Agenda – Council – October 26, 2023

Report – Executive Policy Committee – October 17, 2023

Item No. 1 Regulating Short-Term Rental Accommodations

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 17, 2023, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That the amending by-law, attached as Appendix A to this report, be enacted:

    A. to amend the Community Safety Business Licensing By-Law No. 91/2008, to implement the Proposed Licensing Framework for operating short-term rental accommodations and short-term rental accommodation platforms, in accordance with this report;

    B. to amend the Accommodation Tax By-law No. 70/2008, to implement the Proposed Accommodation Tax for short-term rental accommodations, in accordance with this report;

    C. to amend the Municipal By-law Enforcement Act (MBEA) Enabling By-law No. 59/2016, to establish administrative penalties for contraventions of the licensing requirements established under Recommendation 1.A., in accordance with this report.

2. That two (2) permanent FTE Clerk C positions, one (1) permanent FTE, and three (3) permanent FTE Licensing Enforcement Inspectors be approved to be added to the City's current staff complement, and all associated operating costs, as outlined in Appendix B, to be funded from revenue to be earned through Licensing Fees and Accommodation Tax Revenues associated with short-term rental accommodations and short-term rental accommodation platforms be approved.

3. That the use of the Destination Marketing Reserve Fund be approved to fund 2023 costs for the Short-Term Rental Program, as an advance against 2024 Accommodation Tax Revenue for any General Revenue Fund Department.

4. That the fees set out in Appendix C be approved, and that authority be delegated to the designated employee under the Community Safety Business Licensing By-Law No. 91/2008, to accept payment for fees up to three (3) months in advance of the By-law effective date.

Report – Executive Policy Committee – October 17, 2023

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

5. That $111,200 in additional 2023 capital budget be approved in the Winnipeg Fleet Management Agency funded by the Destination Marketing Reserve in order to purchase three (3) additional compact sedans for lease to the Community Services Department.

6. That the Winnipeg Public Service report back to the Executive Policy Committee in September 2026 with:

   A. an update on implementation of the STRA regulation program in Winnipeg; and

   B. any recommended changes to Winnipeg's STRA regulation program.

7. That the Public Service be directed to provide an annual written report on Short Term Rental Accommodations with respect to the following:

   A. Licensing statistics including the number of STRAs licensed.

   B. Enforcement activities including number of inspections, non-compliance data, complaints, and remedial action taken.

   C. Any available police data related to calls for service at licensed STRAs.

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

Agenda – Council – October 26, 2023

Report – Executive Policy Committee – October 17, 2023

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 17, 2023, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service with the following amendment:

- Add the following new Recommendation 7 and renumber the remaining recommendation accordingly:

  "7. That the Public Service be directed to provide an annual written report on Short Term Rental Accommodations with respect to the following:

     A. Licensing statistics including the number of STRAs licensed.

     B. Enforcement activities including number of inspections, non-compliance data, complaints, and remedial action taken.

     C. Any available police data related to calls for service at licensed STRAs."

The following persons submitted communications with respect to the matter:

- Brenda M
- Kristy Rebenchuk
- Kat Brosowsky
- Audrey Bessette
- Salvador Maniquiz
- Tanya Dawn McDougall, Ste Theresa Point First Nation
- Lynn Kelly-Sabasch and Gary Sabasch
- Brian Allison
- Carl Heppner
- Jennifer Shepherd
- Godfrey Gottfredsen
- Saba Tesfamariam
- Allen Mankewich
- Sara Ly
- Craig Penner, Downtown Resident and Condo Owner
- Shayna Hogan
- Heather Parrott-Howdle, Resident, Winnipeg Condo Corp 989
- Jasmin Dojan
- Allison and Ken Labelle
- Melanie Mitchell
- Manitoba Association of Short-term Owners Inc MB
- Dakotah Charron, Arete Holdings Grp and NREIC
- Laurel Sarginson
- Curtis Gottfredsen
- Gary Cyr
- Michael Tyas

Report – Executive Policy Committee – October 17, 2023

DECISION MAKING HISTORY (continued):

COUNCIL DECISION:

On February 23, 2023, Council adopted the recommendation of the Executive Policy Committee, as amended, which included the following:

5. That the Winnipeg Public Service be directed to report back to the Executive Policy Committee within 210 days with any necessary amendments to the Accommodation Tax By-law No. 70/2008 and the Community Safety Business Licensing By-law No. 91/2008, as well as a schedule for implementation and all associated resource implications.

