



CORPORATE REPORT
The Corporation of the Town of Wasaga Beach
Meeting Date: 8/22/2024

DATE: 8/6/2024

SUBJECT: Short-Term Accommodation Project – Recommendation Report

CONTACT: Carly Murdoch, Special Projects Leader

REPORT NUMBER: 2024/08/22-20

RECOMMENDATION:

1. **THAT** the report titled: Short-Term Accommodation Project – Recommendation Report, to the Council meeting of August 22, 2024, be received; and
2. **THAT** Council direct Staff to bring back at a later date, a new Short-Term Accommodation Licensing Bylaw that encompasses the Staff recommendations in this report.

EXECUTIVE SUMMARY:

- In 2023, Council prioritized a review of short-term accommodations (STAs) to enhance safety, compliance, and mitigate community impacts.
- In June of 2024, Council approved the staff recommendation to implement STA compliance software as well as the introduction of a proactive enforcement strategy.
- Staff have concluded a robust public engagement program from which it has been determined that the current licensing framework and enforcement strategy for STAs is not able to keep up with the changing landscape and market for these rentals.
- Public and stakeholder engagement sessions have supported the application of more stringent regulations and controls on STAs.
- Staff are proposing a series of targeted recommendations aimed at strengthening the Town's regulatory framework for STAs. These include the adoption of a new stand-alone by-law designated under AMPs, the introduction of a demerit point system to ensure accountability, and the implementation of a Neighborhood Partnership Plan to promote responsible management practices, the creation of a public STA registry to further support transparency and community engagement, and the introduction of a two-tiered licensing system.

BACKGROUND:

Short-term accommodations (STAs) have seen a significant rise in popularity across many municipalities, including the Town of Wasaga Beach. These accommodations, often facilitated through online platforms such as Airbnb and Vrbo, offer temporary lodging to tourists and visitors. While STAs

can boost local tourism and provide homeowners with additional income, they also bring a range of challenges that can impact community well-being and quality of life.

One of the primary concerns associated with STAs is their impact on residential neighborhoods. The transient nature of guests can lead to increased noise, parking issues, and general disruptions to the everyday lives of permanent residents. Additionally, the proliferation of STAs can contribute to housing shortages and inflated property prices, making it more difficult for residents to find affordable long-term housing.

In 2023, Council identified STAs as part of its Term of Council Priorities in establishing complete communities, requesting a review of current regulations and licensing. The mandate for this project has been established to conduct a comprehensive review of short-term accommodation regulation and licensing strategies within the Town of Wasaga Beach. The project has assessed existing regulations and will propose recommendations to enhance and optimize the STA licensing framework, addressing issues related to safety, compliance, and mitigation of community impacts.

Scope and Definitions

When discussing the issue of short-term accommodations, which the public generally assumes to mean dwelling units rented out to the travelling public, it is important to understand the precise definitions of the types of properties that this all-encompassing term represents. Short-Term Accommodation is defined in the Zoning bylaw as: “a building or structure or any part thereof that operates or offers a place of temporary residence, lodging, or occupancy by way of concession, permit, lease, rental agreement, or similar commercial arrangement for any period less than thirty-one (31) consecutive calendar days.

The Town of Wasaga Beach has been licensing short-term accommodations since the adoption of its 2007 business licensing by-law (2007-38), as “Tourist Establishments”, distinguishing types of properties, which rent to the travelling public as bed and breakfasts, rental cabins, and motels and hotels. The Town’s current licensing bylaw, 2019-26, created the category of ‘short-term accommodation’ and under this heading grouped a number of different types of accommodations including bed and breakfast, hotel/motel, lodging house, rental cabins/trailers, trailer parks or tent parks, and tourist establishments.

For ease of reference, short-term accommodation is used as a catch-all term to capture the following types of accommodation categories, which are defined in both the Zoning bylaw and the Business Licensing Bylaw:

Tourist Establishment¹
Hotel²
Motel³

¹ Means a building or structure or any part thereof that is designed for the accommodation of the traveling or vacationing public wherein the same guest shall occupy no room within the establishment for any period of time exceeding thirty-one (31) consecutive calendar days;

² Shall mean, but not be limited to, a building or structure or any part thereof, containing three or more guest rooms served by a common entrance, where guest rooms may include culinary facilities and may have a separate entrance directly from outside the building but must include individual sanitary facilities. Accessory uses may include accommodations for permanent staff and one or more beverage rooms, dining rooms, meeting rooms or similar uses.

³ Shall mean a tourist establishment containing therein three or more guest rooms that may include culinary facilities and individual sanitary facilities for each guest room having a separate entrance directly from outside the building together with

Bed and Breakfast⁴
 Rental Cabins/Cottages⁵
 Lodging House⁶
 Trailer Park or Tent Park⁷

The important distinction to make is that short-term accommodation does not only encompass accommodations that the public colloquially describe as “Air-Bnbs”. Air-Bnb is simply a rental platform, like VRBO, used for the letting of short-term accommodations, which can include a number of different types of accommodations from bed and breakfasts, hotel rooms, trailers, and also private residential dwellings.

Under the current Zoning by-law (2003-60), the short-term accommodation types, as described above, are permitted in the following zones:

Bed and Breakfast establishments

- R1 – Residential Type 1
- R2 – Residential Type 2
- RE – Residential Estate
- RU - Rural
- DC2 – Downtown Core Zone
- DG2 – Downtown Gateway Mixed Use Zone
- B2 – Beach Transition Zone

Short-Term Accommodations

- DC1 – Downtown Core Mixed Use Zone
- DC2 – Downtown Core Zone
- DG1 – Downtown Gateway Mixed Use Zone
- DG2 – Downtown Gateway Transition Zone
- B1 – Beach Mixed Use Zone
- B2 – Beach Transition Zone

Tourist Establishments

- CT – Tourist Commercial Zone
- CA – Accommodation Commercial Zone
- CC – Campground Commercial Zone

an office serving the patrons of the tourist establishment. Accessory uses may include accommodation for permanent staff and one or more beverage rooms, dining rooms, meeting rooms or similar uses.

