



# The Corporation of the Town of Milton

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Report To: Council

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From: Meaghen Reid, Director, Legislative & Legal Services/Town Clerk

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Date: June 20, 2022

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Report No: CORS-053-22

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Subject: Short Term Rental (STR) Licensing By-law

**Recommendation:** THAT the necessary by-law, included on the June 20, 2022 Council meeting agenda, be considered for approval;

THAT the licensing fees as set out in this report be approved and included in Town's User Fee By-law at the next available opportunity;

THAT the necessary additional temporary staffing resources (i.e. part time noise and parking officers hired for an 18 month pilot), be approved to ensure compliance of new and existing regulation is maintained at an estimated total cost of \$80,000, funded from the Tax Rate Stabilization Reserve.

## EXECUTIVE SUMMARY

This report brings forward the recommended Town-initiated licensing by-law as a result of the short-term accommodation rental review. The associated zoning amendments have been presented to Council to create a framework for short-term rentals and will align with the proposed licensing by-law to license, regulate and govern short-term accommodation rentals. The proposed zoning by-law amendments were presented at a statutory public meeting on May 30, 2022 and the technical report is also part of this Council meeting agenda for final consideration.

A Short Term Rental (STR) Licensing By-law has been drafted by staff and is being presented to Council, following consideration of jurisdictional scans, regulatory review and consideration of enforcement resources. Additional staffing resources for an 18 month pilot period is being recommended to address community concerns related to short term rentals focusing on the immediate response to noise and parking matters.



## REPORT

### Background

Short-Term Rental (STR) is defined within the proposed zoning by-law amendments as the rental of a dwelling unit or part thereof offering short term lodging for compensation for 28 days or less that does not provide meals or other commercial services. An STR does not include a bed and breakfast establishment. Over the past decade, there has been an increase in the use of STR with the growth of web-based companies that connect people with available short-term accommodations. Staff Report DS-054-21 was received for Council's information on June 21, 2021. This same report recommended that staff return to Council with an implementation strategy for the regulation of STRs. On February 7, 2022, staff provided a project update and requested Council endorsement to implement a STR licensing by-law, a licensing program to address current and future challenges and the necessary planning policy changes.

At the time of writing this report, there is an estimated twenty-five (25) STRs in Milton. This estimate is based on the research conducted through the staff review process. Seven (7) companies have been advertising listings through online platforms. These companies include Airbnb, Expedia, FlipKey, VRBO, HomeAway, Home to Go and Kijiji. The exact number of companies and the market share for listings changes regularly however Airbnb seems to hold 59 % of the listings.

The associated zoning amendments have been presented to Council to create a framework for short-term rentals and will align with the proposed licensing by-law to license, regulate and govern short-term accommodation rentals. The proposed zoning by-law amendments were presented at a statutory public meeting on May 30, 2022 and the technical report is also part of this Council meeting agenda for final consideration.

### Discussion

The need to license STR resulted from an increase in resident complaints about unkempt properties, noise and parking problems stemming from short-term accommodation rental properties. Without licensing provisions in place, staff are unaware of current STR locations until after complaints are received. In addition, without licensing provisions in place, gathering evidence related to nuisance offences presents challenges and may often result in members of the community having to gather evidence and testify in court. Licensing STR will provide enforcement staff with additional tools to ensure compliance of all regulatory legislation is met and maintained.

Jurisdictional Scan: Within the Region of Halton, the Town of Oakville has STR licensing requirements in place. Staff also reviewed the following jurisdictions outside of Halton Region: the City of Brampton, City of Mississauga, City of Vaughan, City of Kingston, City of Guelph, City of Kitchener, City of Oshawa, Town of Caledon and the Town of

## Discussion

Niagara on the Lake (see Appendix A). The following are the key findings of the jurisdictional scan:

- Six of twelve jurisdictions do not have STR regulations at this time
- Five of the six include principal residence requirements
- Six define short term rental periods less than 30 days
- Six require an owner license
- Two of the six municipalities require the platforms to be licensed

To date, it would appear that one STR company has been licensed, however, it would be unlikely that all twenty (20) identified STR companies would ever license in any one jurisdiction. In Canada, the most mature regulatory framework is the City of Vancouver, followed by the City of Calgary. Both jurisdictions have limited their licensing requirement to STR owners only and the recommendations in this report align with those models.

