

2. Short-Term Rental By-law
Règlement sur la location à court terme

**Planning Committee and Community and Protective Services Committee
Recommendations**

That Council approve:

1. the proposed Short-Term Rental By-law as described in this report and in the general form set out in Document 1;
2. six (6.0) temporary full-time equivalents in By-law and Regulatory Services to enforce and administer the Short-Term Rental By-law, to be funded on a cost-recovery basis from user fees and municipal accommodation tax (MAT) revenue, as further described in this report;
3. amendments to By-law 2019-252 (Municipal Accommodation Tax) to align terminology and definitions as further described in this report; and,
4. that the short-term rental regulations set out in Recommendation 1 be conditional upon the coming into full force of the related amendments to the Zoning By-law for short-term rentals as proposed in Report ACS2021-PIE-EDP-0005.

**Recommandations du Comité de l'urbanisme et du Comité des services
communautaires et de protection**

Que le Conseil approuve :

1. le projet de règlement sur la location à court terme décrit dans le présent rapport, tel qu'il figure dans le document 1;
2. l'ajout, aux Services des règlements municipaux, de six équivalents temps plein (ETP) temporaires pour l'application et l'administration du règlement dont les postes seront financés selon un principe de recouvrement des coûts à partir des frais d'utilisation et des recettes

générées par la taxe municipale sur l'hébergement, comme il est décrit dans le présent rapport;

- 3. la modification du Règlement sur la taxe municipale (no 2019-252) pour harmoniser la terminologie et les définitions, comme il est décrit dans le présent rapport;**
- 4. que le règlement énoncé à la recommandation 1 soit conditionnel à la pleine entrée en vigueur des modifications connexes apportées au Règlement de zonage pour les locations à court terme, comme proposé dans le rapport ACS2021-PIE-EDP-0005.**

For the information of Council

The joint committees also approved the following motion:

Motion N^o PLC-CPSC 2021-1/2

THEREFORE BE IT RESOLVED that prior to consideration by the Joint Committee and Council, the language in the 'Discussion' section of report ACS2021-EPS-PPD-0001, under the last paragraph of the subsection 'The Principal Residence Requirement' (page 12 of the report as posted with the agenda), be changed from:

'As a result of the above, staff recommend that the principal residence requirement is an integral part of Ottawa's regulatory regime. This is supported by Maclaren Municipal Consulting's final report, which noted that "Limiting short-term rentals to principal residences is a theme shared by reforms in other jurisdictions, including the leading Canadian examples of Vancouver and Toronto. These large cities with the most acute housing issues have not allowed short-term rental of attached units. Generally, the tightest regulations are found in cities with severe housing shortages or massive tourist flows." (Maclaren Municipal Consulting, Regulation of Short-Term Accommodation, p. 20)'

to

'As a result of the above, staff recommend that the principal residence

requirement is an integral part of Ottawa's regulatory regime. This requirement has been adopted in other jurisdictions where concerns exist about short-term rental use and availability of housing supply, as noted in Maclaren Municipal Consulting's final report: "Limiting short-term rentals to principal residences is a theme shared by reforms in other jurisdictions, including the leading Canadian examples of Vancouver and Toronto. These large cities with the most acute housing issues have not allowed short-term rental of attached units. Generally, the tightest regulations are found in cities with severe housing shortages or massive tourist flows." (Maclaren Municipal Consulting, Regulation of Short-Term Accommodation, p. 20)

Pour la gouverne du Conseil :

Les deux comités approuvent en outre la motion suivante :

Motion N° PLC-CPSC 2021-1/2

PAR CONSÉQUENT, IL EST RÉSOLU QU'avant l'examen par le comité mixte et le Conseil, le texte du dernier paragraphe de la sous-section « Exigence de résidence principale » (section « Analyse », page 13 du rapport ACS2021-EPS-PPD-0001, tel qu'inscrit à l'ordre du jour), soit modifié comme suit :

« Résultat, le personnel recommande que l'exigence de résidence principale fasse partie intégrante du régime réglementaire d'Ottawa. Le rapport final de la firme Maclaren Municipal Consulting va aussi en ce sens : « La limitation des locations à court terme aux résidences principales est un thème commun aux réformes en cours dans d'autres administrations, y compris les principaux exemples canadiens de Vancouver et de Toronto. Ces grandes villes aux prises avec les problèmes de logement les plus aigus n'ont pas permis la location à court terme d'unités annexes. D'une manière générale, les réglementations les plus strictes se trouvent dans les villes qui connaissent de graves pénuries de logements ou des flux touristiques massifs. » (Maclaren Municipal Consulting, Réglementation du logement locatif à court terme, p. 22) »

à

« Résultat, le personnel recommande que l'exigence de résidence principale fasse partie intégrante du régime réglementaire d'Ottawa. Cette exigence a été adoptée par d'autres administrations où l'utilisation de locations à court-terme et la perte d'une partie du parc de logement sont des préoccupations, tel que noté dans le rapport final de la firme Maclaren Municipal Consulting: « La limitation des locations à court terme aux résidences principales est un thème commun aux réformes en cours dans d'autres administrations, y compris les principaux exemples canadiens de Vancouver et de Toronto. Ces grandes villes aux prises avec les problèmes de logement les plus aigus n'ont pas permis la location à court terme d'unités annexes. D'une manière générale, les réglementations les plus strictes se trouvent dans les villes qui connaissent de graves pénuries de logements ou des flux touristiques massifs. » (Maclaren Municipal Consulting, Réglementation du logement locatif à court terme, p. 22) »

Documentation / Documentation

1. Manager's report, Public Policy Development, Emergency and Protective Services, dated April 12, 2021 (ACS2021-EPS-PPD-0001)

Rapport du Gestionnaire, Direction de l'élaboration de politiques publiques, Services de protection et d'urgence directeur, daté le 12 avril 2021 (ACS2021-PIE-EDP-0005)
2. Extract of draft Minutes, Planning Committee and Community and Protective Services Committee Special Joint Meeting, April 22, 2021

Extrait de l'ébauche du procès-verbal, réunion extraordinaire conjointe du Comité de l'urbanisme et du Comité des services communautaires et de protection, le 22 avril 2021

**Planning Committee and
Community and Protective
Services Committee
Joint Report 1
April 28, 2021**

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**Comité de l'urbanisme et
Comité des services
communautaires et de protection
Rapport conjoint 1
le 28 avril 2021**

**Report to
Rapport au:**

**Special Joint Meeting of Community and Protective Services Committee and
Planning Committee
Réunion extraordinaire conjointe du Comité des services communautaires et de
protection et Comité de l'urbanisme
22 April 2021 / 22 avril 2021**

**and Council
et au Conseil
28 April 2021 / 28 avril 2021**

**Submitted on April 12, 2021
Soumis le 12 avril 2021**

**Submitted by
Soumis par:**

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Emergency and Protective Services / Gestionnaire, Direction de l'élaboration de
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2021-EPS-PPD-0001

SUBJECT: Short-Term Rental By-law

OBJET: Règlement sur la location à court terme

REPORT RECOMMENDATIONS

That Community and Protective Services Committee and Planning Committee recommend that Council approve:

1. The proposed Short-Term Rental By-law as described in this report and in the general form set out in Document 1;
2. Six (6.0) temporary full-time equivalents in By-law and Regulatory Services to enforce and administer the Short-Term Rental By-law, to be funded on a cost-recovery basis from user fees and municipal accommodation tax (MAT) revenue, as further described in this report;
3. Amendments to By-law 2019-252 (Municipal Accommodation Tax) to align terminology and definitions as further described in this report; and,
4. That the short-term rental regulations set out in Recommendation 1 be conditional upon the coming into full force of the related amendments to the Zoning By-law for short-term rentals as proposed in Report ACS2021-PIE-EDP-0005.

RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection et le Comité de l'urbanisme recommandent au Conseil d'approuver :

1. le projet de règlement sur la location à court terme décrit dans le présent rapport, tel qu'il figure dans le document 1;
2. l'ajout, aux Services des règlements municipaux, de six équivalents temps plein (ETP) temporaires pour l'application et l'administration du règlement dont les postes seront financés selon un principe de recouvrement des coûts à partir des frais d'utilisation et des recettes générées par la taxe municipale sur l'hébergement, comme il est décrit dans le présent rapport;
3. la modification du Règlement sur la taxe municipale (n° 2019-252) pour harmoniser la terminologie et les définitions, comme il est décrit dans le présent rapport;

4. que le règlement énoncé à la recommandation 1 soit conditionnel à la pleine entrée en vigueur des modifications connexes apportées au Règlement de zonage pour les locations à court terme, comme proposé dans le rapport ACS2021-PIE-EDP-0005.

EXECUTIVE SUMMARY

The purpose of this report is to provide staff recommendations for a Short-Term Rental By-law, attached as Document 1. The recommended short-term rental regulations set out a host permit regime for local short-term rental hosts and a registration system for short-term rental platforms and property managers. The recommended regulations also address issues of consumer protection, public safety, and protection of property associated with the “home sharing” economy.

The principal objective of the recommended by-law is to maintain the quality and character of Ottawa’s neighbourhoods by mitigating nuisances arising from short-term rentals and protecting urban and suburban housing supply.

The recommended by-law further addresses Council Motion 24/3 from 27 November 2019 regarding use of cottages, secondary dwelling units and coach houses in rural areas for short-term rental use.

The implementation of the recommended by-law is dependent upon the implementation of amendments to the Zoning By-law (No. 2008-250, as amended), as detailed in *Zoning By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide* (ACS2021-PIE-EDP-0005), as further described below.

The report further recommends minor amendments to By-law 2019-252 pertaining to the municipal accommodation tax to harmonize existing terminology regarding transient accommodations, and integrate the requirement for short-term rental platforms to collect and remit the four (4) percent municipal accommodation tax on behalf of their hosts, as further described below.

As per Council’s direction, and subject to Council’s approval of the recommended by-law and concurrent zoning measures, these regulations will be implemented on a three-year trial basis.

Assumptions and Analysis

The recommended by-law places accountability on local short-term rental hosts who are resident in the community, with supporting regulations for guests, property managers, and short-term rental platforms, where appropriate. The recommended by-law is designed to be implemented concurrently with temporary use provisions of the Zoning By-law (No. 2008-250, as amended). This will enable the rental of principal residences while hosts are not present and to further enable the rental of rural cottages, vacation homes, secondary suites, and coach houses in rural zones, excluding rural villages. Staff are recommending that short-term rentals in rural villages be regulated in the same way as those in urban and suburban areas to limit community nuisance issues and preserve long-term housing inventory in these communities.

Concurrent amendments to the Zoning By-law for temporary use measures related to short-term rentals are also required. This will enable the City to implement the by-law and measure its effectiveness by allowing residents in residential neighbourhoods to rent their principal residences on a short-term basis, even while they are away, without creating permanent legal non-conforming rights. These amendments are further described in Report ACS2021-PIE-EDP-0005. Council approved a three-year trial period which is in line with the term permitted under the *Planning Act* for temporary use measures. This three-year period will enable staff to gather data to determine the efficacy of the regulations and identify possible improvements.

During this trial period, the recommended Short-Term Rental By-law will:

- Require people who want to list their principle residence on short-term rental platforms to have a host permit from the City
- Provide a parallel host permit system for cottage rentals, including rural vacation homes, cottages, secondary suites and, coach houses regardless of principal residence status, while continuing to protect housing supply in rural villages
- Require short-term rental platforms and property managers to register with the City and share necessary data
- Provide a registration system for condominium corporations, landlords and co-operatives to block the issuance of host permits where their own governing documents prohibit short-term rental activity

- Provide new resources to support the enforcement of illicit short-term rentals and other violations, including problematic “party houses”

The requirement for short-term rental platforms to register with the City will allow for the collection, remittance, and reporting of the Municipal Accommodation Tax (MAT) related to short-term rental stays.

The recommended by-law includes fines, with Court-imposed penalties of up to \$100,000 for each day that the offence occurs. The by-law also recommends special fines, as provided for in the *Municipal Act, 2001*, which may be assigned by the Court to eliminate or reduce any economic advantage or gain from contravening the by-law.

Financial Implications

The recommended by-law will be implemented on a cost recovery-basis through a combination of user fees and MAT revenue, as approved by Council in November 2019. The Chief Financial Officer has confirmed that an increase in the MAT rate from 4 per cent to 4.25 per cent, as contemplated in the November 2019 report, is not required to achieve Council's objective.

Staff are recommending a Schedule of Fees, included as Schedule A in Document 1, to partially offset costs for administration and enforcement of this by-law including the host permit and registration regimes. The remaining costs will be funded from MAT revenue. This funding will provide for the recommended six (6.0) temporary FTEs in By-law and Regulatory Services that are required to deliver this program, as further set out in this report.

Public Consultation

Consultations for the development of the Council-approved regulatory regime for short-term rentals are described in detail in the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015).

Subsequent consultations have also taken place with the following industry groups:

- Ottawa Tourism and Ottawa Gatineau Hotel Association
- Registered bed and breakfast owners

- Ottawa's Real Estate Industry Associations
- Condominium and Landlord Associations
- Short-Term Rental Platforms
- Short-Term Rental Property Managers

These stakeholders were invited to comment on specific measures forming part of the recommended by-law. This provided industry groups with the opportunity to share with City staff the anticipated impacts of specific measures and helped to refine the recommended regulations within the parameters of the Council-approved regime.

BACKGROUND

The Rental Accommodations Study was approved by Council in Budget 2018 for the purpose of providing Council with recommendations concerning the regulation of various forms of rental accommodations within the City of Ottawa. In November 2019, Council approved the first report emanating from this study: *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015), which included specific policy recommendations for 1) long-term rental housing and 2) short-term rental accommodations; as well as direction to develop regulations for these two areas.

The second report from the Rental Accommodations Study (ACS2020-EPS-GEN-0002) addressed long-term rental housing regulation, including recommendations for the adoption of a Rental Housing Property Management By-law (No. 2020 – 255) and amendments to the Property Standards By-law respecting pest control. That report was approved by Council in August 2020.

This third report addresses the regulatory regime for short-term rental accommodations, such as Airbnb and HomeAway, as approved by Council in November 2019. The purpose for regulating short-term rentals is to:

- Manage community nuisance issues arising from short-term rental activity; and
- Protect housing inventory for residential use.

