in the hatched area shown on Schedule "G" to this By-law. Notwithstanding the foregoing, dwelling units, lodging houses and bedrooms may be permitted on the first floor if located behind the non-residential uses located at the front of the building adjacent to the street line."
13. By-law 60-94, as amended, is further amended by:
- (a) Adding a new Article 26.3.17 and Sentence 26.3.17(1) that would read as follows:
 - "26.3.17 **OSP(1) Zone (Lands at the southeast corner of Simcoe Street South and Harbour Road)**
 - 26.3.17(1) In addition to the permitted uses in the OSP Zone, within the OSP(1) Zone the permitted uses shall also include a marina."
 - (b) Changing the zoning for the lands shown shaded on the enlarged portion of Part of Map B1, attached hereto as Schedule "A", from R4-A/R6-B to OSP(1) so that Map B1 shall be amended as shown on the enlarged portion of Part of Map B1 attached to this By-law as Schedule "A".

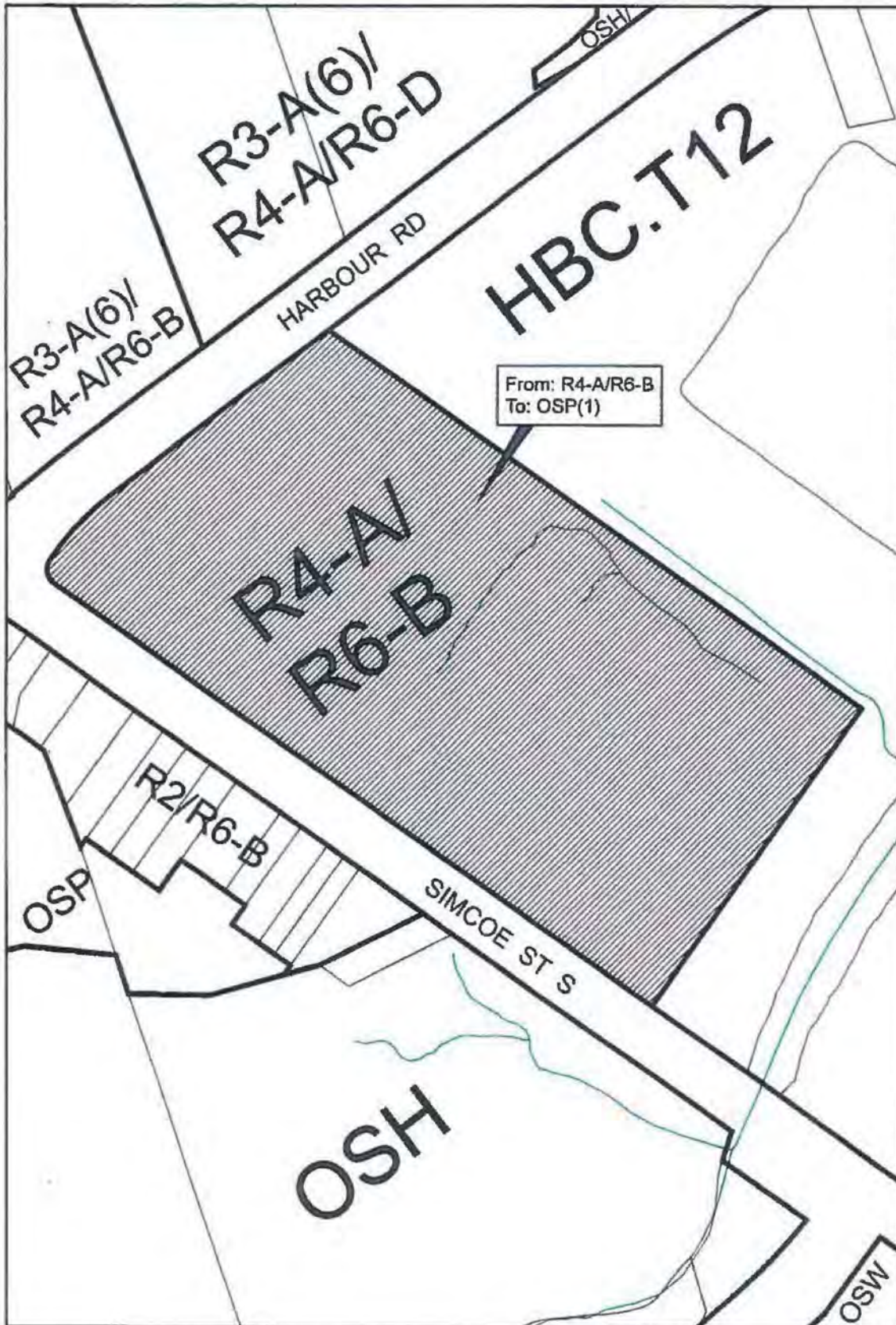
14. By-law 60-94, as amended, is further amended by changing the zoning for the lands shown shaded on the enlarged portion of Part of Map A3, attached hereto as Schedule "B", from UR to SPC-A "h-23" so that Map A3 shall be amended as shown on the enlarged portion of Part of Map A3 attached to this By-law as Schedule "B".
15. By-law 60-94, as amended, is further amended by changing the zoning for the lands shown shaded on the enlarged portion of Part of Map A3, attached hereto as Schedule "C", from AP-B/AP-B(1) "h-23" to AP-A/AP-B/AP-B(1) so that Map A3 shall be amended as shown on the enlarged portion of Part of Map A3 attached to this By-law as Schedule "C".
16. By-law 60-94, as amended, is further amended by changing the zoning for the lands shown shaded on the enlarged portion of Part of Map B2, attached hereto as Schedule "D", from R1-C to R2 and from R2 to R1-C so that Map B2 shall be amended as shown on the enlarged portion of Part of Map B2 attached to this By-law as Schedule "D".
17. By-law 60-94, as amended, is further amended by changing the zoning for the lands shown shaded on the enlarged portion of Part of Map C3, attached hereto as Schedule "E", from UR to OSH so that Map C3 shall be amended as shown on the enlarged portion of Part of Map C3 attached to this By-law as Schedule "E".
18. This by-law shall come into force in accordance with the provisions of the Planning Act.
- By-law passed this twenty-second day of May, 2018.



Mayor



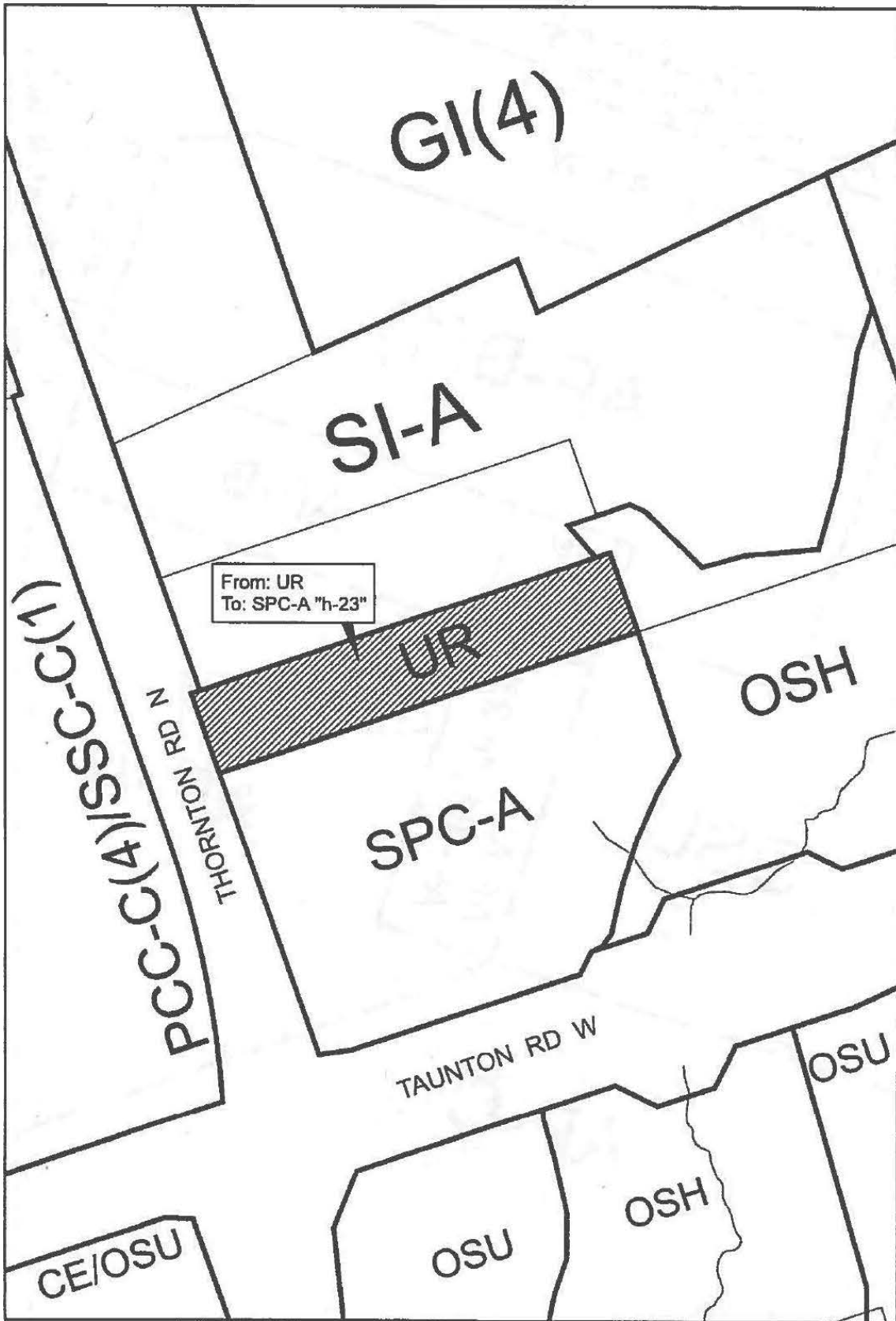
City Clerk



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Part Of Map B1

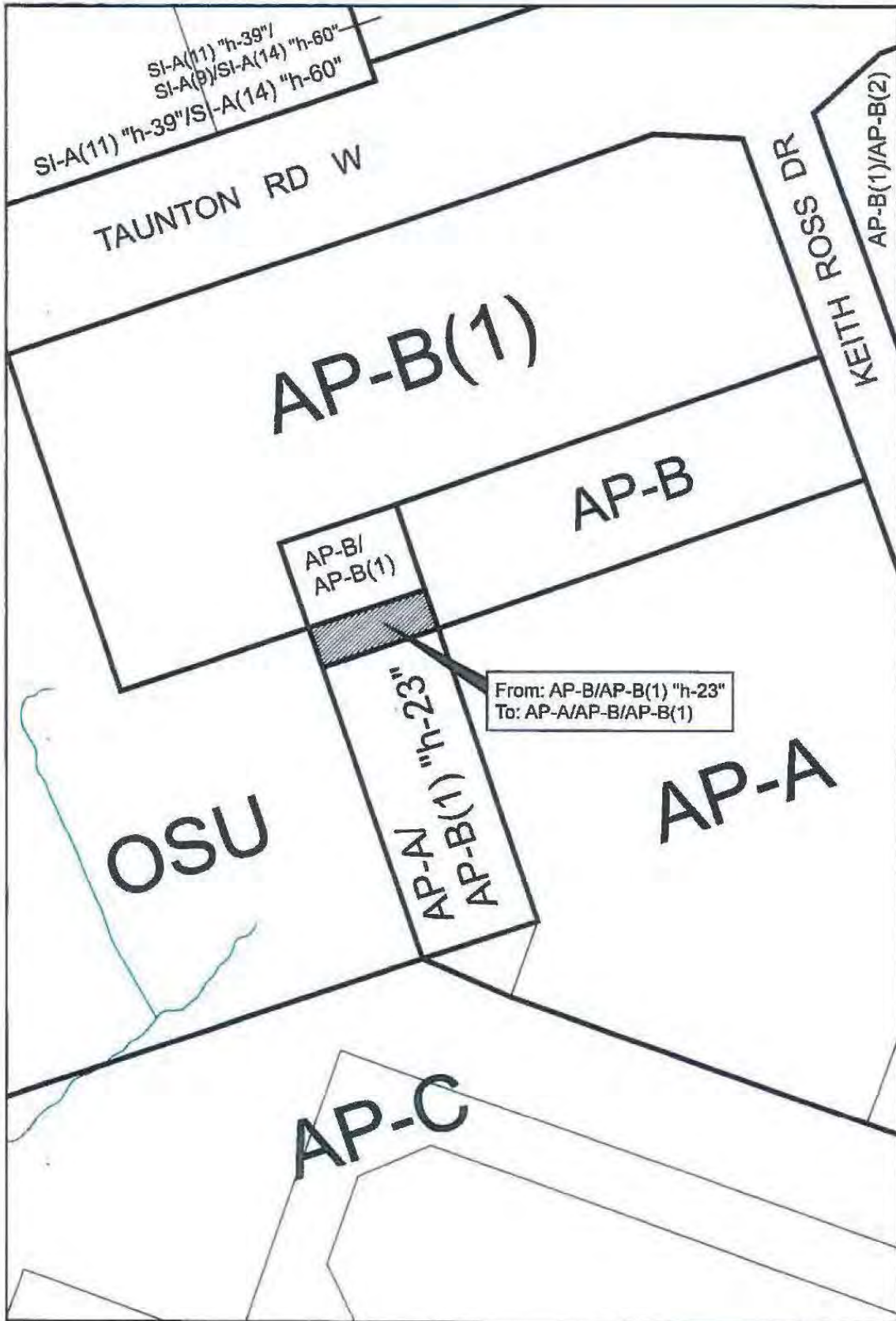




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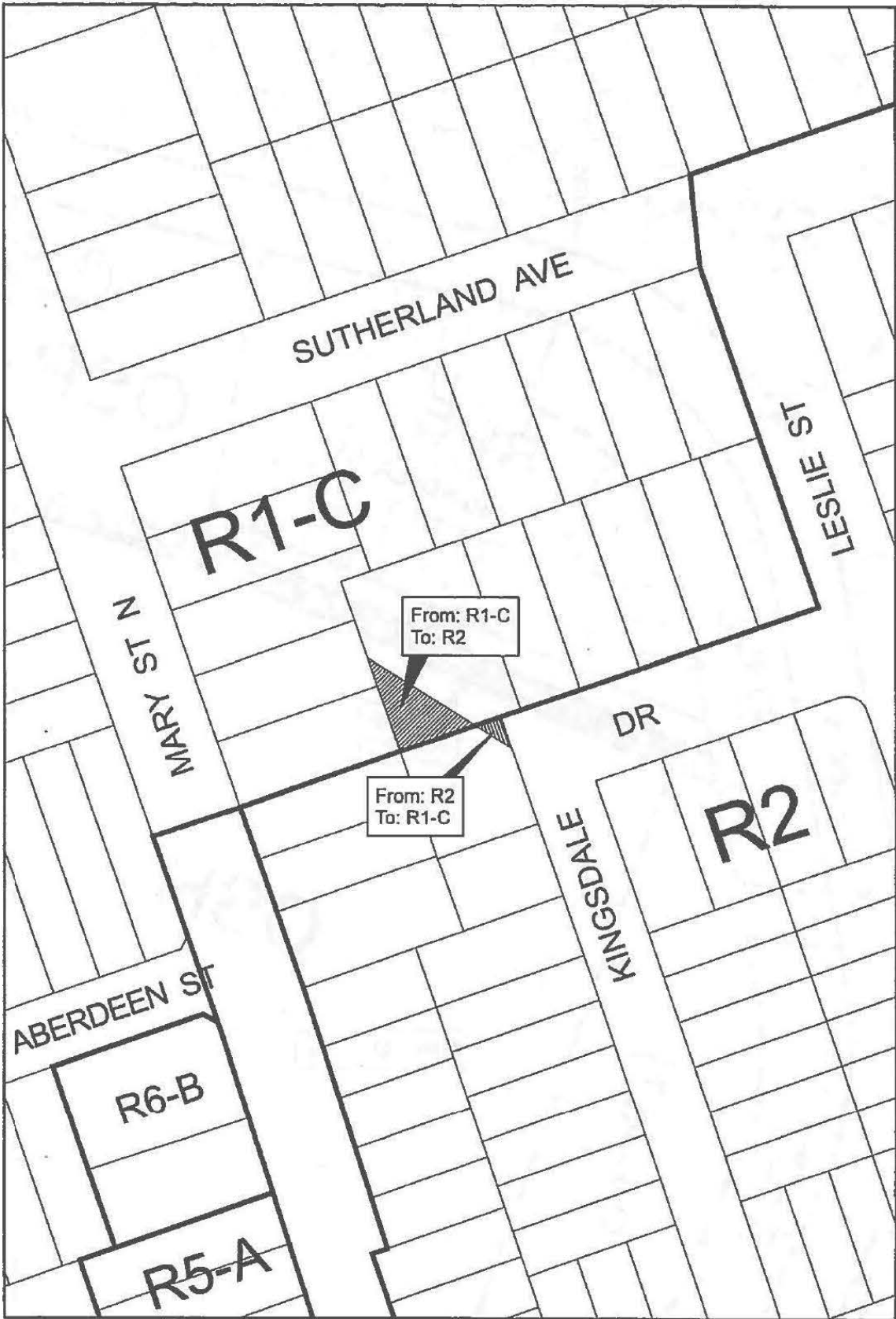
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Short-Term Rental Regulations: Municipal Benchmarking

Municipality	Business Licence?	Effective Date	Fees (Annually)	Platform Licensed	Primary Residence	Local Contact Req.	Application Inspections
Town of Ajax (Population = 119,677) ¹	No	N/A	N/A	N/A	N/A	N/A	N/A
Municipality of Clarington (Population = 92,013)	No	N/A	N/A	N/A	N/A	N/A	N/A
City of Kitchener (Population = 233,222)	No	N/A	N/A	N/A	N/A	N/A	N/A
City of Mississauga (Population = 721,599)	No	N/A	N/A	N/A	N/A	N/A	N/A
Town of Oakville (Population = 193,832)	Yes	Nov. 1, 2018	Operator: \$237 Company: \$44,500	✓	✓	✓	x
Town of Richmond Hill (Population = 195,022)	No	N/A	N/A	N/A	N/A	N/A	N/A
City of Toronto (Population = 2,731,571)	Yes	Licensing system on hold while Zoning provisions are under OMB Appeal (Aug. 30/31, 2018)	Operator: \$50 Company: \$5,000 one-time + \$1/night booked	✓	✓	✓	x

¹ Populations based on 2016 Census data; Oshawa population = 159,458

Municipality	Business Licence?	Effective Date	Fees (Annually)	Platform Licensed	Primary Residence	Local Contact Req.	Application Inspections
City of Vancouver, B.C. (Population = 631,486)	Yes	Licensing opened April 19, 2018. Operators have until Aug. 31, 2018 to obtain licence	Licence: \$49 Application fee: \$56	x	✓	✓	x
City of Vaughan (Population = 306,233)	No	N/A	N/A	N/A	N/A	N/A	N/A
City of Victoria, B.C. (Population = 85,792)	Yes	April 3, 2018	Primary Residence Operator: \$150 Other: \$1,500	No	Both	✓	x
Town of Whitby (Population = 128,377)	No	N/A	N/A	N/A	N/A	N/A	N/A



November 18, 2019

Dear Erin McLean,

Thank you for your outreach and the opportunity to participate in this process. Airbnb is proud to represent a diverse community of hosts and guests who collectively make up our home sharing community. Airbnb connects people to unique travel experiences, in more than 100,000 cities and 191 countries. Our platform is transforming travel by allowing people to experience cities like a local, visit family members who may live in Oshawa, and support neighbourhood businesses that would never see tourists otherwise.

We are happy to provide information that gives you and your colleagues additional context about the Airbnb community in the City of Oshawa. However, we would also like to take this opportunity to share our learnings from working with communities of many sizes here in Canada and around the world.

The most important learning that we can share is that the communities who have seen the greatest success have taken an approach to regulating that takes into account the size and scale of their community and balances the economic and administrative costs of regulation. In many cases, smaller communities have decided that existing by-laws are sufficient for addressing any issues that have been brought to their attention. In other cases, a light-touch framework that does not include burdensome administrative support or costs has had success. We have provided some basic information about our community in Oshawa below. An interesting finding is that almost half of the listings in Oshawa are private rooms within a house. Given this, we encourage you to reconsider whether implementing a regulatory framework would be appropriate for residents simply renting rooms within their home.

