

Staff Report



Corporate Services Department

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REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: June 2, 2025

SUBMITTED BY: Amanda Fusco, Director, Legislated Services, 519-904-1402

PREPARED BY: Kristin VanDerGeld, Manager of Licensing, 519-904-5605

WARD(S) INVOLVED: All

DATE OF REPORT: April 17, 2025

REPORT NO.: COR-2025-041

SUBJECT: Short-term Rental By-law

RECOMMENDATION:

That the Short-term Rental By-law be approved in the form shown attached to staff report COR-2025-041 as Appendix “A” to COR-2025-041,

That the fees set out in Appendix “B” of staff report COR-2025-041 be approved; and

That the request for one (1) Full Time Equivalents (FTE) to support the administration, inspection, and enforcement of the Short-Term Rental By-law be approved.

REPORT HIGHLIGHTS:

- The purpose of this report is to provide follow-up as requested by Council at the June 24, 2024, meeting.
- Staff have separated the short-term rental provisions from the Shared Accommodation By-law as proposed in staff report COR-2024-233 and COR-2024-288 to create a stand-alone Short-term Rental By-law.
- Additional community engagement with potential stakeholders was conducted in the form of in-person sessions and an online Engage Kitchener survey.
- This report supports Building a Connected City Together: Focuses on neighbourhoods; housing and ensuring secure, affordable homes; getting around easily, sustainably and safely to the places and spaces that matter.

BACKGROUND:

On June 24, 2024, Council considered report [COR-2024-288](#) (Supplemental Shared Accommodation By-law) and report [DSD-2024-249](#) (City-wide Lodging House Review) which sought approval to allow lodging houses city-wide in conjunction with a proposed licensing framework that would regulate both lodging houses and short-term rentals in the form of a Shared Accommodation By-law. While the amendments to the City’s Official Plan and Zoning By-Law to permit lodging houses city-wide in all residential zones were approved, staff were

directed to separate the proposed licensing regulations for Lodging Houses into a stand-alone by-law and that the proposed Short-Term Rental provisions be deferred to allow additional time to further review requirements and conduct further engagement with potential stakeholders. On August 12, 2024, the Finance and Corporate Services Committee considered report COR-2024-344 (Lodging House By-law) which sought approval of licensing framework to regulate lodging houses in the form of a Lodging House By-law. The Lodging House By-law was approved and came into effect on January 1, 2025. In the final quarter of 2024, staff explored options for short-term rental licensing, making a deliberate effort to engage with the community further as well as examine the approaches taken by other municipalities. As a result, a proposed Short-term Rental By-law was developed. This report is seeking Council's approval of the Short-term Rental By-law, associated licensing fees and additional staffing resources.

REPORT:

Regulating short-term rentals (STRs) through licensing is becoming increasingly important as the market for platforms like Airbnb, Vrbo, Expedia, and Booking.com has grown rapidly in recent years. These platforms allow property owners to rent out their homes or rooms for short stays, offering significant benefits, such as increased income for hosts and more affordable, unique accommodation options for travelers. However, as STRs proliferate, concerns have emerged that necessitate formal regulation. Some key reasons why licensing STRs is crucial:

- Public Safety
- Consumer Protection
- Nuisance Control
- Enabling Data Collection

Engagement:

Staff explored options for Short-Term Rental Licensing by conducting thorough community engagement, meeting with interested stakeholders, and examining the strategies employed by neighboring municipalities. Further engagement sessions were conducted in collaboration with the City of Waterloo, who was also reviewing short-term rental regulations.

To ensure the greatest amount of qualitative feedback from the community, staff collaborated with the city's Community Engagement Consultant to develop thorough, objective, and non-biased survey questions to inform Council regarding impacts, licensing regimes and neighborhood integration of short-term rentals. An online Engage Kitchener survey was posted between November 5th, 2024, and December 6th, 2024, and the survey was advertised on social media, the City's website, and within City facilities. Survey links were also shared with student associations like CSI and with individuals who had previously engaged with staff. The survey on short-term rentals had 581 contributors, with 18% of survey respondents identifying as short-term rental owner/operators and the remaining 82% identifying as citizens who reside in a neighbourhood where a STR is operating and other interested parties. Key highlights from the short-term rental survey results include the following:

- 65% of respondents felt that short-term rentals should be regulated through licensing
- 51% of respondents described their experience having a short-term rental property in their neighbourhood as negative or very negative.