REVISED ADMINISTRATIVE REPORT

Title: Regulating Short-Term Rental Accommodations

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Yanchishyn W. Yee	T. Austin C. Fernandes	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Public Service was directed to report to Council with By-law amendments for regulating STRAs in Winnipeg. The recommended approach to regulating STRAs is seeking to set minimum standards for community safety, consumer safety, neighbourhood accountability, and to foster equity in the accommodations industry.

A STRA licensing program is proposed for the City of Winnipeg. The proposed Community Safety Business Licensing (CSBL) By-Law No. 91/2008 amendments will result in new classes of license – STRA and STRA Platform – that requires both STRA operators and STRA platform operators to obtain and maintain a valid business license. Introducing a licensing program will allow the City to set minimum standards, conduct inspections, and to suspend or revoke a license, or issue a fine, if there are health and/or safety concerns. Six new FTEs are required to implement the STRA licensing program; two administrative Clerks, three Inspectors, and one Coordinator.

Under the proposed Accommodation Tax By-law No. 70/2008 amendments, the accommodation tax of 5% on room accommodations of a continuous period of less than 30 nights within the City of Winnipeg is expanded to apply to STRAs with the revenue and expenses recorded in the Destination Marketing Reserve Fund.

Accommodation tax revenue will be recorded through the Destination Marketing Reserve Fund. Expenditures will be recorded in the department that incurs the expenditure with an equal recovery provided by the Destination Marketing Reserve Fund. Revenue and expenditures for the licensing program administration will be recorded in the Community Services Department with a recovery from the Destination Marketing Reserve Fund if expenditures exceed revenue. All budgetary requirements are outlined in Appendix B.

In addition to the licensing requirements and accommodation tax changes proposed in this report, proposed zoning changes will also be recommended to the Standing Policy Committee on Property and Development, adding STRAs to the Downtown Winnipeg Zoning By-law and the Winnipeg Zoning By-law and a separate report to Standing Policy Committee on Finance and Economic Development will seek approval for changes to the Destination Marketing Reserve Fund's purpose and funding formula to accommodate the STRA program.

RECOMMENDATIONS

1. That Council enact the amending by-law attached as Appendix A to this report:

   A. to amend the Community Safety Business Licensing By-Law No. 91/2008, to implement the Proposed Licensing Framework for operating short-term rental accommodations and short-term rental accommodation platforms, in accordance with this report;

   B. to amend the Accommodation Tax By-law No. 70/2008, to implement the Proposed Accommodation Tax for short-term rental accommodations, in accordance with this report;

   C. to amend the Municipal By-law Enforcement Act (MBEA) Enabling By-law No. 59/2016, to establish administrative penalties for contraventions of the licensing requirements established under Recommendation 1.A., in accordance with this report.

2. That Council approve two (2) permanent FTE Clerk C positions, one (1) permanent FTE, and three (3) permanent FTE Licensing Enforcement Inspectors to be added to the City's current staff complement, and all associated operating costs, as outlined in Appendix B, to be funded from revenue to be earned through Licensing Fees and Accommodation Tax Revenues associated with short-term rental accommodations and short-term rental accommodation platforms.

3. That Council approve use of the Destination Marketing Reserve Fund to fund 2023 costs for the Short-Term Rental Program, as an advance against 2024 Accommodation Tax Revenue for any General Revenue Fund Department.

