

Report to Community and Protective Services Committee

To: Chair and Members
Community and Protective Services Committee
From: Scott Mathers, MPA, P. Eng., Deputy City Manager,
Planning & Economic Development
Subject: Short-term Accommodations – Public Participation Meeting
Date: March 29, 2022

Recommendation

That on the Recommendation of the Deputy City Manager, Planning and Economic Development, the following actions be taken with respect to Short-term Accommodations:

- a) the attached proposed by-law (Appendix 'A') **BE RECEIVED** for the purposes of the Public Participation Meeting, it being noted that the proposed by-law amends the Business Licencing By-law to add a new category, definition, and fees related to the Licensing of Short-term Accommodations; and
- b) the attached proposed by-law (Appendix 'B') **BE RECEIVED** for the purposes of the Public Participation Meeting, it being noted that the proposed by-law amends the Administrative Monetary Penalty System (AMPS) By-law, to add penalties for non-compliance related to Short-term Accommodations.

Summary

On March 2, 2020, Municipal Council resolved that, on the recommendation of the Managing Director, Development and Compliance Services and Chief Building Official, the following actions be taken with respect to the staff report dated February 19, 2020, related to Short-term Accommodations:

- a) the Civic Administration **BE DIRECTED** to amend all necessary by-laws to address Short-term accommodations and hold a public participation meeting at a future meeting of the Community and Protective Services Committee;
- b) the Civic Administration **BE DIRECTED** to continue consulting with Short-term Accommodation platforms on the further collection of Municipal Accommodation Tax;

Over the last several years, City of London Staff have undertaken a community survey, hosted a community meeting, presented to the London Housing Advisory Committee, and researched the regulations of various municipalities including Toronto, Ottawa, Vaughan, Mississauga, Vancouver, and others. Based on this research and feedback, Staff are recommending a regulatory approach that will address local concerns while still permitting individuals to provide for short-term accommodations within their personal homes and dwelling units.

1.0 Background Information

1.1 Previous Reports

- Community & Protective Services Committee - April 25, 201 - Short-term Accommodations – Information Report
- Community & Protective Services Committee - May 1, 2018 - Short-term Accommodations – Information Report
- Strategic Priorities & Policy Committee - June 25, 2018 - Municipal Accommodation Tax – Agreements and By-laws.
- Community & Protective Services Committee - February 19, 2020 - Short-term Accommodations – Information Report

1.2 London Housing Advisory Committee

Staff presented an overview of the proposal to license Short-term Accommodations (STAs) at the London Housing Advisory Committee (LHAC) meeting on March 9, 2022 (a previous meeting was cancelled due to lack of quorum). Members of the Committee asked questions related to the dispersal of rental units across the City, who would enforce the proposed licensing regime, and how it worked in conjunction with the existing Residential Rental Unit By-law.

1.3 Strategic Plan

The Licensing of Short-term Accommodations is connected to, and supports, the implementation of the 2019-2023 Strategic Plan for the City of London by:

5.1 Strengthening our Community; through promotion and support of fire safety through increased public education and prevention, utilizing all the resources of the London Fire Department.

5.2 Leading in Public Service; through researching and responding to emerging planning trends and issues.

2.0 Analysis

2.1 Current Short-term Rental Market in London:

Based on market data from a data and research firm^a specializing in short-term accommodations, London has:

- Approximately 650 “active rentals” which are defined as rentals that had at least one reserved or available day in the previous month.
- Growth of 4% over three years, between Q4 2018 (590 units) and Q4 2021 (790 units).
- An average occupancy rate of 68%, defined as the number of booked days divided by the number of available days, excluding properties with no reservations.
- An average nightly rate of \$121.
- A median monthly revenue of \$1,213
- 441 rentals considered “entire home” (67% of active units)
- 211 rentals considered “private room” (32% of active units)
- Small clustering of “entire home” rentals (near Western University, and in the Bishop Helmuth, Old East, and Wortley Village neighbourhoods) and “private room” rentals (near Sarnia & Hyde Park and University Heights) but generally featuring a spread distribution.
- A tendency for listing on the Airbnb platform (= 90% of all local listings).

