**Agenda – Council – April 28, 2022**

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

**Item No. 5 Regulating Short-Term Rentals**

STANDING COMMITTEE RECOMMENDATION:

On April 20, 2022, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That the interim report on the findings of preliminary jurisdictional research and the next steps to develop and assess options for regulating short-term rentals in Winnipeg be received as information.

2. That the Office of Public Engagement be directed to solicit feedback from the general public, stakeholders, and elected officials on their experiences with short-term rentals, on the nature and scope of associated concerns and opportunities, and on potential regulatory solutions, and that the public engagement be funded from existing resources within Planning, Property, and Development.

3. That the Public Service be directed to review the Toronto Municipal Code Chapter 547, Licensing and Registration of Short-Term Rentals, in addition to other existing legislation and licensing models, and report back within 120 days with the following:

    A. A by-law regulating Short Term Rentals, requiring STR owners to comply with the following:

        i. list with the City each short term rental unit they are operating and their contact information

        ii. inform all immediate neighbours, including those across the street or hall, that a building or unit in a building is being used for short term rentals and to provide short term rental owner contact information to such neighbours

        iii. inform all immediate neighbours of the short term rental schedule for each new arrival and their stay duration

        iv. provide the City of Winnipeg proof of compliance with fire and safety regulations

        v. provide the City of Winnipeg with a criminal record check

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

STANDING COMMITTEE RECOMMENDATION (continued):

B. Additional regulatory options and recommendations, including any associated staffing, resource, and cost implications.

4. The Winnipeg Public Service be directed to develop, in co-ordination with the Winnipeg Police Service and the UN Women Safe Cities Global Initiative Steering Committee, information on Sex Trafficking and Human Trafficking for owners of short term rentals, similar to what is available from the City of Toronto.

5. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 20, 2022, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the matter to Council.

The following persons submitted communications:

- Jacqui Lepp submitted a communication dated April 17, 2022, in support of the matter;
- Susie Grynol, President and CEO, Hotel Association of Canada, submitted a communication dated April 12, 2022 in support of the matter;
- Paul Gagne submitted a communication in support of the matter;
- Salvador Maniquiz submitted a communication dated April 18, 2022, in support of the matter;
- Lyndsey Wallis submitted a communication dated April 18, 2022, in support of the matter;
- Allen Mankewich submitted a communication dated April 20, 2022, with respect to the matter;
- Saba Tesfamariam submitted a communication dated April 18, 2022, in support of the matter;
- Sarah Ferrari submitted a communication dated April 18, 2022, in support of the matter;
- Jasmin Dojan submitted a communication dated April 20, 2022, in support of the matter;
- Melanie Mitchell, MM Properties Wpg, submitted a communication dated April 14, 2022, with respect to the matter;
- Laurie Foster submitted a communication dated April 15, 2022, in support of the matter;
- Sara Ly submitted a communication dated April 19, 2022, in support of the matter;
- Ariel Whitehill, Resident of South River Heights, submitted a communication dated April 19, 2022, in support of the matter;
- Jason Penner submitted a communication in support of the matter.

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On April 5, 2022, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service with the following amendments:

- Delete Recommendation 3 in its entirety and replace with the following:

    "3. That the Public Service be directed to review the Toronto Municipal Code Chapter 547, Licensing and Registration of Short-Term Rentals, in addition to other existing legislation and licensing models, and report back within 120 days with on the following:

        A. A by-law regulating Short Term Rentals, requiring STR owners to comply with the following:

            i. list with the City each short term rental unit they are operating and their contact information

            ii. inform all immediate neighbours, including those across the street or hall, that a building or unit in a building is being used for short term rentals and to provide short term rental owner contact information to such neighbours

            iii. inform all immediate neighbours of the short term rental schedule for each new arrival and their stay duration

            iv. provide the City of Winnipeg proof of compliance with fire and safety regulations

            v. provide the City of Winnipeg with a criminal record check

        B. Additional regulatory options and recommendations, including any associated staffing, resource, and cost implications."

- Add the following new Recommendation 4 and renumber the remaining recommendation accordingly:

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

> "4. The Winnipeg Public Service, be directed to develop, in co-ordination with the Winnipeg Police Service and the UN Women Safe Cities Global Initiative Steering Committee, information on Sex Trafficking and Human Trafficking for owners of short term rentals, similar to what is available from the City of Toronto."

and submitted the matter to the Executive Policy Committee and Council.

