

Staff Report

Report To: City Council

Report From: Jacklyn Iezzi, Senior Planner
Sabine Robart, Manager of Planning & Heritage

Meeting Date: December 18, 2023

Report Code: CS-23-136

Subject: Recommendation Report – Zoning By-law Amendment No. 51 – Short-Term Rentals

Recommendations:

THAT in consideration of Staff Report CS-23-136 respecting Zoning By-law Amendment No. 51 being a City-initiated Zoning By-law Amendment 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, City Council:

1. In consideration of the staff reports, recommendations, and oral and written submissions, including public comments received, finds that the proposed amendment is consistent with the Provincial Policy Statement and conforms to the goals and objectives of the City's Official Plan; and
2. Directs staff to bring forward a by-law to adopt Amendment No. 51 to the City's Zoning By-law (2010-078, as amended) and give notice in accordance with Section 34 of the *Planning Act*.

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 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 Zoning By-law to provide zoning provisions for short-term rentals.
- Notice of the application was given on November 9, 2023, in The Sun Times newspaper and a Public Meeting to consider the application was held on December 4, 2023, in accordance with the requirements of the *Planning Act*.
- Staff recommend that the housekeeping amendment be approved.

Strategic Plan Alignment:

Legislated review process.

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 \(2010-078\)](#)

Licensing Process

[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

[CR-23-097](#) Rental Cap and Principal Residence Requirements for STRs

ZBA Process

[CS-23-095](#) Zoning By-law Housekeeping Update – Short Term Rental 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 the review would include consideration of the use of licensing tools as well as zoning provisions.

The process, as described in Report [CR-23-070](#), has resulted in a Short-Term Rental Licensing By-law, which was presented to the Corporate Services Committee on September 14, 2023, and subsequently approved by Council.

At its meeting on November 20, 2023, City Council considered Staff Report [CR-23-097](#) and resolved to implement a 180-rental cap on short-term rentals (STRs). Among other matters, the licensing by-law will also:

- 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 STRs that are Bed and Breakfast establishments.

On December 4, 2023, Council passed the STR Licensing By-law No. 2023-115. The by-law will come into force and effect 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 the proposed 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 Short-Term Rental Licensing by clarifying where in the City STRs are permitted together with associated definitions.

The effect of the ZBA is to define STRs 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' that is consistent with the definition provided by the Licensing By-law.
- 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-detached, semi-detached, duplex, townhouses, and apartments.
 - Require that STRs comply with the parking provisions of Section 5.

Submission & Process Details

The process relating to the formal application has proceeded as follows:

Date	Step
September 20, 2023	Introductory report to Community Services Committee.
October 18, 2023	Technical Report to Community Services Committee.
November 9, 2023	Notice of Complete Application & Public Meeting published in the Sun Times newspaper.
December 4, 2023	Public Meeting
December 18, 2023	Recommendation Report to City Council.

Analysis:

The proposal is required to meet all development standards and policies applicable to projects within the City of Owen Sound. The proposal is required to be consistent with the Provincial Policy Statement and in conformity with the City Official Plan and Zoning By-law. The application is subject to review by City Planning, Engineering and Building Staff, as well as external commenting agencies. All applicable policies, standards, and review comments are reviewed below in the context of the subject application.

Provincial Policy Statement

The 2020 Provincial Policy Statement (PPS) has been reviewed with regard to the proposed application. The PPS Vision for the long-term prosperity and social well-being of Ontario focuses on growth and development within settlement areas and recognizes that land use must be carefully managed. Strong, liveable, and healthy communities promote and enhance human health and social well-being, are economically and environmentally sound, and are resilient to climate change. The PPS directs development to fully serviced, designated settlement areas and requires contiguous development that minimizes land consumption and servicing costs.

The City of Owen Sound is designated as a settlement area with full municipal services. Development on full municipal services including municipal water, wastewater, public transit, parks, and other public service facilities supports the type of efficient, cost-effective development within an urban municipality that is envisioned by the PPS.