2.2 The Effect of Short-term Accommodations

Canadian research indicates that the profitability of short-term rentals has caused both commercial and individual landlords to leave the long-term rental market, thus resulting in a depleted supply of long-term housing. Notwithstanding local survey responses and public meeting attendance, researchers have shown that, rather, it is the commercial operators who manage multiple listings that generated over 50% of all *Airbnb* revenue in 2019. A number that has surely risen since the pandemic. In Canada this revenue is concentrated amongst the top 10% of hosting companies^b, and contradictory to the marketing rhetoric that the industry is, “...powered by local hosts”.

Global research has concluded that the continued growth of the industry has happened to the detriment of affordability and availability in cities throughout the world by not only

^a Website: www.airdna.co. Data current as of March 7, 2022.

^b Canadian Journal of Urban Research, Summer 2020, Vol. 29, Issue 1, p119-134 (online article)

encouraging the conversion of apartments and homes into dedicated short-term rentals, but also by increasing the economic value of properties that can host STAs either full-time or part-time.^c

“(t)he impact of short-term rentals on housing... functions similarly to gentrification: these rentals slowly increase the value of an area to the detriment of its original residents. The growth of short-term rentals has contributed to housing shortages across cities, as dwindling supply of homes for sale and rent have artificially driven up prices.”^d

While it is difficult to directly link the cause and effect of these occurrences in the local market, there is evidence. The average price of a home, and the average cost of rent in London has increased, with the average rent is hitting all-time highs.

The October 2021 vacancy rate fell to 1.9% - the third-lowest ever recorded - from a record-setting high of 3.4% in 2020. This was due to an increased student presence, migration, and a healthier local economy.^e We also know that the supply increases enjoyed in 2020 were geared to the upper tiers of the markets with less than 2% of rentals considered affordable and no data available on the affordability of new builds.^f However, as the CMHC indicates, new supply is especially needed to sufficiently accommodate those households in the lowest quintile where affordability continues to be a challenge.^g

As well, the total number of short-term accommodations across all platforms in London has remained relatively stable showing only 4% growth between 2018 and 2021^h. On the positive side, a 2021 article in the Toronto Star states that, “there are signs that the city’s new short-term rental bylaws are converting some (short-term rentals) back into stock in the long-term housing market”.ⁱ However, that phenomenon has not translated to a slowing of the market, nor translated into any affordability measures.

According to research undertaken by Municipal Housing Development for the City of London, they suggest that a failure to regulate STAs now will result in less homes in the long-term housing market, creating less affordable housing supply, and therefore only adding to the current housing crisis.^j (STA Environmental Scan, 2022).

3.0 Key Recommendations

The following are the main regulations proposed to address short-term accommodations.

3.1 Licensing the Provider/Host

From a public safety/nuisance perspective, the licensing of the property where the STA takes place helps municipal compliance staff address property related issues. Typically, the large destructive headline-grabbing parties were happening without the hosts’ permission or awareness, in units exclusively dedicated to STAs and not within principal residences, rented from time to time. However, since the much-publicized “party house” concerns, Airbnb - which lists 90% of the local short-term accommodations, have improved their “anti-party” rules and regulations.

Licensing the individual hosts affords the City an opportunity to educate the provider, and the user, about local by-laws and community expectations. It also requires owners to be more responsible for their operations, rather than treating the parties and nuisances as externalities borne by the neighbours.

^c Ibid.

^d Malapit, Dana, McGill International Review, Aug. 5, 2020 ([online article](#))

^e [London Rental Market Report](#), CMHC, February 2022.

^f Ibid.

^g Ibid.

^h Website: www.airdna.co. Data current as of March 7, 2022.

ⁱ Kalinowski, Tess, The Toronto Star, May 13, 2021 ([online article](#))

^j Municipal Housing Development, City of London (email), 2022.

3.2 Principal Residences Only

Traditionally the short-term accommodation of the travelling public has been a service fulfilled by hotels, motels, hostels, etc., with the bed and breakfast phenomenon considered an alternative to those traditional suppliers. Today, the sharing of a private home, or 'hosting', on a short-term basis is increasingly popular, and it is present in London in all types of dwellings. However, notwithstanding the marketing, it is commercial operators that are generating most of the income and not individual home-owning hosts participating in the sharing economy.

