

Municipality of Chatham-Kent

Department Name

Division Name

Information Report

To: Mayor and Members of Council
From: Nancy Havens, Manager, Licensing Services
Date: April 29, 2024
Subject: Short-Term Dwelling Rentals Options

This report is for the information of Council.

Background

At the September 26, 2022, Council meeting an Information Report on the results of the Short-Term Dwelling Rental (STR) Survey was received.

At that time, administration agreed to promote the Short-Term Dwelling Rentals Guide to assist renters, owners and public with any matters that may arise. Administration created a [webpage](#) where the [STR guide](#) is located and updated the website to keep the public informed. In addition, a [one-page quick reference guide](#) was also created for use by the public.

Though the Municipality's existing by-laws do not specifically regulate or define STR, the provisions and standards of the existing by-laws (Property Standards, Public Nuisance, Noise, etc. as listed in the STR guide) provide the Municipality with tools to address concerns and complaints when occupants of STRs have violated these by-laws.

Council referred the report back to administration *for further costing, staffing requirements and any other recommendations*. Over the last year, administration has worked with other departments to understand opportunities and challenges and reviewed other municipalities information on STRs.

Comments

What is a Short-Term Dwelling Rental (STR)?

The definition of STR varies amongst municipalities. Typically, the definition is: "of a dwelling unit or part of a dwelling unit of temporary rental or accommodation for not more than 28/29/30 consecutive days and may or may not include hotel, motel, bed and breakfast establishments."

Survey Results

A survey was conducted on Let’s Talk C-K regarding STRs in Chatham-Kent from July 27 to August 22, 2022. This information was included in the September 26, 2022 information report In summary, the [survey](#) states:

- 144 participants
- 63% of the participants were from Ward 2
- 28% of the participants (40) own a STR with over half of the STR respondents owning a STR in Ward 2
- Only 20 participants are interested in buying a property for a STR
- 85 out of 143 support STRs in Chatham-Kent
- The top drawbacks of STRs were (143 responses):

Amount	Drawback	Current Authority
78	Number of people on property	Public Nuisance By-law
75	Noise	Noise By-law
60	Parking	Parking By-law
59	Garbage	Waste and Recycle By-law
50	Fear of Personal or Property Safety	Noise By-law/Public Nuisance By-law/Criminal Code - Mischief

Under the “other comments” related to drawbacks there were 11 comments related to housing concerns such as increased demands for housing, increased housing prices preventing lower income residents from home ownership, effects on both long term housing availability and cost to rent, non-residents purchasing properties in C-K for rentals, unable to find property to purchase as primary residence, and fabric of community changes.

To summarize the survey results, the top concerns expressed by those in the survey are covered under current municipal by-laws or are a Police matter.

Complaints

Administration, Chatham-Kent Police Service (CKPS) and Chatham-Kent Fire & Rescue (CKFR) do not currently track complaints specifically to STRs.

CKPS enforces the Municipality’s Noise By-law, Traffic and Parking By-law, and Public Nuisance By-law that would relate to STRs. CKPS track generic call volumes. CKPS did a breakdown over the last several years (June to Aug for 2021 to 2023) to see if there were any trends in Erieau to get a sampling of occurrences in an area where STRs exist. June to August was picked because of the higher possible volume of calls and issues for renters. A review of these occurrences did not reveal any obvious concern that could be specifically related to STRs.

CKFR enforces the Fireworks By-law and Open Air Burn By-law along with the Ontario Fire Code that would relate to STRs. CKFR track incidents. However, there is no way of knowing if the incident is directly related to a STR or not.

Administration tracks complaints for many of the by-law matters (i.e. garbage, parking, property standards, animal control) however would not be aware if the complaints are directly related to STRs.

Administration, CKPS and CKFR are confident that the complaints regarding STRs are few.

It should be noted that online marketplaces (platforms), where the majority of STRs are advertised, such as Airbnb and Vrbo, have self-policing through a public consumer rating systems of landlords and tenants. They remove properties from their sites if serious complaints are levied or if there is a violation of their terms and conditions. Links to each of their complaint forms are provided on the municipality's STR webpage.

