



Date: November 4, 2024

To: Mayor and Council

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RE: Short-Term Rental By-law

RECOMMENDED ACTION

That Council **APPROVE** By-law 82-2024 being a By-law to License, Regulate and Govern Short-Term Rentals in the Town of Kingsville;

And that the fees noted in this report **BE INCLUDED** in the Town's 2025 Fees and Charges By-law;

And that Administration **BE AUTHORIZED** to submit the set fines appended to By-law 82-2024 to the Ministry of the Attorney General for approval;

And that the corresponding By-law 82-2024 **BE ADOPTED** during the By-law stage of this Council Agenda.

BACKGROUND

Lakeside communities like the Town of Kingsville have a long history of Short-Term Rentals ("STRs"). While there are associated benefits of having STRs in the community, residents have noted several concerns that warrant consideration. Licensing seeks to balance the tourism and economic development benefits of STRs with the right of residents to enjoy their properties without disturbances. A preliminary review of the market has revealed that there are approximately 182 STRs operating in Kingsville.

In December 2023, Council adopted a new Strategic Plan – A 2040 Vision for Kingsville, which included Strategy 2C – "Promote increased supply of housing". This strategy indicated the timeline for regulating short-term rental properties would happen in 2024.

At its May 13, 2024 Meeting, Administration presented the Committee of the Whole with the findings of a public survey regarding the regulation of Short-Term Rentals (STRs) as conducted on the Town's public engagement platform, HaveYourSayKingsville.ca.

On September 24, 2024, Administration hosted a Public Information Meeting ("PIM") to present the key elements of the Draft Short-Term Rental By-law ("Draft By-law"), gather

public comment, and answer questions on the same. Administration continued to receive and respond to public comments and questions on HaveYourSayKingsville.ca until the project paged closed on October 25, 2024.

In drafting the proposed Short-Term Rental By-law, Administration made a concerted effort to take a balanced approach and considered the following questions:

1. Will the Draft By-law provide solutions to deal with identified challenges?
2. Is the Draft By-law practicable and enforceable?
3. Does the Draft By-law balance the tourism and economic development benefits with the right of residents to enjoy their properties without disturbances?
4. Does the Draft By-law take into consideration public input of value?

DISCUSSION

It is Administration's opinion that most of the identified challenges related to STRs can be addressed through licensing.

*In the Draft By-law, **Short-Term Rental** means "a structure of part thereof which is used for temporary lodging for a rental period of 28 consecutive days or less in exchange for payment and includes a bed and breakfast, hotel, motel, and inn, but does not include short-term accommodations where there is no payment."*

The Draft By-law further distinguishes between two types of STRs: **Residential** and **Commercial**. The distinction is based on the property tax rate the property is subject to on the most recent tax bill generated by the Town.

While the majority of the licensing requirements are the same for both types of STRs, Commercial STRs are exempt from various regulations that are intended to address challenges that are often limited to residential neighbourhoods (i.e., parking, maximum occupants), and they have a significantly lower licensing fee in recognition of the higher property taxes paid by these properties.

Short-Term Rental Challenges and Solutions

The survey and stakeholder consultations identified several challenges associated with unregulated STRs. The most commonly identified challenges and solutions included in the By-law are addressed in the following sections.

Challenge 1: Noise/Nuisance Behaviour

Solutions:

- **Agent:** The STR owner must designate an Agent that may be contacted to deal with disturbances such as noise complaints. The By-law provides that the Agent be onsite within 60 minutes to resolve the issue if required. Failure of the Agent

to attempt to resolve the issue may result in enforcement action against the STR owner.

- **Occupancy Limits:** The occupancy limit for Residential STRs is set based on 2 persons per bedroom, plus 2 additional persons (e.g., in common areas) to a maximum capacity of 10 people. Limiting capacity will address some of the problems associated with large parties, but still allow for families to stay in one STR. Commercial STRs are exempt from the occupancy limits.

Additionally, the Town already has a By-law regulating noise. The introduction of a 24/7 hotline may assist residents in reporting these issues and help the Town to track and resolve complaints, as explained below.

Challenge 2: Inadequate Supply of Parking

Solution:

- **On-Site Parking Spaces:** The number of on-site designated parking spaces required at a Residential STR is based on the number of occupants permitted: 1 parking space for 1-4 occupants, 2 parking spaces for 5-8 occupants, and 3 parking spaces for 9-10 occupants. Commercial STRs and properties in the Downtown STR Area are exempt from the on-site parking requirements. STRs operating prior to the passage of the By-law will also be exempt if the requisite Application for an STR Licence is made before March 31, 2025.

Challenge 3: Health and Safety of Occupants

Solutions:

- **Fire Inspection:** All STRs will be required to be inspected annually by Kingsville Fire & Rescue to determine compliance with the Ontario Fire Code. An additional fire inspection fee will be required at the time of inspection.
- **Criminal Record Check:** The applicant will be required to submit a Criminal Record Check, not more than 30 days old from the date of application. This requirement will prevent persons with serious criminal convictions from operating an STR for the safety of occupants.
- **Insurance:** All STRs will be required to provide a Certificate of Insurance (specifically noting the operation of a STR) in the amount of \$2 million. The Certificate of Insurance shall also note that the Town shall be given at least thirty (30) days' notice in writing of any cancellation or material variation of the policy.

