

To: Mayor Glover and Members of Council

From: April Best-Sararas, Planner
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Leanne Fetterley, Interim Economic Development Coordinator

Date: April 6, 2021

Subject: Short-term Rentals Regulation – Implementation of Options

Report Highlights

- Staff were directed by Council at the August 19th, 2020 Council Meeting to investigate options for Short-term Rental (STR) regulation and return to Council with further direction
- STRs are a relatively new industry that many municipalities have begun to investigate/regulate
- Each municipality that investigates STRs takes a unique approach to this regulation and many of these approaches have either been revised or restricted through appeals or issues with implementation of regulation
- Due to the unique nature of STRs this report includes a lot of unknowns and assumptions, especially as it relates to any potential implementation program
- This report summarizes the findings of the second phase of public consultation conducted in the fall of 2020 (from September 25th to November 9th, 2020) and provides an overview of potential regulation changes based on public feedback, best practice review, and complaints received
- 5% of Township By-law Services work (inquiries and call outs) is related to STRs
- The public has identified several issues/items that should be regulated with STRs in the Township
- These issues/items can be addressed through two methods: 1. Township-wide amendments to the Development Permit By-law and Comprehensive Zoning By-law; and 2. Implementation of a STR Licencing Program
- Internal staff can implement Township-wide amendments to the Development Permit By-law and Comprehensive Zoning By-law
- The STR Licencing Program would require additional staff and/or an outside service provider

- The STR Licencing Program is intended to be a cost recovery program, with STR Licence application, administrative, and penalty fees, however the program will not be cost recovery, based on assumptions in the report
- Costs to implement and run an STR Licencing Program would require an outside service provider and additional staff
- A third-party compliance company could be hired to assist staff in the licencing, monitoring, management and enforcement of STRs
- The details of these costs and staffing implications are provided in this report
- STR complaints that have been received by the Township are covered under existing By-laws
- Promotion of educational materials related to existing by-laws should be conducted
- The New provincial Administrative Monetary Penalties “AMP” enforcement tool could be investigated for application in the Township
- Additional monitoring of STRs in the Township should continue to monitor effectiveness of educational awareness and any change in STR concerns/complaints

Recommendation

WHEREAS the Council of the Corporation of the Township of Lake of Bays receives the staff report “Short-term Rentals Regulation – Implementation of Options” dated April 6, 2021;

AND WHEREAS staff have conducted best practice reviews of other municipal STR regulations that guided the information in this report, which includes many unknowns and assumptions for any potential implementation of STR regulation in the Township;

AND WHEREAS staff conducted public consultation in the fall of 2020 to gather input on the concerns surrounding STRs, and investigated regulatory options to address these concerns;

AND WHEREAS a total of 5% of By-law Services work is related to STRs;

AND WHEREAS it has been identified that the primary concerns related to Short-term Rental of residential properties with no on-site management in the Township of Lake of Bays are parking, safe operation, behaviour of renters and the scale of use of the STR operation;

AND WHEREAS there are significant costs associated with the implementation of a licencing system for STRs in the Township;

AND WHEREAS minimal concerns have been raised by members of the public relate to matters that are already addressed through other means;

BE IT RESOLVED THAT Council direct staff to:

- proceed with promoting current Township By-laws to residents to educate the public, related to STR issues;
- explore the implementation of the new provincial Administrative Monetary Penalties “AMP” enforcement tool in the Township;
- monitor any change in the number of STR related By-law concerns/complaints reported to the Township; and
- report back to Council in Fall 2022 following the potential implementation of these initiatives to address STR concerns in the Township

Assumptions and Unknowns surrounding STRs

Over the past two years, staff have researched and monitored trends surrounding STR programs across Ontario and Canada. Understanding STR programs and implementation options comes from not only looking within our Township, but looking outside to other municipalities, including those within the District of Muskoka.

Through this research staff have recognized that every municipality has taken its own unique approach to STRs. Staff have spoken to employees at other municipalities and have learned that most of these projects are new and some are on hold due to the current pandemic.

The Town of Huntsville is the only municipality in Muskoka that has regulated STRs, which they did in early 2020, with a licencing program and the municipal accommodation tax. The Township of Muskoka Lakes has adopted an STR Code of Conduct to address issues within their municipality. In November 2020, the Town of Gravenhurst directed staff to develop a work plan and associated materials for a “Good Neighbour initiative” as it relates to STRs. The Town of Bracebridge and Township of Georgian Bay have not formally put a program in place to address STRs, however Lake of Bays staff have been contacted by them for information on our process to date.

Due to the unique reasons that each municipality pursues STR regulation there has been no single approach to implementation. However, in order to provide information to Council regarding options staff have put forward their best guess at how this could look for the Township. The implementation or regulation in this report includes some unknowns and assumptions being made.

The unknowns at this point are the following:

- the actual number of STRs in the Township
- the number of STR applications that can be processed in a year

The assumptions being made are the following:

- application fees and penalties
 - implementation of a classification system in the Township
 - application renewal at a lesser fee than original application
- annual expenses
 - based on estimates provided by a third-party provider
 - based on a full-time contract position (salary, office space, mileage, computer)
- annual revenue
 - based on using a classification system
 - based on an average number of STRs being within Class B
 - based on a maximum number of applications that can be processed in a year

Background

TIMELINE OF PROJECT AND TASKS

August 2019	Council directed staff to investigate options in managing STRs with no on-site management (Resolution #7(c)/08/20/19)
Winter 2020 (Jan-Mar 2020)	Public Consultation was conducted to gather information on concerns surrounding STRs, including: <ul style="list-style-type: none">• launch of Bang the Table platform: mylakeofbays.ca• creation and sharing of a video outlining the project• tax bill insert to promote the project• sharing of project on social media, LED signs and in local paper• attendance at community events (Dorset Snowball, Dwight Winter Carnival and Baysville Winterfest)
August 2020	Council received a staff report entitled “Short Term Rentals – Regulation Options and Best Practice Review (Resolution #7(a)(i)/08/19/20) which included the following: <ul style="list-style-type: none">• summary of public consultation conducted in Winter 2020• overview of the options available to manage STRs• best practice review in managing STRs The findings of this report showed significant support for the regulation of STRs
Fall/Winter 2020 (Sept-Nov 2020)	Public Consultation was conducted to gather information on issues/items that the public has with STRs to better inform regulation options, including: <ul style="list-style-type: none">• survey on Bang the Table platform: mylakeofbays.ca• creation and sharing of a video outlining the project

- sharing of project on social media, LED signs and in local paper

April 2021	Staff report to be presented to Council entitled “Short Term Rentals Regulation – Implementation of Options which includes the following: <ul style="list-style-type: none">• summary of public consultation conducted in Fall/Winter 2020• overview of implementation of options
Summer 2021	<ul style="list-style-type: none">• develop promotional materials to educate the public on existing By-laws in the Township• report to Council on provincial Administrative Monetary Penalties “AMP” enforcement tool implementation in the Township• continue to monitor STR concerns/complaints
Fall 2021- Summer 2022	<ul style="list-style-type: none">• continue to monitor STR concerns/complaints
Fall 2022	Staff report to provide an update on the STR situation in the Township and the effectiveness/use of the tools implemented in Summer 2021 to Summer 2022



Origin

At the August 19, 2020 Council meeting, staff presented a report titled “Short-Term Rentals – Regulation Options and Best Practice Review” which provided the origin of the project, summarized the findings of the public consultation conducted in the winter of 2020 (from January 14-March 20, 2020), and provided an overview of the options available to the Township to manage STRs. The report included a best practice review in managing STRs in other jurisdictions and an educational document for the public, which outlined the Township by-laws currently in place to address STR concerns – this document was released to the public following the Council meeting. It is important to note that the results from the first phase of public feedback showed significant support for the regulation of STRs.

