



# REGULATING SHORT TERM RENTALS

A TOOLKIT FOR CANADIAN LOCAL GOVERNMENTS

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## Local Government and Stakeholders

Thank you to all of the staff, elected officials and stakeholders who participated in the informational interviews that helped inform this toolkit, which included representation from:

1. Toronto, Ontario
2. Brampton, Ontario
3. London, Ontario
4. Oakville, Ontario
5. Prince Edward County, Ontario
6. Brockville, Ontario
7. Montreal, Québec
8. Charlottetown, PEI
9. Halifax, Nova Scotia
10. Whitehorse, Yukon
11. Yellowknife, Northwest Territories
12. Saskatoon, Saskatchewan
13. Burnaby, B.C.
14. Bowen Island, B.C.
15. Victoria, B.C.
16. Nelson, B.C.
17. Whistler, B.C.
18. Thompson-Nichola Regional District, B.C.
19. Tofino, B.C.
20. Association of Ontario Municipalities
21. Hospitality Newfoundland and Labrador
22. Ministry of Municipal Affairs and Housing, Province of B.C.
23. Host Compliance

## Survey Respondents

And thank you to the more than 100 local government staff and elected officials from across the country for participating in a national survey on STR regulations, particularly from the communities of Newfoundland and Labrador, who responded en masse!

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### A NOTE FOR LOCAL GOVERNMENT STAFF

If you are writing reports to council and it would be helpful to simply copy and paste whole paragraphs or sections of this toolkit, please do so! A single attribution somewhere in the document will suffice as there is no need to provide an attribution for every instance.

## Links and Footnotes

This document is designed to be read and browsed digitally.



There is a footer on every page allowing quick navigation to the Table of Contents, a Glossary of Terms, and an online form where you can provide feedback and sign up to receive updates. The table of contents also contains links to each section for ease of use.

To reduce clutter, citations in footnotes are often abbreviated and hyperlinked. All websites cited in footnotes were accessed September 26<sup>th</sup> 2020 for the purposes of verifying content.

# Table of Contents

## Introduction

### Part 1: Background

1.1	What is a Short Term Rental?	4
1.2	How it Works	5
1.3	The Rise of STR	6
1.4	The Shift: Home Sharing to Commercial Operation	6
1.5	STR Trends in Canada	7
1.6	Benefits and Harms of STR	9
1.7	Layers of Regulation: Federal, Provincial, Local and Private Entities	11
1.8	Case Study: STR Regulations in BC	17

### Part 2: Impacts of STR on Housing Availability and Affordability

2.1	Introduction	22
2.2	Housing-Related Benefits of STRs	23
2.3	Housing-Related Harms of STRs	24
2.4	Quantitative Research	25
2.5	Summary	28

### Part 3: Regulatory Roadmap

3.1	High-Level Best Practices	30
3.2	Prioritizing Your Regulatory Goals	32
3.3	Developing a Project Plan	36
3.4	Gathering Data to Inform Your Approach	38
3.5	Establishing your Regulatory Approach	42
3.6	Choosing a Level of Community Engagement	56
3.7	5-Step Guide to Drafting STR Bylaws	57
3.8	5 Tips to Operationalize your Regulations	60
3.9	Establishing your Enforcement Approach	61
3.10	Developing an Enforcement Plan	63
3.11	Monitoring, Evaluation and Improvement	64
3.12	Advocating to Other Levels of Government	65

### Part 4: Regulatory Tools

4.1	Building Safety	71
4.2	Business Licence and/or Permit	72
4.3	Business Licence Number Displayed on Online Advertisements	73
4.4	Density Cap	74
4.5	Designated Responsible Person	75
4.6	Fire Safety	76
4.7	Guest Limits	77
4.8	Insurance	78
4.9	Neighbour Notification	79
4.10	Night Cap	80
4.11	Owner-Only	81
4.12	Off-Street Parking Minimums	82
4.13	Permissions	83
4.14	Platform licensing	84
4.15	Principal Residence/Principal Dwelling Unit	85
4.16	Taxation	86
4.17	Zoning	87

### Conclusion

The case for regulation	88
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### Appendix

Glossary of Terms
Further Reading



# Introduction

This toolkit is a practical resource for local governments who are considering, designing or evolving their short term rental regulations. While the goal of improving housing availability and affordability is a major focus, this toolkit will serve a variety of STR policy objectives.

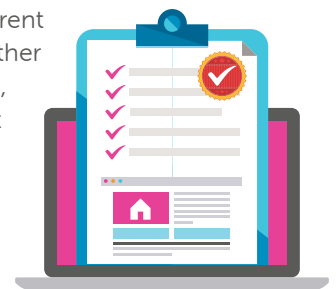
Online platforms like Airbnb have led to an explosion in short term rentals (“STRs”) across Canada and around the world. While there has been speculation that COVID-19 would decrease the prevalence and impacts of STRs, a recent study across 27 global markets covering the first half of 2020 showed only a modest 4.5% drop in STR revenue compared to the previous year.<sup>1</sup>

While there was a dramatic dip in STR activity in the first months of the pandemic, the industry is quickly rebounding, with regional markets performing better than their urban counterparts. STRs are clearly here to stay and like any other business, they should be regulated in the public interest. Easy to say, harder to do.

The diversity of interests involved, the range of both benefits and harms, and the digital and international nature of the industry has made effective regulation and enforcement of STRs difficult. All levels of government have a role to play in getting a handle on this disruptive industry. However, as is often the case, the localized impacts and nature of STRs has pushed Canada’s local governments to the forefront. A range of local regulatory approaches are currently being tried with mixed or often unknown results. In the meantime, many local governments simply lack the capacity to tackle the issue.

We created this toolkit as a practical resource for local government elected officials and staff including business licensing clerks, bylaw enforcement officers, and policy and land use planners who are considering, designing or evolving their STR regulations. That said, our hope is that it can be useful to anyone interested in the effective regulation of STRs. Our own motivation, as an organization working to help make housing and family life affordable and sustainable for young people, our kids and all Canadians is to mitigate the impacts of STRs on the ability of residents to secure adequate housing, which is an established human right.

However, every community will have its own unique context and motivations for regulating STRs, which can include addressing neighbourhood impacts like noise, ensuring that revenue is collected or leveling the playing field between different accommodation providers. No matter your community’s priorities, whether your residents want fewer STRs, more STRs, or just better regulated STRs, or whether your community is at the cutting edge of regulations or just getting started, you should be able to find resources in this toolkit that can help.



<sup>1</sup> Sanford, Dubois (2020, AirDNA). [COVID-19 impact on hotels and short-term rentals](#).

To put this document together we drew from the existing literature, the lead author's professional experience designing local STR regulations, an advisory committee of academics, local government staff, provincial and federal municipal associations and housing sector representatives, an online survey of Canadian local governments, and one-on-one informational interviews with elected officials and staff from a diversity of communities across Canada.

We're incredibly grateful for the time and expertise that everyone has shared to help make this toolkit happen. However, nothing in this document should be interpreted as reflecting the individual opinion or recommendation of any of our advisors, funding partners or stakeholders.

For our own part, Generation Squeeze has come away from this project with some basic takeaways that we think are worthwhile to share up front:

- We're still in the early days of regulating STRs in Canada, especially when it comes to evaluating impact.
- Most local governments aren't specifically regulating STRs. Many can be thought of as quasi-regulating through partial adaptations of existing bylaws that cover off some issues but leave other important aspects of STRs unclear or untouched, or by explicitly banning STRs but without proactive enforcement. Others are in the process of studying or developing comprehensive STR regulations, but haven't yet finished.
- Of the small number of local governments who do have comprehensive programs in place, some are struggling with the complexity of the regulations they've designed, or with follow-through and enforcement.
- Local regulation would be much simpler if other levels of government used their legislative clout to introduce data sharing, platform accountability and/or registration systems (described in the Advocacy section). In the absence of this, local governments are forced to play detective, rely on third party firms for information and/or attempt to negotiate agreements with platforms who often have a strong interest in resisting regulation.
- Even without greater involvement from other levels of government, strong local regulation and enforcement programs and high levels of compliance are still possible. It just takes a proactive, digital-first approach, dedicated staff paid for by licensing fees and a regulatory program that is simple to understand and well-communicated. It can be done!
- If a community wants to prioritize residents' right to adequate housing, the most effective approach is likely the restriction of STRs in residential zones to principal dwelling units (i.e. true home sharing). Here, definitions matter. We found that the alternative phrase "principal residence" has been inconsistently defined across Canadian STR regimes in ways that risk undermining efforts to protect housing.

This list reflects Gen Squeeze's top-of-mind takeaways. You'll discover your own as you read through this toolkit.





It can take a lot of time, resources and careful thinking to put together the nuts and bolts of a local STR regulatory regime. Not only that, best practices and options are always evolving.

We will be releasing updates to this toolkit, as well as additional tools and templates for practitioners over the coming months and years. [SIGN UP](#) to make sure you get toolkit updates and the latest STR regulatory resources straight to your inbox.

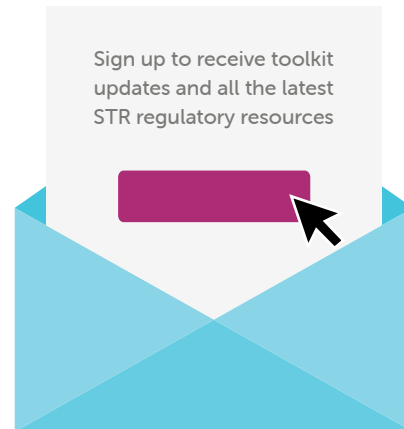
If at any time your community could benefit from some one-on-one STR consulting support, our certified professional planner can help - [GET IN TOUCH](#).

Sincerely,



Eric Swanson

*Co-Executive Director, Generation Squeeze*  
[www.gensqueeze.ca](http://www.gensqueeze.ca)



#### DISCLAIMER

The toolkit has been carefully prepared and is intended to provide a summary of complex matters. It does not include all details and cannot take into account all local facts and circumstances. While the toolkit suggests a sequence of considerations, we recognize the path to regulation is not always linear. The guide refers to laws and practices that may change.

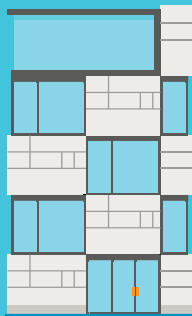
Municipalities are responsible for making local decisions, including decisions in compliance with law such as applicable statutes and regulations. For these reasons, this toolkit, as well as any links or information from other sources referred to in it, should not be relied upon as a substitute for specialized legal or professional advice in connection with any particular matter. The user is solely responsible for any use or application of this guide.

# Part 1: Background

## 1.1 What is a Short Term Rental?

### THE RENTAL OF A RESIDENTIAL DWELLING UNIT

(either the entire dwelling or a room(s) within it)<sup>2</sup>



### IN ANY HOUSING TYPE

(e.g. houses, secondary suites, carriage houses, garden suites, cabins, apartments and condos)



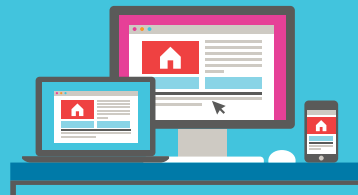
### FOR A SHORT PERIOD OF TIME

(e.g. less than a month)



**PRIMARYLY UTILIZED BY VISITORS/TOURISTS**

### OFTEN WITHOUT ANY IN-PERSON INTERACTIONS



**FACILITATED BY PLATFORMS**

(e.g. Airbnb)

<sup>2</sup>Non-dwelling units (e.g. vans, boats, parking spaces, campgrounds) can also be listed as a STR, but these represent a small fraction of STR activity.

## 1.2 How it Works

The STR industry involves three main participants: Operators, Guests and Platforms.



### OPERATORS

#### *"THE HOST/SELLER" | INDIVIDUALS OR BUSINESSES*

- List their STR unit on platforms;
- Set the price, availability and house rules (guest limits, quiet hours);
- Approve rentals;
- Charge guests a nightly fee, optional additional fees (e.g. cleaning or accommodating extra people);
- Can include the hiring of support services such as professional cleaners; and
- Charge applicable sales taxes (with or without the help of the platforms).



### GUESTS

#### *"THE BUYER" | INDIVIDUALS (OFTEN TOURISTS)*

- Use platforms to search, reserve and stay in STR accommodation; and
- Pay the operator for the STR, a platform service fee and in some jurisdictions, applicable taxes that are included in the booking.



### PLATFORMS

#### *"THE BROKER" | ONLINE PLATFORMS*

- Connect STR operators and guests via platform websites;
- Charge a service fee to guests and receive a portion of rental revenue from operators; and
- In some jurisdictions they also collect and remit taxes on behalf of operators, which the guest pays.

## 1.3 The Rise of STR

Short term rentals are not new. People have been renting out their cottages and cabins for decades through classified ads, word of mouth and online buy and sell sites (e.g. Craigslist, Kijiji).

What is new are online platforms (e.g. Airbnb, VRBO, Homeaway, Flipkey), which:

- Create designated spaces (websites) to connect STR operators and guests;
- Automate and systematize the advertising and listing process (e.g. built-in templates, suggested nightly rates); and
- Minimize the risks of sharing a dwelling unit or a private room with strangers (e.g. rating system, property damage protection, liability insurance, 24/7 customer support).

These platforms have enabled the rapid expansion of STRs and a transformation of the travel accommodation sector, with STR operators competing with traditional accommodation providers (e.g. hotels, bed and breakfast) at scale.

## 1.4 The Shift: Home Sharing to Commercial Operation

Much of the rapid growth in the STR industry is the result of a shift in business model: from home sharing to commercial operation.

Initially, STRs largely involved operators renting out a spare room in their home while they were present, much like a bed and breakfast. Then, activity shifted towards renting out an operator's entire home (principal dwelling unit) while they were away, for example while on vacation.

Both types of activity can be considered true home sharing.

Realizing the potential for significant profit, savvy investors and others then began purchasing and/or converting principal dwelling units into full-time, entire-unit commercial short term rentals, with some operating multiple commercial STRs.

In this toolkit we consider true HOME SHARING to be STRs taking place in an operator's principal dwelling unit.<sup>3</sup>

We consider COMMERCIAL OPERATION to be STRs taking place in a unit that is not someone's principal dwelling unit (home).<sup>4</sup>

Non-principal dwelling unit STRs include vacation properties or secondary residences that aren't the designated principal dwelling unit of the owner.

### Principal Dwelling Unit STR

A short term rental unit that is or is within someone's principal dwelling unit; this term is used in place of principal residence STR to help communicate that the STR is confined to the dwelling unit (i.e. it doesn't include other dwelling units on the same lot).

<sup>3</sup>Hereafter referred to as "principal dwelling unit STR"

<sup>4</sup>Hereafter referred to as "non-principal dwelling unit STR" or "non-PDU STR" for technical clarity

## 1.5 STR Trends in Canada

The following trends are taken from the research of Dr. David Wachsmuth and colleagues from the Urban Policy and Governance Research Group at McGill University, and reflect the pre-COVID-19 state of the industry.<sup>5, 6</sup>

While there has been speculation that COVID-19 would lead to a lasting decrease in the prevalence and impacts of STRs, a recent study across 27 global markets covering the first half of 2020 showed that while there was indeed a significant drop in the early months of the pandemic, activity has since rebounded such that the sector is only experiencing a modest 4.5% drop in revenue compared to the previous year, with regional markets performing better than their urban counterparts.<sup>7</sup>

With that qualification, the following pre-COVID trends continue to provide useful insight:

### This is a GROWING industry

- In 2018, \$1.8 billion in revenue was generated by 103,290 Airbnb operators, which was an increase of 40% from the previous year.

### Most STRs are for ENTIRE HOMES

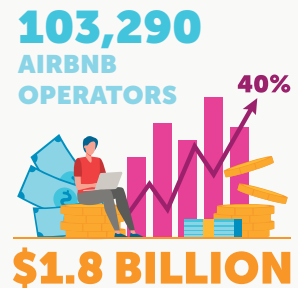
- Depending on the community, the majority of STR listings are for entire homes/units rather than single private rooms.
- Entire home listings make up a higher proportion of active listings in rural areas than in major centres/[CMAs](#) or small communities/[CAs](#).



<sup>5</sup> Dr. Wachsmuth is an advisor to this toolkit project. The trends reflect activity on Airbnb, which is the leading STR platform and often used as a proxy for the STR industry generally.

<sup>6</sup> All of the trends included in this section are sourced from two papers: "[Short-term rentals in Canada: Uneven growth, uneven impacts](#)" and "[Short-term cities: Airbnb's impact of Canadian housing markets](#)".

<sup>7</sup> Sanford, Dubois (2020, AirDNA). [COVID-19 impact on hotels and short-term rentals](#).



### "ENTIRE HOME"

- » cabin
- » house
- » condo
- » apartment
- » garden suite
- » secondary suite

## Commercial operators represent a large share of STR activity

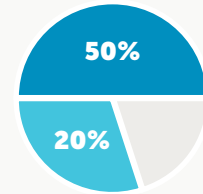
- In established STR markets such as Toronto, Edmonton, Ottawa-Gatineau, Moncton and Halifax, close to 50% of all STRs are managed by multi-listing operators (an indicator of commercial/non-principal dwelling unit STR).

## STRs are located across Canada with most growth outside major urban centres

- Close to 50% of all active STR listings are located in Toronto, Montreal, Vancouver and their surrounding communities.
- High concentrations of STR are also found in Ontario and Québec's major urban and population centres, between Windsor and Québec City and along the West Coast of B.C.
- Concentrations of STRs can be found in all of Canada's major urban centres, with an average annual growth rate of 19% across Canadian CMAs.
- Four small communities that are national tourist destinations account for the majority of all rural STR activity:
  - » Whistler, BC
  - » Blue Mountains, ON
  - » Prince Edward County, ON
  - » Mont Tremblant, QC
- There is rapid growth in small and rural communities with populations of less than 10,000, with annual growth rates of 42% - 44%. Evidence suggests these high overall rural growth rates are being driven by smaller markets (i.e. not by the four big national tourist destinations indicated above).