The following persons submitted communications:

- Joanne Cotton submitted a communication dated November 12, 2021 with respect to the matter
- Bertrand Pauget submitted a communication dated November 22, 2021 with respect to the matter
- Melanie Mitchell submitted a communication dated April 4, 2022 in opposition to the matter.
- Laurie Foster submitted a communication dated April 1, 2022 in support of the matter.
- Gerry McKoy submitted a communication dated April 4, 2022 in opposition to the matter.
- Andrija Pavlic submitted a communication dated April 4, 2022 in opposition to the matter.
- Paul Gagne submitted a communication dated April 4, 2022 in support of the matter.
- Buchi Okoli submitted a communication dated April 4, 2022 in opposition to the matter.
- Craig Penner submitted a communication dated April 4, 2022 in support of the matter.
- Godfrey Gottfredsen submitted a presentation dated April 4, 2022 in opposition to the matter.
- Jasmin Dojan submitted a communication dated April 4, 2022 in support of the matter.
- Chibuzor Alumba submitted a presentation titled "Why Are Short Term Rentals Important?" in opposition to the matter
- Anna Maniquiz submitted a communication dated April 4, 2022 in support of the matter.
- Krysten Coyle submitted a communication dated April 4, 2022 in opposition to the matter.
- Patrick Friesen submitted a communication dated April 4, 2022 in support of the matter.

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

- Ariel Whitehill submitted a communication dated April 4, 2022 in support of the matter.
- Curtis Gottfredsen submitted a communication dated April 4, 2022 in opposition to the matter.
- Raquel Alegria submitted a communication dated April 4, 2022 in support of the matter.
- Michelle Wreggit submitted a communication dated April 4, 2022 in support of the matter.
- Salvador Maniquiz submitted a communication dated April 4, 2022 in support of the matter.
- Jason Penner submitted a communication dated April 4, 2022 in support of the matter.
- Jessica Kalinski submitted a communication dated April 4, 2022 in opposition to the matter

On October 13, 2021 the Standing Policy Committee on Property and Development, Heritage and Downtown Development:

1. Granted an extension of time of up to 180 days for the Winnipeg Public Service to report back on the following:

    A. Recommendations for regulating short-term rentals, including, but not limited to, fire and safety, land-use, and licensing requirements.

    B. A review of the Accommodation Tax By-Law No. 70/2008, which includes the following:

        i. Amendments required in order to include short-term rental properties in the collection and remittance of the Accommodations Tax;

        ii. A summary of the current regulatory situation of the short-term rental industry in the City of Winnipeg as well as other as a cross-jurisdictional scan;

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

iii. Recommendations to regulate the Industry while recognizing the importance and increasing popularity of the short-term rental market and its ability to attract visitors to Winnipeg through an expansive marketing network;

iv. Cost estimates including staffing and additional resources for implementation of enforcement policies.

2. Directed the Winnipeg Public Service to engage stakeholders, including Members of Council, throughout the process.

J. Kiernan, Director, Planning, Property and Development Department submitted a presentation titled "Regulating Short Term Rentals", with respect to the matter.

The following persons submitted communications:

- Atul Sharma submitted a presentation titled "Standing Policy Committee on Property and Development, Heritage and Downtown Development – October 13, 2021", with respect to the matter.
- Judith Blair submitted a presentation titled "Submission on Temporary Accommodation Zoning and Enforcement in R1 Residential Areas of Winnipeg outside the Downtown Area to the Standing Policy Committee on Property, Planning and Development October 13, 2021 at 9:00 a.m.", with respect to the matter.
- Melanie Mitchell, MM Properties Wpg, submitted a communication dated October 12, 2021, and October 13, 2021, with respect to the matter.