Council passed Resolution #7(a)(i)/08/19/20, which reads:

“WHEREAS the Council of the Corporation of the Township of Lake of Bays received the staff report “Short-Term Rentals – Regulation Options and Best Practice Review” dated August 19, 2020.

AND WHEREAS it has been identified that residences are concerned with Short Term Rental of residential properties with no on-site management in the Township of Lake of Bays.

AND WHEREAS staff conducted public consultation in the winter of 2020 to gather information on the concerns surrounding STRs and investigate options to address these concerns.

AND WHEREAS based on the result of public consultation, staff are of the opinion that some form of regulation would be the best option to address STRs.

THEREFORE BE IT RESOLVED THAT Council direct staff to proceed with the following steps and return to Council with further direction March 2021:

- *continue to monitor STRs over the summer/fall/winter 2020/2021;*
- *investigate options for STR regulation;*
- *conduct additional public consultation to gather input on which option the public would like the Township to take in regulating STRs;*
- *release education document on existing Township by-laws and enforcement procedures, attached as Appendix “B” to this report; and*
- *obtain legal opinion as to the current status of STRs under existing Township Official Plan, Development Permit By-law 2004-180, Comprehensive Zoning By-law 2004-181, and draft Community Planning Permit System By-law (CPPS)*

Carried”

UPDATE ON STEPS TAKEN BY STAFF

Following the August 19, 2020 meeting to regulate STRs in the Township, Council directed staff to proceed with several steps and return to Council with further direction. Progress on Council’s recommendations is summarized below:

- Continue to monitor STRs over the summer/fall/winter 2020/2021
 - As Council is aware, 2020 was an unprecedented year due to COVID-19 with By-law Services addressing numerous inquiries and concerns that derived from the increase in use of properties in our Township
 - A total of 256 INQUIRIES:
 - 5% (13) related to STRs, 26% Noise/Dogs/Burning/Parking/Littering
 - A total of 179 CALL OUTS:
 - 7% (13) related to STRs, 58% Noise/Dogs/Burning/Parking/Littering
- Investigate options for STR regulation and conduct additional public consultation to gather input on which option the public would like the Township to take in regulating STRs
 - As summarized in the report, and outlined in greater detail in [Appendix “A”](#), staff gathered input from the public on options the public would like the Township to take in regulating STRs
- Release education document on existing Township by-laws and enforcement procedures
 - This education document was created and released to the public end of 2020, which outlines Township By-laws that are currently in effect and enforced by the Township’s By-law Enforcement Officer, and includes contact information for the public when they encounter by-law concerns, including STRs. This document is aimed at raising awareness of what the Township can do to address by-law concerns/complaints and who to contact; as well as allow the municipality to continue to gather additional

information from the public regarding STRs throughout the Township and any potential issues that may arise as part of further investigation into STRs

- Obtain legal opinion as to the current status of STRs under existing Township Official Plan, Development Permit By-law 2004-180, Comprehensive Zoning By-law 2004-181, and draft Community Planning Permit System By-law (CPPS)
 - Staff obtained a legal opinion indicating that the proposed amendments to the Development Permit By-law and Comprehensive Zoning By-law are appropriate for the Township to implement to regulate STRs

Analysis

PUBLIC CONSULTATION

What did we do?

Council directed staff to investigate options for STR regulation and conduct additional public consultation to gather input on which option the public would like the Township to take in regulating STRs. As a result, the STR team launched a second comprehensive community engagement plan (September 25th to November 9th, 2020) to gather input from the public on how best to regulate STRs, which included the following:

- Launched survey to gather input on how best to regulate STRs, as well as a Q & A tool hosted on mylakeofbays.ca
- Created and shared video outlining the next phase of the project
- Shared opportunities for public input on social media
- Advertised project in the local newspaper and Economic Development e-newsletter
- Email blast to various stakeholders
- Advertised on the LED community signs and Municipal website

Through the various engagement methods, the Township received a significant amount of public input. Below is a brief summary of the engagement and responses received:

- Surveys completed: 410
- Questions on My Lake of Bays Q & A tool: 7
- Phone calls/emails/letters: 18
- Video views on My Lake of Bays and Facebook combined: 625

What did we hear?

The public was asked questions related to (1) where STRs should be located within the Township and (2) to choose from a list of issues/items that they wanted to see regulated with STRs. The following table outlines the answers to these questions and the primary issues identified.

Summary of Survey Results

Primary Issues Identified	Can be regulated by Planning (By-law Amendments)	Can be regulated by an STR Licencing Program
1. Where should STRs be located?		
Location of STRS	X	
2. Issues/items that should be regulated		
Parking	X	
STRs to be located in a main dwelling	X	
Minimum setbacks/separation distance from neighbouring properties	X	
Performance standards/safe operation		X
Behaviour of renters (i.e. noise, garbage and occupancy)		X
Scale (i.e. commercial operation) Note: this can be addressed through a Licencing classification system to implement more stringent fees and requirements for those STRs operating at a higher scale and intensity		X

For more detailed survey results, see [Appendix “A”](#) to this report.

PROPOSED IMPLEMENTATION

How can Issues/Items be regulated by Planning (Development Permit By-law and Comprehensive Zoning By-law Amendments)?

What is a zoning by-law?

A zoning by-law controls the use of land in the municipality by stating how land may be used, where buildings and other structures can be located, the types of buildings that are permitted and how they may be used and the lot sizes and dimensions, parking requirements and setbacks.

A zoning by-law implements the objectives and policies of the official plan and provides a legal way of managing land use and future development.

Proposed Planning Amendments

Issue/Item	What is proposed to be regulated?	What will be included in the By-law Amendment?
Location of STRs	The location of STRs within the municipality was not raised as a significant priority to regulate, however it is staff's opinion, supported by a legal opinion, that amendments to the Development Permit By-law and Comprehensive Zoning By-law are required to define STRs and indicate where STRs are permitted	-Define STRs* -Permit STRs in all Residential Development Permit Areas in the Development Permit By-law and Residential and Rural Zones in the Comprehensive Zoning By-law
Parking	The number of parking spaces per STR was raised as an issue	Require a minimum of one (1) off-street parking space per guest room related to a STR
STRs to be located in a main dwelling	The location of STRs outside of the main dwelling (i.e. in a sleeping cabin) was raised as an issue	That an STR only be permitted in the main dwelling on a property
Minimum setbacks/separation distance from neighbouring properties	The location of STRs from abutting residential properties was raised as an issue	That the main dwelling containing an STR meet the applicable minimum required side yard setback

* **Short-term Rental:** Means a main dwelling or any part thereof that operates or offers a place of temporary residence, lodging or occupancy by way of concession, permit, lease, licence, rental agreement or similar arrangement for 30 consecutive calendar days or less with no on-site management throughout all or part of the year. Short-term rental uses shall not mean or include a bed and breakfast, institutional tourist establishment, tourist establishment, motel, resort, or similar commercial or institutional use.

