

## Staff Report

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**Report To:** Community Services Committee  
**Report From:** Sabine Robart, Manager of Planning & Heritage  
**Meeting Date:** October 18, 2023  
**Report Code:** CS-23-107  
**Subject:** Technical Report – ZBA 51 (Short Term Rental Housekeeping Amendment)

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### Recommendations:

THAT in consideration of Staff Report CS-23-107 respecting ZBA 51 (STR Housekeeping Amendment), the Community Services Committee recommends that City Council direct staff to continue to process the amendment in accordance with the *Planning Act*, as outlined under the next steps in the report.

### Highlights:

- A City-initiated Zoning By-law Amendment is proposed to implement housekeeping changes to the Zoning By-law 2010-078, as amended to support the implementation of a Short-Term Rental Licensing By-law that was recently approved.
- The proposed Zoning By-law Amendment proposes to amend Section 4 Definitions by refining the 'Bed & Breakfast' definition and adding a definition for 'Short-Term Rental' as well as adding a new subsection to Section 5 General Provisions of the Zoning by-law to provide zoning provisions for short-term rentals.
- This report provides the Provincial, County and City policy context in which the proposed amendment will be evaluated.
- Next steps in the process include a Public Meeting scheduled tentatively for November 15, 2023, through the Community

Services Committee and a recommendation report to City Council on December 4, 2023.

## **Strategic Plan Alignment:**

This report supports the delivery of Core Service. Amendments to the City's Zoning By-law are also subject to the legislated review process provided under the *Planning Act*.

## **Climate and Environmental Implications:**

There are no anticipated climate or environmental impacts.

## **Previous Report/Authority:**

[Planning Act, R.S.O, 1990, c.13](#)

[City of Owen Sound Official Plan \(2021\)](#)

[City of Owen Sound Zoning By-law \(2010-078\)](#)

[CS-22-027](#) - Municipal Accommodation Tax – Preliminary Report

[CR-23-045](#) – Short-Term Rentals (STRs)

[CR-23-065](#) – Short-Term Rentals – Feedback and Next Steps

Closed Report CR-23-066 – Short-Term Rentals – Legal Opinion

[CR-23-070](#) Short-Term Rentals (STRs) – Draft By-law and Short Form Wording

[CS-23-095](#) Zoning By-law Housekeeping Update – Short-Term Rental (STR) By-law

## **Background & Proposal:**

In 2022, the City initiated a process to examine the opportunity provided by the Municipal Accommodation Tax (MAT) regulations. It was acknowledged at that time that a review of the licensing process would be required concerning STRs as well as the associated zoning provisions.

The process, as generally described in Report CR-23-070, has resulted in a draft Short-Term Rental Licensing By-law, which was presented to the

Corporate Services Committee on September 14, 2023 and subsequently approved by Council.

Through Resolution 230925-015, City Council approved a licensing by-law. Among other matters, the licensing by-law will:

- limit STRs to 90 days per year;
- limit maximum occupancy to two (2) persons per bedroom and two (2) persons in the common area up to a maximum occupancy of eight (8) persons per rental;
- limit rentals to the principal residence of the operator, and,
- provide exemptions relating to STR's that are Bed and Breakfast establishments.

Licensing of STRs is proposed to begin on March 1, 2024.

As outlined in Report CS-23-095, an amendment to the City's Zoning By-law (2010-078, as amended) is required to support the regulation and licensing of STRs by clarifying where in the City STRs are permitted.

The City's Zoning By-law (2010-078, as amended) regulates how land may be used, where buildings and other structures can be located, the types of buildings that are permitted and how they may be used and the lot sizes and dimensions, parking requirements, building heights and densities (the number of people, jobs and building floor area per hectare), and setbacks from the street, etc. The General Provisions (Section 5) section of the by-law provides regulations that apply to all zones or groupings thereof.

### **Purpose and Effect**

The purpose of this City-initiated Zoning By-law Amendment (ZBA) is to implement housekeeping changes to the Zoning By-law (2010-078, as amended), to support the implementation of the Short-Term Rental Licensing By-law by clarifying where in the City STRs are permitted and providing associated definitions.

