



Council Report

Report Number: ML2024-004
Meeting Date: December 10, 2024
Title: Short Term Rental Accommodation Licensing Program Update

Author and Title: Aaron Sloan, Manager

Recommendation(s):

That Report ML2024-004, Short Term Rental Licensing Program Update, be received.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

During the June 20, 2023, discussion and presentation, staff provided Council with options to implement a Short-Term Rental (STR) Licensing Program. Council adopted the new Short-Term Rental accommodation business licensing by-law and approved a soft rollout of a licensing program. During the fall of 2023, the STR program was implemented in three phases. A phased in approach was used to allow public education, by-law information to be sent to STR owner's, build a registry, website improvements, establish an agreement with Granicus Host Compliance, create new licensing processes and time to for staff growth and staff training.

Council requested an update in 2024, with details about the implementation of the STR licensing program.

This report addresses that direction.

Rationale:

This report serves as an update to Council about the implementation of the Short-Term Rental (STR) Licensing Program, as well as some high-level process information and current statistics.

The short-term rental business licensing program received a soft start in 2023, with the full program implementation January 2024.

A soft rollout in 2023 proceeded for the following reasons:

- budget implications, to allow for increase in Licensing Staff hours, additional staff to be hired and trained,
- time to set up the licensing program processes and policies,
- time to create and promote a public education program (media and website),
- establish and implement vendor support to locate currently unknown STR locations,
- implement the 24/7 complaint monitoring and response processes,
- study known locations and preplan inspections,
- establish a system to alert STR owners (like a warning compliance letter) and,
- to provide time to allow STR owners to voluntarily register.

Staff anticipated that using a phased implementation approach would stagger initial short-term rental business licensing program applications intake and allow owners time to understand the new regulation and program.

Staff using vendor support identified approximately 1220 short-term rental business licensing locations, which when filtered to remove duplicates, cottage resorts, hotel and motel rooms, reduced the locations to approximately 800 at the end of 2023. From that location data, staff sent approximately 800 information letters designed to encourage STR owners to apply for a municipal license. These letters included a caution that legal action for non-compliance may occur in 2024.

Short Term Rental business location data fluctuates based on rental activity, as businesses enter, and exit from the monitoring program. Some locations exit tracking weekly (remove their online listing due to rentals occurring or personal use between each rental period) creating a period of unavailability and others remove their listing seasonally, such as when the STR business license expires or for a winter closure. Known Short Term Rental business locations in the municipality have fluctuated between 700 and 800 locations in 2024.

Early in 2024, staff switched to a mandatory short rental business licensing enforcement process, which includes data collection, application demerit points, service fees and legal action for violations. Staff received applications and issued STR licenses.

January – April, Short Term Rental Business Licenses Issued		
License Type	License Sub-Type	Total
L-STR – New	6-month	185
L-STR – New	Annual	106
		291
May – August, Short Term Rental Business Licenses Issued		
L-STR – New	6-month	55
L-STR – New	Annual	36
		91
Sept. – October, Short Term Rental Business Licenses Issued		
L-STR – New	6-month	30
L-STR – New	Annual	10
		40
		422 Total

By the end of October 2024, staff have issued approximately **422¹** Short Term Rental Business licenses. Staff are tracking approximately **278** Short Term Rental business locations that are un-licensed due to one or more of the following:

- by-law non-conformity, license application denial
- building and septic, lack of building permit, capacity limits
- fire safety concerns
- being unlicensed (no application received)
- suspension or revocation due to accumulation of demerit points²

License Denials

Staff have denied and revoked applications for various reasons. Generally, denials will be due to a defect at the property, such as zoning (setbacks, multiple dwellings), septic system capacity, building permits (outstanding or needed) or concerns with other safety issues such as the Fire Code. Staff work with property owners to grant a license, but some defects cannot be overcome without a commitment from the property owners to improve their property. By the end of October 2024, staff have denied **10 applications** and report that approximately **10 revocations** (associated with demerit points) are in process for nuisance violations. License denials and revocations are appealable as discussed later in this report.