Costs to Implement Planning Amendments

Internal staff can implement Township-wide amendments to the Development Permit By-law and Comprehensive Zoning By-law.

Costs would be associated with the staff time required to draft the amending by-laws, notice for the Township-wide amending by-laws and any potential appeals to these documents.

How can Issues/Items be regulated by an STR Licencing Program?

What is Licencing?

The Municipal Act 2001, S.O. 2001, c.25 provides that a local municipality may licence, regulate and govern any business, wholly or partly carried on within the municipality, even if the business is being carried on from a location outside the municipality. Section 10 of the Municipal Act states that a municipality has the authority to implement business licencing in the interest of health and safety, well-being of persons, consumer protection and nuisance control and Section 390 to 400 enables a municipality to pass By-laws for imposing fees or charges to permits and services provided or done by them.

What is a Licencing By-law?

A licencing by-law would be passed by the municipality if it deems it desirable that such licencing, regulation and governing takes place with regard to STRs. A licencing by-law would allow for fees and charges, administrative penalties and fees, inspections to determine compliance and even make orders requiring people who contravene the by-law to discontinue the contravening activity.

What is an STR Licencing Program?

An STR Licencing Program will allow the regulation of the entire STR operation, with a focus on the following areas: Identification, Licencing, Inspecting, Monitoring, Enforcement, and subsequent accountabilities.

- Identification and Licencing
 - The STR Licencing Program will require an STR to properly identify themselves and submit an STR application, which will only be approved once all requirements are met and payments received
 - This first step helps to address the concern of “off-site management” and any safety concerns related to the operation of an STR
- Inspection
 - Once a property is identified and starts the Licencing process, an inspection of the STR premises will take place, allowing staff to see the location first-hand and address requirements of both owners and renters
- Monitoring and Enforcement
 - Monitoring and enforcement of STRs could be a joint effort between a service provider and By-law staff, which will ensure adequate service for reporting concerns or STR violations, and the safety and enjoyment of the Township
 - Enforcement of a Licence will ensure accountability to address any concerns about STR operation, and provide a fair and consistent guideline for STR operators in the Township
 - A STR Licence can be suspended or revoked not only by the actions of an owner, but those of a renter of the premises making all those involved accountable and aware

Proposed STR Licencing Program

Issue/Item	What is proposed to be regulated?	What will be included in the STR Licencing Program?*
<p>Performance standards/safe operation</p>	<p>The public identified the following items as “should be required for STRs”:</p> <ul style="list-style-type: none"> -Renters code of conduct -Fines/demerit points to manage negligent STR hosts -Proof of insurance -Parking regulations -Fire Code inspections -Annual application fee -Provision of information to be available to renters, including: copies of municipal by-laws, owner contact information, plans of the property -Building Code inspections 	<ul style="list-style-type: none"> • Licencing application requirements for a complete submission to the Township: <ul style="list-style-type: none"> ○ Proof of insurance (liability) ○ Township Approved Site Plan with Parking Management Plan and waste storage details ○ Septic information based on identified Licencing class ○ STR annual application fee (different fees based on class of STR) • Inspection requirements: <ul style="list-style-type: none"> ○ Fire Code inspections/Building Code Act inspections/Electricity Act inspections ○ Ability for Township staff (and/or qualified consultant) to enter premises to ensure compliance, and ensure septic requirements based on Licencing class are met • Regulation and enforcement once Licenced: <ul style="list-style-type: none"> ○ No hosting of commercial activities (i.e. weddings, receptions, etc.) ○ Provision of Renter's Code of Conduct (i.e. applicable rules, site information, etc.); copies of applicable Township by-laws, copy of any plans applicable to the property, and property and owner information including name and number of emergency contact person available provided to renters; and inspection results posted inside the building, visible to renters ○ STR must operate in accordance with Fire Code, Building Code Act, Electricity Act, and approved Site

		<p>Plan, Parking Management Plan and waste storage requirements</p> <ul style="list-style-type: none"> ○ By-law violations to be addressed by demerit point system and/or set fines
<p>Behaviour of renters (i.e. noise, garbage and occupancy)</p>	<p>Noise, garbage and occupancy were raised as concerns by the public.</p>	<p>A Renter’s Code of Conduct will be included in the By-law, and to be posted at each STR property to prescribe roles and responsibilities of the renter, including behavioural expectations as they relate to non-disturbance of neighbours, complaints with applicable Township by-laws and adherence to the STR Licencing By-law, it will include the maximum number of renters and guests, a list of documents to be posted at the STR and requirement for operating smoke/carbon monoxide alarms and fire extinguishers</p>
<p>Scale (i.e. commercial operation) Note: this can be addressed through a Licencing classification system to implement more stringent fees and requirements for those STRs operating at a higher scale and intensity</p>	<p>The scale and intensity of STRs (i.e. commercial use and/or operation of a STR) is a primary concern of the public. The public identified the following items as “should be required for STRs”:</p> <ul style="list-style-type: none"> -no hosting of commercial activities -regulating the maximum number of STRs operated by the same owner -regulating the total number of nights an STR can be rented in a year -different Licencing Classes, based on # of weeks rented -regulating the minimum number of consecutive nights an STR is rented 	<p>A classification system, Class A, B and C, of STRs based on the size of the establishment as it appears that the scale and intensity of STR uses has a corresponding impact on community acceptance and potential enforcement issues. Furthermore, with commercial operation of STRs being a primary concern raised by 245 individuals; concerns raised previously regarding the amount of regulation imposed on commercial accommodation in comparison to STRs; as well as the main concerns of the public relating to noise, garbage and occupancy, the proposed classification system would implement more stringent fees and requirements for those STRs operating at a higher scale and intensity. Considerations include the number of STRs operated by the same owner, the number of occupants, and the duration of STR utilization over the year and consecutive nights of stay. Each of</p>

		<p>these factors is associated with the potential degree of administration and enforcement which may be required.</p> <p>Further details on this classification of STRs can be found in the detailed survey results in Appendix “A” to this report.</p>
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Costs to Implement STR Licencing Program

Staffing/Resources Required

In regulating and licencing STRs within the Township, the resources required to licence, monitor, manage and enforce needs to be considered on a full-time basis. Therefore, this work will need to be conducted by staff or out-sourced to a third-party compliance company.

Breaking this into further detail, the process of Licencing STRs requires both administration and inspection work. The work involved in locating each STR is highly technical and consumes significant staff time; therefore, staff are of the opinion that this work would require the services of a third party service provider. A quick summary can help outline who might be responsible for each task associated with Licencing:

Summary of Tasks

Required Tasks	Who is Responsible?
Address identification	Approved service provider
Registration & Licencing	New – STR Program Coordinator
Inspection of STR premises	New – STR Program Coordinator
Building and Fire Inspections	Existing staff (minimal)
Rental activity monitoring	Approved service provider
24/7 Hotline	Approved service provider
Compliance monitoring	Existing By-law staff
Enforcement	Existing By-law staff

What is an outside service provider?

