



City of North Bay Report to Council

Report No: CSBU-2021-055

Date: October 5, 2021

Originator: Joel Therrien and Beverley Hillier

Business Unit:

Department:

Community Services

Planning & Building Department

Subject: Short Term Rentals

Closed Session: yes no

Recommendation

That Council authorize staff to develop regulations for Short Term Rentals of residential dwelling units for consideration by City Council including necessary amendments to the City's Official Plan and Zoning By-law to:

- a) Define Short Term Rentals;
- b) Permit Short Term Rentals in certain Zones subject to provisions; and
- c) Establish a Licensing By-law for Short Term Rentals.

Background

The purpose of this report is to provide a high-level overview to Council regarding options available to regulate Short Term Rentals including an overview of other municipal approaches across Ontario.

Much of the general Short Term Rental (STR) information included within this report originates from a toolkit published by Third Space Planning consulting firm; [Regulating Short-Term Rentals: A Toolkit for Canadian Local Governments](#) licensed under the [Creative Commons Attribution-ShareAlike 4.0 International License](#). The toolkit was created to help local governments find solutions for regulating Short Term Rentals within their communities. Local government staff and elected officials from over 100 Canadian communities participated in a national survey on STR regulations for the toolkit.

What is a Short-Term Rental (STR)?

An STR is the rental of a residential dwelling unit (either the entire dwelling or rooms within it) for a short duration of time (less than thirty days). STRs can function in any housing type, such as; houses, secondary suites, cabins, apartments and condos. This form of residential rental housing is primarily utilized by tourists and is most often conducted through mobile phone applications and web platforms. These transactions are often done without any in-person interaction.

Short-term rentals are not new. People have been renting out their cottages and cabin for decades through classified ads, word of mouth and online buy and sell sites (e.g. Craigslist, Kijiji). What is new is the prevalence of online platforms (e.g. Airbnb, VRBO, Homeaway and Flipkey) and the convenience associated with renting spaces in a timely fashion and on a mobile device.

Please note that Short Term Rentals (STRs) and Short Term Accommodations (STAs) are synonymous terms. Some municipalities call them STRs while others call them STAs. For the purpose of simplification, this report will refer to STRs throughout the document as opposed to STAs.

Potential Benefits & Harms of STRs

STRs can bring both benefits and harms to local communities. Below is a general list of potential benefits and harms.

Potential Benefits	Potential Harms
<ul style="list-style-type: none">• Income generation for STR operators• Higher housing values• Greater choice for consumers• Personalized local experiences• Efficient use of space• Support local tourist economy	<ul style="list-style-type: none">• Housing loss• Housing unaffordability• Unfair advantages over other hospitality service providers (such as hotels and motels)• Increased contraventions of local regulations• Community disruption

Table 1 - Potential Harms and benefits of STRs

STR Trends in North Bay & Northern Ontario¹

Anecdotally, inquiries on STRs uses have generally increased during the COVID-19 pandemic, particularly during the summer months. These inquiries are generally more applicable to waterfront properties. The majority of the inquiries thus far have related to; excessive noise and other neighbourhood

¹ The content under this heading does not originate from the *Regulating Short-Term Rentals: A Toolkit for Canadian Local Governments toolkit*.

nuisances. To the extent of our knowledge, only one official complaint has been filed against an STR use within the City of North Bay.

According to North Bay-specific STR statistics (as of September 05th 2021) on [AIRDNA market finder](#);

- There are 87 active rentals between the two most common STR platforms (Airbnb and VRBO)²;
- 83% of the listings are for entire home rentals and 16% are for individual rooms;
- 82% of the listings are on Airbnb, 16% on VRBO and 2% are on both; and
- 24% of the listings are available for rent full time.

The purple dots on Schedule A represent STR listings for entire homes while the blue dots represent private room listings. It is worth noting that Airbnb and VRBO are only two of many different STR platforms. As such, Schedule 'A' likely does not represent a complete picture of the existing STR uses within the City of North Bay. While Airbnb and VRBO are generally considered to be the top two STR platforms, many STR operators include their listings on other general platforms such as Kijiji, Facebook Marketplace and traditional paper ads. STR operators can theoretically post their listings on an unlimited number of platforms which further increases the difficulty in accurately estimating the true number of STR listings within City limits.

