



## Staff Report #C2023-24

Committee 2023-10-16

Council 2023-11-06

Amendments

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**Submitted To:** Committee of the Whole | Council  
**Submitted By:** Sara Almas, Director, Legislative Services/Clerk  
**Prepared By:** Amanda Fone, Licensing and Compliance Officer  
**Subject:** Licensing Short-Term Accommodations

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### Recommendation

**THAT** Staff Report #C2023-24, Licensing Short-Term Accommodations, be received;

**AND THAT** Council approve the phased in implementation of the Short-Term Accommodation Licensing Program (Appendix A), subject to the necessary land use planning policy and regulatory approvals required to support Class B & C Licenses, as recommended herein;

**\*NEW:** **AND THAT** Phase 1 – Implementation for Class A STAs (Bed & Breakfast operations) be exempt from all licensing (& inspection) fees for their initial term.

**AND THAT** Staff be directed to proceed with a Town initiated Zoning By-law Amendment;

**AND THAT** Council authorize the use of surplus parking funds to cover any expenses during the first 2 years of implementation (such as staffing, licensing software, and other program costs) until the program becomes self-sustaining, and the parking reserve be reimbursed from future years revenues;

**AND FURTHER THAT** Staff report back to Council with an update on Phase 1 implementation, any necessary revisions to the Licensing By-law and a plan for rolling

out Phase 2 of the Licensing Program, following the approval of a Zoning By-law Amendment.

## Amendments

Staff were directed to investigate whether existing bed and breakfast (B&B) establishments could be exempted from Class A licensing fees if existing B&Bs are able to meet established criteria, such as providing proof of a current and valid business registration for the B&B establishment and a Federal HST Account (if applicable).

In review of the recommendation to investigate this option with Planning Staff, staff consulted with our municipal lawyer as it is a complex issue. To implement such a provision in the STA licensing framework we must consider the following:

1. In granting exemptions, main concepts of what to avoid are:
  - a. **by-law discrimination**, which involves permissions or requirements that draw a distinction between persons for an improper motive without regard for the public interest; and
  - b. **unlawful bonusing** by assisting any commercial enterprise through bonuses granted for that purpose.
  
2. **Clear exemption criteria should be tied to the Town's policy goals.** Just as one example, municipal business licensing often applies regardless of whether an operator has decided to provincially incorporate and/or register a business name for its own business reasons. The reason is that those steps may not guarantee the sorts of standards aimed at by the licensing regime (which the licensing fees fund). The same is true of HST registration, which is tied to revenue.

Based on Staff's investigation and legal considerations, we are recommending the STA By-law and framework be implemented as proposed however are supportive of

proceeding with Option 2 (waiving fees for Phase 1).

Under the proposed STA Licensing Program, existing and new B&Bs will be required to obtain a Class A Licence and comply with both Zoning and licensing requirements in order to continue operating. The proposed licensing fee for Class A Licences is \$1,250, which would cover all inspection and compliance check fees as well as administrative costs from the involved departments/divisions.

The following is the existing Class A proposal, as well as an additional option for Council's consideration:

**Option 1 (Original Staff Recommendation) – Require all Class A Licensees to pay licensing fees**

Description:

- Applicants must pay a licensing fee (\$1,250) to obtain a Class A Licence.

Considerations:

- Whether new or existing, all B&Bs must pay a licensing fee.
- Under this option, applicants would not need to prove whether their B&B was 'existing' prior to Phase 1 implementation.
- The proposed Class A Licence fee (\$1,250) is set lower than Class B (\$2,250) and C (\$2,500) Licence fees.
- Licensing fees are intended to offset the costs of administering and enforcing the STA Licensing Program. Revenue from licensing fees will limit the amount needed from the parking reserve to ensure the program remains cost neutral.
- The proposed licensing fee is also inclusive of fire and property standard inspection(s) (\$115 each) and Planning Services' zoning compliance review (\$120) as set out in the Fees and Service Charges By-law.
- Council could also consider decreasing the Class A Licence fee amount or extending the term of the licence to reduce the frequency of renewals.

## **Option 2 – (\*New Staff Supported Recommendation) - Exempt licensing fees for all Class A Licences during Phase 1 only**

### Description:

- All Class A Licences, regardless of whether it is an existing B&B or new Class A Licensee, would be exempt from licensing fees during Phase 1.
- Following the implementation of Phase 2, Class A Licensees would be required to pay the licensing fee at the subsequent licence renewal period.

### Considerations:

- The applicant could be requested to pay a minimum of \$350 to cover the fees and service charges associated with their licence application (e.g., fire inspection, property standards inspection and zoning compliance review). If re-inspections or additional services are required, these costs will be charged to the applicant.
- Encourages all existing and new B&Bs to sign up early and get first access to one of the 200 STA licences.
- Licensing fees for all classes will be introduced simultaneously (i.e., at Phase 2 implementation).
- Some existing B&Bs may not comply with current Zoning requirements. If a B&B is able to come into compliance during Phase 1 and obtain a licence, under this option, it would not be charged a licensing fee. This may also encourage more B&Bs instead of other types of STAs, which are considered by staff to be more desirable, as the owner/operator is generally present with the guests and generate less nuisance.
- Most individuals who may apply for a Class A Licence are likely already operating as a B&B since they are already permitted in a single detached dwelling, subject to zoning compliance.
- Under this option, applicants would not need to prove whether their B&B was 'existing' prior to Phase 1 implementation.
- This option relies on funding from the parking reserve, given there would be no revenue from licensing fees during Phase 1. For example, if 25 Class A Licences are issued, this would total \$31,250. However, since this option is limited to Phase 1

only (possibly 1-2 years), program costs will be recovered over a longer period following the implementation of Phase 2.

- Pending approval of a Zoning By-law Amendment, this option would also align with the introduction of new zoning requirements as current zoning provisions are applied during Phase 1.
- If a looking to the past consideration is applied to B&Bs, instead of the looking forward limited time fees exemption consideration that is proposed in this option, based on staff's review of current B&Bs in Collingwood, there is only one business in Collingwood that would receive a fees exemption. The staff review considered proof of a current and valid business registration for the B&B establishment, a Federal HST Account (if applicable), and that they were an existing B&B business before the STA Licensing Program came into effect (e.g., November 1, 2023).

## 1. Executive Summary

Under the Town's Zoning By-law, it is currently prohibited to use a dwelling unit, or any part of a dwelling as a short-term accommodation (STA), other than a bed and breakfast. STAs are rentals for 30 days or less in exchange for a fee. Despite the current ban, there are significant challenges with enforcement which has led to an influx in STAs. While STAs can offer several benefits, they also pose certain challenges. The growth of the STA market in Collingwood has raised concerns about the negative impacts on neighbourhoods and has shed light on the limits of the current regulations.

Since June 2022, Council has approved several staff reports and recommendations with respect to STAs and a possible STA Licensing Program. Most recently, with Councils support, staff conducted a public consultation to obtain feedback on a draft STA Licensing By-law and potential Zoning By-law amendments.

This report summarizes the feedback from the consultation including the 80% support to proceed with some form of licensing, and presents an updated draft Licensing By-law for

approval, and outlines a proposed phased implementation plan for the STA Licensing Program, including staffing and other program costs.

It is proposed to launch with Class A STAs (Bed and Breakfast Operations) as we currently have the necessary provisions in the Official Plan (OP) and Zoning By-law to implement effective February 1, 2024. The implementation of the full STA Licensing Program (Phase 2) will be dependent on the necessary amendments to those planning policies and regulatory provisions. If planning policies and additional resources as recommended are approved, Phase 2 could be implemented as early as the 3<sup>rd</sup> quarter of 2024. Timing will be largely dependent on whether there are appeals to the planning instruments.

Based on staffing needs and other program costs, the estimated annual cost of the STA Licensing Program is:

- Phase 1 – Year 1: approximately \$206,748.00–\$245,063.55
- Phase 1 – ongoing: approximately \$161,753.00–\$200,068.55
- Phase 2 – ongoing: approximately \$191,096.15–\$229,411.70

The proposed licensing fees are intended to fully fund the Program's implementation and ongoing costs. However, a request to leverage funds from the annual parking surplus for up to two years will help ensure the Program remains cost neutral in the first two years of implementation, with the intent to replenish the reserves.

Staff will report back to Council mid 2024 with an update on Phase 1 of the STA Licensing Program, any necessary revisions to the STA Licensing By-law that will allow residents to apply for Class B and C Licences, and confirmation of the full implementation timeline.

It is recommended that Council approve the phased implementation of the STA Licensing By-law, including staffing requirements and other program costs necessary for the effective administration and enforcement of the STA Licensing Program.

This report is not intended to prejudice Council’s decisions until the planning policies and regulatory provisions are approved. Following necessary approvals, staff will revisit the Licensing Program and By-law to ensure that it aligns with the final planning policies and regulatory provisions. If amendments are required, staff will include these as part of the report back to Council in mid 2024.