Regulatory Overview: The proposed licensing by-law provides a new layer of enforcement that currently does not exist in Milton.

The introduction of STR regulations will assist by:

- Introducing early education of by-law requirements attached as Appendix B (Good Neighbour Agreement, Rental Acknowledgement and Code of Conduct)
- Requiring principal residence information at the beginning of the application process
- Obtaining a certificate of occupancy
- Annual life safety inspections conducted by Milton Fire Department
- Off-street parking requirement (one additional space per rental)
- Applicant/ Owner information (i.e. full name, municipal address, telephone number and email address)

### Licensing Overview (Company):

STR companies (i.e. Airbnb, Expedia, VRBO, HomeAway) will not be required to obtain a business license to advertise STRs in Milton, as part of the draft by-law requirements. This is due to potential cross-jurisdictional and international governance challenges. The proposed licensing program will require that the STR owners be licensed for the following reasons:

1. An STR Owner licensing program will provide all of the necessary controls needed to address STR related issues.
2. There is likely a greater opportunity for compliance with licensing STR owners than international or national STR companies. An STR company License adds an administrative layer of complexity where the costs would likely outweigh any potential benefits.
3. The existing voluntary agreements that have been established with the primary STR company (Airbnb) is mutually beneficial and has shown to be effective in other municipalities over the past two years.

## Discussion

Staff will continue to monitor and assess other regulatory frameworks and, if required, will consider an STR company license in the future.

### Licensing Overview Owner:

It is recommended that a STR licensing by-law be established for owners. An owner means any person/ corporation who is a registered beneficial owner of a property or who leases, rents, occupies, maintains, manages, receives rent from or otherwise controls the property.

With the proposed licensing by-law, the Short Term Accommodation Rental owner is required to:

- Be at least 18 years of age or older.
- Provide basic information, including contact name/information and address/contact information to the Licensing Officer for contact person available 24hrs/day, seven days/week.
- Person of contact must respond to calls from Town Enforcement or Police within the same calendar day hours.
- Provide declaration that the address is their principal residence.
- Provide declaration that tenant/condo owner's rental agreement or condominium by-law do not prohibit STRs.
- Provide approved government issued identification at time of application.
- Keep records of all STR activity and, if requested, provide those records to the Town
- Provide 24hrs/day, seven days/week emergency contact information to guests.
- Cap the number of guests per accommodation to two persons per bedroom.
- Pay the initial registration fee and ongoing annual renewal fee as outlined in the Town's User Fee By-law.
- Comply with all Federal, Provincial and Municipal laws including regulations set out within this and any other municipal regulations
- Remove all online listings and advertisements when directed to do so.

The licensing by-law will require that the property owner provide declaration that the address, in which the owner has applied for a short-term accommodation rental, is the principal residence of the owner. Property units purchased solely for the purposes of being a short-term rental would not be permitted. As such, housing stock should not be impacted as a result and there could be less impacts to communities i.e. avoiding neighbourhoods with properties solely used for short-term accommodation rentals.

## Discussion

Enforcement Objectives: The recommended regulatory framework will support the following objectives:

1. Ensure public safety
2. Maintain community standards
3. Improve public complaint response
4. Ensure by-law compliance
5. Maintaining community character
6. Creating accountability in the home sharing market
7. Permitting responsible home sharing

Enforcement Plan Current Resources: With existing resources, response to public complaints could take up to 2 to 4.5 days, which is consistent with similar complaint response times for matters involving community standards, noise and businesses operating without a municipal license. Priority complaints related to public safety will be investigated in collaboration with municipal partners. Complaints that present a continuation of an offence, such as a house party, or an immediate public safety concern may be directed to Halton Regional Police Service. Town staff have consulted with Halton Regional Police and will continue to collaborate with enforcement response.