An outside service provider is a company that can deliver an experienced and knowledgeable approach to a situation. In February 2020, staff met with an outside service provider called “Host Compliance”. This company has the capabilities, if a Township so desired, to regulate STR activities under the following areas:

- Address identification:
 - automated monitoring of 50+ STR websites
 - online dashboard with complete address information
 - screenshots of all identifiable STRs in Lake of Bays
- Mobile registration:
 - mobile/web forms – streamlines registration
 - electronic processing of documentation, signatures & payments
- Rental activity monitoring:
 - ongoing monitoring of Lake of Bays' STR listings for signs of rental activity
 - enables STR compliance monitoring based on given parameters
- 24/7 Hot-line:
 - 24/7 staffed telephone hot-line
 - online platform for neighbors to report non-emergency STR problem
 - ability to submit evidence & initiative automatic follow-up
- Compliance monitoring:
 - ongoing monitoring of STRs for zoning and permit compliance
 - systematic outreach to illegal STR operators (LOB forms can be used)

Staff are aware of other companies that provide a similar service to Host Compliance. A Request for Proposal (RFP) will be required to move forward with hiring an approved service provider. Under an approved RFP with a successful candidate, the Township can complete an agreement with a third-party service provider. This service provider can identify STR locations by working with tax collection staff to obtain the Parcel ID and owner information to match up the addresses of STRs. They can also assist with regulating, sending communications, and monitoring online advertising to check for non-compliance with STR Licence.

Costs to implement and run an STR Licencing and regulating program will require the balance between an outside service provider and Township staff. The details of these costs are provided later in “Financial Implications”. As the table earlier suggests, there appears to be 40% of the work to be covered by an outside service provider, with 60% of the remaining work to be handled by the Township.

Application Fees and Penalties

Setting administrative fees and penalties for Lake of Bays came from a comparison to other municipalities, including the Town of Huntsville’s STR Licencing Program, with the idea of creating a program that was affordable, while still creating a deterrent for negative behaviour.

Proposed Application Fees and Penalties

Item	Range (similar sized municipalities)	Town of Huntsville	Proposed for Lake of Bays
Licence Application Fee	\$200-\$2500	Primary: \$250 Secondary: \$500	Class A: \$250 Class B: \$500* Class C: \$750
Licence Application Renewal	\$50-\$1000	Primary: \$125 Secondary: \$250	Class A: \$125 Class B: \$250 Class C: \$500
Administration Fee	\$200-\$250	\$250	Late payment fee: \$50 Order appeal fee: \$250 Order appeal (failure to appear): \$200
Penalty Amounts	\$75-\$500	\$350-\$500	\$100-\$500

* Fee proposed if a classification system is not implemented

Financial Implications

STR Licencing

Below is an approximate cost breakdown of implementing the STR Licencing Program:

Approximate Program Expenses and Revenue – based on 3 year sign up period
 (many unknowns including timing of application, fees, estimated 225 working days for contract coordinator and estimated STR numbers, costs remain the same for all years)

Item	Amount	Notes
Annual Expenses		
Address identification	\$20,000	Quote from third-party provider for annual cost based on 364 STRs; Service provider to be contracted subject to RFP
Rental activity monitoring	\$10,000	
24/7 Hotline	\$6,000	
Subtotal	\$36,000	
Contract Coordinator	\$80,000	Program administration including inspections, enforcement, etc. based on full-time contract (35 hrs/week) subject to Council direction and consultation with HR, includes mileage, work space and computer
TOTAL EXPENSES	\$116,000	
Year 1 (based on assumption of 125 STRs being licenced in first year)		
Application Fee	\$62,500	based on 125 at \$500
Renewal	\$0	
TOTAL REVENUE	\$62,500	(varies based on system)
Deficit	-\$53,500	
Year 2 (based on assumption of 150 STRs being licenced in second year)		
Application Fee	\$75,000	based on 150 at \$500
Renewal	\$31,250	125 at \$250 renewal fee
TOTAL REVENUE	\$106,250	(varies based on system)
Deficit	-\$9,750	
Year 3 (based on assumption of 89 STRs being licenced in third year)		
Application Fee	\$44,500	based on 89 at \$500
Renewal	\$68,750	275 at \$250 renewal fee
TOTAL REVENUE	\$113,250	(varies based on system)
Deficit	-\$2,750	

Subsequent Years		
Application Fee	\$0	
Renewal	\$91,000	(364 at \$250 renewal fee)
TOTAL REVENUE	\$91,000	(varies based on system)
Deficit	-\$25,000	

Summary: Based on the projected expenses and anticipated revenues using the initial roll-out of the program, the program would not be cost recovery. If there are a minimum 364 STRs in the municipality and the application renewal averages \$250 the program would not be cost recovery even when all STRs are participating in the program.

Other Items to Consider

Municipal Tax Base

The municipality has no ability to change the tax rate of properties used as STRs, however a Transient Accommodation Tax (often referred to as a Hotel Tax) may be applied to transient accommodations. It is important to note that this tax would apply to all transient accommodations, not just STRs. The legislation which enables this tax came into effect December 1, 2017, with a 4% tax to be imposed on the purchase price of any Transient Accommodation whereby 50% of the revenue from the tax is to be shared with one or more eligible tourism entities to be used for the exclusive purpose of promoting tourism.

Provincial Administrative Monetary Penalties (AMP)

Current by-law enforcement relies on warnings, Part I (ticketing) or Part III (Information and Summon) these enforcement tools rely in person service and attending Provincial Offence Court in Bracebridge.

The Province has created a new enforcement tool called Administrative Monetary Penalties, referred to as an AMP. AMP reduce the burden on our courts system by taking the municipal tickets out of the courts and back to the Township that issued it. Some of the benefit of AMP is enforcement would stay within the Municipality and does not require in person service should the owner or offender not be present.

Alternatives

Upon review of the proposal, Council may choose one of the following options:

Option A

- Proceed with the recommendation as contained in this report, including all items within;
 - Proposed Planning Amendments Table, including all costs to implement the program
 - Proposed STR Licencing Program Table, including all costs to implement the program

Option B

- Proceed with an amended decision as follows (a ✓ to be included with every item to be included in revised Township-wide amendments to the Development Permit By-law and Comprehensive Zoning By-law and STR Licencing Program):
 - Township-wide amendments to the Development Permit By-law and Comprehensive Zoning By-law to include:
 - Definition of STRs
 - Permit STRs in all Residential Development Permit Areas in the Development Permit By-law and Residential and Rural Zones in the Comprehensive Zoning By-law
 - Require a minimum of 1 off-street parking space per guest room related to a STR
 - That an STR only be permitted in the main dwelling on a property
 - That the main dwelling containing an STR meet the applicable minimum required side yard setback
 - STR Licencing Program to include:
 - Licencing application requirements for a complete submission to the Township:
 - Proof of insurance (liability)
 - Township Approved Site Plan with Parking Management Plan and waste storage details
 - Septic information based on identified Licencing class
 - STR annual application fee (different fees based on class of STR)
 - Inspection requirements:
 - Fire Code inspections/Building Code Act inspections/Electricity Act inspections
 - Ability for Township staff (and/or qualified consultant) to enter premises to ensure compliance, and ensure septic requirements based on Licencing class are met
 - Regulation and enforcement once Licenced:
 - No hosting of commercial activities (i.e. weddings, receptions, etc.)