Several municipalities have imposed restrictions on income properties being used as STAs to protect the availability of the long-term rental stock; allowing only principal residences to be used.

A principal residence is a dwelling unit owned or rented by an individual person, either alone or jointly with others, where the person is the resident. This regulation helps ensure that the STAs are truly part of the sharing economy - powered by local hosts - and not commercially operated pseudo-motels.

3.3 Dwelling Types

The recommendations made herein require the owners and/or tenants of all dwelling types who wish to operate a STA to obtain a licence, including apartments, townhouses, and stacked townhouses which are excluded from the Residential Rental Unit Licensing By-law requirements. Tenants who wish to operate a STA will be required to submit a letter from the landlord which clearly demonstrates their permission. Condominium residents will also require letters from the condo board before they can be licensed.

Staff anticipate that this will have a threefold effect. First, that this requirement for permission will immediately reduce the number of apartments used as STAs. Second, the requirement of seeking/receiving permission will require apartment owners and condo boards consider the impacts of permitting STAs within their premises. Lastly, it should help reduce nuisances on adjacent residential premises.

3.4 Municipal Accommodation Tax

As Council resolved, staff have continued to engage the various internet platforms to discuss the collection of the Municipal Accommodation Tax (MAT) on behalf of providers and the City of London. Unfortunately, only Airbnb – which represents 90% of the local market - has responded indicating that they will not act as tax collector for individual hosts.

Therefore, because the operational details of the collection process are still being discussed internally, amendments to the MAT By-law will be presented in the subsequent report following the Public Participation Meeting (PPM).

4.0 Municipal Compliance

4.1 Compliance Protocol:

To attain a licence, the applicant will be required to submit several documents including photos of the premises and proof that the subject address is their principal residence. As STAs are only permitted in principal residences and as submitted documentation should mirror the documentation on the STA platforms, staff will not be inspecting all proposed STAs prior to issuance of a licence. However, where bedrooms and other habitable spaces are identified as being 'below grade' or in a basement, a property standards inspection will be required to ensure the safety of potential short-term guests. There will be no requirement for additional staff to enforce this by-law.

Furthermore, because STAs are required to post their municipal licence number in the platform advertising, staff can determine compliance with the by-law.

Finally, the requirement for a local contact in the event of an emergency or neighbourhood nuisance ensures that the owner has a local representative to address issues.

Non compliance with by-law regulations and administrative regulations will be subject to the issuance of Administrative Monetary Penalties (AMPs).

4.2 Fire Safety Information

In collaboration with the London Fire Department, staff have identified an opportunity for enhanced fire safety education and outreach within licensed STAs. Not all dwelling types are required to have a Fire Safety Plan approved by the London Fire Department and therefore the intent of this information requirement is to supplement those plans with additional information and strategies and to provide new information where a Fire Safety Plan is not required by law.

Fire safety information shall be posted within each licensed STA outlining general fire messaging focused on smoke and CO detectors, safe cooking, evacuation best practices and other pertinent fire safety information. Posting of this information will be a requirement of the licensees' operation and is included in this report as Appendix 'C'.

5.0 Next Steps

Following comments received from the Community & Protective Services Committee, and the public at the Public Participation Meeting, staff will evaluate and make the appropriate amendments to the proposed By-laws as well as the MAT By-law. This report is anticipated in April/May 2022.

This report was prepared with the assistance of a number of service areas including: Fire Prevention, Finance, Legal Services and Housing.

Conclusion

Licensing STAs is something that has been occurring throughout Canada and globally as the popularity of STAs continues to expand. The direction proposed in this report helps to ensure that the providers of STAs act responsibly regarding the services they are providing.

The licensing of these businesses requires that hosts be aware of their responsibilities to comply with City By-laws. The proposal helps protect the character, amenity, and quality of existing residential neighborhoods and improves the safety of the travelling public that choose to stay in someone's principal residence.