Further to Council's approval in November 2019, the specific measures to be included

in the regulatory regime are as follows:

- Enacting a Short-Term Rental By-law to govern the activities of short-term rental platforms, agents, and hosts
- Restricting short-term rental activity to principal residences
- Establish a Short-Term Rental Enforcement Team within By-law and Regulatory Services
- Establish cost recovery through a combination of fees and Municipal Accommodation Tax (MAT) revenue
- Establish a process for condominium corporations, housing co-operatives and landlords to register prohibitions against short-term rentals in their buildings
- Provide exemptions to allow the rental of cottages and vacation homes in rural areas

The *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015) detailed the research that informed the regulatory regime. For ease of reference, the key studies attached to that report, and available on ottawa.ca, include:

- The *Rental Accommodations Study Literature Review and Inter-jurisdictional Environmental Scan*, prepared by Prism Economics and Analysis, which provides an examination of leading academic research and promising practices implemented in other Canadian and international jurisdictions for short-term rental regulations and policies.
- The City of Ottawa *Rental Market Analysis*, prepared by Prism Economics and Analysis, which provides detailed metrics concerning Ottawa's short-term rental market, including the likely impacts on housing availability and affordability.
- *The Regulation of Short-Term Rental Accommodations* report, prepared by Maclaren Municipal Consulting, which provides an independent assessment of local regulations and recommendations for municipal consideration.

Following approval of the regulatory regime in November 2019, staff have continued to consult with key stakeholders on the development of the recommended Short-Term

Rental By-law attached as Document 1. Beginning in March 2020, staff have also monitored ongoing short-term rental activity to assess COVID-19 related impacts.

This activity has been co-ordinated between three City departments. Emergency and Protective Services has led the development of this report and the recommended Short-Term Rental By-law, while Planning, Infrastructure and Economic Development has developed the new zoning definitions and temporary Zoning By-law amendments required to implement the recommended regime on a three-year trial basis. Revenue Services has led the review of the MAT and its collection.

The *Zoning By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide* report (ACS2021-PIE-EDP-0005) will be considered concurrently with this report. Should both reports be approved by the joint Community and Protective Services and Planning Committees, they will be submitted to Council for concurrent approval.

DISCUSSION

The recommended Short-Term Rental By-law, attached as Document 1, addresses issues of consumer protection, public safety, and protection of property associated with short-term rental activity.

The principal objective of the recommended by-law is to maintain the quality and character of Ottawa's neighbourhoods by mitigating nuisances and other negative effects of unregulated short-term rentals, and to protect long-term housing availability and affordability for residents.

To achieve this objective, staff are recommending specific measures to regulate short-term rental activities for:

- Hosts – residents who offer short-term rentals using short-term rental platforms
- Guests – individuals who stay in a short-term rental
- Property managers – individuals or companies that manage short-term rentals on behalf of hosts; and,
- Short-term rental platforms – companies that advertise and broker short-term rentals through a website or digital application

General Provisions

Part I (“Part One”) of the recommended by-law establishes the following general rules for short-term rental activity:

- No one may offer a short-term rental using a platform without first obtaining a host permit from the City, as described under “Host Permits” below. This will include existing bed and breakfasts if they use a short-term rental platform for their listings.
- Short-term rentals will only be permitted in the host’s principal residence, with the following noted exceptions:
 - In rural areas of the City for cottages and similar properties that are not principal residences, as directed by Council
 - Hotels, as there is no impact on residential housing availability, and community nuisance issues are largely self-managed
 - Dedicated Short-Term Rentals (e.g. investment properties) with an established legal non-conforming right to operate as a hotel will be required to obtain a host permit and follow rules, with the exception of the principal residence requirement
- Short-term rentals will not be allowed in zones where Council has prohibited a bed and breakfast use.
- No person may list short-term rentals on a short-term rental platform that is not registered with the City.
- All listings must include the City-issued host permit number and the overnight occupancy limit authorized by the host permit.
- No one may offer a short-term rental beyond the permitted number of overnight guests, as described in “Occupancy Limits” below. Regulations are also included to prevent overcrowding.
- No one may offer short-term rentals in community housing, accessory buildings, vehicles, non-residential buildings or other structures as detailed in Section 5 of

the recommended by-law (Document 1).

- Any advertisement or listing for a short-term rental must be removed if directed by By-law and Regulatory Services.
- All hosts, property managers, and short-term rental platforms must maintain appropriate insurance to ensure consumer protection.
- All personal information held by hosts, property managers, and short-term rental platforms must be managed in accordance with the requirements of the *Personal Information Protection and Electronic Documents Act*.

The definitions proposed in the recommended by-law have been developed in coordination with the Planning, Infrastructure and Economic Development department to ensure consistency, where possible, with the temporary use zoning amendments proposed in the *Zoning By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide (ACS2021-PIE-EDP-0005)*. A key distinction between the two is the reference to the use of short-term rental platforms. Under the *Planning Act*, zoning by-laws are not permitted to make distinctions on this basis. As such, this element has not been included in Zoning definitions. However, this distinction is necessary for the host permit and regulatory framework and is permitted within the scope of the *Municipal Act, 2001*. Including this element in the definitions of the draft Short-Term Rental By-law serves to limit the scope of the regulations to the short-term rental activities that Council has sought to regulate.

The key definitions included in the draft Short-Term Rental By-law are as follows:

“**cottage rental**” means the whole or part of a residential unit or mobile home that is used to provide transient accommodation for a period less than thirty (30) consecutive nights and:

- (a) is not the principal residence of the operator;
- (b) is not a bed and breakfast, rooming house, or hotel;
- (c) is marketed or brokered through a short-term rental platform; and
- (d) is located in an area authorized under Section 121B of the Zoning By-law, or any successor provision thereto;

“Dedicated Short-Term Rental” means a short-term rental providing transient accommodation for a period of less than thirty (30) consecutive nights in exchange for payment and:

- (a) has a legally established use as a hotel in accordance with the Zoning By-law prior to the coming into force of By-law 2021-106;
- (b) does not meet the definition of “hotel” within this By-law;
- (c) currently operates as a legally non-conforming hotel use for zoning purposes; and,
- (d) the listing or rental is marketed or brokered through a short-term rental platform;

“principal residence” means:

- (a) the residential unit that is owned or rented by a natural person, alone or with others, where the natural person is ordinarily resident and makes their home and conducts their daily affairs, including, without limitation, paying bills and receiving documentation related to identification, taxation and insurance purposes, driver’s licenses, income tax returns, medical plan documentation, vehicle registration and voter registration; or similar information; and
- (b) where the natural person has no other property designated as such within the City of Ottawa or any other jurisdiction;

“property manager” means any person who serves as an agent to a host for the purposes of managing advertising, bookings, guest services, property maintenance, or other services related to a short-term rental;

“short-term rental” means transient accommodation in the whole or part of a residential unit for a period less than thirty (30) consecutive nights, and:

- (a) is marketed or brokered by a short-term rental platform;
- (b) is not a rooming house or hotel; and,

- (c) includes a bed and breakfast, a cottage rental, and a Dedicated Short-Term Rental under this by-law.