The effect of the ZBA is to define and permit STRs where a 'Residential Use' is a permitted use in the Zoning By-law by implementing the following housekeeping amendments:

- Section 4 Definitions
  - Refine the 'Bed & Breakfast' definition.
  - Add a definition for 'Short-Term Rental'.

- Section 5 General Provisions
  - Permit STRs in any zone where a 'Residential Use' is a permitted use. STR's would be permitted in any dwelling type including single family, semi-detached, duplex, townhouses and apartments.
  - Require that STRs comply with the parking provisions of Section 5.

## **Technical Review:**

The Planning Act and the City's Official Plan establish criteria for evaluating an application to amend the City's Zoning By-law. In making land use planning decisions, Council must consider the matters of Provincial interest as described in Section 2 of the Planning Act. Section 3 of the Planning Act also prescribes that the decision of the Council on a planning matter shall be consistent with the Provincial Policy Statement.

The City's Official Plan (Sec. 9.1.1.2) provides that the City may amend the Zoning By-law where sufficient justification exists in the opinion of Council. Amendments must conform to the policies of the Official Plan. When considering an amendment, the City should consider the Official Plan's goals, objectives, and policies. Additionally, decisions should consider the compatibility with adjacent uses of land and servicing. The application is subject to review by the City's Development Team and external commenting agencies. Public notice of the proposed housekeeping amendment will be given in accordance with the Planning Act and public input will be included in the overall process.

All applicable policies, standards, and review comments will be fulsomely reviewed in the Staff Recommendation Report anticipated to come before Council on December 04, 2023. The purpose of this report is to describe the proposal more completely and outline the key considerations, evident to staff at this time, that are relevant to the subject application.

## **A: Provincial Policy Statement**

In making land use planning decisions, Council must consider the matters of Provincial interest as described in Section 2 of the Planning Act. The matters described include, but are not limited to:

- The orderly development of safe and healthy communities;

- The adequate provision and distribution of educational, health, social, cultural, and recreational facilities; and,
- The adequate provision of employment opportunities.

The 2020 Provincial Policy Statement (PPS) provides direction on matters of provincial interest. Municipal decisions on planning matters are required to be consistent with the PPS. The following PPS policies are highlighted concerning this application:

### **1.1.3 Settlements Areas**

*1.1.3.1 Settlement areas shall be the focus of growth and development.*

*1.1.3.2 Land use patterns within settlement areas shall be based on densities and a mix of land uses which:*

*a) efficiently use land and resources;*

*b) are appropriate for, and efficiently use, the infrastructure and public service facilities which are planned or available, and avoid the need for their unjustified and/or uneconomical expansion;*

*c) minimize negative impacts to air quality and climate change, and promote energy efficiency;*

*f) are transit-supportive, where transit is planned, exists or may be developed;*

### **1.4 Housing**

*1.4.3 Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by:*

*b) permitting and facilitating: 1. all housing options required to meet the social, health, economic and well-being requirements of current and future residents, including special needs requirements and needs arising from demographic changes and employment opportunities; and 2. all types of residential intensification, including additional residential units, and redevelopment in accordance with policy 1.1.3.3;*

### **1.6.6 Sewage, Water and Stormwater**

*1.6.6.1 Planning for sewage and water services shall:*

*a) accommodate forecasted growth in a manner that promotes the efficient use and optimization of existing:*

- 1. municipal sewage services and municipal water services; and*
- 2. private communal sewage services and private communal water services, where municipal sewage services and municipal water services are not available or feasible*

## **1.7 Long-Term Economic Prosperity**

*1.7.1 Long-term economic prosperity should be supported by:*

- a) promoting opportunities for economic development and community investment-readiness;*
- b) encouraging residential uses to respond to dynamic market-based needs and provide necessary housing supply and range of housing options for a diverse workforce;*
- d) maintaining and, where possible, enhancing the vitality and viability of downtowns and mainstreets;*
- h) providing opportunities for sustainable tourism development*

The pending recommendation report will assess if the proposal is consistent with the direction provided by the PPS.