Short Term Rental Business License Renewals

Short Term Rental business licenses are valid for a full year from April 1 to March 31 of the next calendar year or for 6 months from May 1 to October 31 (of the same calendar year) or for 6 months from October 31 to April 30 in the next calendar year.

Short Term Rental business by-law licenses issued in 2024 for a period 6 months between May – October are now expiring. Staff have seen approximately **20-renewal** applications (Stat gathered at the end of October). The renewal applications are being circulated for review and group response. Staff anticipate an influx of renewals in the spring 2025. Staff also continue to investigate unlicensed locations for enforcement purposes.

¹ The total will trend higher by the end of 2024, noting that many licenses expire Oct.31 and Nov-April renewals have started.

² Demerits issues directly related to a violation of the Short Term Rental Bylaw or other nuisance by-law.

License Application and Circulation Process

Background: Application details is found on the municipal webpage dedicated to the program, <https://www.kawarthalakes.ca/en/things-to-do/short-term-rentals.aspx> or by contacting Municipal Law and Licensing in person, email or by phone.

The following documentation is required in the completed application package:

- Signed Declaration of applicable By-laws and regulations (included as a part of the form)
- Proof of Property Ownership
- Copy of Property Owner's drivers license
- Proof of General Liability insurance of \$2,000,000.00 (minimum)
- Site diagram and floor plan³ to scale and dimension to include the following:
 - The location of all buildings and structures on the property
 - The location of wells, and all components of sewage systems
 - The use of each room
 - The location of smoke and carbon monoxide alarms, and early warning devices
 - The location of fire extinguishers
 - The location of records of tests and maintenance of smoke and carbon monoxide alarms, early warning devices and fire extinguishers
 - The location of all gas and electric extinguishers
 - The location of all entrances/exits to and from the buildings
 - The exterior decks and related site amenities including dimensioned parking spaces, and other buildings or structures on the property.

Applications steps: Intake, review, circulation (agency review, response), Licensing response to applicant (approved, denied etc.)

Early in 2024, staff when receiving a new application would often receive an application package that was incomplete, missing key documents or information. Staff found that they were contacting the applicant numerous times to verify information and collect the missing details, resulting in delays. Applicants often would not reply to email in a timely manner and their application would remain at the intake level, and not progress in the circulation process, which essentially placed that application **on hold**, pending the applicant's response. Due to intake volume, the time involved at the review level could

³ Example of Site Plan drawing attached as **Appendix A**

push an application out to 8-10 weeks before it moved into circulation. Staff when placing an applicant on hold for lack of reply to communications, did not initially provide a follow-up email concerning the status and the location was moved into an enforcement process. Some applicants expressed frustration that they were not informed of the “placed on hold” status and that enforcement officers were now at their doors.

Process Improvement: Currently, staff when responding to applicants requesting additional documentation or details, clearly advise the applicant that the application is on hold during the review period and that requested information is required and that any rental activity during the period could result in demerits, legal action and denial of the STR application.

Process Improvement: Staff also recognized that the application processes created an unintentional pinch point for all applicants that submitted complete applications because application reviews were conducted in the order of application intake. A process change was applied to issue conditional licenses for complete applications, at the first review level; this permitted applicants to legally operate sooner, while moving the application into the circulation process for other staff/agency review. This improvement reduced the review time to meet the target of approximately forty-five days with some approvals completed in as little as seven business days.

In the application intake process, staff when communicating to applicants provide detailed responses with expected time periods and language to indicate that an incomplete application would be placed on hold and if no response received the location would be moved to enforcement for monitoring and legal action. Applicant responses improved substantially.

License Appeal

On November 19, 2024, Council received report ML2024-005, which amended the terms of reference for the Municipal Bylaw Appeals Committee to include Short Term Rental Accommodation Appeals.

A Short Term Rental business license that is denied revoked or suspended may be appealed. By-Law 2023-111, being the “Short Term Rental Accommodation By-Law” includes an appeal mechanism and establishes a process for appeals to be heard by a committee of council called the Municipal By-law Appeals Committee. The accumulation of demerit points is not appealable.