“short-term rental platform” means any person who, for compensation, markets or brokers the booking, reservation, rental or listing of a short-term rental on behalf of a host by means of a website or digital application;

Establishing a “short-term” as 30 nights or less

Defining a limit for short-term occupancy is critical for differentiating between transient and residential occupancies. Staff research has identified that the emerging conventions of either 28 days or 30 days are both used for the definition of short-term rentals for regulatory purposes, within Ontario municipalities and other jurisdictions.

The *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015) recommended a 28-day limit to coincide with the length of February. The aim was to remove possible conflict with a “monthly tenancy” as regulated under the *Residential Tenancies Act, 2006*. However, staff determined that the period of “less than 30 consecutive nights” as detailed in the above definitions is the optimal interval. In the context of Council’s policy objectives, there is no benefit to the 28-day limit over a 30-day limit. As By-law 2019-262 prescribes a “30-night” period, hotels and participating short-term rental platforms have already established collection systems on this basis.

The Principal Residence Requirement

Restricting short-term rentals to the host’s principal residence is beneficial for reducing community nuisances arising from short-term rental activity and critical to the protection of housing inventory and community cohesion. This policy direction was approved by Council in the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015). The definition of principal residence noted above clarifies that an individual may only have one principal residence and establishes the basis for documentary evidence that may be used by By-law and Regulatory Services to verify principal residence when granting a host permit. It is modelled after the definitions prescribed in the *Income Tax Act* and the City of Vancouver’s By-law No. 12078 respecting short-term rentals.

The initial round of public consultations for short-term rental regulations sought to understand residents’ attitudes and experiences regarding short-term rentals. In an

online survey, approximately 22 per cent of respondents (227 out of 1011) indicated they had previously experienced problems with a neighbouring short-term rental, including community nuisance and public safety concerns. (Maclaren Municipal Consulting, Short-Term Rental Policy Options, p.13)

Community associations and housing advocates also identified concerns about the loss of housing inventory and community cohesion, particularly in Rideau-Vanier, Somerset and Kitchissippi Wards. Additionally, since the COVID-19 pandemic in March 2020, more than a dozen known “party house” incidents have occurred in the City despite provincial health directives.

As a result of the above, staff recommend that the principal residence requirement is an integral part of Ottawa’s regulatory regime. This requirement has been adopted in other jurisdictions where concerns exist about short-term rental use and availability of housing supply, as noted in Maclaren Municipal Consulting’s final report: “Limiting short-term rentals to principal residences is a theme shared by reforms in other jurisdictions, including the leading Canadian examples of Vancouver and Toronto. These large cities with the most acute housing issues have not allowed short-term rental of attached units. Generally, the tightest regulations are found in cities with severe housing shortages or massive tourist flows.” (Maclaren Municipal Consulting, Regulation of Short-Term Accommodation, p. 20) Cottage Rental Permit Solution for Rural Properties. [\(modified per Motion No PLC-CPSC 2021-1/2\)](#)

During Council’s deliberations on the regulatory regime, staff were directed to explore the feasibility of permitting rentals in secondary suites and coach houses in rural areas. Staff are recommending that this can be achieved through a separate category of short-term rental, the “cottage rental” as defined above.

A host permit issued for a cottage rental will not require proof of principal residence, but each individual host may only be issued a host permit for one cottage rental. Residents may hold up to two host permits, one host short-term rental host permit for their principal residence and one cottage rental host permit for a cottage, vacation home, or a secondary suite or coach house in a rural zone. A rural resident who offers short-term rentals in both their home and a secondary suite or coach house would be required to hold a separate host permit for each dwelling. This will enable the City to track and assess the impacts of rural short-term rentals on housing supply, as detailed in *Zoning*

By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide (ACS2021-PIE-EDP-0005).

Implementing zoning amendments on a trial basis

The new land use definitions and temporary amendments to the Zoning By-law are essential to the implementation of Council's approved regime and the recommended Short-Term Rental By-law. The amendments, identified in *Zoning By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide (ACS2021-PIE-EDP-0005)*, enable residents to rent their entire home while they are away, provided they have a host permit and follow the prescribed regulations.

The existing Zoning By-law does not define short-term rental of a residential unit as a permitted land use. Currently, short-term rentals may be permitted only as a "bed and breakfast" or "hotel" depending on the circumstances. As noted in the November 2019 report, creating a supply of legitimate whole unit rentals is essential to reduce the demand and financial incentives for illicit rentals.

The companion zoning amendments have been developed to enable the implementation of the recommended Short-Term Rental By-law on a three-year trial basis. This allows the City to implement and test the new short-term rental regulations without creating legal non-conforming rights to existing operators of short-term rentals.

The additional temporary use measures recommended for "cottage rentals" will enable the implementation of Council Motion 24/3 to permit whole unit rentals of secondary suites, coach houses and cottages in certain rural zones, except rural villages, as described above.

It is noted that the Zoning By-law currently contains a select number of zones that explicitly prohibit bed and breakfast use. Given the similarity between a short-term rental use and a bed and breakfast, under the recommended by-law host permits will not be issued in any zone where Council has decided to prohibit a bed and breakfast use.

Regulations for short-term rental hosts

In addition to the general rules of conduct detailed in Part One of the recommended by-law, Part II ("Part Two") establishes the conditions that hosts must meet to be issued a

host permit. It also establishes rules of conduct for permit holders. The Director, By-law and Regulatory Services, will be authorized to impose specific conditions on a host permit for the purposes of protecting public safety, or reducing community nuisances. In addition, they will have the authority to suspend or revoke a host permit should the continued operation of a short-term rental cause impacts to public safety, based on reasonable grounds, as further noted below.

Host permits will be issued to a natural person, not a corporation, thereby ensuring the intent to only allow short-term rentals in the principal residence or cottage rental of the owner or occupant.

In cases where properties were legally established as hotels in mixed use commercial zones, those property owners may be able to establish legal non-conforming rights for their existing short-term rental operations. Staff anticipate that this would be limited to a small number of properties. To address this possibility, the recommended by-law includes requirements for these operators to obtain a host permit even if the property is not a principal residence and to follow all other provisions of the by-law. As is always the case, any determination of legal non-conforming status will be made on a case by case basis, in accordance with the established processes under the *Planning Act*.

Occupancy Standards

Applicants will be required to submit a floor plan when applying for a host permit. By-law and Regulatory Services will determine the permitted number of overnight guests for each property. To determine the maximum number of overnight guests, By-law and Regulatory Services will review the number of sleeping rooms indicated on the submitted floor plan and assess whether sleeping rooms comply with all requirements of the Property Standards By-law (No. 2013-416), as amended.

The recommended by-law requires that the permitted number of overnight guests for short-term rentals occurring in dwelling units be limited to four sleeping rooms, and those occurring in oversized dwelling units be limited to eight sleeping rooms. Each sleeping room would be permitted to accommodate up to two persons during the short-term rental, with children under the age of 12 counting as one-half of one person. This means a sleeping room may alternatively accommodate two adults, or one adult and two children, or up to four children. These limits will also apply to any bed and breakfast

during the trial period, given the similarities in uses between them and short-term rentals and to avoid confusion and to ensure consistency of regulations.

The Director of By-law and Regulatory Services may place further restrictions on the permitted number of overnight guests if it is deemed prudent for public safety, consumer protection or limiting community nuisance. Additional restrictions on the permitted number of overnight guests can be applied at the time of permit issuance or at any point thereafter, for example, where it is deemed necessary by the Director to reduce noise or other nuisances.

