

## Staff Report

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**To:** Council

**From:** George Vadeboncoeur, Manager, Planning Special Projects

**Meeting Date:** February 26, 2025

**Report No.:** DS2025-023

**Subject:** Draft Short Term Rental Accommodation and Bed and Breakfast Establishments Licensing By-law

**Type:** Requires Action

**Motion No.:**

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### Recommendation

It is recommended:

1. That Report No. DS2025-023 be received and adopted.
2. That Council table the draft Short Term Rental Accommodation and Bed and Breakfast Establishments Licensing By-law for public review and comment.
3. That an information/consultation session on the draft Licensing By-law be held on Monday March 24, 2025 and an engagement program be launched to receive public comments on the draft By-law.
4. That staff report back to Council on the comments received through the community engagement program and recommended next steps.
5. That Council authorize staff to enter into a one-year contract with Granicus for third party enforcement services at a cost of \$13,012.38, plus HST.

### Introduction

The purpose of this Report is to table a draft Short Term Rental Accommodation and Bed and Breakfast Establishments Licensing By-law (Licensing By-law) with Council for review and to initiate a public engagement process. The process and report follows from Council's consideration on January 22, 2025 [DS2025-004 Options Report to Address Illegal Short-Term Rental Accommodations In Oro-Medonte](#). At that meeting Council approved the following recommendations:

1. *That Report No. DS2025-004 be received and adopted.*

2. *That Council approve Option #4 – Implement a Licensing Program for Legal Short-Term Rental Accommodation and Bed and Breakfast uses as well continue to seek compliance through Orders Under the Municipal Act (Section 440), where necessary to prohibit illegal Short-Term Rental Accommodations.*
3. *That Council direct that a draft Licensing By-law be prepared and tabled at the February 5, 2025, Development Services Committee Meeting.*
4. *That Council direct staff to continue to explore third-party enforcement services provided by Granicus Host Compliance Services.*
5. *That the Development Services Committee hold an information/outreach meeting on the draft Licensing By-law to receive comment and input prior to returning to Council for formal consideration.*

Leading up to the consideration of the Options Report, Council received report [DS2024-093 Information Report](#) on September 11, 2024, and hosted a public Education Session on enforcement challenges on October 16, 2024, accompanied with [Report DS2024-124 Council Education Session Short-Term Rentals](#) providing context.

The first report outlined actions that Council and Staff have taken since 2017 to address illegal STRAs in the Township. The Council Education session provided information on the challenges using a Zoning By-law to enforce illegal STRA's and options that Council could consider to address the issue.

Following Council's direction on January 22, 2024, staff engaged Paul Dray and Associates to draft the proposed Short Term Rental Licensing By-Law. Paul Dray is an experienced prosecutor of the Provincial Offense Act and matters under the Municipal Act such as Licensing By-law violations. His partner Karen Landry is an experienced Municipal Clerk that has drafted several municipal licensing by-laws and other municipal regulatory by-laws.

The report also outlines a proposed contract with Granicus Host Compliance Services for third party enforcement assistance. The proposed contract is before Council with this report so that, if approved, Granicus can start the background work to be ready to provide services to support a proposed Licensing By-law on the date the by-law comes into effect. This would expediate the implementation of Licensing By-law to coincide with the proposed July 1, 2025 implementation date.

## **Short Term Rental Accommodation and Bed and Breakfast Establishments Licensing By-law**

Staff prepared a draft Licensing By-law using examples from the benchmarking exercise outlined in the DS2025-004 Options Report. Paul Dray and Associates were provided the draft by-law and worked with the Township staff on refining it. The draft Licensing By-law has been circulated to the Township Departments for review and comment. Comments were received and incorporated into the draft that is now before Council. Staff also circulated the draft Licensing By-law to Legal Counsel for review and their suggested revisions will be incorporated when they are received.

The intent of the Licensing By-law is to license **legal** short-term rental accommodations and bed and breakfast accommodation establishments (B&Bs) within the Township.

For a use to be legal it has to be permitted under the Township Zoning By-law. The Licensing By-Law aims to protect tenant health and safety by enforcing housing and property standards on STRAs and B&B's and minimize neighborhood nuisances.

Short Term Rental Accommodations (STRA's) are only permitted within the Village One (V1) and Residential Two Exception 123 (R2\*123) Zones. They are only permitted in the following areas:

- Horseshoe Resort Condos
- The Carriage Hills and Carriage Ridge developments.