Challenge 4: Neighborhood Saturation

Solution:

- **Distance Separation:** An STR Licence shall not be issued to a property if it is within 300 metres of an existing licensed STR. This requirement addresses the density of STRs by limiting concentration and may help to preserve the housing stock for full-time residential occupancy. Properties in the Downtown STR Area are exempt from the distance separation rule. STRs operating prior to the passage of the By-law will also be exempt if the Application for an STR Licence is made before March 31, 2025.

Amendments to Draft By-law

Based on the public consultation conducted on the Draft By-law, Administration incorporated the following amendments in the proposed By-law 82-2024:

- Clarified definition of “Agent”
- Removed requirement that Town be named as additional insured on policies
- Amended Maximum Occupancy to be calculated as 2 people per bedroom, plus an additional 2 people
- Amended fee structure and parking requirements based on new calculation Maximum Occupants
- Clarified response time of Agent and removed specific times for phone calls – Agents must be able to attend the property within 60 minutes
- Removed the prohibition that only allows sleeping in designated bedrooms

Enforcement

Third Party Monitoring

Administration is recommending a contract agreement with a third party to provide compliance monitoring and a 24/7 complaints hotline. A complainant would contact the hotline with a problem, and the hotline operator would take the following steps:

1. Take the call and make record of the complaint;
2. Contact the Agent of the subject STR;
3. Follow up with the complainant if requested;
4. If the issue is not resolved, contact By-law Enforcement the following business day for follow-up with the Agent/Owner; and,
5. In the event of an emergency, the hotline operator or complainant may contact the Ontario Provincial Police (OPP) for immediate follow-up.

Agent

Through the application form, the STR owner will be required to provide the contact information for an Agent that can be onsite within 60 minutes to address issues like noise, nuisance, etc. The Agent can be the STR owner or a property manager and must be available to respond to complaints from hotline, By-law Enforcement, or the OPP.

Set Fines

Part I of the Provincial Offences Act provides municipalities with the authority to create set fines, up to \$1000.00 per occurrence, which may be laid on a person where it has been determined that there has been a by-law contravention (offence). Administration has drafted proposed Set Fines appended to By-law 82-2024 taking into account the severity of each offence.

Suspension/Revocation

The Clerk has the authority to suspend, revoke or impose conditions on a STR licence where the STR has failed to comply with provisions of the By-law, or in the case of serious health and safety concerns for consumer protection.

Appeals

The Committee of Adjustment & Appeals would have the authority to hear appeals related to licence suspensions and revocations, not singular charges or fines.

Next Steps

Following Council's consideration and the passage of the Draft By-law, Administration will submit set fines to the Ministry of the Attorney General for approval. Applications for a STR Licence would open once the administrative processes have been established.

FINANCIAL CONSIDERATIONS

The full scope of the financial impact resulting from the creation and administration of the STR Licensing Program is yet to be determined. It can be assumed that a considerable amount of staff time will be necessary to process applications, provide education to STR owners and complainants, conduct internal department reviews of applications, respond to complaints, and conduct enforcement required for compliance.

Administration is not recommending hiring any additional staff at this time; however, as the STR Licensing Program evolves, additional By-law Enforcement staff may be required to respond to complaints and achieve compliance in a timely manner.

Annual Fees for Licensing & Fire Inspections

Type of STR	Licensing Amount	Fire Inspection Amount
Short-Term Rental Licence – Residential (Up to 4 Occupants)	\$500.00	\$150.00
Short-Term Rental Licence – Residential (Up to 6 Occupants)	\$750.00	\$200.00
Short-Term Rental Licence – Residential (Up to 8 Occupants)	\$1,000.00	\$250.00
Short-Term Rental Licence – Residential (Up to 10 Occupants)	\$1,250.00	\$300.00
Short-Term Rental Licence – Commercial	\$250.00	\$500.00*

*If 10 occupants or less, the corresponding “residential” fire inspection rate will apply.

The above licensing fees are non-refundable and are intended to provide for the cost recovery of time and direct expenses associated with administering and enforcing the STR By-law.

While the number of occupants for each Short-Term Rental operation is unknown at this time assuming an average licensing fee of \$875 multiplied by the estimation of 182 STRs operating in Kingsville, an average annual licensing revenue of \$159,250 can be reasonably expected when full compliance is achieved.

ENVIRONMENTAL CONSIDERATIONS

None.

CONSULTATIONS

During the drafting of the STR Licensing By-law, internal consultations with Planning and Development, Finance and Corporate Services, By-law Enforcement and Kingsville Fire & Rescue were conducted.

In early 2024, a survey was conducted to understand the public perception of STRs. During that time, the page had 1063 visitors, and of those, 380 decided to take the survey. Following the preparation of the Draft STR By-law, extensive public consultation occurred at the Public Information Meeting (“PIM”) where 60 comment cards were received. Following the PIM, the Draft By-law was posted on HaveYourSayKingsville.ca and was open for public input. There were 680 visitors to the page and 45 of them provided input. Individual consultations with residents and STR owners who did not wish to use the public forum also occurred in the form of phone calls and emails.

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