The permitted number of overnight guests would be documented on the host permit and hosts would be required to include this information in all listings or advertisements for the rental, to ensure that any prospective guest is aware of the applicable limits. It would also be a violation to rent a room or property to a number of guests above the permitted number.

In addition to the permitted number of overnight guests, short-term rentals and cottage rentals would be subject to the occupancy limit for residential housing prescribed in Section 38 of the Property Standards By-law. If, at any time of day, a property is overcrowded according to this by-law then each person present at the property may be charged in addition to the host permit holder.

These measures are recommended for the protection of public safety and to manage nuisance risks associated with “party houses”. In addition to facing risk of fines, a host permit holder may have their host permit suspended or revoked for a violation of the by-law such as facilitating a party house.

The *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015) recommended that cottages could be exempted from occupancy standards, given that risk of community nuisance was anticipated to be lower in rural zones. However, the ability to set overnight guest limits and the flexibility to impose further restrictions when necessary are both valuable tools that would help enforcement staff address areas of municipal concern, such as public safety. For this reason, the recommended by-law requires that overnight guest limit and occupancy provisions apply to all short-term rental host permits.

Other host requirements

Hosts are also required to provide specific information to guests at the time of booking and in a printed document accessible to all guests within the rental premises. As detailed in Section 16 of the recommended by-law, this document must contain information to enhance the safety of guests and reduce the risk of nuisance complaints. Required information includes:

- Contact information for the host or property manager
- Instructions for accessing police and emergency services
- Instructions for accessing municipal services through 3-1-1 and ottawa.ca
- A floor plan with emergency evacuation routes and the location of safety equipment
- Notice of any cameras or audio recording devices on site
- Instructions for solid waste disposal, locations for legal parking, appropriate locations for smoking and vaping
- A schedule of common offences and related fines associated with guest activities

This information will help inform guests of the applicable conditions and rules for occupancy before their arrival.

Hosts would also be required to ensure their properties are equipped with smoke alarms and carbon monoxide alarms where required under the *Ontario Fire Code*, as well as providing first aid fire extinguishers and evacuation plans.

Insurance requirements for hosts

Hosts will also be required to maintain and to hold valid Homeowners Insurance, Condominium Insurance, or Renters Insurance that specifically covers short-term rental activity to a limit of not less than one million dollars (\$1,000,000) per occurrence.

Information available from the Insurance Bureau of Canada (IBC) as well as the City's own insurance broker confirms that specific coverage for short-term rental activity is desirable to protect both the host and the guests. Typical homeowners' insurance may

not cover claims relating to short-term rental activity, so this requirement will help ensure that there is no insurance shortfall in the event of a claim. To obtain the required short-term rental coverage, hosts will need to declare to their own insurance provider that the premises are being used for short-term rental activity and to meet applicable conditions imposed by the insurer.

Information from the IBC and the City's broker also confirms that insurance products for the homeowner or renter to cover short-term rental activity are being developed and are increasingly available in the market. Given that the insurance market is still evolving in this regard, staff are proposing that some flexibility be provided by allowing the City Solicitor to approve alternative but equivalent insurance coverages for hosts. Should new insurance products be developed that offer the same consumer protection for hosts and guests as required in the by-law, such may be acceptable to the City Solicitor on a case by case basis. This flexibility would also be available in the case that a platform obtains insurance that sufficiently extends to hosts and guests to meet the requirements of the by-law.

Host Permit fees

Schedule A of the recommended by-law includes a host permit fee of \$110 for a two-year term. The cost recovery model for administration and enforcement is based largely on funding from the MAT in addition to user fees. User fees, such as the cost of a host permit, are kept low to encourage compliance and provide greater equality of opportunity for participation. Further information is provided under the Administration and Enforcement section.

In the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015), staff originally proposed a host permit fee of \$100 for two years. The proposed increase to \$110 is necessary to maintain cost recovery by offsetting the revenue lost by the lower fees proposed for smaller short-term rental platforms, as described in "Rules for short-term rental platforms" below.

Use of short-term rental platforms by hotels

The *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015) recommended that hotels and motels be required to obtain a host permit but would be exempt from provisions that would otherwise disqualify them, such as the principal residence and natural person requirements.

Staff's initial assessment was that requiring these businesses to have a host permit number would help prevent false flags for illicit rental activity by ensuring that a host permit number is displayed on their listings. However, this can be managed through internal administrative processes. The City can use the municipal address of each hotel and data submitted by short-term rental platforms to identify which listings are being posted by hotels.

With this issue resolved, there is no remaining policy rationale to require host permits for hotels or motels given that:

- These are commercial properties and do not impact housing supply in the same way as short-term rentals in residential properties.
- Community nuisance issues tend to be self-managed by onsite staff.
- Hotels and motels already collect and remit municipal accommodation tax through the Ottawa Gatineau Hotel Association, which acts as the City's collection agent and provides all necessary reporting.

As noted in the November 2019 report "a review of service request history indicates that there are no systemic or recurring issues related to the hotel/motel sector in Ottawa." (p. 52). On average, hotels generated two service requests each over the past five years. In addition, 70 per cent of participants in the final round of public consultations supported the idea that hotels do not require a host permit. (p.21)

Use of short-term rental platforms by traditional bed and breakfasts

The *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015) also recommended that traditional bed and breakfasts be required to get a host permit to offer short-term rentals, but that they should be exempted from occupancy standards and from collecting the MAT for bookings that are not brokered through a short-term rental platform, as presently established in By-law 2019-252.

The recommended by-law provides that a bed and breakfast would be required to get a host permit if they use a short-term rental platform. Unlike hotels, bed and breakfasts are typically located in residential neighborhoods. A bed and breakfast that books through a short-term rental platform is largely indistinguishable from any other residential property that offers short-term rentals and a host permit requirement is

appropriate to manage risks of community nuisance. During public consultations, 63 per cent of participants supported requiring traditional bed and breakfasts to pay the same fee as other hosts when using short-term rental platforms for bookings, as reported in the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015) (p. 21)

Similarly, a bed and breakfast that uses a short-term rental platform for its listings will be required to collect the municipal accommodation tax, as is currently required in By-law 2019-252, and this is addressed in the proposed by-law by requiring that the said tax be collected and remitted through registered platforms.

Bed and breakfasts that do not list on a short-term rental platform would continue to be exempted from the municipal accommodation tax, as is currently provided in the tax by-law. The MAT exemption for bookings that are not brokered by a short-term rental platform is maintained. As short-term rental platforms will be required to collect MAT directly from the guest, there is no anticipated impact for existing bed and breakfast operators.

