



Town of Newmarket
395 Mulock Drive P.O. Box 328,
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Short Term Rental Updates Staff Report to Council

Report Number: 2024-32

Department(s): Legislative Services

Author(s): John Comeau, Manager of Regulatory Services
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Meeting Date: May 27, 2024

Recommendations

1. That the report entitled Short Term Rental Updates dated May 27, 2024 be received; and,
2. That Council provide direction on whether to initiate a Planning Review regarding Short Term Rentals; and,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to provide Council with an update on the Town's Short Term Rental licensing regime that was established in 2020, and seek direction on whether a Planning Review should be initiated to review Zoning regulations.

Background

Legislative Authority

Under the [Municipal Act](#), the Town may provide for a system of licences with respect to certain classifications of business by adopting a licensing by-law. As specified in the Municipal Act, a licensing by-law should relate to consumer protection, the economic and social well-being of the municipality, and the health, safety, and well-being of



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persons in the municipality. Conditions may be imposed on a licence to ensure a business is compliant with the regulations established to reflect community objectives.

Section 34 of the [Planning Act](#) provides the authority for municipalities to enact zoning by-laws to regulate the use of land and structures.

Historical Reference

On February 3, 2020, at a Committee of the Whole meeting, Regulatory Services and Planning Services presented [Staff Report 2020-07](#). This Report provided an overview of Short-Term Rentals (rentals of residential accommodation for periods of less than 28 days), summarized the results of public consultation, and outlined options for Council to regulate Short-Term Rentals within Newmarket. As a result of this Report, Council directed Staff to proceed with “Option Three”. This option provided direction to Staff to immediately establish a Licensing Regime to regulate Short Term Rentals based off the currently established Zoning Regulations. This option also provided direction to Staff to return to Council at a later date to review options to consider amendments to our Zoning By-law.

On June 15, 2020 at a Committee of the Whole meeting, Regulatory Services presented [Staff Report 2020-41](#). This Staff Report led to the adoption of [Business Licence By-law 2020-31](#), establishing the requirement for Short Term Rental operators to obtain a business licence and comply with Council approved regulations.

During the COVID-19 pandemic, Short Term Rentals were significantly impacted by provincial regulations that, at times, prohibited the operation of this classification of business. Due to the impacts of COVID-19 on the Short Term Rental market, follow up Reports to Council regarding short term rentals were delayed.

On June 28, 2023 at a Special Committee of the Whole meeting, Council approved the Regulatory Services work plan, which included a Report to provide an update on Short Term Rentals for Q2 of 2024.

The following Report summarizes the current regulations in place in Newmarket related to Short Term Rentals, highlights the work done in regulating the industry through a licensing regime, and seeks direction from Council on whether to initiate a Planning review to consider further amendments to the Zoning By-law.



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Discussion

Current Regulations for Short Term Rentals

Short Term Rentals are currently defined through the Town's Business Licence By-law as all or part of a Dwelling Unit used to provide temporary sleeping accommodation for any rental period that is less than 28 consecutive days in exchange for payment. This includes a Bed and Breakfast but excludes hotels, motels and accommodations where there is no exchange for remuneration. Additionally, the Town's Business Licence By-law has established several conditions for Short Term Operators including requirements to:

- obtain and maintain a Business Licence with the Town
- have identifying signage erected on properties licensed as Short Term Rentals
- provide 1 off street parking space for every room being rented.
- have a permanent resident living on site.
- ensure compliance with all Federal, Provincial and Municipal Regulations.

The Town's Zoning By-law does not currently define the term "Short Term Rental"; however, it defines "Bed and Breakfast Establishment" and sets out their applicable regulations. The Town's Zoning By-law currently prohibits Bed and Breakfast Establishments:

- within Additional Dwelling Units (basement apartments)
- that utilize the entire dwelling (full house rentals)
- that involve the rental of more than three bedrooms
- within townhouses, condos, apartment buildings, or other properties that are not within R1 (single detached dwelling) zones.

With the current Zoning regulations in place, Short Term Rentals are only be permitted if they comply with the restrictions applicable to Bed and Breakfast Establishments. Staff are seeking Council direction on whether to initiate a Planning Review to evaluate these regulations further.