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## 3. Analysis

## Background

A short-term accommodation (STA) in the Town of Collingwood (Town) is defined under the Zoning By-law (No. 2010-040) as “the use of dwelling unit, or any part thereof, that is operating or offering a place of temporary residence, lodging or occupancy by way of concession, permit, lease, licence, rental agreement or similar commercial arrangement for any period of 30 consecutive calendar days or less, throughout all or any part of a calendar year.” This type of accommodation differs from traditional hotels and motels as STAs occur in dwelling units which are typically used for residential purposes.

Since 2015, bed and breakfasts have been the only form of STA permitted in Town. However, the expanding sharing economy and peer-to-peer networks and the popularity of online rental platforms, such as Airbnb and VRBO, have allowed individuals to partake in home sharing easier than ever before. Third-party data from Granicus indicates approximately 360 STAs are operating throughout the Town.

Some issues have arisen due to the increasing popularity of STAs, which has necessitated a review of the approach to managing STAs in Town. Council has received the following staff reports with respect to the review of STAs in Collingwood:

- #C2022-22: Short-Term Accommodation Review and Next Steps
- #C2023-05: Regulatory Options for Short-Term Accommodations
- #C2023-15: Short-Term Accommodation Licensing Framework Draft #1

On June 5, 2023, Council approved staff recommendation to prepare and initiate a consultation on the draft STA Licensing Framework. The proposed framework would allow STAs in an individual's principal residence (i.e., where they live year-round) and in an accessory unit where the property owner occupies the main dwelling, provided they obtain a licence and meet other criteria.

The purpose of this report is to provide a summary of the public feedback received, present the changes to the draft Licensing By-law, and provide a recommended phased



implementation approach for licensing STAs, including staffing and program costs for Council's consideration.

## **Discussion**

### **1.0 – Public Consultation**

On June 5, 2023, staff received direction from Council to obtain community feedback on the draft STA Licensing By-law and possible Zoning By-law changes.

Staff launched a public consultation later that month, consisting of a survey and an open house. The consultation was promoted through various platforms, including the dedicated webpage on Engage Collingwood, newspaper ads, social media posts, radio ads, posters, a window display at Town Hall and at the Collingwood Farmer's Market on June 24, 2023.

This is the second public consultation completed as part of the review of the Town's approach to managing concerns relating to STAs. The first survey focused on the impacts of STAs, and this second survey asked questions focused on the proposed STA Licensing Framework.

The public survey was available on Engage Collingwood from June 19th to July 31st, 2023, and paper copies were available at Town Hall and the Municipal Offices (55 Ste Marie Street). The dedicated STA Engage webpage received 1,584 visits during this consultation period, and a total of 253 individuals completed the survey.

Additionally, staff hosted an open house on July 12th, 2023, to provide the public with an opportunity for direct input and to ask any questions about the proposed Licensing Framework. Approximately 40 individuals attended.

Council should be aware that the survey is not considered to be statistically significant. To obtain a statistically significant survey, a large sample must be randomly selected (e.g., phone-based) to complete the survey. Responses are likely from those who have experienced challenges associated with STAs and may not necessarily represent the opinions of the community at large. Nevertheless, staff believe that the information received through the public survey still provides valuable insights, especially when

combined with previous consultation feedback, by-law complaints, and a review of other municipal best practices.

## 2.0 – What We Heard

Survey responses were mainly from year-round Collingwood residents (87%) and homeowners (93%). Most participants (81%) indicated owning one property in Town.

65% of respondents have stayed at a STA, and 57% were aware of STAs in their neighbourhood. Only 4% of participants are current providers of a STA, and 7% had previously operated one in Town.

The survey asked participants to rank in order the criteria for any regulatory approach to managing STAs, which was developed based on previous feedback and research of municipal best practices. The following criteria are ranked by survey respondents, with #1 being ranked the most important criteria, and #6 being the least important:

1. Minimize neighbourhood issues/respect neighbourhood character;
2. Minimize effects on long-term rental/housing supply;
3. Protect the health and safety of residents and visitors;
4. Improve compliance with enforcement;
5. Establish a fair and balanced approach to regulation; and
6. Support tourism and opportunities for residents to earn supplemental income.

The survey then posed specific questions about the licensing of STAs and the proposed Licensing Framework. Below are some high-level observations of the survey feedback. Please refer to Appendix B for a summary of survey responses.

- Of the total respondents, 66% definitely agree, and 14% somewhat agree with the need to licence STAs.
- 75% supported limiting STAs to a host's principal residence or a second unit/accessory dwelling unit on the same property as the owner's principal residence.
- 76% supported the limit of one STA licence per property.

- Respondents were divided on a zoning-related question of whether to permit licenced STAs in all residential areas, within specific residential neighbourhoods, or not to allow them to operate in residential zones.
- 47% supported permitting STAs in single-detached and second-unit/accessory dwelling units. Of those who 'somewhat supported the proposed dwelling types' (30%), most supported STAs operating in detached and attached accessory dwelling units.
- 62% of respondents supported the three proposed licensing classes.
- Half of the participants supported the proposed licensing fee structure, 21% did not support any of the fees, and 19% supported one or two of the proposed licensing fees.
- Respondents were slightly divided on whether there should be a limit on the number of nights a STA could be rented in a year – 43% supported the proposed approach, and 36% did not support it.
- 84% of respondents supported requiring an applicant to designate an individual (or themselves) as the responsible person for the operation of the STA.
- The most important aspect of the Demerit Point System chosen by 38% of participants was enforcing marketing or operating a STA without a licence.
- Slightly more respondents (41%) agreed there should be a maximum limit of 200 STA licences, compared to 32% who did not support the limit.
- Most participants (81%) agreed that the Town should consider a requirement for applicants for a STA licence to obtain written permission from their condominium corporation.
- Nearly two-thirds of respondents (62%) supported a minimum separation distance requirement for licenced STAs.
- 74% of respondents agreed with applying a Municipal Accommodation Tax to STAs.
- 37% of participants believed the proposed Framework 'somewhat addresses concerns but needs improvements', and approximately one-third thought it is 'comprehensive and effective at addressing concerns'.

In addition to the quantifiable data received through the survey, respondents were asked to provide additional comments related to STAs and specific components of the proposed STA Licensing Framework. Below is a summary of the comments received throughout the public consultation and staff's response. Written comments are categorized into themes, which are subsequently ranked in order based on survey responses, with the first theme being the most frequently commented item. Please refer to Appendices C through F to view all written comments.

***Theme 1: Concerns that STAs are ruining neighbourhood character, creating nuisances and potential safety issues within the community***

Comments:

- Staff have heard from residents regarding negative experiences with STAs in residential areas relating to excessive noise, partying, increased garbage, parking issues, unkept properties, and safety concerns around unknown guests. In some cases, STAs have affected residents' sense of comfort and security in their homes. This is also consistent with the complaints received by the Town with respect to STAs.
- Some respondents commented that negative experiences are more prevalent if the STA host is not present or the STA is not located in a principal residence, and having a host on-site mitigates some of the issues experienced in neighbourhoods.

Response:

- The proposed Licensing By-law limits hosts to a single STA unit within or on the same property as their principal residence and disallows commercial operators in residential neighbourhoods. This requirement ensures personal accountability for the dwelling unit hosting the STA by prohibiting STAs in investment properties where the owner may be frequently absent.
- Where there are contraventions to the Licensing By-law or other applicable laws/Town By-laws (e.g., Noise, Property Standards, etc.), the proposed Licensing By-law provides additional enforcement tools to address issues such as demerit points or licence suspension or termination.

- Owners must also provide the Town with the name and contact information of a responsible person who can be readily contacted to address complaints at the property within 60 minutes of being contacted by the Town.
- Hosts must make available for guests a copy of the Town's Noise By-law, Fireworks By-law and Open-Air Burning By-law and instructions for waste management, composting and recycling.
- An occupancy limit is set based on two persons per bedroom, with a maximum of eight guests and four bedrooms (the number of guests is scaled based on the dwelling size but can never exceed the maximum occupancy of 8 guests). Limiting capacity will address some of the concerns associated with partying and a large number of guests but will still allow families to stay together in one STA.
- STA hosts must provide a site plan with their licence application, which will need to identify the location of the Parking Area and a minimum number of parking spaces, as set out in the Town's Zoning By-law. The By-law will require adequate off-street parking be provided, in addition to the spaces needed for the primary dwelling unit, at a standard of no less than one space where there are two or fewer guest rooms and no less than two spaces where there are three or four guest rooms.

***Theme 2: How will staff ensure licensing requirements/measures can be enforced?***

Comments:

- Many comments emphasized the importance of enforcing licensing requirements.
- Some questioned the Town's ability to enforce given the current challenges.

Response:

- As previously identified, current enforcement tools have not proven effective at deterring individuals from operating STAs in Collingwood.
- One of the guiding principles for the review of STAs was to determine a solution that would allow staff to address neighbourhood issues and deal with negligent hosts. While licensing STAs may present some enforcement challenges, staff believe it will

improve the Town's current approach and help ensure that STAs peacefully coexist in neighbourhoods.