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 18, 2021, The Executive Policy Committee directed the Winnipeg Public Service to incorporate the following into the report directed by the Standing Policy Committee on Property and Development, Heritage and Downtown Development on May 11, 2021, regarding Regulating Short-Term Rentals:

1. That the Winnipeg Public Service be directed to review the Accommodation Tax By-Law No. 70/2008 and report back on the following:

    A. Amendments required in order to include short-term rental properties in the collection and remittance of the Accommodations Tax;

    B. A summary of the current regulatory situation of the short-term rental industry in the City of Winnipeg as well as other as a cross-jurisdictional scan;

    C. Recommendations to regulate the Industry while recognizing the importance and increasing popularity of the short-term rental market and its ability to attract visitors to Winnipeg through an expansive marketing network;

    D. Cost estimates including staffing and additional resources for implementation of enforcement policies.

The following persons submitted communications in support of the matter:

- Councillor Lukes, Waverley West Ward
- Anna and Salvador Maniquiz submitted a communication dated May 13, 2021
- Jason Penner submitted a communication dated May 17, 2021
- Saba Berhe submitted a communication dated May 17, 2021
- Sara Ly submitted a communication dated May 17, 2021
- Allen Mankewich submitted a communication dated May 18, 2021

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On May 11, 2021, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Assiniboia Community Committee and directed the Winnipeg Public Service to report back within 120 days on the matter.

COMMUNITY COMMITTEE RECOMMENDATION:

On May 3, 2021, the Assiniboia Community Committee passed the following motion:

WHEREAS the business of short-term rental of residential property is a rapidly growing industry in the City of Winnipeg which has been fueled by online platforms such as AirBnB;

AND WHEREAS these rental properties currently are not required to pay business tax and are not subject to inspections to ensure health and safety requirements are being met;

AND WHEREAS the health and safety of citizens and visitors to the City of Winnipeg is of paramount concern;

AND WHEREAS many other cities have implemented or are implementing regulations to mitigate the negative impact of short-term rentals;

THEREFORE BE IT RESOLVED that the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Property and Development, Heritage and Downtown Development within 120 days with recommendations for regulating short-term rentals, including, but not limited to, fire and safety, land-use, and licensing requirements.

On April 27, 2021, the Riel Community Committee passed the following motion:

WHEREAS on April 23, 2008 City Council passed the Accommodation Tax By-law No. 70/2008. The By-law came into force June 1, 2008, which sets the requirements for the application, collection and remittance of a 5% tax on accommodations within the City of Winnipeg effective June 1, 2008.

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

COMMUNITY COMMITTEE RECOMMENDATION (continued):

AND WHEREAS the intent of the Accommodation Tax is to generate revenue to support Economic Development Winnipeg, the Winnipeg Convention Centre, and special events including other organizations, projects and events that will encourage tourism to Winnipeg.

AND WHEREAS short term rental businesses in Winnipeg have not been required to collect and remit the 5% Accommodations Tax, though they offer substantially the same services that hotels and motels provide in the city of Winnipeg.

AND WHEREAS there has been significant growth of the industry locally, from $1.5 million in revenues in 2015 to $16 million revenue in 2018, and there must be a level playing field for substantively the same services that are being offered.

AND WHEREAS more than 60% of Canadians are concerned or somewhat concerned about a neighbouring home being regularly rented out through an online short-term rental platform.

AND WHEREAS this concern is shared across the country, with the highest levels coming from respondents in Ontario (69%) and British Columbia (65%), driven primarily by the perceived unfavourable impacts on neighbourhood quality of life and on personal safety.

AND WHEREAS presently, short term rental properties operate almost completely without regulation causing residents to register numerous concerns with lack of standards and practices, and that current short-term rental practices seem to slip through a number of cracks from the City's perspective.

THEREFORE BE IT RESOLVED that the Executive Policy Committee be requested to direct the Winnipeg Public Service to review the Accommodation Tax By-Law No. 70/2008 and report back within 180 days on the following:

1. Amendments required in order to include short-term rental properties in the collection and remittance of the Accommodations Tax;

2. A summary of the current regulatory situation of the short-term rental industry in the City of Winnipeg as well as other as a cross-jurisdictional scan;

**Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 5, 2022**

DECISION MAKING HISTORY (continued):

COMMUNITY COMMITTEE RECOMMENDATION (continued):

3. Recommendations to regulate the Industry while recognizing the importance and increasing popularity of the short-term rental market and its ability to attract visitors to Winnipeg through an expansive marketing network;

4. Cost estimates including staffing and additional resources for implementation of enforcement policies.

# ADMINISTRATIVE REPORT

**Title:** Regulating Short-Term Rentals – Interim Report

**Critical Path:** Standing Policy Committee on Property and Development, Heritage and Downtown Development – Executive Policy Committee – Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| B. Jasper | J. Kiernan | C. Kloepfer | M. Jack |

## EXECUTIVE SUMMARY

Short-term rentals within dwellings have increased in popularity in recent years. The growth of this emerging accommodations industry has been accompanied by a growing interest in many communities to review the extent to which short-term rental activities should be regulated.