Refusing, Restricting, Suspending or Revoking host Permits and Registrations

The recommended by-law (attached as Document 1) would give the Director of By-law and Regulatory Services authority to:

- Refuse to issue or renew a host permit, or registration of a platform and property manager, based on enforcement history or if the conditions of issuance are not met
- Place restrictions on a host permit, such as limiting the overnight guest limit, to reduce risk of public health and safety or community nuisance concerns
- Suspend a host permit, or a platform or property manager registration, for any violation of the by-law, until the violation is corrected
- Revoke a host permit or registration for violations of the by-law, if false or misleading information was provided by the applicant, or if the Director determines that ongoing operation of the short-term rental is adverse to the public interest, poses a risk for the health or safety of the public, or is likely to cause a significant public nuisance, among other reasons

As noted in the November 2019 report, “To ensure fairness, hosts will have the ability to appeal any decision regarding the denial or revocation of a permit.” (p.44). The *Recommended Regulatory Regime for Short-Term Rental Accommodations*, attached to the November 2019 report as Document 2, further proposed that “An appeal mechanism would be established for revoked permits, including appropriate fees for cost recovery”. (Document 2, p .5)

The Property Standards and License Appeals Committee is best suited to adjudicate such appeals, as further described under Administration and Enforcement section of this report. Additionally, an appeal fee exclusively for host permits would not be appropriate, as this body does not currently charge fees for appeals of the other licenses and permits under their jurisdiction. Staff will monitor the volume of appeals and associated costs and any additional revenue required to achieve cost recovery can be addressed through an increase in the host permit fee if necessary.

Regulations for property managers

As defined in the recommended by-law and described above, property managers are “any person who serves as an agent to a host for the purposes of managing advertising, bookings, guest services, property maintenance, or other services related to a short-term rental.” This definition has been developed to reflect that many hosts wish to place the management of the short-term rental activity in their homes in the hands of a property manager. In many cases, it is expected that the property manager will take on the role of host if the host is absent during the rental period. The property manager must be responsible and available to address issues arising with the short-term rental for or in the absence of the host, as outlined below.

Under Part III (“Part Three”) of the recommended by-law, property managers of short-term rentals would be required to register annually with the City and maintain up-to-date records regarding the short-term rental hosts and properties that they are managing. The short-term rentals that they manage must have a valid host permit and must provide client records to By-law and Regulatory Services upon request.

To register as a Property Manager, firms must provide contact information for a place of business in Ottawa and may not have any outstanding charges or debts to the City at the time of registration. Property Managers and their employees would also be required

to have completed a Criminal Records and Judicial Matters Check, given that they will frequently have access to individuals' homes.

Property Managers would also be required to maintain current contact information with By-law and Regulatory Services, and to attend a client address within two (2) hours of receiving a request from By-law and Regulatory Services. This requirement was modeled after the Township of The Blue Mountains, however the time limit has been extended from one (1) hour to two (2) hours recognizing Ottawa's larger geographic boundary.

As detailed in Section 27 of the recommended by-law, property managers would be required to maintain \$2 million in commercial General Liability Insurance.

Fees for property managers

As detailed in Schedule A of the draft by-law, staff is recommending a \$200 annual fee to register as a property manager to offset the cost of maintaining the required records.

Regulations for short-term rental platforms

In addition to the general rules for advertising short-term rentals included in Part One of the draft by-law and described above, there are specific regulations for short-term rental platforms (such as Airbnb, VRBO and MisterBandB, among others), as detailed in Part Four of the recommended by-law.

Requirements for data

The recommended regulations for short-term rental platforms emphasize the collection, retention and provision of data necessary for the City to administer the proposed host permit and registration regimes as well as regulate local impacts of their business activities. This aligns with the City's regulation of other digital services platforms, such as Private Transportation Companies in the Vehicle-for-Hire By-law (No. 2016-272, as amended).

Under the recommended by-law, any platform that markets or brokers short-term rental listings or bookings within Ottawa would be required to register with the City and enter into a data sharing agreement.

Data required to manage, administer, and enforce the host permit regime includes:

- Listings for properties within Ottawa's jurisdiction, including the street address and the City host permit number associated with the listing
- Data about the frequency of bookings, earned revenue and municipal accommodation tax collected for each listing
- Data concerning public complaints filed with each platform

The recommended by-law requires scheduled data submissions from short-term rental platforms that will be audited and compared with the City's host permit and enforcement records and third-party web surveillance data to identify illicit rental activity or other by-law violations and to verify municipal accommodation tax and fee collection.

Municipal accommodation tax

Currently, Airbnb and MisterBandB are the only two platforms that collect municipal accommodation tax (MAT) on behalf of hosts. This process is conducted through voluntary collection with each participating short-term rental platform. As recommended by Revenue Services, the draft by-law would require that all registered short-term rental platforms collect MAT and report MAT revenue to the City on a monthly basis. Platforms would be required to remit payments of the tax to the City on a quarterly basis at minimum, along with reports of revenue and all bookings where MAT was exempted in accordance with By-law 2019-252.

To achieve this, staff are recommending that Council approve minor amendments to By-law 2019-252 to harmonize terminology and processes between that by-law and the recommended Short-Term Rental By-law. These changes would include:

- Adding the definition of short-term rental platform and short-term rental, as they appear in the draft Short-Term Rental By-law, in Section 1.
- Repealing the term "third-party home sharing listing entity" where it appears and replace it with the term "short-term rental platform".
- Adding "short-term rental" to the classes of transient accommodation required to charge MAT found in s. 2(1).
- Amend Section 5 to require short-term rental platforms to register as tax collection agents and remit MAT payments to the City as prescribed.

- Amend Section 7 to harmonize requirements for data submissions required for MAT auditing and inspection with data requirements for short-term rental platforms prescribed in the draft Short-Term Rental By-law.
- Minor amendments to correct typographical errors or renumber provisions, provided such amendments are consistent with Council's direction.

Upon approval, Revenue Services and Legal Services would make the required amendments to By-law 2019-252 and submit the amending by-law for enactment by Council to coincide with the in-force date of the recommended short-term rental regulations.

Other platform requirements

In addition to requirements for registration, data provision, and MAT collection, the recommended by-law requires platforms to:

- Have a system for receiving and responding to complaints from the public
- Communicate regulatory information from the Director of By-law and Regulatory Services to hosts when requested
- Hold \$2 million dollars in Commercial General Liability insurance, as prescribed in Section 33, for consumer protection purposes

Platform registration fee

Schedule A of the recommended by-law includes a one-time fee for registration as a short-term rental platform. This fee will offset the costs of establishing data sharing agreements and protocols and auditing platform records as further described in the Administration and Enforcement section below, for the three-year trial period.

In the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015), staff recommended a fee of up to \$5,000 for short-term rental platforms. Ongoing consultations with platforms have shown that this would have the unintended consequence of preventing smaller platforms from participating in the legitimate marketplace. Consequently, staff are now proposing a three-tier model based on the number of listings a platform manages in the City.

The recommended fee for platforms with fewer than 100 listings is \$1,000. The fee for platforms with 101-500 listings would be \$2,500 and the fee for platforms with more than 500 listings would be \$5,000. Should a platform increase the number of listings they provide and move into a new tier during the trial period, they will be required to pay the difference.

This change in revenue is offset by the \$10 increase in the proposed host permit fee, as described above.

Additional protections for condominiums, housing co-operatives and landlords

Part V ("Part Five") of the recommended by-law provides a mechanism to protect condominium corporations, housing co-operative boards, and landlords from short-term rental activity where it is not permitted under their own governance models and applicable regulations. The above-noted property owners can register a prohibition against short-term rental activity within their premises with the City.

A property owner can prohibit the issuance of a host permit by the City for the property in question where short-term rental activity is already prohibited under that property's governing rules. Proof of legal authority for the prohibition, such as a registered condominium declaration, a corporate by-law or proof of ownership would be required to register. Once such a prohibition has been confirmed and registered with the City no host permit will be issued for the unit or premises in question.