⁴ Means a private residential dwelling unit in which the owner or a long-term lease resides, and within which guest rooms, that may have separate sanitary facilities but shall not have separate culinary facilities, are offered to the travelling public and meals may or may not be offered to the guests.

⁵ Means a detached building containing one rental unit or two rental units in a building that has a common wall between the units which may have individual culinary and sanitary facilities together and having a minimum of two (2) rental cabins on a lot;

⁶ Means a building or structure or any part thereof, containing three or more guest rooms served by a common entrance where the occupant may not have the exclusive use of both a kitchen and a bathroom, but shall include a hospital, children's home, nursing home, home for the aged, bed and breakfast or similarly operated establishments;

⁷ Shall mean any land on or upon which any tent, house trailer, park model trailer, motor home, or any vehicle so constructed that is suitable for being attached to a motor vehicle for the purpose of being propelled by the motor vehicle, used or intended to be used for the temporary living, sleeping or eating accommodation, but does not include permanent or year round occupancy by anyone other than the owner or operator of the Trailer Park.

- CD – District Commercial Zone
- CS – Service Commercial Zone
- DC1 - Downtown Core Mixed Use Zone
- DC2 - Downtown Core Zone
- DG1 – Downtown Gateway Mixed Use Zone
- DG2 – Downtown Gateway Transition Zone
- B1- Beach Mixed Use Zone
- B2 – Beach Transition Zone

The following is a map that was created as part of the project's public consultation to provide an aerial view of the areas in Town where these types of accommodations are currently permitted. The colour coded areas below, highlight the various zones discussed above.



Current Licensing Structure

The Town of Wasaga Beach currently licenses around 170 short-term accommodations. Under the business licensing by-law, properties zoned to permit short-term accommodations are necessitated to obtain a yearly business license. This license requires that businesses pay a yearly licensing fee based on the total number of units available for rent, and undergo a zoning compliance check, outstanding building permit check, fire inspection as well as a property standards inspection. Short-term accommodations are subject to occupancy limits and compliance with all other Town by-laws. In addition to this, applicants must submit the following information:

- Proof of proprietary interest in the property (proof of ownership, rental agreement etc.)

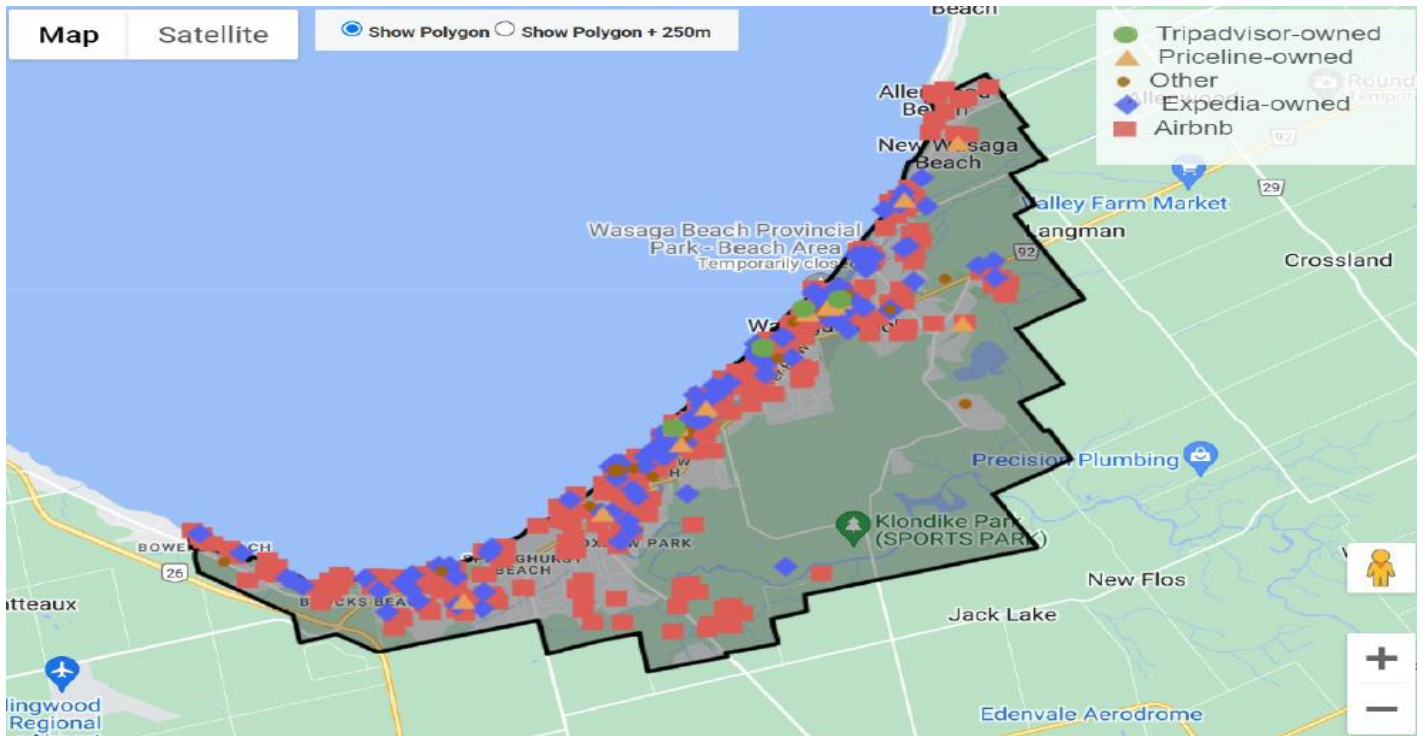
- Articles of Incorporation (if applicable)
- Government Issued ID for the applicant/owner
- Payment of the Licensing Fee (\$226-\$1,000 depending on the number of units)
- Insurance (minimum \$2 Million Coverage)

For bed and breakfasts specifically, businesses are also required to identify a “responsible person”, someone who is able to respond to a by-law complaint/call within 1 hour of notification. Additionally, these businesses must sign a “bed & breakfast agreement” outlining the times in which owners/operators are expected to be present in the house (10pm – 6am). This was a special condition that was placed on bed and breakfast licenses instituted in 2020 and later due to a large volume of property owners attempting to rent out their property without the owner present and obtaining business licenses under the guise of operating as a traditional bed and breakfast.

