



**MEMO / NOTE DE SERVICE**

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**TO: Emergency Preparedness and Protective Services Committee**

**DESTINATAIRE : Comité des services de protection et de préparation aux situations d'urgence**

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**FILE NUMBER: ACS2023-EPS-BYL-0003**

**SUBJECT: Status Update on Short-Term Rental Regulatory Regime**

**OBJET : Mise à jour sur le régime réglementaire de location à court terme**

**PURPOSE**

In April 2021, Council approved the reports entitled Short-Term Rental By-law ([ACS2021-EPS-PPD-0001](#)) and Zoning By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide ([ACS2021-PIE-EDP-0005](#)) to implement a complete regulatory regime for short-term rentals in Ottawa. This memorandum responds to the Council direction given at that time, that the General Manager of Emergency and Protective Services provide a one-year status report to Members of Council with information on: compliance with the Short-Term Rental By-law by hosts,

platforms, and property managers; relevant enforcement activities including data; and the nature and volume of service requests received.

Under the [Short-Term Rental By-law](#), a permit must be obtained by hosts to rent their principal residence or their residential unit, for a period of less than thirty (30) consecutive nights. There are accompanying regulations for short-term rental platforms and property managers. The temporary zoning amendments to facilitate the Short-Term Rental By-Law, which are in place for three (3) years, establish areas of the city where short-term rentals are permitted, namely: in a principal residence in the urban area and in villages, except where bed and breakfast use is prohibited by the [Zoning By-law](#); in a cottage or vacation home, secondary suite, or coach house in rural areas other than villages; and in certain dwellings that have legally established as hotels prior to the introduction of the short-term rental zoning amendments and the in-force date of the Short-Term Rental By-law (conditions apply). The regulatory regime under the Short-Term Rental By-law and the zoning amendments work together to create a regulated environment that provides opportunity for short-term rental activity where it is most appropriate in the city and mitigates the negative impacts of unregulated short-term rentals.

As a result of an appeal to the Ontario Land Tribunal of the temporary use zoning provisions immediately after Council approval of the aforementioned reports, as further noted below, implementation of the Short-Term Rental By-law was delayed until April 2022. Council's direction for a one-year status report was therefore postponed to ensure sufficient time for findings and data. Information provided in this memorandum therefore encompasses the one-year period from June 30, 2022, to June 30, 2023.

## **BACKGROUND**

Prior to the implementation of the regulatory regime, there were a number of community concerns about nuisance associated with short-term rentals resulting in ongoing issues and complaints from residents and from legitimate hoteliers. This included neighbourhood disruptions such as ghost hotels and "party" houses resulting in an increase in by-law complaints for noise, parking, property standards, and exterior waste and debris. There were also security concerns due to damage to neighbouring properties and several criminal incidents investigated by Ottawa Police. At the same time, there was growing concern over the impact short-term rentals were having on the availability and affordability of housing. As property investors converted homes from residential use into short-term rentals, there were fewer housing options available for residents.

Prior to the enactment of the Short-Term Rental By-law and accompanying zoning requirements, addressing issues associated with short-term rentals through enforcement was challenging due to the lack of evidence Officers were able to obtain, particularly with respect to proving that the property was being rented on a short-term basis and that a transaction had occurred, among other factors.

In addition to noise and property standards complaints, enforcement of short-term rentals was based predominantly on compliance with the then zoning requirements, which was complex, resource-intensive and time-consuming. Specifically, even if proof was obtained that a property was being rented on a short-term basis, By-law and Regulatory Services' only avenue was taking enforcement action under provisions for hotel use in a residential area, as short-term rentals were not defined in the Zoning By-law. This frequently resulted in lengthy and challenging court proceedings.

Further, even if enforcement was eventually successful, the zoning charges were often an insufficient deterrent to prevent the illegal and nuisance activity from continuing. Some property owners or hosts were willing to take the risk of a zoning violation or conviction because the revenue they were collecting from renting the property on a short-term basis far exceeded any monetary penalties resulting from charges or convictions. Lack of cooperation from involved parties—both the guest and the host—added to the enforcement difficulties, as many would not provide their identity, witness statements, transaction records, etc. If the owner was not willing to comply with a notice of violation, a summons to Court was required for each occasion of rental.

Therefore, on April 28, 2021, City Council approved the aforementioned staff report and regulations for short-term rentals to manage the community nuisance issues arising from short-term rental activity and to protect housing inventory for residential use. At that time, Council also considered and approved the new zoning definitions and temporary Zoning By-law amendments that were required to implement the short-term rental regime on a three-year trial basis, expiring April 28, 2024.