## **B: County of Grey Official Plan (2019)**

The City of Owen Sound is designated 'Primary Settlement Area' in the County of Grey Official Plan (County OP). Settlement areas with full municipal services are to be the focus of most of the growth within the County. The County OP promotes a full range of residential, commercial, industrial, recreational, and institutional land uses within Primary Settlement Areas.

The County OP acknowledges Short Term Accommodations and notes:

### **4.2.8 Short-Term Accommodation**

*The County recognizes the need to identify and have regard for short-term accommodations. There are many different types, some of which include bed and breakfast establishments, care homes, farm vacation homes, and dwellings rented for short term periods, but do not include motels or hotels. Short-term accommodations (rented less than 30 days at a time) are at*

*times being operated similar to commercial hotel operations. The County acknowledges that this may pose land use conflicts for surrounding residential areas and could have long-term implications on the available rental market. There are recognized benefits to allowing these types of short-term uses, although we recommend local municipalities implement regulating policies to address any potential long-term concerns.*

Land use policies and development standards are in accordance with the local Official Plan. The pending recommendation report will assess if the proposal conforms to the policies of the County OP.

### **C. City of Owen Sound Official Plan (2021)**

The County of Grey approved the new City of Owen Sound Official Plan (OP) in 2022. The Official Plan guides long-term decisions related to land use and planning and establishes the policies for implementing provincial direction and interest while setting out the framework that shapes the City's physical, economic, and social development. The Official Plan was updated to conform to provincial plans, have regard to matters of provincial interest, be consistent with the Provincial Policy Statement and conform with the policy and direction provided in the County Official Plan.

The following goals, objectives, and policies of the OP are highlighted concerning this application:

#### **2.2.3 Economic Vitality**

##### Goal:

*To foster a vital and diverse local and regional economy and to strengthen the City's employment and economic base through the attraction, retention, rehabilitation and expansion of businesses and institutions.*

##### Objectives:

*c. Maintain and enhance the viability and vitality of the River District Commercial and Harbour as the primary economic, commercial, financial, cultural, tourism and employment focus of the City and region.*

#### **2.2.4 Managing Growth**

##### Goal:

*To promote and encourage the growth and development of the City through a planning framework that supports sustainability, healthy communities, planned growth and quality of life for all residents of the City.*

Objective:

*c. To maintain and promote the importance of the River District Commercial and Harbour as a focus of growth and investment and a key cultural and tourism resource in the City.*

**3.1 Residential**

*The Residential designation permits the development of lands for residential uses, which shall be the predominant area for housing within the City. Residential uses may include single detached, semi-detached, various forms of townhouse, and apartment buildings.*

*3.1.1.i The City will work to establish short-term accommodation guidelines and policies to be regulated through such means as a regulatory bylaw and business licensing.*

**3.3 River District Commercial**

*Lands designated as River District Commercial on Schedule 'A' are intended to provide a full range of commercial, institutional, recreational, and residential uses. Generally, this area shall function as the social, cultural, business, and recreational focal point of the City.*

**3.5 East City Commercial**

*16th Street East from 9th Avenue East to 28th Avenue East*

*The East City Commercial designation applies to the major vehicle related commercial area in Owen Sound. It is the main eastern entrance to the City and is a key element in the image of the City. The principle planned function of the East City Commercial designation is to accommodate large format retail uses requiring relatively large sites. Such development serves as a regional destination and may accommodate single or multiple purpose sites. The locational attributes of these sites lend themselves to the accommodation of certain other complementary uses such as offices, large entertainment and community facilities as well as service commercial uses, and high density residential which are also contemplated under this designation.*

**3.6 West City Commercial**

*10th Street West from 6th Avenue West to 9th Avenue West*



### *3.6.1 Permitted Uses*

*3.6.1.1 The following types of uses may be appropriate within the lands designated West City Commercial:*