The Problem

Despite having an existing licensing system, Town staff have acknowledged the difficulties associated with ensuring that the regulatory framework that licenses these types of businesses keeps pace with the evolving landscape of STAs. As discussed in the June 4th, 2024 report to Council “Short-Term Accommodation Compliance Software”, the Town of Wasaga Beach in particular faces a unique challenge when it comes to short-term accommodations. In 2023 alone, the Town received more than triple the number of complaints regarding these types of businesses and associated issues with illegal operation, noise, nuisance, parking and garbage, when compared with our closest neighbours.

A March 2024 data analysis by Granicus Host Compliance was quickly able to demonstrate the ineffectiveness of the current licensing framework and its previous enforcement strategy for regulating these types of businesses. A search of online rental platforms in Wasaga Beach showed that in its off-season, there were more than 595 unique properties being offered for short-term rental, with historic data showing this number increasing to upwards of 1,000 in the summer months. This number is staggering when considering that the Town only licenses, on average, 170 such business.



It is apparent from the March 2024 data that the majority of these units are currently unable to be licensed and are located in single-family dwelling residential areas, with entire units being offered for rent. Under current zoning conditions, only traditional bed and breakfasts, where the unit being offered for rent is the primary residence of the owner and that owner is on site during the rental period, would be permitted.

The problem for Wasaga Beach is two-fold. The first issue arises from the number of complaints received from the community about existing licensed short-term accommodations. These complaints range from noise and nuisance events (parties, loud music etc.), the impact on neighbourhoods of increased vehicular traffic and the inability of parking facilities to meet this volume, increase in garbage and clean yards issues with unkempt properties, and the overall impact on neighbourhood enjoyment. While the Town has a number of by-laws to deal with these issues separately, and the licensing by-law speaks to things like noise and parking, these issues still plague the resident community.

The second issue is the large number of short-term accommodations operating outside of the licensing bylaw in properties where the use is not permitted. This is recognizably a symptom of the difficulties faced by every jurisdiction attempting to regulate these businesses which have access to numerous and continually evolving online platforms and apps for the promotion of their rentals as well as the ability to keep the owners and property addresses anonymous.

These issues of non-compliance have impacts outside of the residents' right to the quiet enjoyment of their properties. The businesses operating outside of the Town's current by-laws puts a strain on enforcement staff dealing with a large volume of complaints, and creates tension with the licensed business community, operating in good faith with the Town's requirements. This issue of non-compliance paired with the image of the Town as a party destination for groups that tend to be attracted to the area for weekend stays, can in turn, deter other types of more valuable tourism. These issues have far-reaching impacts not just on the quality of life of our local residents, but also on local

business and tourism. An overreliance on weekend party tourism not only limits the Town's economic growth potential but also jeopardizes its ability to cultivate a sustainable and inclusive tourism sector.

The Solution

It is clear that the issue of short-term accommodations in Wasaga Beach requires a scalable solution and staff have already begun to implement the tools necessary to ensure that the regulatory framework that Council approves is able to be better enforced. To this end, Council passed the staff recommendation from June 4th, 2024, to invest in STA Compliance Software, automating and streamlining the enforcement process for these licenses, allowing for a proactive approach to enforcement. In this same report, Staff recommended, and implemented, the application of Administrative Monetary Penalties to the licensing by-law to provide not only a robust mechanism for cost recovery, but also to eliminate the barriers to enforcement of these by-laws presented by the POA Court Process, ensuring that penalties would be applied swiftly, and consistently.

With the tools and strategy for enforcement in place, Staff are now recommending that Council adopt a new licensing framework for short-term accommodations that can better address the concerns raised by both residents and business owners on the impact of illegal and nuisance STA businesses on the community.

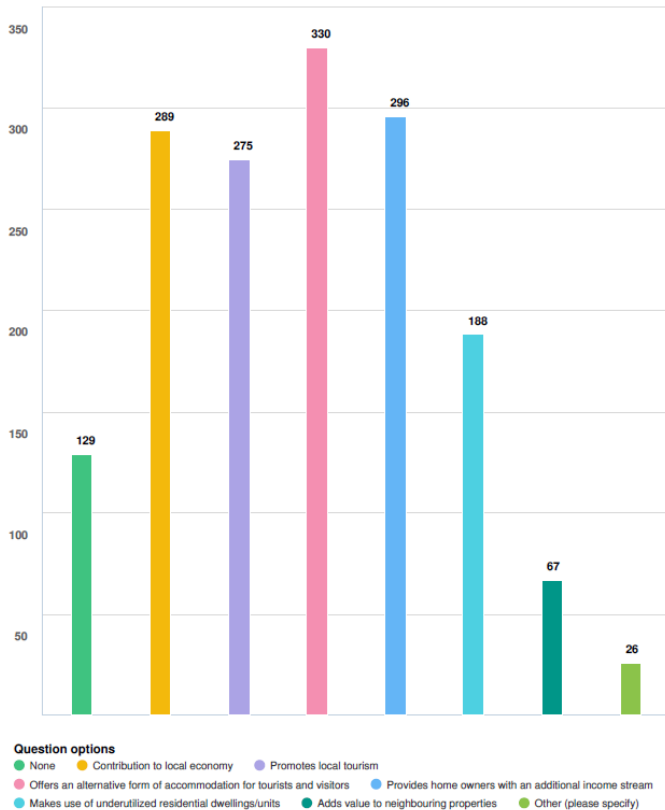
DISCUSSION:

Engagement – Website and Survey Analysis

At the onset of this project, Staff created a robust engagement strategy to ensure that recommendations would be informed not only by industry trends and advancements, but also by public input, looking to strike a balance between safeguarding neighbourhood integrity, promoting tourism, and fostering sustainable economic growth. To accomplish this, Staff created a project webpage on EngageWasaga.ca, to outline the project, its mandate, and relevant information for the public. This website has been updated periodically to include staff reports, information on engagement sessions and contact information for project staff. Residents, associations, and businesses alike have reached out to staff through this website to discuss the project and their concerns.