Some of the foundational principles that are consistently reflected in the balanced regulatory approaches that are working well in other cities include:

- Defining home sharing as a residential use, permitted in all neighbourhoods and types of dwelling units across the city;
- Applying less burdensome requirements on hosts that share their homes occasionally to encourage and ensure voluntary compliance, including reasonable registration fees;
- Respecting the privacy of hosts who are sharing their homes and the places they live;
- Ensuring that hosts and guests are respectful of the neighbourhoods in which they share space;
- Treating all people-to-people platforms equally.

Our hosts are responsible community members who want to abide by the law. As you will note from the data we share below, the clear majority of Airbnb hosts share their homes occasionally and we recommend that any regulatory burden for individual hosts reflect this level of activity. Cities have confronted the question of whether a registry or licensing system is better suited to achieving the municipality's compliance and enforcement objectives without creating excessive burdens for the host. In the end, many cities choose to omit a registry or licensing system due to

the casual nature of home sharing in their community and to reduce the unnecessary burden on hosts and city resources.

In the case that a city does choose to adopt a licencing framework, our experience shows that more complicated and costly licensing regimes tend to have lower compliance. As home sharing is a residential use, and the majority of our hosts are sharing the home where they live, they are already subject to existing obligations for fire safety, insurance and other matters.

In terms of providing more information that is specific to your community, home sharing is already making a real difference in the lives of our hosts in Oshawa. The vast majority of our hosts are everyday people and families, friends and neighbours. They are responsible hosts sharing the home in which they live a few nights each month to earn modest, supplemental income.

In the last 12 months hosts in Oshawa earned approximately **\$3m** sharing their home. The nights hosted in a typical listing per year is **58 nights annually**. The average length of stay per guest on our platform in Oshawa is **3.7 nights**. This could mean that a significant number of guests are visiting their relatives who live in Oshawa. Of the **560 active listings** in Oshawa, **51% are entire homes and 47% are private rooms within a home**. It is also worth noting that in addition to personal residences, we also have boutique hotels, traditional bed and breakfasts, and corporate housing providers that advertise on our platform. A key benefit of our platform is that it offers a range of price points and choices for independent travelers, couples, families and business travelers.

The money our hosts earn from home sharing is helping them cope with the rising cost of living. For many, earning money through occasional home sharing is making it possible for them to afford to stay in their homes or allowing their bed and breakfast enterprise to thrive in a global economy.

Additionally, many hosts, for professional, educational or lifestyle reasons, may live in more than one place during the course of the year. They may choose to home share at times when they are away, but the residence is used by the host as a home for part of the year. Without flexibility regarding primary and secondary residences, many hosts would be unable to continue sharing their homes. It is for this reason that we recommend that any definition of home sharing should take into account the various types of living situations of hosts and provide hosts with the flexibility to share their space.

Our community's safety, both online and offline, is our priority. There have been more than 500 million guest arrivals in Airbnb listings to date and negative incidents are extremely rare. Even so, we're constantly working to improve our platform, our policies, and our protections, because even one incident is one too many.

In fact, in the last two weeks alone, our CEO and Co-Founder announced that we are banning "party houses" on our platform and we are redoubling our efforts to combat unauthorized parties and get rid of abusive host and guest conducts. You can find more on this announcement [here](#).

Furthermore, our Trust and Safety team is made up of engineers, 24/7 response agents, data scientists, product managers, designers, law-enforcement liaisons, crisis managers, and victim-advocacy specialists, in addition to policy, privacy, cybersecurity, insurance, and fraud experts—all working together to keep our community safe. This includes an important set of specific safety features that we employ, including:

- **Risk Scoring:** To help prevent bad actors from ever accessing our platform in the first place, each and every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any suspicious activity. When we detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.
- **Background Checks and Watch Lists:** While no background check system is infallible, we screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists. We are working with additional governments around the world to identify where we can do more background checks.
- **Account Security:** Our secure platform ensures your money and personal information are protected. We take a number of measures to safeguard your Airbnb account, including using multi-factor authentication whenever a login is attempted from a new device.
- **Preventing Scams:** Fake or misrepresented users and listings have no place in our community, and we deploy a multilayer defense strategy to help ensure that these kind of scams are rare. All you need to do to protect yourself is to stay on our secure Airbnb platform throughout the entire process -- from communication, to booking, to payment.
- **Home Safety:** We run home safety workshops with hosts and local fire services to equip our community with the latest advice from leading experts, and we also give out [free smoke and carbon monoxide detectors](#) to hosts.
- **Profiles:** Each and every person on Airbnb has a profile page with important information about themselves. In order to book or host, you must provide us a full name, date of birth, phone number, email address, and payment information. Hosts can also require that guests provide Airbnb with a government ID before booking their listing, and then the host in turn is required to do so as well.
- **Secure Messaging:** Through the Airbnb platform, we also have a safe and easy way for guests and hosts to get to know each other directly before requesting or approving a reservation. Our secure on-platform messaging tool is there for both sides to ask each other questions before requesting or accepting a reservation and to set clear expectations — something we highly recommend doing. Additionally, our messaging tool

helps hosts and guests stay in touch as needed throughout the trip to ensure everything goes well.

- **Reviews:** Our review system enables you to see what other community members have said about a potential guest, host, or home. Guests and hosts publicly review each other and can only do so after the reservation is complete, so you know the feedback is based on actual experiences.
- **24/7 Global Response & Assistance:** In the rare event that any issue should arise, Airbnb's global Customer Service and Trust and Safety teams are on call 24 hours a day, 7 days a week in 11 different languages to help make things right with rebooking assistance, as well as refunds, reimbursements, and support programs like our Host Guarantee and Host Protection Insurance. If, for instance, you arrive at a listing and it's not as advertised, all you need to do is reach out to our team and we are here to help.
- **Host Guarantee:** Hosts are protected by our [Million Dollar Host Guarantee](#), which covers listings for up to \$1,000,000 CAD in damage -- and it's free for all hosts and every single booking.
 - In 2017, there were more than 49 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over \$1,000) was reported to us only 0.004% of the time. At that rate, you could host a new reservation every single day for over 63 years without expecting to file a significant property damage claim under our Host Guarantee.
- **Insurance:** Our [Host Protection Insurance](#) provides home sharing hosts with additional protection against third party claims of property damage or bodily injury up to \$1,000,000 CAD.

Airbnb is committed to our role as a good community partner. We stand by our commitment to ensure a safe and positive experience for our hosts, their guests, and neighbours. I would be pleased to speak with you further about the information above.

Best Regards,



Elizabeth Mendes
Public Policy
Canada



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

February 27, 2019

To: Erinn McLean, Policy and Research Analyst | City of Oshawa

Via Email: EMcLean@oshawa.ca

Re: Licensing Short-term Rentals (S.T.R.s) in Oshawa

Dear Ms. McLean,

On behalf of the Hotel Association of Canada (HAC), I am writing today regarding the City of Oshawa's examination in licensing the operation of short-term rentals in the city.

HAC represents more than 8,200 hotels, motels and resorts across Canada. Our industry generated revenues of \$21.9 billion in 2018 and is responsible for 309,800 jobs in communities across Canada. We have contributed billions of dollars to local, provincial and federal coffers. In 2018 alone, the hotel industry generated revenues estimated at \$9.5 billion for all three levels of government¹.

HAC, in partnership with its provincial and city associations, has been a key stakeholder in local efforts across the country to license and regulate short-term rentals. Notably, we produced best practice guidelines for developing a modern framework, to ensure short-term rentals are licensed and regulated in order to foster fair and sustainable community growth for all players (see attachment).

Short-term rentals are an ongoing concern for communities across Canada. The growth of Airbnb to nearly 160 million guest arrivals in 2018 tells us that platform companies for short-term rental accommodations are here to stay. Yet the revolution in the short-term rental industry has given rise to unintended consequences.

What started as true home sharing – where the owner is present during the guest's stay – has expanded into growing commercial operations in which entire homes and multiple units are being rented out. Many operators are exploiting a lack of regulation and are running illegal hotels. Community life is being impacted as noise, guest traffic and crime are increasingly reported when short-term rentals are located in residentially zoned areas. Health and safety standards are not being adhered to, regulations around licensing are being ignored, and taxation rules are either antiquated or not being followed.

Long-term rental units are being repurposed for short-term rentals, exacerbating a shortage of affordable housing while also driving up rental rates. In some communities, the housing shortage has meant that employers are struggling to find local workers.

While commercial short-term rental "hosts" may pretend to be hobby-like operations, many are substantial businesses that are escaping the corporate responsibilities and realities that other legitimate

businesses face. They are, in fact, operating in the underground, with several never even exchanging keys with their guests. This situation is happening more and more across Canada. In fact, the City of Montreal has recently resorted to cutting lockboxes containing keys to illegal listings to help curb this activity.

In 2017, HAC released a [study](#) in partnership with the Ontario Restaurant Hotel and Motel Association (ORHMA) and the Greater Toronto Hotel Association (GTHA), which spotlighted 11 key markets across Canada and examined the short-term rental market in comparison to Canada's hotel sector. Specifically, the study had a key focus on Airbnb as the most widely used digital home-sharing platform in Canada.

Results demonstrated that commercial operators are growing exponentially, far outpacing actual home sharing activity. Approximately 7-in-every-10 units on the Airbnb distribution platform are entire-home rentals, with guests having complete and sole access of the entire unit during their stay. Over the last two years, the commercial side of Airbnb's business – those renting multi-unit entire homes – grew by 108%. Entire home rentals as a whole, including multi-listing hosts, generated 83% of Airbnb's revenues. Multi-unit hosts account for over 30% of all revenue generated on Airbnb in Canada.

Further, a 2019 [study](#) conducted by McGill University entitled *Short-term rentals in Canada: Uneven growth, uneven impacts* revealed that Airbnb likely removed 31,000 homes from Canada's rental marketⁱⁱ. That same year, Fairbnb [reported](#) that in Toronto alone, Airbnb has taken 6,500 long-term rentals off the market.

The research is clear. True home-sharing has become increasingly rare. Today, there is a short-term rental industry that operates with limited regulation, creating a host of problems for governments, communities and homeowners. Governments at all levels have a role to play in developing a modern policy framework that acknowledges the difference between true home-sharing and a commercial operation. Getting this balance right will promote fairness, protect communities, and ensure that visitors continue to experience a safe and enjoyable stay.

As communities across Canada continue to grapple with the implications of the growing short-term rental industry, **HAC strongly recommends that the City of Oshawa put in place a modern regulatory framework to address the stresses and unintended consequences created by short-term accommodation rentals.**

To be clear, we are not opposed to an individual using a home-sharing platform to rent out a room in his or her principal residence to help make ends meet. However, the City of Oshawa must take steps to address those who are operating a commercial business, under the guise of home sharing, whose activity is negatively impacting communities and who are not currently subject to standard business laws and regulations such as health and safety, insurance, and taxation.

These illegal hotels are not paying commercial property or tourism taxes to your city and are not meeting other rules and regulations that hotels are required to meet. Additionally, these illegal hotels do not pay HST, which helps fund our social services such as healthcare, education, transit and infrastructure.

Anyone operating in the commercial accommodations space should be subject to the same rules and regulations as other businesses doing exactly the same kind of work. The traditional lodging industry welcomes competition and is prepared to compete on quality, experience and price; but the rules of the game have to be applied evenly to all players. This is about fairness - these laws and regulations should be upheld by anyone running a commercial operation.

HAC strongly supports a regulatory framework, which includes a licensing system that allows for reporting and monitoring, zoning by-laws that mirror hotel development standards and proper taxation that levels the playing field with the hotel industry.

Specifically, HAC recommends that the City of Oshawa consider the following eight elements:

- 1. Host registration and fees:** Requires that any property offered for home-renting be registered with the local government.
- 2. Platform registration and fees:** Require registration of the rental platform companies. They must also be prohibited from listing any property that is not properly registered.
- 3. Principal residence restriction:** Limits home-renting to a principal residence only, which will prohibit the operation of illegal hotels and/or large-scale commercial enterprises operating under the veil of home sharing.
- 4. Cap on usage:** Limits the number of days that a home can be rented through a home-renting platform. This helps to moderate the decline in available housing stock and the nuisance factors.
- 5. Health and safety standards:** Regulations that require certain standards for safety, which provides some minimal level of protection for guests.
- 6. Reporting:** A requirement at the platform and host level to report to government on all home-renting activity.
- 7. Taxation/Levies:** Special provisions at the platform level to conveniently collect and remit various taxes and/or levies on behalf of hosts.
- 8. Enforcement/penalties:** Mechanisms to ensure regulations are applied and enforced. Effective enforcement can only be achieved with reliable and timely reporting of activity from the platform.

Attached you will find HAC's framework for regulating short-term rentals, which provides Canadian municipalities with an analysis of regulatory developments worldwide and best practice approaches to developing a local framework. This paper will assist with the development or refining of policies for the short-term rental industry in order to promote fairness and protect communities.

Thank you for the opportunity to provide input into the City of Oshawa's examination into licensing short-term rentals. We look forward to meeting with the committee as needed to discuss the subject further.

Sincerely,



Alison Evans
Interim President, Hotel Association of Canada

ⁱ Revised on November 5, 2019

ⁱⁱ Revised on November 5, 2019



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

**DEVELOPING A MODERN APPROACH
TO SHORT-TERM RENTALS IN A
DIGITAL ECONOMY**

A Framework for Canadian Regulators

JULY **2018**

CONTENTS

Introduction 3

A Simple Concept with Complex Problems..... 4

Loss of housing stock..... 5

A Rise in Rental Rates..... 5

Commercial Operations - Not Home Sharing..... 5

Health and Safety..... 6

The Nuisance Factor..... 6

Property Damage and Crime..... 6

Deceptive Conversions..... 7

The Tax Gap..... 7

A Modern Regulatory Framework..... 8

Regulation in Practice - Canada..... 11

Federal Government..... 11

Provincial Governments..... 11

Local governments..... 12

 Vancouver 12

 District of Tofino, British Columbia..... 12

 Niagara on the Lake, Ontario..... 12

 Toronto..... 13

Regulation in Practice - Selected International Cities..... 14

San Francisco..... 14

New York City/State 14

New Orleans..... 14

Amsterdam..... 15

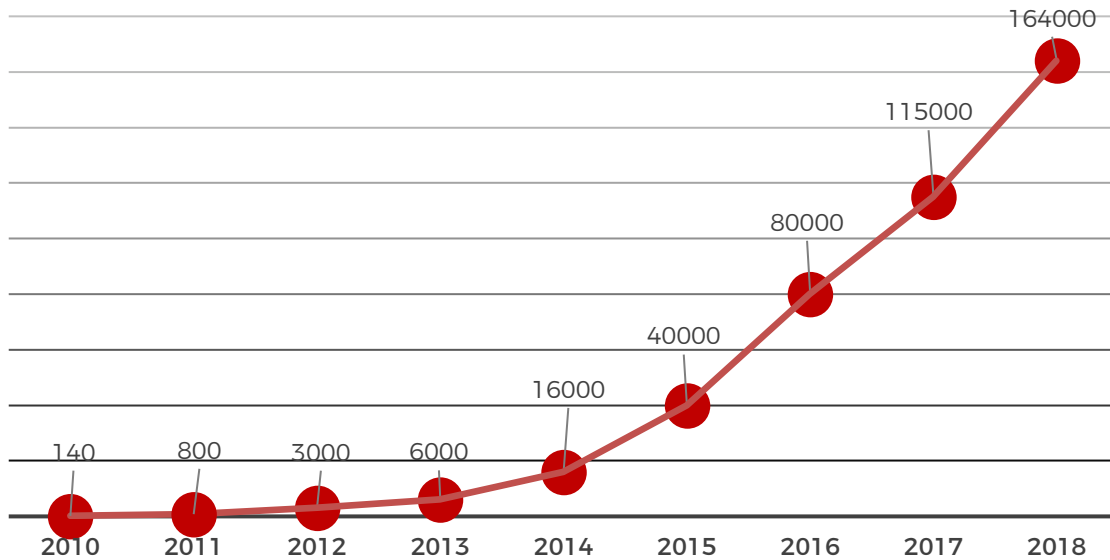
Roadmap to a Modern Framework for Local Government..... 16

INTRODUCTION

This paper is intended for regulatory officials and elected representatives who are developing or updating policies for the short-term rental industry and for those with an interest in tourism, affordable housing, and safe communities.

The growth of Airbnb to more than 160 million guest arrivals tells us that the platform companies for short-term rental accommodations are here to stay¹².

ANNUAL GROWTH IN AIRBNB GUEST ARRIVALS (000'S)



** 2017 estimate and 2018 forecast data based on an analysis conducted by Forbes business magazine of worldwide Airbnb arrivals*

As with any transformational change, there are significant risks and unintended consequences that need to be managed due to the meteoric growth in short-term rental accommodations.

The experience in Canada and around the world to date is that there is no one-size-fits-all approach. For this reason, the modern policy toolkit needs to respond to national, provincial and local conditions in a way that promotes fairness, curtails exploitive practices and protects communities

¹ An overview of Airbnb and the hotel sector in Canada: A focus on hosts with multiple units. A report for the Hotel Association of Canada. by CBRE September 13, 2017

² <https://www.forbes.com/sites/greatspeculations/2018/05/11/as-a-rare-profitable-unicorn-airbnb-appears-to-be-worth-at-least-38-billion/-cc1ef842741e>

A SIMPLE CONCEPT WITH COMPLEX PROBLEMS

In 2007, two 27-year-old graduates of the Rhode Island School of Design set up a website to rent three airbeds on their living-room floor for participants attending a San Francisco design conference.³ They took their idea to another level and launched a website to connect hosts with guests attending conferences and festivals across the United States. The company's founders spoke about the noble concepts of "sharing" and the "collaborative consumption of resources." But this is not what the short-term rental industry has become. Today, the industry is dominated by commercial operators and industry giants that have capitalized on the popularity of home rentals.

Airbnb operates in 191 countries and generated over 80 million guest stays in 2016. The company is valued at over \$30 billion. Another platform behemoth, HomeAway Inc. (owned by Expedia), operates in 190 countries with over 2 million listed properties. It functions as a conglomerate of over 25 companies, including such well-known names as VRBO. Booking.com, which is owned by Priceline, has millions of homes listed on its site for short-term rental.

Initially, Airbnb was based on the concept of renting out a room with the owner always present and where common spaces were shared. Over time, the demand gravitated to renting out an entire home for a day or weeks at a time. In Canada, entire-home-rentals in 2017 constituted about 70 per cent of Airbnb's rental activity.

It did not take long for savvy operators to go well beyond renting out their own homes for occasional use. The trend has been to take residential units off the long-term rental market and convert them into hotel-like operations.

TODAY, APPROXIMATELY 7-IN-EVERY-10 UNITS ON THE AIRBNB DISTRIBUTION PLATFORM ARE ENTIRE-HOME RENTALS WITH GUESTS HAVING COMPLETE AND SOLE ACCESS TO THE ENTIRE UNIT DURING THEIR STAY.

Today, multi-unit hosts — defined as any host renting out two or more units in a single month— represent approximately 25 per cent of the short-term rental market. More aggressive entrepreneurs figured out a way to operate shadow hotels without having to invest in real estate or having to follow established health and safety regulations. These commercial operators also avoid many of the normal costs of doing business, including paying taxes and other levies.

True home-sharing has become increasingly rare. Today, there is a short-term rental industry that operates with limited regulation, creating a host of problems for governments, communities and homeowners.

³ <https://www.telegraph.co.uk/technology/news/9525267/Airbnb-The-story-behind-the-1.3bn-room-letting-website.html>

Loss of housing stock

One of the most concerning outcomes of the high volume of homes and investment properties being placed on the short-term accommodation market is the decline in the stock of affordable housing.

While there is little impact on a community's housing stock when someone casually rents a room in their home—or even their entire home when they are out of town—the outcome is different when investors and entrepreneurs remove units from a leasing portfolio; or buy homes or condominiums for the purposes of “home-sharing.” The bottom line is that fewer properties are available for long-term accommodation.

A 2017 McGill University School of Urban Planning study revealed that Airbnb listings in Montreal, Toronto and Vancouver had caused a two or three percent displacement of the housing stock in some neighbourhoods.⁴ The most successful “hosts” were running commercial operations with dozens or even hundreds of homes. The conclusion at the time of the study was that Airbnb had removed about 14,000 units of housing from rental markets in Canada's three largest cities. Areas close to public transit stations and where affordable housing had been concentrated were particularly vulnerable.

A 2018 McGill University study reported that New York City lost up to 13,500 housing units from the long-term rental market to Airbnb.⁵ Some 4,700 “ghost hotels” were also discovered, which had removed 1,400

housing units from the long-term rental market.