The table below shows active listings (according to [AIRDNA market finder](#)) within the 5 largest communities in Northern Ontario.

Northern Ontario City	Population-2016 (City)	Active Listings (#)	Entire Home Listings (%)	Available full time (%)
Greater Sudbury	161,531	181	72%	16%
Thunder Bay	107,909	148	72%	28%
Sault Ste. Marie	73,368	65	75%	21%
Timmins	41,788	33	81%	19%
North Bay	51,533	87	83%	24%

Table 2 Northern Ontario STR market

The City of North Bay does not currently have any policies or regulations specifically relating to STRs. In fact, none of the largest five communities in Northern Ontario (Greater Sudbury, Thunder Bay, Sault Ste. Marie, North Bay and Timmins) have any policies or regulations at this point in time. As it currently stands, STR operators face no restrictions with the exception of other potentially applicable By-laws such as; Clean Yards, Zoning, Noise,

² See Schedule 'A', attached hereto to see the general geographic distribution of the active Airbnb and VRBO listings throughout the City of North Bay according to AIRDNA Market Finder.

Property Standards and any other applicable existing by-law depending on property specific circumstances.

Some of the surrounding regions that have recently begun regulating and enforcing STRs include; Huntsville and Lake of Bays.

Protecting Housing Affordability + Availability

The impact of short-term rentals on housing deserves special attention, given the crisis-level housing pressures being felt in many communities and the status of adequate housing as a fundamental human right. There is a perception is that the proliferation of STRs leads to a worsening of both housing availability and affordability system-wide and over time, with non-principal dwelling unit STRs being the main culprit. There are two basic types of STRs, each of which have different levels of potential impacts on housing affordability & availability. See table 3 below.

Type of STR	Definition
Principal dwelling unit STR	A short-term rental unit is the whole principle dwelling or a room <u>within someone's principal dwelling unit</u> ; this term is used in place of principal residence STR to help communicate that the STR is confined to the dwelling unit (i.e. it doesn't include other dwelling units on the same lot).
Non-principal dwelling unit STR	A short-term rental unit that <u>is a dwelling unit but not someone's principal dwelling unit</u> ; treated as <u>synonymous with commercial short term rental</u> and sometimes identified by searching for Frequently Rented Entire Home Listings.

Table 3 - Different types of STR

The definitions above are important from a housing perspective because if an operator lists their principal dwelling unit (or a bedroom(s) therein) as an STR, then this isn't associated with the loss of an entire long-term home. The operator of the STR would only be able to rent out their principle dwelling unit while they are themselves away or if they only rent certain rooms within the dwelling.

Much of the rapid growth in the STR industry is the result of a shift in business model: from home-sharing to commercial operation. Initially, STRs largely involved operators renting out a spare room in their home while they were present, much like a bed and breakfast. Activity then shifted towards renting out an operator's entire home (principal dwelling unit) while they were away, for example while on vacation. True Home Sharing are STRs taking place in an operators principal dwelling unit while Commercial Operation STRs take place in a unit that is not someone's principal dwelling unit.

It is not particularly clear if existing or potential STR listings in North Bay have the ability to significantly reduce the availability of affordable housing units. However, it is evident that some STR listings, particularly full time commercial listings reduce the availability of housing units in general and reduce the availability of long-term rentals overall as the units are occupied full-time for short term rent.

Municipal Accommodation Tax

Municipalities within certain provinces (e.g. Ontario, PEI, Nova Scotia and New Brunswick) are able to directly apply a municipal accommodation tax (commonly known as the MAT tax) via municipal bylaw to accommodation providers, including STR operators. This regulatory tool can be included in; the business licence application, review and approval process.

The revenue from an accommodation tax is used to fund tourism promotion, marketing and development and is also be used by municipalities in Ontario as a reserve for their own infrastructure projects. The accommodation tax is applied at the time of booking and is paid by the guest with either the operator or platform collecting and remitting the fee. The regulatory authority to apply and collect an accommodation tax is through municipal bylaw.

