

Development Services Report DS2024-34

To: Committee of the Whole Council
Date: December 3, 2024
Subject: Short Term Rental Accommodations
Origin: Development Services, By-law Branch

Recommendations

1. That Development Services, By-laws Branch Report DS2024-34, dated December 3, 2024, entitled "Short Term Rental Accommodations," be received; and
2. That Council directs the Town to continue managing short-term rental accommodations through enforcement of the existing regulations under the Town's Zoning By-law as outlined in Development Services Report DS2024-34; and
3. That the enforcement of short-term rental accommodations, as outlined in DS2024-34, be reviewed in one year's time to assess any changes.

Purpose

The report is being presented to the Committee of the Whole Council to provide a comprehensive update on the Town's current administration and enforcement of Short-Term Rental Accommodation (STRAs). It includes information on current regulations, the volume of complaints received, the number of estimated STRA listings in the Town, and a comparative analysis with other municipalities.

Background

On July 23, 2024, at Municipal Council, correspondence was received from C. Hobbs dated June 1, 2024, regarding vacant and unoccupied homes in the Town of East Gwillimbury. Council directed staff to research options for a short-term rental policy with a municipal comparative and report back.

Analysis

Current Regulations for Short Term Rental Accommodation

Short Term Rental Accommodations (STRAs) are currently defined through the Town's Zoning By-law as a "dwelling unit or structure of any part thereof that operates or offers a place of temporary residence, lodging or occupancy by way of concession, permit, lease, license, rental agreement or similar commercial arrangement for any period less than thirty (30) consecutive calendar days, throughout all or any part of a calendar year. This does not include a hotel/motel, bed and breakfast establishment, tourist cabin or cottage, hospital, commercial resort unit or similar commercial or institutional use." STRAs are only permitted in mix-used zones subject to site plan approvals.

Notwithstanding the limited permissibility of STRAs, the Town's Zoning By-law also regulates bed and breakfast establishments as a similar revenue generating opportunity for property owners. Bed and breakfast establishments are to be located within a single detached dwelling that provide sleeping accommodation (including breakfast and other meals, services, facilities and amenities for the exclusive use of guests), for the travelling or vacationing public limited to three guest rooms within a single dwelling that is the principal residence of the proprietor of the establishment. Unlike STRAs, bed and breakfast uses are permitted in certain residential, rural, and Oak Ridges Moraine zones and could be subject to site plan approval.

Enforcement

The Town's By-law Branch continues to enforce the adopted regulations under the Zoning By-Law through a complaint-based approach.

Enforcement files opened for STRAs are primarily linked with concerns of parking, noise, and/or property maintenance often resolved through the following mechanisms:

- Education;
- Formal written notices;
- Charges through the Provincial Offences Court and/or injunction through external council where continued non-compliance is present;
- Changing their business practices to offer accommodations for over 30 days; or
- Ceasing operations all together.

The Town does not have any approved STRA locations at this time. The By-law Branch has received approximately 5 complaints in 2022, 9 in 2023, 9 in 2024 to date, totalling approximately 23 complaints within a 3-year span. Out of the 23 complaints, only one this year is presumed to escalate with charges through the Provincial Offences Court.

Municipal Comparison

A review was conducted of municipalities in York Region, to determine how they are addressing STRAs in their communities. This municipal comparison has been included as Appendix 1.

STRAs in the Town of East Gwillimbury

A review of Airbnb listings within the Town of East Gwillimbury, along with other STRAs sites suggest an approximate fluctuating range between 30-40 locations as of November 2024 in residential and rural zones.

While the suggested online STRA listings outweigh the number of complaints and competitors, the challenge is that investigations will only occur on a complaint basis, and without the active assistance of STRA hosting sites. Given the permissibility for STRAs is restricted to mix-used zones only, no licenses would be granted according to the suggested zones in which the approximate 30-40 STRAs are currently operating as they would not meet the Town's current zoning requirements. Investigating STRAs pro-actively with current staffing numbers, three (3) full-time Officers and one (1) administrator, will impact enforcement service levels and not see a cost recovery phase.

Hypothetically, if the Zoning By-law was amended to allow for STRAs in residential and rural areas and East Gwillimbury were to implement a STRA by-law through licensing, using the current listing numbers – approximately 40 potential STRA licenses could be issued if enforcement was pro-active. Using an average initial license fee of \$340 (based on the average fee levied by comparator municipalities), the total revenue generated would approximately be \$13,600 annually. This projected amount is unlikely to cover the costs associated with existing staff's time on each investigation annually particularly given the limited number of complaints and hosts. The remainder of the operational costs would need to be funded through increases to taxation. An example of the cost associated is located below in the Financial Implications.

East Gwillimbury's low complaint volume, limited areas of operation through the Zoning By-law resulting in limited number of potential STRA licenses, and the projected costs indicate that a dedicated STRA By-law would not be necessary or financially viable. The municipality can continue to effectively address STRA issues through existing regulations without incurring additional expenses.