- By establishing regulations for STAs under a Licensing Framework, the Town will have the authority to impose conditions on STA hosts that address neighbourhood concerns and align with community priorities.
- New enforcement tools provided under the proposed Licensing By-law to achieve compliance include a Demerit Point System, fines/charges under the Provincial Offences Act or AMP system, and licence suspension, revocation or termination. If Council chooses not to adopt a licensing regime, this will challenge the Town's ability to remove STAs, causing negative impacts on neighbourhoods.
- Under the proposed Licensing By-law, demerit points can accumulate if violations of the Licensing By-law or other applicable laws/Town by-laws (e.g., garbage, noise, parking, etc.) occur, resulting in the revocation, suspension, or termination of a licence. If an STA continues to operate, the host can face charges for marketing or operating a STA without a licence, in addition to any other remedy available in law.
- A component of the Licensing Officer's role will also be to monitor the various online rental platforms, such as Airbnb and VRBO. If properties operate without a licence, the owner will be notified, and appropriate penalties will be imposed as necessary.

***Theme 3: Impact of STAs on the availability and affordability of housing and long-term rentals***

Comments:

- Participants recognize that many people living and working in Collingwood struggle to find affordable housing.
- Some respondents noted that STAs are a threat to the long-term rental market, making Collingwood less affordable.
- Others commented that STAs are part of the solution to affordability, and the supplemental income provided by STAs allows residents to stay in their homes.
- Some noted that it is unlikely certain STAs will return to the long-term market due to the restrictions for landlords under the *Residential Tenancies Act*.

Response:

- As identified throughout this project, the availability and affordability of long-term rental housing is of concern to the community. Some have expressed that STAs improve affordability for existing and aspiring homeowners and that the Town should not limit these opportunities.
- While the Town's Affordable Housing Task Force is providing advise on housing related matters and is an elevated stakeholder in the Affordable Housing Master Plan project, which will include tools to increase affordability, staff recognize a unified approach is needed to both protect the existing affordable rental stock and add new supply where possible.
- The proposed Licensing By-law permits STAs where it is the host's principal residence and in a second/accessory unit on the same property as the property owner's principal residence. This will reduce the number of STAs operating in non-principal residences with the intent for this stock to return to the housing and long-term rental market.
- The Licensing By-law also permits STAs in a single-detached dwelling unit or a second/accessory unit on the same property as a single-detached unit. For all other dwelling types (e.g., Apartment, Duplex, Semi-Detached, Townhouse, etc.) STAs would be prohibited. Due to their typically smaller size, these types of residential units tend to be more attainable and lower in cost for purchase or rental. This limits the STA use to a detached building used as a dwelling unit, but does not allow STAs to operate in in other dwelling types, meaning the most affordable dwelling types will not be impacted by STAs and conversion from long-term rentals.
- Further, a maximum of 200 STA licences is proposed under the Licensing By-law, reducing the number of STAs currently operating and potentially returning more units to the housing market.
- Staff feel that limiting STAs to principal residences and applying a maximum limit of 200 licences is a step in reducing the number of STAs operating in neighbourhoods.
- Comments from the Affordable Housing Task Force on the draft Licensing Framework are on page 1 of Appendix F.

***Theme 4: Enforce existing by-laws and do not allow STAs to operate in residential areas***

Comments:

- Some participants expressed their opposition to allowing any STAs in residential neighbourhoods.
- Others believed the Town should improve enforcement of the current rules rather than modifying regulations.

Response:

- Like many other municipalities, Collingwood has seen significant growth in the number of STAs. Home-sharing is increasing in popularity, and hosts will continue to find ways around the rules as technology evolves.
- While STAs can contribute benefits to individuals and the community, such as supplementary income, alternative accommodation options, and spending at local businesses, this can often be overshadowed by the negative experiences of neighbours. It is evident through feedback that some existing STAs have created various neighbourhood disturbances/nuisances and complaints to the Town.
- Enforcement was identified in both public consultations as a priority for the community. The lack of enforcement tools available under the current system creates challenges for the Town to enforce a ban on STAs and does not appear to deter property owners from contravening the Town's Zoning By-law by using their dwelling units as a STA. The current process is often very time consuming and not always successful, as it relies on guests to cooperate with investigations and attend court to testify that they were using the property as a STA.
- Under the proposed Licensing By-law, the Town will have additional tools to address neighbourhood concerns and negligent hosts. Please see the response under Theme 2 for more information on enforcing a Licensing Program.
- A complete prohibition on STAs may encourage some to operate in an underground market where virtually no safeguards exist for the homeowner or guests. The Licensing By-law proposes conditions to enhance community safety and ensure STAs adhere to health and safety regulations, including the Fire and Building Codes.



This also aligns health and safety requirements with other comparable uses in Town, such as hotels and motels, which are typically subject to additional safety requirements.

***Theme 5: Allow STAs to operate with no regulation (i.e., rely on other Town By-laws)***

Comments:

- Some participants disagreed with regulating STAs and felt it is the right of the owner to determine whether they want to rent their property.
- Others suggested that STAs should be governed by market factors (e.g., supply and demand and ratings/reviews on rental platforms)

Response:

- Without licensing, there would be no requirement for a STA host to be a resident of Collingwood or comply with licensing conditions, such as fire safety and occupancy requirements.
- Some municipalities have concluded that when a dwelling unit is offered primarily as a STA, this does not represent a residential use and is more commercial in nature (i.e., similar to a hotel or motel use). In this category of STAs, benefits may be experienced directly by the operator and not necessarily by residents or the community. The proposed Licensing By-law requires the STA host to be a resident in Town to ensure homes are not occupied primarily by full-time STAs.
- Enforcement challenges would be increased due to the sheer number of STAs that may operate under an open market and the limited enforcement tools available. The Town would rely on existing by-laws (e.g., Noise, Parking and Property Standards) to address neighbourhood concerns, which typically involves responding to an issue shortly after they have already occurred (i.e., reactive enforcement). Under the proposed Licensing By-law, additional enforcement tools are available to the Town to allow staff to enforce conditions and monitor STAs to reduce neighbourhood disturbances.
- Without any regulation for STAs, additional By-law staff would be required to meet the community's expectations in resolving neighbourhood issues and to ensure

STAs peacefully coexist in neighbourhoods. In the absence of licensing and revenue generated through licensing fees, additional staffing costs will be passed onto residents and not solely provided by users of the Licensing Regime.

***Theme 6: Benefits STAs provide to hosts and the local economy***

Comments:

- STAs provide the ability for residents to earn additional income to offset the cost of living/housing
- Respondents also noted the boost STAs provide by bringing tourism to the area and the alternative accommodation options for visitors to the community
- Concern from some respondents that regulation will unfairly punish good hosts or those who rely on income from STAs to afford their homes
- Some participants believed there should not be a limit on the types of dwelling units where STAs are permitted (e.g., allow non-primary residences)

Response:

- STAs are an asset for some residents in the community and are assets to support tourism in Collingwood. It is important that any approach to managing STAs recognizes the growing worldwide STA market and the ability for residents to use their homes to earn income to offset the cost of living. STAs can be subject to the Municipal Accommodation Tax, should the Town elect to initiate this revenue stream. Care should be taken to generally ensure equity between traditional accommodators and STA operators in terms of rules, regulations, taxation, and available benefits.
- Some respondents expressed the care and effort that goes into operating a STA and how hosts are already subject to online rating and review systems through rental platforms. Some participants were concerned that licensing could unfairly punish 'good' hosts.
- Recognizing the benefits of STAs for residents and the community, the proposed Licensing By-law aims to strike a balance between addressing neighbourhood concerns and permitting some residents to operate a STA. Residents can operate

without disruptions if they obtain a STA licence and comply with licensing requirements.

- It is also essential that the process to obtain a STA licence is straightforward and does not impose too many requirements that may deter STA hosts from applying for a licence. The proposed Licensing By-law was drafted to ensure effective enforcement and monitoring of STAs while at the same time not making the application or requirements too cumbersome for the host.
- The availability and type of visitor accommodation is also one factor determining Collingwood's appeal as a tourist destination. The Licensing By-law aims to provide a balance that will minimize the neighbourhood impacts of STAs while allowing for the associated local economic benefits to occur.

***Theme 7: Licensing program should be built on a cost-recovery basis and not funded through taxation***

Comments:

- Some respondents expressed concern that licensing fees must be increased to cover the cost of a licensing program.
- Others suggested licensing fees should be lowered and not cost-prohibitive for residents trying to earn a little extra income.
- Comments that STA Licensing should not be funded by general tax revenue

Response:

- The application and licence fees for STA hosts will be developed based on the cost of administering and enforcing the regulations, with the intent of the Licensing Program being cost-neutral.
- Comments were made that the proposed licensing fees should be increased to ensure the licensing program is self-funded. If the proposed licence fees are too high, this may force some hosts to no longer operate because it would not be cost-effective, or some may choose not to obtain a licence.
- Some participants explained the proposed licensing fees were too high. Hosts often rent their property to offset living expenses and feel the fees would take away too

much of this income. In developing a fee structure, it is important to ensure it is equitable and not cost-prohibitive.