A select few Ontario municipalities, including; Brockville, Barrie, City of Greater Sudbury, Mississauga and Ottawa have negotiated an agreement with Airbnb to collect and remit these taxes on behalf of guests and operators. For municipalities without agreements with platforms to collect and remit this tax, compliance rates have been low.

Options to address STRs

While it is recognized that some other jurisdictions are considering, or have implemented regulations for STRs, the challenges and solutions for each jurisdiction are unique to the local context and what they are trying to achieve in addressing STRs. The City of North Bay can certainly learn from the experience and approaches of other municipalities. Any potential solution/approach for the City of North Bay should consider:

- Minimizing the potential conflicts/compatibility issues between the current residential community and STRs;
- Recognizing the economic impacts that STRs can have on the community;
- Acknowledging the importance of tourism & recreation and the potential positive and negative outcomes of STRs in that regard;
- The potential financial implications to the City and the impacts on current staff resources or the need for additional staff resources; and
- The anticipated outcome of the solution for the City, its residents, and the STR operators.

Listed below are the three primary options available to Council, and the various means of enforcement that have been applied elsewhere. The three primary options developed below are inspired by a vast number of communities of all shapes and sizes.

Option 1 – Regulate STRs

With the option of regulating STRs in the City of North Bay, Staff has identified two primary regulatory options, ordered from lowest to highest levels of municipal regulation.

- i. Amend the Official Plan (OP) and Zoning By-law (ZBL) to define STRs and permit their use in certain zones as permitted use-of-right subject to provisions. If applicable provisions are not met, a *Planning Act* application (Official Plan Amendment and/or Zoning By-law Amendment) would be required.
- ii. Amend OP and ZBL to define STRs and permit in certain Zones subject to provisions, and establish a Licensing By-law for STRs to be subject to specific licensing requirements.

This option should include public consultation to obtain feedback on the issues, concerns and opportunities for Short Term Rental regulations.

Option 2 – Prohibit STRs

Amend OP and ZBL to define STRs and prohibit in all zones, unless by site specific Zoning By-law Amendment (ZBLA).

Option 3 – Take no action and rely on existing By-laws (status quo)

Monitor STRs and use other means such as following By-laws; Anti-littering, Clean yards, Noise, Private property parking, Property standards and any other by-law that may be relevant under site-specific circumstances.

Each of the options listed above have varying degrees of implications on the current City Staff resources both from an administrative and enforcement perspective. Depending on option approved, there may also be implications on various City departments (i.e. Planning, Building, Legal, Fire, Police, etc.).

Financial/Legal Implications

The full financial implications of regulating STRs will depend on the option selected by City Council. If Council directs staff to develop regulations a fulsome evaluation of the financial implications will be explored and presented.

Corporate Strategic Plan

Natural North and Near

Economic Prosperity

Affordable Balanced Growth Spirited Safe Community

Responsible and Responsive Government

Specific Objectives

- Promote and support public and private sector investment
- Explore and implement opportunities to streamline processes, policies and practices that make it easier and more effective to do business in North Bay
- Create an environment that supports entrepreneurship in North Bay
- Engage the business community in identifying and developing economic opportunities
- Identify existing business sectors and explore opportunities for future growth
- Work with partners and stakeholders to identify and find solutions to streamline processes and remove barriers

Options Analysis

Option 1:

Direct staff to develop regulations for Short Term Rentals of residential dwelling units for consideration by City Council including necessary amendments to the City's Official Plan and Zoning By-law to:

- a) Define Short Term Rentals;
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Option 2:

Maintain the status-quo and regulate the potential implications of Short Term Rentals through existing by-laws or expanded regulations through existing by-laws (eg. Clean Yards, Property Standards, Noise etc.)

Recommended Option

Option 1 is the recommended option.

Respectfully submitted,

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I concur with this report and recommendation

Name Ian Kilgour, MCIP, RPP

Title: Director, Community Development and Growth

Name David Euler, P.Eng., PMP

Title: Chief Administrative Officer Personnel designated for continuance:
Joel Therrien, M.pl
Special Project Development Planner

Schedule 'A'