A Rise in Rental Rates

The loss of housing stock from the rental market has not only impacted accessibility but has also driven up rental rates. The 2018 McGill study also revealed that the housing displacement related to short-term accommodations caused rents in New York to rise by \$380 per year. In some of the more popular Manhattan neighborhoods, rent increases attributable to the conversion of housing stock amounted to more than \$700 per year. Airbnb's influence was reported to have cost New Yorkers \$616 million in additional rent in 2016.⁶

REVENUES DERIVED FROM MULTI-UNIT HOSTS IN CANADA HAVE MORE THAN DOUBLED FROM \$71 MILLION IN 2015/16 TO \$167 MILLION IN 2016/17 - A 134 PER CENT INCREASE IN REVENUE OVER THE PRECEDING 12-MONTH PERIOD.

Commercial Operations - *Not Home Sharing*

The data shows that short-term rentals have morphed from home-sharing into largely commercial operations. During 2016, one out of every 3 Airbnb hosts rented out their properties for more than 90 days per year. This pool of rental units generated 71 per cent of Airbnb's total Canadian revenue. Multi-unit Airbnb hosts make up approximately 7 per cent of their listings in

⁴ “Short-term cities: Airbnb's impact on Canadian housing markets.” Urban Politics and Governance research group, School of Urban Planning, McGill University August 10, 2017

⁵ “The High Cost of Short-Term Rentals in New York City.” A report from the Urban Politics and Governance research group School of Urban Planning - McGill University - January 30, 2018

⁶ <https://www.nytimes.com/2018/05/03/nyregion/airbnb-rent-manhattan-brooklyn.html>

Canada and generate over 30 per cent of all revenue.⁷

Health and Safety

The short-term rental platforms take no direct responsibility for the health and safety of their clients. Most municipalities do not require home inspections and there is no assurance with respect to fire, safety or health standards. In contrast, regulated properties such as hotels must adhere to fire, health, and safety standards and submit to regular inspections.

The Nuisance Factor

When residential homes are converted into transient commercial operations, the character of neighborhoods is changed in ways that were never contemplated. Commercial activity in residential areas can create nuisances and hazards like excessive noise, insufficient parking, vandalism and even criminal activity.

With governments being slow to respond to the new economy, residents use whatever tools are open to them to address the hazards and nuisance factors associated with short-term rentals. Many condominium boards have reacted to homeowners' concerns by banning short-term rentals outright. But this is difficult to achieve if the original condominium "declarations" permit short-term rentals. While the platform rental companies have challenged such

restrictions, the right of condominium boards to take such actions — absent declarations — was affirmed in one court of law.⁸ Only municipalities can override "declarations" with bylaws.

Property Damage and Crime

Short-term renters do not always respect the home-owners property. Stories regularly surface in the media that illustrate the risks involved when opening your home to total strangers. Homes have been turned into locations for massive raves and parties causing thousands in damages.⁹ Other hosts have suffered from the theft of personal belongings.¹⁰ One Toronto host reported that thieves stole equipment and even his clothes.

Reports have appeared about homes on short-term rental platforms being used:

- As a location to shoot porn videos¹¹;
- To operate a brothel¹²;
- As an outlet to sell illegal drugs¹³;
- As a hideout for criminals on the run¹⁴; and,
- For human trafficking¹⁵.

It is not just the short-term renters that cause problems. Reports have been made about hosts using hidden cameras to spy on guests, either for protection purposes or voyeurism.

⁷ An overview of Airbnb and the hotel sector in Canada: Aa focus on hosts with multiple units. A report for the Hotel Association of Canada by CBRE September 13, 2017

⁸ <http://business.financialpost.com/legal-post/ontario-court-ruling-says-condo-buildings-can-ban-sharing-services-such-as-airbnb>

⁹ <http://www.cbc.ca/news/canada/calgary/airbnb-renters-who-trashed-calgary-house-used-fake-credit-cards-to-fuel-party-1.3065243>

¹⁰ <https://www.ctvnews.ca/canada/toronto-man-s-home-trashed-belongings-stolen-after-airbnb-rental-1.3346849>

¹¹ http://www.dailymail.co.uk/travel/travel_news/article-3732932/Airbnb-host-says-San-Francisco-home-used-porn-shoot.html

¹² <https://globalnews.ca/news/5843222/ontario-family-shocked-to-discover-airbnb-renters-using-basement-to-distribute-drugs/>

¹³ <https://www.thetimes.co.uk/edition/news/drug-lords-use-airbnb-hideouts-w5xxf7xtb>

¹⁴ <https://www.thestar.com/vancouver/2018/05/02/your-vancouver-airbnb-could-be-used-for-sex-work-police-say.html>

¹⁵ <https://www.thestar.com/news/crime/2018/02/22/airbnb-rentals-used-for-human-trafficking-toronto-police-say.html>

Deceptive Conversions

Some entrepreneurs pretend to rent apartments for personal use only to place them on the short-term rental market. Unsuspecting landlords hear about conversions after they receive complaints from neighbours or they see their units posted on rental platforms for nightly rental. Landlords are understandably upset about a change in use that inflicts significantly higher wear-and-tear than what would be expected from normal family activity. This can happen even when it is not an entire home that is being rented out. A tenant might rent out rooms in a unit they occupy without the permission from the landlord.¹⁶

The Tax Gap

The hotel and accommodation industry pays business and property taxes at the commercial rate. According to the 2017 Altus Group Canadian Property Tax Rate Benchmark Report, commercial operators pay on average 2.85 times the level of property tax that is imposed on a residential ratepayer.¹⁷ This gives a powerful incentive for short-term rental operators to stay in the underground economy.

The hotel industry complies with sales and income tax laws and their employees are covered under the Canada Pension Plan, Employment Insurance and workers compensation. Any mandatory tourism or destination fees are also contributed to

support regional marketing campaigns. These fees are used to attract visitors to many of whom end up using short-term rental platforms.

The only true exemption from tax for home-renting relates to the GST/HST and only for hosts with revenues of less than \$30,000. No one is exempt from paying income tax on short-term rentals. The challenge is that there are few controls in place that ensure that tax laws and local levies are being complied with.

Airbnb states that it sends reminder notices to its hosts about tax issues. However it will only share this data with government authorities when it is compelled to do so. This makes it difficult to detect non-compliance. Some American jurisdictions (Massachusetts¹⁸ and Vermont¹⁹) require rental platform companies to issue official tax information slips to any host with revenues above \$600.²⁰ Airbnb has also been required to share its data with Danish tax authorities.²¹

At the platform level, sales and income tax are usually avoided because companies are legally registered in tax havens and function, without “permanent establishments” in the countries where they operate. While this may have been appropriate for manufacturing entities, it makes little sense in the digital economy.

¹⁶ <http://www.cbc.ca/news/canada/toronto/toronto-airbnb-regulations-1.4563929>

¹⁷ <http://www.altusgroup.com/wp-content/uploads/2017/10/Canadian-Property-Tax-Rate-Benchmark-Report.pdf>

¹⁸ <https://www.mass.gov/service-details/new-massachusetts-reporting-requirements-for-third-party-settlement-organizations>

¹⁹ <http://tax.vermont.gov/news/1099-k-information-reporting>

²⁰ <https://www.airbnb.ca/help/article/414/should-i-expect-to-receive-a-tax-form-from-airbnb>

²¹ <http://www.bbc.com/news/business-44166174>

A MODERN REGULATORY FRAMEWORK

Governments at all levels are grappling with the implications of the growing short-term rental industry. There is an acute need for federal, provincial, and municipal governments to put in place a modern regulatory framework to address the stresses and unintended consequences created by short-term accommodation rentals.

Regulators to date have focused on meeting five key objectives:

Regulatory Objectives for Short-term Rental Accommodations

- 1 Minimize the displacement of affordable and accessible housing
- 2 Minimize community nuisance while protecting public safety and with adherence to municipal bylaws
- 3 Ensure a level competitive playing field
- 4 Collect appropriate taxes and tourism levies
- 5 Enable voluntary compliance while minimizing the administrative burden for hosts, home-renting platforms and governments

8 REGULATORY TOOLS TO MODERNIZE SHORT-TERM RENTAL ACCOMMODATIONS

Following a scan of the regulatory approaches taken in communities and cities around the world, the following 8 elements have consistently been applied:

1. HOST REGISTRATION AND FEES

Requires that any property offered for home-renting be registered with the local government. For the benefit of hosts and municipalities, platform companies should facilitate the registration process. Along with the collection of an annual fee to recover costs, registration enables the monitoring and reporting of rental activity.

2. PLATFORM REGISTRATION AND FEES

Require registration of the rental platform companies along with a significant annual fee and an ongoing fee for each booking. Rental platform companies must be prohibited from listing any property that is not properly registered.

3. PRINCIPAL RESIDENCE RESTRICTION

Limits home-renting to a principal residence only. This prohibits the operation of ghost hotels and/or large scale commercial enterprises operating under the veil of home sharing. A significant issue remains in that short-term rentals are permitted in areas without proper zoning but with some limitations.

4. CAP ON USAGE

Limits the number of days that a home can be rented through a home-renting platform. This helps to moderate the decline in available housing stock and the nuisance factors associated with the conversion of ordinary residences into commercial operations. Caps typically run from 30 to 180 days per year. Some condominium boards put the cap at zero days and some regulations require explicit approval from homeowner's associations before short-term rentals can be offered.

5. HEALTH AND SAFETY STANDARDS

Regulations that require certain standards for safety (e.g. smoke detectors, fire extinguishers, pest control). This provides some minimal level of protection for guests.

6. REPORTING

A requirement at the platform and host level to report to government on all home-renting activity. This includes mandating that platform companies issue annual information slips to hosts on rental income with a copy to government authorities.

7. TAXATION/LEVIES

Special provisions at the platform level to conveniently collect and remit various taxes and/or levies on behalf of hosts. This creates a more level playing field with commercial operators and provides revenue to government to cover the costs of managing home sharing activity.

8. ENFORCEMENT/PENALTIES

Mechanisms to ensure regulations are applied and enforced (e.g. confirm principal residence with a driver's license). Effective enforcement can only be achieved with reliable and timely reporting of activity from the platform. Penalties help to ensure the system is operating as intended through voluntary compliance.

Airbnb has signed agreements with governments around the world that have insisted on the proper payment of taxes and on data sharing.²² Airbnb reports that they have collected and remitted taxes and levies in more than 200 jurisdictions (national, regional, local) and that they have released data and information in 19 jurisdictions. These agreements and compliance measures are usually implemented only after governments indicated an intention to establish regulations.

²² https://www.airbnbcitizen.com/wp-content/uploads/2016/12/National_PublicPolicyTool-ChestReport-v3.pdf

REGULATION IN PRACTICE CANADA

FEDERAL GOVERNMENT

The principal area of jurisdiction for the federal government is in tax policy. The major issues are:

- Rental platforms that are operating in Canada without a “permanent establishment” are not paying corporate income tax on their profits. Such a limitation has not prevented other countries and jurisdictions (Australia, Japan, South Korea and the European Union) from imposing taxation on some digital service providers.
- Hosts with revenues less than \$30,000 are not obligated to collect and remit GST/HST. This exemption does not apply universally in the digital economy. For example, GST/HST is applied on the first dollar for revenue ride-sharing (i.e. Uber and Lyft).²³

The Canada Revenue Agency does not require short-term rental platform companies to issue an information slip (i.e. the equivalent of a T4 slip from employers or T5 slips from financial institutions) as is the case in other jurisdictions. This would be a key instrument in achieving voluntary tax compliance.

To date, the federal government has enacted no specific measures to address issues in their area of jurisdiction as it pertains to tax fairness in the short-term accommodation industry.

²³ <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/gi-196-gst-hst-commercial-ride-sharing-services/gst-hst-commercial-ride-sharing-services.html>

²⁴ <http://www.cbc.ca/news/canada/british-columbia/airbnb-vancouver-bc-1.4524284>

PROVINCIAL GOVERNMENTS

To date, only Quebec and British Columbia have established laws and regulations governing short-term rentals. Like the federal government, the provinces have jurisdiction over tax policy. They also take a lead role in civil, property and commercial law.

In early 2017 the Government of Quebec reached an agreement with Airbnb that required the platform company to collect and remit a 3.5 per cent lodging tax beginning October 1, 2017.²⁴ The 3.5 per cent tourism levy is designed to promote the marketing activities of the hospitality industry. A prior regulation that required hosts to independently register and remit a lodging tax had achieved a compliance rate of less than five per cent.²⁵ The Quebec government indicated it expects other home-renting companies to become part of the new system. It is worth noting that the March 2018 Quebec budget proposed that the Quebec Sales Tax (QST) will apply to all digital services beginning January 1, 2019 regardless of whether the supplier has a permanent establishment in the province or not.²⁶

In early 2018, Airbnb agreed to collect and remit provincial and municipal taxes in British Columbia.²⁷ The province expects to realize \$16 million annually from its eight per cent tax while municipalities would receive an estimated \$5 million from a three per cent destination tax. BC officials

²⁵ <http://www.cbc.ca/news/canada/montreal/quebec-airbnb-law-not-effective-2017-1.4135041>

²⁶ http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/AdditionalInfo_18-19.pdf#page=137

²⁷ <https://www.cbc.ca/news/canada/british-columbia/airbnb-vancouver-bc-1.4524284>

indicated that it was “enabling” the sharing economy to operate in a way that was fair and equitable. Legislation has been passed and implementation is expected in the Fall of 2018 with agreements expected to be in place with all home-rental platform companies.

In the remaining eight provinces, GST/HST is not collected by hosts except on a voluntary basis or when a host with revenues above \$30,000 complies with an obligation to register. In addition, the platform companies do not charge or remit GST/HST on the fees they charge to hosts.

No province has yet to regulate short-term rentals in the areas of health and safety, landlord and tenant relations, and commercial contracting.

MUNICIPAL GOVERNMENT



Vancouver, British Columbia

The City of Vancouver²⁸ and Airbnb reached an agreement that required all short-term rentals be licensed by April 19, 2018.²⁹ Following a transition period, Airbnb has agreed to deactivate any unlicensed listings. In addition, rental platform companies must pay an annual licence fee.

Vancouver has restricted short-term rentals to principal residences (where the owner resides for more than 180 days of the year). The fine for listing without a license can be up to \$1,000 per day. The City indicated it is

pursuing similar arrangements with other listing platforms.



District of Tofino, British Columbia

Despite having a population of only about 2,000, Tofino implemented a regulatory framework that restricts short-term rentals to licensed principal residences in specified mixed-use zones³⁰. The District has taken a proactive approach to enforcement through inspections and investigations, including host compliance software that scours current and past advertisements on a variety of online platforms. Over 65 tickets were issued in 2017 for short-term rental non-compliance.



Niagara on the Lake, Ontario

Through By-Law 4634-13³¹, all short-term rentals in Niagara on the Lake are subject to licencing and enforcement and each property must meet certain standards for public safety. Among many items, the pre-inspection checklist includes:

- Floor surfaces are reasonably smooth and do not unnecessarily contribute to a potential accident ex. nails sticking up, floor boards loose, ripples in carpets, etc.
- Operable window present for ventilation/light and equipped with a suitable insect screen.

²⁸ <https://vancouver.ca/doing-business/short-term-rentals.aspx>
²⁹ <http://vancouver.ca/news-calendar/city-signs-first-mou-in-canada-with-airbnb-for-short-term-rentals.aspx>

³⁰ <http://www.tofino.ca/Short-term-rentals>
³¹ <https://notl.civicweb.net/document/4068>

- Access door provides privacy and operates freely without the use of a key to exit.
- All smoke alarms, either battery operated or interconnected, on every floor level and in every bedroom, if applicable, shall be in working order.
- Carbon monoxide detectors shall be in working order.
- All escape routes are clear of obstructions and easily accessible.
- The furnace has been inspected and the filter replaced in the past year.
- The fire place chimney has been inspected and cleaned in the past year.
- All portable fire extinguishers with a minimum 2A-10BC rating shall be made available, visibly mounted on each floor area, shall be inspected and tagged annually.
- All exit signs shall be illuminated while the building is occupied with guests.
- Sprinkler systems and fire alarm systems shall be inspected annually.
- A copy of the Town approved floor plan with all exits marked on it posted in a conspicuous area. (The plan is not to be posted in a binder or folder).
- Daily register/guest form is current.
- Pool gates are self-closing and have locks. The pool area is fenced in.
- All steps, handrails, guards, and landings are in reasonable good repair and will not likely create a hazard. Interior stairs with two or more risers have a handrail. Exterior stairs with three or more risers have a handrail.
- Separate washroom for guests with a water closet, basin and tub or shower is provided and are reasonably clean and in good condition with an operable window



Toronto, Ontario

On December 7, 2017, Toronto City Council approved short-term rental regulations. Subject to an appeal at the Ontario Municipal Board, the regulations were set to come into force on June 1, 2018. The regulations would permit short-term rentals across the city, but the practice would be limited to a host renting a principal residence. An entire home could be rented to a maximum of 180 nights per year. Homeowners would be banned from listing secondary suites such as basement apartments. Those who offer their homes for short-term rentals would have to register with the City and pay a \$50 annual fee³².

Platform companies -- such as Airbnb -- would have to become licensed and pay the city a fee of \$5,000, plus \$1 per property per night booked through the platform. These companies would be required to delist unlicensed properties. The Ontario Municipal Board is expected to review the matter in August 2018.³³

³² <https://www.toronto.ca/city-government/public-notices-bylaws/bylaw-enforcement/short-term-rentals/>

³³ <http://www.cbc.ca/news/canada/toronto/toronto-s-short-term-rental-bylaws-could-be-delayed-months-over-omb-appeals-1.4604901>

REGULATION IN PRACTICE SELECTED INTERNATIONAL CITIES



San Francisco

Officials in San Francisco’s Office of Short-Term Rentals addressed what they determined to be a housing crisis through “common sense regulations.” After San Francisco established a registration system to keep track of home-renting, the number of listings on Airbnb dropped almost in half virtually overnight (from 10,000 to 5,500).³⁴ Under the regulations, Airbnb was required to delist all homeowners who did not register with the city. The registration requirement was part of a broader package of regulations that limited home-renting to permanent residences, with a 90-day rental cap for whole homes³⁵.

The regulations apply to all home-renting platforms. Prior to the regulations coming into force, Airbnb and HomeAway had jointly sued San Francisco to vacate the law. A U.S. district judge ruled that the city was within its rights to regulate the industry.



New York City/State

The New York State Multiple Dwelling Law makes it illegal to offer short-term accommodation in any building that has three or more units unless the owner is present during the guest’s stay.³⁶ New York

State imposes a penalty of \$1,000 for the advertising of illegal listings that is in violation of the multiple dwelling law.

Airbnb notes that it collects and remits county bed taxes on behalf of hosts in 20 counties across New York State. Airbnb also indicates that it has voluntarily implemented a “One Host, One Home” program for entire-home listings in New York City. As a result, hosts cannot act as commercial operators with multiple units.

New York City’s Office of Special Enforcement tracks down violations of the law based on general inspections and in response to complaints.³⁷ The enforcement team numbered 48 by the end of 2017.³⁸ An organization named Share Better (comprising hotel and affordable housing advocates) have hired private investigators to expose illegal short-term accommodation offerings and report their findings to the city for follow up.



New Orleans

Starting April 1, 2017 New Orleans³⁹ required that hosts register with the City. Airbnb facilitated a process where a separate registration with an annual fee is required for each property. Rental platforms must delist properties that are not in the city’s database.

³⁴ <https://www.digitaltrends.com/business/san-francisco-airbnb-listings/>

³⁵ <https://shorttermrentals.sfgov.org/about>

³⁶ <http://www1.nyc.gov/assets/buildings/pdf/MultipleDwellingLaw.pdf>

³⁷ <http://www1.nyc.gov/nyc-resources/service/6744/space-used-as-hotel-vacation-rental-or-short-stay>

³⁸ <https://qz.com/1084108/1084108/>

³⁹ <https://www.nola.gov/short-term-rentals/>

The city issues three types of licenses: temporary, accessory and commercial. Temporary and commercial allow owners to rent entire houses or apartments. These categories represent about three-quarters of the properties registered in the system. The number of days a property can be rented is limited to 90. There are districts in the city where short-term rentals are not permitted (e.g. French Quarter). Permits will also be denied if property taxes are in arrears.

Airbnb collects and remits the applicable hotel taxes on behalf of hosts. Hosts that rent on other platforms must independently collect and remit the requisite taxes.



Amsterdam

For an entire home rental, every transaction must be reported to the City

and a tourist tax must be paid. The number of days that a property can be rented cannot exceed 30.⁴⁰ If a property is covered by a homeowner's association then permission from that group is explicitly required. No more than four people can occupy a short-term rental residence and specific nuisance provisions are attached to all arrangements. Every unit must meet appropriate fire safety standards.