Bed and Breakfast uses are only permitted as of right in the Agricultural/Rural Zone (A/RU) or Private Recreation (PR) Zone under the Zoning By-law. They are permitted elsewhere by exception through an approved site-specific Zoning By-law Amendment that individual property owners must apply for.

The draft Licensing By-law has been drafted using various authorities under the Municipal Act that enable a municipality to prohibit a business from operating without a licence, refuse to grant or revoke a licence, and impose conditions on a licence holder. The format is very similar to licensing by-laws from other municipalities.

The following are the highlights of the draft Licensing By-law being tabled:

- Only a principal residence is eligible to be licensed. Accessory dwellings are not eligible.
- Definition provided for a "Responsible Person" who is responsible for the operation of the STRA in accordance with the license and responding to complaints. They must respond within 30 minutes of being contacted and attend on site within one (1) hour of being contacted to address any issues
- Prohibits advertising or operating a STRA or B&B without a licence.
- Limits the number of occupants in an STRA or B&B to two (2) persons per guest room to a maximum of eight persons
- Limits the number of bedrooms that can be rented in a B&B to three (3)
- The term of a licence is one year with a renewal date of December 1<sup>st</sup>.
- Requires that each property have one parking space per guest room and requires that vehicles are parked in a designated parking area;
- Requires that documents be available for guests such as the Renters Code of Conduct and fire escape plan
- Requires smoke and carbon dioxide detectors outside each bedroom and a Fire Extinguisher in all cooking spaces.
- Requires applicant to provide sewage system approval issued by the appropriate authority.
- Sets out the terms for revoking a licence or refusing licenses, including counting of demerit points (Schedule C) when a violation of the licence has occurred. If seven strikes are recorded in a 12-month period a licence may be refused or revoked and the owner is ineligible for a new licence for two (2) years.
- Allows the Licence Issuer to suspend or revoke a licence for reasons outlined in the By-law.
- Establishes the Property Standards Committee as the Licensing Appeal Tribunal to hear and make decisions on a refusal, revocation, suspension of a licence,

conditions of a licence, or Orders issued by Municipal Law Enforcement. Its decisions are final and binding.

- Schedule A outlines the requirements to obtain a license for a STRA.
- Schedule B outlines the requirements to obtain a license for a B&B.
- Schedule D provides a Schedule of Penalties under the Township AMPS By-law that range from \$500.00 to \$2,250 per occurrence for various infractions under the Licensing By-law such as, operating a short-term rental without a licence or renting a room that is not an approved guest room.
- Under Schedule E a licensing fee of \$400.00 for a B&B (\$150.00 renewal) is proposed along with a licensing fee of \$1,500 for STRA (\$1,250 renewal)
- Licensing of STRAs and B&Bs to come into effect on July 1, 2025.
- Annual licence period is December 1<sup>st</sup> to November 30<sup>th</sup>.

### **Section 440 of the Municipal Act**

Section 440 of the Ontario Municipal Act, 2001 (Municipal Act) provides a municipality with the option of seeking an injunction by the Court to restrain an activity that is not permitted. The draft Licensing By-law makes reference to Section 440 as a tool that may be used to deal with STRAs and B&Bs owners that are not deterred from improper activities by the penalties imposed under the AMPS By-law and/or the Provincial Offences Act.

### **Municipal Licensing Administration**

Licensing of STRAs and B&Bs will be administered by the Municipal Law Enforcement Division of the Development Services Department. Cloud Permit software will be used to receive the License Applications.

Municipal Law Enforcement and the Fire Service Staff will coordinate required inspections. The Fire & Emergency Services Department has indicated that additional resources will be needed to accommodate the number of required inspections and are currently reviewing options to provide the service. Municipal Law Enforcement advises that they can accommodate the additional workload within the Council approved complement by filling an existing vacant position on a contract basis and re-evaluating after a year.

It is difficult to determine how many applications for STRAs and B&B establishments will be received. As of October 2024, there were 294 unique listings on various platforms advertising STRAs. Similar to other jurisdictions, once licensing is put in place, it is anticipated that the number of STRAs will drop. Staff are using a figure of 150 STRAs and 10 B&B to calculate revenue and expenditures.