- Provision of Renter's Code of Conduct (i.e. applicable rules, site information, etc.); copies of applicable Township by-laws, copy of any plans applicable to the property, and property and owner information including name and number of emergency contact person available provided to renters; and inspection results posted inside the building, visible to renters
- STR must operate in accordance with Fire Code, Building Code Act, Electricity Act, and approved Site Plan, Parking Management Plan and waste storage requirements
- By-law violations to be addressed by demerit point system and/or set fines
- A classification system, Class A, B and C, of STRs based on the size of the establishment. Considerations include:
 - the number of STRs operated by the same owner
 - the number of occupants
 - the duration of STR utilization over the year
 - consecutive nights of stay
- Application Fees based on classification system

Option C

- Proceed with promoting current Township By-laws to residents, related to STR issues, explore the implementation of the new provincial Administrative Monetary Penalties “AMP” enforcement tool in the Township, and monitor the number of STR related By-law concerns/complaints and report back to Council in Fall 2022 following the potential implementation of these initiatives to address STR concerns in the Township

Option D

- As staff have received only 13 complaints related to STRs, maintain the status quo with no change to STRs in the Township

Linkage to the Community-Based Strategic Plan

- Engage and communicate openly with the community;
- Develop a sustainable local economy that supports our Vision;
- Ensure sound, innovative, transparent financial planning;
- Protect, preserve and promote our healthy natural environment; and
- Work in collaborative partnerships.

Approvals

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Reviewed by:	Stephen Watson , CD, CBCO, CMMIII Director of Building and By-law Services
Reviewed by:	Tom Gefucia Director of Finance/Treasurer
Approved by:	Michelle Norman , CMO, CMMIII, Chief Administrative Officer

Attachments

- [Appendix “A”](#) – Survey Results

References

- Township of Lake of Bays Staff Report, [Short-Term Rentals – Regulation Options and Best Practice Review](#), dated August 19, 2020
- Township of Lake of Bays, [Council Meeting Minutes](#), dated August 20, 2019
- Township of Lake of Bays, [Letter Received from Owners on Bayview Point Road](#), dated July 13, 2019
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- [The Home-Sharing Guide for Ontario Municipalities](#), Ministry of Finance, 2018
- [Navigating the Sharing Economy: A 6-decision guide for Municipalities](#), City of Guelph, August 2017
- Town of Huntsville, [Private Short Term Accommodation Rentals page](#)
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- [Letter to Council Re: Short-term Rentals](#), Resorts of North Muskoka, September 5, 2019
- Township of Lake of Bays, Bang the Table public consultation page for STRs [mylakeofbays.ca/STR](#)
- City of Toronto, [Short-Term Rentals page](#)

- Town of Oakville, [Planning and Development Council Agenda](#), dated March 19, 2018
- Niagara-on-the-lake, [Short Term Rentals By-laws](#); Licencing, Zoning & Official Plan
- City of Victoria, [Short-Term rentals page](#)
- City of Kelowna, [Short-term rentals page](#)
- Town of The Blue Mountains, [Short Term Accommodations page](#)
- Municipality of Whitestone, [Rentals Units page](#)
- Prince Edward County, [Current STA Owners and Operators page](#)
- Township of Ramara, [Short Term Rental Accommodations page](#)
- Municipality of Highlands East, [Special Meeting of Council Agenda](#), dated November 19, 2019
- Municipality of Northern Bruce Peninsula, [Council Report](#), dated July 13, 2020
- Township of Minden Hills, [Short Term Rental Accommodation Review page](#)
- Township of Georgian Bay, [By-law 2018-18](#)
- City of Kawartha Lakes, [Short Term Rentals page](#)
- Township of Tiny, [Short Term Rental Information page](#)

Appendix “A” - Survey Results

To gather input from the public on how to best regulate STRs, the Township launched a survey on mylakeofbays.ca. The first question of the survey asked what area of the Township the public thought STRs should be permitted, and of the 410 respondents of the survey, the response was fairly evenly split between “Within the Communities (Baysville, Dorset, Dwight, and Hillside)”, “Rural” and “Waterfront” as follows:

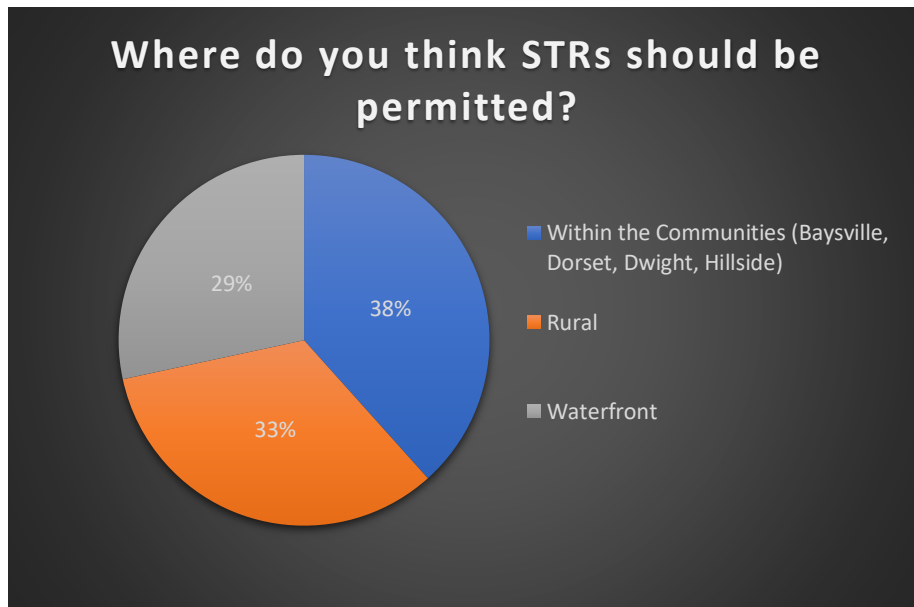


Figure 1

Based on these results, the area within the Township is not a significant priority to regulate in regards to the location of a STR.

The primary question of the survey asked respondents “Which of the following should be required for STRs in the Township?” for the public to “check all that apply” with 30 items listed as outlined below (in order from highest to lowest). Figure 2 below provides a visual representation of the results of this question.

1. Renter's Code of Conduct (i.e. applicable rules, site information, etc.): 308
2. Implementing fines to manage negligent STR hosts: 293
3. Proof of insurance (liability): 275
4. Parking regulations (i.e. locations, number of vehicles, Parking Management Plan): 248
5. No hosting of commercial activities (i.e. weddings, receptions, etc.): 245
6. Fire Code inspections: 223
7. STR annual application fee: 206
8. STR to be in main dwelling (i.e. not in bunkies and/or second dwellings on the same property): 202
9. Waste storage details: 200
10. Minimum setbacks from neighbouring properties: 195

11. Regulating the maximum number of STRs operated by the same owner: 192
12. Provision of copies of applicable Township by-laws, copy of any plans applicable to the property, and property and owner information including name and number of emergency contact person available to renters: 190
13. STR locations across the Township be made public: 188
14. Building Code Act inspections: 186
15. Implementing demerit point system to manage negligent STR hosts: 186
16. Minimum separation distance between STRs: 172
17. Inspection results posted inside the building, visible to renters: 172
18. Regulating the total number of nights an STR can be rented in a year: 166
19. Different Licencing classes (i.e. those STRs rented for 2 weeks or less per year, 2-8 weeks, 8 weeks or more treated differently): 162
20. Township approved Site Plan: 156
21. Regulating the minimum number of consecutive nights an STR is rented: 150
22. Minimum lot area and/or frontage: 149
23. STR to be limited to the operator's principal residence: 140
24. Plantings and/or buffering on an STR property: 126
25. Township approved Floor Plan: 125
26. External lighting details: 121
27. STRs to be located on a road that is maintained year-round by the Township: 117
28. Snow removal details: 95
29. "Grandfather" STRs that existed prior to a certain date (with sufficient evidence), even if not permitted in certain areas: 80
30. Exempting properties that are rented for a short period of time: 58

21 respondents stated they had no opinion (chose none of the above items).