The EngageWasaga.ca page also hosted an online survey open to the public. This survey received 529 responses and consisted of 40 questions that spanned demographics, familiarity with short-term accommodations and online rental platforms, and more importantly, questions around neighbourhood and economic impacts of these businesses, and licensing and regulation of STAs. Of the 529 respondents, the majority identified as being over the age of 60⁸, a full-time resident⁹ and property owner.¹⁰

Q18 In your opinion, what benefits do short-term accommodations bring to a community?
(Check all that apply)



When asked how familiar respondents were with online rental platforms, The vast majority (83%) of respondents reported having booked or stayed in a short-term accommodation before, with 13% saying they had done so in Wasaga Beach, and 70% of respondents reporting that they had stayed in a short-term accommodation outside of Wasaga Beach.

Interestingly, 43% of respondents say that they have rented out a property that they own as a short-term accommodation, with a much smaller percentage reporting their estimated annual revenues from those rentals ranging from \$5,000 – \$50,000 per year. When asked whether the respondent relies on the rental of their property as a short-term accommodation in order to afford their mortgage/rent, only 15% of respondents said yes, with an even smaller percentage (8%) stating that they had purchased the property with the sole intention of renting it out as a short-term accommodation.

In an attempt to gauge public perception of short-term accommodations, survey respondents were

asked about the benefits and challenges that these types of businesses present to their community.

The majority of those surveyed, recognized the value that short-term accommodations bring to the local economy through tourism and also the value to homeowners as an additional revenue stream. Despite this, however, many identified concerns that short-term accommodations present to neighbourhoods, with the greater concern being given for noise, occupancy, parking, compatibility with existing neighbourhoods, garbage and property damage.

However, a majority of respondents (67.9%) were of the opinion that the type of short-term accommodation had an impact on these neighbourhood concerns, with bed and breakfasts, operating with an onsite owner, viewed as not presenting the same challenges as an un-hosted property. It is not surprising that this is the case since many feel that an onsite host, who permanently resides at a property, is more likely to strictly enforce rules around neighbourhood compatibility.

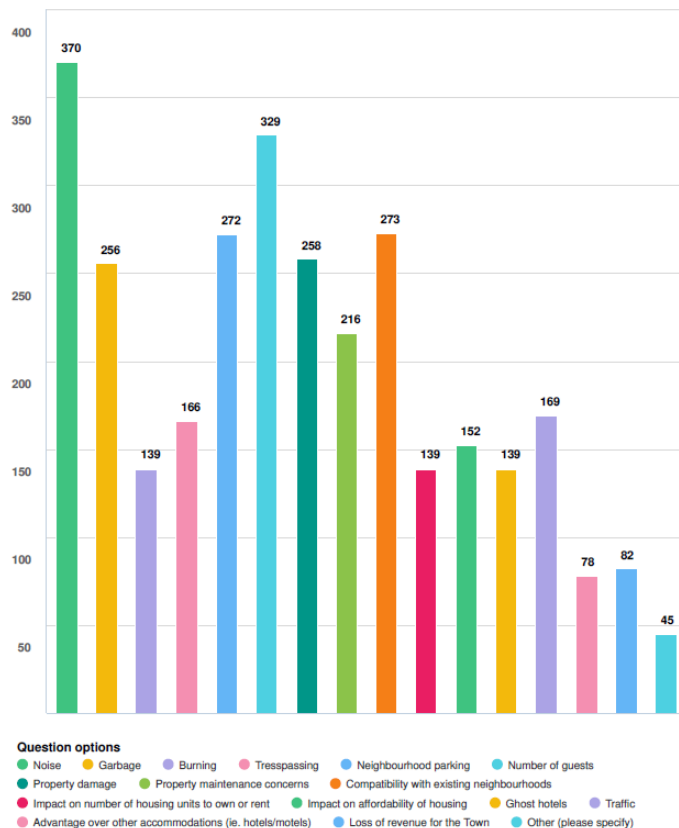
⁸ 51.2 %. Respondents who identified as being between the ages of 46-60 made up the second largest category, representing 34.5% of responses.

⁹ 72.6%

¹⁰ 90.7%

Staff also included a number of questions to assess the impact of short-term accommodations on neighbouring properties. Of the 529 responses received, 44.8% reported having been disturbed by a short-term accommodation at some point. Of these, a small percentage, 24.2% stated that they had submitted a formal complaint about this disturbance, with 112 respondents reporting the instance to by-law, 42 to OPP, 49 to the property owner, and 26 to the actual STA guest. Given the number of complaints received by bylaw staff yearly about these types of properties it raises the question about the true scale of the issue faced by the Town.

Q19 What are the biggest concerns you have with short-term accommodations? (Check all that apply)



Unsurprisingly, these reported issues dealt mainly with noise or nuisance events, parking, garbage and occupancy. Of those who submitted a complaint, an almost equal split of surveyed respondents claimed that their complaint was either resolved (37%) or persisted despite the complaint (33.1%).

The survey conducted also sought to determine where respondents believed that short-term accommodations should be permitted to operate. 65% of respondents stated that STAs should continue to operate in the currently approved zones, with the majority stating that they should be found only in commercially zoned properties, properties located in the Downtown Area, and in some cases, on Waterfront properties. Only a small number of respondents opted not to permit STAs to operate at all (13%), while a surprising proportion responded that STAs should be permitted on any property (170 of 521).

When asked about the existing licensing requirements in place for STAs, respondents agreed that the current system, in their opinion,

was not working to properly regulate these types of businesses. Of those surveyed, 44.6% stated that the licenses regime was not successful in regulating STAs, with an additional 25.4% choosing to comment, the majority of these agreeing that the system is not effective.

In order to determine what regulations could be imposed through licensing that the public felt would better regulate STAs, the majority of respondents provided the following recommendations:

- That the property subject to a STA license be the primary residence of the property owner (this would not apply to hotels/motels).
- That the project subject to a STA license be permitted to rent year-round, 365 days.
- That it may be worthwhile for the Town consider restricting short-term accommodation rentals to week-long rentals only, to curb weekend party houses.
- That at parking management plan be required for each short-term accommodation to better restrict the number of vehicles permitted on the property.

- That the Town should institute an Administrative Monetary Penalty System (AMPs) for short-term accommodation licensing.