### MULTI-LISTING OPERATORS

EARN 50% OF ALL REVENUE



### THE TOP 1% OF OPERATORS

EARN 20% OF ALL REVENUE

## SMALL & RURAL COMMUNITIES

ARE HAVING RAPID ANNUAL GROWTH RATES OF:



**42% - 44%**



**STR ACTIVITY IS HIGHLY SEASONAL**

**JULY & AUGUST GENERATE THE MOST REVENUE**

NOTABLY IN ATLANTIC CANADA

## 1.6 Benefits and Harms of STR

STRs can bring both benefits and harms to local communities.



### POTENTIAL LOCAL COMMUNITY BENEFITS

#### Income Generation

Operators and support workers (e.g. cleaners, property managers) can earn income by providing and managing guest accommodation.

#### Higher housing values

We consider this to be a harm in communities facing housing availability and affordability challenges; however, current property owners can financially benefit from an STR-induced rise in the economic value of their property.

#### Greater Choice

Guests can access often-cheaper, more amenity-rich accommodation options compared to hotels, motels or B&Bs.

#### Local Experiences

Guests can benefit from operators who provide personalized and localized accommodation and experiences.

#### Quick, New Tourist Accommodation

STRs can add additional accommodation options without requiring the development of major infrastructure (e.g. hotel construction).

#### More Efficient Use of Space

The local economy can benefit by allowing operators to rent a private room or dwelling unit that may otherwise go unused, for example a spare room or while the resident is away on vacation. This benefit is not associated with non-principal dwelling unit STR because the unit could otherwise be occupied by a permanent resident.

#### Support for the Local Tourism Economy

To the extent that STRs can bring in more total visitors than could otherwise be attracted by or accommodated by traditional providers such as hotels, these additional visitors spend money on local activities, transportation, food and beverages. Note that this boost to the tourism economy can be counteracted by a weakening of the overall economy if it is associated with a loss of homes and permanent residents.

#### Greater Neighbourhood Distribution of Wealth

By attracting visitors to neighbourhoods and businesses outside of traditional tourist areas. Note that this benefit can be counteracted by a loss of neighbourhood wealth if the STRs are associated with a loss of homes and permanent residents.



## POTENTIAL LOCAL COMMUNITY HARMS

### Housing Loss

STRs divert or remove potential long-term rental rooms, rental homes and purchasable principal residences from the market. The most acute housing loss is associated with non-principal dwelling unit STRs.<sup>8</sup>

### Housing Unaffordability

STRs decrease the affordability of housing by making it more scarce and by increasing its economic value by enabling STR income.

**An in-depth analysis of the impacts of STRs on housing availability and affordability is included in [Part 2](#).**

### Unfair Advantages

STR operators are often not subject to the same level of regulation or taxation as traditional accommodation providers.

### Revenue Loss

Short term rental platforms and operators often don't collect and remit municipal, provincial and federal taxes (e.g. accommodation, PST, GST/HST, and/or income tax), even if it is required by law. This leads to either foregone revenue or an actual loss of revenue (e.g. if STR activity draws guests away from traditional, tax-remitting accommodation providers).

### Increased Contraventions of Local Regulation

Operators or guests are often not aware of or follow specific requirements for zoning, noise, parking, business licensing and other activities.

### Community Disruption

Short term rental operators and guests may not be invested in the community in the same way that a long-term resident is and this may lead to disturbances such as increased noise or garbage.

### Reinforced Inequities

STR platforms create value from the use of residential housing and the owners/controllers of that housing are therefore privileged by the industry in a way that can reinforce systemic inequities.

<sup>8</sup> The strength of this correlation depends on the owners in question. When owners – if not given the option to operate the room or unit as an STR – would prefer and could afford to leave the room or unit vacant when not in use by themselves, the correlation will be weaker; when the opposite is true, the correlation will be stronger.



## 1.7 Layers of Regulation: Federal, Provincial, Local and Private Entities

Federal, provincial and local governments as well as private entities (e.g. strata/condo corporations, landlords) all have a role in regulating STRs.

These roles are discussed below, along with some commentary on the degree to which they're currently being fulfilled across the country. In many cases, the specific division of responsibilities between the levels of government is an area of active negotiation and advocacy.

### Federal Government

The most obvious regulatory role of the federal government with respect to STRs is ensuring that applicable federal taxes are paid by STR operators and platforms.

However, in many cases this is not currently happening due to a combination of factors including insufficient enforcement capacity, outdated federal legislation in the context of international tax treaties, and a lack of cooperation – whether mandated or voluntary – between the federal government and STR platforms.

Many of these issues are not unique to STR and reflect a broader, well-recognized need for federal laws and practices to catch up to the nature of digital commerce, generally.<sup>9</sup>

Ideally, the federal government would update its laws and practices to efficiently collect all currently-applicable taxes, which include:

- **Personal income tax** on STR income earned by unincorporated operators
- **Corporate income tax** on STR income earned by corporate operators
- **Corporate income tax** on revenue earned by STR platforms, where applicable
- **GST/HST on STR accommodation rentals**<sup>10, 11</sup>
- **GST/HST on STR property sales**<sup>12</sup>

While the Canada Revenue Agency does provide some guidance to STR operators about when and how they need to collect and remit taxes (e.g. GST/HST), and how to report STR income for income tax purposes, so long as online platforms are not required to play a facilitative role and enforcement is limited, rates of tax compliance risk being relatively low.

<sup>9</sup> For example, see "[Report 3 - Taxation of E-Commerce: a 2019 Spring Report of the Auditor General of Canada to the Parliament of Canada](#)".

<sup>10</sup> As of writing, the HST is used in Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia and PEI.

<sup>11</sup> The charging of GST/HST on listings by domestic STR operators is required if the operator has earned more than \$30,000 in the most recent 4 consecutive quarters; the rules for foreign STR operators are different and are summarized in e.g. Exhibit 3.1 of this [2019 Auditor General's report](#).

<sup>12</sup> Under [certain circumstances](#), buyers are required to pay GST/HST on the purchase of an STR property.

While this is not currently the case, the overall regulation of STRs could be made much easier if the federal government used its legislative clout to mandate e.g. [data sharing](#) or [platform accountability](#) mechanisms.

## Provincial and Territorial Governments

The role played by provincial and territorial governments in regulating STRs varies across Canada and includes measures aimed at:

- Collecting provincial sales tax
- Collecting accommodation taxes
- Classifying STR properties for property tax purposes
- Creating a central STR registration/licencing system
- Getting data from STR platforms
- Ensuring platform accountability

Each of these are discussed in more detail, below.

### PROVINCIAL SALES TAX

Provinces with separate provincial sales taxes include B.C., Québec, Saskatchewan and Manitoba. Of these, only B.C. and Saskatchewan have agreements in place with Airbnb to facilitate the collection and remittance of PST on behalf of guests and operators.<sup>13</sup>

For STRs listed on other platforms (e.g VRBO, Homeaway, Flipkey) and in other provinces (i.e. Manitoba and Québec) it is currently the responsibility of the operator to collect and remit provincial sales tax, risking much lower compliance.

Alberta, Yukon, Nunavut, and the Northwest Territories have no provincial/territorial sales taxes and therefore only federal GST is applicable. All other provinces have combined GST/HST which is administered by the federal government.

### ACCOMMODATION TAXES

Accommodation taxes have historically been applied to traditional accommodation providers over a certain threshold of rooms. Recently, there has been a concerted effort to expand the application of these taxes to STRs and to collect on taxes owed.

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<sup>13</sup> Airbnb. [Occupancy tax collection and remittance by Airbnb in Canada.](#)

#### Accommodation Tax Examples:

- Québec and B.C. have had agreements in place with Airbnb to collect and remit the Municipal and Regional District Tax of between 2-3% in B.C. and 3.5% Lodging Tax in Québec for several years.<sup>14</sup> In B.C., Airbnb collected and remitted close to \$43 million to the province in the first year of implementation.<sup>15</sup> Other platforms are not covered by these agreements.
- In early 2020, the Alberta government announced plans to extend a 4% tourism levy to some STRs, excluding units that aren't listed online or cost less than \$30/day, and excluding operators who have gross annual revenue from STRs of less than \$5,000.<sup>16</sup> Platforms can voluntarily collect and remit the levy on behalf of operators; otherwise this will be the operators' responsibility.
- Ontario's Municipal Act was recently amended to allow that province's municipalities to charge an accommodation tax on short term rentals, themselves.<sup>17</sup> As of writing, at least seven municipalities are charging a 4% tax by way of this provincially-granted authority.<sup>18</sup>

Other provinces and territories, as well as individual municipalities may have requirements on the books for STR operators to collect and remit an accommodation tax; however, without the mandated or voluntary cooperation of platforms in facilitating the collection of these taxes, the rate of compliance is likely to be low.

#### PROPERTY TAXES

Some provincial and territorial legislation may govern whether property that is being used for STRs classifies as residential or business, for property tax purposes.

#### Property Tax Examples:

- Nova Scotia recently decided that so long as the number of rooms listed for STR on a property are 4 or fewer, residential tax rates will apply.<sup>19</sup>
- Municipalities in British Columbia have recently been asking the province to reclassify residential properties used for STRs as business properties under certain circumstances.<sup>20</sup>

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<sup>14</sup> Ibid.

<sup>15</sup> CBC News (Nov 6 2019). [Airbnb remits almost \\$43M in taxes earmarked for housing and tourism initiatives in B.C.](#)

<sup>16</sup> [Alberta Budget 2020](#) (p. 175)

<sup>17</sup> [Ontario Municipal Act](#) (Section 400.1)

<sup>18</sup> Airbnb. [Occupancy tax collection and remittance by Airbnb in Canada.](#)

<sup>19</sup> Reflected in Section 47(A) of that province's [Assessment Act](#) and [accompanying regulations](#). It's not clear to the authors whether the status of one or more of the short term rented units as a principal dwelling unit or part thereof impacts its classification.

<sup>20</sup> For example, see [UBCM resolution B34 \(2019\)](#) and [UBCM resolution EB45 \(2020\)](#).

## REGISTRATION SYSTEMS

Provincial registration systems can help streamline the registration, licensing and enforcement process for government authorities and STR operators, and can provide a degree of data on STR activity.

Their effectiveness depends entirely on operators actually using the system, which itself requires some combination of vigorous and targeted public communications, proactive enforcement to identify unregistered/unlicensed listings, and/or platform accountability measures.

### Registration System Examples

- In the summer of 2019, Québec announced plans to revise its previous STR operator registration system, acknowledging that it had largely been a failure, achieving less than a 5% compliance rate. The new regulations, which came into effect in May of 2020 are managed by the Tourism Ministry and include a registration process, required documentation and fee, and a referral and approval process that involves municipalities.<sup>21</sup>
- Nova Scotia recently passed a new Tourist Accommodations Registration Act that requires platforms and some STR operators to register with the province and pay a nominal fee.<sup>22</sup> The new rules came into effect in April 2020 and as of writing, compliance has been low.<sup>23</sup>
- Prince Edward Island has had a registration system for tourist accommodation for some time, and recent amendments to that province's Tourism Industry Act now require the display of provincial registration numbers in online STR listings.
- In summer 2020, the Newfoundland and Labrador government signaled that new legislation would be introduced in the fall that will require STR operators to register with the province and for platforms to only list regulated operators on their websites.<sup>24</sup>

## DATA AGREEMENTS

Through the collection of provincial sales taxes and accommodation taxes and the operation of centralized registration systems (where applicable), provincial and territorial governments will have access to some direct data on STR activity.

However, the most accurate and real time data is held by the platforms themselves. Provinces and territories can seek to compel platforms to share this information.

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<sup>21</sup> As described on the Government of Québec's [website](#).

<sup>22</sup> The registration requirement doesn't apply if the STR is in the operator's primary dwelling unit or is attached to their primary dwelling unit (e.g. an attached basement suite, loft, etc.) More information [here](#).

<sup>23</sup> CBC News (Aug 9 2020). [Nova Scotia's short-term rental registry off to a slow start](#).

<sup>24</sup> CBC News: (Jul 22 2020). [N.L. looking to register Airbnbs, other short-term tourism rentals](#).

Data Agreement Examples:

- In late 2019, PEI's legislature passed a bill to amend the Tourism Industry Act to require STR platforms to share data with the province on a quarterly basis, including listing addresses, operator contact information, the number of nights rented and revenue.<sup>25</sup>
- Nova Scotia's new Tourist Accommodations Registration Act requires platforms to keep detailed data on listings for seven years. However, it's not clear to the authors whether the government has or intends to get access to this data.

## PLATFORM ACCOUNTABILITY MEASURES

Platform accountability refers to measures aimed at ensuring STR platforms only publish listings that comply with government regulation (i.e. legal listings).

Examples:

- In summer 2020, the Newfoundland and Labrador government signaled an intention to work with STR platforms to ensure that only listings from registered operators are published going forward.<sup>26</sup>

## PRIVATE ENTITIES

Private entities including Condo Corporations/Strata and property owners provide an additional layer of STR authority.

**Condo/Strata Corporation:** Condo corporations and Strata Councils across the country can pass bylaws that add further restrictions or prohibitions on STRs beyond municipal bylaws. Many have successfully enforced these bylaws (e.g. through fines and legal proceedings) against non-compliant STR operators.<sup>27</sup>

**Property Owner/Landlord:** Landlords also have the ability, as defined in applicable Residential Tenancy Acts, to prohibit tenants from using their property as a STR.

## LOCAL GOVERNMENT

While the federal and provincial governments have critical roles to play in ensuring that all taxes are collected, regulations (including local regulations) are complied with, and necessary data is collected and shared across jurisdictions, there are decisions around the scale, distribution and integration of STRs into communities that are fundamentally up to local governments.

<sup>25</sup> The provisions of [Bill no. 111](#) that require data sharing have not yet come into force.

<sup>26</sup> CBC News: (Jul 22 2020). [N.L. looking to register Airbnbs, other short-term tourism rentals.](#)

<sup>27</sup> As an example: CBC News: (Mar 12 2020). [Vancouver strata sting nets \\$45K fine for repeat Airbnb rental offender.](#)

These decisions can be made through the amendment of existing bylaws or the development of purpose-built STR bylaws, and enforced with or without the involvement of other levels of government.

**Part 3 and Part 4 of this toolkit provide a roadmap, best practices and specific tools that local governments can use to develop a comprehensive, effective STR regulatory program.**

## **EVOLUTION OF LOCAL REGULATIONS**

Beginning around 2016, in response to concerns about the harms of STRs and a lack of action by other levels of governments, many local governments across Canada began to develop new, comprehensive STR regulatory and enforcement programs.

This first wave of regulations was led by large urban centres such as Toronto, Victoria and Vancouver as well as small, tourist oriented communities such as Tofino, Whistler and Niagara on the Lake.<sup>28</sup>

In Toronto, Vancouver and Victoria, regulations focused on mitigating the harms of STRs on housing availability and affordability, with all three implementing a principal residence requirement that only allow STRs in the principal dwelling unit of the operator.<sup>29</sup>

In smaller, tourist oriented communities including Tofino and Whistler, emphasis was placed on modernizing existing tourist accommodation regulations to address the changing nature of the industry, for example by requiring that a business licence number be added to all online advertisements. In addition, many of these communities shifted from a complaints-based enforcement approach to a more proactive enforcement model.

Following this first wave, more and more Canadian local governments have implemented STR regulations including Prince Edward County, Oakville, Calgary, Edmonton and Canmore, while many other municipalities are currently in the process of developing regulations including Halifax, Charlottetown, Saskatoon, Yellowknife, Brampton and London.

In many cases, the effectiveness of local government regulations at achieving desired goals is mixed or unknown. It's still relatively early days, and there's no one-size-fits-all approach.

However, a number of high level best practices, implementation guidance and specific tools that hold particular promise emerged from our interviews with local governments and stakeholders from across Canada, which are detailed throughout the rest of this toolkit.

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<sup>28</sup> Hotel Association of Canada (Jul 2018). [Developing a modern approach to short-term rentals in a digital economy: a framework for Canadian regulators.](#)

<sup>29</sup> In Victoria, the exception to this are STRs located within areas that had already been zoned for transient accommodation.

## 1.8 Case Study: STR Regulations in BC

There are more than 4,500 municipalities and local government districts across Canada, which makes it difficult to rigorously and comprehensively assess the status of STR regulations nationwide. However, provincial case studies can provide insights reflective of the evolving national picture.

**With support from the Real Estate Foundation of BC and LandlordBC, we completed an in-depth case study of the status of STR regulations in British Columbia.**

Our goal was to understand the approximate percentage of local governments at different stages of the regulatory process, and to glean aggregate insights about the nature of the regulations.

While the relatively high concentration of STRs in British Columbia likely mean more local governments have prioritized regulation here than in other provinces (e.g. on the prairies), our interviews with stakeholders across the country have led us to believe that the key findings from this B.C. analysis are reasonably reflective of STR regulatory status nationwide.

For this study we examined all 162 municipalities and 27 regional districts in British Columbia, searching for references to the term short term rental or similar (e.g. vacation rental, short term vacation rental) in applicable zoning and business licence bylaws (e.g. definitions, permitted uses, rules/requirements) or via short term rental webpages, Council and Committee reports, media stories and other STR-related communications (e.g. newsletters and bulletins). We also drew on interviews with local government staff, elected officials, stakeholders and advisors and the results of an online survey.

Due to the subjective nature of some of our interpretations and analysis, where percentages are included in our key findings, these should be considered approximations.

## Status of STR Regulation

- **THE MAJORITY OF LOCAL B.C. GOVERNMENTS ARE SILENT ON STR.**

65% of B.C. local governments lack any reference to 'short term rental' or similar terms in their regulations (zoning, business licensing, etc.) despite the fact that short term rental activity is occurring in almost all of these communities.

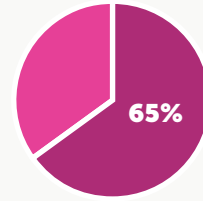
These local governments may permit a form of STR, for example if it is consistent with existing regulations (e.g. B&B); or STRs could be banned, for example if STRs are not included as a permitted use in a community's zoning bylaw, they may be de facto prohibited.

Without any specific reference to the term short term rental (or similar), STR regulatory status for these local governments is unknown, and existing regulations are unlikely to be capturing the full extent of short term rental activity in their communities.

This ambiguity could create confusion for STR operators, who may be uncertain if they are permitted to operate as well as conscientious STR guests, who may be eager to comply with local regulations.

- **A HANDFUL OF LOCAL GOVERNMENTS EXPLICITLY PROHIBIT STR.**

4% of B.C. local governments explicitly prohibit all types of STRs via bylaws that apply to either the entire community or a portion thereof. Despite these bans, short term rental activity continues to occur.



