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Committee: Executive Policy Committee
Committee - council: N/A
Committee - other: N/A
Agenda item (number and title): 1. Regulating Short-Term Rental Accommodations

Service inquiry: Submit Comments in writing
Participation preference: N/A
Comments in writing: My submission consists of two recommendations followed by three issues.

I have two recommendations:

1. Regulating short-term rentals is a complex area. The City did not examine the regulatory frameworks of any city in the United States of America. I suggest the City's public service expand its jurisdictional review to include cities with much more experience regulating short-term rentals. For example, Phoenix, Arizona (including Glendale and Scottsdale), New York City, Los Angeles, etc. I submit the City should not rush into regulating short-term rentals without learning about the pitfalls and best practices.

2. Condominium corporations should be able to opt-out from the licensing requirement. The Canadian Condominium Institute (Manitoba)'s position was that the City should only regulate short-term rentals if the City had an opt-out option framework for condominium corporations. To opt-out, a condominium corporation would have to pass a by-law permitting short-term rentals on its land without license. For reference, The Condominium Act (Manitoba) requires unit owners holding 75% of the voting rights in the condominium corporation (or such higher percentage specified in that condominium corporation's declaration) to vote in favor of the by-law for it to pass. The reason is that there are many condominium corporations that would receive no benefit from the regulatory framework and would be burdened by expensive annual licensing fees and red tape. If an apartment building is rented entirely out as short-term rentals, it is similar to a hotel, so why should it be paying licensing fees on top of the accommodation tax? An opt-out would not be difficult for the City to implement; the City would have a two-step process: (1) has this unit opted-out; if not then (2) do they have a licence? Or vice versa.

I have identified three significant issues with the proposed program framework:

1. The proposed definition of "Short Term Rental Accommodation" arguably applies to hotels, shelters, and many other types of accommodations. I expect this was an oversight, however, it highlights how difficult it is to define what a short-term rental is. That definition is essential to be able to regulate it. This issue dovetails into the following issue.

2. The prohibition against a corporation running more than one short-term rental unit has intended consequences. The regulations do not consider the situation where a building is a condominium and all of the units are owned by one corporation. Why can't a corporation own a hotel and list multiple units on a short-term rental platform? Or all of the units? Another example is where a corporation owns an apartment building where most units are traditionally rental for long terms and some units are short-term rentals. Or, where a corporation owns multiple hotels or apartment buildings. Further, due to a condominium structure, there may be multiple legal units which could be considered "multiple properties" in one building. A last example is lenders: lenders may end up owning properties through foreclosure and this prohibition would mean the lender would not be able to continue renting them as short-term rentals. The prohibition on a corporation owning multiple properties has far reaching consequences that the public service did not consider.

3. The City should consider how the licensing framework will expose it to liability. Consider how the City of Toronto caused the cancellation of thousands of stays booked with licensed hosts. I refer to the following article by CBC: https://www.cbc.ca/news/canada/toronto/100s-airbnb-bookings-cancelled-toronto-1.6533868 . Also consider how this regulation will put a damper on the City's already weak tourism sector.