4. That the fees set out in Appendix C be approved, and that authority be delegated to the designated employee under the Community Safety Business Licensing By-Law No. 91/2008, to accept payment for fees up to three (3) months in advance of the By-law effective date.

5. That $111,200 in additional 2023 capital budget be approved in the Winnipeg Fleet Management Agency funded by the Destination Marketing Reserve in order to purchase three (3) additional compact sedans for lease to the Community Services Department.

6. That the Winnipeg Public Service report back to the Executive Policy Committee in September 2026 with:

   A. an update on implementation of the STRA regulation program in Winnipeg; and

   B. any recommended changes to Winnipeg's STRA regulation program.

7. 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

On February 23, 2023, Council directed the Winnipeg Public Service to report back to the Executive Policy Committee within 210 days with any necessary amendments to the Accommodation Tax By-law No. 70/2008 and the Community Safety Business Licensing By-law No. 91/2008, as well as a schedule for implementation and all associated resource implications.

Council approval is required to:

- enact by-laws under the City of Winnipeg Charter;
- increase the City's FTE complement;
- to use the Destination Marketing Fund to cover 2023 costs;
- to implement the proposed Accommodation Tax;
- increase or reallocate budgets and associated debt.

IMPLICATIONS OF THE RECOMMENDATIONS

PROPOSED LICENSING PROGRAM

Introducing a formalized licensing program under the Community Safety Business Licensing By-Law will result in a new class of license – STRA and STRA Platforms – and will allow the City to set minimum standards, conduct inspections, and to suspend or revoke a license, or to issue a fine, if there are health and/or safety concerns.

Licensees will be required to obtain zoning approvals. Licensees will also be required to allow access for a City of Winnipeg employee to conduct an annual inspection, or anytime thereafter when requested. Appendix D provides details of the STRA licensing program.

If Council concurs with the recommendations, the amending By-laws will come into force 130 days after By-law enactment in order to allow time for Community By-law Enforcement Services (CBES) to establish and communicate the licensing program, and to coordinate its commencement with Planning, Property and Development Department's related amendments to the Winnipeg Zoning By-law No. 200/2006 and the Downtown Winnipeg Zoning By-law No. 100/2004.

In preparation of the Amending By-laws coming into force date, STRA operators will have the option of applying for their licenses in advance, to ensure all inspections and approvals have been received prior to the start date as outlined in the Amending By-laws. Authority delegated to the designated employee to accept payment for fees and applications up to three months in advance of the By-law effective date have been requested as part of this report.

Human Resources

For the Amending By-laws to be in force in 130 days, implementation of the STRA license program within the Community Services Department will require staff resources to administer the STRA licensing program, including the remittance collection of the accommodation tax for STRA operators.

For ease of the licensee, one point of contact will be established for all issues related to STRAs. Two new permanent FTE Clerk C positions, at an annualized cost of $146,000 beginning in

January 2024, in the Community Services Department are required to administer licensing (customer service, file management, and coordination of the approvals required to obtain the required license) and accommodation tax collection, (which normally would be collected by the Assessment and Taxation Department), will be collected by the Community Services Department in addition to the license fee via a single customer portal.

Three new permanent FTE Licensing Enforcement Inspector positions, at an annualized cost of $246,000 beginning in January 2024, will be dedicated to enforcing the new By-laws (Community Safety Business Licensing By-law, the MBEA Enabling By-law and the Accommodation Tax By-law) related to STRAs.

One new permanent FTE Licensing Enforcement Coordinator, at an annualized cost of $112,000 beginning in January 2024, will provide direct oversite to the Field Enforcement Program and the staffing that will be in operation on evenings and weekends.