The Short-Term Rental By-law was initially anticipated to take effect on June 1, 2021, however the appeal of the Zoning By-law amendments to the Ontario Land Tribunal made it necessary to delay the implementation of both sets of regulations, as both by-laws are linked and intended to work together as a unified regulatory regime.

The Tribunal's decision on April 1, 2022, upheld the City's temporary zoning amendments for short-term rentals, leaving two years of the approved temporary three-year by-law for trial implementation. Following the Ontario Land Tribunal decision, By-law and Regulatory Services commenced enforcement on June 15, 2022. This provided short-term rental platforms and hosts with an education (warning) period and to allow

them time to complete and submit their applications and provide necessary documentation.

Based on the foregoing, the evaluation period of the efficacy of the regulatory regime also commenced on June 15, 2022. This report provides an update following the first year of implementation of the short-term rental regulatory regime to provide an initial assessment of its efficacy as part of the overall three-year trial and evaluation, as noted further in this report.

## **DISCUSSION**

To date, By-law and Regulatory Services has issued just over 800 short-term rental permits and registered twenty (20) prohibitions against short-term rentals in condominiums, housing co-operatives and rental housing buildings. One short-term rental platform, Airbnb, has registered with the City as have at least twelve (12) property management firms or individual managers.

Although there are over 1,300 Airbnb listings, it is important to note that there is not a one-to-one relationship between hosts and listings. Many hosts use multiple listings for the same property to get more exposure and views, or to advertise individual rooms as well as a listing for the whole dwelling. In addition, some listings are for rentals over thirty (30) days, which do not require a host permit under the by-law and some are not actually within the geographic boundaries of the City of Ottawa. This is due to the Global Positioning System capturing short-term rentals in neighbouring Embrun and Gatineau. For those that are listed on a platform and have not obtained a permit, By-law and Regulatory Services' licensing staff actively monitor, investigate, and enforce where necessary, which has resulted in an increase in applications being submitted.

The Director of By-law and Regulatory Services has refused forty-six (46) permit applications for various reasons, most often because the property is not the applicant's primary residence, or because it is not zoned accordingly or does not meet the requirements in the by-law with respect to documentation or having appropriate insurance coverage. There have been seven (7) requests for appeal to the Property Standards and License Appeals Committee, three (3) of which were withdrawn by the appellant and four (4) resulting in the Committee upholding the Director's decision to refuse the permit issuance.

Enforcement activities include thorough investigations by Officers, monitoring of the platform and the dedicated surveillance tool, and removing non-compliant listings from platform. In cases where individuals are relisting rentals continuously, By-law and Regulatory Services works with the platform to ensure those properties are not able to

re-list until a permit is obtained. Charges are issued in cases of continued non-compliance or other violations of the by-law. In total, 787 listings have been removed from the platform and 248 charges have been issued by way of Part III summons.

Between June 30, 2022 and June 30, 2023, there were 1,162 by-law service requests associated with permitted short-term rental locations. Inspections are conducted for each permit application, many of which are included in the number of total by-law service requests. In the early stages of implementation, inspections were tracked on a spreadsheet rather than creating individual service requests; therefore, not all inspections are reflected in this number. Overall, 43 per cent of short-term rental properties had no associated complaints. A single service request was received at 37 per cent of addresses, which in some cases included the inspection for the permit, and 20 per cent had more than one associated service request.

In terms of common nuisance issues associated with short-term rental activity to date:

- There were no noise complaints at 91 per cent of addresses. There were 148 noise complaints in total, with more than 150,000 room nights booked. This includes noise from music, shouting, construction/machinery, car alarms, and information calls.
- There were no property standards complaints at 95 per cent of addresses. Three per cent of properties had multiple complaints. The total number of property standards complaints was 92.
- There were no on-site parking complaints at 99 per cent of addresses. There were two (2) properties with multiple complaints, and a total of 15 service requests for on-site parking. This data does not include on-street parking violations as it is not possible to attribute on-street parking violations to specific addresses or activities.

It is important to note that not all complaints are related to short-term rental use. Some of the data captured above includes calls for unrelated by-law issues and information calls, or issues that occurred during regular residential use by the long-term occupants.