The PPS requires that planning authorities provide for an appropriate range and mix of housing options and densities by permitting all housing options and residential intensification. Further, the PPS requires that long term economic prosperity be supported by promoting economic development, encouraging residential uses to respond to dynamic market-based needs and provide necessary housing supply and range of housing options for a diverse workforce, maintaining and enhancing downtowns and providing opportunities for sustainable tourism development. The proposed housekeeping amendment to the Zoning By-law, in conjunction with the STR Licensing By-law, will protect housing supply and a range of housing options while allowing short-term rentals and opportunities for tourism to continue, subject to the criteria as outlined in the City's STR Licensing By-law and Section 5: General Provisions of the Zoning By-law.

The proposal is consistent with the policy direction provided by the PPS.

County of Grey Official Plan (2019)

The City of Owen Sound is designated as a 'Primary Settlement Area' in the County of Grey Official Plan (County OP). Settlement areas with full municipal services are to be the focus of the majority 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.

Section 4.2.8 of 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.

The Short-Term Rental Licensing By-law and the proposed housekeeping amendment to the Zoning By-law are the policies by which the City will regulate short-term rentals in Owen Sound to mitigate land use conflict, among other matters.

The County has been consulted on the proposed housekeeping amendment to the Zoning By-law, in accordance with the City's typical development review process, and have no objections. The proposal conforms to the policies of the County OP.

City of Owen Sound Official Plan (2021)

The City's new Official Plan was approved 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 recently updated to have regard to matters of provincial interest, be consistent with the Provincial Policy Statement, and conform with provincial plans and the policy direction provided in the County Official Plan.

Fostering a vital and diverse local and regional economy and promoting and encouraging the growth and development of the City through a planning framework that support sustainability, healthy communities, and quality of life for all residents of the City are key goals of the City's Official Plan. As noted in the PPS section of this report, the proposed housekeeping amendment to the Zoning By-law, in conjunction with the Short-Term Rental Licensing By-law, will protect housing supply and a range of housing options while allowing short-term rentals that provide an opportunity for tourism and foster a diverse local economy to continue, subject to criteria as outlined in the City's STR Licensing By-law and the Section 5: General Provisions of the Zoning By-law.

The proposed amendment will apply to areas of the City that are located within the 'Residential', 'River District Commercial', 'East City & West City Commercial', 'Arterial Commercial' and 'Waterfront Mixed Use' designations. These designations all permit residential uses in various forms and densities.

Policies of the Residential designation recognizes the reality of Short-Term Rentals. Section 3.1.1. (i) of the Official Plan notes that the City will work to establish short-term accommodation guidelines and policies to be regulated through such means as a regulatory by-law and business licensing. The City's STR Licensing By-law and the proposed housekeeping amendment to the Zoning By-law will provide the regulatory framework for STRs within the City, consistent with Section 3.1.1. of the OP.

The proposal conforms to the policies of the City's Official Plan.

City of Owen Sound Zoning By-law (2010-078, as amended)

The purpose of the proposed 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 Short-Term Rental Licensing by clarifying where in the City STRs are permitted together with associated definitions.

The effect of the ZBA is to define STRs 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' that is consistent with the definition provided by the Licensing By-law.
- Section 5: General Provisions
 - Permit STRs in any zone where a 'Residential Use' is a permitted use. STRs would be permitted in any dwelling type including single-detached, 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 to describe in what zones STRs are permitted.

Other specific regulations regarding STRs will be achieved through licensing and enforcement under the STR By-law.

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' that is consistent with the definition provided by the Licensing By-law.

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 the definition provided within the recently approved 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 within the General Provisions of the By-law to provide 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.

The proposal meets the requirements of the City's Zoning By-law.

City Staff & Agency Comments

In response to the request for comment from the Planning & Heritage Division, the following comments have been submitted for review pertaining to the subject application. All comments can be found attached hereto as Schedule 'B'.