**65% OF B.C. LOCAL GOVERNMENTS**

**LACK REFERENCE TO:**

**'SHORT  
TERM  
RENTAL'**

**OR SIMILAR TERMS IN  
THEIR REGULATIONS**



- **A DOZEN LOCAL GOVERNMENTS ARE DEVELOPING REGULATIONS.**

6% of B.C. local governments are currently in the process of developing new, comprehensive short term rental regulations including:

- » Belcarra
- » Courtenay
- » Gibsons
- » Golden
- » Squamish
- » Radium Hot Springs

With another 6% of municipalities signaling an interest in studying the issue of STRs including:

- » Saanich
- » West Kelowna
- » Port Hardy

Many of these regulations and studies have been underway for years, reflecting the complexity and controversial nature of the issue.

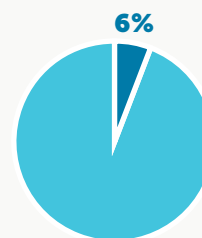
- **ONE IN FIVE LOCAL GOVERNMENTS HAVE ESTABLISHED SPECIFIC STR REGULATIONS.**

These range from relatively simple approaches based on repurposing existing regulations (e.g. B&B, Home Occupation, Boarding Houses) all the way to comprehensive programs that include the acquisition of data on STR activity, STR-specific community engagement, and purpose-built STR regulatory and enforcement plans.

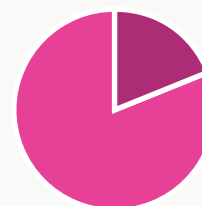
The re-purposing of existing regulations may work for some communities that are able to adapt existing – often vague – definitions, permitted uses, zones and provisions for STRs. However, in our review this approach often leaves many questions unanswered (e.g. by not distinguishing between different types of STR).



**ONE IN FIVE LOCAL GOVERNMENTS HAVE ESTABLISHED SPECIFIC STR REGULATIONS**



**6% OF B.C. LOCAL GOVERNMENTS ARE CURRENTLY IN THE PROCESS OF DEVELOPING NEW STR REGULATIONS**



**19% OF LOCAL GOVERNMENTS ARE SPECIFICALLY REGULATING AND PERMITTING SOME FORM OF SHORT TERM RENTAL**

EXAMPLES OF BC COMMUNITIES THAT ARE SPECIFICALLY REGULATING STR			
URBAN CENTRES	HIGH-PROFILE TOURIST DESTINATIONS	SMALLER OR RURAL COMMUNITIES	REGIONAL DISTRICTS
» Vancouver	» Whistler	» Fernie	» Thompson Nicola
» Victoria	» Tofino	» Ashcroft	» Alberni-Clayoquot
» Kelowna		» Lake Country	» Okanagan-Similkameen
» Penticton		» Tahsis	

## Other Key Findings

- MOTIVATIONS FOR ESTABLISHING REGULATIONS VARY.**  
 These often include protecting housing for residents, ensuring the health and safety of guests, preserving the residential character of neighbourhoods and creating fairness amongst all accommodation providers.
- MANY DIFFERENT REGULATORY TOOLS ARE BEING UTILIZED, WITH MIXED RESULTS.**  
 For more information refer to [Part 3](#) and [Part 4](#) of this toolkit, which includes a jurisdictional scan of Canadian local governments, and seventeen snapshots of the most widely-employed tools.
- THE [PRINCIPAL RESIDENCE TOOL](#) IS COMMON, BUT INCONSISTENTLY APPLIED.**  
 The term “principal residence” takes on a spectrum of definitions in STR regulations: on one end it is strictly synonymous with principal dwelling unit and therefore not inclusive of multiple dwelling units on the same property/lot. This is the case in Vancouver, Victoria and Fernie. At the other end of the spectrum the term principal residence is used to refer to the entire property/parcel/lot, inclusive of secondary/basement suites, garden cottages, carriage homes etc. This is the case in Tofino and Nelson.

This lack of a consistent definition and understanding has consequences for local governments wishing to use the principal residence tool to protect housing availability and affordability, which is best achieved when principal residence is synonymous with principal dwelling unit.
- THE BUSINESS LICENSING TOOL IS USED BY ALL MUNICIPALITIES REGULATING STR.**  
 A system of licensing STR operators is fundamental to the successful application of many other STR regulatory tools, including confirming principal residence, receiving permissions from a strata or landlord, designating a responsible person, conducting a zoning check or performing an inspection for health and safety.

- **MANY COMMUNITIES ARE STRUGGLING TO EFFECTIVELY ENFORCE THEIR REGULATIONS.**

Either due to the complexity of the regulations, lack of access to data on STR activity in their community, insufficient staff capacity and resources or a combination of the above.

- **RIGOROUS EVALUATIONS ARE LACKING.**

We came across very little evidence of rigorous studies by local governments that evaluate the effectiveness of their STR regulations at achieving desired goals. This reflects the fact that we're still in the relatively early days of STR regulation in B.C. The most notable exception to this is Vancouver, which has released reports on the initial impact of their regulations and are undertaking more rigorous analysis in partnership with academic institutions.

- **VANCOUVER REMAINS AT THE LEADING EDGE.**

Vancouver was one of the earliest adopters of STR regulations in Canada and their approach – enabled by the City's size and a consistent stance by staff and council – is reflective of many of the best practices described elsewhere in this toolkit.

# Part 2: Impacts of STR on Housing Availability and Affordability

## 2.1 Introduction

As described in Part 1, short term rentals can bring a range of impacts to communities, including both benefits and harms.

However, the impact of short term rentals on housing deserves special attention, given the crisis-level housing pressures being felt in many communities and the status of adequate housing as a fundamental human right.<sup>30</sup>

The short story is that the proliferation of STRs leads to a worsening of both housing availability and affordability system-wide and over time, with non-principal dwelling unit STRs being the main culprit. In this section we'll expand on that short story by exploring both the housing-related benefits and harms of STRs, first qualitatively and then quantitatively.

The discussion hinges on a clear technical understanding of three basic types of STR:

- [Principal dwelling unit STR](#);
- [Non-principal dwelling unit STR](#); and
- [Non-dwelling unit STR](#) (e.g. vans, boats, yurts).

These definitions are important from a housing perspective because if an operator lists their principal dwelling unit (or a bedroom(s) therein) as a STR, then this isn't associated with the loss of an entire long-term home.<sup>31</sup>

Whereas if an operator is listing any dwelling unit other than their principal dwelling unit, whether or not they ever use the unit themselves, a potential long-term home is being lost.

Non-dwelling unit STRs are places that may be suitable for a guest to stay over a short period of time but are unlikely to be suitable for long-term living in (e.g. a guest yurt without any kitchen facilities), and so don't represent lost housing.

<sup>30</sup> E.g. as recognized in [Canada's National Housing Strategy Act](#).

<sup>31</sup> The exception being when the room(s) in question could otherwise be rented to someone long-term (e.g. to a roommate).

## 2.2 Housing-Related Benefits of STRs

In our assessment, the potential housing-related benefits of STRs are limited to principal dwelling unit STRs (or non-dwelling unit STRs, though these aren't as common) and even then are partially compromised by potential harms.



### POTENTIAL HOUSING AFFORDABILITY BENEFITS

The major benefit of STRs on housing affordability is associated with principal dwelling unit STR, where an owner or tenant is able to earn extra STR income – a benefit that can help them afford their own shelter costs e.g. in an otherwise unaffordable environment – **without the housing system losing an entire long term home.**

In public marketing materials for STRs there are often stories about seniors, for example, whose ability to age in place, keep their home and enjoy other quality of life benefits has been enabled by the ability to list one or more rooms as a STR. This is an important housing-related benefit and one of the reasons communities may choose to permit or encourage principal dwelling unit STR.

However, even this benefit comes with the potential for housing-related harms:

- Principal dwelling unit STR may contribute to a loss of individual bedrooms across the housing system that might otherwise have been offered to a long-term tenant. If a local government has data indicating a significant reliance on long term bedroom rentals for housing (e.g. among students or other groups), and a shortage of this form of housing, such data should factor into the community's approach to regulating principal dwelling unit STR.
- Furthermore, the additional income enabled by permitting a unit to be operated as a principal dwelling unit STR increases the property's economic value, which can lead future tenants or owners to bid up its price.

Local governments may want to consider if there are alternative or complementary ways to financially enable existing residents to stay in their homes – for example, through incentives and streamlined processes for repurposing large, existing houses into separate, income-generating residential units.



### POTENTIAL HOUSING AVAILABILITY BENEFITS

Some may argue that permitting non-principal dwelling unit STRs, and therefore attracting STR investors is necessary to help finance the construction of much-needed new multi-family residential buildings, and that this facilitative boost to a building's pro forma can be thought of as a housing-related benefit of STR activity.

However, rather than permit brand new residential units to be designed as or immediately converted into short term rentals we would encourage local governments to find other ways to help developers make new residential construction pencil out; for example, by allowing additional height/density. And by facilitating any desired expansion of short term rental accommodation via commercial zoning.

## 2.3 Housing-Related Harms of STRs

The housing-related harms of STR – while perhaps somewhat associated with principal dwelling unit STRs – are most obviously associated with non-principal dwelling unit STR. There are two basic categories of harm: Decreased housing availability and decreased housing affordability.



### POTENTIAL HOUSING AFFORDABILITY HARMS

STRs decrease housing affordability in two main ways:

- As dwelling units are converted to STRs the supply of housing shrinks, driving prices up.
- The ability to earn STR revenue – which can often exceed revenue from renting out a unit long-term – leads some tenants and purchasers to bid up the price of housing.

These two harms are felt most acutely in communities already facing a housing shortage and/or affordability pressures, and where a locally-significant number of units have been converted to STR.

While these harms may be intuitive, they are also being borne out in quantitative studies.



### POTENTIAL HOUSING AVAILABILITY HARMS

Whenever a non-principal dwelling unit is used partially or wholly as a short term rental that unit generally cannot be used as someone's principal home. It is therefore lost from the local housing system, decreasing the overall availability of housing.<sup>32</sup>

<sup>32</sup> The exception would be owners who, if not permitted to short term rent the unit, are financially able and interested in leaving the unit vacant when not in use by themselves.

## 2.4 Quantitative Research

The Urban Politics and Governance Research Group at McGill University has been largely responsible for estimating the quantitative impact of STRs on housing in Canada. Below, we include some key takeaways from their evolving body of work.<sup>33</sup>

### Housing loss Canada-wide

- In 2018, 31,000 Canadian homes were rented frequently enough on Airbnb that they were unlikely to house a permanent resident (i.e. these “frequently rented entire homes”/ “FREH” are an estimate of lost housing).
- 40% of this estimated lost housing (12,320 homes) was in the Montréal, Toronto, and Vancouver metropolitan areas. 25% of that lost housing (7,810 homes) was in other census metropolitan areas (“CMAs”), 8% was in census agglomerations (“CAs”) (2,520) and 27% was in rural areas (8,450).

### Variation in housing loss between communities

There is a high degree of variation in STR-induced housing loss across the country. For example:

- In Tofino, British Columbia, approximately 18% of all housing units were lost to STR on Airbnb (FREH) in 2018.
- For comparison, less than 0.05% of housing in Lethbridge, Alberta was lost to STR on Airbnb (FREH).

### Variation in housing loss between neighbourhoods

There is also a high degree of variation in STR-induced housing loss between different neighbourhoods in the same community. For example, in each of Montreal, Toronto and Vancouver the concentration of STRs ranges from less than half a percent of the total housing stock in outlying neighbourhoods to more than 2 or 3% of the total housing stock in the urban cores.

### Affordable housing at risk from STR

Where revenue from short term renting a unit is comparable with revenue obtainable from long term renting the same unit, there is less economic incentive to convert that unit to STR.

However, in many areas – including those with relatively affordable rents near high speed transit – the revenue obtainable from STR can be significantly higher, putting these areas at greater risk of future housing loss.

<sup>33</sup> Specifically, we rely on [“Short term cities: Airbnb’s impact on Canadian housing markets”](#) and [“Short-term rentals in Canada: Uneven growth, uneven impacts”](#).

## STR conversions drain or outpace the impact of new construction

For example, in 2016:

- In areas such as Downtown Montreal, the Toronto Waterfront, and Gastown in Vancouver, the number of estimated homes lost to STR grew by an amount equivalent to between 25% and 50% of new homes built that year.
- In neighbourhoods with less construction, such as the Plateau-Mont Royal in Montreal, High Park in Toronto, and Kitsilano in Vancouver, new housing loss to STRs outpaced new construction and decreased net available housing.
- In several Toronto and Vancouver neighbourhoods, Airbnb listing growth was greater than 200% of housing completions. This means that more than twice as many homes may have been lost to STRs in these neighbourhoods than were added by new construction.

## STR growth rates are highest in rural areas

- Between 2016 and 2018 the highest growth rates in FREH listings/lost housing were in rural areas (60% growth).

As stated by Wachsmuth et al. "STRs are growing faster, concentrating faster, and removing housing from the long-term market faster in rural areas and CAs than in CMAs. These trends mean that, increasingly, it will not just be Canada's largest cities struggling with both the positive and negative impacts of STRs on communities".<sup>34</sup> There is evidence suggesting this trend may be reinforced by the COVID-19 pandemic as people escape/forego crowded centres in favour of regional destinations.<sup>35</sup>

## Areas of greatest harm from STRs

The communities and neighbourhoods experiencing the greatest negative impacts of STRs on housing availability and affordability will often be those with a high concentration of non-principal dwelling unit STRs (e.g. as estimated by FREH listings) and low rental vacancy rates. For example:

- Many cities in B.C. and Ontario have relatively high concentrations of FREH listings and very low vacancy rates, while cities in the Prairies have relatively low concentrations of FREH listings but high vacancy rates.

<sup>34</sup> Combs et al. (2019). [Short-term rentals in Canada: Uneven growth, uneven impacts.](#)

<sup>35</sup> Sanford, Dubois (2020, AirDNA). [COVID-19 impact on hotels and short-term rentals.](#)



## Quantitative assessment of affordability impacts

As described above, the loss of housing to STRs and the increased value of properties used as STR will tend to make it more expensive to rent or buy a home. However, studies that put numbers to this effect have yet to be completed for Canada.

For a sense of the impact we can turn to the United States, whose housing market shares similarities with ours.

- A 2020 study into the 'Airbnb effect' in the US shows that the affordability impact of STRs increases the lower the owner-occupancy rate. At the median owner-occupancy rate zip code, if STR growth had simply remained flat, this would have cut annual rent growth by about one fifth, and home price growth by about one seventh.<sup>36</sup>
- A 2016 study focusing on New York City used a variety of methods to estimate the impact of Airbnb activity on home values, with the following results:
  - » One method estimated that doubling the total number of Airbnb units was associated with a 6-11% increase in home values.
  - » Another method estimated that the presence of Airbnb listings increased the value of nearby properties by 31%.
  - » Another, "back-of-the-envelope" calculation produced an intermediate estimate that STR income increased home values by 17.7%.<sup>37</sup>
- A 2018 study focusing on San Francisco found that Airbnb negatively impacts rental affordability, described by the following results:
  - » In a typical census tract, every 1% rise in Airbnb listings corresponded to a 0.06% increase in the number of rental households paying more than 50% of their income on housing (a "crisis" level of spending as defined by the Canadian Rental Housing Index). Thus, a 10% increase in Airbnb listings in an area of 10,000 households is estimated to push 60 additional households into a crisis level of spending, with more pronounced effects in areas with a lower initial percentage of Airbnb listings.<sup>38</sup>
  - » A 2018 study focusing on Los Angeles County found that the introduction of municipal restrictions on STRs effectively reduced both home prices and rents by 2%.<sup>39</sup>

<sup>36</sup> Barron et al. (2020). [The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb](#).

<sup>37</sup> Sheppard, Udell (2016). [Do Airbnb properties affect house prices?](#)

<sup>38</sup> Sharma (2018). [Impact of short term rentals on the rental affordability in San Francisco – the case of Airbnb](#).

<sup>39</sup> Koster et al. (2018). [Short-Term Rentals and the Housing Market: Quasi-Experimental Evidence from Airbnb in Los Angeles](#).

## **2.5 Summary**

In our assessment, housing-related benefits of STRs are largely limited to principal dwelling unit STRs, and even these benefits are partially counteracted by potential harms.

Housing-related harms of STRs are most directly caused by non-principal dwelling unit STRs, because they are associated with the loss of a potential long-term home and can significantly increase housing values. These harms are intuitive, but are increasingly being borne out by quantitative studies.

The severity of housing-related harms from STRs will vary depending on the concentration of STR activity and local housing conditions.

Communities experiencing low vacancy rates and high costs to rent or buy a home relative to local incomes, and who wish to advance the right to adequate housing as a priority goal can consider regulatory tools such as the principal dwelling unit restriction that – when enforced – will decrease current and future housing loss to STRs.

# Part 3: Regulatory Roadmap

This section of the toolkit lays out a basic roadmap for designing and implementing a comprehensive STR regulatory program, including key considerations and tips:

## 3.1 High-Level Best Practices

In developing this toolkit a set of high-level best practices emerged that we believe hold value for all communities regardless of their size, location, or STR regulatory goals.

The list below reflects the common themes we heard in interviews with a diversity of local governments at all stages of the STR regulation and enforcement process, our interviews with other stakeholders and background research.

When you're developing your regulatory and enforcement programs and selecting regulatory tools, referring back to this list can help ensure your approach is aligned with best practices in the field.

- 1 SAY YES TO REGULATED STR**  
Outright bans on all STRs – including true home sharing – are hard to justify and difficult to effectively enforce. Acknowledge that STR is here to stay and then regulate it like the business it is.
- 2 NO ONE SIZE FITS ALL APPROACH**  
Regulations and enforcement need to be tailored to community priorities, context and objectives. What one community has decided is appropriate may not be successful for another. Jurisdictional scans are a helpful tool but regulations and enforcement must be localized.
- 3 START WITH A GOAL NOT A REGULATION**  
Agree on the specific goals you wish to achieve before developing regulations. Regulations can only be successful if it's clear what success actually looks like (e.g. a particular problem is solved or benefit created).
- 4 DEDICATE APPROPRIATE RESOURCES**  
STRs are a complex, multi-disciplinary issue; dedicated staff and financial resources are required to develop and implement meaningful and successful regulations.
- 5 REGULATE BASED ON DEGREE OF IMPACT**  
Non-principal dwelling unit STRs create more negative impacts and should be regulated to a higher standard than STRs in an operator's principal dwelling unit.
- 6 REGULATIONS MUST BE ENFORCEABLE**  
If a regulation cannot be enforced in a clear, cost-effective, practical manner don't include them in the bylaw. It will defeat the purpose of enacting a bylaw in the first place and diminish the credibility of the local government.

