

Staff Report

Report To: Service Review Implementation Ad Hoc Committee
Report From: Briana Bloomfield, City Clerk
Meeting Date: April 9, 2025
Report Code: CR-25-035
Subject: Review of Short-Term Rental (STR) Licensing Program

Recommendations:

THAT in consideration of Staff Report CR-25-035 respecting a review of the Short-Term Rental (STR) Program, the Service Review Implementation Ad Hoc Committee recommends that City Council:

1. Continue the STR licensing program;
2. Direct staff to bring forward a by-law to amend the STR By-law to:
 - a. Include housekeeping amendments as outlined in the report;
 - b. Include human trafficking provisions as outlined in the report;
 - c. Increase the rental cap from 180 days to 240 days; and
 - d. Remove the principal residence and rental cap requirements in the C1 and MC zones as outlined in the report, with the inclusion of any insurance requirements provided by the City's insurer for those zones;
3. Direct staff to amend the Fees and Charges By-law to add a \$750 licensing fee for STRs located in the C1 or MC zones; and
4. Direct staff to provide notice of the amendment to the Fees and Charges By-law as required by the Notice By-law.

Highlights:

- The STR By-law came into effect March 1, 2024 and from March 2024 to February 2025 there were 24 STR licences issued.

- To date, the City collected \$11,200 in Municipal Accommodation Tax from STRs from March to December 2024.
- There were no nuisance or noise complaints submitted to By-law Enforcement or Police Services in year one.
- STR complaints can be submitted through the [City's website](#), or by email to enforcement@owensound.ca, or by phone at 519-376-4440 ext. 1905.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: Prosperous City.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

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

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

[Report CR-23-065](#) – STRs – Feedback and Next Steps

Closed Report CR-23-066 – STRs – Legal Opinion

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

[Report CR-23-097](#) – Rental Cap and Principal Residence Requirements

[Report CR-24-008](#) – STR Implementation – By-law Updates and Complaint Tracking

[By-law No. 2023-115](#) – Short-Term Rental By-law

Background:

On December 4, 2023, City Council approved By-law No. 2023-115 to licence, regulate, and govern the operation of Short-Term Rentals (STRs) in the City of Owen Sound (the "STR By-law"). The STR By-law came into effect March 1, 2024.

Highlights of the STR By-law regulations are noted below:

- Annual licence for any residence that offers rentals of 28 days or less (including bed and breakfasts).

- Licences are not transferable between owners or properties. Every STR has its own licence which requires renewal upon new ownership.
- Licences are not granted where a residence has outstanding enforcement issues or financial issues.
- Licences permit 2 people per legal bedroom and 2 people in common areas to a maximum of 8 people.
- There is a rental cap of 180 days in a calendar year.
- On-site parking is limited to the number of vehicles the property can accommodate as determined by the City.
- Licences are only issued if it's the owner's principal residence and/or a unit on the principal address property.
- Licences can be suspended/revoked if 3 tickets are issued in a 6-month period or 4 tickets are issued in a calendar year.
- The applicant provides:
 - Site and fire safety plans;
 - Proof of insurance;
 - Proof of principal residency;
 - Proof of MAT registration;
 - Written permission from the owner in the case of a tenant; and
 - Written permission from the condominium board, if applicable.
- Inspections are completed by City departments as deemed necessary.
- There are offences for:
 - Operating without a licence;
 - Advertising without a licence;
 - Advertising without the licence number;
 - Advertising in contravention of the by-law;
 - Not displaying the licence at the property; and
 - Not providing the Visitor Code of Conduct to renters.
- Officers hold both the owner and renter accountable for violations.
- The application fee is \$500 annually.

The purpose of this report is to provide a review of the first year of the STR licensing program and make recommendations where necessary.

Analysis:

The STR Licensing program has been in place for just over a year, and staff have closely monitored the program during this time. Included in the analysis section of this report are statistics, feedback, and recommendations.

Number of STR Licences and Municipal Accommodation Tax

In the first year of the program, from March 1, 2024, to February 28, 2025, there were 24 STR licences issued, totalling \$12,000 in gross revenue (\$500 per licence). A map of the location of the 24 STRs is attached to the report.

From March 1 to December 31, the City received \$11,200 in Municipal Accommodation Tax (MAT) from STR operators. STR operators submit MAT reports on a quarterly basis to the Ontario Restaurant Hotel Motel Association (ORHMA). The deadline for the fourth quarter report has not yet passed, so this revenue is expected to increase.

Administration of STR Licensing Program

A staff member within the City's Building Division took on the role of STR Coordinator. The STR Coordinator tracked their time throughout the year to determine the time required to implement and administer the program.

In 2024, the STR Coordinator spent 430 hours on the STR program or 25% of their time. The majority of staff time was spent in the first six months of the program (357 hours) due to the implementation of the program (January and February) and the by-law coming into effect March 1.