Information obtained in the initial consultations and research conducted in 2019 indicates that short-term rental activity has been particularly problematic for condominium corporations within the City. In some cases, individuals have purchased condominium units as investment properties and rented them on a short-term basis in contravention of a prohibition in the condominium's own declaration or by-laws. The proposed prohibition mechanism and associated penalties for non-compliance may increase the risks and costs for a condominium owner conducting illicit rental activity.

To register the prohibition with the City, condominium corporations would have to provide evidence of a prohibition under the condominium declaration, a condominium by-law, or a condominium rule. The authorized representative who submits this documentation will have to sign a declaration that the adoption of the by-law or rule has been made in accordance with the *Condominium Act, 1998*. The Director of By-law and

Regulatory Services may also request additional evidence of the validity of a prohibition, as set out in Document 1.

Boards of directors of housing-cooperatives will be able to have an authorized representative submit a by-law passed in accordance with the *Co-operative Corporations Act* as evidence that short-term rental activity is prohibited on the premises.

A landlord may also register a prohibition by providing proof of ownership of the rental property and evidence of the prohibition in the lease or other documents that govern the rental property. While the Landlord and Tenant Board is the authority to evict tenants for offering illicit short-term rentals, the charges that may be issued through the recommended by-law are expected to deter fraudulent rentals and help protect rental housing for long-term tenants.

Once a prohibition on short-term rentals has been registered, the address will be blocked from receiving a host permit. Any host permits issued for the listed addresses that are subsequently subject to a prohibition will be revoked for the period of time that the prohibition is in force. The prohibition will remain in place with the City until an application to remove the prohibition is received with the appropriate documentary evidence that it no longer applies, such as a change to condominium regulations.

Fees for the prohibition of host permits

As detailed in Schedule A of Document 1, the fee for registering or removing a prohibition includes the standard administrative fee of \$57, plus \$5 per civic address. This fee is based on providing cost recovery for the estimated staff time required to administer this prohibition mechanism.

Administration and Enforcement

The recommended by-law would be administered and enforced by By-law and Regulatory Services.

Rules for the management of host permits and the registration of property managers and short-term rental platforms are established in Part VI (Part Six) of the recommended by-law. The Director of By-law and Regulatory Services would be authorized to:

- Deny host permits for any prescribed reason such as incorrect or incomplete information or concerns, or if there is reason to believe that issuance would be contrary to public safety
- Impose specific conditions on a host permit to address public safety, consumer protection or community nuisance concerns
- Suspend host permits until an issue of non-compliance has been resolved
- Revoke host permits for serious or repeated violation of any law or by-law

A request for a review process is included in the recommended by-law in respect of the Director's decision to impose a condition on a host permit, to refuse to issue or renew a host permit or to register a platform or property manager, or to suspend or revoke a host permit or registration. Under this process a short-term rental host, platform or property manager may request a third-party review if they disagree with the decisions of the Director in the above-noted circumstances.

Under the recommended by-law, reviews of these decisions would be heard by the existing Property Standards and License Appeals Committee. This Committee is a quasi-judicial administrative tribunal established by Council to conduct similar reviews relating to licences and property standards decisions and has in the past also reviewed appeals related to permits under various City by-laws. Administrative processes are already in place to convene the Committee as required and to receive requests, hold hearings, and render decisions. As is the case with other regulatory by-laws of the City, the decision of the Committee would be final in these matters.

Staff requirements

Staff are recommending six (6.0) temporary FTEs for administration, enforcement and data analytics requirements for the recommended by-law. This is in line with the staff capacity for administration and enforcement described in *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015). The seventh temporary FTE recommended for the first year of the program is no longer required given the reduced number of active rentals due to the COVID-19 pandemic.

While the COVID-19 pandemic has resulted in a marked decrease in the number of short-term rental properties and the frequency of rental activity, the enforcement

challenges associated with short-term rental activity, including un-hosted short-term rentals in residential zones, have continued. By-law and Regulatory Services has been required to investigate complaints and enforce provincial public health orders related to some short-term rental activities.

According to data provided by AirDNA, whole unit rentals accounted for over 169,000 rental nights in 2020. This data further indicates that more than 1,500 rental listings remain available on Airbnb and VRBO platforms, as of February 2021. Of these, 983 offer whole unit rentals. To address ongoing illicit rentals and prevent a resurgence of illicit rentals following the pandemic, staff recommend the above FTE to provide additional and enhanced intelligence and enforcement capacity.

Financial Requirements

The total budget for each year of the three-year trial period is anticipated to be:

FY 2021: \$550,000

FY 2022: \$853,000

FY 2023: \$870,000

These figures assume hiring staff in May for an effective date of June 1, 2021. The budget includes all staffing and equipment costs, staff hotelling costs and specialized software licensing fees for web surveillance. By-law and Regulatory Services is undertaking a procurement process to acquire a third-party web surveillance solution to monitor short-term rental activity within the City. An amount of \$100,000 has been included in the annual budget based on preliminary scoping of this requirement. This technology will support the proactive identification of illicit short-term rental properties for enforcement action.

Administration and enforcement of the recommended by-law would be funded on a cost recovery basis from a combination of user fees and MAT revenue, as directed by Council in the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015). The City's Chief Financial Officer has assessed that an increase in MAT will not be required to achieve cost recovery. The funding for the short-term rental enforcement pilot will be as follows:

Table 1 - Short-term Rental Enforcement Funding

	User Fees	MAT	Total
FY 2021	\$40,000	\$510,000	\$550,000
FY 2022	\$58,000	\$795,000	\$853,000
FY 2023	\$65,000	\$805,000	\$870,000

Phased Implementation

Should Council approve the recommended by-law and supporting by-law amendments for the Zoning By-law and By-law No. 2019-252, respecting the municipal accommodation tax, By-law and Regulatory Services will begin a phased implementation plan.

On the date the by-law comes into force, staff will:

1. Publish short-term rental information and guidelines for applications on Ottawa.ca and begin a public awareness campaign
2. Work with short-term rental platforms and property managers to process their applications for registrations
3. Accept applications for host permits
4. Receive applications for and register prohibitions against short-term rental in condominiums, housing co-operatives, and rental housing

Following the initial education and intake phase, staff will:

1. Issue host permits to eligible applicants
2. Identify illicit rentals and inform property owners about what they need to do to become compliant
3. Enforce the new regulations on a case-by-case basis, including identification and investigation of illicit rentals and “party house” complaints

A public awareness campaign will serve to explain rules to applicants and the public and encourage compliance during the initial implementation period. Enforcement will occur on a phased basis, with an initial emphasis on education and compliance.

Monitoring and performance measurement

During the three-year trial period, staff will monitor short-term rental activity within the City to assess the overall impacts of this activity and the effectiveness of the regulatory regime. Key metrics considered for assessment include:

- The number and location of short-term rentals
- The frequency of rental activity and resulting revenue and municipal accommodation tax implications
- Compliance rates for the host permit system and municipal by-laws generally, including all service requests and investigation outcomes for consumer protection, community nuisance and public health and safety concerns
- Impacts on housing availability and affordability, where possible
- Budget and service impacts for City services, particularly within By-law and Regulatory Services and ServiceOttawa

As the COVID-19 pandemic has led to a significant reduction in both the number of short-term rental properties and the overall level of rental activity, it will not be possible to assess the impact of regulations against the historical data reported in the City's *Rental Market Analysis*. Measurement of success will depend on an assessment of the ongoing impacts of short-term rental activity within the approved regulatory regime.