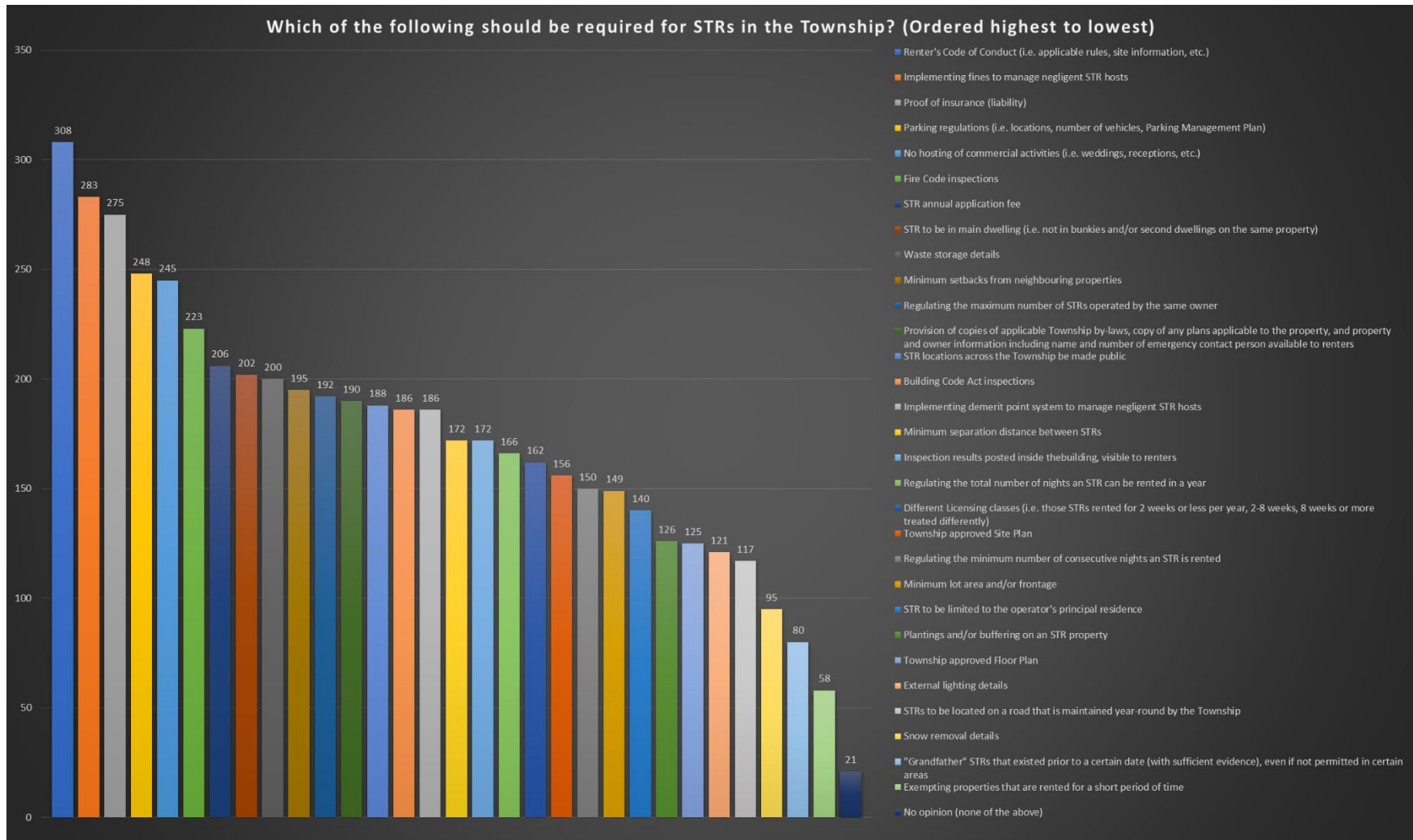


Figure 2

Based on Figure 2 above, various regulatory options were investigated to determine how/if it is appropriate to implement in the Township. In evaluating the most significant priorities of the public in regulating STRs, three (3) of the primary concerns raised by the public through the proposed Zoning By-law Amendments, being parking regulations, STR to be in the main dwelling, and minimum setbacks/separation distance from neighbouring properties. However, the other key concerns can only be addressed through Licencing.

The implementation of a STR Licencing Program would encompass and enforce the remaining primary concerns (outlined in greater detail below). Licencing allows for greater monitoring of STRs, increases requirements including public notification, can establish fines and/or demerit point system, and would require adherence to certain performance standards (i.e. max. occupancy, availability of contact person, compliance with Building and Fire Code regulations, etc.) by implementing a regulatory framework to provide for a range of regulatory tools for the Township.

Given that many of the primary concerns of the public relate to the safe operation of STRs and behaviour of renters; namely noise, garbage and occupancy (as these also impact septic system and parking concerns); the most effective way to address these concerns is through Licencing as a STR Licencing By-law would allow the Township to collect information for enforcement and safety purposes (i.e. proof of insurance, location of all fire safety measures, site plan and occupancy, etc.). Issuance of a licence can be made conditional upon certain criteria (e.g., septic review, electrical inspection, etc.) and can require the licence holder to adhere to certain performance standards (e.g., maximum occupancy, availability of a contact person, etc.) to help address concerns surrounding STRs (i.e. property standards, noise, septic capacity, etc.).

Zoning By-law Provisions

The following requirements can be implemented through the Township-wide Zoning By-law Amendments, which will define STRs, indicate where the use is permitted, and implement specific provisions based on feedback from the public:

- Parking regulations (i.e. locations, number of vehicles, Parking Management Plan)
- STR to be in main dwelling (i.e. not in bunkies and/or second dwellings on the same property)
- Minimum setbacks from neighbour properties/minimum separation distance between STRs

To address parking regulations, a provision can be applied to STRs that requires a minimum of 1 off-street parking space per guest room (i.e. to be located on the subject lands containing the STR). A Parking Management Plan can also be included as a requirement of the STR Licencing By-law. To address the other two items, the by-law amendment could require that an STR only be permitted in the main dwelling on the property; and further that the main dwelling containing the STR meet the applicable side yard setback abutting a residential use of the zone in which it is permitted to ensure the STR is located an appropriate distance from neighbouring residential properties.