In 2024 the STR program generated \$12,000 in gross revenue, but after accounting for staff time costs of \$23,100, it resulted in a loss of \$11,100. With the program now fully implemented, it is expected that staff will spend significantly less time administering it. In 2025, the STR Coordinator has spent 7.5 hours on the program during January and February, compared to 173 hours during the same time period in 2024.

Staff advise that it takes approximately 2 hours to process an application with additional time spent responding to inquiries and monitoring websites for non-compliance. In 2025 should the City continue to license 24 STRs, it is anticipated that this will take approximately 75 hours to administer (2 hours per application + 2 hours per month responding to inquiries and monitoring websites) or 4.5% of staff time.

Summary of Licensed STRs

Information relating to the 24 STR licences can be broken down as follows:

Number of occupants:

- 8 Occupants: 8 STRs
- 6 Occupants: 6 STRs
- 4 Occupants: 8 STRs
- 2 Occupants: 1 STR and 1 Bed and Breakfast

Location:

- West Side of City: 9 STRs
- East Side of City: 15 STRs (1 east side location is in the River District)

Type of STR:

- 1 Bed and Breakfast
- 6 have separate living area for guests
- 17 have shared living area with guests

Complaints

In the first year of the program, **there were NO complaints submitted to By-law Enforcement relating to fireworks, garbage, noise, nuisance, and parking.**

There were 33 complaints submitted to By-law Enforcement relating to STRs operating without a licence. Of the 33 complaints, 25 were considered valid and 8 were invalid. All operators either applied for a licence or stopped operating/advertising. Of the 8 invalid complaints, 7 were found not to be operating as an STR and 1 was located outside of the City.

There was 1 complaint submitted to Police Services relating to STRs in the first year of the program and it was due to a theft by someone who had rented the property.

Feedback

The STR Licensing Coordinator tracked feedback received from current or former STR operators over the first year of the program. This feedback is outlined below.

- Rental cap should be eliminated or the number of days increased.
- The licensing fee should be reduced.

- Occupancy maximum should be based on number of bedrooms (a larger house should be permitted to host more people).
- The *Landlord Tenant Act* needs to be updated.
- Former operators leaving unit(s) vacant due to principal residence requirement and not interested in long term rentals.
- There were 2 former STRs that converted to long term rentals either because they did not want to get an STR licence or it was not their primary residence.
- There were 2 corporately owned STRs in the River District that could not continue to operate due to the principal residence requirement.

In addition to the feedback received over the last year, staff created a survey that opened on February 18 and closed on March 14. There were 181 responses to the one-year review survey compared to 583 responses to the implementation survey in 2023. The survey questions and results are attached to the report with personal information redacted from the comments. Highlights of the results are as follows:

- The majority of respondents (86%) are full time Owen Sound residents.
- Just over half of respondents (58%) are aware of an STR in their neighbourhood.
- The majority of respondents (76%) have not been disrupted by an STR (please see note #1 below for more information).
- Of the 45 respondents that were disrupted, 20 of them reported being disrupted once a month (please see note #2 below for more information).
- The majority of respondents either did not do anything about disruptions or contacted the property owner.
- For the few that were disrupted, issues were related to noise, parking, and the number of people at the property.
- A small number of respondents felt the licensing program has reduced nuisance concerns (13%) and the majority were unsure whether it has helped (62%).
- A split vote was received on whether an exemption to the principal residence requirement for the River District and waterfront areas should be applied.
- There were 18 survey responses from STR operators which equates to 10% of respondents, it also equates to 75% of the 24 licensed STRs.

- The majority of respondents believe STRs should continue to be regulated/licensed in Owen Sound (68%).
- A split vote was received on whether the rental cap should be increased.
- A majority of respondents (40%) are satisfied with the 8-person maximum while the remainder of respondents are split on whether the maximum number of guests should decrease (33%) or increase (27%).
- The majority of respondents are satisfied with the current licensing fee (40%). There were a number of 'other' responses supporting the removal of the licensing fee altogether.

There are a couple of additional notes from the survey staff wish to highlight:

1. Survey question #3, 'Have you ever been disrupted by an STR in Owen Sound?' is somewhat broad. While the vast majority of respondents answered 'no', and the by-law and police complaint statistics support this response, it is possible that some answers reflect disruptions from past years, rather than just since the STR by-law was enacted.
2. Survey question #4, which asks 'How frequently are you disrupted by an STR in Owen Sound?' revealed that the majority of respondents answered 'never'. However, for those who reported disruptions, it is possible that these disruptions occurred over multiple years, as the question was not specific to a particular timeframe.
3. Concerns have been raised about Airbnb displaying more than 24 STRs in Owen Sound. Airbnb does not restrict searches to municipal boundaries. A search for Owen Sound often returns more than 1,000 listings, including STRs, hotels and campsites, many of which are located in Meaford, Georgian Bluffs, Chatsworth and beyond. Additionally, some STRs listed may be rented for 30 days or longer and therefore do not require an STR licence.

