



## **The Corporation of the Town of LaSalle**

**To:** Mayor and Members of Council

**Prepared by:** Gudrin Beggs, Director of Planning & Development

**Department:** Planning & Development

**Date of Report:** October 30, 2023

**Report Number:** PD-34-2023

**Subject:** Short Term Rentals

### **Recommendation**

That the report of the Director of Planning and Development dated October 30<sup>th</sup>, 2023 (PD-34-2023) regarding Short Term Rentals be received;

And that, Administration continue to rely on existing By-law Enforcement by-laws to regulate Short Term Rentals to the extent possible while continuing to monitor the Short Term Rental market within the municipality against the need for future regulatory consideration.

### **Report**

At the Regular Meeting of Council on July 12, 2022, Council passed motion 177/22 to direct Administration to prepare a report regarding regulations and by-laws surrounding Airbnb's in the Town of LaSalle. Over the past year, Administration has observed and collected information on the Short Term Rental (STR) stock within the Town of LaSalle and reviewed the approach taken by other municipalities within Essex County and throughout Ontario.

This report will provide Council with some preliminary background information and general commentary on the evolution of the accommodation sector as well as some STR policy and regulatory options for potential consideration. In order to implement an effective regulatory program for STRs, it is important to first understand the local context, review what other municipalities are doing in this realm, and consult with local stakeholders to best understand the issues and concerns that STRs present within the community.

**What is a STR?**

The proliferation of the “Sharing Economy”, which refers to individuals and businesses who use or share assets to earn income through third-party digital platforms, is increasing worldwide. In fact, there is significant research to suggest that the current STR housing market in Ontario has doubled over the last two years. As a result, local governments find themselves in a unique position of attempting to balance the forces of housing innovation with the need to create a regulatory framework to manage this niche market. There are various online platforms available for homeowners to advertise their STR properties to renters, including but not limited to, Airbnb, VRBO and HomeAway.

The formalization of STRs in a regulatory framework requires clarity on the definition of a “Short Term Rental”. cursory research suggests that the most widely accepted definition for a STR is the rental of a dwelling (house, townhouse, condominium, apartment, or additional dwelling unit) on a platform for less than 30 days. This definition varies slightly across jurisdictions, but generally STRs are categorized as privately owned units made available for rent via online platforms in short-term intervals, typically between 1 and 30 days.

**Current Regulatory Position on STRs**

Currently, the Town of LaSalle does not have a regulatory framework in place to license, regulate, or control the STR market. As some means of regulation, we rely on the provisions within certain Town By-laws (Noise, Clean Yard, Parking, etc.) to regulate some of the common nuisance aspects often associated with STRs. Our current Zoning By-law does not contemplate STRs neither permitting nor prohibiting STRs as a permitted use within any zone. With that being said, those existing and operating STRs within the Town of LaSalle are not necessarily considered ‘offside’ with the Zoning By-law as those dwellings being used for STRs are still being used for a residential purpose in a residential capacity. This interpretation could also be applied to the use of long-term rentals.

While the Zoning By-law does provide a definition for Bed and Breakfast Establishments, these establishments are restricted to owner-occupied dwellings and are only considered a permitted use within the agricultural zone. For the purposes of this report, Bed and Breakfast Establishments are not included in the observation of STRs since generally the owner of the Bed and Breakfast Establishment resides in the dwelling together with the guests and provides breakfast; whereas the owner of an STR can either reside within or outside the dwelling being rented for accommodation.

To date, By-law Enforcement has not received complaints attributable to the use of STRs. If such complaints did arise, Administration would attempt to manage the situation by initiating a discussion and educating the property owner/commercial host to help prevent the same complaints from recurrence. In discussions with LaSalle Police, it was confirmed that less than ten calls were received related to the operation of STRs over the course of the last three years. In general, most concerns related to STRs typically revolve around nuisances related to noise, parking and property standards.