- Staff recommend that costs for administering and enforcing the licensing program be covered entirely by the licensing fee to ensure that program users fund the program, not residents through general tax revenue.

### 3.0 – Proposed Changes to Draft STA Licensing By-Law

Part IV of the *Municipal Act, 2001* provides the Town with the authority to licence the operation of businesses within the municipality they operate. A STA Licensing Program will position the Town to better manage and address impacts from STAs, while maintaining the benefits associated with STAs.

Staff considered the comments received from Council on June 5, 2023, along with community input from the public consultation with respect to the draft STA Licensing Framework.

Table 1 outlines proposed amendments to the STA Licensing Framework or alternatively provides a rationale for maintaining the current provisions. The updated draft STA Licensing By-law is included in Appendix A.

<b>Table 1 – Proposed Changes to Draft STA Licensing By-law</b>		
<b>Topic/Current Proposal</b>	<b>Suggested Changes</b>	<b>Rationale</b>
Allow licenced STAs in a single-detached dwelling unit or an attached or detached accessory dwelling unit	No changes are recommended.	<ul style="list-style-type: none"> <li>• Almost half of survey respondents supported the proposed dwelling types, and 30% somewhat agreed. Of those who somewhat agreed with the proposal, most supported STAs in detached or attached ADUs.</li> <li>• Staff believe that the proposed dwelling types, combined with a principal residency requirement and a maximum limit of 200 STA</li> </ul>

<p>(ADU) on the same property as a single-detached dwelling unit.</p>		<p>licences, will help strike a balance between minimizing neighbourhood concerns associated with STAs and allowing residents to rent out their home occasionally or part of their home to help cover expenses.</p> <ul style="list-style-type: none"> <li>• Individuals registered with the Town’s Rapid ADU Deployment Grant Program will not be eligible for a licence.</li> <li>• A review of the STA Licensing Program will be performed after implementation to ensure it effectively meets the needs of the community.</li> </ul>
<p>Permit STAs in all residential zones and areas that allow single-detached dwellings.</p>	<p>No changes are recommended.</p>	<ul style="list-style-type: none"> <li>• Responses were relatively evenly distributed on whether to permit licenced STAs in all residential zones or specific areas in Town. Results were also divided when asked whether STAs should be restricted to specific neighbourhoods or areas of Town.</li> <li>• Based on data from Granicus (a third-party compliance monitoring tool), approximately 65% of STAs currently operating are in single-family homes across the Town.</li> <li>• Combined with other licensing requirements (i.e., principal residency, 200 licences cap, etc.), allowing STAs in all residential zones where a single-detached dwelling unit is permitted will enable more residents to earn extra income and encourage tourism throughout the municipality.</li> <li>• If licenced STAs were limited to certain zones, this would further restrict the ability of</li> </ul>

		<p>some residents to rent their dwellings and limit options for visitor accommodations.</p> <ul style="list-style-type: none"> <li>• If implemented, a review of the Licensing Program will be conducted to assess its efficacy and address any potential areas of improvement regarding zoning.</li> </ul>
<p>Limit the number of rental days per year for licence Class B (Principal Residence STA) and Class C (ADU STA) to 180 days. No limit for Class A (Guest Room Rental).</p>	<p>Remove requirement from Licensing By-law, but require Class B and C applicants to submit an affidavit confirming their principal residence</p>	<ul style="list-style-type: none"> <li>• Responses indicate diverse opinions among survey participants. While 43% agree with the proposal, there is also notable disagreement (36%) and others who see no necessity for a limit (14%).</li> <li>• Survey participants also suggested the Licensing Program be enforceable and self-funding.</li> <li>• Monitoring the exact number of days a STA is rented will require consistent tracking and verification with hosts. Property owners might attempt to evade the limits by using multiple listings or different platforms, making it difficult to track their activities accurately. This can be a resource-intensive task for By-law staff, especially when dealing with a large number of licenced STAs and may require additional By-law staff to monitor and enforce.</li> <li>• Given the enforcement challenges and potential additional staffing costs, removing this section from the draft Licensing By-law is recommended.</li> <li>• Staff believe that the Licensing By-law is comprehensive enough to limit the activity of STAs and will provide By-law staff with the</li> </ul>

		<p>appropriate tools to address neighbourhood concerns.</p> <ul style="list-style-type: none"> <li>• A limit on the number of rental days may be considered at a future date following a review of the Program and its implementation.</li> </ul>
<p>Maximum of 200 STA licences issued by the Town annually</p>	<p>No changes are recommended</p>	<ul style="list-style-type: none"> <li>• Survey results reveal a range of opinions among participants regarding the proposed limit on licences. 41% agreed with the proposal, 32% disagreed, and 18% did not think a limit was necessary.</li> <li>• A cap on the number of licences intends to minimize the neighbourhood disruptions caused by STAs, reduce impacts on the long-term rental/housing market and allow some residents to earn income to offset the increasing cost of living. Enforcing regulations is also more manageable when there is a limited number of licences to monitor.</li> <li>• Without a licence cap, more residents may choose to operate a STA due to the financial incentives of renting short-term. An influx of STAs can potentially drive up housing costs, making it more difficult for residents to find affordable places to live.</li> <li>• Staff believe that establishing an initial limit of 200 licenced STAs is appropriate given the proposed criteria that must be met to apply for a licence. This will also improve enforcement as there is a more manageable/finite number of licenced STAs.</li> </ul>

		<ul style="list-style-type: none"> <li>• Ongoing assessments of the Licensing By-law, including the number of STA licences issued by the Town, will be integral to ensuring this approach reflects the community’s needs. If adjustments are necessary, staff will include this as part of the report back prior to implementation of Phase 2.</li> </ul>
<p>Consider a minimum separation distance/buffer between licenced STAs</p>	<p>No changes are recommended</p>	<ul style="list-style-type: none"> <li>• 62% of respondents expressed interest in the Town considering establishing a minimum separation distance between licenced STAs, and 32% disagreed.</li> <li>• A separation distance requirement acts similarly to a cap on the number of licences in that it aims to prevent overconcentration of STAs and helps to manage the impacts of STAs on the community. However, a separation distance limits STAs by physical proximity rather than restricting the overall number of STAs permitted to operate. Municipalities typically implement one of these approaches.</li> <li>• There are complexities with administering and enforcing a separation distance between licenced STAs and if done through zoning, can be open to challenge through the Ontario Land Tribunal. It can be challenging to determine and impose a uniform separation distance requirement for STAs that accounts for the uniqueness of Collingwood’s various neighbourhoods and meets the needs of</li> </ul>



		<p>residents. The distance requirement may need to be regularly updated in the By-law to reflect the changing landscape of Collingwood.</p> <ul style="list-style-type: none"> <li>• Additionally, the proposed annual term for a STA licence means that the properties licenced as STAs may change from year to year. This can be resource-intensive to administer and will complicate the annual licensing process.</li> <li>• Staff recommend maintaining the proposed cap of 200 licences rather than implementing a separation distance requirement as it is more straightforward to administer and is a simpler condition for residents to understand.</li> <li>• The proposed Licensing By-law also limits STAs to single-detached dwellings, or an ADU on the same property, which will restrict where STAs can operate in the community.</li> <li>• A licence cap will also treat all property owners equally by placing the same limit on the number of licences available to residents and avoids situations where some may be subject to stricter separation distance requirements than others based on neighbourhoods.</li> </ul>
<p>STAs in Condominium Units</p>	<p>Add a requirement for applicants to obtain written permission from</p>	<ul style="list-style-type: none"> <li>• 81% of respondents agreed that there should be a requirement for STA hosts to obtain permission from their condominium corporation to operate a STA.</li> </ul>

	<p>their condominium corporation, where applicable</p>	<ul style="list-style-type: none"> <li>• Although STAs will not be permitted within most condominium units (e.g., not allowed in apartments, townhouses, etc.), some exist within single-detached dwelling units in Town.</li> <li>• Under this proposed amendment to the Licensing By-law, residents within a condominium will require their condominium corporation's written consent to operate a STA. This requirement is meant to ensure the condominium is aware and approves of the STA.</li> <li>• Condominium corporations would continue to be able to utilize their existing authority to further limit or prohibit STAs through a declaration, by-law or rules in accordance with the <i>Condominium Act, 1998</i>. The Town will only grant a licence if the condominium corporation permits STAs.</li> </ul>
<p>Licensing Fees</p>	<p>Proposed fee amounts updated</p>	<ul style="list-style-type: none"> <li>• See Section 5.0 “Licensing Fees” below for a detailed explanation of the proposed changes. However, fees were generally increased to ensure that the costs of administering and enforcing the proposed Licensing Program were cost recoverable.</li> </ul>
<p>Fines, Penalties and Enforcement</p>	<p>No changes are recommended.                   Recommended to apply Administrative Monetary</p>	<ul style="list-style-type: none"> <li>• Ensuring effective enforcement of any approach to regulating STAs was identified as a priority to the community. Some expressed an interest in implementing high fines to deter individuals from violating licensing requirements.</li> </ul>