Staff Recommendations

This section of the report provides an overview of the staff recommendations being presented to Council for consideration.

1. Continue the STR Licensing Program

The STR By-law was put into place to:

- protect the availability and affordability of housing stock;

- balance the economic benefits of STRs with the compatibility of the neighbourhoods where they exist;
- protect the character, amenities and quality of the community;
- create accountability for and to ratepayers, STR operators, and visitors;
- ensure visitors are provided with safe accommodations in terms of fire and building safety;
- ensure STR operators and visitors are aware of their responsibility to comply with applicable municipal by-laws and other laws and regulations;
- create a level playing field for all STR operators and provide enhanced consumer protection to visitors; and
- permit the operation of licensed STR accommodations across the municipality.

Additionally, the STR By-law provides equity amongst overnight accommodation options (hotels, motels, campsites, STRs) as MAT is collected on all accommodations.

Staff successfully implemented an STR licensing program in Owen Sound and staff recommend that the program continue for the reasons stated above which is also supported by the feedback received through the STR survey.

2. Housekeeping Amendments

Staff recommend that, for clarity, the following amendments be made to the STR By-law:

- That 'inn and resort' be removed from section 12.c. of Part IV, 'Licence Requirement'. Since there are no definition of 'inn' or 'resort' in the Zoning By-law, removing these terms will help ensure alignment between the two by-laws.
- Specify in section 42 of Part VII, 'Requirements, Responsibilities and Prohibitions', that the occupancy maximum includes operators if they are present during a rental.

3. Add Provision Relating to Human Trafficking Education

In consultation with the Police Chief and the Coordinator of the Grey Bruce Community Safety and Well-Being Plan, it is recommended that the attached Human Trafficking information sheet be posted in STRs (last page of package). This can be accomplished by updating the STR By-law, section 45 of Part VII 'Requirements, Responsibilities and Prohibitions', as follows:

That every licensee must display the Human Trafficking information sheet in a prominent place at the short-term rental to which it applies.

In addition, staff will provide the entire human trafficking information package (attached to the report) to all operators when they are issued their STR licence.

4. Increase the Rental Cap from 180 Days to 240 Days

When the rental cap was first discussed by Council, it brought about much debate. As part of the one-year review, staff recommend that the rental cap be reviewed by Council.

The purpose of a rental cap is to balance nuisance concerns with financial considerations for both the STR operator and the City. As noted earlier in the report, there were no nuisance concerns submitted to by-law enforcement or police services staff in the first year of the program. Additionally, there are many tools in the STR by-law and other City by-laws to address nuisance concerns should they arise.

STRs offer an additional accommodation option for both local workers and visitors, contributing to the local economy. Operating an STR allows residents to supplement their income while also increasing the MAT revenue for the City.

As outlined in the STR By-law, all STRs must be located in an operator's principal residence, minimizing the impact on long-term rental availability. Allowing operators to rent rooms for additional days does not reduce the availability of long-term rental housing.

As noted in [Report CR-23-097](#), of the Grey and Bruce County municipalities that are licensing STRs, none have a rental cap. Collingwood has a 180-day rental cap while the City's other comparator municipalities of Brockville, Orangeville, Orillia, and Stratford do not have a rental cap. At this time, staff cannot report on whether operators used the full 180-day rental cap, as the deadline for reporting to ORHMA has not yet passed and most operators have not yet had to submit the visitor log required to renew their licence.

The feedback from STR operators and the survey indicate support for raising the rental cap with 39% of respondents backing an increase to the current 180-day limit.

Given the small number of STRs in the City, the limited complaints, the feedback received through STR operators and the survey, the economic

benefit to the City and increased MAT potential, staff propose that the rental cap be increased from 180 days to 240 days.

5. Maintain the Current Occupancy Maximum

The occupancy maximum was another provision in the STR By-law that sparked considerable discussion. The current occupancy maximum is 2 people per bedroom, plus 2 people in common areas to a maximum of 8 people (including STR operator). Based on the feedback received through the survey and the limited number of STRs looking for an increase to the occupancy maximum, staff recommend that the occupancy maximum remain at 8. Should Council wish to modify the occupancy maximum, a motion will be required, as it is not part of the staff recommendation.

6. Maintain the Current Licence Fee

The STR program experienced a revenue loss in its first year, which is expected given the work involved in its implementation. The current annual licence fee is \$500. Additionally, STR operators collect a 4% MAT on each nightly rental, which they remit to the City on a quarterly basis.