- 53% of respondents felt that operating a short-term rental was a business.
- 59% of respondents felt a short-term rental should be restricted to an owner's principal residence.
- 61% of respondents felt the maximum number of days for a short-term rental should be 30 days or less.

The survey also provided respondents the opportunity to offer free-form suggestions, ideas, and feedback. Key takeaways from those comments include:

- Some respondents suggested that a complete ban on short-term rentals should be considered.
- Many respondents feel that short-term rentals worsen the housing crisis by decreasing the availability of long-term rental options, increasing housing prices, and creating competition for affordable housing.
- Some respondents pointed out the positive impacts of STRs, including well-maintained properties, boosted tourism, and the provision of flexible housing options for temporary needs.
- Negative perceptions of STRs include issues like noise, nuisance, parking, lack of accountability from absentee owners, and a decline in community cohesion.
- Supporters of STRs highlighted that short-term rentals boost the local economy by encouraging tourism and generating job opportunities for cleaners, maintenance workers, and other service providers.
- Some respondents believed a tiered licensing approach would be useful to differentiate between commercial operators and hosts who rent out their principal residence.

In addition to the survey, staff also held two joint in-person engagement sessions with the City of Waterloo on November 18th and 27th, 2024. These sessions were attended by approximately 40 people combined, primarily comprised of short-term rental operators. At these sessions, staff presented regulatory options being used by other area municipalities, potential insurance implications, and had a presentation by a representative from Airbnb to discuss the company's position on licensing. The key take-aways from these sessions were:

- Some participants supported licensing frameworks for better safety and accountability, while others opposed them, citing potential challenges for small operators, higher costs, and decreased flexibility.
- Participants emphasized the economic benefits of short-term rentals, including generating local revenue and supporting tourism.
- Some expressed concerns about the cost and necessity of commercial insurance for hosts.
- Participants discussed principal residence requirements, with a preference for a tiered licensing approach.
- There were discussions about the differences between short-term and long-term rentals, along with concerns regarding how the Residential Tenancies Act regulations might apply.

Municipal Scan:

A thorough review of municipalities with existing short-term rental by-laws was conducted, and staff met with representatives to gather feedback on their licensing programs. Additionally, staff engaged with Explore Waterloo Region and received insights into how other provinces, such as Nova Scotia, are handling licensing. Staff also reviewed the City of Cincinnati's Short-Term Rental By-law, as it was highlighted as a point of interest during our engagement sessions.

Overall, municipalities are adopting a licensing framework from STR's, and many are limiting operators to a single STR unit within their principal residence and prohibiting commercial or multi-listing operators with the objective of protecting the long-term rental housing market. Research into other jurisdictions that have implemented the principal residence restriction have expressed challenges from an enforcement perspective because it is resource-intensive and requires significant investigation. During our engagement sessions many operators expressed a clear preference for maintaining their properties as short-term rental units and confirmed they would not transition into the long-term rental market, should such a restriction be imposed.

Additionally, many municipalities have opted to license short-term rental platforms like Airbnb, rather than just the hosts, for several key reasons such as better enforcement and compliance, transparency and data access, and mitigating negative impacts.

Application requirements vary by municipality, but the majority are renewed annually and have minimum requirements such as an associated licensing fee, proof of ownership, proof of principal residence (where applicable), and insurance. Some municipalities have chosen more robust requirements that include electrical and HVAC inspections, property maintenance plans, and a criminal record check.

During stakeholder engagement sessions staff presented the benefits and challenges of STR's, policy options, what other municipalities are doing, and potential application requirements. City of Cambridge currently does not have any short-term licensing regulations in place and the City of Waterloo has amended their Residential Rental Licensing By-law to allow for the operation of a short-term rental in an owner's principal residence in low-rise rental properties. This was implemented as an interim measure until a broader rental licensing review is completed. During these sessions staff heard that many STR operators rely on this as their primary source of income and are not opposed to licensing but expressed that an overly complex application or inspection process could create barriers for small business owners.