In the long-run, the licensing of short-term accommodations may help reduce the number of units that are removed from the long-term rental market for short-term stays.

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Director, Municipal Compliance

Recommended by: Scott Mathers, MPA, P. Eng., Deputy City Manager,
Planning and Economic Development

Appendix “A”
Draft By-Law
Short-term Accommodations

Bill No. -- 2022

By-law No. L.-131(____)-____

A by-law to amend By-law No. L.-131-16 entitled “A by-law to provide for the Licensing and Regulation of Various Businesses”.

WHEREAS subsection 5(3) of the Municipal Act, 2001 provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 23.2 of the Municipal Act, 2001 permits a municipality to delegate certain legislative and quasi-judicial powers;

AND WHEREAS the Council for the City of London considers it necessary and desirable for the public to regulate the licensing of short-term accommodations for the purpose of protecting the health and safety of persons using short-term accommodations, for ensuring that short-term accommodations do not create a nuisance to the surrounding properties and neighbourhoods, and to protect the residential amenity, character, and stability of residential areas;

AND WHEREAS it is deemed expedient to amend By-law No. L.-131-16, entitled “A by-law to provide for the Licensing and Regulation of Various Businesses”, passed on December 12, 2017;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Business Licensing By-law L.-131-16 is amended by adding “Short-term Accommodations” as a new Schedule XX to the Business Licensing By-law.
2. The Business Licensing By-law L.-131-16, Schedule 1, “Business License Fees” is amended by adding the new category “Short-Term Accommodation” and by adding the associated fees of an Annual License Fee of \$175.00

SCHEDULE XX SHORT-TERM ACCOMMODATIONS

1.0 DEFINITIONS:

“**Dwelling**” means one or more habitable rooms designed, occupied, or intended to be occupied as living quarters.

“**Person**” includes an individual, a corporation and its directors and officers, or partnership and their heirs, executors, assignees, and administrators.

“**Principal Residence**” means a Dwelling owned or rented by a Person, either alone or jointly with others, where the Person is ordinarily resident.

“**Provider**” means a person who receives payment in consideration for Short-term Accommodation and includes agents, hosts or others who sell, offer for sale, or otherwise provides Short-term Accommodation; where the Provider cannot easily be determined, the owner of a property providing accommodation is deemed to be the provider of Short-term Accommodation.

“**Purchaser**” means the Person who makes payment in consideration for Short-term Accommodation.

“**Short-term Accommodation**” means a temporary accommodation in all or part of a Dwelling that is provided for 29 consecutive days or less in exchange for payment or service including a bed and breakfast, but not including a hotel, motel, inn, resort, hostel, lodging house, or rooming house.

2.0 POWERS OF THE LICENCE MANAGER

2.1 In addition to any other power, duty, or function prescribed in this By-law, the Licence Manager may, under this Schedule.

- i. Prescribe the manner, form, content, and inspection protocol for records to be kept by the Short-term Accommodation Licensee.
- ii. Prescribe the manner, form, and process for collecting fees and all other forms of payments to the Municipality.
- iii. Prescribe the form and content of municipal information that is to be provided, displayed, and made available within the Short-term Accommodation and to the Purchaser.
- iv. Prescribe operational regulations regarding potential public nuisance, health and safety, and property standards matters at, or as a result of, the Short-term Accommodation.

3.0 Exemptions

3.1 For greater clarity, the following are not considered a Short-Term Accommodation;

- i. hotel, motel, inn, resort, hostel, lodging house, or rooming house.

4.0 APPLICATION FOR LICENCE

4.1 Any Person wishing to operate, carry on the business of, or permit the operation or carrying on the business of a Short-term Accommodation in the City shall apply for a new Licence, or a renewal Licence, by providing the following, to the satisfaction of the Licence Manager:

- i. if the Applicant is:
 - a. The property owner: proof of ownership of the property satisfactory to the Licence Manager.
 - b. The owner of a condominium unit: proof satisfactory to the Licence Manager that Short-term Accommodations are permitted by the condominium board, and/or
 - c. A tenant: signed authorization from the owner, landlord, or property manager, to permit the operation of a Short-term Accommodation to the satisfaction of the Licence Manager.
 - d. An agent of any of the above: proof that the Person described in a, b, or c has delegated their authority to said agent to act as the applicant on their behalf, along with the material(s) required in a, b, or c;
- ii. a completed application form as provided by the City of London;
- iii. the name, telephone, and email address of the applicant along with the address of the proposed Short-term Accommodation;
- iv. government issued identification or other documentation along with a signed declaration to demonstrate that the Short-term Accommodation is the Licensee's Principal Residence, or on the same premises as their Principal Residence;
- v. payment of the licence application fee and any other applicable fees, taxes, outstanding Administrative Monetary Penalties or invoices;
- vi. an insurance certificate demonstrating general liability insurance for the operations of the Short-term Accommodation against claims filed against the Applicant with respect to bodily injury, including personal injury and death, and property damage with a per occurrence limit of at least \$5,000,000. The City must be

included as an additional insured under this policy but only with respect to the operations of the Short-term Accommodation;

vii. an indemnity in favour of the City from and against claims, demands, losses, costs, damages, actions, suits, or proceedings that arise out of, or are attributable to, the Short-term Accommodation, which shall be in a form satisfactory to the Licence Manager;

viii. any other information or documents deemed necessary by the Licence Manager.

5.0 REQUIREMENTS FOR LICENCEES

5.1 In addition to all the requirements set out in this By-law, every Short-term Accommodation Licensee shall:

- i. Post and include the valid Business Licence number issued by the City of London in a conspicuous place and within any medium or material used to market, advertise, or broker the Short-term Accommodation;
- ii. Provide to every guest staying in the Short-term Accommodation a local emergency contact of a person available during the guest's entire rental period;
- iii. Post any and all "Fire Safety Information" material, provided by the London Fire Department, within the Short-term Accommodation at the locations and in the manner specified.
- iv. Issue an invoice, contract, receipt, or similar document to all guests that includes the valid business licence number for the Short-term Accommodation and the nightly and total price charged for each individual rental.

5.2 Every Person shall take down, remove, or cease to advertise a Short-term Accommodation that is not in compliance with this By-law.

6.0 RECORDS RETENTION

6.1 In addition to all the requirements set out in this By-law, every Short-term Accommodation Licensee shall maintain a record of each concluded transaction related to their Short-term Accommodation for at least three years following the date of the transaction. A transaction is concluded on the last day of the rental period. The records retained shall include the following:

- i. A copy of all the invoices, described in 5.1 iv., above;
- ii. A statement which clearly indicates:
 - (1) the total number of nights the Short-term Accommodation was rented in each individual calendar year;
 - (2) The nightly and total price charged for each individual rental, and;
 - (3) Whether the rental was an entire-unit rental or partial-unit/room rental.

6.2 Every Licensee shall provide the information referred to in section 6.1 of this Schedule to the Licence Manager upon request.

7.0 GENERAL PROHIBITIONS

7.1 No Person shall:

- i. operate, advertise, broker, carry on the business of, or permit the operation, advertising, brokering or carrying on the business of a Short-term Accommodation unless the property is the Principal Residence of that Person;
- ii. operate, advertise, broker, carry on the business of, or permit the operation advertising, brokering, or carrying on the business of a Short-term Accommodation unless the City of London Short-term Accommodation Licence is active and valid.
- iii. represent to the public that a premises is licensed under this By-law if the premises is not so licensed.

7.2 No Licensee shall:

- i. book or reserve more than two (2) unrelated or unassociated Persons as separate guests in a Short-Term Accommodation in the same Dwelling at the same time.
- ii. contravene or fail to comply with a term or condition of their Licence imposed under this By-law;
- iii. operate or advertise a Short-term Accommodation while the Licence issued under this By-law is under suspension;
- iv. advertise, broker, or otherwise carry on the business of more than one Short-term Accommodation at the same time, or;
- v. transfer a License to another Person.

7.3 This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on Month, Day, 2022

Ed Holder
Mayor

Michael Schulthess
City Clerk

Appendix 'B'

Bill No. ##
2021

By-law No. A-54-

A by-law to amend By-law No. A-54, as amended, being "A by-law to implement an Administrative Monetary Penalty System in London" to provide for an amended Penalty Schedule "A-5" for the Business Licensing By-law for the category of Short-term Accommodation Platform.