Financial – Licensing Program

Community Services, Community By-law Enforcement Services 'License Fees' revenues are projected to be increased by approximately $566,000 annually, with the goal of full cost recovery associated with salary and benefits, fleet related costs, software costs, and other administrative expenses. There are a number of variables that can impact the number of licenses being issued; therefore, revenue projections prior to implementation are based on the assumption that 900 STRA licenses and four STRA Platform licenses will be issued annually. Any tax-support shortfall will be offset by a transfer from the Destination Marketing Reserve Fund from the Accommodation Tax collected from STRAs. See Appendix B, Budgetary Requirements, for a detailed financial analysis.

In addition to new positions, expenditures for software, fleet vehicles, and other administrative expenses, at a cost of $15,000 for 2023 and an annualized cost of $137,000 in 2024 and each year thereafter, will be funded by the additional license fee revenue and, therefore, budget adjustments in both the Community Services Department, and Innovation and Technology Department will be required. However, there will be no mill rate impact.

The 2023 Capital Budget of the Winnipeg Fleet Management Agency will increase $111,200, financed by the Destination Marketing Reserve Fund to purchase three fleet vehicles. The Community Services Department will be responsible for the on-going leasing costs associated with these vehicles.

Financial - Accommodation Tax

Accommodation Tax revenue projected to be generated from amending the Accommodation Tax By-law to include STRAs, is estimated to be $900,000, annually, with a prorated amount of $750,000, expected in 2024.

This revenue will be recorded in the Destination Marketing Reserve Fund where all accommodation tax is recorded. The funding formula for the use and/or distribution of the accommodation tax revenue will be revised through a separate report to the Standing Policy Committee on Finance and Economic Development, to incorporate the revenue from STRAs, to hold this revenue in the Reserve, and to fund any short fall experienced by General Revenue Fund departments related to the short-term rental program.

As licensing and accommodation tax revenue will not start until 2024, initial software costs ($75,000), fleet capital financing ($111,200) required to be incurred in 2023, are being recommended to be funded by the Destination Marketing Reserve Fund as an advance against 2024 Accommodation Tax Revenue. There is sufficient funding in the Reserve to accommodate this advance of funds.

HISTORY/DISCUSSION

Part 1 – Amendments to the Community Safety Licensing By-law

Licensing:

The proposed amendments are based on the framework approved by Council on February 23, 2023, and are part of a multi-pronged approach to regulate Short-Term Rental Accommodations (STRAs), alongside proposed changes to the Winnipeg Zoning By-law No. 200/2006 and Downtown Winnipeg Zoning By-law No. 100/2004, that are being prepared separately by the Planning, Property and Development Department.

Introducing licensing requirements allows the City to set minimum standards, conduct inspections and suspend or revoke a license if there are any significant health and safety issues or other by-law violations. In addition, failure to comply with licensing requirements can result in administrative penalties (fines) under the MBEA Enabling By-law.

The licensing program would:

- Require that all STRAs be licensed annually;
- Require that STRAs use a licensed short-term rental platform for all bookings of short-term accommodations;
- Allow a maximum of four STRAs for an individual owner (one being the individual's primary residence) with a maximum of three non-primary STRAs owned by an individual or corporation, provided the individual or corporation is wholly owned by a Winnipeg resident(s) and they owned the properties on February 23, 2023, and that the STRAs are permitted under the appropriate Zoning By-law;
- For STRAs established after February 23, 2023, allows STRA operators to rent their primary residence with a limit of 150 nights per year without the owner being present in the residence;
- Impose requirements on the owner to protect the safety of both the community and renters;
- Impose conditions on a STRA license that have a history of noise nuisance complaints or complaints of other behavior that would create undue nuisance to other residents in the area;
- Require that all STRAs get approval from the Winnipeg Police Service Records Review Board as part of the application process.

As a condition of being licensed, STRAs would be required to comply with building standards in the Neighbourhood Liveability By-law applicable to all residential buildings and fire protection requirements applicable to rented residential buildings set out in the Fire Prevention By-law and demonstrate compliance during annual inspections. In addition, STRAs need to comply with the Manitoba Building Code.