Zoning

Zoning regulates the use of land and buildings on property within the Municipality. It is a regulation that implements the growth and development policies of the Official Plan. Chatham-Kent's Official Plan policies support opportunities for the provision of various types of overnight accommodations, particularly in shoreline areas, to support the Municipality's tourism and economic development objectives. Therefore, zoning regulations to restrict overnight accommodations would generally conflict with the objectives of the Municipality. Restrictive zoning regulations, if adopted, would be vulnerable to a challenge should such a regulation be considered without first completing a thorough public process to review and update the community objectives and policies of the Official Plan.

Chatham-Kent Fire & Rescue

Chatham-Kent Fire & Rescue stated should Council wish to license and regulate STRs the process would require an annual inspection by Fire Services of 200 properties or more. To accommodate annual inspections, a full-time fire inspector would be required along with a vehicle and other labour related costs. Option 5 in Attachment A includes these costs.

Chatham-Kent Public Health

Chatham-Kent Public Health Unit stated under the broad authority of the provincial Health Protection and Promotion Act, the Ontario Public Health Standards Health Hazard Response Protocol, 2019, mandates that the duty of Public Health Inspectors in boarding/lodging premises is to conduct health hazard investigations on the basis of public complaint.

STRs present a low public health risk to the community. Their operation does not involve public food preparation or service for occupants; rather, occupants supply and

prepare their own food. In terms of general sanitation, these premises are similar in scope to hotel/motel rooms, which are not routinely health inspected.

Should Council choose to regulate STRs, it is recommended that the by-law be written such that initial and annual approval of these settings by Public Health is not required for licensing purposes.

Housing Services

Housing Services stated that there is some indication that STRs impact the housing market. Although this item was not specifically studied for comment in this report, Council should be aware that this concern has been raised to staff. Some opinions provide that STR purchases effectively remove a long-term residential location from the market and create a transient economy. STR owners are also still long-term owners, however the base use of the property is transient. STR hosts earn more nightly revenues from weekend or weeklong rentals than they would if the house was rented by the month or by yearly lease. This marketing strategy results in the host being willing to invest more in a prime location at the time of purchase, setting area purchase fees, due to competition, that are greater than the true market value, simply knowing that the rental revenue will quickly offset the upfront high costs.

Cities across the country are working to build more housing in an effort to restore affordability and reduce homelessness. It is important to note that while building more housing is a critical task, maintaining the current stock of long-term rental housing is of equal importance. The direct impact of STRs displacing long term rental units in Chatham-Kent is unknown at this time as we do not have a reliable way to track the number of STRs in the community.

Tourism Development

Tourism Development indicated that there is a limited number of hotel/motel rooms in Chatham-Kent and because of this, STRs are a benefit to the municipality, including bed and breakfast locations. Tourism has indicated anecdotally, visitors are also having to stay in municipalities outside of Chatham-Kent when they are coming to experience the area, due to the lack of accommodations for visitors when hotels/motels are fully booked.

STRs have the potential to increase tourism and draw more visitors to the community which in turn has a positive impact on the local economy.

Tourism Development promotes and showcases short-term rentals that are licensed only i.e. bed and breakfast and hotels and motels. Additionally, Economic Development & Tourism Services is promoting a revised Community Improvement Plan Incentive Program relating to hotel development by offering up to five years of 100% rebate on municipal taxes, recognizing the need for more hotels within Chatham-Kent.

By-law Enforcement

If Council was to implement a licensing program and by-law for monitoring and regulating STRs in Chatham-Kent, the following challenges would be anticipated:

- Compliance: project low compliance rates - administration will have to track down the property owner to comply.
- Enforcement: when STR complaints are received, the level of effort to verify a violation would be time consuming (i.e. collecting evidence, requiring individuals to attend court to testify that they were using the property for that purpose which becomes difficult if someone is living a distance away to force them to attend court. Also, sometimes they are reluctant to speak to by-law enforcement etc.)
- Definition: STR is typically occupied less than 30 days. It would be difficult for enforcement to prove that operators are compliant with the number of days.
- Evidence: Staff will require a significant amount of time and effort to be dedicated to monitoring STR platforms in order to determine if unlicensed properties are being listed. However, the use of a third-party host compliance would greatly reduce the time and effort in identifying the properties.
- Awareness: Knowing how many STRs and locations of the STRs is crucial to enforcement. There is no way to reliably determine how many STRs are currently active in the Municipality without the use of a third-party vendor to identify STRs.