The Public Service was directed to report back on recommendations for regulating short-term rentals in Winnipeg. This interim report provides an overview of work done to date, including the findings of jurisdictional research and best practices, and outlines next steps, including exploring a taxation and licensing framework that considers land use and other requirements.

Research on the short-term rentals industry shows that a variety of regulatory tools are relied upon, with the approach taken by a municipality being closely tied to the specific issues that each municipality is looking to address. To assist in identifying the best way to approach potential regulations for the industry in Winnipeg, the Public Service intends to carry out in-depth public engagement and stakeholder consultation to gather input on the experience with short-term rentals, on the nature and scope of associated concerns and opportunities, and on potential regulatory solutions.

The Public Service has had preliminary discussions with various stakeholders, including AirBnb, the Manitoba Hotel Association and the Manitoba chapter of the Canadian Condominium Institute.

The Public Service will consider stakeholder and public feedback as well as best practices and trends in the short-term rental industry to find a simple and direct solution that responds to the Winnipeg situation.

## RECOMMENDATIONS

1. That this interim update on the findings of preliminary jurisdictional research and the next steps to develop and assess options for regulating short-term rentals in Winnipeg be received as information.

2. That the Office of Public Engagement be directed to solicit feedback from the general public, stakeholders, and elected officials on their experiences with short-term rentals, on the nature and scope of associated concerns and opportunities, and on potential regulatory solutions, and that the public engagement be funded from existing resources within Planning, Property, and Development.

3. That the Public Service explore a taxation and licensing regime for short-term rentals that considers land use and other requirements, and report back in 180 days on regulatory options and recommendations, including any associated staffing, resource, and cost implications.

4. That the proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

At its meeting on October 13, 2021, the Standing Policy Committee on Property and Development, Heritage and Downtown Development:

1. Granted an extension of time of up to 180 days for the Winnipeg Public Service to report back on the following:

    A. Recommendations for regulating short-term rentals, including, but not limited to, fire and safety, land-use, and licensing requirements.

    B. A review of the Accommodation Tax By-law No. 70/2008, which includes the following:

        i. Amendments required in order to include short-term rental properties in the collection and remittance of the Accommodations Tax;
        ii. A summary of the current regulatory situation of the short-term rental industry in the City of Winnipeg as well as other as a cross-jurisdictional scan;
        iii. Recommendations to regulate the Industry while recognizing the importance and increasing popularity of the short-term rental market and its ability to attract visitors to Winnipeg through an expansive marketing network;
        iv. Cost estimates including staffing and additional resources for implementation of enforcement policies.

2. Directed the Winnipeg Public Service to engage stakeholders, including Members of Council, throughout the process.

This report to Council is in accordance with Section 4 of the Engage Winnipeg Policy.

## IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service will be carrying out more in-depth public engagement and stakeholder consultation in order to develop and assess options and prepare recommendations on proposed regulations for the short-term rental industry in Winnipeg. The engagement strategy contains an expenditure of approximately $4,000 to participate in an omnibus survey.

## HISTORY/DISCUSSION

### Overview

The term "short-term rental" typically refers to situations where all or part of a dwelling unit is being rented out by a 'host' for a short number of consecutive days (usually less than 30 days) in exchange for payment. The dwelling unit may be located in a variety of building types (e.g., single-family dwelling, row housing, apartment, etc.). Associated with this activity, online platforms are available to help 'hosts' to advertise and manage the short-term rental process (e.g., booking, payment, communications, etc.).

Short-term rentals within dwellings have increased in popularity, as a result of factors such as increased online marketing, the potential for rental income (up to three times the revenue of a traditional rental[1]), and customer interest in wider accommodation options.

With the growth of this emerging accommodations industry, has come the interest in many communities to review the extent to which short-term rental activities should be regulated.

Questions and concerns that prompted such consideration have included:

- Fire and building safety,
- Potential impacts at the neighbourhood scale, particularly if a dwelling is rented out on a continual basis and/or if the short-term rental is not managed adequately,
- Potential impacts at the community level, including regular rental stock vacancy rates and the availability of affordable housing, and
- The fairness of existing accommodations tax regulations that do not include short-term rental businesses.