STR Licencing

The following requirements can be implemented through the Township-wide STR Licencing By-law to implement specific requirements based on feedback from the public:

- Renter's Code of Conduct (i.e. applicable rules, site information, etc.)
- Implementing fines to manage negligent STR hosts
- Proof of insurance (liability)
- Parking regulations (i.e. locations, Parking Management Plan)
- No hosting of commercial activities (i.e. weddings, receptions, etc.)
- Fire Code inspections
- STR annual application fee
- Waste storage details
- Regulating the maximum number of STRs operated by the same owner
- Provision of copies of applicable Township by-laws, copy of any plans applicable to the property, and property and owner information including name and number of emergency contact person available to renters
- STR locations across the Township be made public
- Building Code Act inspections
- Implementing demerit point system to manage negligent STR hosts
- Inspection results posted inside the building, visible to renters
- Regulating the total number of nights an STR can be rented in a year
- Different Licencing classes (i.e. those STRs rented for 2 weeks or less per year, 2-8 weeks, 8 weeks or more treated differently)
- Township approved Site Plan

Conditional Questions

The Township asked a number of conditional questions to gather more specific information on some of the regulatory options through the Licencing process. In regards to the regulatory option of “Implementing demerit point system to manage negligent STR hosts”, this was ranked #15 of the 30 options in the survey with 186 respondents indicating they would like this to be implemented. As a follow-up question, staff asked these individuals the following question:

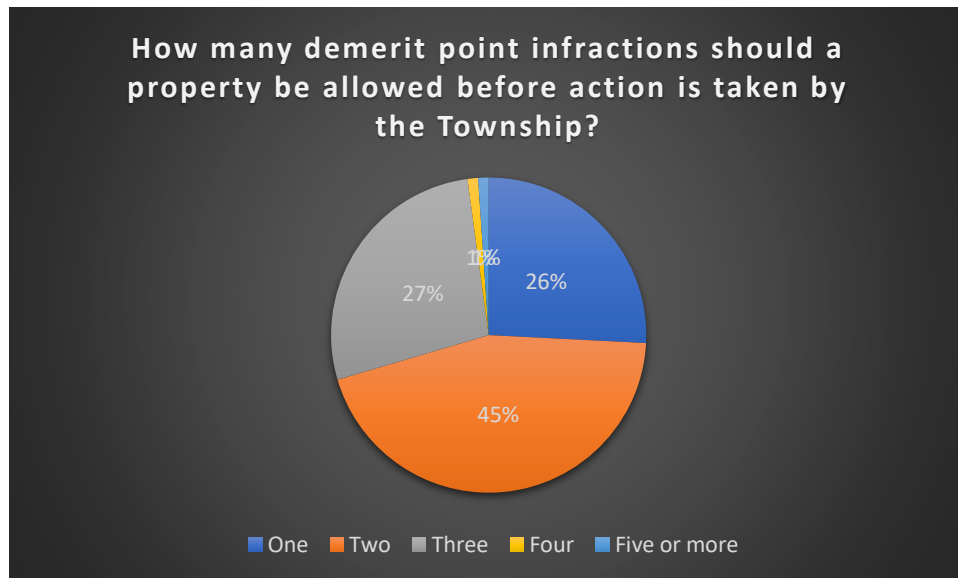


Figure 3

Figure 3 above illustrates that a large portion of respondents would like two demerit point infractions to be allowed before action is taken by the Township, with the next highest being equally split between one and three infractions. A demerit point system could be implemented to suspend an operator’s licence where 3 or more confirmed violations/orders have been received by the Township, in association with fines if an STR is not operating in accordance with its Licence.

Figures 4 and 5 below illustrate responses from the public pertaining to difference of scale based on size of the establishment. Figure 4 illustrates the responses of a conditional question asked of those respondents who indicated they would like “Regulating the total number of nights an STR can be rented in a year” implemented, being ranked #18 of the 30 options with 166 responses. While Figure 5 illustrates the responses to the conditional question asked of those respondents who indicated they would like “Regulating the minimum number of consecutive nights an STR is rented” implemented, being ranked #21 of the 30 options with 150 responses.

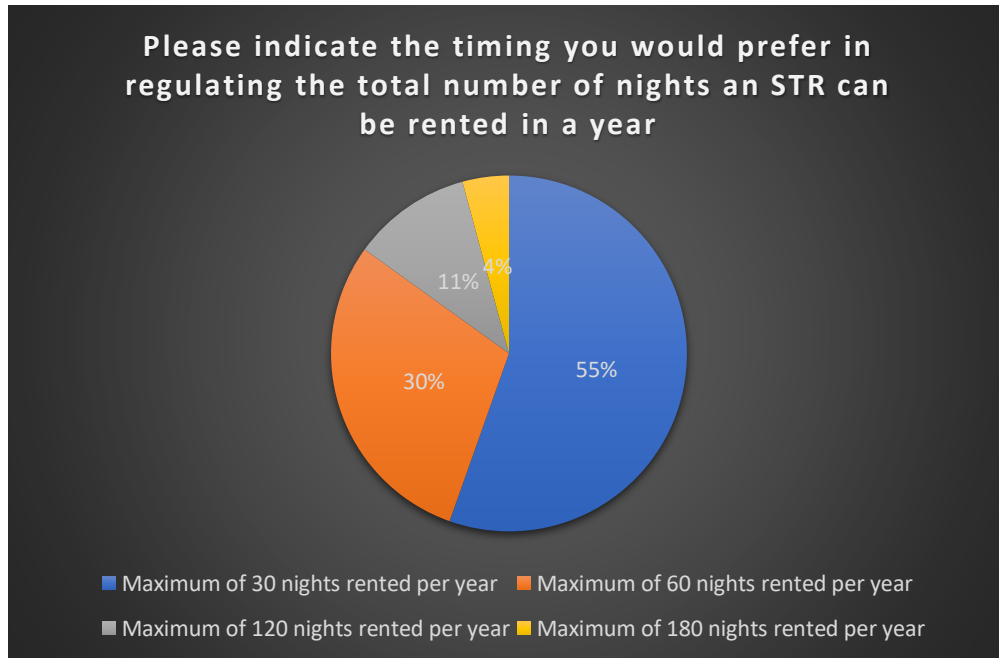


Figure 4

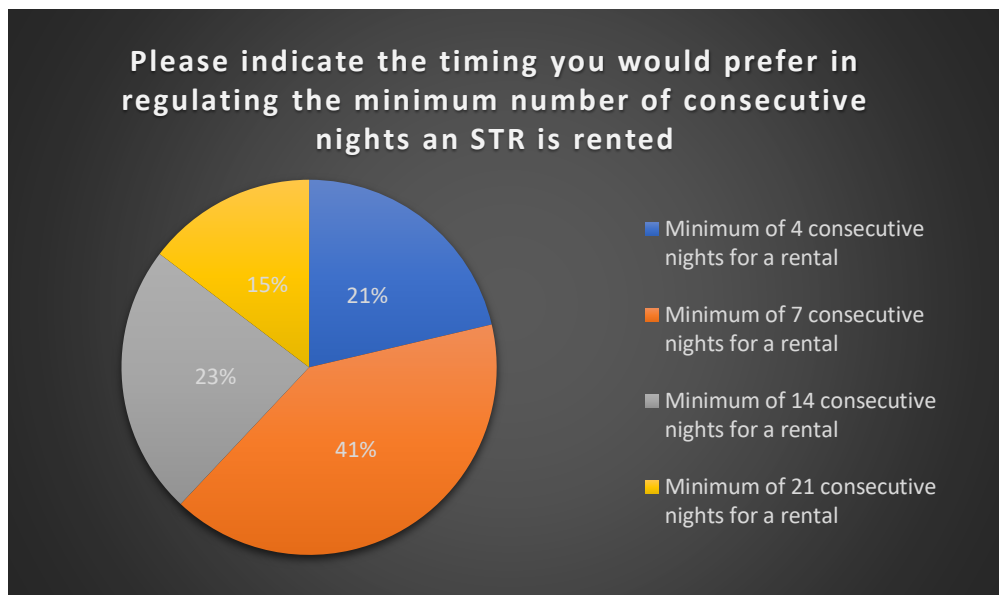


Figure 5

Figures 6 and 7 relate to the difference of scale in regards to STR application fees, as follows. These figures illustrate the responses of conditional questions asked of those respondents who indicated they would like an “STR annual application fee” implemented, being ranked #7 of the 30 options with 206 responses.