Third-Party Vendor to Identify STRs

Should Council wish to license STRs the use of a third-party host compliance solution would be necessary to identify addresses of STRs in Chatham-Kent to continuously monitor the relevant STR locations. Administration received a quote in the amount of \$13,000 to provide address identification, compliance monitoring and a 24/7 hotline service for one year. Administration would be required to prepare an RFP for the services of a vendor to identify STRs in Chatham-Kent.

A third-party host is necessary because of difficulties in identifying STRs such as:

- Rental property listings are advertised across 60+ different websites.
- Manually monitoring hundreds of properties is difficult as listings are constantly added, changed or removed.
- Address data is hidden from listings, making it time consuming or impossible to locate the exact properties and identify owners.

A third-party host compliance solution offers technology and processes to monitor the STR market.

Other Municipalities

There are 444 municipalities in Ontario. Administration has reviewed 45 (10%) municipality's STR information from across the province with 24 of the municipalities from the southwestern region. Of the 24 municipalities in the southwestern region 11

license and regulate, 8 do not license, 3 are in a review process, 1 utilizes a registration only system, and 1 is currently on hold because of a zoning prohibition that is being challenged.

For the municipalities that license STRs, many of those municipalities face the challenge of low compliance. Some of the reasons are:

- By-law enforcement is complaint driven, not proactive enforcement.
- Difficulties in getting STR owners to comply such as providing all required documents to be licensed or tracking down the owner to make application for a licence.
- Lack of administrative support makes it difficult to successfully run a STR licensing program.
- Due to STR market turnover, keeping up with licensing all STRs and following up with those that have discontinued can be challenging.
- Due to required approvals from various departments (i.e. Roads, Fire, Building, Police), the application process is time consuming.
- For municipalities that license principal residences only (where the owner is ordinarily resident) the municipality may have compliance with STR licensing but there are many illegal STRs in their municipality where the owner does not reside on-site that are in operation.

Municipalities that license STRs vary on the inspections/regulations that are required such as:

- Heating, Ventilation and Air Conditioning inspection
- Electrical Safety Authority inspection
- Property Standards inspection
- Fire Self-Certification/Attestation, Fire Safety Plan, Fire inspection
- Fuel Burning Appliances inspection
- Parking Management Plan
- Proof of septic maintenance
- Good Neighbour's Agreement/Renter's Code of Conduct
- Administrative Monetary Penalty System
- Demerit Point System
- License online marketplace platforms (i.e. Airbnb, Vrbo) that advertise STRs
- License principal residences (owner occupied)
- Municipal Accommodation Tax applied
- Limit the number of STR licences permitted

Each municipality's by-law that was reviewed is unique and tailored to fit the municipality's needs.

Provincial Regulations

Currently, the province does not regulate STRs. Other provinces, such as British Columbia, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, have implemented their own form of STR regulations.

The STR market is creating serious challenges around the world with respect to housing. Some municipalities are affected more depending on the number of STRs in their area. It would be ideal if the Ontario government would implement STR regulations as this would ensure consistency across the province. Provincial regulations could ease the financial burden for municipalities as the province could absorb the responsibilities and costs of operating a licensing program for STRs.

In the August 14, 2023 Council Information Package was a resolution from the Township of Selwyn and in the November 27, 2023 package there was a resolution from the Municipality of Wawa regarding STRs. Both municipalities calling on the provincial government to move forward to legislate all third-party short-term rental brokerage companies. Also in the August 14, 2023, Council Information Package were resolutions from Town of Fort Erie and Township of Sioux Narrows-Nestor Falls regarding controls on Airbnb, VRBO and others which affect municipal rentals. The January 15, 2024 Council Information Package included a resolution from the City of Thunder Bay requesting that the Province establish a regulatory framework regarding digital platforms such as Airbnb and VRBO.

Options

Administration has reviewed several options with respect to STRs, including the pros, cons and financial impacts.