The overall results of the online survey reflect the challenges faced by many local communities looking to license short-term accommodations. It is clear from the responses that while short-term accommodations are valued for their economic impact and recognized as important for driving tourism, that concerns remain about their compatibility with existing residential dwellings that are faced with issues surrounding noise, nuisance events, parking and garbage. Respondents were clear that a new licensing system, in addition to the changes that have already been implemented through AMPs and compliance software, is required to regulate these businesses and to address neighbourhood impacts.

Engagement – Stakeholder and Public Sessions

In addition to the dedicated webpage and the online survey, staff also held two (2) three (3)-hour in-person engagement sessions targeted at the tourism business community and the public at large. These events were promoted on the Town social media channels, advertised through the Town website on the public notices page, the EngageWasaga page, sent to the chamber of commerce, and emailed to licensed short-term accommodators.

The purpose of these two events was to provide an overview of the mechanisms that the Town uses to regulate short-term accommodations and to have the participants in each session form groups to workshop a number of scenarios that asked “what if” the town were to impose regulation X, “what then” would that mean for you, your community or your business. The hope here was to have participants work through a number of regulations that other communities had considered as part of their STA strategy and to help staff identify the impacts that these changes might have on local businesses and neighbourhoods. In addition to these scenarios, participants were given the opportunity to address any questions they had to staff members that were invited as moderators from by-law, planning, building, and economic development.

The first stakeholder session was targeted towards business owners in the tourism sector, with over 40 registered participants. The group included STA owners/operators, realtors, and other tourism business operators. The business community was receptive to the issues that Staff presented with regulating short-term accommodations and provided valuable insight into their operations to determine what measures might be best for attracting the kinds of tourism that would most benefit their businesses. The consensus received from this group can be summarized as follows:

- The stakeholders would support more stringent regulations through licensing on STAs, especially those surrounding property standards and measures to improve overall quality of accommodations on offer (including curb appeal and hospitality standards).
- The stakeholders would support stronger enforcement tools (AMPS, Proactive Enforcement, STA Compliance Software) to deter bad actors, help regulate guest behaviour, and to bring non-compliant businesses into compliance.
- The stakeholders believe that any restrictions on the number of days permitted to rent, or the creation of ‘minimum night stays’ would severely cripple their income earning potential and that the screening of guests during the rental transaction, as well as greater penalties for violations of the by-law, would work better to control the impact of these businesses on residential neighbourhoods.

- The stakeholders believe that short-term accommodations, if regulated correctly, can co-exist in areas that abut residential properties and that there should be less restrictions on where these businesses are permitted.
- The stakeholders support the idea of the implementation of a demerit point system for licensing.
- The stakeholders believe that a licensing system is necessary to ensure that all businesses are operating to a standard that helps to drive positive tourism to the area.

The second engagement session was open to any member of the general public and included residents, resident associations, and STA business operators. This event had 66 registered participants. The discussion for this session surrounded finding a way to balance the promotion of tourism and economic growth for the community and the safeguarding of neighbourhood integrity. Members of the public expressed a concern about the types of tourism the Town is currently attracting and drew a link between this and what is perceived as the poor condition of the available short-term accommodations. Members felt that STA's are required for the accommodation inventory in the absence of large hotel chains but wanted to see the quality of those on offer improved. The workshop and discussion period findings can be summarized as follows:

- The public expressed a need for higher licensing fees, more strict licensing requirements, and higher financial penalties associated with violations.
- The public expressed a concern about bed and breakfast licenses being used as a loophole for the operation of STAs in residential neighbourhoods where the owner does not live at the property and is not in attendance.
- The opinion of the public was mixed on where STAs generally should be permitted. Many felt that commercial zones were the appropriate location, with a similar number stating that there should be no restrictions on the location but rather a better system for enforcement to control neighbourhood impacts.
- The public supported the idea of creating an Administrative Monetary Penalty system as a mechanism for cost recovery for the enforcement of STAs.
- The public expressed frustration with the reactive enforcement strategy for short-term accommodations that requires a written complaint for STAs.

Across both the public and the business sector, the engagement sessions held by staff for the short-term accommodation project yielded several key insights regarding the regulation of short-term accommodations. Both groups supported more stringent licensing requirements, higher penalties for violations, and improved enforcement tools to ensure compliance and enhance the quality of STAs. Interestingly, many in each group also supported expanding the area that STAs are permitted to operate within if an effective framework were to be put in place for their regulation. Business stakeholders emphasized the importance of maintaining income potential by avoiding burdensome restrictions on rental days and supported measures to ensure STA operations coexist with residential areas. Those that attended the public session expressed concerns about the current state of STAs and their impact on neighborhood integrity, advocating for higher licensing fees, stricter enforcement and better quality control. Both sessions highlighted the need for a balanced approach to the regulation of STAs that promotes tourism while safeguarding community standards.

A New Licensing Framework

The most effective licensing framework can mitigate the negative impacts of STAs on residential neighbours while simultaneously helping to cultivate a higher value kind of tourism. To achieve this,

staff are recommending that Council consider the creation and adoption of a new stand-alone Short-Term Accommodation by-law to take effect January 2025, that promotes:

- higher standards of property maintenance through more rigorous inspections and requirements;
- more responsible management of operations through the provision of a new Neighbourhood Partnership Plan;
- greater compliance through the introduction of a demerit point system along with AMPs penalties
- a focus on Guest Behaviour;
- the introduction of a two-tiered licensing structure that allows for a new brand of accommodation that aligns itself with the Town's tourism aspirations.

Recommendation 1: Yearly License and Renewal Process

Currently, short-term accommodations are licensed for a single year. Expiries for these licenses are fixed to two dates per year, April 1st or October 1st. The original purpose to establishing fixed dates for license expiries was to control the influx of renewals and the timing of inspections so that seasonal business renewals do not overwhelm licensing and inspection staff.

Staff are proposing that the fixed October 1st renewal date be maintained but that the April 1st date be removed for short-term accommodations. Businesses that look to renew their licenses by April 1st are often not able to be inspected before they open to operate for the summer season, and historically these businesses have been permitted to do so without any repercussions. Inspection Staff are then left to inspect properties that are occupied or inspect properties after the business has operated for the entire season without addressing deficiencies. By requiring that licenses enter the renewal process by October 1st, Staff can ensure that there is adequate time to both inspect properties, outline deficiencies and inspect those properties again for compliance before they begin to operate.