Currently, staff and the Committee have **one appeal** planned to occur in December 2024.

Vendor Support

Since the implementation of the Short Term Rental Accommodation Business Licensing program Granicus, Host Compliance (the Vendor) provides supporting services to the Licensing Enforcement Officers, and their processes gather information about locations, listings, and rental use.

The Vendor contributes to mapping and provides written compliance notices to property owners when requested by staff. Since the beginning of the program, the Vendor has sent over 800 notices.

The Vendor also supports a 24/7 complaint intake by phone, email and online complaint system. Using the vendor support staff have received approximately 560⁴ complaints, for investigation. Complaints received by these methods are included in the overall Short Term Rental Licensing enforcement statistics.

Vendor Complaint Issue - Type	Number of Complaints
General Inquiries (other)	115
Trespassing (disturbance) not typically a by-law violation – data collected	10
Noise	124
Occupant limits	19
Unauthorized STR	267
Clean and Clear (garbage)	12
Parking	13
Chart – Complaint, intake by the Vendor	560

Complaints (Non Vendor)

As described in Vendor Support (above) staff have noted approximately **560** vendor-supported complaints, **78** Non Vendor complaints, and staff are tracking approximately **278** unlicensed locations.

⁴ 582 represents vendor complaints, all time (includes 2023), 560 in 2024

Intake Methods: Along with the vendor services, staff also receive and intake Short Term Rental complaints in person (front counter service), by phone, letter, email and online complaint form using the municipal website. Complaints are investigated based on the issue, health, and safety as a priority.

MLE Intake - Complaint Issue - Type	Number of Complaints
Animals	8
Clean and Clear	6
Fire (campfires)	4
Fireworks	1
STR (General)	12
Noise	43
Parking	2
Property Standards	2
Total complaints	78⁵

Chart –Complaints (Non Vendor intake)

Staff noted that all complaints received in 2024 total **916**.

Demerits

In 2024, Short Term Rental Accommodation business owners registered or unregistered (identified locations) received demerits for violations of the STR or other nuisance by-laws. CityWorks tracks demerits and when incurred property owners receive, a notice letter noting the issue and total demerits issued. In 2024, **417** demerits were issued to 50 individual owners/properties, with the largest individual property totalling 38. Large accumulations of demerit points may result in staff response that includes business license denial, revocation, suspension, legal action and court convictions, fines, and the business limitation on the business operation for 2 years.

Council may note that individual properties may receive more than one type of demerit point and may incur multiple points based on the issue reported and staff observations. The Demerit Point Chart is attached as **Appendix B**. The following is an example of the demerit report.

⁵ Excludes complaints by vendor.

Demerit Points Report

Period: 1/1/2024 - 11/28/2024

<u>LOCATION</u>	<u>DATE CREATED</u>	<u>CASE TYPE</u>	<u>SUB TYPE</u>	<u>CASE NUMBER</u>	<u>VIOLATION DESC</u>	<u>REMEDIAL TEXT</u>
Lindsay, Ontario, K9V 4R6						
Lindsay, Ontario, K9V 4R6	July 19, 2024	M-STR	M-STRNOLIC	ML2024-1424	4 Demerit Operate w/o Valid Licen-Order	Order non-compliance
Lindsay, Ontario, K9V 4R6	August 06, 2024	M-STR	M-STRNOLIC	ML2024-1630	4 Demerit Operate w/o Valid Licen-Order	Order non-compliance
Fenelon Falls, Ontario, KOM 1N0						
Fenelon Falls, Ontario, KOM 1N0	October 17, 2024	M-STR	M-STRNOLIC	ML2024-2106	2 Demerit Violation of any provis - Orde	Advertise without a license
Fenelon Falls, Ontario, KOM 1N0	October 17, 2024	M-STR	M-STRNOLIC	ML2024-2106	4 Demerit Operate w/o Valid Licen-Order	Order non-compliance
Fenelon Falls, Ontario, KOM 1N0	July 22, 2024	M-STR	M-STRNOLIC	ML2024-1451	4 Demerit Operate w/o Valid Licen-Order	Order non-compliance
Fenelon Falls, Ontario, KOM 1N0	May 25, 2024	M-STR	M-STRNOLIC	ML2024-0797	4 Demerit Operate w/o Valid Licen-Order	Order non-compliance