At the same time, municipalities have recognized the inherent value and benefits of short-term rentals, both to hosts (e.g., income) as well as to the community (e.g., marketing a community's diverse neighbourhoods and offerings).

Best practice responses at the municipal level have focused on understanding the dynamics of short-term rentals with each local context and addressing issues as simply and directly as possible with the use of regulatory tools, rather than banning this form of activity.

### Jurisdictional Scan Findings

[1] Short-term rentals - local regulation strategies (Part 1) by James Wilson, Municipal World (online magazine).

Appendix 1 provides jurisdictional scan findings with respect to both how municipalities have assessed the nature of the issues of short-term rentals in their community as well as how they approached addressing those concerns through a regulatory framework.

In summary:

1. In order to understand the nature and extent to which short-term rentals are impacting the local community (positively and negatively):
    - Many cities have relied on citizen engagement and stakeholder consultation to better understand dynamics at the neighbourhood and community level and specific stakeholder concerns, including concerns regarding existing accommodations industry taxation frameworks, and
    - Some municipalities have attempted to quantify the number of short-term rentals in their community (which can be challenging).

2. Communities have different housing and tourism markets and accommodations pressures that shape the types of responses received from citizens and stakeholders from individual municipalities. Notwithstanding, most communities who have put in place regulations for short-term rentals have done so to address neighbourhood livability issues, rental housing supply/affordability concerns, and/or accommodations industry concerns regarding fair taxation.

3. With respect to the types of regulatory tools being used in other jurisdictions to address localized issues and concerns:
    - A variety of regulatory tools are relied upon, given the varied nature of concerns. The specific approach of a municipality is closely tied to the specific issues that each municipality is looking to address.
    - None of the cities approached regulation through only one tool (e.g., registration or licensing, zoning, imposing a tax or levy).
    - A common approach used by municipalities is to only permit short-term rentals at a person's primary residence.
    - Examples of other regulatory solutions include:
        - limiting short-term rental activity to certain areas within a municipality,
        - limiting the number of short-term rental properties that an individual operates,
        - setting limits on the amount of days that a dwelling is used as a short-term rental or the number of rooms that can be used,
        - requirements for sufficient parking and onsite garbage disposal,
        - noise ordinances and other local regulations posted publicly on-site for visitors to see,
        - declarations for fire/safety systems,
        - identifying a local contact person who can respond to complaints and inquiries in real time, and
        - customized rules for non-hosted rentals (where the homeowner or apartment renter is not on-site)
    - Voluntary compliance with short-term rental regulations is cited to be low (10-15%)[2]. Enforcement strategies are considered to be a necessary component to an overall

[2] Short-Term Rentals - 10 best practices for enforcement (Part 2) by James Wilson, Municipal World (online magazine).

regulatory framework. Most municipalities regulating short-term rentals require a form of registration or licensing in order to ensure ongoing compliance with municipal regulations. Common approaches/best practice to licensing and enforcement include components such as:

- annual renewals,
- registration/licensing fee,
- license/registration number required to be posted within online advertisements/listings,
- clear definition/interpretation of rules (e.g., 'if you advertise, you are operating'),
- simple and easy-to-navigate registration/licensing processes (online/mobile friendly),
- ability to license/register against each unit separately (if allowed to operate more than one short-term rental),
- regular monitoring of online listings (rather than carrying out an annual review) and ability to document non-compliance (e.g., screenshots of offending listings),
- easy ways for complaints to be reported,
- addressing violations quickly,
- fairness in enforcement approaches (e.g., treat repeat violations differently from first-time offenders, ensure that the rules are clear and understood).

A key consideration in establishing a registration/licensing program is resources and costs associated with a program.

- It is common for municipalities regulating short-term rentals to impose a tax or levy on this type of accommodation.

**Current Regulatory Situation for Short-Term Rentals in Winnipeg**

1. Building Safety

   Property owners are required to meet applicable fire and building code provisions.

2. Land Use & Neighbourhood Livability

   From a land use or zoning by-law perspective, the City of Winnipeg does not currently define or regulate 'short-term rentals', as described in this report. Zoning regulations do currently address 'Bed & Breakfast' situations.

   Should there be a desire to regulate additional types of short-term rental situations (e.g., create a broader definition of 'short-term rental' tied to specific operational requirements), amendments to the City's zoning by-laws would be required.