For businesses that are currently licensed and have opted into the April 1st expiry cycle, and those that apply for a new license in 2025, the fees for their first year of operation under the new bylaw would be prorated to ensure equity.

Recommendation 2: STA Public Registry

A recent trend in the regulation of STAs in Ontario has been the creation of online STA registries that are available to the public. These registries, often taking the form of interactive maps, allow the public to view currently licensed STA businesses. A marker would be placed at the location of licensed properties with the address and contact information of the individual designated by the business owner as the primary contact. This registry map would be updated to reflect STAs that are in the application process, those that have applied and are successful, those businesses that are under suspension and those that have been revoked.

A public short-term STA registry offers significant value to both residents and the broader community by providing transparency and fostering trust. Allowing residents to see where STAs are operating, which ones are licensed, and which have had their licenses suspended or revoked ensures accountability among operators. This transparency helps residents feel more secure, knowing which properties are compliant with local regulations and which may be causing issues. Additionally, providing contact information for proprietors enables direct communication between residents and operators, facilitating the resolution of potential concerns or disputes. Such a registry also empowers

the community by enabling them to report non-compliant STAs, thereby supporting enforcement efforts. Overall, a public STA registry promotes responsible tourism management, and contributes to the sustainable integration of short-term accommodations within the community.

Recommendation 3: Maintaining Existing Licensing fees

The current business licensing bylaw sets the fees for STAs based on the number of units available for rent. Licensing fees for all businesses were evaluated by staff in 2019 after a comprehensive review of fees across eighteen (18) southern Ontario municipalities determined that business licensing fees charged by the Town of Wasaga Beach were, on the whole, 60% lower than municipal comparators. The fees that were recommended in 2019 were phased in over a three-year period and were realized in 2023. The current licensing fees for STAs are broken down as follows:

Units	New Application	Renewal
1-4	\$224.00	\$196.00
5-10	\$560.00	\$532.00
11-19	\$800.00	\$772.00
20+	\$1,000.00	\$1,000.00

A STA licensing fee comparison was conducted by Staff for the purposes of this report, and it is the case that the average licensing fee for municipalities in southern Georgian Bay is anywhere from 30-90% greater than those being imposed by the Town of Wasaga Beach.

Despite being substantially lower than other municipalities, staff are recommending that current licensing fees for STAs remain the same, as, for the most part, the Town is able to recoup the costs of administering the licenses through existing fees. Additionally, the recommended changes to the STA bylaw will undoubtedly bring increased operational costs and administration for STA business owners and to increase the licensing fee in the same year as the roll out of the new program could be seen as punitive.

Staff are recommending, however, that a licensing fee review be conducted in 2026 by Municipal Law Enforcement Staff, once enough data can be collected to determine the ability of the Town to recover its administration and enforcement costs.

Recommendation 4: The Neighbourhood Partnership Plan

As with the current licensing by-law, staff are recommending that applicants for new and renewed STA licenses be required to submit supporting documentation in addition to the payment of their application fees. This would include:

- A completed license application form, which will require the name, contact information, permanent address of the license holder as well as the information for their responsible designate for the property, required to respond to any by-law call for service within 1 hour.
- Proof of ownership/interest in the property.

- Articles of incorporation/Master business license if applicable along with a list of all directors and their contact information.
- Copy of valid government issued photo ID for both the property/business owner as well as the responsible designate.
- Insurance for the property, increased from \$2 Million general Liability to \$5 Million general liability.
 - Staff recommend that the insurance policy states that the property is being used for short-term accommodation to the traveling public, and that the Town is named in the policy as an additional insured.

Businesses will also still require annual fire safety inspections as well as property standards inspections. The property address and owner will also be searched through Municipal systems to check for any outstanding arrears, whether they are tax, water, outstanding fees or fines. These must all be paid prior to the acceptance of any STA license application.

In addition to these requirements, which are fairly standard in terms of STA licensing, staff are also recommending that applicants submit a “**Neighbourhood Partnership Plan**”. This plan, which at its core is a business case, will outline the systems and steps that an STA operator will put in place to reduce the business’ impact on their neighbourhood through mitigation of the top complaint categories: parking, garbage, noise and nuisance. As part of the Neighbourhood Partnership Plan, businesses will be required to submit the following:

- **Site plan:** drawn to scale of the property including all structures, fences, fire pits/out door burning devices, pools, hot tubs/swim spas, decks, docks, outdoor cooking facilities, garbage areas and parking surfaces.
 - The purpose of this will be to use this site plan to perform compliance checks with zoning and building.
- **Garbage Management Plan:** A plan that outlines how the owner intends to accommodate garbage management for the influx of guests including the location and sizes of all waste receptacles, which must be located away from the front of the property and the roadway, total capacity of the garbage storage solution, and a copy of the instructions that will be provided for waste management for all guests.
- **Parking Management Plan:** A plan, drawn to scale, depicting the size and location of all parking spaces intended to be used and any other agreements or arrangements that may have been made with other property owners for the parking of overflow vehicles. The plan must comply with the Town Zoning By-law.
- **Noise and Nuisance Mitigation Strategy:** A written plan to outline the steps that will be taken to reduce the nuisance impact on neighbouring properties from excessive noise and nuisance events. This could include the installation of noise monitoring devices, acoustical fencing, or even specific policies and guest selection criteria that are design to reduce the likelihood of disturbance.

The requirement of the Neighbourhood Partnership Plan as a condition for obtaining or renewing a short-term accommodation business license is a vital measure to ensure that STA operators are actively considering and mitigating the impact of their businesses on the surrounding community. This requirement goes beyond standard licensing practices by compelling operators to demonstrate a proactive approach to managing potential issues such as property standards, parking, garbage, noise, and nuisance, which are common sources of complaints. By requiring a business case that addresses these concerns, the Town is not only promoting responsible business practices but also fostering a sense of accountability among STA operators. This plan ensures that owners are not only aware of

their responsibilities but are also committed to implementing concrete strategies that align with community standards and enhance neighborhood harmony. In doing so, the Town reinforces its commitment to balancing economic benefits with the preservation of the quality of life for all residents.