7

### **KEEP IT SIMPLE**

Simple, easy-to-understand regulations will achieve higher levels of voluntary compliance, are less onerous for staff to administer and enforce and can be just as effective as more complex regulations.

8

### **STRIVE FOR CONSISTENCY**

Apply existing relevant and effective regulations, processes and standards (e.g. quiet hours, parking minimums, occupancy limits, zoning, building and fire code) to STR instead of developing new, uniquely punitive approaches.

9

### **PRIORITIZE HOUSING FOR RESIDENTS**

Communities experiencing low vacancy rates and high costs to rent or buy a home relative to local incomes, and who wish to advance the right to adequate housing as a priority should consider regulatory tools such as the principal dwelling unit restriction that, when enforced, decrease current and future housing loss to STR activity.

10

### **AVOID RELYING ON VOLUNTARY SUPPORT FROM PLATFORMS TO REGULATE AND ENFORCE STR**

Municipalities and platforms often have competing objectives; the former to protect their users (operators) and maximize business and profits, and the latter to regulate STRs for the public good. These competing objectives can make it difficult if not impossible to negotiate voluntary data sharing agreements.

11

### **UTILIZE TECHNOLOGY**

Internal technology (e.g. online business licence applications), and external technology (e.g. third party data acquisition or modelling) can be used to better understand STR activity, create a more streamlined application process, and assist with enforcement.

12

### **COMMUNICATE WIDELY**

Proactive, widespread and sustained communication and engagement/education about STR regulations should be used to boost levels of voluntary compliance in conjunction with proactive enforcement.

13

### **PROACTIVELY ENFORCE**

To achieve high levels of compliance a robust and proactive enforcement strategy must accompany STR regulations (e.g. drawing on dedicated resources and utilizing technology to identify non-compliant operators). Complaints-based approaches to enforcement will yield low levels of compliance.

14

### **BE ADAPTABLE**

The rapid growth and fluid nature of the industry means that traditional approaches to enforcement may not work, best practices will evolve over time and policy approaches may need to change.

## 3.2 Prioritizing Your Regulatory Goals

Clearly identifying and prioritizing your goals is fundamental to any successful STR regulatory program, and provides a basic starting point for staff to plan their work and evaluate the effectiveness of the regulations after implementation.

### Example Regulatory Goals

In the context of the potential [benefits and harms of STRs](#), local governments can define a number of goals for their STR regulatory program.

Through the development of this toolkit, seven broad and interrelated goals emerged as being the most common:



#### HOUSING

##### PROTECTING HOUSING AVAILABILITY & AFFORDABILITY

This universally means restricting the type and/or number of STRs that are permitted to operate in order to reduce the demand placed by this sector on limited local housing stock.



#### TOURISM

##### SUPPORTING THE TOURISM ECONOMY THROUGH STR

This usually means being more permissive about both the type and/or number of STRs that are permitted to operate so as to increase the total number of tourist accommodation options, and their diversity (character, amenities, and cost). Often, this also means being more intentional about the distribution of STRs and about pursuing greater regulatory equity across the range of accommodation providers (see below).



#### REGULATORY EQUITY

##### ESTABLISHING REGULATORY AND TAX EQUITY AMONGST ACCOMMODATION PROVIDERS.

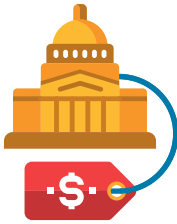
This can mean requiring certain types of STR operators to comply with health, safety and other regulations that are already being applied to traditional accommodation providers such as B&Bs, motels and hotels (e.g. requiring that operators are licenced and pay a fee). It also usually means some level of coordination or advocacy directed at other levels of government to assist with tax equity.



## HEALTH & SAFETY

### ENSURING HEALTH & SAFETY OF GUESTS

Related to regulatory equity, this often means requiring STRs to meet certain health and safety standards established in existing regulations (e.g. Fire and Building Code) to ensure the habitability of an STR and to protect guests from harm.



## REVENUE

### COLLECTING TAXES OWED

This means finding a way to collect on taxes that are, or should be owed by STR operators but are not being voluntarily paid, including local/regional tourism taxes/fees and provincial and federal taxes.

### ENSURING COST RECOVERY

Virtually all local governments are keen to ensure that the cost of administering their STR regulatory program is recovered, typically through STR-specific licensing fees.



## NEIGHBOURHOOD COMPATIBILITY

### FOSTERING RESPECTFUL NEIGHBOURHOODS

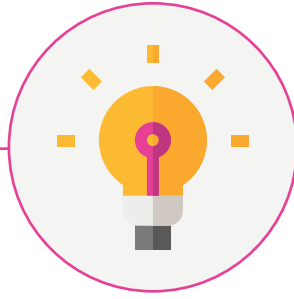
This usually means promoting “good neighbour” behaviour between STR operators, their guests and nearby residents, and ensuring a degree of neighbourhood-level compatibility (e.g. sufficient parking, acceptable ratios of STRs to residents, etc.) before granting permission to operate.



## COMPLIANCE

### ACHIEVING A HIGH DEGREE OF COMPLIANCE

Regardless of the other goals pursued through the STR regulatory program, many local governments have an interest in achieving and reporting a high degree of compliance to enhance the credibility of and public trust in the STR program specifically, and local government regulatory interventions generally.



## 3 TIPS TO HELP IDENTIFY YOUR COMMUNITY'S GOALS

### 1. REVIEW EXISTING INPUT FROM STAKEHOLDERS

Stakeholders can include residents, tourism and hotel associations, B&B operators, local businesses and housing providers. A good amount of input related to STRs may have already been shared with Council (e.g. via email, presentations) or staff during public consultation on associated and complementary work (e.g. affordable housing strategies, economic development plans, neighbourhood plans).

### 2. CONDUCT ADDITIONAL INFORMAL INTERVIEWS

Target a diversity of stakeholders, particularly those that have not yet provided some form of input, in order to capture the full range of opinions on the issue.

### 3. REVIEW EXISTING PLANS AND STRATEGIES

For example the community's OCP, Strategic Plans, Master Plan, bylaws (Zoning, Business) and provincial regulation (Tourist Accommodation Act, Fire and Building Code) to gain a better understanding of current community priorities, regulatory standards and gaps.





## PRIORITIZE YOUR COMMUNITY'S GOALS

Once you have identified your community's goals you can then consider which of them to prioritize over others.

This is especially important where there is a natural tension between different goals such that they cannot be achieved to the same degree.

For example:

Local governments should be mindful of a major incompatibility between the goals of:

**PROTECTING HOUSING AVAILABILITY AND AFFORDABILITY**

(e.g. in the context of a local housing crisis)

and

**SUPPORTING STR TOURISM**

(specifically via non-principal dwelling unit STR)

The natural scarcity of both housing and land mean that increased demand from non-principal STR operators can have significant impacts on housing access and costs. Local governments should therefore consider making a clear choice between prioritizing housing or STR tourism.

As you work through each of the regulatory steps, particularly as you gather additional data on STRs and undertake public engagement, the way you initially defined or prioritized your goals may change.

### 3.3 Developing a Project Plan

A detailed project plan can ensure the right people are involved, that there are adequate financial and human resources to support the work and that timelines and deliverables are clearly defined and realistic.

STR project plans can include:

- **DRAFT GOALS**

For example, as guided by the previous section of this toolkit.

- **SCOPE**

Clearly identify the scope of the project, e.g. studying the issue by collecting data on STR activity, conducting initial public engagement to gauge interest, or going all the way by developing and implementing STR regulations.

- **IDENTIFY YOUR PROJECT TEAM**

This can include an interdisciplinary team of staff from planning, legislative/corporate services, economic development, bylaw and enforcement, legal and finance. At the beginning, the project may be led by one department, but the involvement of staff across the organization is important to developing buy-in and support for the initiative and to ensure continuity through the regulatory and enforcement process.

- **IDENTIFY PROPOSED STAKEHOLDERS**

The impact of STRs are of interest to a broad cross-section of your community including hotel and tourism associations, accommodation providers, housing advocacy groups and providers, STR operators, platforms, residents and STR users. A separate communications and engagement strategy could be developed and include proposed stakeholders.

- **CONFIRM YOUR BUDGET**

Staff time will likely account for the majority of costs, with additional costs for communications, public engagement material and data (e.g. if you secure third party monitoring and enforcement support).

- **TIMELINE**

It could be possible to develop a comprehensive STR regulatory program within about a year of initiation if there is a robust project plan that clearly articulates phases (research, proposed regulatory framework, public consultation, bylaw drafting, implementation, and enforcement) and is responsive to changing circumstances.

- **PROJECT RISKS**

The regulation of STRs can be a polarizing and controversial issue. Public opposition (e.g. from operators) should be expected, risks identified early and a plan in place to minimize, mitigate and respond to risks should they arise.

- **GOVERNANCE**

STRs are an issue that impact multiple departments. To eliminate uncertainty, identify which department will lead the project, present to Council and have final decision-making authority on the proposed regulation and enforcement. The lead department may change over the course of the project; for example, a planning department may lead in the development of the regulations with a licensing and enforcement department taking over responsibility once the regulations are adopted.

Of course, as with any plan, STR project plans will be subject to change and refinement over time.

## 3.4 Gathering Data to Inform Your Approach

Your local government can use data to:

- **ASSESS STR ACTIVITY IN YOUR COMMUNITY AND ESTIMATE ITS IMPACTS**  
Hard data on STR activity can help estimate impacts (e.g. housing and tourism), which will help your community identify and prioritize its regulatory goals, and inform the design of your STR regulatory and enforcement approach.
- **EVALUATE THE EFFECTIVENESS OF YOUR REGULATORY AND ENFORCEMENT PROGRAM**  
Data can be used to help evaluate the impact of your regulations in achieving desired goals related to housing, tourism, neighbourhood compatibility, regulatory equity, health and safety and compliance. This can take the form of pre-regulation projections or post-regulation evaluation.
- **ENFORCE THE REGULATIONS**  
Good data is often essential to proactively enforcing STR regulations and achieving high rates of compliance.

There are two basic categories of data you can draw on to get a clear picture of STRs and their impacts in your community:

1. **STR-SPECIFIC DATA**  
For example the number, type and distribution of STR listings.
2. **CONTEXTUAL DATA**  
For example, housing market data or tourism-related data.

## Getting STR-Specific Data

Getting accurate data on STRs in your community can be difficult because platforms, who are the holders of the raw data, do not generally share it (exceptions include Airbnb's recently launched "City Portal" pilot program, and custom agreements e.g. between Airbnb and the City of Vancouver).

In the absence of voluntary data-sharing agreements, or **new legislation that requires data sharing**, local governments have a couple of basic options to get STR-specific data:

1. RELYING ON FREE SOURCES
2. PAYING A DATA PROVIDER

### Free Data

- **A SIMPLE SCAN OF CURRENT LISTINGS**

Scanning various online platforms can provide a sense of current numbers. However, these numbers can be misleading as they often include inactive listings, duplicates and are highly seasonal, with extreme fluctuations depending on when the scan is performed (i.e. peak season or off-season), especially in tourism-oriented communities.

- **AIRDNA**

Airdna is a commercial STR data and analytics company that provides high-level data (# of current listings, average nightly rental, approximate locations, rental type) on STR in most communities in Canada. This information is available for free on their website.

- **INSIDE AIRBNB**

Inside Airbnb provides independent, non-commercial data that allows users to explore Airbnb activity around the world. However, data on STRs in Canada is limited to a few major cities such as Ottawa, Toronto and Québec City, as well as the province of New Brunswick.

- **HOST COMPLIANCE**

Recently acquired by Granicus, it is the leading commercial STR monitoring and enforcement company in North America and will provide a free high level data snapshot on current activity in your community upon request. This is a free promotional service aimed at securing clients for their compliance monitoring and enforcement services.

- **AIRBNB**

Airbnb has recently announced a pilot program with 10 North American cities to share certain data directly with local governments<sup>40</sup> and has at times provided very high level snapshots of activity in communities upon request.

<sup>40</sup> CBC News (Sep 23 2020). [Airbnb says new portal will help cities like Vancouver monitor listings. For more information refer to Airbnb's City Portal webpage.](#)

## Paid Data Providers

- **HOST COMPLIANCE AND AIRDNA**  
Will provide more detailed information on the state of STR in a community, including active listings, platforms advertised on, geographic locations, type of STR listing (i.e. private room or entire dwelling unit), number of listings per host and revenue generation, for a fee.
- **UNIVERSITY OF MCGILL'S URBAN POLITICS & GOVERNANCE RESEARCH GROUP**  
This group has provided data support for select communities in Canada including Whitehorse, Halifax, Charlottetown, and Montreal with a focus on the intersection of housing and STRs.

## How Much Data do You Need?

Determining how much STR data your community truly needs, and whether you want to rely on gathering, compiling and analyzing data from free sources and/or getting more detailed information from paid providers is a judgement each local government must make.

Getting 100% accurate, comprehensive data is essentially impossible, especially without voluntary or mandated cooperation from STR platforms. The fluid and seasonal nature of the industry, and the difficulty of verifying third party data can make things even trickier.

That said, there are plenty of ways to obtain “good enough” data. When deciding what “good enough” means for your community you can take into consideration things like:

- Community size
- Scale of STR activity
- Regulatory goals
- Resource constraints
- Importance of the issue to your community
- Level of comfort of staff and elected officials
- Complexity of the anticipated/implemented STR regulations
- Desired degree of compliance

## Getting Contextual Data

Getting a range of contextual data can help your community prioritize and refine STR regulatory goals, guide your regulatory approach and evaluate the impact of regulations.

The following table includes some examples:

CONTEXTUAL DATA BY GOAL, INDICATOR AND SOURCE		
GOAL AREA	EXAMPLE INDICATORS	EXAMPLE DATA SOURCES
<b>Housing</b>	Vacancy rate	CMHC Information Portal
	Rental housing affordability (% of income on rent and utilities)	Canadian Rental Housing Index
	Percentage of owners to renters	Statistic Canada Census Profile
	Average housing costs	CMHC Information Portal
	STR as a percentage of total dwelling units	Airdna and Statistics Canada Census Profile
<b>Tourism</b>	Tourism as a share of the local economy	Statistics Canada Census Profile
	Current number and distribution of traditional accommodation (hotels, B&B, campgrounds)	Local Tourism Association
	Occupancy rates	Local Tourism Association
<b>Neighbourhood Compatibility</b>	Number and type of complaints	Correspondence to Council and Staff, Calls for Service to Bylaw Enforcement
	Infrastructure constraints (e.g. groundwater, septic fields)	OCP, Zoning Bylaw, Master Plans
<b>Health and Safety</b>	Existing health and safety standards and regulations	Fire and Building Code, Zoning
<b>Regulatory Equity</b>	Local government regulatory authority and existing regulations	Municipal Acts, Bylaws (business, zoning, noise and nuisance, property standards)
<b>Cost Recovery</b>	Local government financial position (e.g. annual revenue, sources)	Financial Plan

## 3.5 Establishing your Regulatory Approach

To help your community establish a comprehensive, locally-tailored regulatory approach this section includes:

- **A JURISDICTIONAL SCAN OF SELECT CANADIAN LOCAL GOVERNMENTS**
- **A SAMPLE REGULATORY PROGRAM**
- **COMMUNITY PROFILES**

For an overview of seventeen specific regulatory tools, including enforcement details and analysis, please refer to [Part 4](#) of this toolkit.

### Jurisdictional Scan

[Please click here for a Jurisdictional Scan](#) that summarizes the established or proposed STR regulatory programs of twenty-five communities across Canada, from small towns and remote tourist destinations to provincial capitals, large urban centres and suburban communities.

To produce the scan, we examined local governments' dedicated STR webpages, Council and Committee Reports, bylaws and communication materials (e.g. new releases) and identified which of [seventeen common STR regulatory tools](#) each was using.

We also:

Identified which variation of the [principal residence/principal dwelling unit tool](#) was used and, if applicable:

- Included the fee amount charged for an STR business licence;
- Included any grandfathering provisions (e.g. different rules that may apply to STRs that were already operating prior to new regulations being enacted).



## Sample Regulatory Program

The following sample regulatory program was created to align with high level best practices and to achieve multiple goals.

The Principal Dwelling Unit Restriction is suggested if housing availability and affordability is a priority goal.

The program includes optional regulatory add-ons to reflect a range of unique contexts and objectives (e.g. regarding neighbourhood fit, health and safety, etc.).

Please refer to [Part 4](#) for additional details on each of the tools.

SAMPLE STR REGULATORY PROGRAM			
REGULATORY TOOL	INCLUDED	OPTIONAL	DISCUSSION
Business Licence	✓		The foundation of all successful regulatory and enforcement programs. Consider implementing higher licensing fees for non-principal dwelling unit STRs to reflect the additional administrative costs associated with licensing and enforcement.
Business Licence # Displayed on All Advertisements	✓		A key regulatory tool for effective and efficient enforcement.
Designated Responsible Person	✓		A key regulatory tool to establish a degree of accountability and responsibility of STR operators to their neighbours and guests.
Fire Safety	✓		A key regulatory tool for establishing a minimum level of fire safety in all STRs. Consider applying existing fire safety standards for accommodation providers (e.g. B&Bs) to non-principal dwelling unit STRs. More limited fire safety requirements (e.g. smoke alarms, fire extinguishers and evacuation plans) could be required for principal dwelling unit STRs as a public benefit.
Permissions	✓		A key regulatory tool for increasing transparency and accountability between operators, landlords and strata/condo corporations, regardless of the type of STR.

