

TO:	COMMUNITY AND PROTECTIVE SERVICES COMMITTEE APRIL 25, 2017
FROM:	G. KOTSIFAS, P. ENG. MANAGING DIRECTOR OF DEVELOPMENT AND COMPLIANCE SERVICES AND CHIEF BUILDING OFFICIAL
SUBJECT:	SHORT TERM ACCOMODATIONS INFORMATION REPORT

RECOMMENDATION

That on the Recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, this report **BE RECEIVED** for information purposes noting that Civic Administration will undertake a work program to address short term accommodations in London which will lead to a range of options in the areas of rental licensing zoning by-laws, and taxation.

BACKGROUND

At the December 19, 2016 City Council meeting, Civic Administration was directed to report back at a future meeting of CPSC, with respect to short-term property rentals to address amenities, character and stability of a neighbourhood, which may be affected by Rental Residential Licenses.

What are “short term accommodations”?

The term "short-term accommodation" has been used to describe a wide range of short term rentals that fall outside of renting for longer time periods or subletting. Short-term accommodations occur in a variety of dwelling types including: detached houses, townhouses, and apartment buildings. Short-term accommodations are operated by both property owners and tenants (at times without the property owner’s knowledge).

There are a variety of examples of short term accommodation categories:

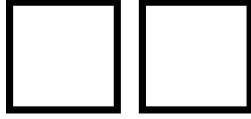
- Owner occupied residence - owner/occupant present during rental. E.g. spare bedroom rental.
- Tenant occupied residence - tenant present during rental. E.g. spare bedroom rental.
- Owner occupied residence - owner/occupant not present during rental. E.g. owner rents entire home for a few weeks while away on vacation.
- Tenant occupied residence - tenant not present during rental. E.g. tenant rents entire home for a few weeks while away on vacation.
- Investment property - A person purchases a dwelling unit and rents it out for short periods.
- Secondary residence - A person rents home on weekends for accommodation or for larger gatherings to generate income.

As the proliferation of short term accommodation services continue to occur in cities across North America and globally, a number of municipalities have started to take steps to regulate short term accommodations.

Are short term accommodations occurring London?

Short term accommodation listings occur on a number of different internet platforms such as Airbnb, the Homeaway, Vacation Rentals by Owner (VRBO), FlipKey and Roomorama. Accommodations are also listed on sites such as Craigslist and Kijiji.

In September 2016, Airbnb released a report regarding its operations in Ontario. The report notes that there were 15,000 active Airbnb hosts in the province, with 8,600 of those being in



Toronto. Eighty eight percent of Airbnb hosts were only listing their owner occupied home. The average host earns \$3,900 annually from their listing.

Civic Administration has consulted with Airbnb and the following London specific data was provided. As of April 1, 2017, there were 367 active listings. Of these, 45% list the entire home and 53% list private space in the home (spare room). The average earnings for a typical host is \$3,500. The nights hosted per year for a typical listing is 54. In the past year, 11,000 guests used Airbnb in London. The average length of stay per guest was four nights. The average group size was two people. The majority of the guests reside in North America (90%). During this time period, FlipKey had 18 listings and VRBO had 5 listings. Note that these numbers reflect the number of units that are listed online and not the units actually rented.

What are the pros / cons of short term accommodations?

The spread of short term accommodation services has stirred some public debate over the benefits and impacts of these types of accommodations. Proponents maintain that these types of services offer relatively inexpensive sources of accommodation and promote community tourism while providing the benefits of living in a local neighbourhood. A short term occupant might not have visited a specific neighbourhood if they booked a traditional hotel/motel. Short term accommodations make better use of underutilized space in residential dwellings. The additional income assists first time home owners with mortgage payments and assists elderly homeowners with home maintenance costs.

Critics argue that such accommodations have negative effects on the quality of life in residential areas as concerns over noise, nuisance, safety, and parking diminish neighbourhood character. Critics often point out instances where short term accommodation listings are essentially “party houses” whereby excessive noise and nuisance complaints routinely disrupt the neighbourhood. Critics also maintain that the influx of short term accommodation services and listings, especially in tourist areas, can cause negative impacts related to housing shortages and housing availability.

In London, there have been two complaints of nuisances related to alleged short term accommodations. One complaint relates to parking and the other nuisances such as noise as the home is allegedly rented out for large weekend parties.