	<p>Penalties System (AMPS) to STA licensing, (pending AMPS By-law approval).</p>	<ul style="list-style-type: none"><li>• The proposal establishes several enforcement tools to achieve compliance with the Licensing Framework, including education, Demerit Points System and <i>Provincial Offences Act</i> (POA) fines/charges.</li><li>• Education is a tool that involves teaching violators about relevant Town By-laws and provides them an opportunity to come into compliance.</li><li>• A Demerit Point System is an additional enforcement tool proposed under the Licensing By-Law where demerit points can be applied to properties when there are contraventions of Town By-Laws by guests or hosts. A licence may be suspended for a period not longer than six months if seven or more demerit points accumulate. A licence may be revoked or terminated if the total of all demerit points in effect is fifteen or more, as set out in Schedule “D” of the draft Licensing By-Law.</li><li>• The POA is a procedural code that governs the prosecution of regulatory offences created by Municipal By-Laws and enables Officers to proceed through a Part III Information (a charge) for violations. This requires that the matter be brought before the courts, where the Justice of the Peace will set the fine amount should the defendant be found guilty. As set out in Section 13.0 of the proposed STA Licensing By-law (Appendix A), any</li></ul>
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		<p>person convicted under the Licensing By-law is liable upon a first conviction, a maximum fine of \$25,000 or upon a subsequent conviction, a maximum fine of \$50,000. Additionally, where the person convicted is a corporation, the corporation is liable upon a first conviction a maximum fine of not more than \$50,000 or upon any subsequent conviction a maximum fine of not more than \$100,000.</p> <ul style="list-style-type: none"><li>• An AMPS is an alternative to the POA process, offering a more streamlined and efficient method of handling minor by-law offences and encouraging voluntary compliance. Under an AMPS, By-law officers can issue Penalty Notices (fines) for designated offences, such as licensing. Issuing an AMP does not include the lengthy formal process found in the Provincial Offences Court, meaning fewer staff resources will be needed, and early resolution of by-law violations can occur. Implementing an AMPS requires the Town to pass an AMP By-law. Staff intend to bring this for Council's consideration and recommend the inclusion of STA Licensing with its implementation.</li><li>• The enforcement approach will be reactive based on public complaints, given the nature of some issues (e.g., noise, parking). In addition, staff will proactively conduct periodic reviews of listings on STA platforms and</li></ul>
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		<p>cross-reference with the Town’s list of licenced STAs. Staff will follow a progressive enforcement approach, first seeking voluntary compliance through education and then escalating to demerit points, a charge or licence suspension, revocation, or termination.</p>
<p>Platform requirements</p>	<p>No changes are recommended.</p> <p>Consider supporting the correspondence from the Township of Selwyn.</p>	<ul style="list-style-type: none"> <li>• With Quebec recently enacting legislation governing STA platforms, it was suggested that the Town consider implementing similar requirements through the proposed Licensing By-law. Under Quebec’s legislation, rental platforms like Airbnb are prohibited from displaying listings that do not have a registration number and certificate issued by the province.</li> <li>• While this requirement would complement the proposed Licensing By-law, based on staff’s research, it is more commonly used in larger urban centres with a significant STA market (e.g., Toronto) and has had limited success at the local municipal level.</li> <li>• Where larger STA rental markets exist, there is more economic incentive for STA platforms to comply with legislated requirements. Otherwise, ensuring data accuracy and validation can be challenging when platforms operate according to profitability.</li> <li>• Additionally, challenges exist around data sharing and privacy. Municipalities must ensure that STA platforms have the most up-</li> </ul>

		<p>to-date information on licenced STAs.</p> <p>Inaccurate information can create issues for hosts and guests if website listings are removed due to incorrect data or misinformation.</p> <ul style="list-style-type: none"><li>• Many STA platforms are also based out of other countries, meaning they are subject to different privacy laws and conditions.</li><li>• Given the magnitude of STA platforms in existence and fast-changing technology, this can add to the complexities of data sharing, privacy, and enforcement. Regulations may need to be frequently updated as new rental platforms or technologies are developed.</li><li>• Under the proposed Licensing By-law, no person shall operate, provide, or market a STA without displaying the corresponding licence number issued by the Town in every listing or advertisement. The address, description and contact information associated with the STA will also be available on the Town's website. In combination with enforcement tools under the Licensing Framework, staff believe this is a more practical approach that reduces the concerns identified above.</li><li>• Staff suggest that Council consider a motion supporting the correspondence from the Township of Selwyn to the Government of Ontario (similar to the letter from the City of Port Colborne), which recommends that the</li></ul>
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		province adopt legislation governing STA platforms, among other matters. See Appendix G for a copy of these correspondences.
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#### 4.0 – Staffing Requirements and Program Cost

As previously highlighted in Staff Report 2023-15, the implementation of a STA Licensing Program entails the participation of various divisions, including:

<b>Table 2: Overview of Division Responsibilities</b>	
<b>Division</b>	<b>Role</b>
By-law Services	Lead Division for Licensing Program. Issue licences, monitor compliance and administer/enforce relevant By-laws.
Planning Services*	Review application for Zoning By-law compliance.
Building Services*	Review application to confirm if required permits may be required or were granted. Conduct inspections where necessary.
Fire Department**	Review application for Ontario Fire Code compliance and conduct inspections as required.
Customer Service	Respond to/direct inquiries from the public and process in-person application payments.

\* Staffing can absorb the additional work, but this may result in other projects, programs and deliverables experiencing lower priority or longer timelines

\*\*Staffing can absorb the additional work undertaken in Phase 1, but will require a new staffing position to be recoverable through STA licensing fees and other Fire-related fees (e.g., burn permit)

An analysis of existing staffing levels was completed to understand the resources needed to implement a STA Licensing Program. It was determined that some application review and Program support can be provided under Phase 1 using existing staffing resources. However, additional staffing resources are necessary to administer

and enforce the proposed STA Licensing Program, as there is no capacity to add this extra work to the current staff complement.

Staff also researched other municipalities licencing STAs, including Tiny, Ramara, Blue Mountain and Penetanguishene, and each had at least one dedicated staff member to oversee the Licensing Program. When asked if they encountered any challenges with their staffing levels, Tiny and Ramara both explained their challenges with under-estimating staffing needs to administer and enforce their Licensing Programs effectively. See Appendix H for additional information.

Below are the detailed staff and cost implications of implementing Phase 2 (i.e., the full proposed STA Licensing Program). To implement Phase 1 (i.e., Class A Licences only for bed and breakfasts), at minimum the Licensing Officer, By-law Service Coordinator and Municipal Law Enforcement Officer III positions would be necessary to administer and enforce Phase 1 of the Licensing Program. See Appendix C for a detailed staffing business case. Please note: the estimated staffing costs below are based on salaries and do not include benefits (approximately 30% of wages).

<b>Table 3: Licensing Program New Staffing Requirements</b>	
<b>Position and Cost</b>	<b>Details and Responsibilities</b>
0.75 FTE Licensing Officer (\$48,894.30 - \$62,366.85/year)	<ul style="list-style-type: none"> <li>• The proposed STA Licensing By-law has several provisions to be carried out by a Licensing Officer.</li> <li>• This position will act as the lead of the STA Licensing Program.</li> <li>• The Licensing Officer will manage the implementation of the STA Licensing Program, including setting up the online application process, developing documents, forms and related website content, and assisting with hiring staff to deliver the Program.</li> <li>• The Licensing Officer will also be responsible for the following tasks: reviewing applications, issuing and</li> </ul>



	<p>managing licences, responding to public inquiries, public education, monitoring licensing program, providing reporting and analysis of licences and enforcement activities, managing appeals, overseeing third-party contracts, scheduling inspections, tracking demerit points and providing additional by-law support where necessary.</p> <ul style="list-style-type: none"><li>• For these reasons, it is proposed that a new permanent position be established to lead the Town’s Licensing Programs.</li><li>• The remaining portion of this position (0.25 FTE) is requested through the 2024 Budget as some duties of the Licensing Officer will be dedicated to delivering other Town priorities, including administering other licensing programs such as Food Vendors, Lottery, and Patios as well as policy development work for By-law Services.</li></ul>
<p>0.5 FTE By-law Services Coordinator (\$24,961.30-\$31,840.90/year)</p>	<ul style="list-style-type: none"><li>• This position will assist the Licensing Officer in coordinating and administering the STA Licensing Program.</li><li>• The Administrative Coordinator will be responsible for the following tasks: answering phones, emails and general by-law inquiries, tracking complaints/inquiries, coordinating licence applications, circulating applications to divisions for review, and coordinating appeals.</li><li>• The other half of this position is being requested through the 2024 Budget as partial duties will be dedicated to filling the role of administrative coordinator to the By-law Services Division.</li></ul>