City of Owen Sound Engineering & Public Works Department

Comment has been received from the City's Engineering & Public Works Department with no objection to the subject proposal.

City of Owen Sound Fire and Emergency Services

Comments has been received from the City's Fire and Emergency Services with no objection to the subject proposal.

Grey County

Comment has been received from Grey County with no objection to the subject proposal.

Grey Sauble Conservation Authority (GSCA)

Comment has been received from the GSCA with no objection to the subject proposal.

Public Comments

A Public Meeting to consider the City-initiated housekeeping amendment was held on December 4, 2023. One (1) member of the public presented comments at the meeting. No written public comments were received.

Comments received at the December 4, 2023, meeting noted concerns as it relates to compatibility of STRs with existing residential uses noting concerns

with noise and nuisance, enforcement, requirements for off-street parking and STRs located in hazard zones. Each of these matters are discussed in turn below:

Compatibility

Comments received note concerns with the compatibility of STRs in residential zones/areas. The criterion outlined in the City's STR Licensing By-law will serve to ensure compatibility of STRs in residential zones including that:

- STRs be limited to 180 days per year;
- The maximum occupancy be limited 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;
- That STRs be limited to the principal residence of the operator; and
- That STRs operate in accordance with the requirements of all City by-laws and policies including, but not limited to, the City's Noise By-law and Fireworks By-law. Many of these by-laws have been updated along with the development of the STR Licensing By-law to provide for enforcement.

Nuisance & Enforcement

Comments received indicate concerns with STRs as it relates to nuisance generated in residential areas including, but not limited to, noise and trespass. As noted above, the criterion outlined in the City's STR Licensing By-law and other by-laws will serve to ensure compatibility of STRs in residential areas. Furthermore, the STR Licensing By-law provides a comprehensive strategy for enforcement including that a STR licence may be revoked where three (3) or more contraventions of City by-laws have occurred within a six-month period or four (4) or more within a calendar year.

Parking

Comments received requested clarification on the minimum off-street parking requirements for STRs. As outlined in the draft by-law attached as Schedule 'A', STRs will be required to comply with the parking provisions of Section 5 of the Zoning By-law for the associated residential use in the applicable zone.

For example, if an STR was operated in a single detached dwelling, the Zoning By-law requires a minimum of one (1) off-street parking space that meets the minimum size dimensions of the by-law (2.65 m wide by 6.0 m long) to be provided. The City's STR Licensing By-law requires the provision of a parking management plan as part of any STR license application.

Hazard Zone

Comments received requested clarification on whether an enhanced level of review is required for STRs located on property zoned as 'Hazard Zone' (ZH). Planning Staff anticipate that the vast majority of STRs would be located within an existing structure. In this case, an enhanced review of potential impacts on hazard lands would not be required. New residential uses are not permitted in an ZH Zone and existing residential uses would be subject to the legal non-conforming provisions of the Zoning By-law. Any new residential use or accessory buildings or structures would have to be located outside of areas zoned as ZH.

Financial Implications:

The budgetary implications of the proposed Zoning By-law Amendment are minimal. The process has incurred 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 Complete Application and Public Meeting was given on November 9, 2023, in The Sun Times Newspaper in accordance with the requirements of the *Planning Act*.

A Public Meeting was held on December 4, 2023.

Notice of Decision will be given following Council's decision on the matter and a twenty (20) day appeal period will follow the notice.

The public notice and a copy of this report has been made available on the City's website at www.owensound.ca/development.

Consultation:

The application was circulated to various City Departments and commenting agencies as part of the consultation process.

Attachments:

Schedule 'A': Draft By-law Amendment

Schedule 'B': Staff & Agency Comments

Schedule 'C': Public Meeting Minutes and Public Comments

Recommended by:

Jacklyn Iezzi, BES, Senior Planner

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 or 519-376-4440 ext. 1236.