Staff recommend that the \$500 annual licensing fee be maintained. This licensing fee covers the staff time to process the application, inspections, responding to inquiries and monitoring website platforms for non-compliance.

7. Remove the Principal Residence and Rental Cap Requirements in the C1 and MC Zones

When the STR By-law was being developed, Council requested an additional staff report on the principal residence and rental cap requirements ([Report CR-23-097](#)). With the relatively small number of STRs in Owen Sound and no nuisance complaints being submitted, staff propose revisiting the option of providing an exemption to the principal residence and rental cap requirements for STRs located in the Core Commercial (C1) and Mixed-Use Commercial (MC) zones.

Attached to the report is a map showing the location of the C1 and MC zones. The C1 zone is designated as River District Commercial by the City's Official Plan (OP). The OP notes that the River District is intended to provide a full range of commercial, institutional, recreational, and residential uses. Generally, this area functions as the social, cultural, business, and recreational focal point of the City. Permitted uses include hotels, motels,

visitor accommodations, restaurants, entertainment, bars, nightclubs, and theatres.

The MC zone is designated as Waterfront Mixed Use. 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. An active harbour is to be retained with small boat marinas. Activities and uses that support recreation and tourism, such as hotels, convention facilities, restaurants, theatres, parks and museums are appropriate to locate here.

The River District and Waterfront Mixed Use designations, given their location adjacent to the waterfront, historic character and hub of entertainment and cultural uses, are intended to be the core of the City's tourism industry. STRs can provide an alternate form of tourism accommodation in these areas.

Should Council decide to provide an exemption to the principal residence requirement relating to C1 and MC zones, staff recommend that an exemption to the rental cap also be provided in those zones. This ensures that properties are not sitting vacant and encourages economic development within the community.

Staff recommend removing the principal residence and rental cap requirements in the C1 and MC zones for the following reasons:

- It meets the intent of the Official Plan and Zoning By-law.
- The draft Tourism Action Plan recommends that these current STR restrictions be reviewed in these areas.
- It may provide additional accommodation options for visitors in areas meant to support tourist activities including events and sport tourism.
- In these areas most buildings have commercial uses and are not a principal residence of the owner which has negatively impacted the ability of STRs to support the planning function of these areas.
- There are a minimal number of STRs in the City.
- It may provide additional revenue to the City through the MAT and the licensing fee.
- It may provide additional economic benefits to the City.
- There was no clear opposition to this from the survey results.

Factors that do not support removal of the principal residence and rental cap requirements in the C1 and MC zones include:

- There is no guarantee an STR is being operated by someone local.
- Long-term rentals may be removed from the market in these zones.
- There may be absentee landlord issues.
- There may be complaints due to a mix of residential uses (i.e. long-term rentals and STRs) occurring simultaneously.

The benefits of removing the principal residence and rental cap requirements in the C1 and MC zones outweigh the drawbacks which is why staff is recommending removal from the STR By-law.

Staff are waiting to hear from the City's insurer on whether it recommends different insurance requirements for STRs in the C1 and MC zones. The report's recommendation directs staff to include any revised insurance requirements for the C1 and MC zones in the STR By-law, should the exemption be approved by Council.

8. Add a \$750 Licensing Fee for STRs in the C1 and MC Zones where it is not the Operators Principal Residence

Should Council approve removing the rental cap and principal residence requirement in the C1 and MC zones, staff recommend that a higher licensing fee of \$750 be implemented. STRs that don't have a principal residence requirement, or rental cap should have a higher licensing fee because they are being used solely for commercial purposes. These properties are typically owned by investors or businesses, rather than individuals using them as their main home.

Additionally, STRs in the C1 and MC zones where it is not the operator's principal residence are receiving additional benefits because they are not required to live there, they can operate multiple STRs, and they can rent the property all year long. Any changes to fees will require an amendment to the Fees and Charges By-law and notice to the public of the amendment.

Financial Implications:

The financial implications were outlined during the analysis section of the report.

Communication Strategy:

Changes to the STR By-law will be updated on the City's website and notification will be provided to STR operators and applicants. On a go forward basis, staff will continue to monitor STRs and report back to Council/Committee should further adjustments to the STR licensing program be required.

Consultation:

Director of Community Services, Manager of Legislative Services, Chief Building Official, Manager of Planning & Heritage, STR Coordinator/Building Inspector, By-law Enforcement, Police Chief, Director of Corporate Services (Police Services), and Grey Bruce Community Safety and Well-Being Plan Coordinator

Attachments:

1. Licensed STR Locations
2. Survey Questions and Results
3. Human Trafficking Information Sheet and Resources
4. Map of C1 and MC Zones

Recommended by:

Briana Bloomfield, City Clerk
Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Briana Bloomfield, City Clerk at bbloomfield@owensound.ca or 519-376-4440 ext. 1247.