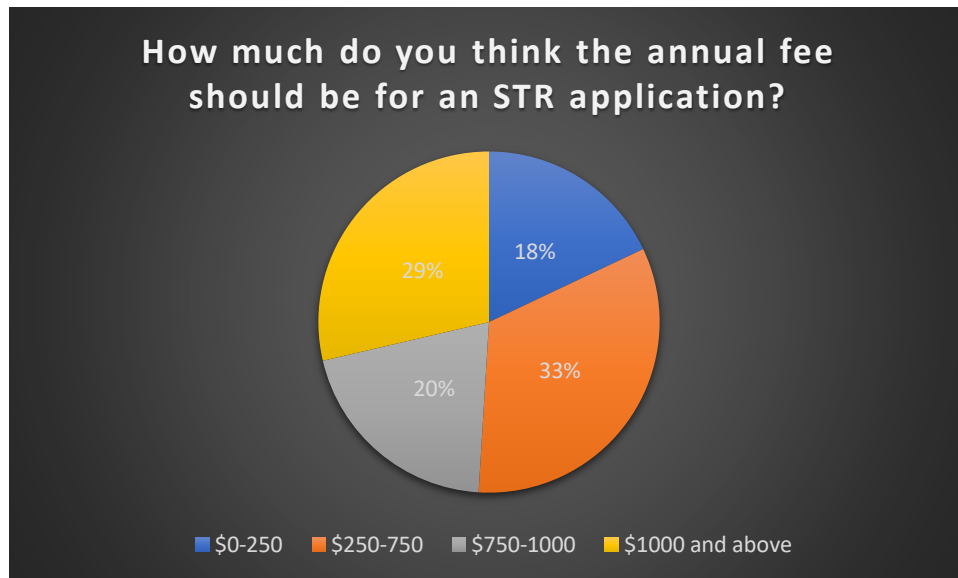


Figure 6

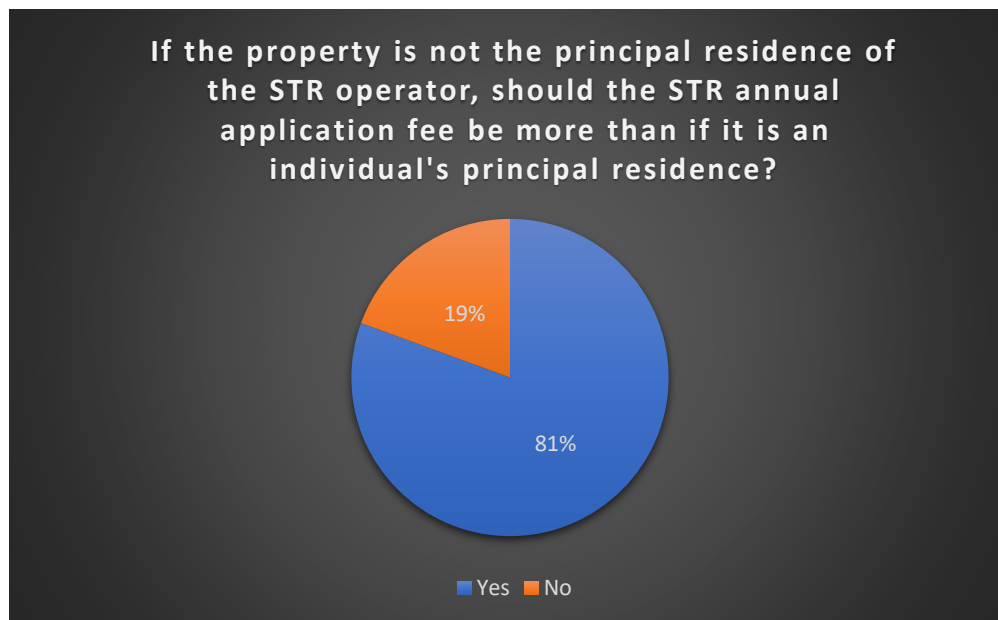


Figure 7

Based on the above feedback from the public, it appears that there is support from the public to implement classification of STRs based on the size of the establishment as it appears that the scale and intensity of STR uses has a corresponding impact on community acceptance and potential enforcement issues. Furthermore, with commercial operation of STRs being a primary concern raised by 245 individuals; concerns raised previously regarding the amount of regulation imposed on commercial accommodation in comparison to STRs; as well as the main concerns of the public relating to noise, garbage and occupancy, the proposed classification system would implement more stringent fees and requirements for those STRs operating at a higher scale and

intensity. It is recognized that the development and monitoring of this concept could be challenging; however, with a third-party compliance company (i.e. Host Compliance), the gathering of necessary data and enforcement would be possible for staff to implement such a classification system.

Proposed STR Licencing By-law

Overall, to ensure the safe operation of STRs throughout the Township; to address input from the public through both Phase 1 and 2 of public engagement, with the primary concerns surrounding noise, garbage, occupancy and related commercial operation; best practice research; and complaints received, a STR Licencing By-law could be implemented with the following requirements.

- Licencing application requirements for a complete submission to the Township:
 - Proof of insurance (liability)
 - Township Approved Site Plan with Parking Management Plan and waste storage details
 - Septic information based on identified Licencing class
 - STR annual application fee (different fees based on class of STR)
- Inspection requirements:
 - Fire Code inspections/Building Code Act inspections/Electricity Act inspections
 - Ability for Township staff (and/or qualified consultant) to enter premises to ensure compliance, and ensure septic requirements based on Licencing class are met
- Regulation and enforcement once Licenced:
 - No hosting of commercial activities (i.e. weddings, receptions, etc.)
 - Provision of Renter's Code of Conduct (i.e. applicable rules, site information, etc.); copies of applicable Township by-laws, copy of any plans applicable to the property, and property and owner information including name and number of emergency contact person available provided to renters; and inspection results posted inside the building, visible to renters
 - STR must operate in accordance with Fire Code, Building Code Act, Electricity Act, and approved Site Plan, Parking Management Plan and waste storage requirements
 - By-law violations to be addressed by demerit point system and/or set fines
 - Different Licencing classes based on number of STRs operated by the same owner, total number of nights rented in a year, minimum number of consecutive nights of stay, and maximum number of adult (18+) occupants per STR

To assist in transparency, STR locations across the Township could also be made public. Staff consulted with the Township's solicitor regarding information on STRs being made public, and the response was that the sharing of this information is appropriate.

Licencing classes

It is reasonable to differentiate between different scales and intensities of STR uses. Considerations include the number of STRs operated by the same owner, the number of occupants, and the duration of STR utilization over the year and consecutive nights of stay. Each of these factors is associated with the potential degree of administration and enforcement which may be required.

While a STR Licencing Program may require fees associated with the Licence, the fees charged would be limited to the cost of administering and enforcing the Licencing regime. In order to address the public's items/issues, the regulation of STRs should incorporate a categorization of STR unit types which would be utilized in the establishment of regulations and fees and administrative costs. This has been implemented through the Licencing By-law through the creation of a Licencing class system based on the number of STRs operated by the same owner, total number of nights rented in a year, minimum number of consecutive nights of stay, and maximum number of occupants per STR, with appropriate septic requirements, demerit points, user fees, set fines, etc.