

## Review of Potential Short-term Rental Bylaw Considerations

As directed by Council at the March 9, 2020 meeting, Administration explored potential bylaw changes relating to short-term rentals as presented below:

### **A. Defining a short-term rental as any rental agreement of 25 days or less**

A licence for a short-term rental is required where a person provides rental accommodation in a private residence for up to 30 consecutive days. Limitations on the number of consecutive days for short-term rentals in other municipalities show most limiting short-term rentals to less than 30 days (below). Further information on short-term rental regulations in other municipalities can be found in Attachment 2 - Cross-Municipal Scan of Short-Term Rental Regulations.

- Calgary - up to 30 consecutive days;
- Vancouver, New York, San Francisco, Austin, Portland and Saskatoon - less than 30 consecutive days;
- Toronto and Ottawa's proposed regulations - less than 28 consecutive days.

These thresholds draw a distinction between daily/weekly rentals (short-term), and monthly tenancies, which are considered long-term rentals. Administration recommends maintaining the number of consecutive days for a short-term rental at 30.

### **B. Establish a notification process to adjacent property owners for all short-term rental properties**

Currently, the Zoning Bylaw 12800 requires notification to surrounding property owners of shared home short-term rentals as these are currently classified as Major Home Based Businesses (a discretionary use in most zones). In addition, Administration posts information regarding issued entire home short-term rental business licences on the City's Open Data platform. Property addresses are not included due to privacy and safety concerns for both hosts and guests.

Administration explored the equity of notification requirements as part of Section C below and identified that if a Development Permit requirement were to be created for entire home rentals and a notification requirement is added to the Development Permit approval to allow neighbours to appeal the Development Officer's decision, this will require additional resources to administer and increase fees for this type of approval.

Administration explored other passive notification options of short-term rental operators in neighbourhoods when not required through Zoning Bylaw 12800. The options include signage requirements and the creation of an online short-term rental registry. More details on these options is outlined on page 7 in Attachment 3 - Options to Address the Equity in the Approval Process of Short-Term Rentals.

Administration does not support the identified passive notification options as, in consultation with impacted landowners, these options would put the onus on neighbours to police short term rentals, and may lead to safety and privacy concerns for short-term rental owners.

**C. Examine options to ensure equity in approval processes between “entire rental” properties and shared home rental properties**

The Zoning Bylaw 12800 does not regulate the rental of an entire home as the rental is considered a continuation of the residential use. Thus an entire home rental does not require a Development Permit or notification to neighbours. However, shared home rentals, where a resident temporarily rents out rooms within their dwelling, are considered a Major Home Based Business – Bed and Breakfast Operation, which requires a Development Permit that is subject to notification to surrounding neighbours.

In exploring zoning options to provide equity in approval processes between entire home and shared home rentals, Administration identified four approaches:

- Address the equity of short-term rentals through the Zoning Bylaw Renewal Initiative
- Remove the Development Permit and notification requirements for qualifying short-term rentals
- Remove the shared home rental regulations from the Zoning Bylaw and associated Development Permit and notification requirements
- Introduce a Development Permit requirement and potentially a notification requirement for entire home short-term rentals.

For additional information on the proposed options, refer to Attachment 3 - Options to Address the Equity in the Approval Process of Short-Term Rentals.

In consideration of the minimal impacts associated with shared home rental operations, and that the nuisances associated with short-term rentals are addressed by other existing City bylaws, Administration supports removing Development Permit and notification requirements for qualifying shared home short-term rentals to provide parity with entire home rentals. This approach would involve adding the classification of shared home short-term rentals in Zoning Bylaw 12800 to Minor Home Based Business for shared home rentals up to two guest rooms. With this change, the majority of shared home short-term rentals

would be exempt from Development Permit and notification requirements, provided that they comply with the regulations and are located in zones where a Minor Home Based Business is a permitted use. This would also reduce the regulatory burden for operators looking to rent rooms within their residence, or within a secondary suite or garden suite located on the same site. It also provides an interim solution until a holistic review of regulating home based businesses can be done as part of the Zoning Bylaw Renewal Initiative.

**D. Explore options for “entire rental properties” to address concerns regarding:**

**i. Maximum number of rental days in a year**

Quantitative restrictions on short-term rentals may be used to manage long-term housing availability and affordability issues; and to minimize impacts on neighbourhoods by limiting guest turnover.