## Expenses and Revenue

Costs	STRA Projected Total Revenue	B&B Projected Total Revenue
Application Submission	\$100.00 x 150 = \$15,000.	\$100.00 x 10 = \$1,000
MLEO Inspection	\$150.00 x 150 = \$22,500.	\$150.00 x 10 = \$1,500
Fire Inspection	\$150.00 x 150 = \$22,500.	\$150.00 x 10 = \$1,500
Septic System Verification		\$123.89 x 10 = \$1,238.90
Fire Administration	\$20,000.	
Enforcement (MLEO)	\$50,000.	
Enforcement (Granicus)	\$14,706.	
Enforcement (Licensing Appeal Tribunal)	\$2,000.	
Enforcement (Legal)	\$40,000.	
Overhead (15% of Total)	\$28,005.	\$600.
Total	\$214,711.	\$5,838.90

Revenues	STRA	B&B
Application Fee	Initial \$1,500.00 (Renewal \$1,250.00)	Initial \$600.00 (Renewal \$400.00)
Estimated Licenses	150	10
Total	\$1,500 x 150 = \$225,000	10 x \$600 = \$6,000
Renewal Total	\$1,250 x 150 = \$187,000	10 x \$400 = \$4,000

The fees were developed on the basis of the municipality covering its costs to implement the STRA and B&B licensing program. Expenditures are based on estimated costs and do not include costs incurred to prepare the municipality to implement the licensing program.

Revenues do not include funds received from fines under the AMPS program. Based on the recent experiences of a municipality implementing a licensing program, revenue from AMPS will be significant in the first year of the program and level out in the second year and beyond.

Subject to Council approval of the Licensing By-law in late April or early May, it is proposed that the licensing program commence July 1<sup>st</sup>, 2025. As this is a new program and will be an added expense for legal STRAs and B&Bs currently operating in the Township, consideration will be given during the review that the initial licence fee cover 18 months from July 1, 2025 to December 1, 2026.

### Enforcement

To assist Municipal Law Enforcement with enforcement of illegal STRAs and B&Bs, Council directed, *“staff to continue to explore third-party enforcement services provided by Granicus Host Compliance Services.”*

Granicus, is a third-party provider of enforcement services through their “Host Compliance” platform. They offer a number of software modules pertaining to the enforcement of STRAs, including:

- address identification,
- permitting and registration,
- tax collection,
- compliance monitoring,
- rental activity monitoring,
- complaints hotline services, and
- regulations consulting.

Municipalities are able to choose which tools they would like to purchase based on their individual needs.

Staff have met twice with a Granicus representative to discuss their services. Staff are recommending that the Township purchase the following three modules:

1. **Address Identification Module** – Automated monitoring of 60+ STRA websites and on-line dashboards with complete address information and screenshots of all identifiable STRAs provided to the municipality.
2. **Compliance Monitoring** – Ongoing monitoring of STRAs for zoning and permit compliance coupled with systemic outreach to illegal STRA operators without a licence. Granicus and Township staff are able to contact property owners directly to address illegal STRAs.
3. **24/7 Hotline** – Members of the public can use the 24/7 hotline by phone call or text to report, prove, and resolve non-emergency (i.e. noise, parking, etc.) STRA related problems in real-time. Granicus contacts the property owner or responsible person for the STRA to address the complaint. Township staff are notified when a complaint is received to take appropriate action (apply demerit points, initiate an AMPS penalty, etc.) as per the Licensing By-law. This is an excellent service and provides complainants with a direct line 24 hours a day to voice their concerns.

System integration between the Township and Granicus is required in order to share Property and licensing information. Pricing is based on the number of STRAs in the municipality. Attached as Schedule 2 is the Granicus proposal for Oro-Medonte that outlines the services that would be provided in detail along with the contract costs.

Staff are recommending Council enter into a one-year contract with Granicus in advance of considering approval of the licensing by-law as Granicus needs time to prepare to undertake enforcement on the date selected by Council. System integration between the Township and Granicus is required to share property and licensing information. Granicus provided a quote of \$13,012.38, plus HST for the initial year to provide the services provided within the three modules outlined earlier in this report.

## **Administrative Monetary Penalty System (AMPS)**

AMPS is an alternative process to proceeding to Provincial Offences Court to have a charge adjudicated. Schedule D to the proposed Licensing By-law outlines the proposed AMPS' penalties for various offences under the by-law. They were prepared based on reviewing several examples from other municipalities. The penalties outlined are paid directly to the municipality. The offender can appeal the fee, which is then heard by an independent hearing officer employed by the municipality. A revenue line item has not been included in the chart of expenses and revenues as they are unknown at this point. Penalties (fees) tend to be high the first year of the program and then level off. Staff will have a better idea in the third year of the program.