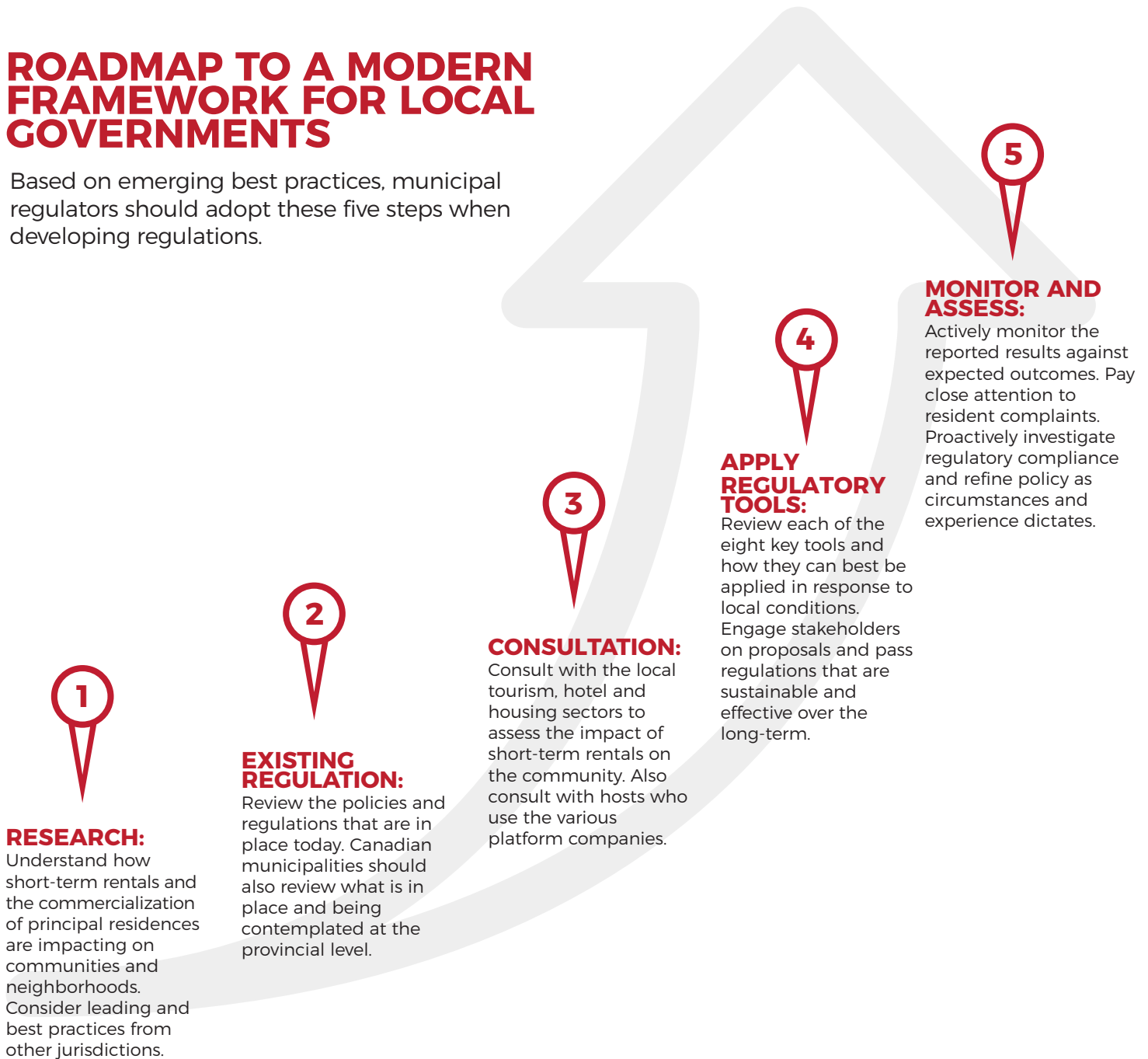
Similar regulations apply when renting out only a portion of an owner-occupied home. Only 40 per cent of a home can be made available for rent. Owners must keep a register of the guests, including the type of identification that was used to verify the identity of the renter.

One weakness of the regulation in Amsterdam is that the reporting obligation is largely with the host and not the platform company. This makes enforcement more difficult and costly.

⁴⁰ <https://www.engadget.com/2018/01/10/amsterdam-airbnb-rental-30-day-limit/>

ROADMAP TO A MODERN FRAMEWORK FOR LOCAL GOVERNMENTS

Based on emerging best practices, municipal regulators should adopt these five steps when developing regulations.



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February 5, 2019

Ms. Erinn McLean
Policy & Research Analyst
The City of Oshawa
50 Centre Street South
Oshawa, Ontario L1H 3Z7

Email: EMcLean@oshawa.ca

Re: **Stakeholder Consultation - Short-Term Rental Licensing in the City of Oshawa**

Dear Ms. McLean,

On behalf of the Ontario Restaurant Hotel and Motel Association (ORHMA), I am writing regarding the City of Oshawa's review in regulating "Short-term Accommodations".

The ORHMA has been a key stakeholder in the City of Toronto's planned regulatory framework on short term rentals and involved in other similar municipality reviews including being part of the Hotel Association of Canada's national campaign.

Short-term rentals, also referred to as illegal hotel rooms, are an ongoing concern for the hotel community across Ontario municipalities and across Canada and North America. Major problems have been experienced stemming from sharing unit rentals affecting housing availability, housing pricing and neighbourhood issues such as noise, parking and safety. Independent studies in the USA and Canada are showing that short term rentals are negatively influencing hotel demand.

The City of Oshawa must level the playing field for hotels with the illegal hotel rooms industry. These illegal hotel rooms are currently not paying commercial property taxes to the city and meeting other rules and regulations that hotels are required to meet. These illegal hotel rooms are also not paying HST which contributes to funding health care, education, transit and infrastructure and other benefits that the City's residences expect.

ORHMA strongly supports a regulatory framework for illegal hotel rooms which includes zoning by-laws that meet the same standards of developing a hotel, and proper taxation that levels the playing field with the hotel industry.

A key concern with illegal hotels rooms is that they are being commercialized with hosts operating multiple properties as a business. Even Airbnb reports support this theory by continually boosting that "*The vast majority of Airbnb's Ontario hosts share their primary residences.*" Regrettably this theory is not the practice. According to the Canadian Centre for Policy Alternatives "Shared accommodation represents the minority of Airbnb rentals....."

According to the Ontario Mars report *“Fundamentally, home sharing is about sharing your own home, your primary residence. If it is a secondary residence or a commercial property being rented, it is no longer considered home sharing. Related to this is the maximum number of nights per year that a space is rented out”*

Commercial operators are growing exponentially and outpacing actual home sharing activity. That is the conclusion of a new study launched by the Hotel Association of Canada (HAC) in partnership with the Ontario Restaurant Hotel and Motel Association (ORHMA) completed in September 2017. The most comprehensive of its kind, in Canada the study, entitled *An Overview of Airbnb and the Hotel Sector in Canada: A Focus on Hosts with Multiple Units*, focused on 11 key markets across Canada and examined the impact of the short-term rental market on Canada’s hotel sector, with a key focus on Airbnb as the most widely used digital home-sharing platform in Canada.

The results of this study show that multiple entire-home units were the fastest growing Airbnb segment in terms of the number of hosts, the number of units, and revenues generated in the past two years. These are actively managed businesses – ones that do not resemble the original concept of home-sharing.

A commercial operator is an unofficial term we are using to describe the phenomenon that is occurring in which multiple-units or whole homes — outside of the owner’s primary residence — are being rented out on a constant basis, year-round. Effectively, these operators are running illegal hotels within residential housing. This unregulated commercial activity has given rise to unintended consequences including the loss of affordable housing, lost tax revenues for governments, loss of jobs, increased disruption in communities and a risk to guests, as there are no health and safety standards in place.

Although commercial operators that run their inventory through the Airbnb platform are hugely profitable, most operate underground. The existing laws and regulations in Canada are not designed for the 21st century sharing economy and, in turn, have allowed new entrants such as Airbnb to exploit tax loopholes.

Anyone operating in the commercial accommodations space should be subject to the same rules and regulations as other businesses doing exactly the same kind of work. The traditional lodging industry welcomes competition and is prepared to compete on quality, experience and price; but the rules of the game have to be applied evenly to all players. To be clear, we are not opposed to an individual using a home-sharing platform to rent out a room in his or her home to help make ends meet. This is about fairness - these laws and regulations should be upheld by anyone running a commercial operation.

Highlights from the Study:

- Approximately 7-in-every 10 units listed on the Airbnb distribution platform are entire-home rentals - with guests having complete and sole access to the entire unit during their stay – which comprised 83% of total Airbnb revenues in Canada.
- Revenues derived from multi-unit hosts have more than doubled from \$71 million to \$167 million – a 134% increase in revenue over the preceding 12-month period.

- 1-in-every-3 Airbnb units in Canada were rented out for more than 90 days per year, generating over 70% of total Airbnb revenues.
- Hosts renting out two or more entire-home units generated over \$238 million in revenue in the past two years.
- Based on the most recent 12-month period, multi-unit entire-home hosts account for over 30% of the revenue generated.
- Canada's hotel sector directly supports 191,600 full-time equivalent jobs as compared to 1,000 full-time equivalent Airbnb jobs.

Although commercial operators that run their inventory through the Airbnb platform are hugely profitable, most operate underground.

The distribution platform host must be responsible for fulfilling the compliance of zoning laws among other regulatory standards for rental units appearing in its listings. Enforcement of regulations imposed on the illegal hotel room industry is a primary component to leveling the playing field with the hotel community. The City of Oshawa must act to ensure the hotel industry of the County remains competitive.

ORHMA recommends that the City of Oshawa enforce on illegal hotel rooms:

- **Zoning By-laws that allow sharing rental unit operations to operate only in zones where hotels operate.**
- **That the owner shares and resides in the rental unit (Primary Owner).**
- **Limit rental unit listings to one unit with a cap on maximum number of rooms sold annually being defined.**
- **Meet other requirements such as, noise, parking and other bylaws of the municipality.**
- **Require registration of rental unit operations at a set fee with the City and the registration number is to be posted on all advertisements including on line listing platforms.**
- **Require registration for rental platform such as Airbnb at a set fee and the platform to include the rental unit's registration number on its listings.**
- **Hold rental platform such as Airbnb responsible for compliance of set rules and policies designed by the City.**
- **Develop penalty fees within the city's enforcement policies for not meeting the City's rules to both the rental units and the rental platform.**
- **Rental units to contribute to any City tourism tax imposed on hotels.**

I'm also including an attachment recently completed by the Hotel Association of Canada outlining a best practice approach for regulations at the municipal level modern policy framework. This will assist in developing policies for the short-term rental industry.

Thank you for the opportunity to provide input into the Short-term Accommodations review. I look forward to meeting with the committee as needed to discuss this subject further.

Yours truly,

A handwritten signature in black ink, appearing to read 'Elenis', written in a cursive style.

Tony Elenis
President & CEO
Ontario Restaurant Hotel & Motel Association

DEVELOPING A MODERN APPROACH TO SHORT-TERM RENTALS IN A DIGITAL ECONOMY

A Framework for Canadian Regulators

Governments at all levels are grappling with the implications of the growing short-term rental industry. There is an acute need for federal, provincial, and municipal governments to put in place a modern regulatory framework to address the stresses and unintended consequences created by short-term accommodation rentals.

OBJECTIVES:

- Minimize the displacement of affordable and accessible housing
- Minimize community nuisance while protecting public safety and with adherence to municipal bylaws
- Ensure a level competitive playing field
- Collect appropriate taxes and tourism levies
- Enable voluntary compliance while minimizing the administrative burden for hosts, home-renting platforms and governments.

ROADMAP TO A MODERN FRAMEWORK FOR LOCAL GOVERNMENTS

Based on emerging best practices, municipal regulators should adopt these five steps when developing regulations.



RESEARCH:
Understand how short-term rentals and the commercialization of principal residences are impacting on communities and neighborhoods. Consider leading and best practices from other jurisdictions.



EXISTING REGULATION:
Review the policies and regulations that are in place today. Canadian municipalities should also review what is in place and being contemplated at the provincial level.



CONSULTATION:
Consult with the local tourism, hotel and housing sectors to assess the impact of short-term rentals on the community. Also consult with hosts who use the various platform companies.



APPLY REGULATORY TOOLS:
Review each of the eight key tools and how they can best be applied in response to local conditions. Engage stakeholders on proposals and pass regulations that are sustainable and effective over the long-term.



MONITOR AND ASSESS:
Actively monitor the reported results against expected outcomes. Pay close attention to resident complaints. Proactively investigate regulatory compliance and refine policy as circumstances and experience dictates.

8 REGULATORY TOOLS TO MODERNIZE SHORT-TERM RENTAL ACCOMMODATIONS

Following a scan of the regulatory approaches taken in communities and cities around the world, the following 8 elements have consistently been applied:



1. HOST REGISTRATION AND FEES

Requires that any property offered for home-renting be registered with the local government. For the benefit of hosts and municipalities, platform companies should facilitate the registration process. Along with the collection of an annual fee to recover costs, registration enables the monitoring and reporting of rental activity.



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Limits home-renting to a principal residence only. This prohibits the operation of ghost hotels and/or large scale commercial enterprises operating under the veil of home sharing. A significant issue remains in that short-term rentals are permitted in areas without proper zoning but with some limitations.



4. CAP ON USAGE

Limits the number of days that a home can be rented through a home-renting platform. This helps to moderate the decline in available housing stock and the nuisance factors associated with the conversion of ordinary residences into commercial operations. Caps typically run from 30 to 180 days per year. Some condominium boards put the cap at zero days and some regulations require explicit approval from homeowner's associations before short-term rentals can be offered.

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A requirement at the platform and host level to report to government on all home-renting activity. This includes mandating that platform companies issue annual information slips to hosts on rental income with a copy to government authorities.



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Mechanisms to ensure regulations are applied and enforced (e.g. confirm principal residence with a driver's license). Effective enforcement can only be achieved with reliable and timely reporting of activity from the platform. Penalties help to ensure the system is operating as intended through voluntary compliance.



Bed and Breakfast Consultation Feedback

Though staff attempted to reach out to five (5) local Bed and Breakfast Establishments identified through online searches, feedback was received from only one (1) local Bed and Breakfast Establishment.

The following are the highlights of the input received:

- Licensing may need to be done directly through Short-Term Rental (S.T.R.) Companies
- There should be a licence/registration fee
- Approves of the Zoning By-law requirement for principal residency, but believes the problem of parties still exists
- Enforcement of by-law complaints through tiered and escalating fines or penalties is important and should be applied to both the property owner and the S.T.R. Company
- The same health and safety standards that apply to traditional Bed and Breakfast Establishments should apply to S.T.R.s

Short-Term Rental Licensing Consultation: Feedback Form Results

Overall Results

In total:

- 133 completed the feedback forms; and,
- 37 attended a community engagement table.

Feedback Form Findings

Staff engaged a number of stakeholder groups to gather the unique perspectives of each group in relation to Short-Term Rentals (S.T.R.). The key findings are detailed below.

Note: Percentages referenced in this section are approximate and have been rounded to the nearest whole number.

- 1. General Public Feedback Form** – members of the public were engaged through the use of an online/in-person feedback form and through three (3) Community Engagement Tables at City facilities held in the North-end, Central and South-end areas. The following are the key findings that were gathered:
 - **112** respondents
 - Approximately **87%** of all respondents reported being an Oshawa resident and/or property/business owner
 - The majority of respondents (**96%**) reported being either very familiar, familiar, or somewhat familiar with S.T.R.s
 - Of the respondents who reported having stayed at S.T.R.s (61 responses):
 - **49%** reported staying at S.T.R.s once or twice a year
 - **74%** liked the price of S.T.R.s
 - **69%** liked the convenience of S.T.R.s
 - **68%** liked the location of S.T.R.s
 - **55%** liked the experience/atmosphere of S.T.R.s
 - **31%** liked the quality of the service
 - **26** respondents identified that they currently live near an S.T.R.:
 - **13 of 26** experienced issues with parking **often or always**
 - **12 of 26** experienced issues with excessive noise **often or always**
 - **12 of 26** experienced increased neighbourhood traffic **often or always**
 - **11 of 26** experienced property maintenance concerns **often or regularly**
 - **10 of 26** experienced public safety concerns **often or always**
 - **69%** of respondents believe S.T.R.s provide a source of extra income for property owners

- **53%** of respondents felt that S.T.R.s make a city a more appealing tourist destination because they provide more accommodation options

Respondents were generally supportive of regulations for S.T.R.s and S.T.R. Companies. They generally wanted the S.T.R. to provide guests with important information (i.e. emergency information, City By-law information, etc.) and some expressed a desire to know the location of licensed S.T.R.s. Respondents generally expressed a desire for consistent regulations across all forms of rental housing and cost recovery was identified as a priority for some. Although some respondents noted that they had not been affected by S.T.R.s, others cited issues with parking, maintenance, safety concerns, noise and general nuisance behaviour. Furthermore, some respondents were encouraged by the potential benefits brought to the community by S.T.R.s, including economic and social developments.

2. S.T.R. Host/Operator Feedback Form – City staff engaged current and potential S.T.R. Hosts/Operators through the use of an online/in-person feedback form and through three (3) Community Engagement Tables at City facilities held in the North-end, Central and South-end areas. The following are the key findings that were gathered:

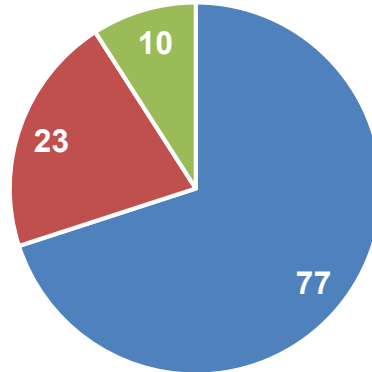
- **21** respondents
- Of the **21** respondents, only **12** were currently or considering being Hosts/Operators (respondents who reported never having listed a unit or property as an S.T.R and not considering it were directed to the general public feedback form)
- Approximately **83%** respondents reported being Oshawa residents and/or business/property owners
- Out of **21** respondents:
 - **6** respondents reported having listed a unit or property as an S.T.R. in Oshawa
 - **1** respondent reported having listed a unit or property as an S.T.R. outside of Oshawa
 - **7** respondents reported having not previously listed a unit or property as an S.T.R., but considering it
 - **9** respondents reported never having listed a unit or property as an S.T.R and not considering it (these respondents were then directed to the general public feedback form)
- Of those who currently list a unit or property as an S.T.R., or are considering it:
 - **2** reported listing (or considering listing) as a whole house or apartment
 - **8** reported listing (or considering listing) only part of a home (e.g. basement-only or room-only)
 - **2** reported listing (or considering listing) daily
 - **5** reported listing (or considering listing) monthly (e.g. 1-2 times a month)
 - **10** reported using (or considering using) Airbnb as the listing platform
- **8 of 10** respondents cited additional income as a reason for operating (or considering operating) an S.T.R.

- **7 of 10** respondents cited making use of unused resources as a reason for operating (or considering operating) an S.T.R.
- **5 of 10** respondents cited meeting new people as a reason for operating (or considering operating) an S.T.R.

Feedback Form Responses: General Public

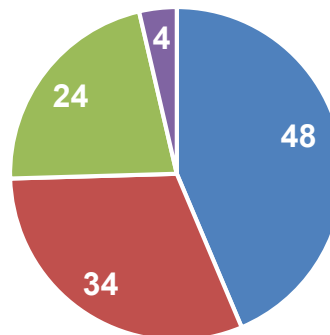
Sample Size: 112 Respondents

Which of the following best describes your current housing situation in Oshawa?