Recommendation 5: Demerit Point System

The use of demerit point systems in the enforcement of STAs has become commonplace among Ontario municipalities. Implementing a demerit point system in the licensing of short-term accommodations offers several significant benefits. Firstly, it provides a clear and structured method for monitoring and addressing non-compliance, ensuring that operators adhere to established standards and regulations. This system creates a transparent accountability mechanism, where operators accumulate points for infractions, which can lead to financial penalties, suspensions, or revocations of their licenses. Such a framework deters bad actors and encourages all operators to maintain high standards, ultimately leading to a more reputable and reliable accommodation sector.

A demerit point system also works to simplify enforcement, allowing licensing staff to systematically track and manage violations, leading to more efficient and effective regulatory oversight. Overall, this approach not only enhances the quality and safety of short-term accommodations but also fosters trust and satisfaction among residents and business owners alike.

Staff are recommending the introduction of a demerit point system for the regulation of STAs, which would assign set points for offences against the bylaw that would remain active against a business for a period of two (2) years. The number of points assigned to an infraction would double depending on whether or not it was a 1st or 2nd offence. In addition to the demerit point, an AMPS penalty would also be associated with that infraction.

Under this system, businesses that incur four (4) demerit points in a two (2) year period would be issued a Notice of Impending Suspension, for which there would be an administrative charge. Once a business has accrued seven (7) demerit points, their license to operate would be suspended automatically for a period of fourteen (14) days and operation while under suspension would result in further AMP penalties and possible revocation of their license. During this time, the business would be given the opportunity to address the infractions in order to continue to operate. Should they fail to do so, their license would continue to be suspended in fourteen (14) day incremental periods.

In the event that a business accrues fourteen (14) demerit points, their business license would be revoked and that business would be unable to apply for another license for a period of two (2) years.

Below is an example of the types of infractions, the applicable demerit points and corresponding AMPs penalties that would apply to the new by-law.

	TITLE	OFFENCE	DEMERIT POINT (1st offence)	AMPS	DEMERIT POINT (2nd offence)	AMPS
1	Operating without a license	Operating a STA without a license or while suspended	4	\$1000	7	\$2000

2	License Number	Failure to include license number in advertisements	1	\$100	2	\$200
3	Neighbourhood Partnership Plan	Failure to abide by the conditions or plans set out in the "Neighbourhood Partnership Plan" including parking provisions, site plan, garbage management, event management	2	\$150	4	\$300
	Responsible Person	Failure to ensure the availability of the Responsible Person	2	\$200	4	\$400
4	Hosted Property	Operating without a Host	1	\$150	2	\$300
5	Insurance	Operating without approved insurance	2	\$200	4	\$400
6	Inspections	Failure to pass required inspections	1	\$50	2	\$100
7	Building Code	Construction without a permit	1	\$100	2	\$200
8	Maximum Occupancy	Failure to ensure the STA operates in accordance with permitted occupancy	2	\$200	4	\$400
9	Site Plan	Site plan contravention	1	\$100	2	\$200
10	Habitable Room	Market, operate, or provide STA in structure other than a habitable room	1	\$100	2	\$200
11	Motor Vehicle or Trailer	Market, operate, or provide STA in a motor vehicle or trailer.	1	\$100	2	\$200
12	Changes	Failure to notify of changes to site plan or business operations	1	\$100	2	\$200

13	False Information	Obtain a license by providing false or incorrect information	2	\$200	4	\$400
14	Records	Failure to maintain records required for license	1	\$100	2	\$200
15	Other By-Laws	Breach or contravention of other municipal by-law, Provincial Law, or Federal Law	1	\$100	2	\$200
16	Hearing	Failure to appear at an appeal hearing	2	\$200	4	\$400
17	Provincial Restriction/Order	Operating a STA in contravention of a Provincial Restriction or Order	3	\$200	6	\$400

Recommendation 6: Targeting Guest Behaviour

Typically, licensing by-laws look to regulate the operation of a business, and lay the responsibility for neighbourhood impacts securely on the property owner and operator. While it is important to ensure that business owners take the necessary steps to prevent disturbances caused through their operation, Staff are recommending that either a section of the by-law or a new by-law be created that addresses Guest Behaviour directly and holds those that visit the properties to account. The Guest Behaviour portion of the by-law would address the following:

- Guests that exceed the posted maximum occupancy of a STA.
- Guests that host or participate in disruptive parties and events, including the participation in a car-rally.
- Guests that cause noise disturbances.
- Guests that park their vehicles in violation of the posted Parking Management Plan.
- Guests that are in charge of any pet that permit that animal to run at large or to create a nuisance to neighbouring properties.
- Guests that fail to abide by the properties garbage management plan and fail to maintain the property in a sanitary condition.

Before the introduction of the AMP system, enforcement officers could charge individual guests under other Town by-laws through the POA system. So for example, if a guest were to play their music too loudly outside of the permitted hours, a charge could be laid under the Noise bylaw. However, the Noise, Nuisance, Clean Yards, and Car-Rally bylaw have recently been designated under the AMP system, and as such, recourse through the POA is not available. Recent legal opinion has been provided that a single bylaw cannot be enforced both through AMPs and POA.

It is a likely assumption that the guests of a STA are not local property owners, and as such, an administrative monetary penalty, which if left unpaid would be transferred to the individual's tax roll, would have no impact. As a result, Staff are proposing to leave the Guest Behaviour section of the bylaw undesignated under AMPS to ensure that POA set fines are available to address the non-compliance of visitors. Staff will also explore the possibility of creating a separate Guest Behaviour bylaw that would remain undesignated if enforcement staff see benefit in streamlining processes by keeping it separate from the STA bylaw.

By incorporating a section in the short-term accommodation bylaw, or a new bylaw itself, that directly addresses guest behavior, staff are not only ensuring that all enforcement tools remain available, but articulating clearly to business owners and renters alike the shared responsibility they both have in maintaining the Town's community standards. This inclusion signals to residents that their concerns are being fully considered and that the bylaw is designed to protect the interests of the entire community, fostering trust and support for the regulation.