<p>1.0 FTE Municipal Law Enforcement Officer III (MELO III) (\$65,192.40 - \$83,155.80/year)</p>	<ul style="list-style-type: none"><li>• To address public concerns and ensure compliance with sufficient enforcement of the Licensing Program in Phase 2, this will require at minimum one full-time MLEO III.</li><li>• The MLEO will be responsible for the following tasks: responding to complaints/inquiries, public education, conducting investigations and inspections, sending compliance letters, reviewing websites to find unlicensed STAs, compiling evidence, laying charges/fines for violations, and preparing for court where necessary.</li><li>• This position would have a delayed start (July 1<sup>st</sup>, 2024) and would enforce the Licensing Program during regular business hours (Monday to Friday, 8:30 a.m. to 4:30 p.m.). For more information on enforcement outside these hours, please see Section 4.2 “Complaints and After-Hours Enforcement” below.</li></ul>
<p>1.0 PTE (or 0.25 FTE) Fire Inspector* (\$29,343.15)  (*Phase 2 position)</p>	<ul style="list-style-type: none"><li>• The proposed STA Licensing By-law requires compliance with the Ontario Fire Code, among other fire safety conditions.</li><li>• The Fire Inspector will be responsible for the following tasks: reviewing licence applications, conducting property inspections, tracking inspection data, providing education, and enforcing compliance with the Fire Code. Inspections will be required with the initial application and every two years for licence renewals.</li></ul>

<p><b>Total Staffing Costs</b></p> <p>Phase 1:                  \$139,048.00 -                  \$177,363.55</p> <p>Phase 2 (full                  implementation):                  \$168,391.15 -                  \$206,706.70</p>	<ul style="list-style-type: none"> <li>• Based on the above staffing needs, the annual cost of Phase 1 is estimated at \$139,048.00–\$177,363.55 per year.</li> <li>• The total staffing costs to implement the full Licensing Program (Phase 2) is anticipated to be approximately \$168,391.15–\$206,706.70 per year.</li> <li>• Staff recommend that the Licensing Fee cover these costs and not general tax revenue so that the users who may benefit from the Program will cover the costs of administering and enforcement. See Section 5.0 “Licensing Fees” below for more information.</li> <li>• A request to use \$150,000 per year from the Parking Reserve Fund for the first two years of implementation will help offset any additional staffing or program costs.</li> </ul>
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If Council decides not to adopt the STA Licensing By-Law, the By-law Services Division would have to rely on existing Town By-laws such as Zoning, Noise, and Property Standards to address concerns related to STAs. However, due to the current limited staffing capacity, lack of enforcement tools under a STA ban, and increasing workload of the By-law Services Division, it is expected that the Division would continue to respond to complaints or concerns on a reactive basis (i.e., after a complaint is submitted), which would likely result in no significant change in enforcement.

If Council chooses to take a more proactive approach to enforcement, additional By-law staff would be necessary, unless other services were significantly altered or modified (e.g., removal of animal control and/or parking). Even with additional staff, the enforcement of STAs would face challenges due to the limited availability of enforcement tools and may not achieve desired outcomes or results.

In the absence of revenue from licensing fees, any staffing increases would result in an increase in the operational budget with very little offsets. More details are included under “Financial Impacts” section of this report.

**4.1 – Other Financial Implications**

In addition to the staffing requirements outlined above, other costs are associated with administering and enforcing the STA Licensing Program. These include:

<b>Table 4: Other Program Costs</b>	
<b>Item</b>	<b>Details</b>
Cityview Business Licensing Software:  One-time cost (approximately \$50,000)  Ongoing cost (approximately \$5,005)	<ul style="list-style-type: none"> <li>• Cityview is a software currently used by various Town departments to support the delivery of programs and services. Cityview’s Portal also offers the public self-service access to data and services through the Town’s website.</li> <li>• Cityview offers licensing software that would enable the Town to receive and manage STA licence applications, as well as track fire inspections and related enforcement actions. This will streamline the process as much as possible, making the systems practical and efficient for the public and staff.</li> <li>• Once implemented, this licensing software could also support other Town licensing/permitting programs.</li> <li>• This also aligns with the Town’s IT Master Plan and Perry Group Consulting’s recommendations to standardize digital services, including managing all permit and licence applications through CityView, and identifying how to expand the use of Cityview to fully digitize the licensing and enforcement process.</li> </ul>

	<ul style="list-style-type: none"> <li>• This cost is intended to be offset by the intake of the fees from the Licensing Program.</li> <li>• As an alternative to implementing the licensing module through Cityview, Council could consider the licensing solution offered by Granicus (detailed below).</li> </ul>
<p>Granicus' Address Identification Module (approximately \$5,200)</p> <p>Granicus' Licensing Software (Alternative Option to Cityview) (approximately \$6,750)</p>	<ul style="list-style-type: none"> <li>• Granicus is a third-party STA compliance monitoring solution that assists municipalities in identifying properties operating as STAs by scanning over 60+ online rental platforms.</li> <li>• 19 Ontario municipalities use various Granicus products, including Penetanguishene, Tiny, Ramara, Grey Highlands and Huntsville.</li> <li>• The By-law Services Division currently uses Granicus' Address Identification module to assist with investigations and compliance monitoring with respect to STAs.</li> <li>• At minimum, the continuation of this service is essential for the enforcement of the proposed Licensing Program. This allows staff to create a database of STAs, which will enable staff to see STAs that do not have licences. Without this solution, the sheer effort required to identify and monitor potentially duplicate listings across various online rental platforms will be time-consuming and will draw By-law staff away from other duties.</li> <li>• This cost is intended to be offset by fees from the Licensing Program.</li> <li>• Note: The pricing is adjusted based on the average number of active STAs and is subject to change annually depending on the number of STAs in Town.</li> <li>• As noted above, Granicus also offers a licensing module that could be an alternative solution to Cityview's licensing</li> </ul>

	<p>software. However, staff recommend Cityview’s solution as this will integrate effectively within current services.</p>
<p>Licensing Appeal Committee (\$2,500)</p>	<ul style="list-style-type: none"> <li>• As part of the proposed Licensing By-law, a Committee must be appointed by Council to hear appeals related to a refusal to issue a licence and licence suspension, revocation or termination.</li> <li>• Staff have reviewed the Town’s existing Committee structure recommend that a pilot be conducted during Phase 1 where STA licensing appeals would be assigned to the Committee of Adjustment. As part of the report back to Council before implementation of Phase 2, staff will provide an update on the pilot and whether any changes are recommended.</li> <li>• Staff are proposing a budget of \$2,500 to cover the costs remuneration for Committee members. A \$250 appeal fee is proposed to offset the cost of this Committee.</li> </ul>
<p>Prosecution, legal and contingency (\$10,000)</p>	<ul style="list-style-type: none"> <li>• Contingency funds are recommended as there may be a need for prosecution or legal services to support the implementation and enforcement of the STA Licensing Program.</li> <li>• This cost is intended to be offset by fees from the Licensing Program.</li> <li>• Note: additional funds may be required if planning policies and regulatory provisions are appealed to the Ontario Land Tribunal</li> </ul>
<p><b>Total Program Costs</b></p>	<p>(Staff Recommendation) Cityview’s Licensing Solution</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> year: approximately \$67,700</li> <li>• Ongoing: approximately \$22,705</li> </ul> <p>(Alternative Option) Granicus’ Licensing Solution:</p>

	<ul style="list-style-type: none"><li>• Approximately \$24,450</li></ul>
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#### 4.2 – Complaints and After-Hours Enforcement

As noted above, the By-law Services Division operates during standard business hours, Monday to Friday, from 8:30 a.m. to 4:30 p.m. Members of the public can report a by-law concern or violation through the Town’s Portal, by phone or email during or outside of regular business hours. Complaints or inquiries received outside of staffed hours are addressed by staff on a priority basis. Residents can also contact the Ontario Provincial Police outside the By-law Division’s staffed hours to make a complaint about a STA. Further, some rental platforms offer the ability for neighbours to submit concerns if there is a party or neighbourhood disturbance (e.g., Airbnb’s reporting mechanism – <https://www.airbnb.ca/help/article/3290>).

The staffing requests identified in Table 3 would be administering and enforcing the STA Licensing Program within regular business hours. The enforcement approach will be reactive based on public complaints, as well as proactive on periodic reviews of listings of STA platforms and cross-referencing with the Town’s list of licences. Staff will follow a progressive enforcement approach of first seeking voluntary compliance with education, escalating to demerit points, a fine or licence suspension for serious or repeat offenders.