   The City's Neighbourhood Livability By-law currently regulates a variety of neighbourhood nuisance-related issues, including noise. The By-law does provide the City with nuisance sections that address noise and other nuisance issues; however, it would not address adequately citizen expectations if complaints are occurring on a regular basis. Zoning use laws and licensing schemes tend to provide greater authority to address ongoing operational issues which impact the surrounding community.

   The City of Winnipeg does not currently license short-term rentals. Creating either a registration or licensing program for short-term rentals would require amendments to the Community Safety Business Licensing By-law (formerly the Doing Business in Winnipeg By-law).

3. Accommodations Taxation and the Destination Marketing Reserve Fund

   The City's Accommodation Tax By-law No. 70/2008 (By-law) places a 5% tax on room accommodations within Winnipeg with the revenue being recorded in the Destination Marketing Reserve Fund. This Fund supports organizations, projects and special events that encourage tourists to visit Winnipeg. The total accommodation tax revenue generated by hotel stays in 2019 was $10.0 million. 2020 and 2021 revenues were significantly reduced due to COVID-19 impacts to the industry.

   There are approximately 125 hotels operating within the City of Winnipeg however not all hotels bill and collect the accommodation tax based on exemptions listed under subsection 3(3) of the By-law.

   The By-law at the time of adoption (2008) did not consider on-line platforms. It is estimated that there are approximately 700 operators in Winnipeg that are currently using online platforms that currently do not collect or remit the accommodation tax. Based on the number of operators it is estimated that the accommodation tax that is not being realized based on the current accommodation tax rate of 5% is $150,000. This would represent operators such as bed and breakfast and residential property owners.

**Issues & Opportunities**

At this point in the Public Service's review of issues and opportunities related to short-term rentals, it is understood that members of Council have received feedback from residents regarding the impact of short-term rentals at the neighbourhood level. Issues raised related to fire and building safety, noise, parking, garbage, and personal safety concerns. There is a sense that short-term rentals have become a greater issue at the neighbourhood level, particularly over the past few years.

From a housing supply and affordability perspective, it is unclear to what extent short-term rentals are currently impacting the city's rental housing market. The Canada Mortgage and Housing Corporation (CMHC) 2021 Rental Market Report (January 2021 release) indicate an overall vacancy rate increase to 3.8% in Winnipeg in 2020, due in part to the recent construction of rental units, coupled with reduced overall demand for rental units as a result of the pandemic. Rental demand remains high for affordable units, while newer units (associated with higher monthly rents) are associated with higher vacancy rates. Within this market context, short-term rentals may be seen as a potential alternative in lieu of more permanent rental arrangements.

Over the past few years, stakeholders in the tourism and hotel industry have expressed an interest in regulations that would ensure that short-term rental properties are included in the collection and remittance of the accommodation tax.

In the preparation of this report, the Public Service has had preliminary discussions with stakeholders from the short-term rental and hotel industries. The hotel industry stakeholder supports regulations for this evolving industry, and establishing more equity among those operating in the accommodations market. The short-term rental platform consulted with understands that regulation may be necessary, and cites the need for a sensible and fair approach.

Further engagement is needed to more fully understand the nature and extent of the issues and opportunities within this market, and the perspectives of a broad range of stakeholders.

**Next Steps**

In order to identify the best manner in which to approach potential regulations for the short-term rental industry, the Public Service intends to carry out more in-depth public and stakeholder consultation. This consultation will gather input on the public's experience with short-term rentals to further identify the scope and quantify the extent of associated concerns; to discuss the benefits and opportunities within this accommodations industry; and to consider potential regulatory solutions. Engagement opportunities may include a public survey, participation in an omnibus survey, a project webpage, and stakeholder workshops.

Input gathered through public and stakeholder engagement will inform the Public Service's subsequent report back to the Committee, which will include:

- a summary of the feedback received from engagement activities,
- recommendations for regulating short-term rentals, including, but not limited to, fire and safety, land-use, and licensing requirements, as appropriate,
- by-law amendments required in order to include short-term rental properties in the collection and remittance of the Accommodations Tax, and
- cost estimates including staffing and additional resources required for the implementation of the recommendations.

The Public Service will consider engagement input and best practices and trends in the short-term rental industry to find a simple and direct solution that responds to the Winnipeg situation for Council's consideration.

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** March 10, 2022

**Project Name:**

**First Year of Program** 2022

Regulating Short-Term Rentals

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 4,000 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ 4,000 | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | 4,000 | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs represent the estimated costs omnibus public survey. No budget adjustment is required.