In Edmonton, a restriction on the maximum number of rental days in a year is not recommended as it does not align with the current model of the regulations which allows entire home rentals and does not restrict short-term rentals to the host’s principal residence. Entire home rentals account for over 60 percent of short-term rental units in the city and therefore, a limitation on the number of rental days in a year would negatively impact a large percentage of the city’s short-term rental industry. Municipalities that do not restrict short-term rentals to the host’s principal residence such as Calgary, also do not have limitations on the number of rental days. Conversely, this restriction has been seen in jurisdictions that limit short-term rentals to the host’s principal residence. For example, Toronto limits the number of nights per year that a host can rent their entire principal residence as a short-term rental to 180.

A restriction on the number of rental days in a year may also not be an effective tool of managing neighbourhood impacts due to enforcement limitations. To enforce the restriction, Administration would require details of rental transactions at a property, which are not readily available.

Current short-term rental regulations have provisions to manage neighbourhood impacts such as requiring a host to provide guests with an approved information guide on applicable City bylaws. To further enhance management of safety and neighbourhood impacts, Administration has explored a new requirement for all hosts to have an approved guest and patron management plan. Through this plan, hosts would be required to detail how they will manage noise, parking, waste, and other nuisance issues at a short-term rental property before a licence is issued.

ii. Maximum number of occupants

Occupancy limits for short-term rentals are intended to enhance safety of guests and neighbours by preventing issues that may result from over-capacity.

Currently, occupancy is aptly regulated under Safety Codes regulations which have requirements for residential properties with more than 10 occupants. Such properties are subject to a Safety Codes inspection. Additionally, the Alberta Building Code has provisions for an occupant load of two persons per bedroom or sleeping area.

Administration does not recommend additional occupancy restrictions through licensing as the Business Licence Bylaw generally regulates the business activity and not the size or scale of the business. Occupancy limits through Zoning Bylaw 12800 are not recommended as they would add to the complexity and cost of obtaining a licence, and enforcement limitations would result in minimal benefit from the restriction. A restriction on the number of occupants would also negatively impact guests who travel in groups not likely to cause adverse effects, for example, families. Administration recommends utilizing existing regulations and the proposed guest and patron management plan to manage neighbourhood impacts.

iii. Maximum number of rental properties owned by a single person

Restricting the number of rental properties owned by a single person may be intended to mitigate the impact of commercial short-term rentals. This occurs when a person owns multiple units in the market and operates on a scale similar to hotels or motels without being subject to the same regulations. However, Administration does not recommend such a restriction as the business licensing process does not consider property ownership. Business licences are issued to the business owner who may, or may not own the property. Of the jurisdictions reviewed, only Palm Springs limits the number of short term rental licences issued to a single owner.

iv. Restriction of rental property ownership to those with a primary residence in Edmonton

A restriction on rental property ownership to persons with a primary residence in Edmonton may not be effective in limiting commercial short-term rental ownership by non-residents and may not lead to increased responsiveness to property disturbances. If this restriction was created, it would be encountered with enforcement limitations as non-residents could easily create a resident corporation that could own property in the city. Further, the restriction would not necessarily result in hosts' responsiveness to disturbances as they may not reside close to the rental unit. To encourage responsiveness to issues, current regulations require a host to post their telephone number in the rental unit. A

restriction on rental property ownership to a city's residents is not in place in any of the jurisdictions that Administration has reviewed.

**E. Development of complaint and/or bylaw infraction thresholds that would result in licence suspension or removal**

Between August 2018 and August 31, 2020, Administration received 167 complaints associated with 117 unique short-term rental properties, which resulted in 71 warnings being issued. This number of complaints on unique short-term rental properties represents 9% of the total number of short-term rental properties as of September 2020. The low percentage of affected properties suggests insufficient data to establish a reasonable threshold for licence suspension or removal based on the number of complaints received.

As Administration continues to collect and review complaint information, discretion will be applied to impose conditions on a licence, suspend or cancel a licence, or issue a violation ticket for a bylaw offence based on the circumstances of each case. In addition, as part of the new Business Licence Bylaw, Administration will recommend using a business's pattern of violation of relevant City bylaws as a potential ground for a business licence review. This recommendation is intended to enhance enforcement outcomes against non-compliant businesses.

**F. An updated review of regulatory regimes around short-term rentals in other jurisdictions**

An updated review can be found in Attachment 2 - Cross-Municipal Scan of Short-Term Rental Regulations. Generally, short-term regulations are not consistent across other jurisdictions due to factors such as differing market conditions, long-term housing needs and other impacting local legislation. However, most municipalities rely on existing bylaws to manage nuisances associated with short-term rentals.