It is recognized that some issues or neighbourhood disturbances may occur outside of regular business hours, such as on evenings and weekends, when STAs are typically more active. If Council desires enforcement of the STA Licensing Program outside of normal business hours, additional staff would likely be required. The number of staff necessary would depend on the level of service set by Council (e.g., 7am – 7pm, seven days a week).

Some municipalities also use Granicus’ 24-hour complaint hotline to improve customer service and enforcement. Upon receiving a complaint, Granicus would either contact the responsible person to attempt to resolve the complaint or notify the Town. If the

complaint is not urgent, Granicus will provide information to staff for the investigation and follow-up to occur during regular business hours. The cost for the 24/7 Hotline solution is approximately \$6,060 and would be an addition to the program costs identified above.

## 5.0 – Licensing and Other Fees

A number of comments were received with respect to licensing fees. As noted above, half of the survey respondents supported the draft licensing fees presented in Staff Report C2023-15. Some commented that the draft fees were too low, given the Program's costs and the potential income-earning opportunities for hosts. Others believed the fees were too high, and in many cases, the host was using their property to offset the cost of living. There were also many comments on the need for effective enforcement of the Licensing Program which will require additional staff. Based on staffing needs and other program costs, the estimated total cost of the STA Licensing Program is as follows:

- Phase 1 – Year 1: approximately \$206,748.00–\$245,063.55
- Phase 1 – ongoing: approximately \$161,753.00–\$200,068.55
- Phase 2 – ongoing: approximately \$191,096.15–\$229,411.70

Ideally, the licensing fees should cover the costs associated with administering and enforcing the STA Licensing Program. Examples include staffing needs, inspection costs, costs associated with processing and issuing licences, as well as costs towards enforcement and legal proceedings. The fees must also be equitable and not cost prohibitive, as this could have negative repercussions for enforcement if hosts choose to operate outside of the program and in non-compliance.

In developing the recommended fee structure, various factors were considered, such as the estimated total cost of the STA Licensing Program, comparable municipal licensing fees, local nightly rental rates, the objective of the program being cost-neutral, the different categories of STAs and the proposed maximum limit of 200 licences per year.



Staff considered the fees established by other municipalities, including Blue Mountain, Tiny, Penetanguishene, Ramara, Huntsville and Orillia. There is no common fee structure, and each municipality has tailored its licensing fees to suit its respective STA Licensing Program. However, as Table 5 below illustrates, the annual licence fees of these municipalities range between \$500 to \$3,000.

<b>Municipality</b>	<b>Licensing Fee</b>
Blue Mountain	\$2,375 (2-year term)
Tiny	\$1,500
Penetanguishene	\$500 for two or less bedrooms \$900 for three or more bedrooms
Ramara	\$3,000
Huntsville	\$500 for principal residence \$750 for secondary residence
Orillia	\$2,000 (as of January 1, 2024)

Staff also researched the STA market and nightly rates offered by STAs in Town. The price of STAs can vary significantly based on various factors, including the size of the room, type of dwelling unit, the location, amenities provided and length of stay for guests. Table 6 outlines the ranges and average nightly rates based on the type of STA being advertised.

<b>Type of STA</b>	<b>Ranges</b>	<b>Averages</b>
Private room	\$80-\$580 per night	\$100-\$200 per night
Entire Home	\$100-\$1000 per night	\$200-500 per night
Attached/Detached ADU	\$130-500 per night	\$150-250 per night

There are a number of assumptions associated with the proposed licensing fees, as staff cannot predict how many applications will be received for each licensing class. However,

staff have performed a cost analysis (examples below in Table 7) to enable the program to be self-funding. Based on these calculations and other considerations noted above, the proposed licensing fees are as follows. For clarity, the proposed licensing fees include a \$500 application fee (to allow for partial refunds of the fees) and initial fire and by-law inspection fees.

<b>Class A (Guest Room Rental)</b>	\$1,250
<b>Class B (Principal Residence STA)</b>	\$2,250
<b>Class C (Accessory Dwelling Unit STA)</b>	\$2,500

Data from Granicus indicates that approximately 360 STAs are operating in Town, and 290 of those are located in single-family homes. Based on the proposed licensing criteria and cap of 200 licences per year, the following costing analysis was performed assuming that all 200 licences will be fully issued by the Town each year.

	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Scenario 4</b>
<b>Class A</b>	50 licences x \$1,250 = \$62,500	50 licences x \$1,250 = \$62,500	25 licences x \$1,250 = \$31,250	25 licences x \$1,250 = \$31,250
<b>Class B</b>	100 licences x \$2,250 = \$225,000	75 licences x \$2,250 = \$168,750	100 licences x \$2,250 = \$225,000	75 licences x \$2,250 = \$168,750
<b>Class C</b>	50 licences x \$2,500 = \$125,000	75 licences x \$2,500 = \$187,500	75 licences x \$2,500 = \$187,500	100 licences x \$2,500 = \$250,000
<b>Total</b>	200 licences = \$412,500	200 licences = \$418,750	200 licences = \$443,750	200 licences = \$450,000

Based on the above calculations, the program’s implementation and ongoing costs are anticipated to be fully supported by the proposed licensing fees.

By relying on the licensing fees as the main source of funding, the goal is to create a sustainable Licensing Program where the costs are fully matched by the fees collected from STAs. However, in the event there is not a large uptake in licences, revenue from the Parking Reserve Fund can be utilized temporarily to maintain cost neutrality. It is suggested that \$150,000 per year from the Parking Reserve Fund be dedicated to the STA Licensing Program for the first two years of implementation.

Once the Licensing Program has been implemented and data is acquired from the licensing, staff will report back if adjustments to the licensing fees are necessary to ensure the program remains cost neutral.

### **5.1 – Other Fees**

Other fees are included when additional staff time or resources are required (e.g., re-inspections and appeals).

As part of the application process, a fire inspection is required to ensure that the subject property complies with the Ontario Fire Code and Licensing By-law. The initial fire and by-law inspection fees are built into the proposed licensing fees. However, any deficiencies or circumstances that require a re-inspection of the property will consume more staff time. As a result, the applicant will be charged at the rate specified in the Town's Fees and Service Charges By-law (current fees are outlined in Table 8).

Similarly, if an application requires services/permits based on Building or Planning Services review of the licence application, these costs would be charged to the applicant.

Further, as discussed in Table 4, staff recommend a \$250 appeal fee be established for anyone wishing to appeal a decision to deny, revoke, or suspend a licence.

<b>Table 8: Other Program-Related Fees</b>
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Item	Fee
Fire Re-Inspection Fee	\$115
STA Re-Inspection Fee for By-law Staff	\$60 (exterior of building) \$115 (interior of building)
Appeal to Licensing Appeal Committee	\$250

## 5.2 – Municipal Accommodation Tax

Staff in Economic Development are exploring the implementation of a municipal accommodation tax (MAT). If Council supports moving forward with a MAT, up to 50% of the revenues could be used for any purpose that the municipality deems appropriate, such as funding the STA Licensing Program.

Almost three-quarters (74%) of survey respondents agreed with applying a MAT to STAs. Staff intend to report back to Council in the future on recommendations related to the imposition of a MAT and Council decision on the regulatory regime will inform that report.

## 6.0 – Implementation – Phased Approach

A two-phase approach is proposed to prevent any delays with the implementation of a STA Licensing Program, ensure that all regulatory elements are fully in place to support the Program, and reduce budget impacts from staffing and other Program costs.

Under Phase 1, a Class A Licence would be required for bed and breakfasts only.

Prior to implementation of Phase 1, the following tasks must be completed::

- Recruit and train the required staff resources (i.e., By-law Services Coordinator);
- Coordinate contracts with third parties (i.e., Cityview and Granicus);
- Prepare the application process, forms and related documents on Cityview;
- Update procedures and tracking/reporting on enforcement activities;
- Prepare and launch a public education campaign to explain the new rules to residents and visitors;
- Create a dedicated website information page;

- Initiate the zoning by-law amendment; and
- Update the Town's Fees and Service Charges By-law.

As such, staff propose to implement Phase 1 effective February 1<sup>st</sup>, 2024.

To support Phase 1, prepare for the launch of Phase 2 and ensure sufficient timing for recruitment and training, it is suggested the MLEO III position have a delayed start date of July 1<sup>st</sup>, 2024.

**Phase 2** would permit residents to apply for Class B or C Licences, pending the approval of the Official Plan update and a Zoning By-law Amendment. While most requirements for STAs are set out in the Licensing By-law, changes to the Town's Official Plan and Zoning By-law are necessary to recognize STAs as a permitted use and to align the overall STA Licensing Framework.

As Council is aware, staff are in the process of updating the Official Plan. The draft Official Plan contains proposed language that would align the new Official Plan with the proposed STA Licensing Program. A Zoning By-law Amendment will also be necessary to permit STAs beyond bed and breakfasts and update provisions related to STAs.