REGULATORY TOOL	INCLUDED	OPTIONAL	DISCUSSION
Principal Dwelling Unit Restriction	✓		Arguably the only proven, effective and enforceable regulatory tool for preventing and reversing STR-induced housing loss, if this is a priority for your community.
Zoning	✓		A useful regulatory tool to establish where STRs are permitted or restricted. If principal dwelling STR is the only permitted type, we suggest allowing STRs in all zones. If non-principal dwelling unit STRs are permitted, restricting these to commercial zones or other designated zones may help advance goals related to neighbourhood compatibility.
Building Safety		✓	Consider looking to existing standards for accommodation providers such as B&Bs and hotels for guidance on appropriate regulations for non-principal resident STRs. Limited requirements are suggested for principal dwelling unit STRs as this use is considered accessory to the primary use as a residential dwelling, which does not require code compliance prior to occupancy.
Density Cap		✓	This regulatory tool may be effective in communities experiencing a high concentration of STRs on specific blocks, or in specific neighbourhoods or zones, as a way of dispersing STR activity across the community. This is primarily an issue for non-principal dwelling unit STR.
Guest Limit		✓	This regulatory tool is simple to administer and can be enforced proactively or on a complaints basis. This tool may be of value for communities concerned with neighbourhood compatibility and health and safety issues. This is primarily an issue for non-principal dwelling unit STR.
Off-street Parking Minimums		✓	This regulatory tool may be effective in communities that are experiencing a high volume of STR-related vehicle traffic as a way to reduce conflict with the surrounding neighbours over limited on-street parking. This is primarily an issue for non-principal dwelling unit STR.

REGULATORY TOOL	INCLUDED	OPTIONAL	DISCUSSION
Platform Licensing		✓	If agreed/adhered to by platforms, this is a powerful and effective regulatory tool. However, most municipalities have determined that they do not have sufficient authority to enforce it.
Neighbour Notification		✓	This regulatory tool can be included in regulations or in non-binding STR operator guidelines to promote accountability, support and respect for and from the larger community.
Taxation		✓	For municipalities with jurisdictional authority, applying an accommodation tax to STRs could be beneficial. Those without this jurisdictional authority could advocate to other levels of government for a range of tax equity solutions.

## Community Profiles

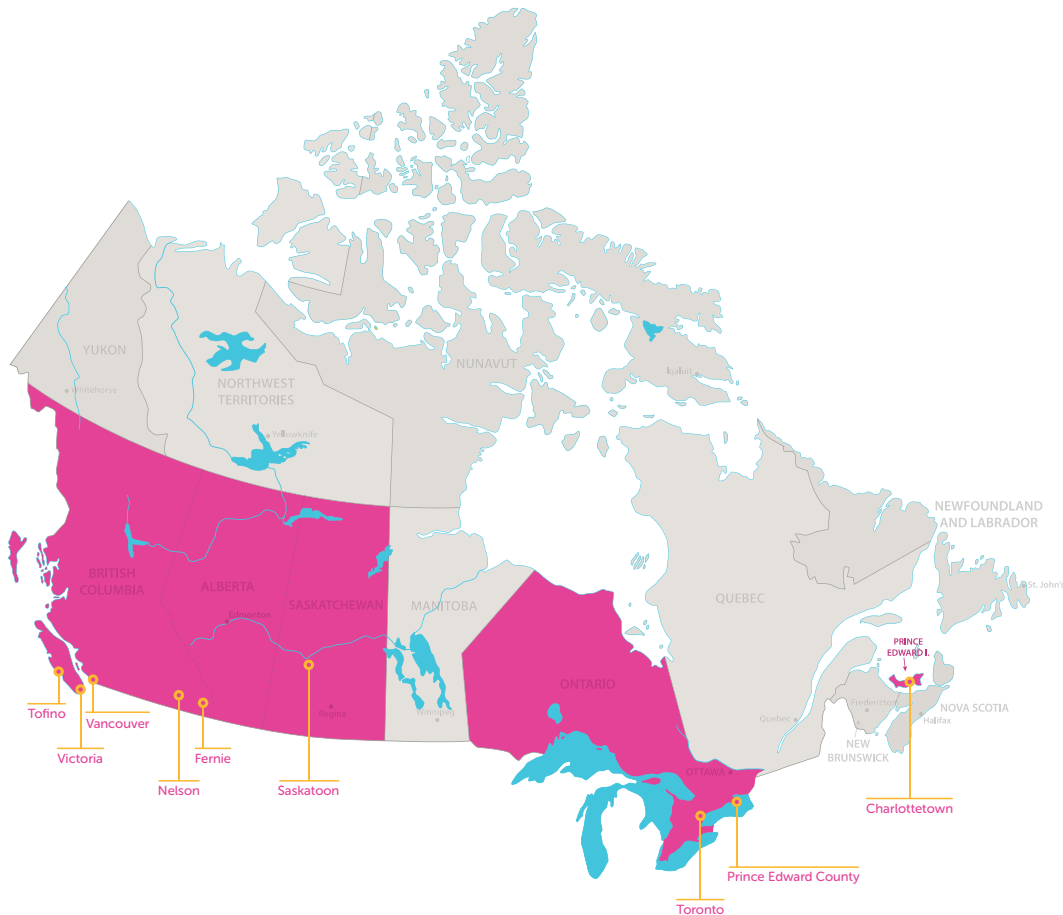
We're still in the early days of STR regulation in Canada and as such, it's difficult to point to local governments that are getting 'everything right'.

That said, there are numerous examples of individual local governments who have incorporated particularly strong elements into their overall STR regulatory program.

This section takes ten local governments with proposed or established STR regulations and profiles one or more elements of their overall program that align with best practices.

Note that many local governments in Canada who are regulating STRs continue to struggle with enforcement, meaning some of the regulatory elements featured here aren't yet associated with high levels of compliance in the community.

Refer to [Part 3](#): Sections 9 and 10 of this toolkit for guidance on effective enforcement.



## Victoria, B.C.



POPULATION: 92,141

### FEATURED REGULATORY ELEMENTS

Victoria developed a two-tiered business licence fee structure based on the type of STR.

- A non-principal dwelling unit STR operator must pay an annual business licence fee of \$1,500.
- STRs operating in a principal dwelling unit pay \$150 annually.

In the first 6 months of the new regulations the city collected over \$529,000 in business licence revenue from operators to pay for administration, licensing and enforcement of the STR program.<sup>41</sup>

### ASSOCIATED BEST PRACTICES

#### Regulate based on degree of impact

Non-principal dwelling unit STRs have a greater impact and are charged accordingly.

#### Dedicate appropriate resources

The higher licence fee for non-resident STRs has ensured sufficient revenue to pay for the cost of the STR program.

#### Keep it simple

Keeping the fees low for principal dwelling unit STRs encourages voluntary compliance with the regulations.

<sup>41</sup> Vic news (Jun 28, 2019). City sees over \$800,000 in funds after first six months of Airbnb regulations.

## Nelson, B.C.



POPULATION: 10,664

### FEATURED REGULATORY ELEMENTS

Nelson implemented a complex STR regulatory program that includes:

- Night caps and density caps;
- Zoning restrictions;
- Parking restrictions;
- Guest occupancy limits; and
- A business licence requirement.

### ASSOCIATED BEST PRACTICES

#### No one size fits all approach

Communities that implement more complicated STR regulations often struggle to adequately enforce those regulations.

However, since implementation Nelson has achieved extremely high compliance rates due to:

- Community-specific factors including a small number of STRs (<100);
- Unique geography;
- Unique first names of some operators, which combine to make STR identification straightforward; and
- Dedicated staff resources and third party support being present.<sup>42</sup>

#### Regulations must be enforceable

Based on the unique context described above, although Nelson's STR regulations are fairly complicated, they are clearly enforceable in this case.

<sup>42</sup> Nelson Star (Jun 28, 2018). [Nelson to revise short term rental rules.](#)

## Fernie, B.C.



POPULATION: 5,249

### FEATURED REGULATORY ELEMENTS

STRs are only permitted in the principal dwelling unit of the operator.<sup>43</sup>

Fernie's Official Community Plan (OCP) explicitly prohibits secondary suites and garden homes from being used as STRs.

The OCP states: "part-time tourist rentals can deplete affordable and year-round housing options for full-time residents. The growing tourism economy in Fernie, while being an important economic driver, should be balanced with ensuring full-time residents have enough year-round housing, and that rental costs are not inflated by seasonal tourist accommodation demands, making housing unaffordable for full-time residents."

### ASSOCIATED BEST PRACTICES

#### Prioritize housing for residents

Limiting STRs to principal dwelling units is the strongest regulatory tool for reducing STR-induced housing loss.

<sup>43</sup> City of Fernie. *Short-Term Rental Guide*.

## Vancouver, B.C.



### FEATURED REGULATORY ELEMENTS

Vancouver has developed a model STR regulatory and enforcement program that includes:

- STRs are only permitted in the principal dwelling unit of the operator.
- Simple regulatory requirements, including low business licence fee (\$99) and online applications, display of the business licence number in ads, emergency contact as well as landlord and strata permissions.
- A wide spread communications campaign, both once the regulations were approved and on an on-going basis.
- A robust enforcement program, which includes dedicated city staff, in-house data analysis, third party monitoring firms, and a one-of-a-kind agreement with the dominant platform (Airbnb) to remove illegal listings.

### ASSOCIATED BEST PRACTICES

#### Prioritize housing for residents

Restricting STRs to principal dwelling units is the strongest regulatory tool for reducing STR-induced housing loss.

At the end of 2019, there were close to 2,000 fewer short-term rental listings in Vancouver compared to pre-regulation levels.

624 units were confirmed to have delisted or converted into long-term rentals.<sup>44</sup>

Independent research estimates that a further 300 STR units were likely returned to the long-term rental market.

More than 2,000 additional long-term rental business licences have been issued since short term rental regulations were enacted.

#### Start with a goal not a regulation

Vancouver started with the ultimate goal of protecting the long-term supply of housing for residents and because of this has enacted an effective regulatory program that has already demonstrated tangible results for their community.

#### Communicate widely, Utilize technology, Keep it simple, Dedicate appropriate resources

Incorporating all of these best practices into Vancouver's regulatory program has led to a high degree of operator compliance (approx 75%), despite implementing a more restrictive approach (principal dwelling unit).<sup>45</sup>

<sup>44</sup> City of Vancouver. Short-Term Rental Highlight Report (Sep 2018 to Dec 2019). <sup>45</sup> Ibid.



## Tofino, B.C.



POPULATION: 1,932

### FEATURED REGULATORY ELEMENTS

As a national tourist destination, Tofino had existing regulations in place for tourist accommodation (e.g. business licence, zoning) but recognized the need to modernize those regulations to reflect the changing, digital nature of the industry.

Bylaw amendments were made that included requiring a business licence number to be displayed on all online advertisements of STR.

Tofino also authorized a proactive approach to enforcement, including hiring a business licence inspector.

The new approach was communicated to every property owner within the District and a dedicated STR website was created that clearly communicates the rules as well as the enforcement process.<sup>46</sup>

### ASSOCIATED BEST PRACTICES

#### **Be adaptable, Regulations must be enforceable**

Bylaw amendments to require business licence numbers in online ads have allowed the District to be more responsive to a digital industry and has increased the District's monitoring and enforcement capabilities.

#### **Dedicate appropriate resources**

A business licence inspector has allowed for more proactive monitoring and enforcement of STRs.

#### **Communicate Widely**

Educational letters, a dedicated STR webpage and a clear, transparent and proactive enforcement process has led to high levels of operator compliance.

<sup>46</sup> District of Tofino website.

## Prince Edward County, ON



POPULATION: 24,735

### FEATURED REGULATORY ELEMENTS

An extremely popular weekend destination for Ontario and Québec residents with limited tourist accommodation options, Prince Edward County was primarily interested in developing a regulatory approach that facilitated STR growth without compromising the character and quality of residential neighbourhoods.

Their regulatory program includes a STR density cap of 15%, differentiating between STRs operated on a property where the owner is present or not, and highly localized requirements related to campfires at STRs and infrastructure constraints (e.g. septic field failure).

### ASSOCIATED BEST PRACTICES

#### No one size fits all approach

As a small municipality with a large number of STRs (close to 1,000), Prince Edward County developed a 'made-in-county' approach that focused on:

- Dispersing STRs and their impacts through a density cap;
- Incentivising 'operator on-site' STRs through a lower licence fee; and
- Including county-specific regulations such as a burn permit or proof of septic field capacity.

This approach aimed to address residents' concerns about STR operators and inform guests who lacked awareness or sensitivity about the impact of their activities on local conditions and infrastructure constraints.

#### Strive for consistency

Non-principal dwelling unit STR is the dominant type of STR in Prince Edward County. As such, the County developed a more rigorous regulatory program, consistent with regulations for other accommodation providers to reflect the full-time, entire home nature of the STR industry in their community.

## Saskatoon, SK



POPULATION: 273,010

### FEATURED REGULATORY ELEMENTS

Saskatoon's proposed STR regulations focus on maintaining consistency with existing, effective regulations for traditional tourist accommodation (e.g. B&Bs, Hostels).

The proposal is to update land use definitions so as to include all types of short term rental accommodation under one term (replacing the current definition of B&B).

Both principal dwelling unit STR and non-principal dwelling unit STR would be permitted.

Principal dwelling unit STR would not require a business licence.

Non-principal dwelling unit STR in low and medium density residential zones would require Discretionary Use Approval from staff prior to issuance of a business licence.

The proposed regulations include a provision to deny a business licence to a non-principal dwelling unit STR if rental housing vacancy rates are below 1.5%.

### ASSOCIATED BEST PRACTICES

#### Strive for consistency

A business licence exemption for principal dwelling unit STR is consistent with existing regulations for a similar type of use (hosting boarders), as is the need for Discretionary Use Approval for certain types of businesses within certain zones.

#### Be adaptable

The current vacancy rate in Saskatoon is historically high at 6.5%. However, the city has experienced significant fluctuation below 3% vacancy as recently as 2013 and below 1.5% in 2007. The proposed provision to deny a business licence to a non-principal dwelling unit STR if vacancy rates are below 1.5% bakes a degree of adaptability into the system and is also consistent with current restrictions placed on condominium conversions, which ensures that provision of rental homes are prioritized at such times.<sup>47</sup>

<sup>47</sup> City of Saskatoon. Municipal Planning Commission Agenda Package (Jan 28 2020).

## Charlottetown, PEI



POPULATION: 36,094

### FEATURED REGULATORY ELEMENTS

Charlottetown currently has the fifth lowest vacancy rate (1.2%) of any Canadian city and was concerned about the impact of STRs on housing availability and affordability for residents, while also acknowledging the important role tourism plays in the local economy.

Given this, Charlottetown, with support from McGill's Urban Politics and Governance research group developed five possible regulatory scenarios for the community to consider, which ranged from allowing STR in a principal dwelling unit only to permitting all types of STR.

Each regulatory scenario was modelled to estimate its impacts to housing and the tourism sector.

A preferred regulatory approach has yet to be selected by Council.

### ASSOCIATED BEST PRACTICES

#### Start with a goal not a regulation

Charlottetown started off by explicitly identifying its two primary goals for STR regulations: protecting long-term housing and rental supply, and supporting the tourism industry.<sup>48</sup>

#### Utilize technology

Charlottetown's two primary goals exist in tension with one another. It is not possible to achieve both to the same degree. As such, Charlottetown's partnership with an academic research group enabled detailed modelling of different regulatory scenarios to better understand the likely outcomes and tradeoffs.

<sup>48</sup> City of Charlottetown. *Short-Term Rentals in Charlottetown (Mar 9 2020)*.

## Toronto, ON

POPULATION: 2.93 MILLION



### FEATURED REGULATORY ELEMENTS

Toronto has developed a regulatory program that includes:

- STRs only permitted in the principal dwelling unit of the operator;
- The licensing and registration of STR platforms; and
- A night cap of less than 28 consecutive days, for a maximum 180 nights per year.

### ASSOCIATED BEST PRACTICES

#### Prioritize housing for residents

Like many communities across Canada, Toronto is facing low vacancy rates and high costs. As indicated throughout the toolkit, a principal dwelling unit requirement is the best regulatory tool currently available to decrease STR-induced housing loss and associated affordability impacts.

#### No one size fits all approach

The City of Toronto is one of the only communities to include a platform licensing requirement, a decision that reflects the city's experience successfully regulating private transportation companies and its comparatively large jurisdictional clout. Similarly, while many local governments would choose to forgo the option of a night cap due to its administrative complexity, significant enforcement challenges, and the availability of alternatives (e.g. principal dwelling unit requirement), the City of Toronto believes it has the capacity to successfully implement this option.

### 3.6 Choosing a Level of Community Engagement

Developing and implementing short term rental regulations can be a complex and controversial process for local governments.

Operators of STRs may feel strongly about how regulations might impact their livelihoods and lifestyles. Traditional accommodation providers may feel strongly about creating a level playing field. Other residents may feel strongly about protecting or improving access to affordable housing and view the proliferation of STRs as a key culprit.

Community engagement on STRs can range from sharing information to collaborating on key decisions and is integral to developing strong regulations, enabling Council and staff to understand diverse perspectives, and making decisions that reflect community needs and priorities.

Based on the [IAP2 Spectrum of Engagement](#), three different levels of community engagement for STR regulations are identified in the table below along with their purpose, accompanying tools and suggested timelines.

CHOOSING A LEVEL OF COMMUNITY ENGAGEMENT			
LEVEL OF ENGAGEMENT	ENGAGEMENT TOOL	PURPOSE	WHEN TO USE?
<b>Inform</b>	Website, Ads, Social Media, Email, Video	Provides the public with balanced and objective information to assist in understanding STR-related harms and benefits, regulatory options and solutions.	From beginning to end, with an emphasis on communicating the new rules and providing operators with many opportunities to comply before proactive enforcement begins.
<b>Consult</b>	Survey, Open House, Focus Groups, Public Hearing	Provides the public with an opportunity for feedback on STR analysis (e.g. data, regulatory options) and/or proposed approaches and decisions.	Middle, once a proposed regulatory approach has been approved. Consulting the broader public too early can lead to confusion, misinformation and unrealistic expectations around the decision-making process.
<b>Collaborate</b>	Advisory Committee (can include operators, residents, elected officials, housing advocates and providers, tourism associations, accommodation providers and platforms)	Provides an opportunity to partner with the public on key topics (perceived benefits and harms, regulatory goals, data analysis, regulatory and enforcement options, proposed approaches) and to engage the public more deeply and meaningful on the issue.	From beginning to end on a recurring and regular basis (e.g. monthly) and even once the regulations are enacted in order to identify opportunities for improvement.