STRA platforms will be required to be licensed to conduct business in the City of Winnipeg, even if the STRA platform is headquartered outside the City. Licensing these platforms is essential to facilitate the administration and enforcement of by-law requirements applicable to STRAs. The City will require these businesses to provide information as to the STRAs located in Winnipeg, including the rental charges they impose.

STRA hosts/operators will be required to provide guests with By-law-related information to help minimize any negative impacts associated with the STRA. This information will include rules related to excessive noise, parking, safety concerns, and any other By-law information to keep the STRA in compliance with all neighborhood liveability issues, and information as it relates to Human Trafficking that has been developed as part of this program.

Under the proposed licensing program, a new STRA licensing program will result in six FTE within the Community By-law Enforcement Services (CBES) Division. Operational expenses will be used to operationalize the STRA licensing program, and one FTE will be provided for the collection of the accommodation tax collected by Community Services Department on behalf of Assessment and Taxation Department.

Elements of the Program	Administrative Staffing
• Administrative and clerical file management of licensing program and registration administration. • Administration and clerical management for accommodation tax collection. • Point of contact for customer service to answer questions related to licensing and tax collection of STRAs. • Coordination of STRA Licensing/tax information on City of Winnipeg website to inform licensees. • Educational outreach for all potential, existing, and new licensees.	1 FTE – Clerk C (licensing intake) 1 FTE – Clerk C (accommodation tax collection)

Elements of the Program	Enforcement Inspectors
• Inspections based on both complaints and proactive enforcement (annual inspection of all 900 STRA) for compliance. • Report findings to Licensing Branch. • Address non-compliance through MBEA and administrative management of licensing including inspections in the evening and on weekends.	3 FTE

Elements of the Program	Enforcement Coordinator
• Supervisory oversite of the licensing enforcement team. • Business analysis that enhances the productivity and effectiveness of the program.	1 FTE

Fee Structure:

License Fees for operators have been established based on a level proportionate to business tax rates paid by establishments offering similar services adjusted for size and reduced slightly recognizing differing amenities provided.

License Fee Revenues are estimated to be $566,000 annually with the goal of full cost recovery associated with wages and benefits, equipment, and operational expenses. There are a number of variables that will impact the number of licenses being issued, therefore revenue projections prior to implementation are based on assumptions, but are expected to be at a minimum, sufficient to recover the costs of the administrative support of the program. No additional Mill Rate support is required.

Licensing Fee and Structure (annually)

Short Term Rental Licensing levels	Annual Fees
Primary Residence	$260
Non-Primary Residence - Tier 1 - 1-bedroom property	$260
Non-Primary Residence - Tier 2 - 2-bedroom property	$520
Non-Primary Residence - Tier 3 - 3-bedroom property (baseline)	**$780**
Non-Primary Residence - Tier 4 - 4-bedroom property	$1,040
Non-Primary Residence - Tier 5 - 5-bedroom property	$1,300
Non-Primary Residence - Tier 6 - 6-bedroom property **(max)**	$1,560
Platforms – Tier 1 1-100 listings	$1,000
Platform – Tier 2 101-500 Listings (baseline)	**$2,500**
Platform – Tier 3 – More than 500 listings	$4,000

Projected Licensing 2024 REVENUE (January 2024 - December 2024)

License Category	Projected # of Licenses Issued	License Fee	Total Revenue (projected)
*assumes 900 STRA's license			
Primary Residence	300	$260	$78,000
Non-primary Residence (baseline)	600	$780	$468,000
STRA - Platforms (baseline)	4	$2,500	$10,000
Penalties and fees			$10,000
Subtotal	**904**		**$566,000**

Revenue and program expenditures for the Licensing Program administration will be in the Community Services Department with any shortfall being covered by the Destination Marketing Reserve Fund. All budgetary requirements are outlined in Appendix B.