Following the adoption of the new Official Plan by Council, staff will prepare and report back with a Zoning By-law Amendment for consideration while the County reviews the Official Plan. Any amendments to the Zoning By-law will require a public meeting, providing additional opportunity for public comment on the subject. If the Zoning By-law Amendment is passed while the Official Plan is awaiting approval, the amendment will have delayed implementation and will not come into force until the Official Plan is in effect.

Council should be aware that the Official Plan policies and Zoning By-law amendment can be appealed to the Ontario Land Tribunal. The length of the hearing(s) would depend on several factors, including the complexity of the appeal and the number of

parties and participants, which could impact the timing and cost of implementation of Phase 2 of the STA Licensing Program.

Assuming all regulatory elements are in place to support the STA Licensing Program and there are no delays due to appeals, a reasonable target date for implementation of Phase 2 of the Program could be Fall 2024 or early 2025.

Staff will continue to monitor the progress of the Official Plan and Zoning By-law Amendment and, will report back to Council with an updated Licensing By-law and timelines for implementation.

### **6.1 – Application Process**

Pending the approval of the Official Plan and a Zoning By-law Amendment, STA licence applications can begin to be accepted and processed on a first-come-first-served basis.

Once the number of applicants reaches the 200-maximum limit, any additional applications for a licence will be added to a wait list. As licences become available (e.g., through licence expiration or termination), the next person on the waiting list becomes eligible for a licence. In that case, the Town will contact the individual and provide fifteen (15) days to file a completed application and pay the licensing fee. Failure to file the completed application within this timeframe will result in the individual being removed from the wait list and the next person being contacted.

The following is an overview of the proposed steps to apply for a licence:

- **Step 1: Pre-Application**
  - Review licensing requirements and verify eligibility before applying.
- **Step 2: Complete Licence Application**
  - Complete the required application form and documents (e.g., site and floor plans, code of conduct, principal residence attestation, responsible person appointment, etc.)

- **Step 3: Apply for Licence**
  - Submit licence application and required documentation (e.g., proof of insurance, Electrical Safety Code compliance certificate, etc.) and pay the licensing fee.
- **Step 4: Application Review**
  - Town staff will review licence applications. If the application is missing information or does not comply, the applicant will be advised of the additions or amendments required and will be given five (5) days to update the application or provide any missing documentation. Failure to do so will require the submission of a new application. A partial refund of the licensing fee (minus the non-refundable \$500 application fee) could be administered prior to the commencement of any inspections.
- **Step 5: Inspections**
  - Once the application review has been completed, the applicant will be advised to contact the Fire Department and By-law Services Division for the on-site inspections. If the inspections reveal the Premises does not comply with the requirements, the applicant will be advised and will be given ten (10) days to remedy the issue(s). Failure to do so will require the submission of a new application. No refunds will be issued at this stage.
- **Step 6: Licence Approval**
  - If the inspections result in compliance and all requirements are met, the Licensing Officer will issue the STA licence.

Once the licence is issued, the Licensee will be responsible for maintaining a guest register which indicates the guests' names, addresses, telephone numbers, number of guests, length of stay, and confirmation that the smoke and carbon monoxide alarms have been checked and are in working condition after guests leave. The Licensee is also responsible for monitoring guests' compliance with Town by-laws and ensuring that the Renter's Code of Conduct is completed and signed by guests to ensure they are aware of the Town and neighbours' expectations regarding STAs.

The Phase 1 of the implementation plan will begin with a public awareness campaign to explain the new rules of the Licensing Program and will impose a deadline (e.g., April 1<sup>st</sup>, 2024) for licence applications. Any person who has not applied for a licence or is operating without a licence after the application deadline will be investigated and could be charged for non-compliance under the Licensing By-law.

## Options

Option #1 – Staff recommendation

**THAT** Staff Report #C2023-24, Licensing Short-Term Accommodations, be received;

**AND THAT** Council approve the phased in implementation of the Short-Term Accommodation Licensing Program (Appendix A), subject to the necessary land use planning policy and regulatory approvals required to support Class B & C Licenses, as recommended herein;

**AND THAT** Staff be directed to proceed with a Town initiated Zoning By-law Amendment;

**AND THAT** Council authorize the use of surplus parking funds to cover any expenses during the first 2 years of implementation (such as staffing, licensing software, and other program costs) until the program becomes self-sustaining, and the parking reserve be reimbursed from future years revenues;

**AND FURTHER THAT** Staff report back to Council with an update on Phase 1 implementation, any necessary revisions to the Licensing By-law and a plan for rolling out Phase 2 of the Licensing Program, following the approval of a Zoning By-law Amendment.

Option #2 – Alternative for consideration

**THAT** Staff Report #C2023-24, Licensing Short-Term Accommodation, be received and that Council direct staff accordingly.



## Financial Impacts

Staffing and other STA Licensing Program costs have been outlined in the report.

Based on staff's recommendation to employ CityView's licensing software to assist with the administration and enforcement of the STA Licensing Program, costs are estimated at:

- Phase 1 – Year 1: approximately \$206,748.00–\$245,063.55
- Phase 1 – ongoing: approximately \$161,753.00–\$200,068.55
- Phase 2 – ongoing: approximately \$191,096.15–\$229,411.70

As detailed in Section 5.0 “Licensing and Other Fees”, it is anticipated that the proposed annual licensing fees would generate sufficient revenue to offset the identified costs with no impact on the general tax base. The Parking Reserve Fund can be leveraged for the first two years of implementation to ensure the Program remains cost neutral.

Some additional matters identified in the report that require Council direction are not included in the estimated total costs of the Licensing Program and will have added financial impacts. These matters include:

1. Whether Council desires enforcement of the STA Licensing Program outside of normal business hours. The number of staff required would be dependant on the level of service set by Council (e.g., 7am – 7pm, seven days a week).
2. Granicus' 24-Hour Complaints Hotline, estimated at \$6,060 per year.

Council should be aware that if no licensing program is introduced and there is an interest in a proactive approach to enforcement, additional enforcement staff or modifications to services (e.g., removal of animal control and/or parking) would be necessary. Since there will be no revenue from licensing fees to offset the cost of enforcement, additional staffing will likely have budget implications.

## Conclusion

By establishing regulations for STAs under a Licensing Program, the Town will have the authority to impose conditions on STA hosts in order to address increasing community concerns caused by STAs. Recognizing the growing STA industry worldwide, staff believe the proposed Licensing By-law will help protect the character of neighbourhoods, especially those most impacted by STAs while assisting some residents who rely on the additional income to stay in their homes.

Staff support the proposed STA Licensing Program as an effort to strike a balance between reducing neighbourhood disturbances caused by STAs and promoting a limited number of STAs to peacefully coexist within the community.

Staff have included a draft STA Licensing By-Law and phased implementation plan for the Licensing Program for Council's consideration. At this time, it is recommended that Council approve the Licensing By-law and direct staff proceed with implementation of Phase 1.

## 4. Input from Other Sources

Public consultation is summarized in the body of this report and Appendix B.

This report was forwarded to Department Heads for review on October 6, 2023, and the content responds to the feedback received.

## 5. Applicable Policy or Legislation

*Municipal Act, 2001*, S.O. 2001, c. 25

*Planning Act*, R.S.O. 1990, c. P.13

*Building Code Act, 1992*, S.O. 1992, c. 23

*Fire Prevention and Protection Act, 1997*, S.O. 1997, c. 4

*Provincial Offences Act*, R.S.O. 1990, c. P.33

Town of Collingwood Zoning By-law No. 2010-040

Town of Collingwood Community Based Strategic Plan (2020-2023)

## Town of Collingwood Economic Development Action Plan (2020-2025)

### 6. Considerations

- Community Based Strategic Plan: Consistent with CBSP
- Services adjusted if any
- Climate Change / Sustainability:
- Communication / Engagement: Public Engagement has occurred
- Accessibility / Equity, Diversity, Inclusion:
- Registered Lobbyist(s) relating to content:

Next steps and future action required following endorsement:

Approve STA Licensing By-law with delayed implementation pending the approval and adoption of the Official Plan update and a Zoning By-law Amendment.

### 7. Appendices and Other Resources

**Appendix A:** [Draft Short-Term Accommodation Licensing By-law](#)

**Appendix B:** [STA Licensing Survey Results Summary](#)

**Appendix C:** [Business Case for By-law Enforcement](#)

**Appendix D:** [STA Licensing Survey Online Responses Report](#)

**Appendix E:** [Paper Survey Comments](#)

**Appendix F:** [Additional Public Feedback](#)

**Appendix G:** [Correspondences to the Government of Ontario](#)

**Appendix H:** [Jurisdictional Scan](#)

### 8. Approval

**Prepared By:**

Amanda Fone, Licensing and Compliance Officer

**Reviewed By:**

Sara Almas, Director, Legislative Services/Clerk

**CAO Comments:**

Acting CAO, Amanda Pegg (Executive Director), reviewed 2023-10-11

CAO Endorsed Amendments on Nov. 1, 2023 to proceed to Council