Proposed By-law Components

The proposed By-law aims to regulate short-term rentals through a tiered licensing system that establishes rules for both principal and non-principal residence STRs, as well as for hosting platforms such as Airbnb and Vrbo.

A Short-Term Rental is defined as a Dwelling Unit or part thereof used to provide transient sleeping accommodations for a period of thirty (30) consecutive days or less, typically facilitated through a Short-term Rental Company, and may include a traditional bed and breakfast, but does not include a rental arrangement exceeding thirty (30) consecutive days.

Residential rental properties that are operating as long-term rentals (more than 30 consecutive days) will not be captured under this By-law.

The licence categories include the following:

Short-Term Rental Company:

Would capture any online service, website, mobile application, or other digital platform that markets and brokers the booking, reservation, or rental, of a Short-Term Rental for compensation (such as Airbnb and Vrbo).

Short-Term Rental Principal Residence:

Includes any person who operates or permits the operation of a Short-term Rental in their Principal Residence.

Short-Term Rental Commercial:

Incorporates any person who operates or permits the operation of a Short-term Rental in a dwelling unit that is not their Principal Residence.

Application Requirements:

Application requirements include detailed floor plans that indicate the locations of all smoke and carbon monoxide alarms, a fire checklist, confirmation of insurance, proof of ownership and principal residence where applicable, and a Dedicated Responsible Person that will adhere to requisite response times in relation to the STR. A Guest Handbook will be developed by staff and completed by the licensee, and it will contain contact information for the Dedicated Responsible Person, emergency and non-emergency services, and reference materials associated with relevant city by-laws such as noise, nuisance, and parking.

What Staff Heard:

Staff conducted significant engagement and are recommending modifications to what was originally proposed in Shared Accommodation staff report COR-2024-233. This is what we heard:

What We Heard	Proposed Modification
<ul style="list-style-type: none">• Bedroom limits would decrease income potential and flexibility.	<ul style="list-style-type: none">• Removed bedroom limits but all rooms used for guest accommodation must meet applicable building standards.
<ul style="list-style-type: none">• A requirement to keep a guest registry would be cumbersome and all guest information is not always provided to the STR hosts by the platforms.	<ul style="list-style-type: none">• Requirement removed for STR hosts. STR Company's (platforms) will be required to keep a record of each concluded transaction in relation to a

	Short-term Rental listed or advertised on its platform.
<ul style="list-style-type: none"> Limiting the number of days that an STR can operate per year would reduce host income and would involve undo administrative complexity. 	<ul style="list-style-type: none"> <u>Removed</u> the cap on number of days an STR can operate per year.
<ul style="list-style-type: none"> Booking length of a maximum of 90 consecutive days was not conducive to those that may need a STR for a longer stay due to family medical, renovations, or insurance claims. 	<ul style="list-style-type: none"> STR definition updated to reflect accommodations for a period of thirty (30) consecutive days or less. Any stay longer than 30 days would not be considered a STR.
<ul style="list-style-type: none"> Limit the number of inspections required upon application and reconsider floor plans. Guest reviews and ratings act as informal quality control. 	<ul style="list-style-type: none"> A fire safety checklist and basic floor plans will be required to confirm compliance with minimum fire safety and building standards. Inspections may be conducted in response to complaints or if an application package is deemed incomplete or unsatisfactory.
<ul style="list-style-type: none"> A tiered licensing approach allows for flexibility and may reduce licensing costs. 	<ul style="list-style-type: none"> The proposed by-law <u>incorporates</u> a tiered licensing approach for principal residence operators, commercial operators, and platforms.
<ul style="list-style-type: none"> The proposed licensing fees are too high for small business owners. 	<ul style="list-style-type: none"> Fees have been <u>reduced</u> while supporting a cost recovery model and include licensing STR Companies.
<ul style="list-style-type: none"> Meeting insurance requirements will significantly increase premiums. 	<ul style="list-style-type: none"> Staff continue to recommend insurance requirement based on advice provided by the Waterloo Region Municipal Insurance Pool. If the STR is already adequately insured as contractually required to do so under their insurance policy, there should be no additional cost/premiums charged.