Enforcement:

Since the CBES Division of the Community Services Department is responsible for licensing STRAs, CBES will also be responsible for enforcement of the STRA Licensing Program. The enforcement approach will be complaint-based, as well as a proactive approach to compliance (annual inspections), enforcement of the licensing program, and the collection of the accommodation tax. The proposed framework includes Licensing Enforcement Inspectors to conduct inspections on weekdays, as well as in the evenings and on weekends. Failure to comply with STRA requirements can result in administrative penalties including warnings, suspensions, and/or fines under the MBEA and/or initiating a prosecution in Provincial Judges Court for not submitting the Accommodation Tax for the STRA.

MBEA fines and early payment amounts are set out in Appendix A.

The February 23, 2023, report identified the requirement of at least two inspectors for the program. Further consultation and analysis by the Public Service identified the requirement of a third inspector to provide inspections during the daytime and evening hours, as well as provide redundancy for when one inspector is unavailable. For safety reasons, evening inspections will be conducted by a pair of inspectors.

Further, in order to both supervise the program team, and conduct ongoing business analyses of the metrics collected by the rest of the program team, a Licensing Enforcement Coordinator is also recommended.

The Public Service will engage a short-term rental monitoring service to assist with STRA monitoring, enforcement, and tax collection for this program by providing:

- Address Identification – Monitors STRA websites, duplicate listings, and leverages machine learning coupled with a team of more than 200 human analysts to provide an online dashboard with complete address information and screenshots of all identifiable STRAs in Winnipeg
- Tax Collection – Creates tax reporting and collection for operators and staff to submit and review online. Prompts for reporting periods and creates the ability to collect on back-taxes
- Rental Activity Monitoring – Provides estimated occupancy and rental revenues for each property, based on machine learning modules unique to Host Compliance. Automatically identifies audit candidates who may be under-reporting on taxes or exceeding occupancy requirements
- Custom API integration into existing AMANDA system – Systems synched, so if license is approved in AMANDA the rental unit shows compliant/registered in the STRA monitor software application.

It is vital that any software being utilized can integrate with AMANDA our existing software, to give us the ability to add modules specific to STRA operations to provide a seamless integration of existing software. The Public Services is exploring options to best accomplish this.

Part 2 – Amendments to the Accommodation Tax By-Law No. 70/2008

The accommodation tax is a 5% tax on room accommodations of a continuous periods of less than 30 nights within the City of Winnipeg, with the revenue being recorded in the Destination

Marketing Reserve Fund. Prior to these amendments this revenue has been primarily collected from hotels. Amendments to the Accommodation Tax By-Law No. 70/2008 are proposed in Appendix A to expand the By-law to include STRAs to be subject to the Accommodation Tax. The amendments would become effective at the same time as the amendments to the Community Safety Business Licensing By-Law, 130 days after Council enactment of the By-Law.

Amendments to the Accommodation Tax By-Law are summarized as follows:

- Addition or expansion of definitions to include STRAs and STRA platforms.
- Section 3(1) is modified to include STRAs as being subject to the Accommodation Tax.
- Section 3(3) a) is repealed which was a previous exemption to the accommodation tax for accommodations with fewer than four bedrooms.
- Section 3(3) b) is modified to exclude short term rental accommodations from this exemption.
- Section 5(6) and 5(7) are added to include tax remittance provisions specific to STRAs.

In the report to Council of February 23, 2023 it was proposed that the accommodation tax be charged and collected by each platform and then the platform would in turn remit the tax to the City. Feedback from the online platforms is that they will not remit the tax to the City and that it would be up to each individual host to report and remit. Having each individual host submit accommodation tax reports and remittances requires additional administration and therefore one additional Clerk C FTE is recommended to be added to be funded by the accommodation tax received.