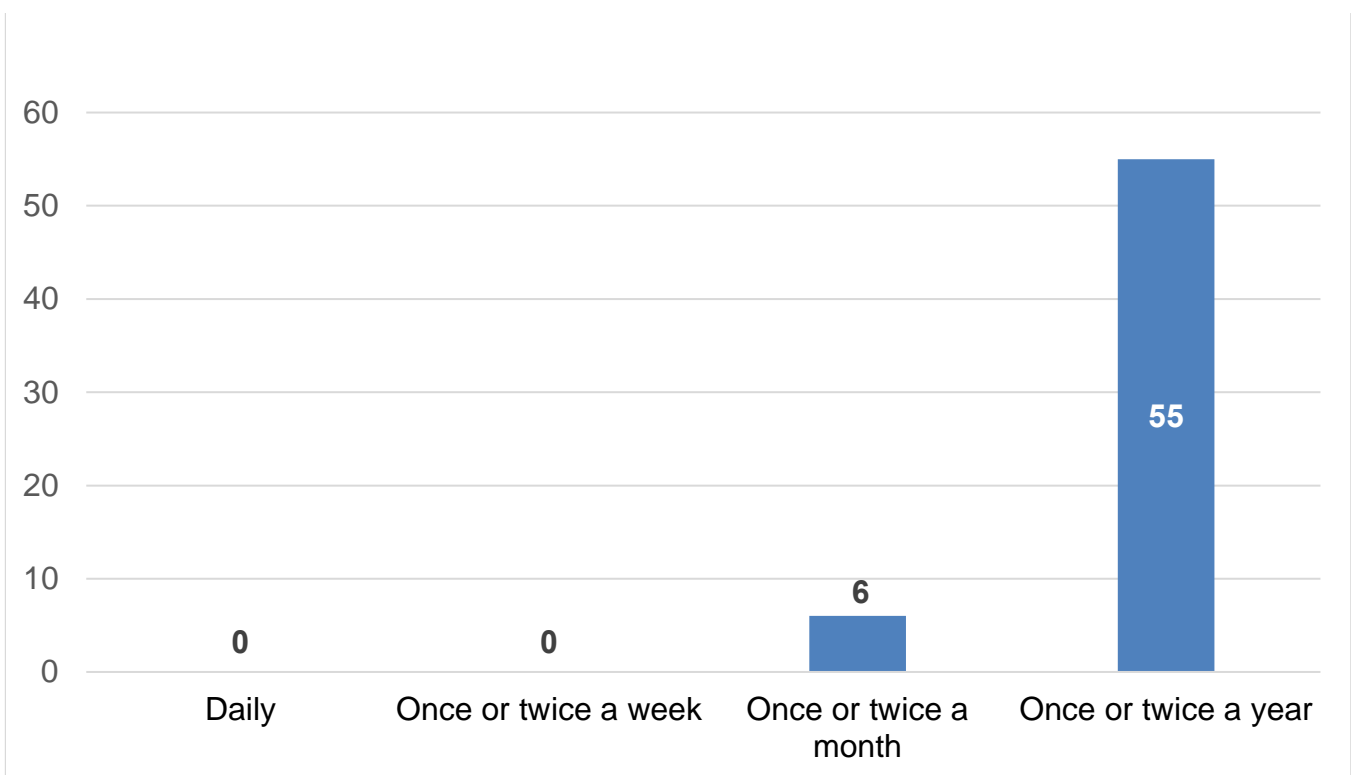
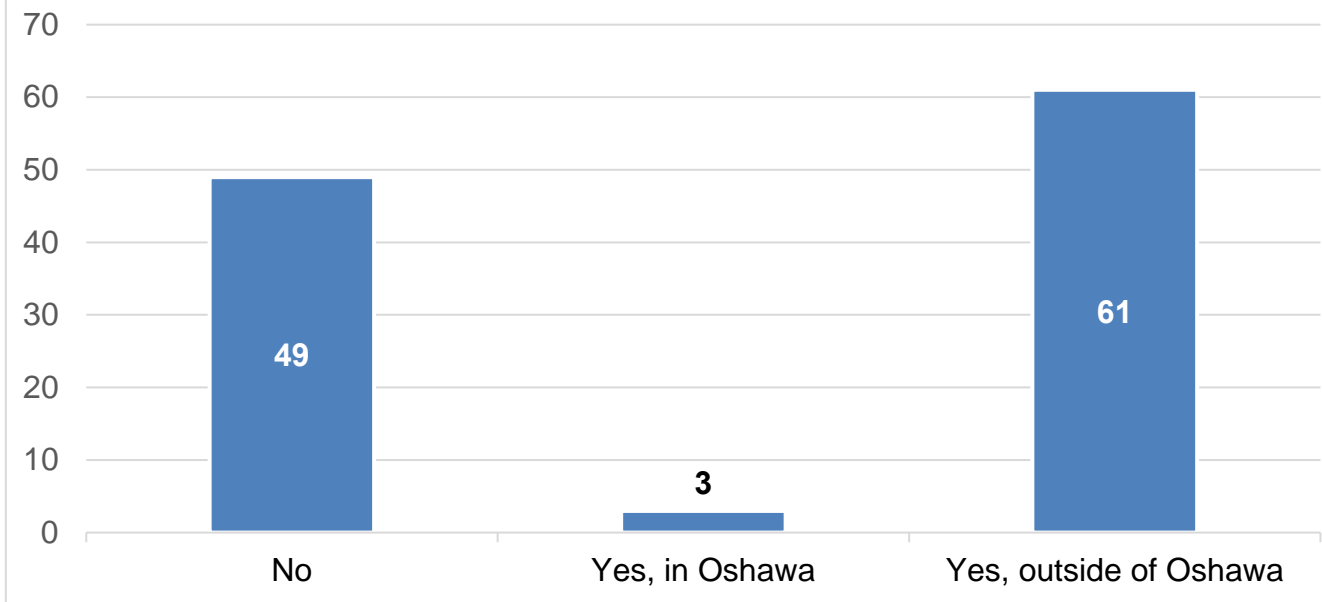
■ Property owner ■ Renter ■ Non-resident

How familiar are you with short-term rentals and short-term rental companies (e.g. Airbnb, VRBO, HomeAway, etc.)?

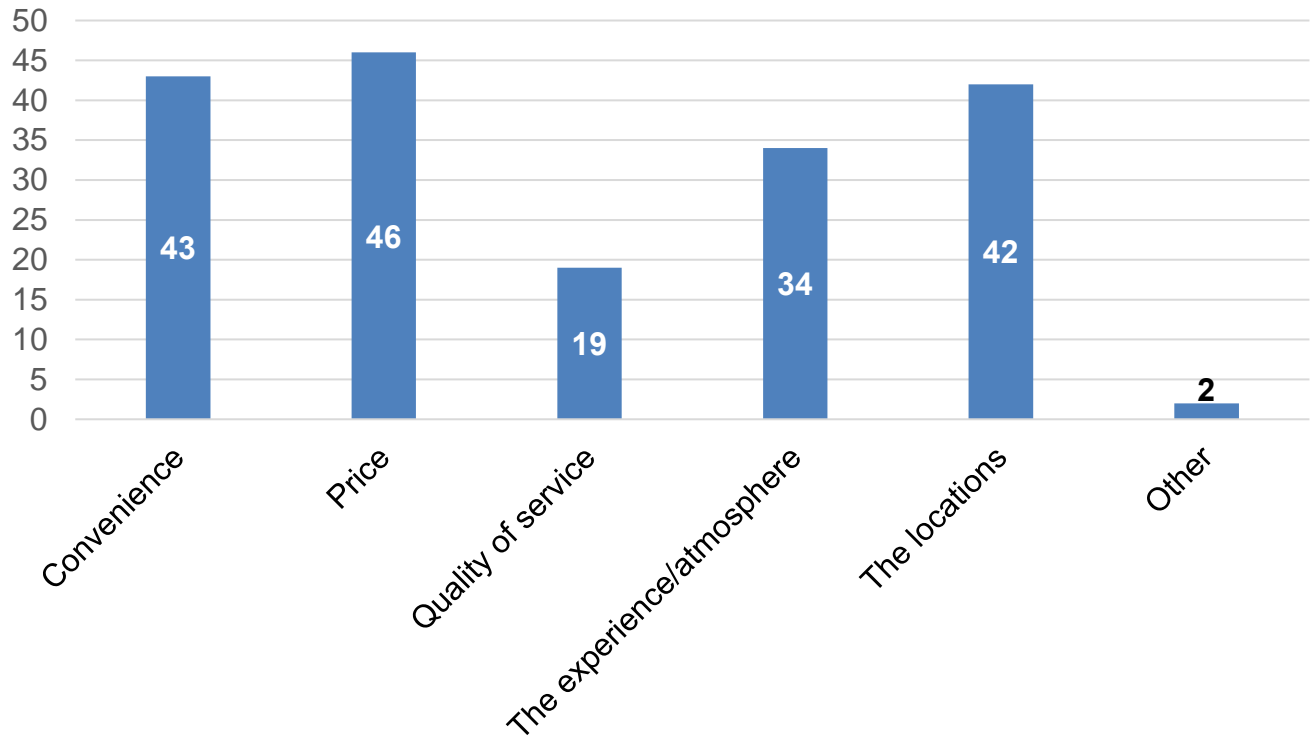


■ Very familiar ■ Familiar ■ Somewhat familiar ■ Not at all familiar

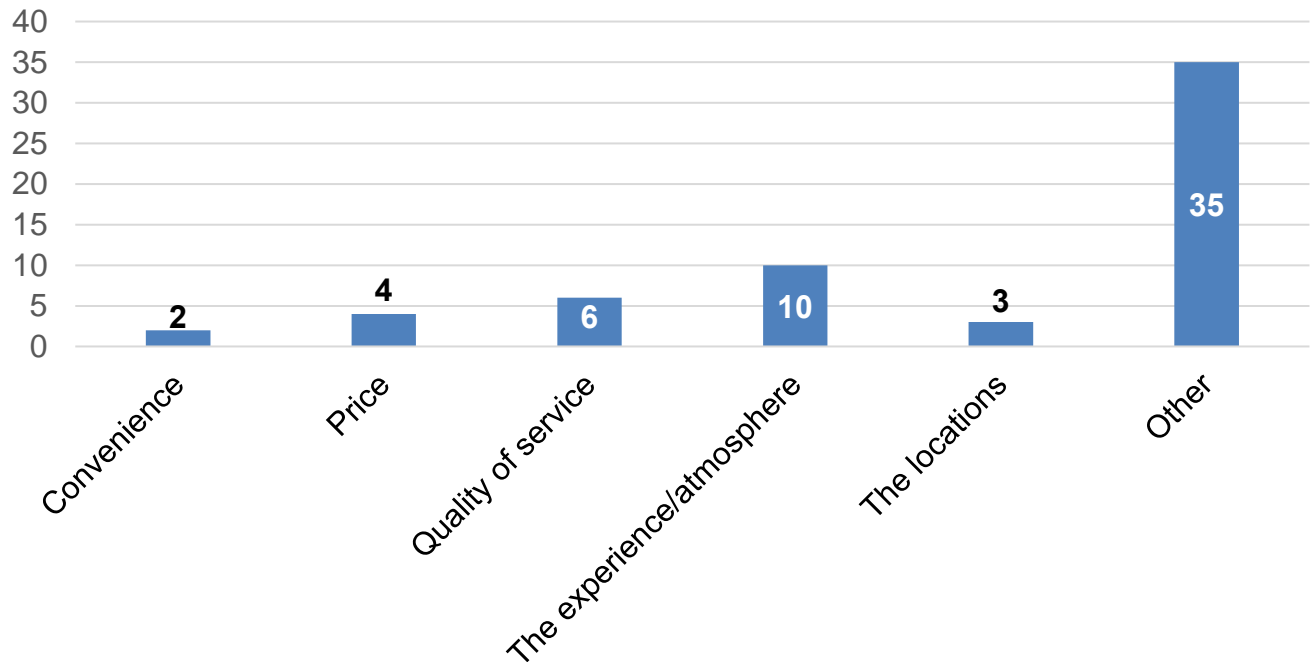
**Have you ever stayed at a short-term rental (e.g. home or rooms listed on Airbnb, VRBO, and HomeAway, etc.?)
(Please select all that apply)**



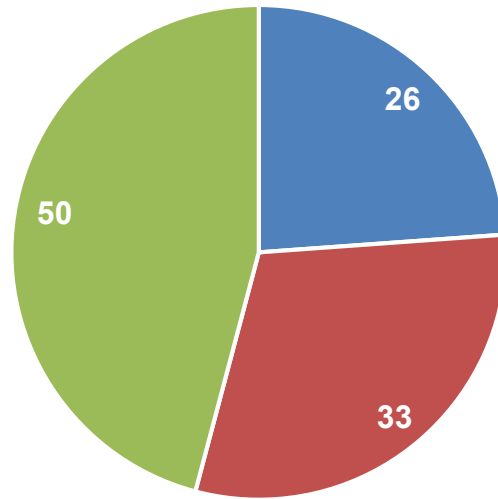
What do you like about short-term rentals? (Please select all that apply)



Why do you not stay at short-term rentals?

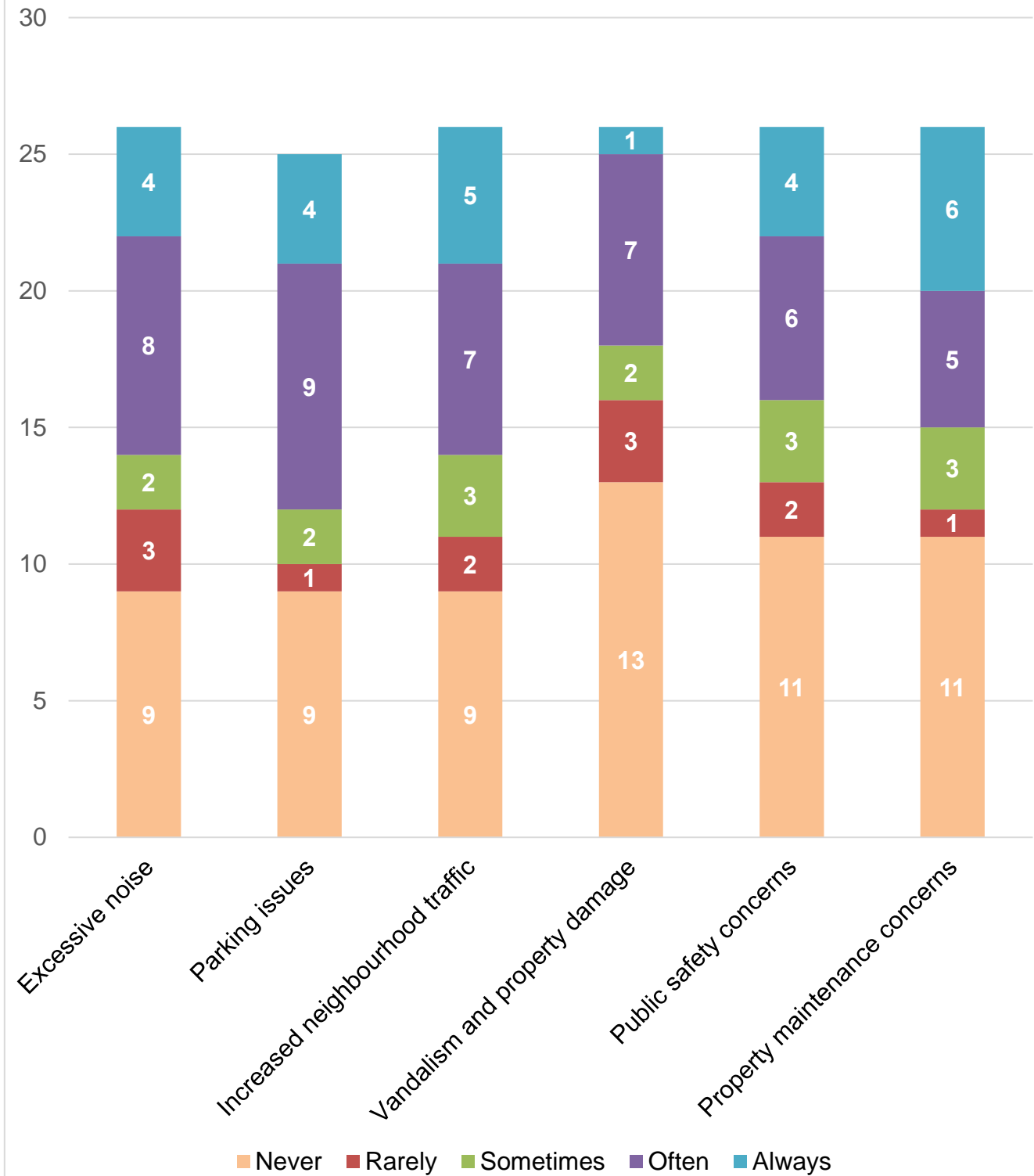


Do you currently live near a short-term rental?

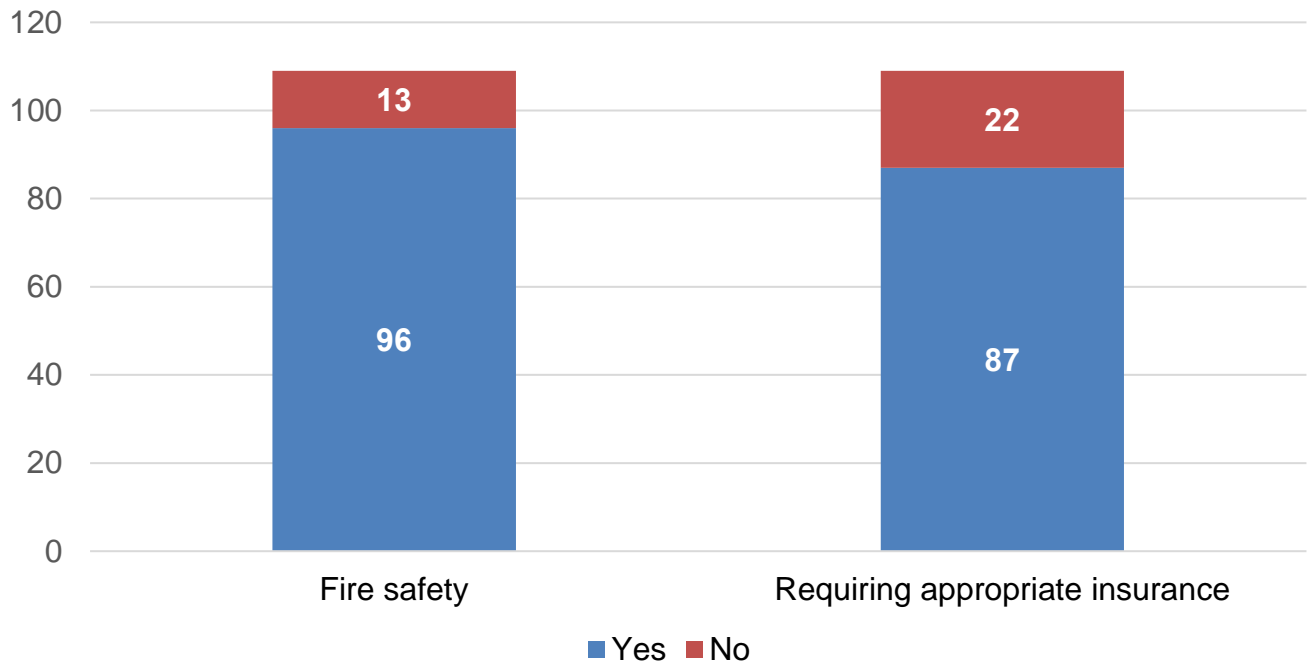


■ Yes ■ No ■ Unsure

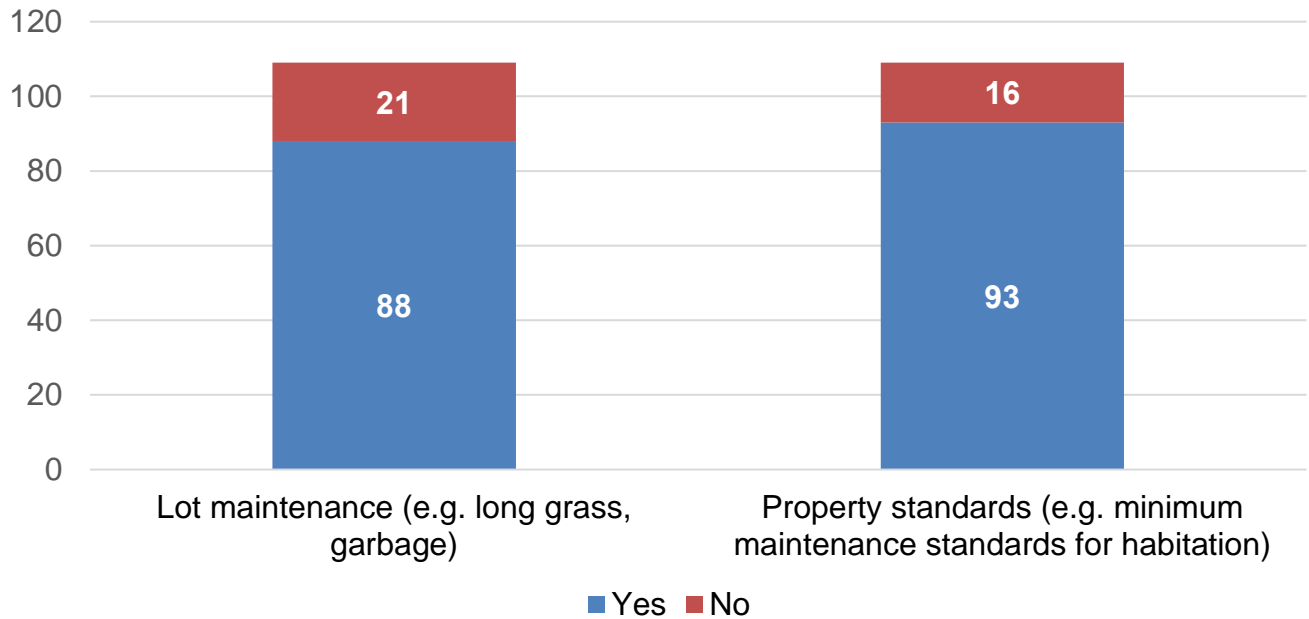
While living near a short-term rental, how frequently have you experienced the following:



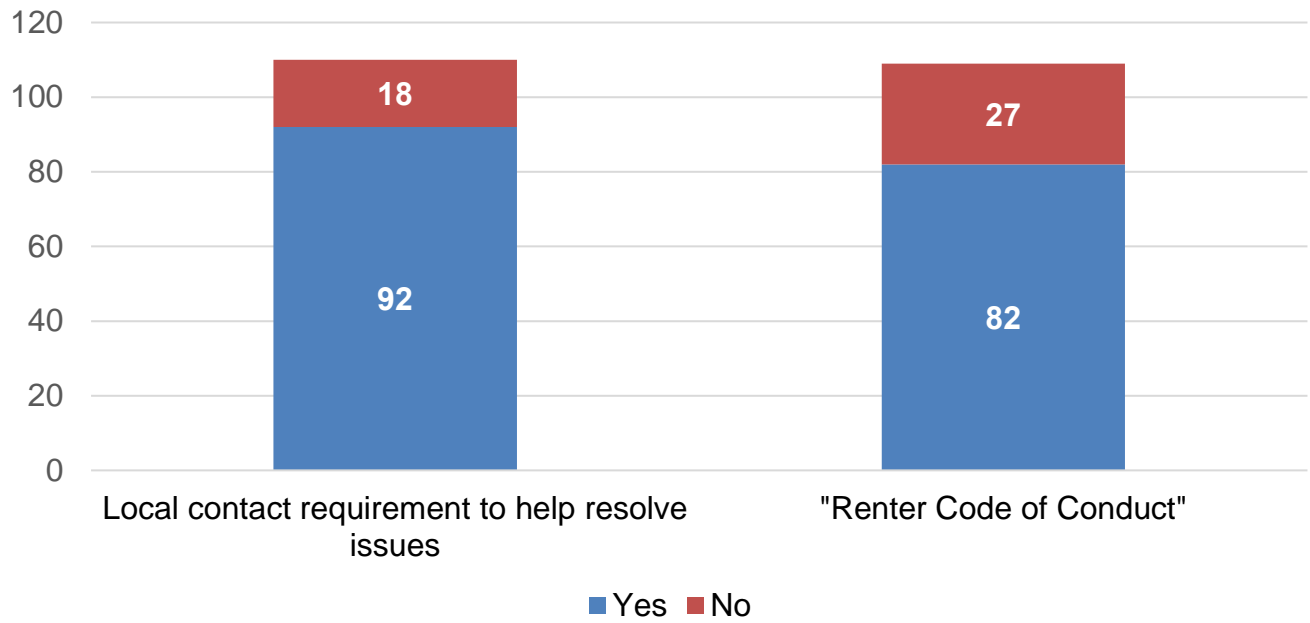
In regards to safety, what should the City regulate?



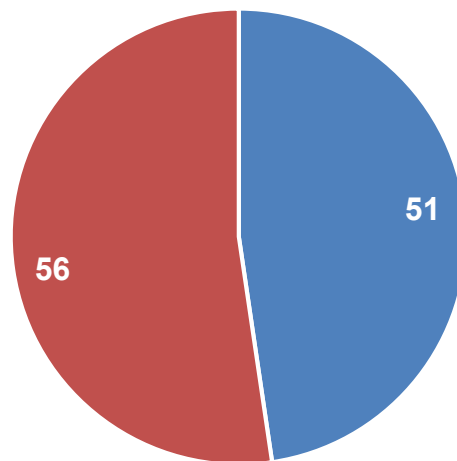
In regards to property maintenance, what should the City regulate?

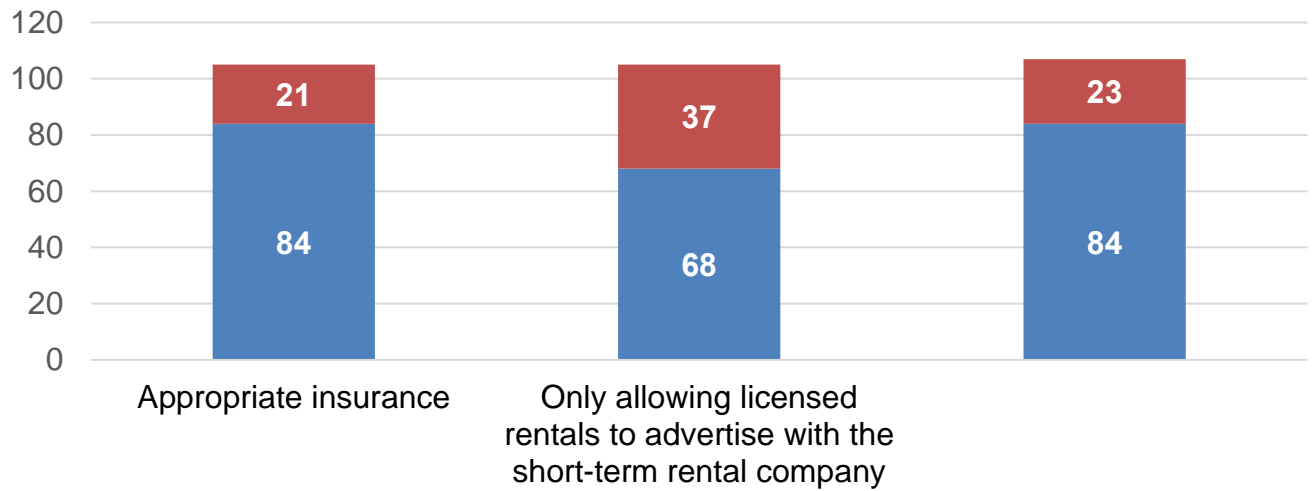


In regards to nuisance control, what should the City regulate?

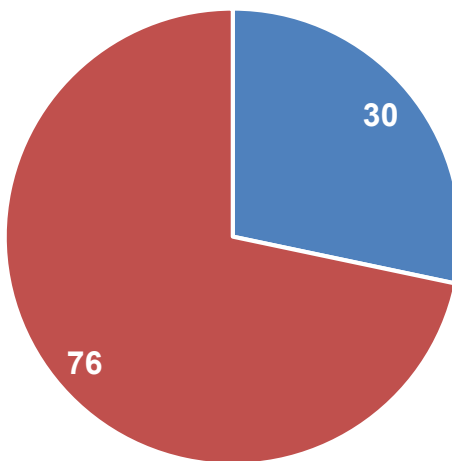


Are there any other standards you feel should be included for short-term rental properties?



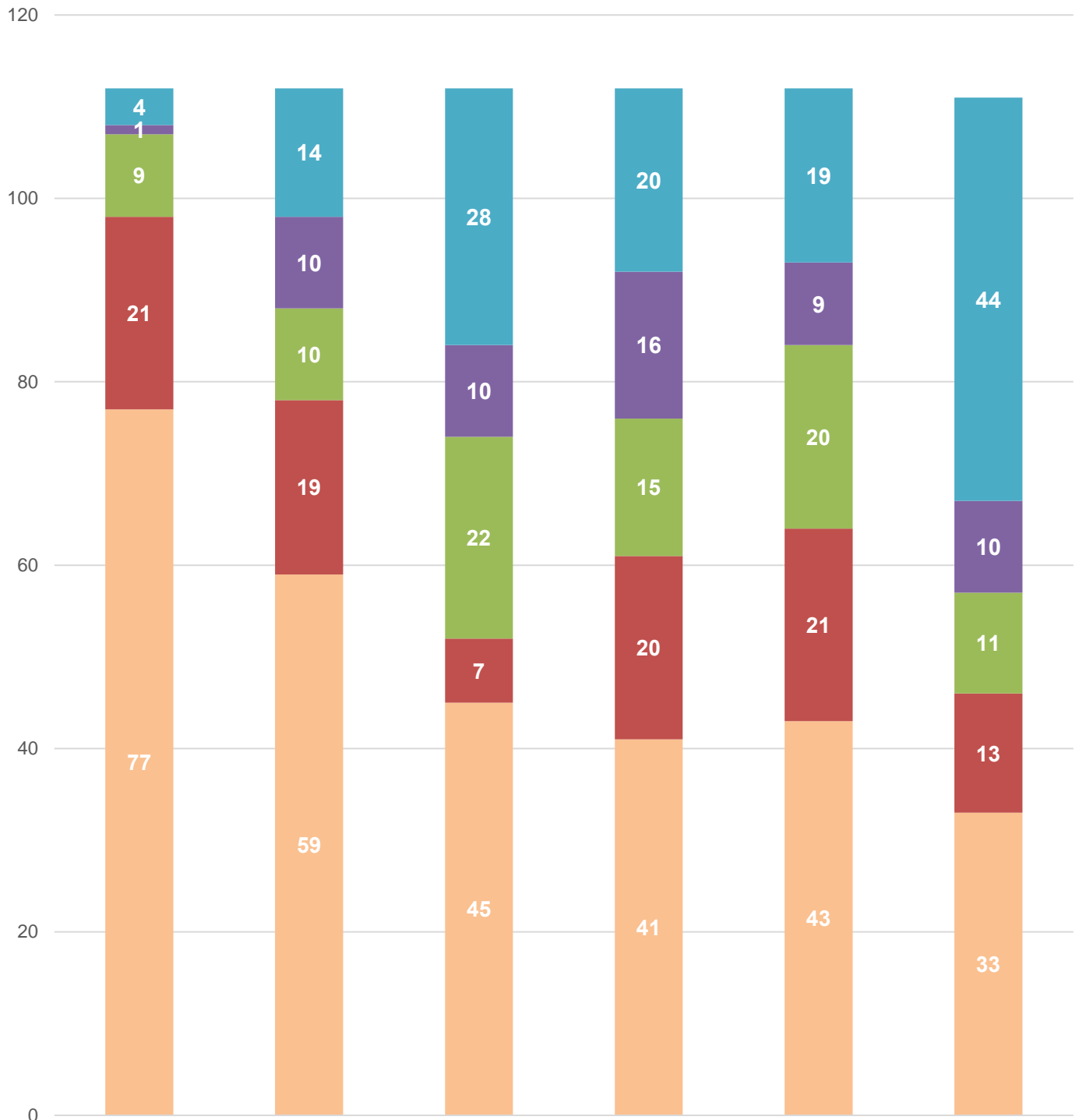


Are there any other standards you feel should be included for short-term rental companies?



■ Yes ■ No

Please rate the following statements:



Short-term rentals provide a source of extra income for property owners.

Short-term rentals make a city a more appealing tourist destination because they provide more accommodation options.

Short-term rentals increase the vibrancy of a city.

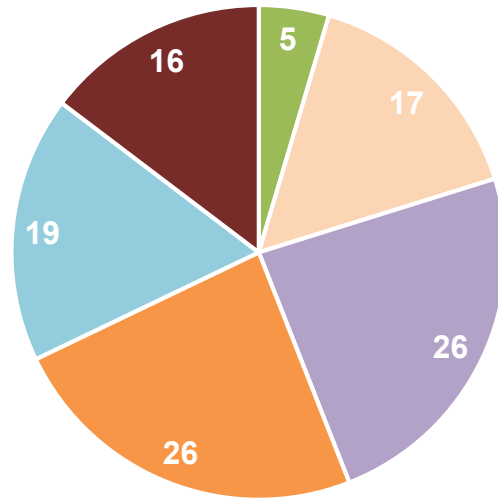
Short-term rentals create neighbourhood issues like noise, nuisance, parking and safety concerns.

Licensing short-term rentals and/or short-term rental companies can help maintain standards within neighbourhood communities.

I would not mind living next to a property used as a short-term rental.

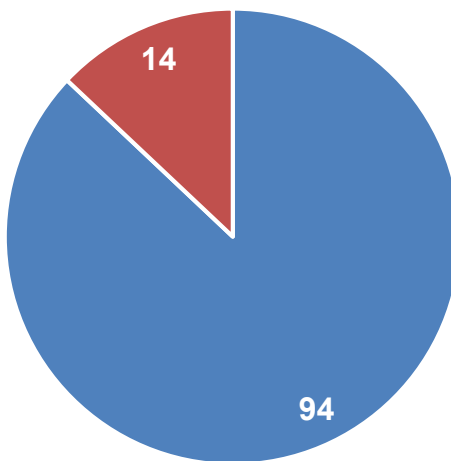
■ Agree
 ■ Somewhat agree
 ■ Neutral
 ■ Somewhat disagree
 ■ Disagree

How old are you?



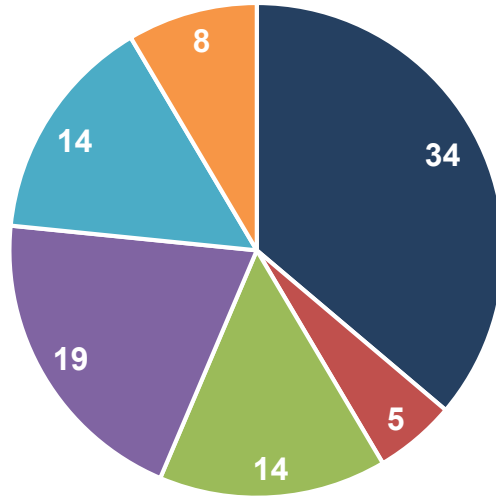
■ 12 and under ■ 13-17 ■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55-64 ■ 65+

Are you an Oshawa resident, and/or Oshawa business/property owner?



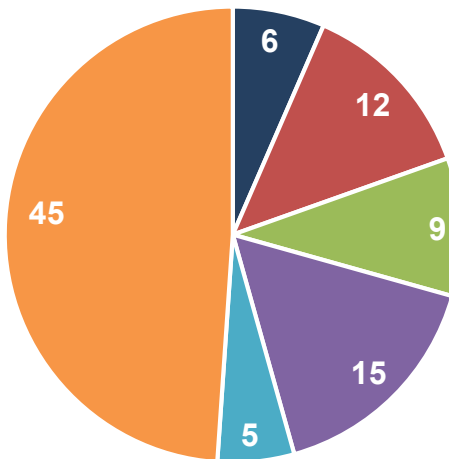
■ Yes ■ No

What does your postal code begin with?



■ L1G ■ L1H - North of King St. ■ L1H - South of King St. ■ L1J ■ L1K ■ L1L

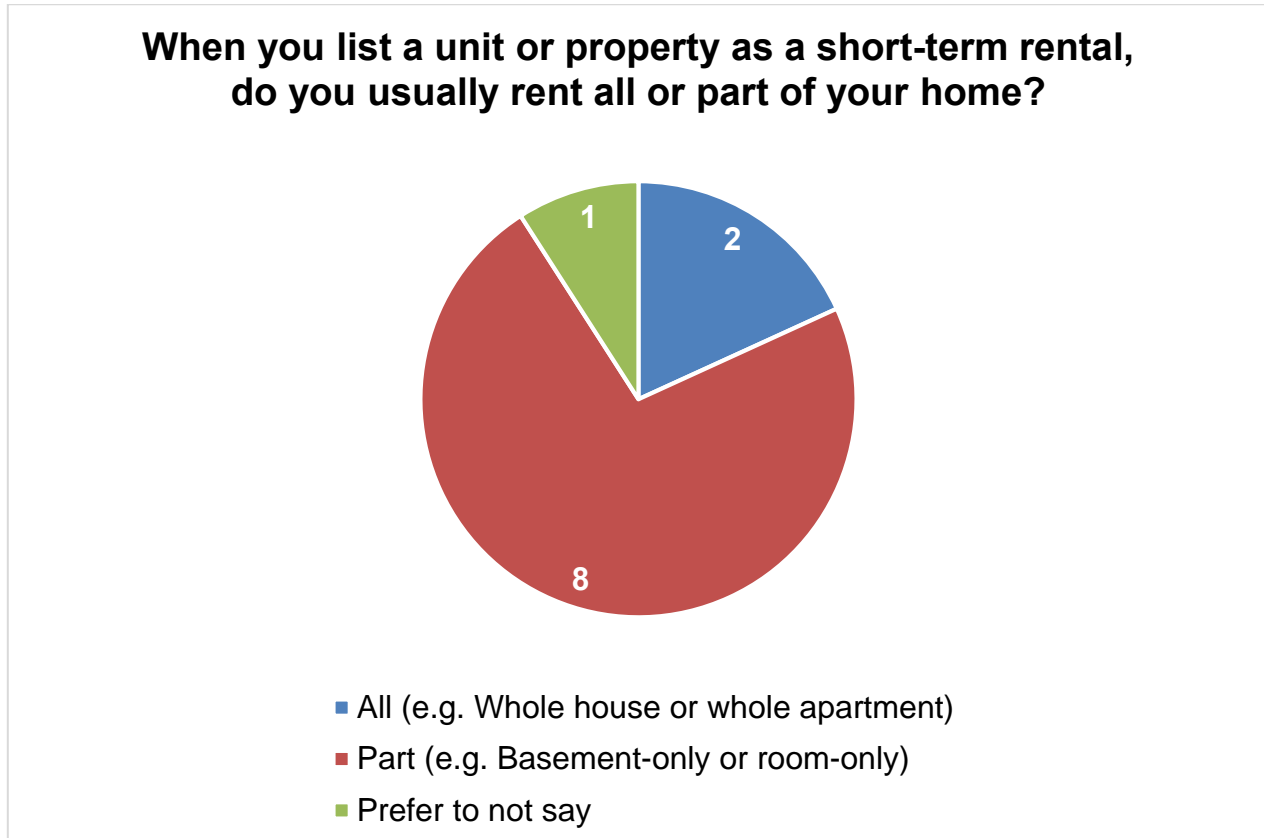
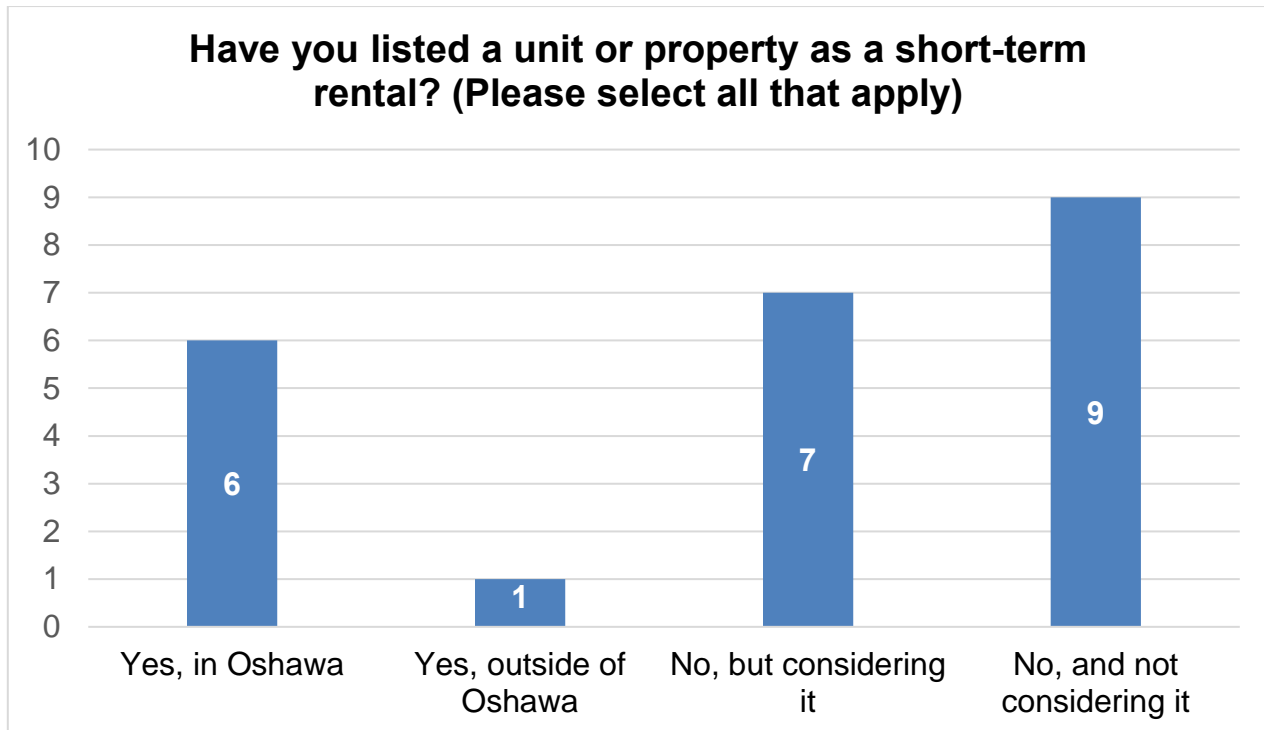
What ward do you live in/is your business/property located in?