Generally, the permitting regime has been functioning as intended and many property owners have been forthcoming and have applied for a permit. Hosts with various properties and those applying for properties that are not their principal residence are being denied permits at the time of application. As a result, some of these property owners are shifting to offering longer term rentals, thereby increasing the available housing supply. Those who are listing multiple properties under the same permit number, or who list a property that is not their principal residence, are removed from the

platform for failing to comply with the by-law. This is done through extensive monitoring and investigations. Charges are issued in cases of repeat offenders or other violations.

More specifically, a review of rejected applications shows:

- 78 per cent were not the principal residence of the applicant
- 11 per cent were ineligible secondary dwellings attached to the principal residence
- 9 per cent were not eligible for other reasons (such as building code, prohibited property type, or location)
- 2 per cent were blocked through registered prohibitions filed under Part V of the by-law

This shows that the regulations designed to protect housing inventory can and have been applied effectively, although staff note that some investigations have been more challenging than anticipated. A small number of property owners have gone to great lengths in efforts to subvert the principal residence requirement. These investigations can be resource-intensive and take substantial time to complete. Despite these challenges, staff's initial assessment estimates overall permit compliance to be very good, in the range of 70 to 85 per cent based on permit, platform and surveillance tool data, but our analysis of first year data has identified some knowledge gaps that will need to be filled before we can establish this number with more precision and certainty. This is a significant achievement after only one-year of implementation and a credit to the short-term rental enforcement team, particularly considering the identified challenges, including resourcing.

### **Dedicated Short-Term Rentals**

Prior to the enactment of the Short-Term Rental By-law, an independent Rental Market Analysis commissioned by the City indicated that there could be as many as 1,236 dedicated short-term rentals operating in the City. Current data indicates that there are two permitted dedicated short-term rentals and 23 permitted cottage rentals. A small number of properties also remain under investigation as suspected illicit dedicated short-term rentals. However, surveillance data suggests that there are fewer than 200 properties that may be operating outside of the scope of the by-law. These early results indicate that the Short-Term Rental By-law can effectively protect housing inventory for residential use. Investigation into possible violations of the principal residence requirement will continue to reduce this number further.

In terms of rural properties, the approved short-term rental regime was more focused on creating economic development opportunities rather than protecting housing supply, as many are cottage rentals and do not impact the housing supply to the same extent as the urban and suburban rentals.

### **Rural Economic Development**

While short-term rental activity tends to be concentrated in the urban areas, approximately 5 per cent of listings are for homes in rural areas, including 23 cottage rental properties. According to AirDNA data, short-term rentals have brought approximately \$2 million in direct spending into rural Ottawa communities in the past year. Understanding the full economic impact of short-term rentals, including indirect and induced economic activity, will require more data and more time to analyse. This work was not within the scope of Council's direction for this report but may be undertaken as part of a full by-law review when it occurs.

### **CONCLUSION**

There is a fine balance between economic development for tourism, protecting housing supply for residents, and nuisance control.

Overall, the Short-Term Rental regulatory regime has been operating as intended, following one (1) year of implementation. There has been some decline in community nuisance issues, and an increasing number are reverting to long-term rentals due to the principal residence requirement, thus improving the available housing supply. Prior to this regulatory regime, these rentals would likely have been used as short-term accommodations only.

While there have been no significant concerns with the regime and it has appeared to be helpful in addressing the various issues associated with short-term rentals as discussed in this report, it is too early to fully realize and assess the impacts and efficacy of the regime, as the implementation period data analyzed herein is only for one (1) year of the three-year trial, noting that the trial is based on the temporary nature of the zoning amendments. Staff from Emergency and Protective Services will collaborate with counterparts in the Planning, Real Estate and Economic Development department, which will be the lead department for the extension of the temporary zoning amendments for short-term rentals, which expire in April 2024. An extension of the temporary zoning provisions will be required to ensure that the entire regulatory regime functions correctly and is enforceable before any zoning rules become permanent. Discussions with Planning, Real Estate and Economic Development staff indicate that a

report to extend the temporary zoning provisions will be brought to Planning Committee, Agriculture and Rural Affairs Committee and Council in Q4 of 2023.

Further, administration and enforcement of the short-term rental regulatory regime is resource-intensive and time-consuming. If the challenges around investigations and enforcement outlined in this report continue, as might be expected given population and other growth in Ottawa, a future review and analysis of resourcing and staffing issues will also be required to render the regime sustainable and effective. Staff will therefore monitor and report to Council at the appropriate opportunity with any further conclusions and recommendations.

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