It is estimated that there are approximately 900 STRA operators in Winnipeg that will be subject to the accommodation tax. Based on that number, and assuming 200 nights of rental per year at an estimated rental rate of $100 per night, the total estimated Accommodation Tax realized from STRAs would be $900,000 annually. This revenue will be recorded in the Destination Marketing Reserve Fund and will be used to fund salary costs related to administration of the Accommodation Tax on short term rentals as well as all software costs related to the short-term rental program. Any residual amount will be held in the Reserve to fund shortfalls in licensing revenues and related expenses of the By-law Enforcement Program. The required changes to the Destination Marketing Reserve Fund's purpose and funding formula will be submitted in a separate report to the Standing Policy Committee on Finance and Economic Development.

Part 3 – Information on Sex Trafficking and Human Trafficking for Owners of STRAs

The Public Service in conjunction with the Winnipeg Police Service, worked with the National Human Trafficking Education Centre, located in Winnipeg, to develop the information on human trafficking and sex trafficking for owners of STRAs. The National Human Trafficking Education Centre was selected for collaboration based on the organization's goal alignment to increase education and awareness for the prevention of human trafficking and sexual exploitation. Information was created to provide tips to STRA owners on how to help stop human trafficking and will be made available on the City's licensing page related to STRAs, and printable PDF documents will be provided. In addition, a sign has been created to be included in their STRA information and must be available to all renters of the STRA and is attached as Appendix E.

The Public Service also engaged in discussions with the Winnipeg Police Service and the Coordinator of the Winnipeg Committee for Safety | Winnipeg Safe City Initiative (UN Women), to address Recommendation E of Council's June 23, 2022 disposition:

E. 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.

Through these discussions it was identified that Winnipeg Safe City is focused on reducing/preventing sexual violence against women and girls in *public* spaces, addressing short-term rental accommodations is outside the purview of the initiative, as STRAs are *private* spaces.

Part 4 – Schedule for Implementation

If Council enacts the proposed amendments to the Community Safety Business Licensing By-law No. 91.2008, the MBEA Enabling By-law No. 59/2016 and the Accommodation Tax By-law No. 70/2008, together with the approval of forthcoming amendments to the Winnipeg Zoning By-law No. 200/2006 and the Downtown Winnipeg Zoning By-law No.100/2004 to enable a new framework to regulate the operation of STRAs, a period of time would be required before the program would take effect. The timeline is as follows:

- October 2023 – By-law amendments are enacted and will come into force in 130 Days
- December 2023 – Communication Strategy implemented
    - Winnipeg.ca licensing webpage updated with all relevant STRA information
    - Social media plan implemented regarding licensing requirements for STRAs
    - Our City, Our Stories on STRAs
    - Digital signage in City facilities to include STRA license requirements

- December 2023 – First phase of recruitment (Enforcement Coordinator and Licensing Clerk), with an expected start date of January 2024.
- January 2024 – Online registration for STRAs to go live
- January 2024 – Second phase of recruitment (Enforcement Inspectors, and Clerk C tax collection)
- January – March 2024 – receipt, processing and approval of STRA applications
- March 2024 – Licensing and Accommodation Tax By-laws come into force

Part 5 – Next Steps

The Public Service will develop an STRA handbook outlining all requirements and resources and will have it available on Winnipeg.ca licensing webpage within the first year of the licensing program.

The intent is to review the amended By-laws after three years in order to make any required amendments or modifications. Public and Stakeholder input will be solicited to assist with the review and ongoing analysis of customer and community feedback

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 22, 2023

Project Name: **First Year of Program** **2023**

Regulating Short-Term Rentals

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 111,200	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ 111,200	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - External	$ -	$ -	$ -	$ -	$ -
Grants (Enter Description Here)	-	-	-	-	-
Destination Marketing Reserve	111,200	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 111,200	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 111,200				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 75,000	$ 778,000	$ 720,000	$ 741,000	$ 764,000
Less: Incremental Revenue/Recovery	-	566,000	580,000	594,000	608,000
Net Cost/(Benefit)	$ 75,000	$ 212,000	$ 140,000	$ 147,000	$ 156,000
Less: Transfer from Destination Marketing Reserve	75,000	212,000	140,000	147,000	156,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures of $111,200 (financed by the Destination Marketing Reserve) will be incurred in the Winnipeg Fleet Management Agency SOA for the procurement of three (3) vehicles to be used by the License Enforcement Inspectors.

