

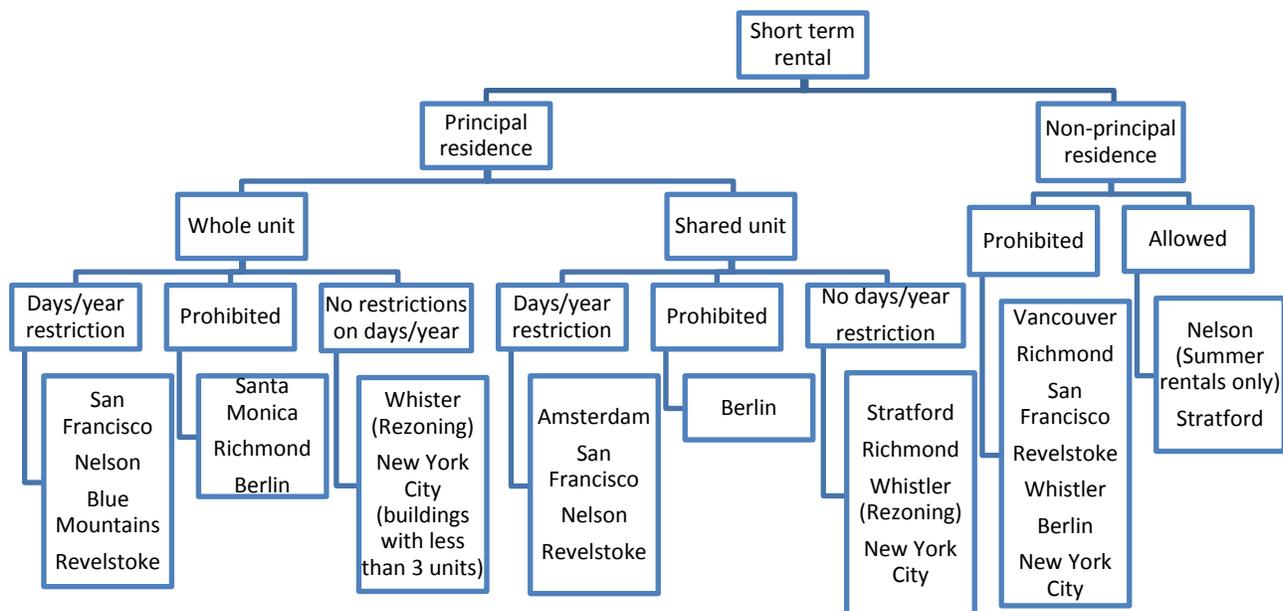
# Learning From Others

## Introduction to short-term accommodations (STAs)

Communities across the world are learning how to manage the opportunities and challenges presented by short-term accommodations (STAs). STAs are private, residential dwellings that are rented to provide temporary accommodation. There has been a recent increase in the popularity of websites such as Airbnb, VRBO, Roomorama, and others that provide a platform for hosts to list STA properties. Frameworks for regulation have only begun to emerge in Canada. While there are some common provincial and federal laws that need to be followed by everyone in the business of nightly accommodation, the permission to allow STA use in residential dwellings is mainly addressed by local governments.

Municipalities' ability to zone land, regulate business, and create nuisance rules (e.g. noise bylaws) enables them to manage STAs. A mix of leading practices and specific community goals and local circumstances, as informed by residents and other stakeholders, typically determines the direction taken by a municipality. As a way to provide perspective and generate ideas, a series of international, Canadian and Ontario-based case studies are presented in this "Learning From Others" background document that focuses on the main themes of STAs. The main themes include impacts on long-term housing, the hospitality industry, and neighbourhoods.

**Why learn from others?** Looking at what other municipalities have done across Ontario and the world allows us to see what policies have worked well for what issues, and lets us modify the most successful tactics for a Made-In-Kingston solution.



# Learning From Others

## Approaches for potential impacts on...the Housing Market

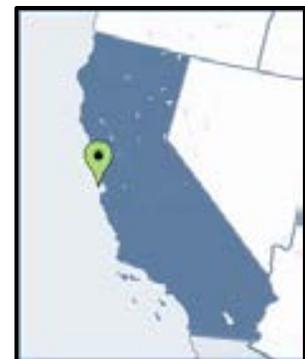
**Toronto, Ontario** has begun to develop a regulatory framework for STAs in conjunction with the hotel industry and corporations such as Airbnb. The currently proposed regulations include limiting short-term accommodations (STAs) to:

- A maximum of three rooms in a home, or an entire house
- The renter's principal residence
- No more than 28 days at a time (1 month)
- Hosts will have to register with the City, pay an annual licensing fee, and remit tourist taxes to the City



**Whistler & Revelstoke, British Columbia** are two mountain resort communities in British Columbia. Both allow only for STAs under a zoning amendment, to be considered on a case by case basis. Whistler has approved roughly 30 cases to date and Revelstoke has approved approximately 125 units, generally one unit per property in residential areas. This is a public process that allows the municipality to review the merits of each application. Whistler does not want STAs in the majority of residential areas, and only allows them in mixed residential/tourist accommodation zones. Revelstoke stipulates a maximum of 120 days (4 months) per year for rentals, and the intent is for the unit to be a primary residence for the remainder of the year. The 120 day limit was based on the maximum number of days before BC Assessment considers the rental operation as commercial, and is taxed.