Additionally, when homes are converted into STRAs, they are taken off the market for potential buyers or long-term tenants, limiting the availability of housing for those seeking permanent residence. While the current number of STRAs may not be a major driver of the housing shortage, the introduction of a more permissive by-law allowing for an increase in STRAs could exacerbate this issue. As more homeowners potentially turn to short-term rental platforms to capitalize on higher short-term rental income, it

could create further scarcity in available housing stock. This shift could also result in additional enforcement challenges and costs, as highlighted in the report, due to the need to regulate and monitor an expanding pool of short-term rental properties. Such a change would likely require increased staffing, resources, and administrative oversight to manage compliance and zoning issues associated with a larger number of STRAs, putting further strain on municipal enforcement efforts and budget.

The cost of administration, loss of available housing, and costs associated with complaints regarding misuse, exceed any potential benefits that could be achieved through licensing.

Financial Implications

The total estimated cost for managing 40 suspected STRAs is \$16,420, comprised of \$6,420 for enforcement and administration, along with \$10,000 for the necessary software.

Projected operating costs would exceed projected revenue by approximately \$2,820 based on current numbers.

For comparison, municipalities like Aurora have incurred annual costs of \$10,000 just for software monitoring not accounting for additional enforcement expenses currently. They are relying on the significant amount (178) of hosts currently advertising to recover and generate revenue. Given East Gwillimbury's current complaint levels and limited number of hosts, implementing a STRA by-law would likely result in insufficient revenue to achieve cost recovery, making it financially unsustainable.

Need For Public Consultation

There is no requirement for public consultation directly associated with this report. All agendas, reports and minutes are made available to the public through posting on the Town's website.

Alignment to Strategic Plan

Culture of Municipal Excellence

The recommendations of this report align with the Town's strategic priority of municipal excellence through ensuring strong fiscal responsibility and value for tax dollars.

Conclusion

Staff propose to maintain enforcement of the current regulations under the Town's Zoning By-law. This approach would maintain the current status of STRAs as prohibited under the Zoning By-laws, unless they comply with the requirements for bed and breakfast establishments or boarding and lodging houses. Enforcement services staff will continue to monitor and enforce existing By-laws, including Zoning By-laws, the Traffic By-law, and the Noise By-law, to address illegal STRAs.

Appendices

Appendix 1 – Municipal Comparison

Approval

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This report was approved by:

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Appendix 1 – Municipal Comparison

Municipality/ Estimated Population in 2024	Legislation for STR Complaints	Complaints (2022-2023)	Issued STR Licenses (2022-2023)	Staff Dedicated to STR	STR License Fee	Additional Software fees	Cost Recovery/ Revenue
Aurora 65,918	STR By-Law through licensing	2022: 5, 2023: 11	0 licenses issued, 178 STRs identified through Host Compliance	1 Admin with existing Enforcement Officers	Initial: \$395, Renewal: \$374	Granicus – Host Compliance, \$10,000/year	Full cost recovery, net positive from fees
Markham 364, 516	No STR By- Law (zoning & property standards)	2022: 220, 2023: 301	N/A	16 Existing Officers	N/A	N/A	Service fee for Zoning Notices on violations
Stouffville 56,583	STR By-Law through licensing	N/A	22 licenses issued	1 Licensing Officer - Existing	Initial: \$1,057, Annual: \$845, Late Renewal: \$951	Granicus – Host Compliance	Cost neutral (penalties generate revenue)
West Bradford Gwillimbury 48,000	No STR By- Law (zoning & property standards)	N/A	N/A	N/A	N/A	N/A	N/A
Georgina 52,002	STR By-Law through licensing	74 complaints	55 licenses issued	2 Licensing Coordinators, 2 existing Officers	Initial: \$550, Various additional fees (up to \$1,194.80)	Granicus – Host Compliance \$10,000	Full cost recovery from fees

Richmond Hill 217,890	No STR By-Law (zoning & property standards)	2022: 8, 2023: 23, 2024: 22	N/A	2 Officers investigating-existing staff	N/A	N/A	N/A
Vaughan 348,344	STR By-Law through licensing	2022: 83, 2023: 47	Brokers: 3, Operators/Owners: 2022: 88, 2023: 136	1 Property Standards Officer	Owner/Operator: Initial: \$200, Renewal: \$169; Broker: Initial: \$334, Renewal: \$280	None	Unknown
Township of King 28,796	No STR By-Law (zoning & property standards)	N/A	N/A	N/A	N/A	N/A	N/A
Newmarket 93,323	STR By-Law through licensing	28 complaints (since 2022)	54 licenses issued	2 Licensing Officers - existing	1-bedroom: \$107.04, 2-bedroom: \$215.15, 3-bedroom: \$322.11	Granicus – Host Compliance, \$10,000/year	Full cost recovery
East Gwillimbury 41,058	No STR By-Law (zoning & property standards)	2022: 5, 2023: 9, 2024: 9	30-40 suspected STRs	1 Admin and 3 Officers – existing	N/A	N/A	Service Fees: \$189.20 (Orders/Notices), \$190.50 (Re-inspection)