*c. Non-commercial uses such as medium density forms of housing, congregate housing, churches and other institutional uses.*

### **3.7 Arterial Commercial**

*Areas designated Arterial Commercial, located on arterial roads as shown on Schedule 'A' – Land Use, provide for local convenience shopping and certain specialized uses.*

#### *3.7.1 Permitted Uses*

*3.7.1.1 The following types of uses shall be permitted on the lands designated Arterial Commercial:*

*c. Non-commercial uses such as medium density forms of housing, congregate housing, places of worship, day care centres and other institutional uses.*

### **3.8 Waterfront Mixed Use**

#### *3.8.1 Permitted Uses*

*The Waterfront Mixed Use designation is intended to integrate a broad array of industrial, residential, office, retail and service uses, institutions, entertainment, recreation and cultural activities, and parks and open space, in a compact urban form, at higher development densities.*

The pending recommendation report will assess if the proposal conforms to the policies of the City's OP.

### **D. City of Owen Sound Zoning By-law 2010-078, as amended**

The purpose of this City-initiated Zoning By-law Amendment (ZBA) is to implement housekeeping changes to the Zoning By-law (2010-078, as amended), to support the implementation of the Short-Term Rental By-law by clarifying where in the City STRs are permitted and providing associated definitions.

The effect of the ZBA is to define and permit STRs where a 'Residential Use' is a permitted use in the Zoning By-law by implementing the following housekeeping amendments:

- Section 4 Definitions
  - Refine the 'Bed & Breakfast' definition.
  - Add a definition for 'Short-Term Rental'.
- Section 5 General Provisions
  - Permit STRs in any zone where a 'Residential Use' is a permitted use. STR's would be permitted in any dwelling type including single family, semi-detached, duplex, townhouses and apartments;
  - Require that STRs comply with the parking provisions of Section 5.

Based on consultation completed for the licensing, STRs are proposed to be permitted in areas where a residential dwelling is a permitted use. In order to accommodate this proposal, certain amendments are required to the Zoning By-law. The proposed housekeeping amendment will amend Section 4 Definitions and Section 5 General Provisions and will describe where in the City STRs are permitted to be located. The specific regulation of STRs will be achieved through the STR By-law and the licensing process.

## **Section 4 Definitions**

The proposed housekeeping will:

- delete the existing definition of a 'Bed & Breakfast' and provide a new definition; and,
- add a definition for 'Short-Term Rental'.

### *Bed and Breakfasts*

The amendment will delete the existing definition of 'Bed & Breakfast' and replace it with the following definition.

*"Bed and Breakfast" means a home business where the resident operator provides short-term lodging for compensation to the travelling and vacationing public. Guest rooms or suites may include a private bath but do not include cooking facilities. Breakfast and other meals, services, facilities or amenities may be offered exclusively to guests. A bed and breakfast does not include a hotel, boarding or lodging house, group home, group residence or any other home licensed, approved or supervised under any general or special Act.*

The proposed definition refines the existing definition to clarify:

1. that a 'Bed & Breakfast is operated as a home business by the resident operator;
2. that the accommodations do not include cooking facilities; and,
3. that meals, services and facilities are offered exclusively to the guests and are not available to the general public.

### Short-Term Rental/Accommodations

The proposed amendment will add a definition for 'Short-Term Rental' that is the same as approved in the Short-Term Rental Licensing By-law.

*"Short-Term Rental" means all or part of a legally established dwelling that operates or offers a place of temporary residence, lodging or occupancy by way of a rental agreement or similar commercial transaction for a period of twenty-eight (28) consecutive nights or less and, for greater clarity, includes bed & breakfasts.*

## **Section 5 General Provisions**

The housekeeping amendment proposes a new subsection in the general provisions of the by-law to provide applicable zoning provisions for the operations of short-term rentals.