**San Francisco, California** only permits STAs in homes rented by the permanent resident with a minimum residency of 270 days (9 months) per year. Use is restricted to permanent residences so that there is minimal, if any, impact on long-term rental housing. This policy emphasizes the importance of protecting the housing supply in San Francisco's competitive market, and minimizing the number of tenant evictions due to conversions to STAs. San Francisco provides a good example of the staff time required to implement residency restrictions, employing six dedicated staff members in the Office of Short-Term Rentals. The City has to date assessed over \$1.5 million in penalties, with most fines under \$1,000.



# Learning from others

## Approaches for potential impacts on ...Hospitality Industry

Traditional regulations and taxes, including those established for bed and breakfast accommodation or hotels, have seldom been applied to hosts or web platforms offering short-term accommodations (STAs.) Traditional accommodators can be disadvantaged by STAs that do not comply with the regulations and building standards, or pay into tourism promotion levies or hotel tax programs. STA operators have noted the many benefits to their local community, including:

- Providing supplemental income to homeowners to support mortgage payments
- Creating a market for those that cannot afford hotels
- Encouraging visitors to stay in different areas of a community
- Enabling visitors to stay for longer periods of time

**Ottawa, Ontario's** hotel industry hopes to see the City institute a licensing regime where individual properties are licensed by the City, pay HST and the local 3% Destination Marketing Fee, and abide by the zoning and health and safety regulations hotels must follow. However, critics of this approach argue that Airbnb provides additional capacity for the City when it hosts major events, such as the Canada 150 celebration. The City of Ottawa had to open its community centres and parks up to tourists for rental during the Canada Day weekend, as there was not enough hotel capacity to handle the anticipated crowds. It is believed that STA platforms such as Airbnb can be useful in helping Ottawa provide additional space for visitors.



**Stratford, Ontario** is well-known for its annual summer-time Shakespeare Festival. While this festival contributes substantially to the City's economy, the city of 30,000 people is too small to support larger-scale hotels throughout the rest of the year many visitors to the festival stay in surrounding cities that can support larger hotels year-round., like Kitchener-Waterloo and London. This has led to a perceived loss of potential revenue and tourism dollars for Stratford. Stratford

has initiated a study into promoting the use of STAs by its residents as a means of increasing their individual incomes, and increasing the number of tourists who stay in the City during the festival. The study intends to make it easy for residents to understand where and how they can operate STAs, and to promote their uptake.

# Learning from others

Approaches for potential impacts on...Neighbourhoods



**Town of The Blue Mountains, Ontario**, known as a ski resort town, has experienced tremendous pressure and challenges in terms of noisy cottage rentals, unruly behaviour, and other tourism-related problems. Consequently, they have instituted one of the most prescriptive short-term accommodation (STA) regulatory frameworks in Canada.

The framework permits STAs in specific residential zones only, for no more than 30 days per year.

These properties are licensed by the Town, inspected annually, and must maintain minimum property standards. The framework includes a demerit point system for various infractions by STA operators and guests, with licenses revoked if too many points are issued. Depending on the severity of the actions that led to revocation, the operator may not be permitted to reapply for a license. The Department of By-law Services prioritizes the enforcement of their framework, and tracks STA websites such as Airbnb, VRBO, and others daily to ensure nobody is operating in the Town illegally. Punishments for operating illegally or committing offences contrary to the framework range from demerit points to fines of up to \$5,000.



**Nelson, British Columbia** had additional concerns about “gutting a neighbourhood” by allowing too many STAs in one area. , they implemented a licensing system allowing rentals in selected residential, mixed use and commercial zones for 1 guest room, 2 guest room, and guest home/suite rentals. The hosts must be permanent residents of the property, except for summer rentals that accommodate student rentals during the rest of the year. Those with 3 or more guest rooms require rezoning. There is a cap on the number of licenses in total. There is also a limit of three licenses per block. There is no cap for 31-day licenses but these are limited to only one per property per year. The 31-day license system allows for short term rentals for one continuous 31 day period. Their bylaw requires a local contact person and a \$500 deposit for security

against costs incurred for enforcement actions, hearings or investigations.