Conclusion

The recommended Short-Term Rental By-law, attached as Document 1, is expected to achieve the policy objectives identified in the November 2019 *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015):

A robust host permit system based on a principal residence requirement is an increasingly used regulatory solution. It has been utilized in Vancouver's model, as well as Toronto's recently implemented regulatory regime. Additional protections are

provided under Part Five of the recommended by-law to protect condominiums, housing co-operatives and rental housing from illicit rental activity that removes valuable long-term housing from Ottawa's market.

Rules of conduct for hosts, property managers, and short-term rental platforms would further support the protection of housing inventory while also introducing important consumer protection and public safety requirements and new measures to prevent community nuisances.

While the recommended by-law would introduce new measures to prevent and enforce against illicit rentals, the overall regulatory regime also aims to increase opportunity for residents to participate in a legitimate marketplace by removing, on a trial basis, the current prohibition against un-hosted rentals in residential zones and permitting cottage rentals in certain rural zones.

The recommended by-law is expected to deliver the above benefits on a cost recovery basis, without adding budget pressure to municipal taxes. Budget and performance data will be monitored throughout the three-year trial period to inform recommendations for a long-term framework to manage short-term rental activity in the City.

RURAL IMPLICATIONS

The recommended Short-Term Rental By-law, when implemented concurrently with the zoning amendments detailed in *Zoning By-law Amendments to Permit the Short-Term Rental of Residential Dwelling Units City-Wide* (ACS2021-PIE-EDP-0005), would permit the short-term rental of certain residential units in certain rural zones outside of villages, as well as the short term rental of principal residential units in all rural zones, for a temporary 3-year period. This supports the City's *Rural Economic Development Strategy and Action Plan*. Land use impacts are to be monitored during the trial period, particularly in relation to evolving housing trends fueled by the onset of Covid-19, which will inform any future enactment of these use permissions beyond the trial period.

CONSULTATION

Consultations for the development of the Council-approved regulatory regime for short-term rentals are described in detail in the Report on Rental Accommodations Study and Regulatory Regime (ASC2019-EPS-GEN-0015) and in Document 6 attached to that report and entitled "Public Input on Rental Accommodations Study".

Following the public and stakeholder consultations that informed the development of the recommended regulations, staff completed additional stakeholder consultations with the following industry groups:

- Ottawa Tourism and Ottawa Gatineau Hotel Association
- Registered bed and breakfasts owners
- Ottawa's Real Estate Industry Associations
- Condominium and Landlord Associations
- Short-Term Rental Platforms
- Short-Term Rental Property Managers

These stakeholders were invited to comment on specific provisions of the recommended by-law. This provided industry groups with the opportunity to share anticipated impacts of specific measures with City staff and helped to refine the recommended regulations within the parameters of the Council-approved regulatory regime.

COMMENTS BY THE WARD COUNCILLOR(S)

This report has City-wide implications.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations set out in this report. As set out in this report and as previously described in detail in the *Report on Rental Accommodations Study and Regulatory Regime* (ASC2019-EPS-GEN-0015), the authorities for the proposed regulations are set out in the *Municipal Act, 2001*.

The authorities for the related zoning changes under the Planning Act were also addressed in the prior Report and are further addressed in the *Report on Rental Accommodations Study and Regulatory Regime* (ACS2021-PIE-EDP-0005).

The proposed regulatory by-law has been drafted such that it will not come into effect until the zoning by-law amendment comes into effect, to ensure that both the regulatory and zoning framework are in place concurrently.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications.

ASSET MANAGEMENT IMPLICATIONS

There are no direct asset management implications in this report.

FINANCIAL IMPLICATIONS

All Financial implications are as reflected previously in this report. The FSU shall be responsible for any required adjustments to the operating budgets.

ACCESSIBILITY IMPACTS

Staff confirm that the proposed by-law requires short-term rental hosts, platforms, and property managers to comply with Provincial and Federal laws and regulations. This includes the *Accessibility for Ontarians With Disabilities Act, 2005* ("AODA"), and the Integrated Accessibility Standards Regulation passed under it. Entities that are considered to be small or large organizations under that legislation may therefore be subject to specific obligations under that Act and Regulation, including those relating to information and communications standards. While By-law and Regulatory Services has no authority to enforce the AODA, information can be provided to members of the public upon request on how to provide feedback or make a complaint to the correct provincial authority. In addition, confirmed violations of provincial legislation may result in a review of the permit or registration status of an entity that is regulated under the proposed by-law, and will be addressed on a case by case basis.

Staff further confirm that all information that is made available about the proposed regulations on ottawa.ca to the public as well as prospective permit holders or registrants will meet the City's obligations under the AODA and will be provided in English and French. As per the City's Alternate Formats and Communication Supports Procedure, alternate formats and communication supports will also be available upon request.

TECHNOLOGY IMPLICATIONS

Administration of the recommended by-law will require the completion of the Microsoft Dynamics CRM solution before online applications and payments can be offered to

applicants. In the interim, the manual and email application processes currently in place in By-law and Regulatory Services for other licenses and permits will be utilized for the Short-Term Rental By-law. Once the foundational CRM and portal work are complete the timelines will be assessed to incorporate the Short-Term Rental processes.

TERM OF COUNCIL PRIORITIES

This report supports the Term of Council priorities for Economic Growth and Diversification, Thriving Communities and Service Excellence through Innovation.

By creating a low cost host permit system for residents to provide short-term rentals in their principal residence, Council can provide an opportunity for residents to earn extra income while reducing or eliminating the harmful impacts of investment properties (“ghost hotels”) on housing availability and affordability. The recommended cottage rental host permit further supports Council’s *Rural Economic Development Strategy and Action Plan*.

Consistent with Council’s direction to collaborate with Ottawa Tourism to promote Ottawa as a destination, Ottawa Tourism has been engaged as a key stakeholder throughout this process.

The recommended by-law will further support thriving communities by protecting the quality and character of established neighbourhoods through reduced community nuisance and increased protection of local housing inventory.

Finally, the low-cost host permit system and data-driven enforcement model will leverage new technology to provide improved customer service and enforcement efficiencies. Public education and outreach activities will further support Service Excellence.

SUPPORTING DOCUMENTATION

Document 1 – Recommended Short-Term Rental By-law (distributed separately)

DISPOSITION

Upon approval, Emergency and Projective Services (EPS) together with the City Clerk and City Solicitor’s Offices will prepare the by-law for enactment by Council once the complementary temporary use (zoning) and related land use restrictions proposed in

Report ACS2021-PIE-EDP-0005 come into full force and effect. If the temporary use zoning or other matters proposed by PIED are appealed to the Local Planning Appeal Tribunal, the coming into force and implementation of this Short-Term Rental By-law will be delayed until the planning appeal is concluded. Staff from EPS will also take necessary steps to apply for and obtain set fines in relation to offences in the recommended by-law, and to undertake public awareness and related initiatives in conjunction with other relevant City departments.