Short Term Rentals Licensing, 2020-2024

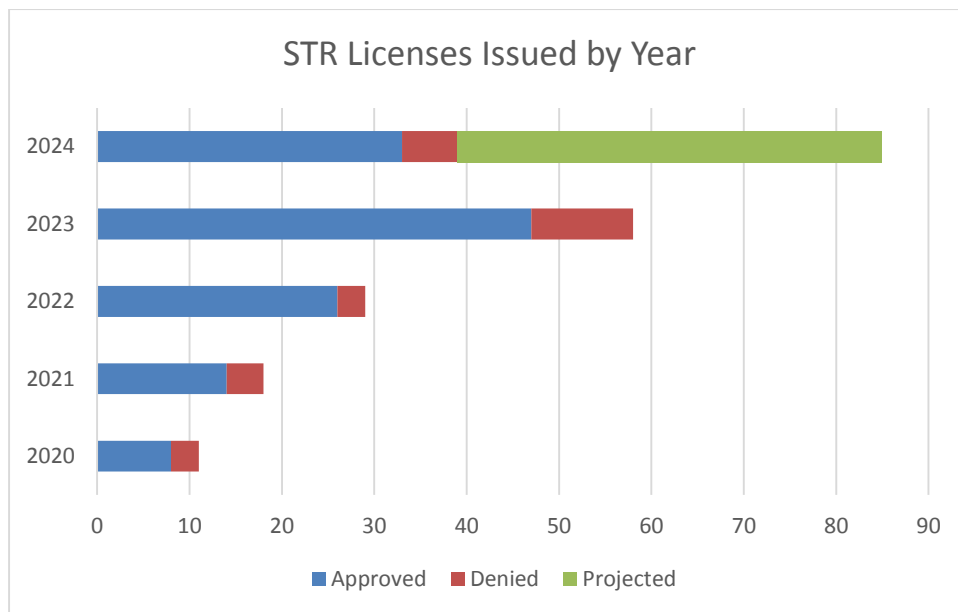
In June of 2020, the Town's Licensing Division implemented Council's approved Licensing regime. The rollout of the Town's licensing regime was hampered due to the impact of the COVID-19 pandemic. For large stretches during 2020-2022 the operation of a Short Term Rental was prohibited. As Ontario began permitting businesses to



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reopen, Staff noted a trend of short-term rental operators in Newmarket increasing:



Since the COVID-19 pandemic, the operation of Short Term Rentals has become increasingly more popular. Through informal consultation with business licence applicants, Staff have heard the following feedback to explain the increase in popularity of operating a short term rental:

No long-term lease commitments: Unlike traditional rentals with year-long leases, Short Term Rentals allow property owners to rent for shorter durations, offering more flexibility. This can be appealing for people unsure about being a full-time landlord. Additionally, Short Term Rentals allow property owners to have more control over their rental schedule. They can choose when to rent out their property and for how long. This can be appealing if a property owner wants to have their property fully to themselves occasionally or want to adjust pricing based on demand.

Potentially higher income: Compared to traditional rentals, Short Term Rentals can offer higher nightly rates, especially during peak times or in desirable locations. This can be attractive for those looking to maximize their rental income.

Technology makes it easier: Online platforms have revolutionized the STR industry. Listing, managing bookings, and even communicating with guests can be done easily



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through online platforms (Air BNB, VRBO, etc.) making it easier for people to enter the short term rental market.

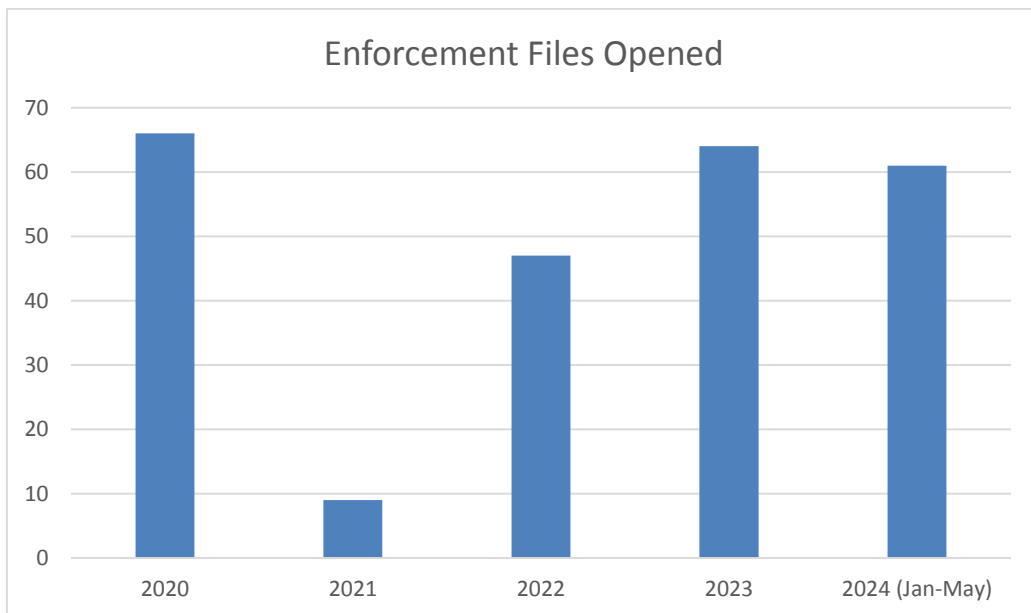
Between 2020 and 2024, 27 Short Term Rental operator licence applications have been denied. These licences were denied primarily because of non-compliance with Zoning regulations including applications for short term rentals in ADUs, townhouses, and full house rentals.

Ward Councillors have received direct inquiries from residents regarding these denials. The Councillors had questions about the current Zoning regulations for short-term rentals and consulted the Licensing Division to understand what types of rental uses are permitted for residents in their respective zones.