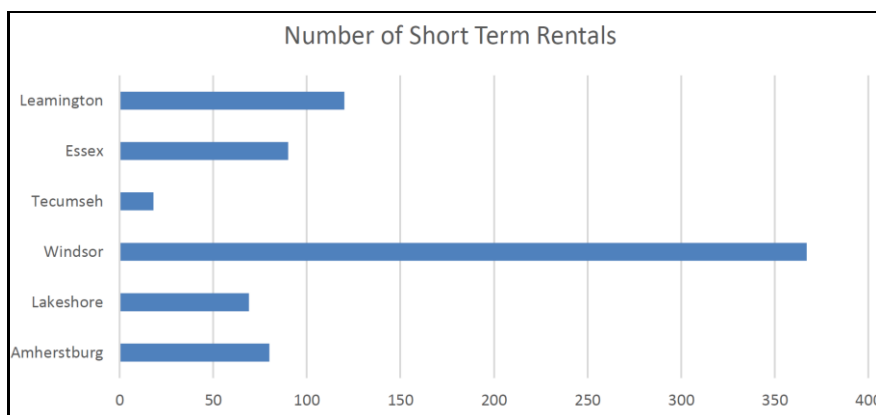
### Current/Known STR Market in LaSalle

It proved somewhat difficult to determine the exact number of current STRs within the municipality. Through a search of the various online platforms, it would appear that LaSalle has a presence on Airbnb, VRBO, and Facebook Marketplace totaling twenty-three (23) STRs. The types of STRs identified through the online search include a portion of a dwelling, an entire dwelling or an accessory dwelling, as identified in the inventory table below. However, it is important to note that this assessment does not seek to capture the STR market using other means of advertisement, and as a result may not be wholly representative of the actual STR inventory within the municipality.

The table below documents the current STR inventory available within LaSalle, as hosted on available public online platforms.

Listing #	Dwelling	Listed Since (Year)
1	Partial Dwelling	2020
2	Partial Dwelling	2021
3	Whole Dwelling	2021
4	Accessory Dwelling	2021
5	Whole Dwelling	2021
6	Whole Dwelling	2022
7	Partial Dwelling	2022
8	Whole Dwelling	2022
9	Whole Dwelling	2022
10	Partial Dwelling	2022
11	Partial Dwelling	2022
12	Accessory Dwelling	2022
13	Whole Dwelling	2023
14	Accessory Dwelling	2023
15	Whole Dwelling	2023
16	Partial Dwelling	2023
17	Partial Dwelling	2023
18	Partial Dwelling	2023
19	Partial Dwelling	2023
20	Accessory Dwelling	2023
21	Partial Dwelling	2023
22	Whole Dwelling	2023
23	Partial Dwelling	2023

Additional research indicates that comparatively around the County, certain municipalities over others have a larger documented STR market, substantiating the growing pressure for the development of an appropriate regulatory framework. The graphic below details the number of documented or known STRs per regional municipality in 2020. It is safe to assume that from 2020 to present day, a significant increase in the number of STRs is likely. For example, Lakeshore has identified that their current number of known STRs is 125, compared to the 70 identified in 2020 as shown in the chart below.



### STR Challenges vis-à-vis Housing Affordability

Some critics of STRs argue that the affordability of longer-term rental housing stock is adversely affected by those participating in the STR market. The suggestion is that those vacant homes or apartments, traditionally rented for longer-term tenancies, are now being rented on the STR market. This may negatively impact the affordable and attainable housing options available within the municipality as the longer-term housing supply is absorbed by STRs. In fact, some critics suggest that this transition tends to drive up existing longer-term rents, with the market supply of longer-term rentals becoming more competitive.

Canada Mortgage and Housing Corporation (CMHC) has reported on the impact of STRs and housing affordability, to suggest that STR popularity has led to apartments and houses being converted from traditional long-term housing rentals into STRs. In fact, a study completed in 2020 suggests that approximately 31,000 homes across Canada have been taken off the long-term market, favouring STRs as a more lucrative product to market for landlords/property owners.