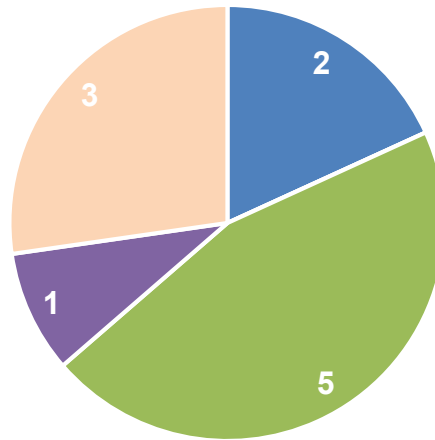
■ Ward 1 ■ Ward 2 ■ Ward 3 ■ Ward 4 ■ Ward 5 ■ Don't know

Feedback Form Responses: Hosts/Operators

Sample Size: 21 Respondents



How frequently do you list a unit or property as a short-term rental?

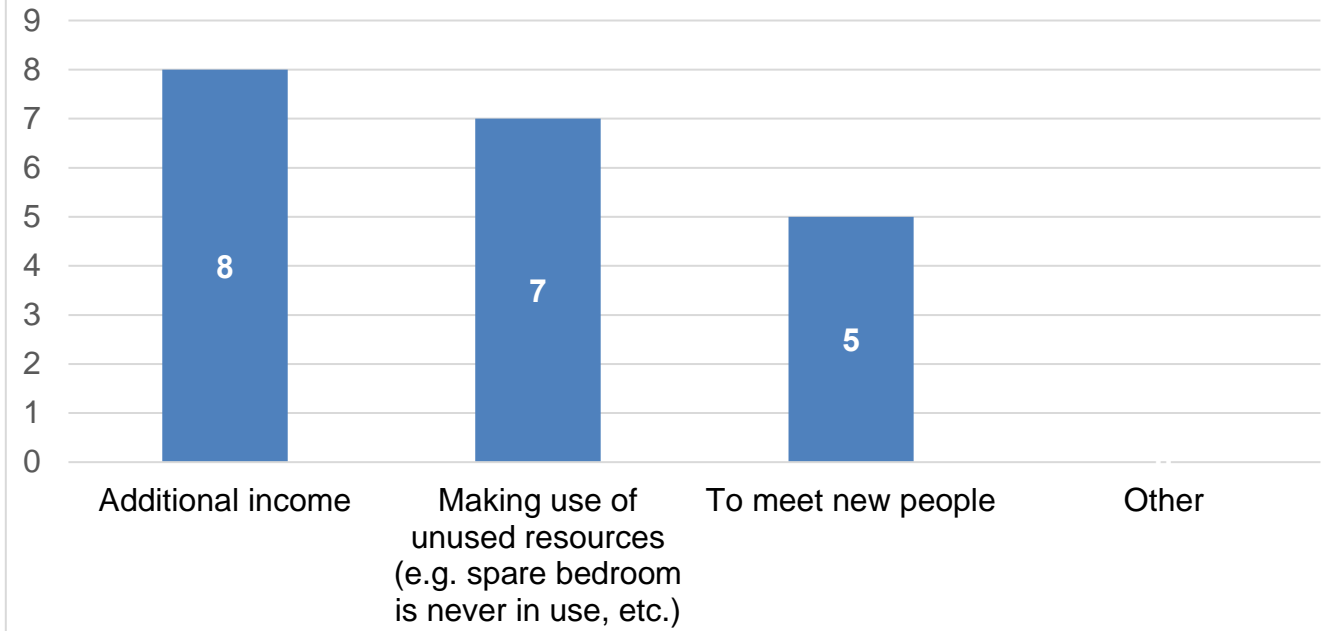


- Daily
- Weekly (e.g. 1-2 times a week)
- Monthly (e.g. 1-2 times a month)
- Yearly (e.g. 1-2 times a year)
- Prefer to not say

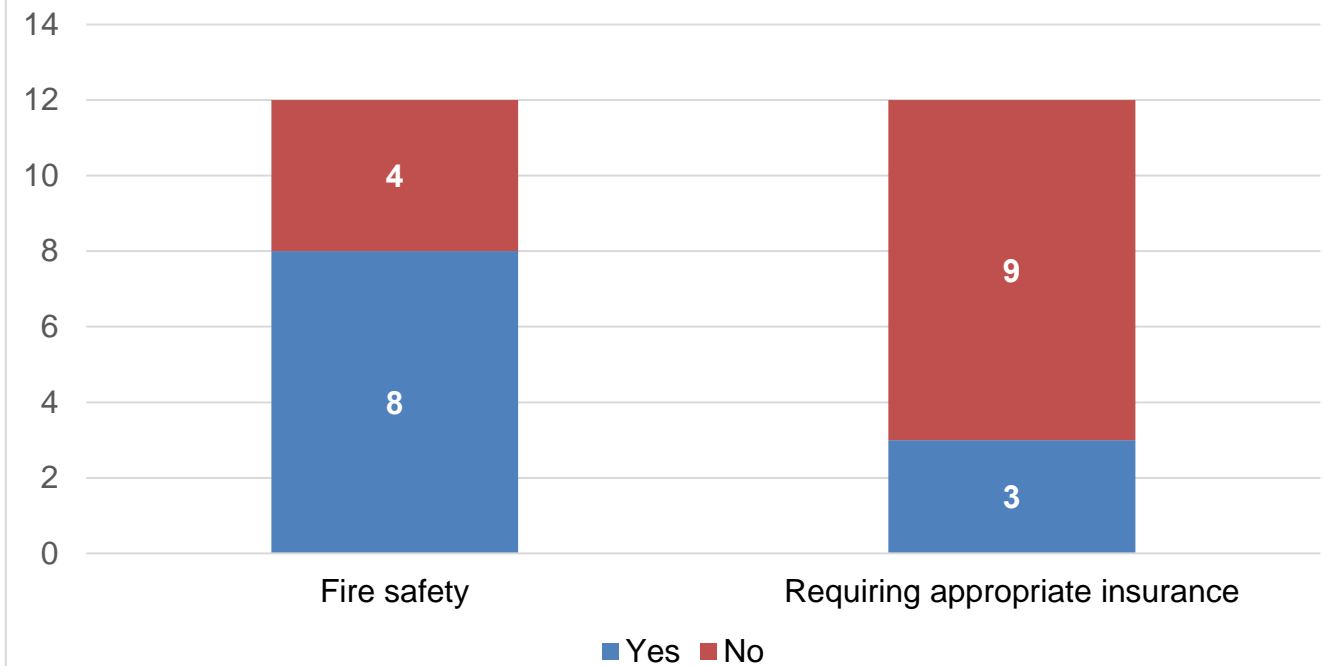
What companies have you used for listing all or part of your home as available as a short-term rental? (Please select all that apply)



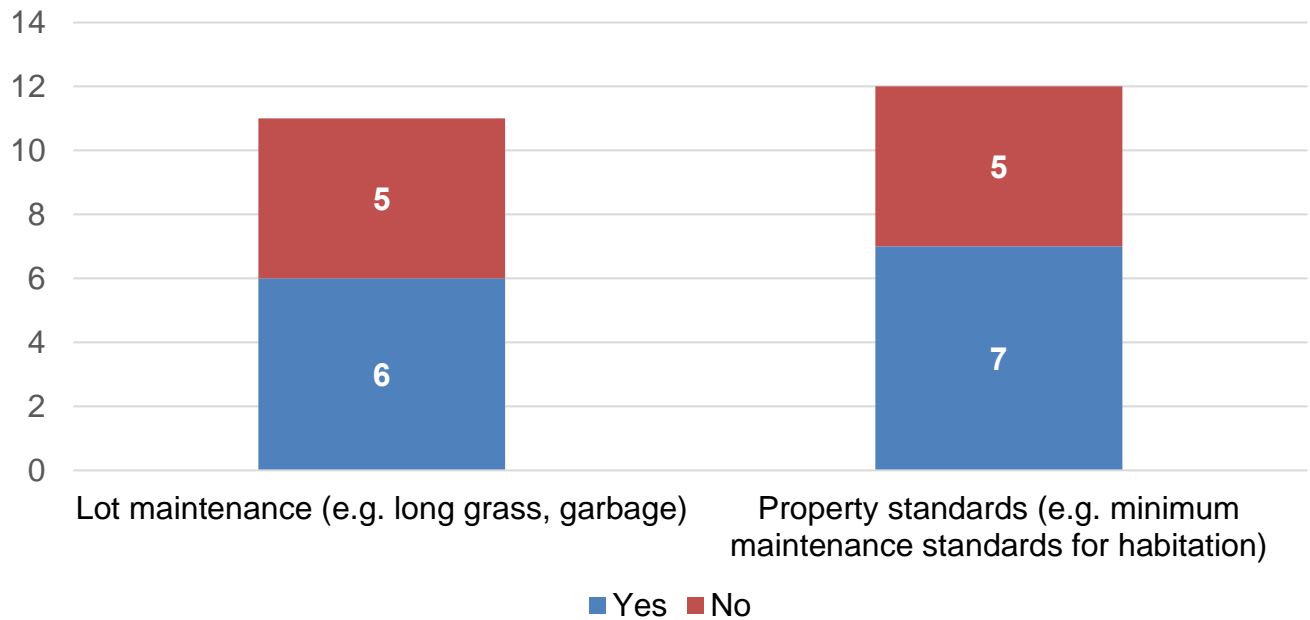
**Why do you list a unit or property as a short-term rental?
(Please select all that apply)**



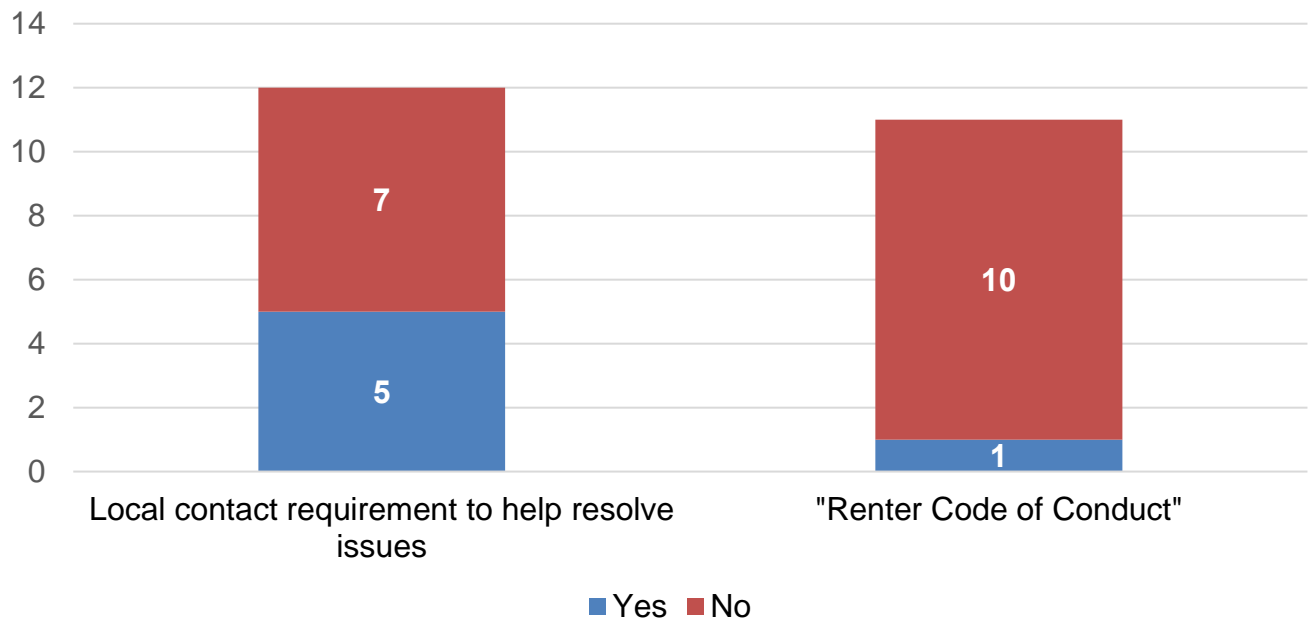
In regards to safety, what should the City regulate?



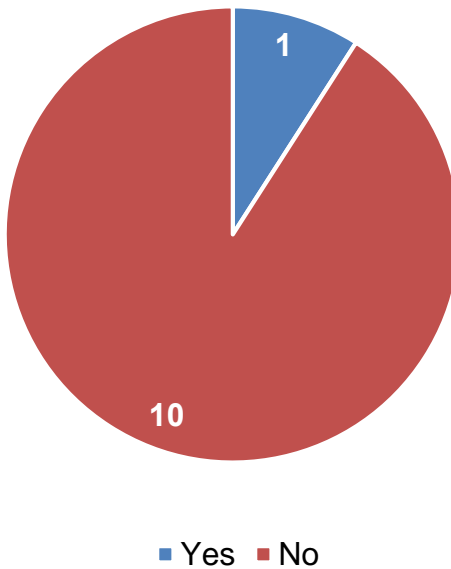
In regards to property maintenance, what should the City regulate?



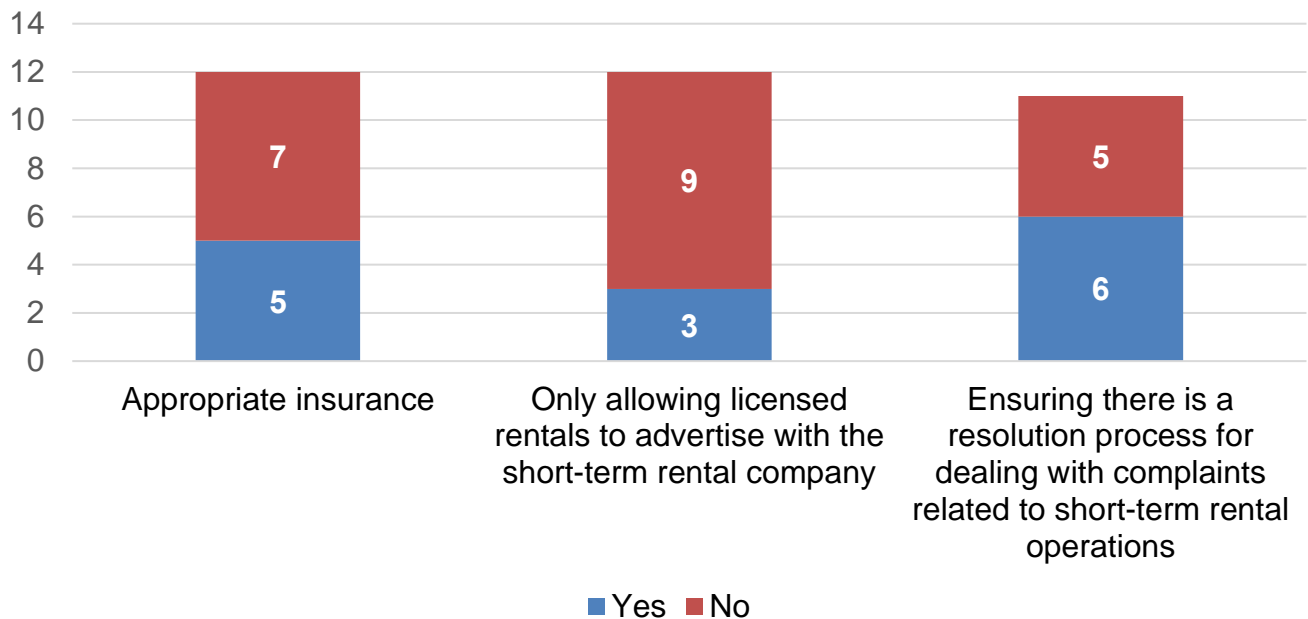
In regards to nuisance control, what should the City regulate?



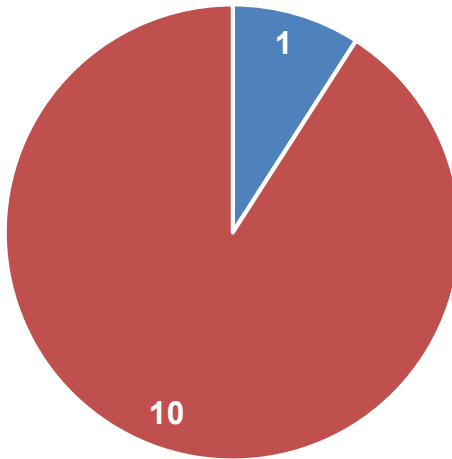
Are there any other standards you feel should be included for short-term rental properties?



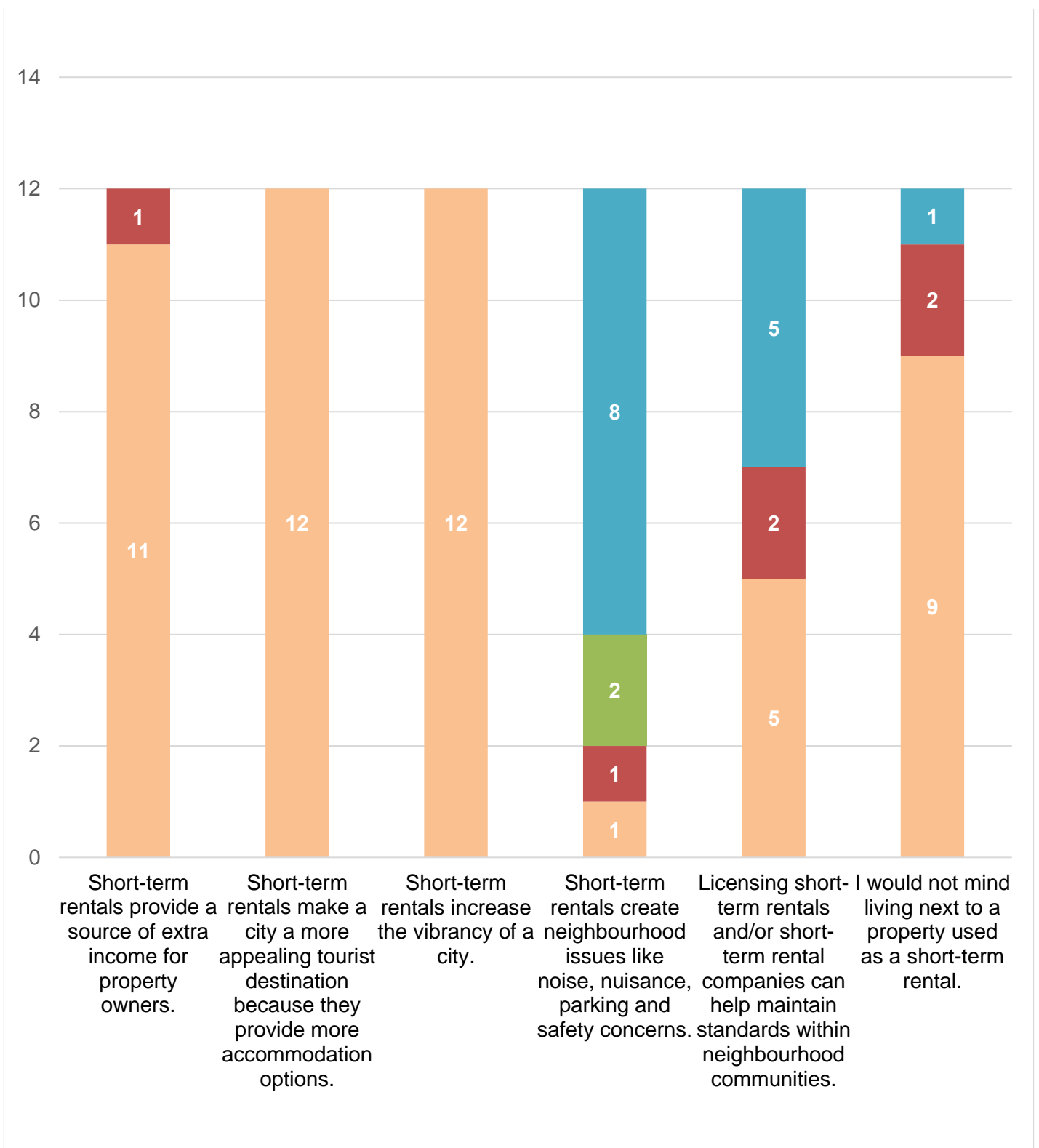
What should the City regulate in terms of short-term rental companies?