The proposed modifications will offer a structured, low-barrier way to bring STR activity into compliance with licensing requirements while improving oversight and accountability, supporting public safety, while providing useful data collection that can help to track trends such as the impact on long-term housing, neighbourhood concerns, and can inform future policy decisions.

Implementation Plan:

As with the introduction of any new by-law, there will be an initial period of preparation to allow for system modifications, administrative organization, recruitments/training of staff, and process improvements. Followed by a public awareness campaign that will focus on regulations. Staff will work Communications to establish a presence on the City of Kitchener website to provide information and application requirements. Application intake will begin on January 1, 2026, for those seeking an opportunity to voluntarily comply with the new licensing regulations.

Enforcement:

As a result of the proactive planning and strengthened enforcement measures introduced through the Lodging House Program, Council approved the addition of two full-time equivalent (FTE) positions—a Licensing Inspector and a Property Standards Officer. These roles are expected to have the capacity to absorb inspection and enforcement responsibilities related to short-term rentals. Enforcement will be carried out primarily by Licensing Inspectors through field inspections, monitoring of online platforms, and information sharing with both internal departments and external partners. Reactive enforcement will be conducted based on response to public complaints and will be investigated based on urgency and public safety. Licensing and Property Standards enforcement will be conducted using a progressive approach which may include but is not limited to fines and or charges under the Provincial Offences Act/Administrative Monetary Penalty System. The Manager of Licensing may apply conditions on a licence or refuse/revoke a licence (subject to a hearing before the Licensing Appeal Committee).

Administration:

Staff project that there are approximately 600-800 STR's operating in Kitchener. There is currently no capacity for existing staff to intake, review, analyze and process the expected volume of STR applications in addition to the approximately 3,000 business license applications that are processed annually. Staff are requesting the addition of one (1) new Licensing Administrator to assist with customer service, application processing and issuance. It is expected that the expenses related to the FTE will be off set by the collection of licensing fees (Appendix B).

Zoning By-law Compliance:

Staff have identified that at such time as Short Term Rental By-law comes into effect, Zoning By-law regulations for 'tourist home' and 'bed and breakfast' as home business uses are no longer required. As such, staff anticipate advancing a Zoning By-law amendment during the implementation period to remove these uses from the Zoning By-law. This will eliminate duplication and potentially contradictory regulations.

STRATEGIC PLAN ALIGNMENT:

This report supports Building a Connected City Together: Focuses on neighbourhoods; housing and ensuring secure, affordable homes; getting around easily, sustainably and safely to the places and spaces that matter.

FINANCIAL IMPLICATIONS:

If supported, the Short-Term Rental Program would have operating budget financial implications associated with the cost of 1 full-time employee (salary and fringe benefits). Staffing includes a Licensing Administrator \$93,871.56. The recruitment of 1 full-time equivalent (FTE) to oversee the administration of the Short-Term Rental By-law is a minimum requirement for ensuring the success of the program.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

CONSULT – Staff used the Engage WR platform to solicit public feedback on STR's and potential licensing regulations which solicited engagement from over 500 respondents. In addition, staff reached out to groups such as Conestoga Students Inc., and members of K-W Airbnb.

COLLABORATE – In collaboration with the City of Waterloo staff hosted two joint in-person engagement sessions on November 18th and 27th, 2024. These sessions were attended by approximately 40 people combined, primarily comprised of short-term rental operators. At these sessions, staff presented regulatory options being used by other area municipalities, potential insurance implications, and had a presentation by a representative from Airbnb. .

PREVIOUS REPORTS/AUTHORITIES:

- COR-2024-288 Supplemental Report Shared Accommodation By-law
- COR-2024-233 – Shared Accommodation By-law
- DSD-2024-249 - City-wide Lodging House Review
- DSD-2021-11 – Lower Droon Land Use Study Recommendations Report
- DSD-20-214- Housing for All – City of Kitchener Housing Strategy
- *Municipal Act, 2001*
- *Planning Act*

APPROVED BY: Victoria Raab, General Manager, Corporate Services

ATTACHMENTS:

Attachment A – Short-Term Rental By-law
Attachment B - Licensing Fees