## 3.7 5-Step Guide to Drafting STR Bylaws

Bylaws are the bread and butter of local government so some of the following material may go without saying, but there are some STR-specific considerations to keep in mind, which we organize via five key steps.

# 1

### STEP 1

First, choose between a couple basic approaches:

#### STICK TO AMENDING EXISTING BYLAWS.

Most STR regulations will substantively impact existing bylaws such as business licensing, tickets and offences, and zoning. References to STRs can be included in amendments to these existing bylaws in ways that make STR permissions or restrictions clear.

#### DEVELOP A NEW STANDALONE STR BYLAW AS WELL AS AMEND EXISTING BYLAWS

The new STR bylaw can reference all of the necessary context and components of your STR regulations in one place (e.g. purpose, description, provisions, schedules, related bylaws).

Determining which route to take will depend on your community's size and complexity, current approach to bylaw creation as well as the status of existing regulations and bylaws.

# 2

### STEP 2

Second, determine who will be responsible for drafting the bylaw (e.g. CAO, City Solicitor, Corporate Administration, Planner) and then involve the project team in the bylaw drafting process.

Providing staff with an opportunity to participate in the bylaw drafting stage will create staff buy-in, remove ambiguity or uncertainty about the meaning of the regulations and how they should be applied, and will help preserve the intent of the regulations when transferred from an approach into a law.

# 5 STEPS

# 3

## STEP 3

Third, draft the standalone bylaw and/or amendments.

Provincial and local government legislation define the mandatory part of a bylaw (title, number etc) but there are areas to pay particular attention to with regard to STRs, including:

### DEFINITIONS

Terms that are particular to the STR bylaw and/or amendments (operator, short term rental, principal dwelling unit, listing, platform) should be well-defined and as specific as possible. Definitions in other bylaws such as Bed and Breakfast, home occupation, business licence and dwelling unit will apply to any new bylaws so confirm their accuracy and consistency now and amend these too, if needed.

### GENERAL PROVISIONS AND RULES/RESPONSIBILITIES

This section contains the main components of your regulations (e.g. licencing requirements, principal residence, designated responsible person, display licence number in ads) and should be clear and precise enough that staff as well as operators understand what operators must or must not do in order to comply with the regulations.

### SEVERABILITY

Should a decision by a court find a part of the bylaw illegal, void or unenforceable a severability clause specifies that part of the bylaw would be removed and not affect the balance of the bylaw. This is particularly important given the relative newness of STR regulations.

### PENALTIES

These should be sufficiently high to deter non-compliance and can be per instance of offense, or per each day that it occurs.

### TRANSITION PROVISIONS

This is particularly important for regulations that are coming into force part way through the year to allow for pro-rated licensing fees.

### EFFECTIVE DATE AND SIGNATURE

Once the bylaw has received readings and has passed, this is the day the bylaw comes into force.

# 5 STEPS



# 4

## STEP 4

Fourth, prior to bringing the bylaw(s) to council for readings and passings, have staff review it to confirm the enforceability of the regulations. When passing a new bylaw, it is important for staff to consider whether the capacity – staff, equipment and other resources – exist to adequately enforce the bylaw. Ideally, this step occurs at the same time as staff are developing your enforcement plan. Insufficient enforcement capacity may defeat the purpose of enacting the bylaw(s) in the first place and erode public trust in the effectiveness of local government.

# 5

## STEP 5

Fifth, present the bylaws to council for reading and adoption. Legislation provides specific provisions regarding the reading of bylaws, which typically includes three distinct and separate readings (tabling, discussion and approval) and in the case of amendments to certain bylaws (i.e. zoning) may also require public notification and an opportunity to comment. Be sure to include this step in your community engagement plan.

# 5 STEPS

## 3.8 5 Tips to Operationalize your Regulations

Once the bylaws have received three readings and have been adopted, the new STR regulations can be put to use.

In this section, we provide five tips to successfully operationalize your regulations:

1

### PRIORITIZE STAFF CONTINUITY

Once regulations are adopted there is often a natural handoff from the staff who developed the regulations to the staff who will be responsible for enforcing the rules. If possible, allow sufficient time for overlap between the two stages to ensure the transition is as smooth as possible.

2

### DEVELOP A BUSINESS LICENSING PROGRAM

As a business licence requirement is utilized by every local government profiled in this toolkit, the development of a system for receiving, reviewing and approving STR business licences is a critical step. As part of the program, you'll need to determine if the licensing function will be managed by staff utilizing existing software, or if a new STR-specific licensing program will be created. Business licensing software and support services can also be provided by third party firms that are specific to STR.

3

### SIMPLIFY AND STREAMLINE THE APPLICATION PROCESS

To make it easy for technically savvy STR operators to comply, consider providing an online application and a dedicated STR email to receive questions, even if this is not an option for other business licencees.

4

### COMMUNICATE THE NEW RULES WIDELY

In order to achieve as much voluntary compliance as possible consider using online and print ads, educational workshops, videos and social media to get the message out. Given the digital nature of STR platforms, digital communication and advertising channels are a good bet.

5

### ESTABLISH GRACE PERIODS

Allow some time between when the regulations are enacted and when proactive enforcement begins to facilitate as much voluntary compliance as possible. A 3-6 month grace period is common.

5 TIPS

### 3.9 Establishing your Enforcement Approach

Effective enforcement is important not only to achieve the desired impact of STR regulations but to help maintain public confidence and trust in a local government’s bylaws and authority.

The digital nature of STR platforms often requires local governments to take a new approach to enforcement: one that is data-driven, digitally-based, emphasizes voluntary compliance but is backed by proactive (rather than simply complaints-based) strategies.

Identifying your local government’s enforcement approach requires two key decisions:

#### 1. DECIDING YOUR POSITION ON THE ENFORCEMENT CONTINUUM

With voluntary compliance on one end, and consistent proactive enforcement on the other, enabling both ends of the spectrum is often the best approach.



#### 2. DETERMINING YOUR ENFORCEMENT COMPLEMENT

This can include:

- Relying on existing staff
- Hiring new STR-specific enforcement staff
- Retaining a third party monitoring and compliance firm
- Seeking to negotiate an agreement with platforms
- A combination of all of the above

For communities with relatively few STRs (e.g. less than 100), it may be possible to develop an effective enforcement approach that relies only on local government staff.

For communities with higher STR activity, staff can still effectively enforce the regulations but consider seeking the support of a third party compliance and monitoring firm to aid and expedite the process.

## THIRD PARTY MONITORING AND COMPLIANCE FIRMS

Host Compliance is the current industry leader, with hundreds of local government clients across Canada and the United States. They provide a range of services in support of short term rental regulations, including:

- Data snapshots on current STR activity
- On-line registration and licensing systems
- Address identification for operating STR
- STR monitoring to identify possible non-compliance
- STR operator outreach, including the issuance of warning letters
- 24/7 hotline to lodge neighbour complaints

Canadian local governments that are utilizing the services of Host Compliance primarily use the address identification function and perform other activities in-house.

Additional third party monitoring and compliance firms include Hamari and LODGINGRevs. However, most Canadian local governments are currently using Host Compliance.



## PLATFORM AGREEMENTS

The City of Vancouver and several smaller Ontario municipalities (e.g. Brockville, Greater Sudbury, Mississauga) have successfully negotiated agreements with STR platforms, with provisions that range from data-sharing to taxation collection and enforcement of regulations.

Only the City of Vancouver – a well-resourced, high-profile municipality – has managed to negotiate a platform agreement (with Airbnb) that enforces the city's STR regulations by way of the platform removing unlicensed listings.

Given the rarity of that kind of agreement, local governments should likely consider identifying an enforcement approach that doesn't rely on a Vancouver-level of cooperation from STR platforms (even while they may continue to pursue it). In any case, establishing effective working relationships with platforms (e.g. by inviting representatives to sit on a local STR Advisory Committee) is advisable.

### 3.10 Developing an Enforcement Plan

Developing an enforcement plan and making it readily accessible to the public (e.g. publishing it on a designated STR webpage) can help local governments manage public expectations while promoting transparency and accountability.

An enforcement plan can include:

- **GOALS OF THE REGULATION AND ENFORCEMENT PROGRAM**  
Clearly stated goals will help STR operators and residents understand the purpose of the STR regulations and establish expectations and standards for bylaw enforcement.
- **DESCRIPTION OF THE ENFORCEMENT APPROACH**  
As discussed in the previous section of this toolkit.
- **DEFINED CATEGORIES OF NON-COMPLIANCE**  
When clearly stated, these can help STR operators, residents and staff understand what is and is not permitted under the new regulations. Categories of non-compliance may include operating without a licence, operating in an unpermitted zone, operating a STR that is not one's principal dwelling unit, and listing or advertising a STR without displaying a business licence number.
- **DESCRIPTION OF THE ACTIONS THAT WILL BE TAKEN**  
This helps STR operators understand how and why enforcement decisions are made, and can include details about warning letters, fines, suspension and revocation of licences, audits and inspections, and legal proceedings.
- **DESCRIPTION OF SEQUENCING AND ESCALATION OF ACTIONS**  
This helps STR operators understand how enforcement will be escalated, e.g. from an initial warning letter, to first and subsequent offence tickets, to licence revocation and even legal proceedings. Details can also be provided on how long operators will have to comply once receiving a notice of violation.
- **DESCRIPTION OF THE COMPLAINTS PROCESS**  
This provides clarity and detail to residents on how to make a complaint or report a non-compliant STR operator, and what the resolution process will entail.
- **DESCRIPTION OF THE APPEALS PROCESS**  
This provides clarity about how STR operators can appeal a decision (e.g. licence revocation).

Local governments should expect the first year of STR regulation and enforcement program to be more resource-intensive as you licence existing operators, respond to requests and complaints, conduct audits and inspections and begin proactively enforcing the regulations.

### 3.11 Monitoring, Evaluation and Improvement

Once the STR regulatory and enforcement program has been established, things will move into a monitoring and evaluation phase.

This will be a time to assess the success of the program and its individual components, make modifications and identify any new components to add.

#### Bylaw Amendments

Our conversations with local governments that have established STR regulations suggests one or more of the following types of bylaw amendments can be anticipated:

- **CLEARER DEFINITIONS**  
To remove areas of confusion or ambiguity.
- **HIGHER BUSINESS LICENCE FEES**  
To better cover the cost of the STR regulation and enforcement program.
- **STIFFER FINES**  
To deter non-compliant operators.

#### Measuring Impact

To gather qualitative feedback on the effectiveness of the program consider consulting:

- **YOUR STR ADVISORY COMMITTEE**  
If established and maintained after implementation, this multi-stakeholder group can provide valuable ongoing feedback.
- **STR OPERATORS**  
Operators can provide feedback on the clarity of the regulations, enforcement plan, communications materials, and the ease of the business licensing process, along with any unanticipated consequences of the program.
- **DEPARTMENTAL STAFF**  
Interviews with all staff that engage on STR, including front counter staff, licensing clerks, zoning and inspections and bylaw enforcement can help identify what is and isn't working.

Developing quantitative methods to measure the effectiveness and impact of your regulatory program can be notoriously difficult. However, help is available! Refer back to the sections of this toolkit on [Regulatory Goals](#) and [Gathering Data](#) for suggestions.

Conducting an annual review of the program and producing a report to Council that includes proposed bylaw amendments, program improvements and an assessment of the impact of the regulations is encouraged.

### **3.12 Advocating to Other Levels of Government**

Throughout this toolkit we make the case – and attempt to make it easier – for local governments to regulate STRs regardless of what the provincial, territorial and federal governments are doing.

However, there is a clear case for those higher orders of government to do more:

- Local governments often lack the legislative authority and leverage to compel action on key issues related to STRs.
- There are major efficiencies of scale that can be achieved at the provincial/territorial and federal level, vs. countless local governments working to solve variations of the same problems in isolation. This is particularly true as platforms and technology are continually evolving.

In this section, we briefly identify four key areas of provincial/territorial and federal intervention that local governments could choose to prioritize for their advocacy agendas.

1. [Data Sharing](#)
2. [Platform Accountability](#)
3. [Provincial Registration Systems](#)
4. [Tax Fairness](#)

4 KEY AREAS

## 1. DATA SHARING

### *The problem:*

Local governments need two kinds of information to effectively regulate STRs:

- 1. Individual information.** Such as the name of individual STR operators, and the full address and booking details of their listings (provincial or federal authorities would also benefit from details on operators' booking revenue for income tax purposes).
- 2. Aggregate information.** Detailing the extent and nature of STR activity in the community over time.

While local governments can “play detective” by using a combination of methods to get some of this data, the process can be expensive, time-consuming and only partially accurate. Meanwhile, STR platforms have virtually all of the necessary data, but aren't required to share it.

### *The solution:*

Use provincial and/or federal legislation to compel platforms to share individual and/or aggregate data on STR operators and activity with government authorities, in a way that balances the protection of privacy and intellectual property with the public interest.<sup>49, 50</sup>

### *The benefits:*

More accurate understanding of STR activity, simplified enforcement (time and money saved), fewer illegal STRs (higher compliance), increased public trust.

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<sup>49</sup> Two recent examples of data sharing agreements include [an agreement between Airbnb and New York City](#), and [between four major platforms and the European Commission](#).

<sup>50</sup> In Sep 2020, Airbnb launched a [10-city pilot program](#) to share data with local governments. It's possible that intervention by higher levels of government could improve the kinds of data available and accelerate its availability to all local governments.

# 4 KEY AREAS



## 2. PLATFORM ACCOUNTABILITY

### *The problem:*

STR platforms often publish illegal listings (i.e. listings where the unit in question is not permitted as a STR).

### *The solution:*

Use provincial, territorial or federal legislation to compel STR platforms to only publish legal listings (e.g. listings that have a government-verified license number and meet other relevant criteria), and enable the levying of penalties and fines for non-compliant platforms.

### *The benefits:*

Simplified enforcement (time and money saved), fewer illegal STRs (higher compliance), and increased public trust.

Data sharing and platform accountability share similar objectives. In the former, STR platforms hand over data to enable government-led enforcement. In the latter, governments hand over data to enable platform-led enforcement. A combination of the two may be the best way forward.

# 4 KEY AREAS

### 3. PROVINCIAL TERRITORIAL REGISTRATION SYSTEMS

#### *The problem:*

While local governments are generally very experienced at managing business licensing programs, the unique nature of STRs require custom licensing systems to be put in place, often at high administrative cost and with challenges to enforcement.

#### *The solution:*

Following the example of Québec, establish a single provincial STR operator registry with a clear and streamlined licensing process, and data-sharing with local governments (to ensure compliance with local regulations), tourism authorities (to enable better planning), and platforms (e.g. along with platform accountability requirements to publish only legal/licensed listings). Direct license fees back to local governments and/or tourism/economic development authorities.

#### *The benefits:*

Provincial/territorial registration simplifies the STR licensing process for all parties. [Data sharing](#) and/or [platform accountability](#) mechanisms are still likely required to simplify enforcement and achieve high compliance, but a single provincial/territorial registry would make both of those options much easier to implement.

## 4 KEY AREAS

## 4. TAX FAIRNESS

### *The problem:*

Many operators are unlikely to voluntarily collect and remit sales tax and any local tourism/accommodation levies on their STR bookings. Many operators are also likely failing to report their STR income on their income tax returns. Furthermore, many operators of non-principal dwelling unit STRs are currently only paying residential property tax rates on STR properties, despite their commercial use.

### *The solutions:*

Provincial/territorial and federal legislation that requires all STR platforms to collect and remit applicable sales taxes and tourism/accommodation levies on behalf of individual operators. [Data sharing](#) to enable thorough income tax collection (or at minimum [provincial registries](#) that better enable audit selection). Provincial/territorial legislation that permits local governments to reclassify residential properties used for commercial STR as commercial, for the purposes of applying differential property tax rates.

Detailed briefs on those four key areas of advocacy are outside the scope of this toolkit, [but by signing up for updates](#) you can be sure to receive these briefs if they become available.

# 4 KEY AREAS

# Part 4: Regulatory Tools

In this section, we provide snapshots of seventeen commonly-used STR regulatory tools:

In the process of choosing a set of regulatory tools, many local governments will identify actions or behaviours to suggest rather than mandate, which can be included in something like an STR Operator Handbook and/or Good Neighbour Guide.<sup>51</sup>

These guides can be circulated to both operators and their neighbours and include plainspoken information on quiet hours, recycling and garbage schedules, emergency contact information, and fire evacuation plans, as well as guidance on how to comply with the local government's formal STR regulations.

<sup>51</sup> [City of Vancouver. Responsible Short-term Rental Operator Handbook.](#)

## 4.1 Building Safety

### DESCRIPTION

- An umbrella term meant to capture a suite of specific regulatory requirements related to confirming STRs meet Building and Fire Code and other relevant local government bylaws.
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Regulations related to building safety are meant to protect the health and well-being of guests by ensuring STR occurs in safe and habitable dwelling units.

### REGULATION & ENFORCEMENT

- Either through the business licence application form, with individuals signing a self-declaration confirming the building is code compliant (i.e. is a legal dwelling unit), through submission of supporting documents such as a site plan prior to issuance of a licence, or through a mandatory site inspection prior to issuance of a licence to ensure the STR complies with relevant bylaws (building, electrical and plumbing and codes).
- Follow-up audit or inspection of a STR can further determine if the information provided in the business licence application is accurate.
- Operators who do not comply with requirements can be issued a warning letter, fine, risk licence revocation or legal proceedings.

### ANALYSIS

- The purpose of STR is to accommodate people on a short-term basis, e.g. traveling for business or pleasure, so people are not making 'hard choices' based on scarcity as they might for a long-term tenancy.
- Each STR listing posts pictures, fulsome descriptions and reviews that guests can view ahead of renting the space to make a determination about whether it suits their needs.
- If desired, a clause can be included enabling a business licence to be denied or revoked if outstanding non-compliance issues in the dwelling unit are found on record at the local government (e.g. illegal suite, stop work order).
- If non-principal dwelling unit STRs are permitted, consider applying similar regulatory standards as existing accommodation providers such as B&Bs.
- If principal dwelling unit STRs are permitted, consider limited building safety requirements for these to maintain regulatory equity with existing residential dwelling units. For example, verifying a unit meets building code via an in-person inspection is not a requirement of long-term landlords, residential tenancy or existing occupation of residential dwelling units.

