



Subject: Short-Term Accommodations

To: Council

From: Planning and Development Department

Report Number: 2022-44

Meeting Date: February 22, 2022

Recommendation:

That Planning and Development Department Report 2022-44 be received;

That the Manager of By-law Services be directed to establish an education campaign for renters, owners, and neighbours of short-term accommodations;

That Council supports the Manager of By-law Services enforcing City by-laws by directly ticketing owners in accordance with the City's by-law Enforcement Policy; and

That the City Clerk be directed to bring forward a recommendation for licensing short-term accommodations that rent two or more units.

Purpose:

The purpose of this report is to provide a recommendation regarding regulating short-term rentals in the City of Port Colborne.

Background:

A short-term accommodation is commonly accepted as a rental of all, or part of a dwelling for less than 28 days and outside of large corporate facilities such as hotels and resorts. These rentals are viewed as bed and breakfasts, cottages, and the renting of a room within a residence. These types of accommodations have increased in popularity in the past decade with rising availability of online platforms such as Airbnb, VRBO, Ontario Cottage Rentals (OCR), and Facebook which allow individuals to easily run a small business.

Many cities have run into problems with these rentals as they are often in residential areas and the property owners are not prepared to handle problem renters in the same

way that a large hotel chain may be able to. Also, these rentals can threaten the stock of rental properties in urban areas. Every municipality has different geographic features and attractions that result in municipalities being affected very differently by short-term accommodations. Many municipalities that have seen negative effects due to the increase in these businesses, or have identified a possible financial gain, have begun to regulate these properties.

Tourism in Port Colborne is located largely along Lake Erie and mostly in the East end of the City in Ward 4. This tourism area is largely seen as a cottage area with many seasonal and vacation homes occupying the fire lanes. The renting of cottages has been a common occurrence for decades with many homeowners subsidizing the financial burden of a second home by renting their property occasionally.

Staff are unaware of the exact number of short-term accommodations in Port Colborne due to the many possible rental platforms available but estimate that there are at least 100, with an additional 100 located within the Sherkston Shores Resort. A large majority of these properties and all of the Sherkston Shores properties operate exclusively in the summer months.

Discussion:

Short-term Accommodations Complaints

Staff have been monitoring inquiries regarding short-term accommodations for several years. Staff have received minimal inquiries and/or complaints about properties.

By-law Services staff coordinated with Niagara Regional Police and Fire Services to collect complaints that may be related to short-term accommodations. The following table shows complaints occurring between June 1 and Labour Day on fire lanes.

By-law			Police			Fire		
Year	Noise Complaints	Fire lanes	Year	Noise Complaints	Fire lanes	Year	Total Calls	Burning complaints on fire lanes
2021	21	0	2021	31	0	2021	77	1
2020	24	0	2020	43	4	2020	102	1
2019	15	1	2019	34	0	2019	65	0

While the data indicates that short-term accommodations are not a noteworthy problem, staff recognize that issues do occur that are not reported. By-law staff are concerned about risks associated with short-term accommodations relating to lack of familiarity with local regulations, lack of respect for surrounding areas, and a lack of water safety awareness.

Challenges with Licensing Short-Term Accommodations

Staff have investigated regulation mechanisms for short-term accommodations and have researched licensing as an option. Many municipalities have begun to regulate these businesses through licensing, and due to the diversity of the municipalities, have seen varying rates of effectiveness.

Staff have discovered a number of challenges with the implementation of a licensing regime and are concerned that licensing will not be effective in solving the common by-law issues that neighbours currently experience.

It appears that a large majority of short-term accommodations operate as respectable cottage rentals and a licensing regime could be seen as punishment to those who follow the rules. The cost of a licence may be prohibitive to those who rent their property for a minimal amount of time to supplement cottage ownership.

It is likely that licensing will not solve the complaints that residents may have since determining what constitutes a short-term accommodation and requiring the owner to obtain a licence can be challenging. Owners rent properties on a wide array of websites, through realtors, newspapers, and word of mouth. Listing the property may not prove that the property is actually being rented. Staff are fearful that the few problem properties will not get a licence and staff will spend a majority of their time ensuring compliance with the licensing model rather than focusing on compliance with current by-laws such as noise, burning, and lot maintenance.