# Learning from others

## Approaches for potential impacts on...Neighbourhoods

The effects of STAs in **Amsterdam, the Netherlands** move beyond concerns of individual operators, and into the realm of broader urban planning. Some neighbourhood businesses are arguably shifting away from serving residents towards the more profitable tourism industry. Cases of bike rental shops replacing local grocery stores are common in Amsterdam, and City planners are concerned that in conjunction with rising housing costs, the central core is becoming unsupportive of local residents.



Amsterdam has recently signed an agreement with Airbnb to collect tourist taxes, remove listings where Council has intervened because of complaints, and to inform users of the City's rules. STAs are limited to 60 days per year, with a maximum of four guests at any time.

### **Identified benefits of short-term accommodations:**

- More accommodation options for visitors
- Creating a market for those that cannot afford hotels
- Additional disposable income for property owners
- Increasing local economic tourism activity
- Enabling visitors to stay for longer periods of time
- Efficient use of under-utilized properties

### **Identified challenges of short-term accommodations:**

- Noise and security concerns due to transient visitors
- Increased cost and decreased availability of housing
- Unfair tax/fee advantage over traditional operators
- Safety and fire hazards due to potential overcrowding
- Property standards and maintenance issues

# Learning from others

## What we've learned

**Every municipality has unique needs and concerns when approaching STAs. We need to understand what Kingston's challenges and opportunities are in order to find a solution that works for us.**

<b>Housing Considerations</b>	<b>Hospitality Industry Considerations</b>	<b>Neighbourhood Considerations</b>
<b>Residence Type</b>	<b>Tourism Development</b>	<b>Enforcement</b>
<ul style="list-style-type: none"> <li>• Primary residence v. no residency requirement</li> <li>• Type of housing form</li> <li>• Shared units v. whole units</li> </ul>	<ul style="list-style-type: none"> <li>• Use STAs as a method for inducing tourism activity with alternative options</li> <li>• Regulate STAs to protect existing accommodators</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce a demerit points system for imposing fines and revoking licenses</li> <li>• Create a department specifically for enforcing STA regulations</li> <li>• Use existing nuisance and property standards bylaws</li> </ul>
<b>Duration</b>	<b>Taxation &amp; Fees</b>	<b>Guest Regulations</b>
<ul style="list-style-type: none"> <li>• Frequency (how many bookings)</li> <li>• Length (restrictions to how long for a booking)</li> <li>• Timing (Permitted during certain times of year)</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a fee schedule for STA licensing that creates a more equitable taxation structure</li> <li>• Create a licensing fee-remittance system with STA operators based on total nights stayed/bookings</li> </ul>	<ul style="list-style-type: none"> <li>• Number of units per STA</li> <li>• Limit the number of guest rooms permitted per STA</li> </ul>
<b>Zoning &amp; Licensing</b>	<b>Zoning &amp; Licensing</b>	<b>Zoning &amp; Licensing</b>
<ul style="list-style-type: none"> <li>• Limit number of STAs</li> <li>• Restrict permitted locations</li> <li>• Site-specific approval</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial v. Residential zones</li> <li>• Fire, safety, and other inspections for STAs</li> </ul>	<ul style="list-style-type: none"> <li>• Limit concentrations of STRs</li> <li>• Concentration of STAs in specified areas</li> <li>• Site-specific approval</li> </ul>

# Learning from others

## Limitations & Next Steps

The examples provided in the “Learning From Others” series outline various avenues for regulating and approaching the STA industry. However, not all of these options are currently applicable to Kingston’s context. For example, while American counties and cities have the authority to administer and collect taxes beyond simple property taxes, the *Municipal Act* in Ontario does not provide Kingston the authority to tax STAs.

An additional limitation could be the willingness of Airbnb and other STA corporations to enter into regulatory agreements with the City. While it would be within Kingston’s rights to pursue these corporations legally if they contravene any regulations established by the City, it may not be possible or pragmatic to enforce these regulations. The City of San Francisco has had to dedicate six full-time staff to managing their STA department, and Kingston would similarly have to devote staff time to enforcing regulations passed by the City.

**Consultation with the public and key stakeholders is critical to determine the key concerns regarding STAs in Kingston.**

When considering a regulatory framework for STAs it is important to consider the issue that the regulations are intended to address and the resources available to achieve these objectives. This series provides case studies of jurisdictions across the world that focus on issues most applicable to their communities. The communities in this report provide examples of how to regulate specific issues; however, the amount of staff time and resources required for enforcement and implementation must be weighed against the benefits of regulation.

## BIG QUESTIONS

- What are the key issues for STAs in Kingston?
- How should Kingston manage STAs in the City?
- Where should STAs be allowed?
- What restrictions should apply to address key issues?
- What enforcement framework is the best fit?

### What do you think?

In order to address these questions we want you to join the conversation as we move towards drafting policy for STAs in Kingston. Send your questions, concerns, and ideas to us at:

**[jbudd@cityofkingston.ca](mailto:jbudd@cityofkingston.ca)**