The proposed zone provisions are as follows:

### *Section 5.28 Short-Term Rental Accommodations*

*Where permitted, a short-term rental shall be subject to the requirements of the zone in which it is located, and it shall:*

- a. Be permitted in any zone where a 'Residential Use' is a permitted use;*
- b. Comply with the parking provisions of Section 5 for the associated residential use in the zone.*

*The existing Zoning By-law defines a 'Residential Use' as the use of any land, building or structure or part thereof where the main use of the building is to be occupied or capable of being occupied exclusively as a home or residence by one or more people and includes dwelling types as defined in this By-law.*

*A 'Dwelling' is defined as a building occupied or capable of being occupied exclusively as a home or residence by one or more people but shall not include hotels, motels, mobile homes, motor homes, caravans, travel trailers, boarding or lodging houses, group homes, group residences, crisis residences, or other institutions licensed or approved under any Act of the Province of Ontario or the Dominion of Canada.*

The Zoning By-law provides definitions for the following dwelling types. STRs would be permitted in any of these dwelling types.

- Dwelling, Apartment;
- Dwelling, Cluster Townhouse;
- Dwelling, Converted;
- Dwelling, Duplex;
- Dwelling, Semi Detached;
- Dwelling, Single Detached;
- Dwelling Street Front Townhouse; and,
- Dwelling, Townhouse.

The dwelling types listed above are permitted, either individually or in combination with each other or other uses, in the following zones:

|                               |                             |
|-------------------------------|-----------------------------|
| R1 Single Residential         | C1 Core Commercial          |
| R2 Low Density Residential    | C2 Retail Commercial        |
| R3 Low Density Residential    | C3 Neighbourhood Commercial |
| R4 Medium Density Residential | C4 Arterial Commercial      |
| R5 General Residential        | MC Mixed Use Commercial     |
| MR Multiple Residential       |                             |

As such, STRs are proposed to be permitted within all residential zones and most commercial zones within the City, including the River District. The general provisions applicable to short-term rentals will require STRs to comply with the provisions of the applicable zone, including, among others, minimum lot size and building regulations, and comply with the parking provisions of Section 5 (5.18 General Parking Regulations).

In order to clarify the technical application of the ZBL in regard to home businesses, including bed and breakfast establishments, the housekeeping amendment will delete Home Occupation as a specific permitted use in Section 6 Residential zones and amend Section 5.17 Home Business so that home businesses are permitted anywhere a Residential Use is permitted in the Zoning By-law. This housekeeping amendment will clarify that home businesses are permitted where Residential Uses are permitted, including in the commercial zones where residential uses are permitted.

## Next Steps

In accordance with the Planning Act and City protocols for processing Planning Act Applications, the following outlines the next steps in the process:

| Date              | Step   | Days |
|-------------------|--|------|
| October 18, 2023  | Technical Report                               | 1    |
| October 20, 2023  | Notice of Public Meeting                       | 3    |
| November 15, 2023 | Public Meeting at Community Services Committee | 29   |
| December 4, 2023  | Recommendation Report to Council               | 48   |
| December 18, 2023 | Enacting By-law to Council                     | 62   |

## Financial Implications:

The budgetary implications of the proposed Zoning By-law Amendment are minimal. The process will incur administrative fees from providing public notice in the Sun Times newspaper, as legislated by the Planning Act. Additionally, an amendment initiated by the City does not collect application fees as it would from an external application.

## Communication Strategy:

Notice of Public Meeting will be provided upon direction received from City Council to proceed with the public process for the City-initiated amendment.

The public notice and a copy of this report will be made available on the City's website.

## Consultation:

In addition to the public notice, the Planning Division will send a request for comments to the City's Development Team and external commenting agencies, further detailing the nature of the applications.

All comments will be considered as part of the Staff Recommendation Report.

## **Attachments:**

Schedule 'A' – Summary of Proposed Housekeeping Amendments

## **Recommended by:**

Sabine Robart, M.SC. (PL), MCIP, RPP, Manager of Planning & Heritage

Pam Coulter, BA, RPP, Director of Community Service

## **Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Sabine Robart, Manager of Planning & Heritage at [srobart@owensound.ca](mailto:srobart@owensound.ca) or 519 376 4440 x.1236.