WHEREAS section 434.1 of the Municipal Act authorizes the City to require a person, subject to conditions as the municipality considers appropriate, to pay an administrative penalty if the municipality is satisfied that the person has failed to comply with a by-law of the municipality;

AND WHEREAS the Municipal Council considers it desirable to enforce and seek compliance with the designated by-laws, or portions of those by-laws, through the Administrative Monetary Penalty System;

AND WHEREAS the Municipal Council on June 25, 2019 passed By-law No. A-54, being "A by-law to implement an Administrative Monetary Penalty System in London;"

AND WHEREAS the Municipal Council deems it appropriate to amend Bylaw No. A-54 with respect to Schedule "A-5" for the category of Short-term Accommodation Platform.

NOW THEREFORE the Council of The Corporation of the City of London enacts as follows:

- 8 That Schedule "A-5" of By-law No. A-54, being the Penalty Schedule for Business Licensing By-law be amended to include the following rows, after row 154:

Column 1 Item #	Column 2 Short Form Wording	Column 3 Designated Provision	Column 4 Administrative Penalty Amount (\$)
155	Operate Short-term Accommodation Platform without current valid licence		500.00
156	Contravene or fail to comply with By-law regulation – to wit		300.00
157	Contravene or fail to comply with administrative regulation – to wit		300.00

At the discretion of the Officer, fines may be doubled for any and all subsequent repeat offences.

- 9 This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on Month, Day, 2022

Ed Holder
Mayor

Michael Schulthess
City Clerk

Fire Safety at Your Home Away from Home

Peer-to-peer hospitality services, such as Airbnb, Vacation Rentals by Owner and other types of vacation rentals are not regulated in the same way as hotels. Requirements vary widely across jurisdictions. Act as your own safety advocate and know before you go. Be sure the following safety measures are addressed.

SAFETY TIPS

- ✓ Working smoke alarms are in every sleeping room. They are outside each separate sleeping area. They are on every level of the home.
- ✓ Working smoke alarms are interconnected, if possible. When one alarm sounds, they all sound.
- ✓ Portable fire extinguishers are in the home and are easy to reach.
- ✓ Working carbon monoxide alarms are outside each separate sleeping area. They are on every level of the home and in other locations as required by laws, codes, or standards.
- ✓ The owner has posted a floor plan. It notes all escape routes and exits and provides emergency contact information.
- ✓ Everyone knows the address of the home.
- ✓ Everyone staying in the home has identified two ways out of every room and how to escape in an emergency.
- ✓ All doors and windows that lead outside are able to be opened.
- ✓ An outside meeting place has been chosen. It is a safe distance away from the home.
- ✓ Everyone knows how to call 9-1-1 or the local emergency number from a cell phone from outside.
- ✓ If smoking is allowed, a smoking area has been designated and is well away from the structure. Deep, sturdy ashtrays have been provided.
- ✓ All pathways are free and clear of tripping hazards.
- ✓ Electrical outlets are free from multiple cords and adaptors.
- ✓ The stovetop is clear. Anything that can catch fire is not near the stovetop, such as curtains and towels.

WINDOW AND DOOR ALERT!

Be on the lookout for rooms with tiny windows. These are too small to serve as a means of escape.

Security bars on doors and windows can trap people in a fire. Make sure any security bars have quick-release devices. Tools, keys, or special efforts should not be needed to open them.

KNOW BEFORE YOU GO

Peer-to-peer hospitality services are not regulated in the same way as hotels. Requirements vary widely across jurisdictions. Do your homework before making a reservation. Check online to see your travel destination's regulations for rental properties. Ask your host if the property meets the regulations. Discuss other safety concerns you may have.

Check the forecast in case of storms that could cause power outages; assure the property has equipment (batteries, lanterns, etc.) in the event of a power outage.



NATIONAL FIRE PROTECTION ASSOCIATION
The leading information and knowledge resource on fire, electrical and related hazards

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