***The chart is for demonstration; the address location has been redacted.**

Summary

Item	Total
STR Locations	700 – 800 (fluctuates seasonally)
Licensed	422+
Renewals (part season)	20
Unlicensed locations (under investigation)	278
Licenses (Denied, Revoked, Suspended)	20
MBA Appeals	1
Complaints (via Vendor)	560
Complaints (direct to MLE)	78
Complaints (closed)	300
Demerit Points Issued	417

Legal Action	Provincial offence Notices, fees invoices and Matters in POA ⁶ Court	
STR 2025 Fees (Increased 2.1% CPI)	Hosted (Part-Year)	\$153.15 (2024 - \$150)
	Hosted (Year Round)	\$306.30 (2024 - \$300)
	Un-hosted (Part-Year)	\$765.75 (2024 - \$700)
	Un-hosted (Year Round)	\$1531.50 (2024 - \$1500)
	Appeal Fee - each	\$408.40 (2024 - \$400)

Operation Impacts:

The Short Term Rental Accommodation business-licensing program was established in 2023, with a phased in rollout ending in 2024, an operational budget, new by-law and operational processes that utilize support staff in various departments.

Operationally, the program functions with assistance from staff in the Building and Septic Division, Planning, Fire Prevention Services, Communications, Economic Development, Information and Technology; it is lead by Municipal Law Enforcement and Licensing. The program has added work to these staff members.

Staff in Municipal Law Enforcement and Licensing meet weekly to discuss licensing issues generally and monthly as a combined interdivisional group, to discuss Short Term Rental business licensing issues and processes. These meetings are generally an hour in length, which allows for round table discussion and problem solving of issues generally or issues scoped to specific short-term rental locations and/or investigations. These meetings have been an important and essential part of the on-going program.

Municipal Law Enforcement and Licensing staff manage the licensing program generally, noting the number of unresolved STR investigations (such as locations operating without licenses), will require additional staff supports. Noting the backlog on the enforcement end of the Short Term Rental business-licensing program of approximately 270 properties. These properties have received notices and are being investigated for violation and complaint response as a priority. However, these properties are not receiving complaints, they are business operators that are simply not compliant with the program requirements or are ignoring municipal notices about licensing requirement. Staff capacity to respond to these locations has been slow due to capacity and other STR program work.

⁶ Provincial Offences Court – investigations resulting in legal action

Staff have found success in STR response with over 650 issues responded to and 60 active investigations. Considering the seasonal fluctuations with the rental market slowing in the winter season staff is moving to address the 270 properties backlog.

Financial Impacts

Financially, as detailed in Report ML2023-003 Short Term Rental – Licensing Program implementation of the program has met and exceeded forecasted revenues of approximately \$400,000, and forecasted 2025 revenues are approximately \$420,000. The business-licensing program remains self-supporting without reliance on external funding.

We will continue to monitor licensing staff capacity to maintain STR and other licensing program workload, application processing and enforcement response. No new staff is currently proposed for 2025, but may be added in-year if needed (if funded entirely through the licensing program and subject to CAO approval).

Other Alternatives Considered:

No other alternatives considered.

Alignment to Strategic Priorities

This report aligns with the principles found in the Kawartha Lakes Strategic Plan and contributes to Healthy Environment, and Good Government

Consultations:

Municipal Law and Licensing
Clerks

Attachments:

Appendix A – Sample Site Plan Drawing



Site-Plan-Drawing-Ex
ample.pdf

Appendix B – Demerit Point Chart



Schedule A - Demerit
Chart.pdf

Appendix C – Short Term Rental Accommodation By-law



2023-111 By-Law to
License, Regulate and

Department Head email: critchie@kawarthalakes.ca

Department Head: Cathie Ritchie