General Revenue Fund:

Direct costs in 2023 include software technology costs at $75,000. Direct Costs 2024 onwards includes the additional staffing requirements for one (1) permanent License Enforcement Coordinator, three (3) permanent License Enforcement Inspectors, two (2) permanent Clerk C positions, employee related administrative costs, fleet related costs and ongoing software related costs required to administer the Short-term rental accommodation program (STRA). Salaries and benefits increase annually in accordance with collective agreements. Technology related software costs increase 7% annually in line with industry standards.

Incremental License Fee revenue is estimated to be $566,000 (starting in 2024) based on the assumption that 900 STRA license and four (4) STRA Platform licenses will be issued. STRA License fee revenues increase by approximately 2% annually for inflation each year 2025 onwards. Not shown above is the Accommodation Tax revenue ($900,000 annualized) that is deposited as collected into the Destination Marketing Reserve.

No additional mill rate support is required. Any annual deficits in the General Revenue (Tax-supported) Fund (as outlined above) will be offset by a transfer of accommodation tax revenue related to short-term rentals from the Destination Marketing Reserve Fund.

A fullsome detailed financial analysis on the program is outlined in Appendix B of the report.

Ozzy Garrett - September 22, 2023

Ozzy Garrett, CPA, CGA,
Manager of Finance
Community Services Department

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services (as to Legal matters)
- Planning, Property & Development
- Winnipeg Police Service
- Winnipeg Fleet Management Agency

OURWINNIPEG 2045 POLICY ALIGNMENT

Leadership and Good Governance

Objective 1.: Establish and implement priority actions through evidence-informed decision-making processes

> *Policy 1.4 Integrated Knowledge and Resources:* Coordinate inter-departmental systems, projects and resources, making the best use of internal and external expertise to better understand service needs, find the most appropriate solutions, optimize resources, and maximize community outcomes.

City Building

Objective 3.: Facilitate development opportunities that complete established communities, and plan new communities as complete and connected from the outset.

> *Policy 6.2 Complete Communities Characteristics:* The characteristics of complete communities must be identified and defined in Complete Communities, and will include, at minimum, equitable access to: safety and security, affordable housing for all incomes, local employment opportunities, health-supportive amenities, access to nature, social interaction opportunities, sustainable transportation options, and digital communication technology infrastructure to align with this Plan's goals.

Alignment with *Complete Communities Direction Strategy 2.0*

Vision: The City of Winnipeg is planned and designed based on a logical Urban Structure that focuses growth and change to enhance existing assets, to create complete communities and complete existing communities, and to ensure a socially, environmentally, and economically sustainable future through the integration of transportation planning, land uses, built forms, and urban design.

> *Principle 1:* Creating complete communities and completing existing communities - enhancing their existing infrastructure and assets in ways that make most amenities for daily living universally accessible - will be key to making our city attractive and competitive.
>
> *Principle 7:* The implementation of Complete Communities recognizes the complexity of cities and the people within them and aims for an approach that promotes resilience and adaptability.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Community Services Department
Division: Community By-law Enforcement Services
Prepared by: Terry Cormier
Date: October 16, 2023
File No: CMS-2023-16

Attachments:

Appendix A: By-Law amendments (Community Safety Business Licensing, Accommodation Tax, and Municipal By-law Enforcement Act By-laws)

Appendix B: Budgetary Requirements – Estimated Revenues and Expenses

Appendix C: Fee Structure

Appendix D: Licensing and Enforcement Framework

Appendix E: Information on Human Trafficking