The five options are as follows:

1. Maintain Status Quo – currently, we do not prohibit, regulate or license STRs
2. Review Existing By-laws, Additional Enforcement for Existing By-laws
3. Registration Only and Tracking of Complaints
4. Regulate through Zoning – prohibit STRs in all zones
5. Regulate and License through Licensing By-law

See Attachment A for further details.

In summary, the Municipality does not currently prohibit, regulate or license STRs. The Municipality offers a [STR webpage](#) with all applicable by-laws related to STRs for both the public and property owner's information. With Option 1 Maintain Status Quo, STRs would continue to be permitted in residential zones without further regulation. A licensing by-law would not need to be passed as the municipality has a number of regulatory by-laws that already apply to the majority of concerns that may arise from STRs.

Similarly, Haldimand County Council considered a [report](#) in May of 2023 with comparable options as provided above. Haldimand's Council supported the status quo recommendation with staff continuing to monitor the issue and report back to Council at the end of the year. In December of 2023, administration provided its Council with an [update](#) on the status of STR. Haldimand has approximately 250 listings with a highest concentration of rentals along the lake, and they have received very few complaints,

similar to Chatham-Kent. At this time, Haldimand is monitoring the complaints received, dealing with complaints through existing by-laws and will update Council annually.

Administration will update the STR webpage to allow for complaints to be submitted by the public. Administration will monitor these complaints as well as other enforcement complaints to determine which are directly related to STRs to see if there is an increase in community concerns that are unable to be addressed by existing by-laws.

While various options are available, administration is of the opinion that Option 1 Maintain Status Quo offers the most flexibility, management and enforcement of STRs through existing by-laws. The top drawbacks/complaints identified in the survey results can be dealt with through the enforcement of existing municipal by-laws. Alternatively, Council may wish to consider lobbying the provincial government by writing a letter to the Premier requesting the province to license and regulate STRs.

Council Term Priorities

This report supports the following Council Term Priorities:

			
Deliver Excellent Service	Promote Safety & Well-Being	Grow Our Community	Ensure Environmental Sustainability
1.3			

Consultation

An administrative working group consisting of representatives from Licensing, Tourism, Legal Services, Chatham-Kent Police Service, Budget and Performance Services, Building Development Services, Planning Services and Economic Development provided input for this report. Chatham-Kent Fire & Rescue, Chatham-Kent Public Health and Housing Services were also consulted.

A STR survey was conducted through Let’s Talk from July 27 to August 22, 2022 The survey results and information related to STRs are set out on the Municipality’s [website](#).

Communication

Communication regarding this information report is proposed to be through the inclusion of this report on the Council agenda and related communications. The Municipality’s STR webpage will be continuously updated to keep the public informed of the latest

information regarding STRs relating to Chatham-Kent. The webpage is a great tool for owners of STRs and the public when concerns arise as the municipal by-laws are listed and information on who to contact.

Diversity, Equity, Inclusion and Justice (DEIJ)

Chair in Urban Governance, through research provides the following findings regarding [Short-Term Rentals and the Right to Housing](#). “STRs are a vector for the financialization of residential property, and therefore evictions, gentrification, and housing instability. Most STRs are operating out of housing. If they are full-time operations, they take housing off the market. If they are part-time, they increase the economic value of the housing. The operators of STRs benefit - home sharers earn some side-income and commercial operators earn more than they would have from a long-term rental. Everybody else pays more for housing and has harder time finding a house the larger the STR market is in the given city. Communities don’t object to STRs, they object to STRs making their housing situation worse. And the evidence is clear that STRs are making a lot of people’s housing situation worse.”

The Municipality is actively engaged in addressing the larger issue of access to attainable and appropriate housing in Chatham-Kent. The issue of community fabric may speak to belonging. The Municipality could work with residents in areas with larger numbers of STRs to keep communication open and can continue to support community building efforts in those communities. A balance is needed between trying to welcome tourists and maintaining housing and strong communities for residents.

Financial Implications

This report is for information only, therefore there are no financial implications. The Budget Analyst indicated that there are no financial implications for remaining status quo. Attachment A sets out the financial implications for all options.

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Attachments: Attachment A - Options