A majority of the short-term accommodations operate within the Sherkston Shores community. The property owner already pays licensing fees as a trailer camp and operates its own security team. Due to these circumstances, staff do not recommend including Sherkston Shores in any proposed licensing regime.

The greatest challenge found by staff is the large cost of implementing a licensing regime to solve the issue of minimal complaints. Currently there are not staff resources available to implement this function. A steep increase in the number of licenses issued would require the hiring of an additional licensing clerk. In addition to administrative staff, a by-law enforcement position would be needed in order to ensure compliance. If a licensing regime is requested by Council a budget request for two additional staff members, including a vehicle, would be required. The licensing function of the City does not currently function as a cost recovery model. Even with a large license fee, the additional staff would mean that the burden of the cost would fall largely on the taxpayer.

Recommendation for Management of Short-Term Accommodations

Through research of short-term accommodations staff have established that the recommended goal is to ensure responsible ownership and to do this without hindering those who are already operating in this manner. While staff do not believe that licensing

is the mechanism that will accomplish this goal, there are recommendations that staff do believe can be implemented to create a positive experience for everyone.

Staff recommend three measures that can be used together to achieve this goal:

- Legal action against property owners
- Implement an education campaign
- Licence multi-unit short-term accommodations

Previously By-law Services staff addressed noise complaints largely through education followed by a Part 1 fine if necessary. The recent implementation of the AMPS Non-Parking System has allowed By-law staff to address complaints through the Noise By-law AMPS fining structure. Staff are recommending that this new system be used to address any noise complaints by ticketing the owner directly. It is believed that ticketing the owner will encourage responsible control of renters in the future. Any unpaid tickets by the owner would be added to the subject property's property tax invoice.

By-law staff recommend that an education campaign be initiated to target renters, owners, and neighbours of short-term accommodations. This campaign would be an aggressive campaign to ensure all involved are aware of their responsibilities as well as their rights as neighbours. Staff would create a webpage with resources for each type of stakeholder and create a social media campaign to spread the word. Paper material would also be created and circulated to targeted areas.

There is a value in the licensing of short-term accommodations where the owner is renting out multiple units. These types of short-term accommodations are more likely to operate as a full business and benefit from a Fire Services inspection. If approved, staff will bring forward this licensing model within the updated business licensing by-law in the Spring.

Internal Consultations:

Planning staff identified the ability to regulate short-term accommodations through the Zoning By-law but noted that this practice is often used in large cities to deter short-term accommodations away from more quiet residential areas. Planning staff do not recommend this method of control in Port Colborne, as the rental properties are largely found along Lake Erie where cottages are located.

Fire Services recognized that because many short-term accommodations do not meet Fire Code requirements, they present an increased safety risk for the renter. A lack of understanding of municipal by-laws, including burning requirements, also poses an increased risk.

Fire Services acknowledges the need to inspect these properties but is aware that current resources may make this practice prohibitive. Staff would like to focus on those

short-term accommodations with multiple rentals as they have been identified as the highest risk.

Financial Implications:

Staff are confident that the recommendation provided can be achieved within the parameters of the approved budget and within current time allocations.

If a full licensing regime is requested a budget approval would be required containing two full-time staff members and a vehicle. Staff estimate this option would have a total budget impact of approximately \$175,000 per year.

Public Engagement:

A survey targeting opinions on business licensing was conducted in 2021. While responses were limited several respondents indicated that they would like to see regulation of short-term accommodations in Port Colborne. Results did not contain any responses from current rental owners.

If the recommendation is approved staff will begin an education campaign in the Spring of 2022 and target renters, owners, and neighbours of short-term accommodations with a goal of gaining compliance from owners and renters as well as empowering neighbours to call the City or the Police as needed.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
 - Attracting Business Investment and Tourists to Port Colborne
 - Governance: Communications, Engagement, and Decision-Making
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Conclusion:

Staff recommend three measures that can be used together to achieve the goal of responsible ownership: legal action against property owners, implement an education campaign, and licence multi-unit short-term accommodations. Additional licensing is not recommended as the complaints do not appear to warrant the sharp increase in funding required to implement.

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.