Mike McGinn Mar. 10, 2022

Mike McGinn, CPA, CA
Manager of Finance

## CONSULTATION

This Report has been prepared in consultation with:

- Assessment & Taxation
- Community Services
- Customer Service & Communications (Office of Public Engagement)

## OURWINNIPEG POLICY ALIGNMENT

*01-3 Prosperity*

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to any of the Strategic Opportunities and Key Directions in the Climate Action Plan and it was determined that the Plan is not applicable to this specific report.

## WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to any of the specific Goals and Objectives in the Poverty Reduction Strategy (PRS), as well as the corresponding 2021-2023 Implementation Plan, and it was determined that the Strategy is not applicable to this specific report.

## SUBMITTED BY

Department: Planning, Property and Development
Division: Office of the Director
Prepared by: Ginny Cosgrove
Date: March 11, 2022
File No:

Attachments:

Appendix 1: Preliminary Jurisdictional Scan of Short-Term Rental Regulatory Frameworks, Various Canadian Municipalities

**Appendix 1**
**Preliminary Jurisdictional Scan of Short-Term Rental Regulatory Frameworks, Various Canadian Municipalities**

The following research is preliminary in nature, based on information gathered from municipal websites.

**Table 1** – Overview of Regulatory Framework for Short-Term Rentals, Various Canadian Municipalities

| | Halifax[3] | Ottawa[4] | Montreal | Toronto | Mississauga | Edmonton | Calgary | Kelowna | Vancouver | Victoria |
|---|---|---|---|---|---|---|---|---|---|---|
| Regulates STRs | * | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Registration Requirements | * | Yes | | Yes | | | | | | |
| Licensing Requirements | * | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Land/Building Use Requirements | * | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Provincial Certification | | | Yes | | | | | | | |
| Accommodations/Marketing Tax | * | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

* Under consideration

**Table 2** – Overview of Accommodations/Marketing Tax or Levy approaches for Short-term Rentals, Various Canadian Municipalities

| | Halifax | Ottawa | Montreal | Toronto | Mississauga | Edmonton | Calgary | Kelowna | Vancouver | Victoria |
|---|---|---|---|---|---|---|---|---|---|---|
| Municipal Accommodation Tax applicable to STRs | * | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| % Tax | * | 4% | 3.5% | 4% | 4% | 4% | 4% | 3% | 3% | 3% |

*Under consideration

[3] Regulation framework currently under consideration

[4] Will come into effect on April 1, 2022

**Table 3** – Examples of Land/Building Use Policies for Short-Term Rental Uses, Various Municipalities

| **Examples of Land/Building Use policies** (established in zoning and/or licensing by-laws) | **Examples of Municipalities** |
|---|---|
| STRs only within a principal residence | Ottawa, Toronto, Mississauga, Kelowna, Vancouver, Victoria |
| STRs only permitted in secondary or backyard/laneway suites if suite is primary residence | Mississauga, Vancouver, Toronto |
| If residing in main portion of house, not permitted to separately short-term rent the secondary suite or laneway suite. | Toronto |
| If the operator/host resides at the rental premises and is renting out more than two sleeping units (including separate basement or garden suite), development permit for major home-based business is required. | Edmonton |
| STRs not permitted in accessory buildings such as garages/trailers | Vancouver |
| Commercial STRs (located in commercial/mixed use zones) are considered hotels | Ottawa |
| Select tourist areas allow short-term rentals outside of an operator's principal residence. | Kelowna |
| STRs permitted in non-primary residences | Edmonton, Calgary |
| Downtown: Min distance of 150m between STRs, No STRs in some parts of DT | Montreal |
| Land use regulations for rural (cottage areas) | Ottawa |
| Limit number of rental days in a year | Toronto |
| Limit number of rooms | Toronto, Edmonton, Victoria |
| Limit number of guests (e.g. per bedroom) | Vancouver |
| Legally non-conforming situations | Victoria, Ottawa |