Enforcement Plan Additional Resources: An additional enforcement staffing resources for an 18 month pilot period is recommended to address community concerns related to short term rentals focusing on the immediate response to noise and parking matters. With an additional non-permanent part time compliment the Officer could:

- Proactively identify unlicensed rentals
- Proactive monitoring of licensed rentals
- Investigate complaints at the time of the infraction removing the need to have a witness testify during court proceedings
- Provide immediate response to noise and parking complaints outside of core service hours

Education: The key success measure will be the STR licensing compliance rates. Working with Strategic Communications, audiences will be reached through standard channels including, social media, media relations, website updates, and online material. Collaboration with Economic Development will also aim to leverage stakeholder outreach to encourage licensing.

The education plan will have three primary audiences and each will have a specific area of focus:

1. Residents: Informing the public of the general by-law requirements and the public complaint process.

## Discussion

2. STR owners : Informing owners of the specific STR by-law requirements and the online business licensing requirements (Good Neighbour Agreement, Rental Acknowledgement and Code of Conduct)
3. STR companies: Seeking the voluntary support in educating their customers.

Implementation, Monitoring and Assessment: As mentioned previously, a pilot model is recommended for 18 months due to several variables that will impact both revenues and operating costs. These variables include:

- Licensing compliance rates: The proactive enforcement model will ensure that all STR owners will eventually be licensed over time.
- Total number of licenses: The number of short term rentals in Milton continues to increase
- The impacts of COVID-19 have not been fully realized and more time is required to accurately project the number of applicants and the associated licensing revenues.
- Public complaint volumes: A new STR by-law and education campaign is likely to cause an increase in the number of public complaints. A substantial increase in annual public complaints would require additional enforcement staffing resources.
- Proactive investigations and enforcement: This type of activity will be resource intensive especially if provincial offence charges are laid. However, if the initial compliance rates are high and proactive enforcement is not required, fewer resources may be required in the future.
- Penalty revenues: Based on the recommended fines and administrative penalties, the penalty revenue has a wide potential range and is linked to the other variables mentioned above.

In addition to measuring these variables, the 18 month monitoring and assessment period will also:

- Fully develop and implement all regulations, policies and standard operating procedures required to realize the stated objectives in this report.
- Measure service levels that include: initial response, average staff time per file and complaint resolution times in order to determine the effectiveness of the model.
- Evaluate other jurisdictional frameworks and monitor changes within the industry.

It is estimated that the staffing and related costs over the 18 month monitoring and assessment period will be approximately \$80,000.



## Discussion

### Licensing Fees

Based on an analysis of staff time and associated costs of issuing short term rental licenses, staff have developed the following recommended fee schedule to recover the full cost of the permitting process.

Short Term Rental - Initial Application	\$447.10
Short Term Rental - Renewal Application	\$315.10

The proposed fees were benchmarked against other surrounding municipalities and found to be consistent with market comparators. These fees would be included in the Town's User Fee By-law and would be subject to annual inflationary increases through the annual updates to the User Fee By-law.

## Financial Impact

The implementation of the Short Term Rental By-law will result in costs to the Town associated with administration of the By-law both in terms of permitting activity as well as enforcement.

Over the 18 month monitoring and assessment period, costs are expected to be \$80,000. It is recommended that during this period those costs be offset with funding from the Tax Rate Stabilization Reserve such that additional pressure is not placed on the operating budget. Following the assessment period a review of long term staffing needs will be completed and any permanent staffing needs will be considered through the 2024 budget process.

At an estimated number of 25 STR's the annual permit revenue is expected to be approximately \$8,000 which would offset a portion of the staff costs. Non-compliance could also result in additional penalty revenue. Once the proposed By-law is approved, staff will make application for fines. Set fines are approved by the Ministry of Attorney general. It is best practice that fines fall in line with municipal comparators.

Respectfully submitted,

Troy McHarg  
Commissioner, Corporate Services



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For questions, please contact: Mary Beth McMullen, Manager, Phone: Ext. 2133  
Licensing and Enforcement  
Mary Beth McMullen

## Attachments

Appendix A - Municipal Comparators  
Appendix B - Good Neighbour Agreement

Approved by CAO  
Andrew M. Siltala  
Chief Administrative Officer

## Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.