## **Public Engagement and Input**

In addition to the public education session on enforcement challenges in dealing with illegal STRAs held on October 16, 2024, Council has directed that staff host a public information/engagement session on the draft Licensing By-law. The session is planned for Monday March 24, 2025, at the Oro-Medonte Arena Banquet Hall. Representatives from Granicus and Paul Dray and Associates along with Township staff will be in attendance. Staff have been working with Corporate Communications on a notification strategy to ensure there is broad outreach and opportunity to provide comment. The public will be provided the opportunity to e-mail their comments directly to a dedicated e-mail address.

Part of raising awareness is the tabling of the draft Licensing By-law and posting it on the Township's website landing page dealing with STRA licensing. Staff are also exploring directly contacting B&B operators to inform them of the new licensing program

Staff will then report back to Council on the input received and suggested changes to the draft Licensing By-law.

## **Financial/Legal Implications/Risk Management**

Financial implications have been outlined in the report. Third party costs include a one-time cost of \$11,500, plus HST to create a Licensing By-law and an initial cost of approximately \$13,012, plus HST to enter into a contract with Granicus to provide address identification, third-party monitoring, and complaint hotline services for the municipality.

There are costs incurred by the municipality to implement the program. A draft revenue and expenditure chart was provided within the report that shows the program operating on a break-even basis with no impact to the tax levy. The main variable is the amount of revenue from penalties levied, which is unknown at this time, and therefore has not been included in the revenues.

The possibility exists that the By-law could be challenged in Court. If this occurs, costs will be incurred to defend the by-law. Funds needed for legal services will depend on the specific challenge and costs are an unknown at this point. Funds have been set aside within the draft budget to cover potential legal costs.

## **Policies/Legislation**

- Municipal Act
- Planning Act
- Township of Oro-Medonte Zoning By-law
- Township of Oro-Medonte Administrative Monetary Penalty System By-law

## **Consultations**

- Chief Administrative Officer
- Director, Development Services
- Chief Municipal Law Enforcement Officer
- Chief Fire Prevention Officer

## **Attachments**

1. Draft Short Term Rental Accommodation and Bed and Breakfast Establishment Licensing By-law
2. Granicus Contract Proposal

## **Conclusion**

Since 2018, Council and staff have undertaken multiple actions to regulate short-term rental accommodations in the Township with little success.

Over the last two years decisions of the Ontario Land Tribunal (OLT) and Divisional Court have provided several take-aways for staff, including confirmation that the existing definition of Dwelling Unit in the Zoning By-law does not include Commercial Accommodation as a permitted use, which should be sufficient for the municipality to enforce its Zoning By-law. The same OLT and Divisional Court decisions also suggested the need for the creation of a supplementary licensing by-law to effectively deal with disruptive uses that can be associated with problematic STRAs.

At the October 16, 2024, Education Session Council heard that a comprehensive licensing by-law that provides clear violations that can easily be identified and proven is an effective method in dealing with illegal STRAs and can be complimentary to enforcement of Zoning By-laws. Through benchmarking, staff have determined that licensing is a common tool used to enforce STRAs. Third party enforcement assistance provides the evidence required to enforce the Licensing By-law and pursue Section 440 orders for those that ignore municipal orders. Licensing combined with an AMPS program, makes it easier to target and deter illegal STRA operators.

At its January 22, 2025 meeting Council gave direction to staff to prepare a draft STRA and B&B licensing by-law using outside expertise and explore the use of third party enforcement services to assist municipal law enforcement in enforcing the by-law. The Licensing By-Law aims to protect tenant health and safety by enforcing housing and property standards on STRAs and B&Bs, and minimize neighborhood nuisances.



If Council approves the staff recommendation, a public information/outreach program will be implemented to solicit community feedback. Staff will then report back to Council with further recommendations.

Respectfully submitted;

George Vadeboncoeur, RPP,  
Manager, Planning Special Projects

February 18, 2025

**Approvals:**

Brent Spagnol, Director, Development Services  
Curtis Shelswell, Chief Municipal Law Enforcement Officer  
Shawn Binns, CAO

**Date:**

February 19, 2025  
February 19, 2025  
February 21, 2025