**Table 4** – Examples of Registration or Licensing Requirements, Various Canadian Municipalities

| **Examples of licensing requirements** | **Ottawa** | **Montreal** | **Toronto** | **Mississauga** | **Edmonton** | **Calgary** | **Kelowna** | **Vancouver** | **Victoria** |
|---|---|---|---|---|---|---|---|---|---|
| All STRs must be registered | Yes | | Yes | | | | | | |
| All STRs must be licensed (business license/host permit) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Fee - STR Operator | $110-200 | $50-75 | $51 | $250 | $ 95 | $100-276 | $25; $345-750 | $60; $104 | $150-$1500 |
| Must list (market or book) a short-term rental through short-term rental platforms registered with the City | Yes | | | | | | | | |
| Fee – STR Platform Companies | Yes | | Yes | | | | | | |
| Provincial certification (if not primary residence) | | Yes | | | | | | | |
| Declaration of compliance with fire/safety regulations | Yes | Yes | Yes | Yes | | Yes | Yes | Yes | |
| Must list license number of hosting platform/ in unit | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Operations must keep record of guests | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | |
| Owner/Strata consent form | Yes | Yes | | | Yes | | Yes | Yes | Yes |
| No overlapping booking within same dwelling | | Yes | | Yes | | Yes | Yes | Yes | |
| Separate license for each property rented | Yes | Yes | | | Yes | Yes | Yes | | |
| Registration of agent/property manager | Yes | | | | | | | | |
| STR agent/property manager/company requires license | Yes | Yes | Yes | | Yes | | Yes | Yes | Yes |
| Liability insurance/Indemnity | Yes | Yes | | Yes | | | | | |
| Criminal record check | Yes | Yes | | Yes | | | | | |
| Local contact person | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Parking plan | Yes | Yes | | | Yes | Yes | Yes | | |
| Number of STR Licenses or permits permitted per person | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 5** – Definition/Explanation of Short-Term Rentals, Various Canadian Municipalities

| City | Definitions/Explanation of 'short-term rental' |
|---|---|
| **Ottawa** | transient accommodation in the whole or part of a residential unit for a period of less than thirty (30) consecutive nights, and:<br>(a) is marketed or brokered by a short-term rental platform;<br>(b) is not a rooming house or hotel; and,<br>(c) includes a bed and breakfast, a cottage rental, and a Dedicated Short-Term Rental as defined in this by-law. |
| **Montreal** | Short-term tourist rentals mean renting all or part of a home to tourists for fewer than 31 days. This definition includes primary and secondary homes offered for rental on Airbnb or Facebook.<br>Any establishment in which at least 1 accommodation unit is offered for rent to tourists, in return for payment, for a period not exceeding 31 days, the availability of units in which is made public by the use of any medium, is a tourist accommodation establishment.<br>The expression "accommodation unit" means a room, a bed, a suite, an apartment, a house, a cottage, a ready-to-camp unit or a camp site. |
| **Toronto** | All or part of a dwelling unit used to provide sleeping accommodations for any rental period that is less than 28 consecutive days in exchange for payment, and includes bed and breakfasts but does not include hotels or motels. |
| **Mississauga** | "Short Term Rental Accommodation" means a temporary accommodation in all or part of a Dwelling that is provided for 30 consecutive days or less in exchange for payment or service.<br>For greater clarity, the following are not considered a Short Term Rental Accommodation:<br>• a hotel or motel or other Overnight Accommodation as defined in the City's Zoning By-law 225-2007 (or successor); and<br>• accommodations rented out to tenants in accordance with the Residential Tenancies Act, 2006, S.O. 2006, c.17. |
| **Edmonton** | A business that provides temporary lodging on a premises where persons may rent all, or part of a residential property for 30 consecutive days or less, including bed and breakfasts, and lodging arranged through home-sharing services. |
| **Calgary** | Short Term Rental means the business of providing temporary accommodation for compensation, in a dwelling unit or portion of a dwelling unit for periods of up to 30 consecutive days.<br>Short Term Rental does not include the provision of temporary accommodation for compensation in a dwelling unit located in a building for which a development permit for a Bed and Breakfast has been issued. |
| **Kelowna** | A short-term rental is the rental of any dwelling unit or bedroom for periods of 29 days or less. Short-term rentals are allowed within certain zones in the city, as per Section 9.17 of the Zoning Bylaw, and operators must follow rules and<br>regulations to legally rent residences on a short-term basis. |
| **Vancouver** | the use of a dwelling unit, or one or more bedrooms in a dwelling unit, as<br>temporary accommodation, but does not include Bed and<br>Breakfast Accommodation or Hotel." |
| **Victoria** | the renting of a dwelling, or any part of it, for a period of less<br>than 30 days and includes vacation rentals |