Provincial Response

The Province has partnered with the City of Toronto in commissioning a report from MaRS Solutions Lab titled “Shifting Perspectives – Redesigning Regulation for the Sharing Economy” on how to adapt the regulatory regime in Ontario to the new trends of the “sharing economy”. London Civic Administration and some Councillors (October 2015) participated in discussions which led to the framework of the MaRS report. The key recommendations made by the report regarding short term accommodations were:

- Ensuring tax obligations and possible exemptions be clearly defined and explained
- Encouraging tourism promotion. Since no hotel tax exists in Ontario, some communities have a voluntary destination marketing program, where the funds collected on hotel rooms go toward tourism promotion. Consider expanding this program to Airbnb hosts who wish to sign on. Platforms like Airbnb would be required to collect and remit funds.

Municipal Scan

As mentioned earlier in the report, a number of municipalities have started to regulate short term accommodation services. A summary can be found in Appendix A.

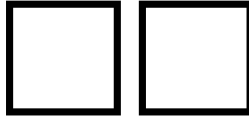
What is the work plan moving forward?

Civic Administration will undertake a work plan to develop a strategy to address short term accommodations in London. The work will be led by Municipal Law Enforcement Services with support from a number of City departments including: Finance (taxation), Planning (zoning), Fire Prevention (safety), Tourism (City promotion) and others as necessary. Staff will consult with key neighbourhood, business and tourism stakeholders. This consultation will take place in Q2

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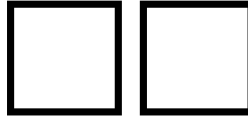
2017. Civic Administration will report back in Q3 2017 with a range of options including a revised rental licensing system, updated zoning by-laws, and additional tax considerations.

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Appendix A

City	Are short-term accommodations permitted?	Licence or registration required?	Taxation
New York City	Yes, with restrictions. Short-term rentals are generally permitted in detached or semi-detached houses. Also generally permitted if the operator is renting the primary residence and if the operator is present during rental. Rentals of less than 30 days where operator is not present are not permitted in buildings with three or more units.	No.	Must pay a City Hotel Occupancy tax plus an additional per room fee.
San Francisco	Yes, with licence and registration. Operator must live in unit 275 days per year. Property may not have outstanding violations. Each person may operate one unit. Ongoing legal proceedings about regulations	Operators must be registered and licensed and must report quarterly on stays. Short-term rental platforms must list registration number on listings.	Transient occupancy tax is collected by Airbnb and remitted to City. Those who do not use Airbnb must remit tax themselves.
Vancouver	Rentals of 30 days or less are not permitted. A report published on September 28, 2016, in Vancouver recommended that short-term rentals be permitted in primary residences with a business licence.	Proposed in report: short-term rentals in primary residences would require a business licence.	Proposed in report: further research and public consultation on issues including taxation.
Portland	Yes, permitted in primary residence with permit.	Permit required.	Transient Lodging Tax collected by rental platform and remitted to City.
Seattle	Yes, permitted in any unit for less than 90 days per year. Short-term rentals that are operated in a primary residence can be rented more than 90 nights per year.	Business licence is required for short term rentals rented less than 90 days per year. Short term rental licence required when rented more than 90 days per year.	Sales tax collected by Airbnb.
Blue Mountains	Yes, permitted only in certain areas of the municipality for less than 30 days per year. Provisions related to parking, occupant load, and servicing also apply. The regulations were upheld by the Ontario Municipal Board.	Short term rental licence required and must be renewed bi-annually.	No
Austin	Yes, with restrictions. Defined as the rental of a residential unit or accessory building for less than 30 consecutive days.	Owners are required to obtain an operating license.	The licensing process requires hosts to pay hotel occupancy taxes where applicable.
Boulder	Yes, with restrictions. short-term rentals are properties that are rented for less than 30 days a time, excluding	Short-term rental operators in Boulder must	No



permanently affordable units. The rental property must be the owner's principal residence; the address must appear on the owner's voter registration or auto registration, or be used as the address at which the owner's children are registered for school. The name on the license must be the same as the name on the deed for the property, and that name must be a person, not a trust or a company.

obtain a valid short-term rental license. Boulder requires hosts to register by applying here and paying a fee.

Minneapolis Yes, with restrictions related to local and state zoning, property standards, business licensing bylaws.

Minneapolis requires owners or operators of certain businesses to apply for and obtain a license. These include bed and breakfasts and boarding houses. Hosts may be required to also apply for and receive a license to operate a rental property, which could require an inspection of the rental unit to ensure the space meets housing code requirements.

Yes, The State of Minnesota assesses a sales tax short-term lodging. "Short-term lodging" is defined as a guest stay of less than 30 days