## 4.2 Business Licence and/or Permit

### DESCRIPTION

- Individuals and/or businesses (e.g. property management firms) submit an application and if approved, obtain a business licence and/or permit to operate a STR.
- A fee is paid, which in Canada, has ranged from \$50 to over \$1500, depending on the use and type of STR (e.g. # number of nights rented per year, number of bedrooms, principal vs. non-principal dwelling unit).
- A one-time registration fee may also be required, reflecting the higher administrative burden when initially registering an operator versus subsequent renewals.
- Operators would need to reapply for a business licence periodically (e.g. annually, every two years).
- Supporting documents (e.g. proof of principal residence, liability insurance, permissions) can be required to accompany the application and the application itself can include additional regulatory tools profiled in these snapshots (e.g. designated responsible person).
- Note: local governments that do not have business licensing authority (e.g. regional districts in B.C.) may implement a permitting system (e.g. temporary use permit) that operates similar to a business licensing system.

### PURPOSE

Business licensing creates a database of all active STRs to track and monitor in your community.

- An issued business licence number can be used to verify compliance with regulations.
- Licence fees can pay for the cost of the STR program (e.g. licensing, enforcement, communications).
- Additional regulatory tools (e.g. principal residence, zoning, liability insurance, permissions) can be tied to this regulatory tool, through submission of documents and staff review at the application processing stage.
- Signed declarations (e.g. certifying that the information is truthful) can also be included in a business licence application.

### REGULATION & ENFORCEMENT

- To be most effective, this tool should be combined with the regulatory tool that requires operators to post the business licence number on all online advertisements (described below).
- Bylaw staff and/or a third-party monitoring company can review STR listings online via web-scraped data and compare with business licensing data for inconsistencies and follow up action.
- Those without the licence number listed on the online advertisement would be subject to investigation and enforcement (e.g. warning letter, fines, legal proceedings) until compliance is achieved; either the operator applies for and receives a licence or removes the listing.
- There have been examples of fraudulent licence numbers posted to online advertisements by operators as a way to circumvent the regulations and continue to operate. Compliance verification must include both that a licence number is displayed and that the licence number is valid. Depending on the number of listings, this may be possible to accomplish manually or require automated software.
- Vancouver is the only Canadian jurisdiction with an agreement with Airbnb to remove unlicensed STRs from their platform (this is often described as a form of “platform accountability” with the platforms responsible for policing their own users).
- Without a platform agreement or [new legislation from other levels of government](#), municipalities must rely on bylaw staff or a third party to monitor platform listings for compliance.

### ANALYSIS

- Business licensing is the most commonly used regulatory tool for STR and has been proven effective at achieving multiple goals (e.g. cost recovery, equity amongst accommodation providers).
- Setting the right licence fee amount can be one of the most important factors in achieving voluntary compliance. Factors to consider in fee-setting include the type of STR you are permitting, the anticipated cost of your STR program (regulatory requirements, enforcement) the number of STRs in your community, and the degree of compliance you expect to achieve.
- If permitting both non-principal dwelling unit STR and principal dwelling unit STR, consider a two-tier fee structure (see [Victoria, B.C. Community Profile](#)).
- Confusing or overly complicated regulatory regimes can expect compliance rates of less than 10% whereas clear, comprehensive regulations that incorporate current best practices can achieve business licence compliance rates of 75% and above.
- No local government has successfully achieved 100% compliance on this issue.

## 4.3 Business Licence Number Displayed on Online Advertisements

### DESCRIPTION

- Once a business licence has been issued from the municipality, STR operators must display their business licence number on all online listings where the STR is advertised (e.g. Airbnb, VRBO).
- Depending on the platform and municipality, there may be a separate licence field or the licence number will be listed as part of the listing description.

### PURPOSE

- To verify compliance with the requirement to receive a business licence prior to operation.

### REGULATION & ENFORCEMENT

- STR listings without a licence number displayed are flagged as non-compliant.
- Licence numbers displayed on the STR listing are compared with the local government-issued licence numbers to confirm the licence is valid.
- Those without the licence number listed on the online listing or suspected fraudulent licence numbers would be subject to investigation and subsequent enforcement (e.g. warning letter, fines, legal proceedings) until compliance is achieved; if the operator is licenced, then the licence number is posted or the listing is removed.

### ANALYSIS

- This regulatory tool combined with a business licence are the foundation of an effective enforcement program because staff and/or a third-party monitoring company can use this tool as a first step in determining compliance with the regulations.
- This regulatory tool is also more effective at verifying compliance with regulations than determining if a room or dwelling unit has been rented, which requires physical proof (an STR listing in itself is not proof of a rental transaction).
- The City of Vancouver has developed a successful agreement with Airbnb to create a purpose-built licence field but most often the licence number is included in the STR description.

## 4.4 Density Cap

### DESCRIPTION

- Within zones, neighbourhoods or blocks, STR is restricted by either:
  - » A total number of dwelling units
  - » A percentage of dwelling units
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Primarily used in communities that permit non-principal dwelling unit STR as a way of ensuring that a block/ neighbourhood/zone is primarily residential and that STR activity is dispersed.

### REGULATION & ENFORCEMENT

- As part of the business licence application approval process, licensing clerks and/or planning staff would be responsible for conducting a density check to ensure that the proposed block/ neighbourhood/zone can accommodate additional STR.
- Licences would not be issued for STR if the density cap has already been reached.
- Unlicensed STRs found operating in areas with a density cap would be subject to investigation and enforcement, including warning letters, fines, licence revocation and possible legal proceedings.

### ANALYSIS

- This could be a useful regulatory tool for communities concerned about neighbourhood fit and compatibility, as a density cap can ensure a zone/neighbourhood/block remains primarily residential.
- This tool is likely most suitable for non-principal dwelling unit STRs as principal dwelling unit STR is an accessory use to the residential dwelling so the dwelling unit would remain primarily for residential use.
- A density cap can add a degree of administrative complexity so its application and utility should be considered carefully.
- There may also be concern over the fairness of this regulatory tool as existing STRs would likely be permitted under a density cap, with new, prospective STR operators denied once a density cap is reached.



## 4.5 Designated Responsible Person

### DESCRIPTION

- A responsible designated person for the STR is identified which includes the operator and when the operator is not available, a person who can act on behalf of the operator (a person who, at all times that the STR is operated, has access to the premises and has the authority to make decisions in relation to the premises and the rental agreement).
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- A designated responsible person provides a layer of accountability for the STR, regardless of whether the operator is on the premises or available at the time of and throughout the rental.
- If the operator is not available, this person should be the first point of contact for guests and neighbours, resolving complaints before bylaw and enforcement staff are contacted, freeing up bylaw and enforcement staff to focus on monitoring and verifying compliance.

### REGULATION & ENFORCEMENT

- As part of the business licence application, the designated responsible person must be identified and their contact information provided.
- Audits of business licence holders can further determine if the information provided is accurate, for example by contacting the designated responsible individual to confirm they have agreed to act in this capacity.
- STR operators who have not correctly identified a designated responsible person can be subject to licence revocation.

### ANALYSIS

- This can be a helpful regulatory tool for promoting neighbourhood compatibility and supporting the health and safety of guests.
- If selected, consider an outcome approach (designating a responsible person) rather than an overly prescriptive approach (e.g. requiring that the designated responsible person must respond within 30 min, or live within a certain radius).

## 4.6 Fire Safety

### DESCRIPTION

- An umbrella term meant to capture any requirements related to enhancing the fire safety of STRs.
- This can include:
  - » Installation of smoke alarms on every floor and/or bedroom
  - » Development and posting of a fire evacuation plan in the premises
  - » Installation of carbon monoxide detectors (in STRs with natural gas)
  - » Installation of interconnected sprinkler systems
  - » Installation of fire alarms
  - » Installation of fire extinguishers on every floor
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- As residential fires account for the majority of fire-related injuries in Canada this requirement ensures STRs meet or exceed fire safety requirements for buildings.

### REGULATION & ENFORCEMENT

- As part of the business licence application form, individuals can be required to sign a self-declaration confirming that they have read, understood and will comply with the fire safety requirements.
- Alternatively or in conjunction with the above, inspections of STRs can further determine if the information provided in the business licence application is accurate, or a fire safety inspection can be a requirement prior to the issuance of a business licence.
- STR operators who have not correctly adhered to fire safety requirements can be issued a warning letter, fine or risk licence revocation.

### ANALYSIS

- Fire safety is an important consideration in ensuring the health and well-being of guests and neighbours.
- Consider selecting fire safety requirements based on the type of STR you are permitting (i.e. principal dwelling unit or not).
- For STR in a principal dwelling unit, consider applying the same fire safety standards that residential dwelling units are subject to.
- For non-principal dwelling unit STR, consider applying the same fire safety standards that traditional accommodation providers such as B&Bs are subject to.

## 4.7 Guest Limits

### DESCRIPTION

- The number of guests are restricted within a STR, often based on the number of bedrooms (e.g. 2 adults per bedroom).
- There is a field on most platforms that allow the operator to identify the guest limit.
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- There are two primary reasons that guest limits are employed:
  - » to protect the health and safety of guests by ensuring sufficient space (i.e. avoiding overcrowding).
  - » to reduce potential noise complaints from neighbours by restricting how many people can be allowed within the STR.

### REGULATION & ENFORCEMENT

- As part of the business licence application, individuals are required to identify the number of bedrooms that are included in the dwelling unit or how many private rooms would be used for STR and based on this, the guest limit would be set.
- A guest limit can be enforced proactively by comparing the guest limit identified in the business licence with the guest limit on listings. For example, if the business licence limit is 8 but the listing indicates 12 guests are permitted, the listing would be identified as non-compliant with regulations.
- This regulatory tool could also be enforced on a complaints basis. For example, if a neighbor complains about a large party and bylaw staff can determine via the business licence or listing that the dwelling unit or private room is intended to accommodate less than the amount of people within the dwelling, a warning letter, fine or revocation of business licence can be used.

### ANALYSIS

- A guest limit could be considered for communities concerned about high occupancy STRs or noise complaints.
- Depending on the community and the problem they are seeking to address, this regulatory tool can either be proactively enforced with a higher degree of resourcing involved or can be responded to on a complaints basis.

## 4.8 Insurance

### DESCRIPTION

- Proof of sufficient insurance is required: most commonly liability insurance but sometimes property damage insurance.
- Required amounts have ranged from \$1,000,000-\$3,000,000.
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- The primary rationale for requiring liability insurance is to protect the STR operator from liability claims from guests, including injury or loss of life.
- The primary rationale for requiring property damage insurance is to protect the STR operator's property from damage caused by guests.

### REGULATION & ENFORCEMENT

- As part of the business licence application, individuals or businesses can be required to show proof of sufficient insurance as a supporting document, prior to licence issuance.
- This regulatory tool requires no further enforcement.

### ANALYSIS

- Industry experts and municipal lawyers suggest that an insurance requirement may create an administrative burden to review or audit without appreciable benefit.
- STRs operate as private for-profit businesses and operators should assess their own risks and insurance requirements with the assistance of professional licensed brokers, with related guidance potentially included in a municipal STR Operator Handbook.
- Most platforms include free property damage and liability insurance for hosts. For example, Airbnb provides \$1 million for each type.
- Municipalities would not have an exposure to third party liability claims for bodily injury or property damage arising out of the business licensing process. However, a local government could include a standard indemnity clause within the business licence for STRs, if concerned.

## 4.9 Neighbour Notification

### DESCRIPTION

- A requirement that the STR operator notify surrounding neighbours of the STR.
- The notification proximity is typically either a distance (e.g. within 300 feet) or an adjacency (e.g. neighbours that are directly adjacent or abut the STR).
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- To encourage “good neighbour” relationships between operators and their neighbours, including a basic level of awareness and interpersonal accountability.

### REGULATION & ENFORCEMENT

- As part of the business licence application form, the operator could sign a self-declaration form attesting that they had notified their neighbour(s). Audits of the business licence could verify whether this information was submitted.
- Alternatively and or in conjunction with the above, neighbour contact information could be included in the business licence application and notification verified through audit.
- Alternatively, the local government or a third party could mail notification forms to affected neighbours similar to other notification processes (e.g. rezoning or a development application).

### ANALYSIS

- Local governments concerned with neighbourhood compatibility may choose to include this tool in their regulations.
- Notification letters sent from either the local government or a third party would ensure the notification is received by the neighbour. A self-declaration form or contact details would not. However, notification letters would require staff and financial resources and should be carefully considered.
- Alternatively, a neighbour notification could form part of a STR Operator Handbook that can accompany STR regulations.

## 4.10 Night Cap

### DESCRIPTION

- A time limit or ‘night cap’ restricts the amount of time that a private room or dwelling unit can be rented as an STR.
- The night cap either restricts:
  - » the maximum number of consecutive days a dwelling unit or private room can be rented (typically under a month); and/or
  - » the total number of days per year that a unit or room can be rented as an STR (e.g. 30, 90, 180 days).
- Night caps are often used as an alternative to the principal residence requirement (night caps are another kind of blanket restriction), or in conjunction with the principal residence requirement (as a way to add further restriction).
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Restricting the total number of days that a dwelling unit or room can be rented is meant to ensure the room or dwelling unit is primarily used for residential purposes and potentially as a tool to limit STR-related disturbances.

### REGULATION & ENFORCEMENT

- As part of the business licence application, operators would be required to limit STR to a certain number of days per year and submit booking details to the local government at pre-specified intervals.
- To be effectively enforced, platforms would need to share data on STR activity, including when an operator has violated a night cap restriction. To date, platforms have not shared this level of data with Canadian local governments (with the exception of Vancouver).
- Even with platform cooperation or support, it is unlikely that a local government would be notified immediately when an operator has gone one night over the cap (e.g. 121 of a 120 night cap).

- Third party monitoring and compliance firms can provide a degree of accuracy via web-scraped data on the number of nights an STR is booked over a period of time (e.g. quarterly or annually) based on calendar availability and guest reviews, which could be further verified by requiring operators to submit their booking information at designated intervals (e.g. annual licence renewal).

### ANALYSIS

- Enforcing a night cap without platform cooperation is extremely challenging if not impossible and would require significant municipal resources, as ascertaining the number of booked nights for each listing requires extensive data analysis, tracking, and observation, with limitations on achievable accuracy.
- In addition, the burden on operators who want to cooperate is also high, as the operator would need to keep comprehensive records, tallying nights booked, and commit to producing regular reports to the local government.
- Local governments should consider a principal resident requirement instead of a night cap due to its multiple benefits:
  - » Principal residence is substantially easier to enforce. Under the principal resident requirement, business licences will not be granted to operators unless they can prove that the dwelling unit they wish to STR is the dwelling unit in which they normally reside.
  - » The principal residence requirement can achieve two primary goals that local governments may have related to STRs – protecting housing for residents and ensuring neighbourhood fit (as the STR is the operator’s own home).
- In contrast, the night cap requirement on its own cannot reliably achieve any goals as it does not guarantee that the dwelling unit/room is primarily for a resident. For example, under a night cap requirement, an operator could STR an entire dwelling unit for 30, 60 or 90 nights a year and still earn enough income to justify leaving it vacant the rest of the year, which would not free up housing for residents.
- Local governments considering the night cap tool to help limit noise and disturbances should be aware that the STR could still be used to host large parties and gatherings (e.g. weddings, bachelor parties) up to the night cap, and so may not achieve the desired outcome.

## 4.11 Owner-Only

### DESCRIPTION

- Renters are not allowed to operate STRs.
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Based on the idea that owners are more responsible and/or accountable than renters.

### REGULATION & ENFORCEMENT

- As part of the business licence application, proof of property ownership would be required.

### ANALYSIS

- An owner-only requirement risks discrimination against renters both by assuming that renters do not care for their homes and its real-world effect of excluding renters from the benefits of STR income generation.
- Given this inequity, very few local governments have included an owner-only provision in their regulations and the benefits of such a tool should be carefully considered.

## 4.12 Off-Street Parking Minimums

### DESCRIPTION

- A minimum number of off-street parking spaces must be made available to guests.
- Often the number of required off-street parking spots corresponds to the size of the STR (e.g. number of bedrooms, guest limit).
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Off-street parking minimums are included in regulations as a way of reducing conflict with neighbours over limited on-street parking and ensuring neighbourhood compatibility.

### REGULATION & ENFORCEMENT

- As part of the business licence application process, zoning/ planning staff would confirm sufficient parking (e.g through aerial photos or inspections) is available prior to an issuance of a business licence.

### ANALYSIS

- This tool is likely a more appropriate requirement for non-principal dwelling unit STR if concerns around neighbourhood compatibility are important.
- For principal dwelling unit STR, existing parking is likely sufficient for limited STR use. STR operators could be encouraged to share parking details with guests as part of the STR Operator Handbook.



## 4.13 Permissions

### DESCRIPTION

- Approval from a landlord (if they are a tenant) or a strata/condo corporation (if the STR is located in a strata/condo building) is required.
- This regulatory tool can be included in the business licence application, review and approval process.
- The documentation can confirm that, where applicable the:
  - » Property owner permits the tenant to operate a room and/or the entire dwelling unit as a STR
  - » Strata/Condo Corporation has no bylaws prohibiting the operation of STR

### PURPOSE

- Strata/condo bylaws and landlords can add restrictions or prohibitions on STR above and beyond municipal bylaws. Therefore, it is important to receive proof of consent from the strata/condo corporation and/or landlord before licensing an STR.

### REGULATION & ENFORCEMENT

- As part of the business licence application, licensing staff would confirm that the permissions are included as supporting documents prior to the issuance of a licence.
- Audits and inspections of all licensees can further determine if the information provided is accurate, for example by contacting the landlord or strata/condo corporation.
- Operators that do not have permission will have their licence revoked and can face additional penalties (e.g. levied by the strata/condo corporation).

### ANALYSIS

- Strata/Condo Corporations are allowed to raise any legitimate objections to STR use under a Strata/Condominium Act, including strata bylaws, land title declarations, etc.
- Similarly, most Residential Tenancy Acts stipulate that the tenant must receive approval from the landlord if they wish to rent out the unit.
- Providing a template letter of consent for both strata/condo corporations and landlords is suggested for administrative ease, and to reduce barriers for operators so that higher levels of voluntary compliance can be achieved.
- Requiring operators to simply provide a copy of strata/condo bylaws (instead of an explicit letter of consent) should be carefully considered as it will require licensing staff to spend time interpreting and verifying the bylaws.