### STR Regulatory Opportunities

To control and limit commercial host activities within the STR market, there are several proven municipal regulatory programs in place across Ontario. While some municipalities within Essex County have opted to regulate STRs, others have not. For example, the Town of Essex has established specific zoning regulations for permitting STRs within certain zone categories in addition to requiring a license granted by the municipality to legally operate. Recently, the Municipality of Lakeshore Council passed a motion to prohibit STRs in general terms but to permit them as long as they operate in the likeness of a Bed and Breakfast, which requires the owner to occupy the dwelling. The Town of Amherstburg has adopted a licensing regime as well as a regulatory by-law to enforce the licensing requirements and control and regulate the STR inventory. To our knowledge, the Town of Kingsville, Municipality of Leamington and the Town of Tecumseh have not implemented or considered any control or regulation surrounding STRs at this time.

If Council wishes to pursue the regulation of STRs, considerable research and appropriate consultation would need to be undertaken for Administration to support and recommend a comprehensive regulatory program for the municipality. It is anticipated that such a regulatory program would involve a collaboration between Planning and Development, Council Services, Legal, Finance, Strategy and Engagement, Fire Services, LaSalle Police, as well as By-law Enforcement.

Furthermore, it is recommended that a wide range of stakeholders be consulted, as part of a robust engagement strategy to inform future regulation. The following provides a list of potential stakeholders:

- The B&B and Hotel Industry;
- Housing and tenant advocacy organizations;
- Landlord associations;
- Existing STR operators/hosts and online platform companies;
- Tourism Windsor Essex Pelee Island;
- The Windsor Essex Economic Development Corporation;
- The Windsor Essex Community Housing Corporation;
- Ontario's Sharing Economy Advisory Committee; and
- The residents of LaSalle

Once the emerging opportunities and concerns are identified through appropriate consultation, these elements can be used to help inform the appropriate regulatory regime put forward by Administration. The regulatory elements of any future STR strategy or framework need to operate together to effectively achieve the objectives identified by the community and Council.

Recently, municipalities have recognized the importance of adopting comprehensive measures that focus on the use of multiple regulatory tools interchangeably. There appear to be certain key common regulatory characteristics in existing models currently in place. The following elements are believed to be necessary for the effective implementation of any future governing structure for STRs.

### Land Use & Zoning

The regulation of STRs through land use planning tools has varied across jurisdictions. Some jurisdictions prohibit STRs through zoning in certain geographical districts that are recognized as popular tourism designations in an effort not to compete with the established accommodation sector. Other municipalities have opted to only allow STRs in certain commercial zones to not detract from the neighborhood character and integrity of established residential neighbourhoods.

Some argue that from a land-use perspective, for STRs to be recognized within a specific zone, they would need to be explicitly identified as a permitted use within a zone, as well as established as a defined term within the Zoning By-law. These measures allow the use to be explicitly and legally recognized within the zone to which it pertains. Regardless of the way in which zoning is used to regulate and control STRs, it

is proven that it is most effective when paired with a licensing component to allow for greater compliance and enforceability.

### Licensing

The Municipal Act gives municipalities the specific authority to license, regulate and govern businesses operating within its jurisdiction. This includes adopting licensing by-laws covering the business of renting residential units. Licensing is used to require the owner to comply with the municipal by-laws, Building Code and Fire Code to promote compliance with minimum health and safety requirements. Unlicensed operations can result in inadequate and unsafe living conditions for tenants/patrons.

Currently, the municipality does not have a business licensing program. It is important to note that if STR licensing were to move forward, this may also incite a request for the municipality to undertake a business licensing program.

In jurisdictions where STR licensing is a municipal requirement, larger platforms such as HomeAway and Airbnb will require documented proof that a particular host has secured a municipal license prior to permitting the host to advertise their property on the platform. The licensing component of the project would require administration on behalf of Council Services as well as representatives from Fire Services and the Building Department to complete inspections necessary to ensure public health and safety standards are met, including potentially submitting a fire safety plan for review and approval by Staff.

In addition, municipalities across the Province have the authority to levy a tax on transient accommodation. The Municipal Accommodation Tax (MAT) is established under section 400.1 of the Municipal Act, 2001, and authorizes municipalities, should they choose, to establish and collect the tax.