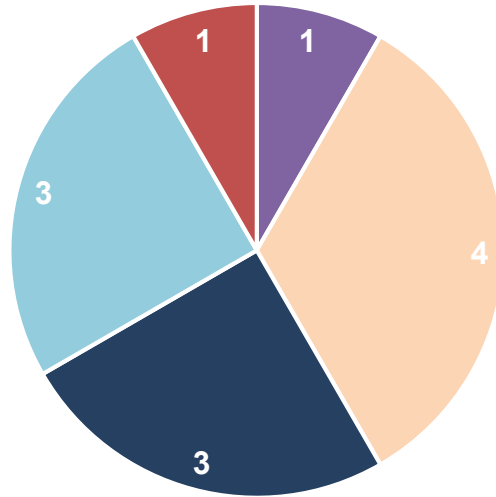
Are there any other standards you feel should be included for short-term rental companies?



■ Yes ■ No

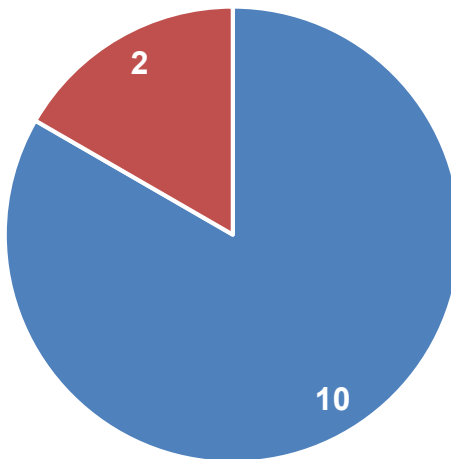


How old are you?



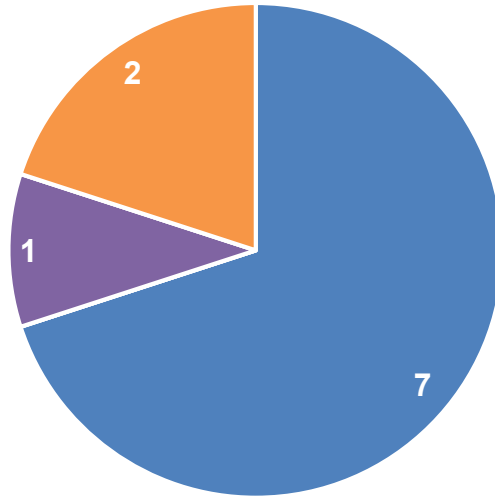
■ 12 and under ■ 13-17 ■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55-64 ■ 65+

Are you an Oshawa resident, and/or Oshawa business/property owner?



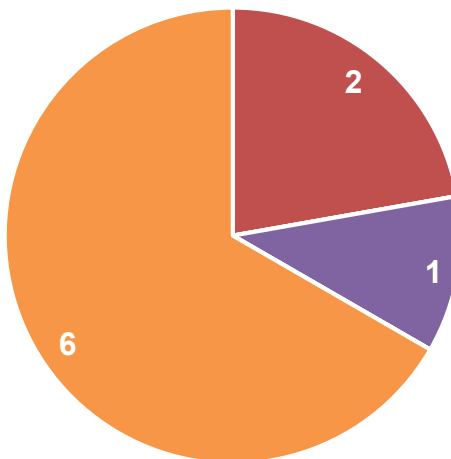
■ Yes ■ No

What does your postal code begin with?



■ L1G ■ L1H - North of King St. ■ L1H - South of King St. ■ L1J ■ L1K ■ L1L

What ward do you live in/is your business/property located in?



■ Ward 1 ■ Ward 2 ■ Ward 3 ■ Ward 4 ■ Ward 5 ■ Don't know

2019 Short-Term Rental Licensing Regulations: Municipal Benchmarking¹

Municipality	Platform Licence	Operator Licence	Status	Fees (Annual)	Primary Residence	Local Contact Req.	Application Property Inspection
Town of Ajax (Population = 119,677) ²	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Town of the Blue Mountains (Population = 7,025)	No	✓	In effect	Initial - Operators (house): \$2,500 Initial - Operator (condo): \$1,500 Renewal – Operator (house): \$1,000 Renewal – Operator (condo): \$500 Various other administration fees related to appeals and inspections	No	✓	✓
City of Calgary, AB (Population = 1,235,171)	No	✓	By-law effective February 2020	Operator (4 or fewer rooms): \$100 Operator (5 or more rooms): \$295	No	✓	No - For 4 or fewer rooms ✓ - For 5 or more rooms
Municipality of Clarington (Population = 92,013)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Kingston (Population = 123,798)	No	Proposed	Under review	Operator: \$180	Proposed	Proposed	No

¹ Based on scan of municipal websites and the use of a search engine undertaken November 2019

² Populations based on 2016 Census data; Oshawa population = 159,458

Municipality	Platform Licence	Operator Licence	Status	Fees (Annual)	Primary Residence	Local Contact Req.	Application Property Inspection
City of London (Population = 383,822) ³	No	✓	Licensed through Residential Rental Unit Licensing By-law	Operator: Initial Application: \$165 Fire Inspection: \$171 Annual Renewal: \$55	No	No	Fire inspection is required. Property standards inspection, on an as needed basis.
City of Mississauga (Population = 721,599)	N/A	N/A	On hold	N/A	N/A	N/A	N/A
Town of Oakville (Population = 193,832)	✓	✓	In effect	Operator: \$237 Company: \$44,500	✓	✓	No
City of Ottawa (Population = 934,243)	Proposed	Proposed	Under review	Operator: \$100 for Two Years Companies: Up to \$4,000 One-Time Registration Fee	Proposed	Proposed	T.B.D.
City of Pickering (Population = 91,771)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Toronto (Population = 2,731,571)	✓	✓	Pending implementation following L.P.A.T. appeal	Operator: \$50 Company: \$5,000 one-time + \$1/night booked	✓	✓	No
City of Vancouver, B.C. (Population = 631,486)	No	✓	In effect	Licence: \$49 Application fee: \$56	✓	✓	No

³ S.T.R.s are regulated under the existing Residential Rental Unit Licensing system. It is not an S.T.R. dedicated by-law.

Municipality	Platform Licence	Operator Licence	Status	Fees (Annual)	Primary Residence	Local Contact Req.	Application Property Inspection
City of Vaughan (Population = 306,233)	✓	✓	Effective January 1, 2020	S.T.R. Rental Brokerage Licence More than 100 Active S.T.R.s: \$10,000 51-100 Active S.T.R.s: \$5,000 11-50 Active S.T.R.s: \$1,000 Up to 10 Active S.T.R.s: \$500 S.T.R. Rental Owner Licence: \$300	✓	No	No
City of Victoria, B.C. (Population = 85,792)	No	✓	In effect	Primary Residence Operator: \$150 Other: \$1,500	✓ or legally non-conforming unit where transient accommodation was a permitted use	✓	No
Town of Whitby (Population = 128,377)	Proposed	Proposed	Under review	T.B.D.	Proposed	T.B.D.	T.B.D.

Proposed Licensing System Overview

Note: This document provides a general overview of the standards that would form the basis of a licensing system. Final standards and wording will form an amending by-law to be presented for approval at future date.

Application Requirements:

Applicants would be required to submit various items, including but not limited to:

- (1) A completed application form with the information required by Municipal Law Enforcement and Licensing Services (M.L.E.L.S.) and payment of applicable fees
- (2) Proof of compliance with the applicable regulations found in Zoning By-law 60-94 (including proof of principal residence)
- (3) Acknowledgement or proof that all property owners are aware of and authorize the Short-Term Rental (S.T.R.) use
- (4) A floor plan that identifies details as required by the City (ex. all rooms, spaces and common areas and how each will be used)
- (5) Proof of required insurance
- (6) The contact information for a local contact who is available to attend to the S.T.R. at all times within a period of no greater than one (1) hour from the time of contact by telephone or email
- (7) A statement by the applicant attesting to the accuracy, truthfulness and completeness of the application and other items, including but not limited to, that:
 - a. If the S.T.R. is a condominium unit, that the S.T.R. use is permitted by their condominium board
 - b. The S.T.R. is in compliance with various legislation, including the Building Code Act, 1992, or any regulations made under it, including the Building Code; all City of Oshawa municipal by-laws, including the Property Standards By-law 1-2002, as amended, and the Zoning By-law 60-94, as amended; and the Fire Protection and Prevention Act, 1997, or any regulations made under it, including the Fire Code
 - c. The S.T.R. has and will continue to have working smoke alarms on each level of the S.T.R. and carbon monoxide alarms on all levels where sleeping occurs, and that S.T.R. will have instructions posted in a location to be determined by the City advising renters of what to do in the event of an emergency and these instructions will include a copy of the S.T.R. floor plan submitted with the application
 - d. If renting by the room, no more than four (4) rooms will be rented out as part of the S.T.R. operation at any given time
 - e. They will give all renters a copy of the Renter's Code (provided by the City) and require all renters to abide by it
 - f. They acknowledge that inspections or audits may be required as part of the licensing process
- (8) Any other information as required by the Director

Proposed General Prohibition:

General licensing standards would include, but not be limited to:

- (1) Requirements related to City-required removal of listings and advertisements and not advertising without a valid licence
- (2) Requirements related to the City's ability to audit/examine books, records and documents, electronic or otherwise, as well as for conducting property inspections related to the S.T.R. operation

Proposed Licence Conditions/Standards for S.T.R. Operators:

In addition to general requirements of the Licensing By-law and the new schedule, there would be a number of conditions as a requirement of continuing to hold a S.T.R.

Operator licence, including but not limited to:

- (1) Operators must notify the City of any changes to the information provided at the time of licence application or renewal
- (2) A valid licence must be displayed prominently in the S.T.R.
- (3) Advertisements must include a valid City S.T.R. Operator licence number
- (4) The insurance required at the time of licence application must be maintained
- (5) If the S.T.R. is being operated by individual room rentals as opposed to a whole home rental, the number of bedrooms for rent cannot exceed four (4)
- (6) Instructions must be posted and maintained in a location to be determined by the City advising renters of what to do in the event of an emergency
- (7) There must be working smoke alarms on each level of the S.T.R. and carbon monoxide alarms on all levels where sleeping occurs. Alarms must be maintained in good working order, less than ten (10) years old and tested annually. A written record of tests must be kept.
- (8) S.T.R. Operators must give the Fire Chief, Director (M.L.E.L.S.), or any member of staff authorized by the Fire Chief or Director, access to the S.T.R. at any reasonable hour for the purposes of conducting an inspection to confirm compliance with regulations
- (9) S.T.R. Operators and associated S.T.R.s must comply with all applicable law, including but not limited to:
 - a. the Health Protection and Promotion Act, 1990 (Ontario) and its regulations;
 - b. the Fire Protection and Prevention Act, 1997 (Ontario) and its regulations;
 - c. the Building Code Act, 1992 (Ontario) and its regulations;
 - d. the City's Zoning By-law 60-94, as amended;
 - e. the City's Property Standards By-law 1-2002, as amended;
 - f. the City's Lot Maintenance By-law 127-2007, as amended;
 - g. the City's Noise By-law 112-82, as amended;
 - h. the City's Nuisance By-law 65-2009, as amended;
 - i. the City's Snow and Ice Removal By-law 92-2009, as amended;
 - j. the City's Unauthorized Parking By-law 97-2009, as amended; and
 - k. the City's Waste Collection By-law 113-2008, as amended
- (10) S.T.R. Operators must keep records available for inspection by the City for a period of six (6) years following the date of the transaction (which is the last day of the rental period) and must provide the information referred to above to M.L.E.L.S.

within thirty (30) days of being requested to do so, unless M.L.E.L.S. requires the records within twenty-four (24) hours, including but not limited to:

- a. the number of nights the S.T.R. was rented
 - b. the dates rented
 - c. whether the rental was a whole home rental or by-the-room rental
- (11) Requirements related to Operators responsibilities in complying with audit and inspection directions given by the City
 - (12) Records referred to must be provided to M.L.E.L.S. in a format and on a schedule to be determined by M.L.E.L.S.
 - (13) Operators must provide each renter with the Renter's Code (document to be provided to Operators by the City) and the S.T.R. Operator must keep a record that shows confirmation of renter's receipt for a period of six (6) years
 - (14) The local contact provided to the City at time of application must be available to attend to the S.T.R. at all times within a period of no greater than one (1) hour from the time of contact by telephone or email and this information must also be provided to all renters

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into by and between Airbnb Ireland, Unlimited Company (“Airbnb”) and the City of Vancouver, British Columbia (“City”) as of the date signed by both parties (the “Effective Date”).

For the purposes of this MOU, the term “Process” means the collection, use, modification, retrieval, disclosure, storage, anonymization, deletion, and/or management of Personal Information. The term “Personal Information” means information of an identifiable individual (including personal identity information as defined under British Columbia’s *Freedom of Information and Protection of Privacy Act*), disclosed by Airbnb or its permitted agents, to the City under this MOU, and any information derived or otherwise created by the City in connection therewith.

NOW, THEREFORE, the parties hereto agree as follows:

1. HOST REGISTRATION

Joint obligations:

- 1.1 Promptly after the Effective Date of this MOU, Airbnb and the City shall work together to develop a system that will allow Airbnb, with the consent of the Short Term Rental Accommodation Operator (as defined in License By-Law No. 4450, (the “Host”), to direct Hosts to the City’s business licence for short term rental accommodation (“STRA Licence”) application website.

Airbnb obligations:

- 1.2 Starting on April 18, 2018, Airbnb will include mandatory fields in its platform, which will prompt Hosts, as a prerequisite to listing a new Short Term Rental Accommodation (“STRA”), to (1) input an existing STRA Licence number and (2) consent to the disclosure of the Disclosed Data (as defined below) of the Host.
- 1.3 For Hosts that have listed or list an STRA with Airbnb prior to April 18, 2018, Airbnb will give such Hosts until August 31, 2018 to input a STRA Licence Number. Thereafter, Airbnb will deactivate the listings of such Hosts from its platform until such time that a Host inputs a STRA Licence Number.
- 1.4 Airbnb confirms that it is subject to Regulation 679/2016 (the General Data Protection Regulation) and Irish privacy and data protection law and that it will comply with such laws when disclosing the Disclosed Data to the City.
- 1.5 Subject always to its obligations under Regulation 679/2016 (the General Data Protection Regulation) and Irish and other applicable privacy and data protection law, Airbnb will, commencing on August 1, 2018, provide an API that is available at any time to the City to allow the City to receive data that has been provided by Hosts with listings in the City. Airbnb will queue new submissions to this API on August 1, 2018, September 15, 2018, November 1, 2018, and on a quarterly basis thereafter. This data

("Disclosed Data") will consist of a list of Hosts within the City of Vancouver as of the date of the report, with the Hosts' Personal Information, comprising of (1) Name, (2) STRA Licence Number, (3) Email Address, and (4) the STRA address.

- 1.6 Airbnb will disclose the Disclosed Data to the City using one or more application programming interface(s), data feed(s), data upload(s), file upload(s) and/or data integration(s) (collectively, the "API") and the City will develop and implement an API Client ("the API Client") to receive the Data.
- 1.7 Airbnb shall not be held responsible under any provision of the City's License By-law No. 4450 for information provided by the Host, which may be incomplete or inaccurate. Airbnb shall not be held responsible for any infraction, violation or non-compliance by Hosts under any provision of the City's Zoning By-law No. 3575.

City obligations:

- 1.8 Upon issuance of an STRA Licence, the City will provide both the Host and Airbnb with the Licence number and expiration date of the STRA Licence.
- 1.9 The City will treat the Disclosed Data provided to the City as strictly confidential and will comply with all applicable laws (including applicable privacy laws) with respect to the Disclosed Data. The City agrees that the Disclosed Data is Personal Information, a trade secret and commercial information supplied in confidence by Airbnb. In the event the City receives an access to information request for the Disclosed Data, FIPPA currently legally obligates the City to provide Airbnb with a third party notice and Airbnb now acknowledges that the time provided in FIPPA (21 days) will provide adequate notice and opportunity for Airbnb to seek appropriate legal counsel before the City determines that it will redact and/or release the information to the requesting party. Airbnb acknowledges that FIPPA provides for an appeal by Airbnb of any decision by the City concerning its reply to the third party notice and that the ultimate decision is made by the Privacy and Information Commissioner's Office and/or the courts if an appeal is sought by the applicant, City or Airbnb from there.
- 1.10 The City will only use the Disclosed Data for the purposes of administering, enforcing, and refining City By-Laws No. 3575 and 4450 and will not Process the Disclosed Data for other purposes, including using or disclosing the Disclosed Data for any purpose other than as set out in this MOU.
- 1.11 The City is responsible for verifying the correctness and validity of STRA Licence numbers and exemptions posted by Hosts, and seeking enforcement against Hosts under its by-laws, Airbnb will not be responsible for removing from its platform any listings that have incorrect registration numbers or are otherwise invalid. Similarly, the City may pursue enforcement action against Hosts that have otherwise violated provisions of any City bylaws. Airbnb shall not be responsible for removing listings from its platform that belong to such Hosts that have violated provisions of City bylaws.
- 1.12 For Hosts listing an STRA with Airbnb, the City will not require such Hosts to submit proof of any other licence other than the STRA licence prior to listing an STRA on a platform.

2 PENDING LICENCES AND RENEWALS

- 2.1 For any Hosts that have listed an STRA with Airbnb prior to the Effective Date, Airbnb will not be required by the City to remove such listing from its platform, but the City reserves all legal rights and authority to enforce all of its by-laws against such Host independently of this MOU.
- 2.2 Airbnb will work with the City to develop a system to ensure an efficient licence renewal process for Hosts.

3 MISCELLANEOUS

- 3.1 Merger and Integration: This MOU contains the entire agreement of the Parties with respect to the subject matter of this MOU, and supersedes all prior negotiations, agreements and understandings with respect thereto, with the exception of a Voluntary Collection Agreement which the parties may enter into before or during the term of this MOU.
- 3.2 Counterparts: This MOU may be executed in any number of counterparts, each of which will be deemed an original, and all of which, when taken together, will constitute one and the same instrument. The MOU will become effective when a counterpart has been signed by each Party and delivered to the other Party, in its original form or by electronic mail, facsimile or other electronic means. The Parties hereby consent to the use of electronic signatures in connection with the execution of this agreement, and further agree that electronic signatures to this agreement will be legally binding with the same force and effect as manually executed signatures.
- 3.3 Governing Law/Disputes: This MOU is a legally binding contract and is governed by the laws of British Columbia. The parties now irrevocably agree to resolve any and all disputes under this MOU using courts of competent jurisdiction within British Columbia.

4 TERM

- 4.1 This MOU shall commence on the Effective Date and remain in effect until terminated by either party or if there are material changes to City of Vancouver License By-Law No. 4450, Zoning and Development By-law No. 3575, or any other municipal code provision relating to short-term rentals or Hosts. Either party may terminate this MOU upon 30 days' prior written notice to the other party. This MOU may be modified or amended at the mutual discretion of the parties by written amendment signed by both parties.

5 CONTACT AND NOTICE INFORMATION

- 5.1 All notices and other communications related to the administration of this MOU will be in writing and delivered to the parties using the following email addresses and/or physical addresses:

Airbnb:

Airbnb Ireland, UC.
Watermarque Building,
South Lotts Road, Ringsend,
Dublin 4, Ireland
Email: legal@airbnb.com
Attention: General Counsel

City:

City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4
Attention: Chief Licence Inspector, and
Email: kathryn.holm@vancouver.ca

With a copy to:

City of Vancouver
Director of Legal Services
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Attention: Director of Legal Services

Fax: (604) 873-7445, and
Email: francie.connell@vancouver.ca

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed by their duly authorized officers as of the dates set forth below.

AIRBNB:

Airbnb Ireland, UC

City:

City of Vancouver

By: _____

By: _____

Name: Alan Maher

Name: _____

Title: Alternate Director,
Acting for and on behalf of
Eoin Hession, Director
Airbnb Ireland, UC

Title: _____

Date: _____

Date: 4/10/2018