## 4.14 Platform licensing

### DESCRIPTION

- All STR platforms (e.g. Airbnb, VRBO) would be required to receive a business license from the municipality.
- Licence fees would either be a flat fee and/or an on-going fee based on each night booked.

### PURPOSE

- Municipalities are implementing platform licensing for two distinct reasons: (a) to help cover the cost of the STR regulation and enforcement program; and (b) as a mechanism for ensuring platform accountability (whereby, in order to ensure only licensed units are published by the platform, the platform – to receive a business licence – must agree to remove/deny unlicensed units and keep and share records on STR activity)

### REGULATION & ENFORCEMENT

- To date there are no examples of Canadian municipalities that have enforced this regulation.

### ANALYSIS

- At this time, no Canadian municipality has successfully licenced a platform.
- The City of Oakville included mandatory platform licensing in their 2018 regulations, with a required fee to operate of \$44,500. To date, no platforms have paid this fee and the City of Oakville is currently reviewing its existing licensing fees with an eye to possible amendments in the future.
- The City of Toronto has included mandatory platform licensing in their regulatory framework. Delays in implementation of the regulation have meant that STR platform licensing is not yet being enforced.
- Many municipalities, including the City of Vancouver have contemplated including platform licensing as part of their regulations but have determined that the ability to successfully enforce those regulations would be difficult without support from other levels of government. Instead, the City of Vancouver was able to negotiate a voluntary agreement with the dominant STR platform (Airbnb) to achieve a degree of platform accountability and data sharing. No other municipality has secured such an agreement.

## 4.15 Principal Residence/Principal Dwelling Unit

### DESCRIPTION

- Short term rental would only be permitted in an operator's principal dwelling unit (owned or rented).
- A dwelling unit is defined as a suite of rooms in a building designed for occupancy of one or more people who normally live together and which has a separate entrance, and kitchen and bathroom facilities.
- A principal residence/dwelling unit is the dwelling unit where an individual usually lives, makes their home, conducts their daily activities including paying bills and receiving mail and is generally the residential address used on documentation related to billing, identification, taxation and insurance purposes.
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Protects the availability of long-term housing, with the idea being a principal dwelling unit STR is already someone's home and therefore no long-term housing is being lost (with the possible exception of some rental rooms that may otherwise be offered to a long-term tenant/roommate).

### REGULATION & ENFORCEMENT

- At the time of business licence application, the individual must show proof of principal residency as well as an attestation stating that the dwelling unit is their principal residence.
- This can include:
  - » Copy of the land title
  - » Proof of mortgage
  - » Proof of homeowner grant
  - » Documentation from provincial and/or federal government e.g. income tax, MSP, insurance, driver's licence, utility bill (at least two pieces of the above is recommended).
- Audits, inspections and web-scraping can all be used to verify principal residence. For example, a dwelling unit that is listed and available as a full-time, entire unit STR is likely not a principal dwelling unit. An inspection by bylaw staff that reveals a dwelling unit with no personal belongings may indicate that there is no principal resident.

### ANALYSIS

- The use of this regulatory tool restricts short term rental of vacation properties or condos that are utilized for part of the year by the operator (i.e. secondary residences) because only one dwelling unit may be claimed as a principal dwelling unit.
- These operators then have the choice of either (a) designating a dwelling unit as their principal dwelling unit to permit STR, (b) leaving the property unrented when not in use by the operator, (c) operating the unit as a long-term rental, or (d) selling the unit e.g. to someone who may use it as a principal dwelling unit.
- Some municipalities have applied the term principal residence to include all dwelling units on the property. In this scenario, non-principal dwelling unit STR is permitted if the property owner resides in another dwelling unit on the same property, for example:
  - » The property owner lives in one half of a duplex and short term rents the other duplex
  - » The property owner lives in a house and an accessory building (e.g. garden suite, cottage, carriage house) is the STR
  - » The property owner lives on the main floor of a house and uses the basement suite/attic as a short term rental.
- In some municipalities this has been taken a step further by using the term principal residence to permit non-principal dwelling unit STR if at least one of the dwellings on the property is used by a long-term resident, which can include a long-term tenant, who may or may not be the operator, and who may or may not be the designated responsible person, for example:
  - » A tenant lives in a cabin on the property and the main house is used for STR. In this example, the property owner is not on-site.
- The above version of a principal residence/principal dwelling unit requirement could more accurately be considered as an "on-site operator" requirement or a version of a "designated responsible person" requirement that specifies that that person must live on-site. The regulatory motivation behind its application is to ensure a higher degree of operator accountability and responsibility by requiring someone to be on-site.
- As revealed above, the term principal residence is inconsistently defined/used in local government STR regulations. If the priority is to protect housing availability and affordability, this is best achieved with a definition of principal residence that is synonymous with principal dwelling unit.

## 4.16 Taxation

### DESCRIPTION

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

### PURPOSE

- The revenue from an accommodation tax can be used to fund tourism promotion, marketing and development and can be used by some municipalities (e.g. in Ontario) as a reserve for their own infrastructure projects.

### REGULATION & ENFORCEMENT

- The accommodation tax is applied at the time of booking and is paid by the guest with either the operator or platform collecting and remitting the fee.
- The regulatory authority to apply and collect an accommodation tax is through municipal bylaw.
- Enforcement of the bylaw will be at the discretion of each municipality.

### ANALYSIS

- For many Ontario municipalities, the ability to apply a Municipal Accommodation Tax has been a primary motivator in developing and implementing STR regulations as a way of creating regulatory equity amongst all accommodation providers.
- A select few Ontario municipalities, including Brockville, Barrie, Greater Sudbury, Mississauga, Ottawa have negotiated an agreement with Airbnb to collect and remit these taxes on behalf of guests and operators.
- For municipalities without agreements with platforms to collect and remit this tax, compliance rates have been low.
- Many municipalities have paused the collection of these taxes in response to the COVID-19 pandemic.

## 4.17 Zoning

### DESCRIPTION

- STRs are permitted or restricted to specific zones identified in a community's zoning bylaw.
- STRs may be permitted in all residential zones, in select residential zones, in commercial zones, or in communities with a long-standing STR industry there may be specific tourist accommodation zones.
- This regulatory tool can be included in the business licence application, review and approval process.

### PURPOSE

- Zoning is used to identify areas where STR use is permitted and prohibited to ensure neighbourhood fit and compatibility.

### REGULATION & ENFORCEMENT

- As part of the business licence application approval process, licensing clerks/planning staff would be responsible for conducting a zoning check to ensure the STR is located in a zone that permits STR.
- Licences would not be issued for STR in prohibited zones.
- STRs found operating in prohibited zones (e.g. identified via web-scraping) would be subject to investigation and enforcement including warning letters, fines, licence revocation and possible legal proceedings.

### ANALYSIS

- Zoning restrictions are a standard tool for denoting appropriate land uses and zoning restrictions for STR may be useful for communities that are, for example, grappling with neighbourhood compatibility issues. However, complex zoning requirements will add a degree of administrative difficulty and the benefits should be carefully considered.
- If a community chooses to only permit principal dwelling unit STR, consider allowing these STRs across all residential zones; this approach would recognize that a dwelling unit or room is primarily used for residential purposes and STR is an accessory use.
- Local governments that are permitting non-principal dwelling unit STRs should consider only permitting these types of STRs in commercial zones (a) due to their commercial nature, (b) in order to mitigate any concerns related to neighbourhood compatibility, and (c) to advance regulatory equity with other accommodation providers (e.g. hotels and motels).

# Conclusion

## The case for regulation

The diversity of interests involved, the range of both benefits and harms, and the digital and international nature of the industry makes the design, implementation and enforcement of STR regulations challenging.

While intervention by other levels of government could make things a lot simpler, it should still be possible for most local governments to design practical, cost-effective and locally-tailored programs that advance the public good and achieve high levels of compliance.

Your community may not get it perfectly right from the start, but who does? We advise you to start now before the negative impacts of STR stack up, and then commit to continued improvement of your regulations as you go.

Our intention for this toolkit was to be of service to local governments in a range of contexts pursuing a variety of policy objectives.

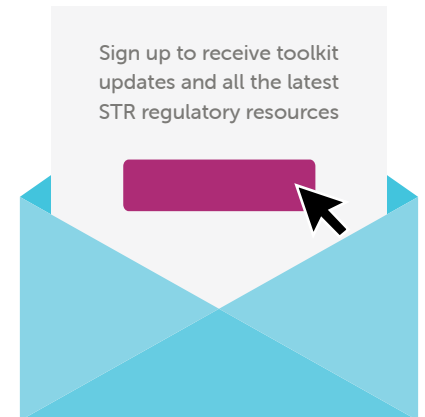
That said, for our part, Generation Squeeze encourages any local government experiencing housing supply and cost pressures to prioritize the advancement of housing affordability and availability when designing STR regulations.

In international treaties and in Canada's own federal housing legislation, access to adequate housing is enshrined as a fundamental human right. We'd like to respectfully point out that converting what could otherwise be someone's home into a short term rental, is not.

For communities experiencing a tension between protecting the tourism economy/tourism-linked livelihoods and protecting housing availability and affordability, we'd suggest an exploration of why non-housing accommodation in your community is unable to meet the demand from tourists and visitors, and whether there are solutions to this problem that don't involve the conversion of homes into short term rentals.

Generation Squeeze will periodically update this toolkit, including the development of additional STR regulatory tools and templates such as a model STR bylaw and STR specific enforcement plan.

Please [GET IN TOUCH](#) if your community could benefit from some one-on-one support, and good luck!



# Appendix

## Glossary of Terms

This section provides definitions for key terms used throughout the toolkit.

These definitions are intended to help consistently communicate key concepts and not as universal, absolute definitions. Every local government, in developing a STR regulatory and enforcement program, will need to choose their own set of STR-specific definitions and apply them alongside terms already used in existing bylaws.

<b>Bed and Breakfast</b>	A private room, and often a private bathroom, is rented with guest access to common spaces (e.g. living room, kitchen) and typically includes some interaction between the operator and guest; for example, when the guest checks in or if breakfast is provided and the operator lives at the premises.
<b>CMA or CA</b>	A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a population centre (known as the core). A CMA must have a total population of at least 100,000 of which 50,000 or more must live in the core.
<b>Commercial Short Term Rental</b>	A short term rental unit that is not in someone's principal dwelling unit. Often identified by searching for Frequently Rented Entire Home Listings.
<b>Commercial Operator</b>	An operator of a short term rental unit that is not someone's principal dwelling unit; sometimes identified by searching for operators with two or more listings (see multi-listings).
<b>Dwelling Unit</b>	A suite of rooms in a building suitable for residential occupancy by one or more people who normally live together and that has a separate entrance, kitchen and bathroom facilities.
<b>Frequently Rented Entire Home Listing (FREH)</b>	A methodological term and concept used by Wachsmuth et al. to help retroactively identify commercial short term rentals and to provide a conservative estimate of housing either directly converted to STR or under serious threat of conversion, and defined as "[STRs that] were available for rent at least half the year (183 nights) and actually rented at least 90 nights." <sup>52</sup>

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<sup>52</sup> Combs et al. (2019). [Short-term rentals in Canada: Uneven growth, uneven impacts.](#)

<b>Guest</b>	Consumers of short term rental services. Guests use platforms to search, reserve and manage their bookings of STR accommodation. They pay the operator of the STR, a platform service fee and, in some jurisdictions, applicable taxes if included in the booking (facilitated by operators or platform).
<b>Host</b>	Also referred to as a Short Term Rental Operator; provides accommodation to guests, lists their STR(s) on online platforms, sets the price, availability and house rules (e.g. guest limits, quiet hours) and approves rentals; they charge guests a nightly fee, optional additional fees (e.g. cleaning or accommodating extra people) and should charge applicable taxes; STR operators can either be individuals or businesses (e.g. property management firms) and are sometimes assisted by support services such as professional cleaners.
<b>Hotel</b>	An accommodation type where private rooms are rented that normally include a private bathroom, with some units including private kitchen facilities or other amenities. Purpose built for guest accommodation and located in commercial zones (e.g. downtown, along highway corridors).
<b>Listing</b>	Individual short term rentals advertised on platforms, with the advertisement including the listing title, listing type (entire dwelling unit, private room or shared room), description, operator name, number of bedrooms, availability, and prices.
<b>Listing type</b>	The type of unit identified in the listing, either an entire dwelling unit where the guest has complete and sole access to the entire dwelling unit during the stay, a private room where the guest has their own sleeping area but shares access to the dwelling unit's common areas with others, or a shared room where the guest sleeps in an area shared with others such as a sofa in a living room.
<b>Long Term Rental</b>	A residential dwelling unit rented on a long-term basis by way of a tenancy agreement between a landlord and tenant that outlines a standard set of terms.
<b>Multi-Listings</b>	A methodological term and concept used to help identify commercial short term rental operators and defined as short term rental operators who manage two or more entire home (dwelling unit) listings or three or more private room listings. <sup>53</sup>
<b>Non-Dwelling Unit STR</b>	A short term rental unit that does not meet the full definition of a dwelling unit. Often seasonal in nature, these can include vans, boats, parking spaces, yurts and campgrounds and represent a very small portion of total short term rental listings.
<b>Non-Principal Dwelling Unit STR</b>	A short term rental unit that is a dwelling unit but not someone's principal dwelling unit; in this document treated as synonymous with commercial short term rental and sometimes identified by searching for Frequently Rented Entire Home Listings.

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<sup>53</sup> Ibid.

<sup>54</sup> Statistics Canada (Mar 14, 2019). [Measuring private short-term accommodation in Canada](#).

<sup>55</sup> City of Vancouver. [By-law No. 12079](#).



<b>Platform</b>	An online matching and/or payment processing platform for transactions between STR operators and guests. Platforms maintain the websites and digital applications that facilitate the searching, listing, booking and payments for STR services, which can include platform fees (charged to both operators and guests) and applicable taxes. In some cases the platform will verify personal information through security checks and transaction protection. <sup>54</sup>
<b>Principal Dwelling Unit</b>	The usual dwelling unit where an individual lives, makes their home and conducts their daily affairs and receives mail; generally the dwelling unit with the residential address used on documentation related to billing, identification, taxation and insurance purposes including income tax returns, driver's licenses, vehicle registration and utility bills. <sup>55</sup> We treat this term as being synonymous with principal residence and is the site of true home sharing; an individual may only have one principal dwelling unit.
<b>Principal Dwelling Unit STR</b>	A short term rental unit that is or is within someone's principal dwelling unit; this term is used in place of principal residence STR to help communicate that the STR is confined to the dwelling unit (i.e. it doesn't include other dwelling units on the same lot).
<b>Principal Residence</b>	In this toolkit we treat this term as synonymous with principal dwelling unit and is the site of true home sharing; an individual may only designate one dwelling unit as their principal residence. Note that some municipalities use a broader definition of principal residence that encompasses any number of dwelling units on the same property/lot/parcel
<b>Principal Resident</b>	The person who normally resides in a dwelling unit which is their principal dwelling unit (home).
<b>Short Term Rental ("STR")</b>	Rental of a dwelling unit or non-dwelling unit (or a room(s) within); characterized as occurring in any housing type (e.g. houses, secondary suites, carriage houses, garden suites, cabins, apartments and condos) for a short period of time (e.g. less than a month), facilitated by online platforms (e.g. Airbnb), primarily utilized by visitors/tourists, and often without in-person interaction.
<b>Short Term Rental Operator</b>	Often referred to as a Host; provides accommodation to guests, lists their STR(s) on online platforms, sets the price, availability and house rules (e.g. guest limits, quiet hours) and approves rentals; they charge guests a nightly fee, optional additional fees (e.g. cleaning or accommodating extra people) and should charge applicable taxes; STR operators can either be individuals or businesses (e.g. property management firms) and are sometimes assisted by support services such as professional cleaners.
<b>True Home-Sharing</b>	Short term rental of someone's principal dwelling unit or room(s) within; synonymous with principal dwelling unit STR; can take place while the principal resident is present or away (e.g. while on vacation).
<b>Web Scraping</b>	A process by which information is gathered and copied from the Web for later retrieval and analysis; can be conducted manually or through the use of automated software. <sup>56</sup>

<sup>56</sup> Statistics Canada (Mar 14, 2019). [Measuring private short-term accommodation in Canada](#).

## Further Reading

This toolkit was written for local government practitioners as a comprehensive synthesis of best practices, guidance and information to date. Suggested further reading includes:

| [A Guide to Effectively Regulating Short Term Rentals at the Local Government Level](#)

Binzer. Granicus (2016).

| [Accountable at the Source: Why Platform Accountability Can't Be Left Out of Vancouver's Short-Term Rental Regulation](#). Wieditz. Fairbnb (2019).

| [An Overview of Airbnb and the Hotel Sector in Canada](#). Hotel Association of Canada (2017).

| [Covid-19 Impacts on Hotels and Short Term Rentals](#). Sanford, DuBois. AirDNA (2020).

| [Developing a Modern Approach to Short-Term Rental in a Digital Economy: A Framework for Canadian Regulators](#). Hotel Association of Canada (2018).

| [Lobbying in British Columbia's Designated Resort Municipalities: The Case of Short-Term Rentals](#). Riggs Konanz (2018).

| [Measuring Private Short Term Accommodation in Canada](#). Statistics Canada (2019).

| [Regulating Short Term Rentals: A Guidebook for Equitable Policy \(2016\)](#). Yassi

Eskandri-Qajar and Janelle Orsi, Sustainable Economies Law Center (2016).

| [Regulating Airbnb and the Short-Term Rental Market: An overview of North American regulatory frameworks](#). Zohra Jamasi. Canadian Centre for Policy Alternatives (2017).

| [Short-Term Cities: Airbnb's impact on Canadian housing markets](#). Wachsmuth et al. (2017).

| [Short-Term Consequences: Investigating the Nature, Extent and Rental Housing Implications of Airbnb listings in Vancouver](#). Sawatzky (2016).

| [Short-Term Rentals in Canada: Uneven growth, uneven impacts](#). Combs et al. (2019).

| [The Home-sharing Guide for Ontario Municipalities](#). Ministry of Finance, Province of Ontario (2018).

| [Where Home Meets Hotel: Regulating tourist accommodations in the age of Airbnb](#).

Griffiths (2017).