The MAT rate varies across jurisdictions but is typically anywhere between a 4-6% tax charged on transient accommodations. More specifically, the tax applies to all accommodation sold for a continuous period of less than 30 days in a hotel, motel, lodge, inn, hostel, bed and breakfast, dwelling unit, or any place an accommodation is provided. Municipalities that collect a MAT traditionally use the funds to promote tourism within the municipality, with a focus on attracting more visitors to the Town.

Notwithstanding, should a licensing program be implemented, it would require a commitment to enforce the regulatory elements of the license, which requires a concerted effort to attract hosts to participate in the program and comply with the regulations.

### Enforcement

Integral to the success of any regulatory framework is the extent to which compliance with the set rules is enforced. The research suggests that the most important aspect of any regulatory model is the enforcement mechanisms that accompany it. Legislation alone cannot minimize the negative impacts of STRs if commitment to effective

enforcement is absent. Governing bodies must prioritize both legislation and enforcement, dedicating adequate resources to ensure that By-law contraventions are followed with immediate and set consequences.

A By-law governing the establishment of STRs within the municipality, mandates conditions, provisions and requirements for the operation of STRs. The By-law would also establish the process necessary to secure a license and would be the enforcement mechanism to ensure compliance. The By-law would also establish penalties for those hosts who were operating outside the confines of the By-law or without a proper license.

### **Next Steps**

The initial research suggests that a regulatory framework to govern the use of STRs would, at a minimum, include the following:

- Robust public consultation and engagement with industry partners and stakeholders as well as the residents of the LaSalle to appropriately identify the concerns and issues around STRs to inform any proposed regulatory framework;
- An examination of the appropriate zoning categories where STRs should be identified as permitted uses as well as the establishment of an industry appropriate definition to be adopted in the Town of LaSalle's Zoning By-law;
- The development of a licensing program through Council Services (in coordination with Building and Fire) to license, control and manage the STR inventory within the municipality;
- The development and adoption of a governing By-law to be used as a means to enforce and ensure compliance around the set of rules established by the municipality for the STR industry;
- An assessment of the required staffing levels (within the various departments) for an STR regulatory program to be developed as well as the resources necessary to ensure the program's success.

Given the relatively limited number of STR inventory within the municipality, combined with few complaints received from By-law Enforcement and LaSalle Police related to their operation, Administration is recommending that we continue to monitor the increase of STRs within the community against the need for future regulation. This monitoring process will include continuing to investigate the number of STRs within the community as well as logging the complaints received regarding STRs from both By-law Enforcement and LaSalle Police. Administration is willing to come back to Council in one year's time to report back on the status and condition of the STR market in LaSalle.

However, should Council direct Administration to proceed with the development of a STR regulatory framework, this multi-departmental initiative requires significant time and effort on the part of Staff and would likely become a 1–2-year project undertaking. This

comprehensive project would involve a thorough review of programs administered by other municipalities, an exploration and assessment of current best practices within the STR regulatory realm and a robust public consultation and engagement strategy with all necessary stakeholders to best understand the issues surrounding the STR market in the community. Once this assessment is complete, Administration can work towards developing a regulatory framework incorporating the appropriate components related to zoning, licensing, and By-law enforcement for Council consideration.

With individual departmental goals already established for the 2024 budget year, should Council direct Administration to pursue this project, there will be a need to revisit previously established goals for the 2024 calendar year upon Council consideration of the 2024 budget.

## **Consultations**

Town of Amherstburg By-law Enforcement, Town of Essex Planning Department, Municipality of Lakeshore By-law Enforcement.

Town of LaSalle Council Services, Legal, By-law Enforcement, Fire, and Police Services.

## **Financial Implications**

None.

## **Prepared By:**



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## **Link to Strategic Goals**

1. Enhancing organizational excellence - Yes
2. Strengthen the community's engagement with the Town - No
3. Grow and diversify the local economy - No
4. Build on our high-quality of life - No
5. Sustaining strong public services and infrastructure - No

## **Communications**

N/A



**Notifications**

N/A

**Report Approval Details**

Document Title:	Short Term Rentals.docx
Attachments:	
Final Approval Date:	Oct 30, 2023

This report and all of its attachments were approved and signed as outlined below:

  
Chief Administrative Officer

Joe Milicia