Recommendation 7: A New Licensing Category – Tourism Partnership

Each public engagement session and the survey identified issues with the overall quality of some of the short-term accommodation offerings in the Town and noted the importance of creating a program to elevate these properties to attract higher value tourism. Licensing a business through the Municipal Act is not able to impose a condition or restriction on a property that is not rooted in a concern over nuisance and safety. In order to begin encouraging a transformation of the local accommodation sector our only option is to develop a program that provides businesses the choice to participate with incentives for improvement. To this end, staff are recommending that a two-tiered licensing structure be implemented, with a license and its corresponding fee for a 'Basic Short-Term Accommodation' and a second license and fee structure for a 'Tourism Partner Short-Term Accommodation'. Staff are proposing that the licensing fees for the tourism partnership program be significantly less than the basic license, reflecting the investment that the owner is making in their business.

The program would be voluntary but would include additional expectations and submittal requirements for the operators of these establishments. In addition to the requirements outlined in recommendation #4, individuals who wished to be part of the partnership program would also be required to:

- Be a hosted property – the business owner or their representative must be present when guests check-in to their accommodation to provide an overview of the property, the Town's regulations, and the Town itself.
- Be a tourism partner – operators must provide their guests with a welcome package, which would be designed and provided by the Town's Economic Development department. This package would include information about the area, local tourism opportunities, businesses and events taking place in that time period. These hosts would be provided an information session on the Town and its attractions to ensure that they are able to act as ambassadors.
- Follow the Town's design guidelines for STAs – part of this project would be establishing aesthetic guidelines for the STA properties that are enrolled in the partnership program. This would include higher standards of property maintenance, landscape design, and even consideration for unique and environmentally conscious build. The purpose of this would be to have operators think about and invest in the aesthetic appeal of their businesses.

In addition to lower licensing fees, STA businesses that are enrolled in the Tourism Partnership Program would also be featured on the Town's new Tourism Website, which would include a profile of the business, its amenities, links to bookings, and a Tourism Partnership Badge. The intent would be that overtime businesses would benefit from this additional exposure and the Tourism Partnership Badge, which could be used in all of their own advertising, would become a mark of distinction driving more business and elevating the Town's own brand of tourism.

Membership in the partnership program would be based on a yearly application and would be adjudicated by both by-law licensing staff and the economic development department.

By creating a two-tiered licensing system, with a 'Tourism Partner Short-Term Accommodation' license, the Town incentivizes property owners to invest in their businesses and provide a superior guest experience. This voluntary program not only encourages improvements in the quality of accommodations but also fosters a stronger connection between operators and the local community. By requiring participating operators to host their properties personally, offer a Town-designed welcome package, and attend informational sessions, the program ensures that these businesses act as true ambassadors for the Town. This approach not only supports local businesses and events, but it contributes to the overall economic growth and attractiveness of the Town as a tourist destination.

Addressing Permitted Use

The mandate of the short-term accommodation project is to review the ways in which the Town regulates STAs in the community. The Town is able to do this through two mechanisms: licensing and zoning. Part of the feedback requested through the public engagement process has been to gather insights on where residents feel that short-term accommodations should continue to operate, not only now, but also with an eye to future growth. It is clear from these sessions that there is a divide between those that recognize the importance of short-term accommodations in a historic cottage town and believe that the use should be expanded, and those that have felt the impact of these businesses and believe that they should be contained to commercial areas.

Currently, the balance of properties that permit the operation of short-term accommodations are located along major traffic corridors, which tends to align with identified strategic growth areas. This would provide the opportunity to review the permitted use of STA properties and to consider designating these properties to allow for mixed use with residential. This change could address some of the concerns raised by the engagement sessions about aging STA properties where the use limits the development potential of those sites for additional housing stock. As the Town is currently in the process of undertaking an Official Plan review staff are recommending that the planning department take the public engagement findings into consideration when developing policies around short-term accommodation use.

Next Steps

Staff have already drafted a new STA bylaw. Should Council approve the recommendations above, Staff will ensure that the bylaw is vetted through legal Counsel and will bring a draft for approval at a later Council meeting. This would also include an amendment to the existing business licensing by-law to remove short-term accommodations as licensing categories under that by-law.

In order to move the overall STA program forward, Staff will engage with the necessary departmental stakeholders to stand up the Tourism Partnership Program and to engage with the licensed accommodators ahead of the bylaw roll out to provide informational sessions on the new bylaw and address any concerns they may have.

CORPORATE IMPLICATIONS:

Financial Implications:

There are no financial implications associated with this report.

Term of Council Priorities:

Complete Communities

CONCLUSION:

The Town of Wasaga Beach faces a growing challenge in effectively regulating short-term accommodations (STAs) due to the increasing popularity of these businesses and their impact on the community. The current licensing framework has proven insufficient in addressing the issues related to non-compliance, neighborhood disturbances, and the strain on municipal resources. Through a comprehensive review and public engagement process, it has become clear that a new approach is necessary to balance the economic benefits of STAs with the preservation of community standards and quality of life for residents.

Under Council direction, staff have already implemented a number of new measures aimed at addressing the issues of STA non-compliance including the creation of the Administrative Monetary Penalty System, the introduction of a new proactive enforcement strategy, and the roll out of STA compliance software. In this report, staff have proposed a series of additional targeted recommendations aimed at strengthening the Town's regulatory framework for STAs. These include the adoption of a new stand-alone by-law, the introduction of a demerit point system to ensure accountability, and the implementation of a Neighborhood Partnership Plan to promote responsible management practices. Staff have also proposed the creation of a Tourism Partnership Program within a two-tiered licensing system to drive the transformation of a new brand of tourism in Wasaga Beach and a new brand of accommodation, where licensing is not simply a requirement but a partnership between business and town that becomes a badge that drives guests to play, stay and invest in the community they visit.

By adopting these measures, Council will be taking a proactive step toward addressing the issue of STAs in the community. The proposed framework not only addresses current challenges but also positions the Town to better manage future growth and development in the short-term accommodation sector. It is recommended that Council approve the adoption of the new licensing framework to take effect in January 2025, ensuring that Wasaga Beach continues to be a desirable and vibrant community for both residents and visitors alike.

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