On March 4th, residents deputed before the Special Committee of the Whole regarding the Short-Term Rental Zoning regulations, specifically advocating for expansion to the R2 zone, townhouses, and semi-detached homes, citing fewer income opportunities for property owners in these zones.

Enforcement

Since 2020, the Town’s Licensing Division has enforced the adopted regulations through proactive and reactive measures:



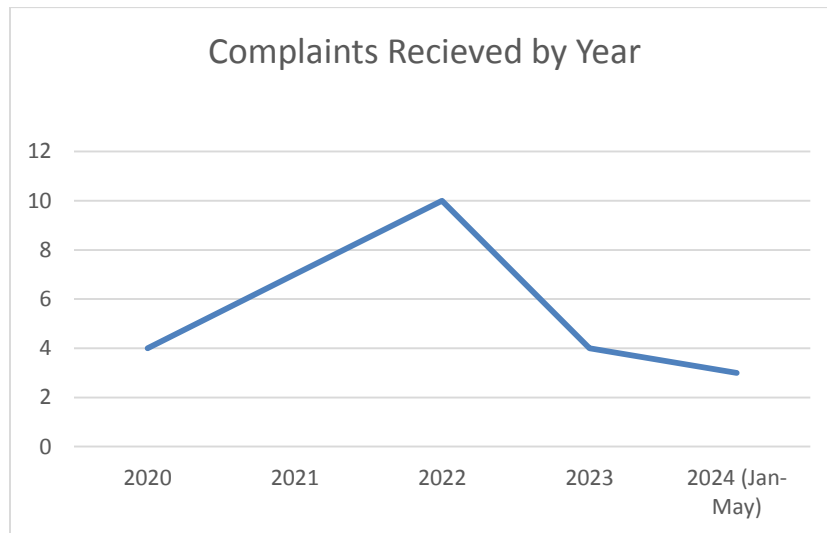


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Enforcement files opened are primarily related to businesses operating without a licence, and often resolved through education, and formal written notices. Unlicensed businesses who engage with Licensing Staff through enforcement initiatives bring their property into compliance by either licensing their short term rental, changing their business practices to offer accommodations for over 28 days, or ceasing operations all together.

Regarding complaints received for short term rentals, the Town’s Licensing Division has received a total of 28 complaints since 2020:



Of the 28 complaints received, most are regarding unlicensed short term rental operators. Only 4 of the 28 complaints were regarding the conduct of tenants at short term rentals properties (party houses).

Staff have found the enforcement tools provided to them through Council’s adoption of our Business Licensing By-law sufficient to address situations of non-compliance and are prepared to amend the Business Licence By-law as necessary to facilitate any changes that may be recommended through a Zoning By-law review.



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Next Steps, and Direction Required

This Report seeks direction from Council on whether a Planning Review should be initiated to consider amendments to the Zoning By-law. Should Council provide direction to Town Staff to investigate making the Town's Licensing regime more permissive (full home rentals, additional dwelling units, condominiums, town houses, etc.) an amendment to the Zoning By-law would be required and the statutory process for Zoning By-law amendments outlined in the Planning Act would apply. Conversely, Council may direct staff to not initiate a Planning Review, which would mean maintaining the existing zoning regulations that restrict STRs to where B&Bs are permitted.

Such a process would begin with a public notice being posted (online) to notify the public and agencies of the proposed amendment's details and to formally initiate the amendment process. Following this, Committee of the Whole would receive a Staff Report with the proposed set of amendments and a recommendation to refer the amendment to a statutory public meeting. Staff would then consider feedback received from the public and make any adjustments to the regulation(s). Council would then be presented with a final report with the proposed amendments, then staff would prepare a By-law that would be considered and passed by Council at a subsequent Council meeting. The statutory 20-day appeal period would then commence.

Under Bill 109, a Zoning By-law amendment decision shall be made within 90 days. Staff would target completing the Zoning By-law amendment process within 90 days of when the notice of decision is issued following Council's decision.

Immediately following any amendments made to the Town's Zoning By-law, the Town's Licensing Division will make amendments to the Town's Business Licensing By-law to match any regulations adopted by Council through the Planning Review.

Conclusion

In summary, the Town of Newmarket established regulations for Short-Term Rentals (STRs) in 2020, implementing a licensing regime in accordance with the Council approved Business Licence By-law 2020-30.

Staff is now seeking Council direction on the following options:



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Option 1: Initiate a planning review to explore options for short-term rental zoning and amend the bed and breakfast definition under the Zoning By-law 2010-40.

Option 2: Maintain current Zoning regulations for short-term rentals and provide a status update on short-term rental licensing in one year.

Business Plan and Strategic Plan Linkages

Community and Economic Vibrancy

Consultation

Consultation was conducted with Planning Services in preparation of this report.

Should Council direct a Planning Review to be initiated, further consultation will be conducted with residents through the planning process.

Human Resource Considerations

None

Budget Impact

From 2020-2024 the licensing of Short Term Rental Operators has generated \$22,008 for the Town of Newmarket. The revenue generated from the program is used to help offset the expenses of operating the program.

Attachments

None.

Approval

Lisa Lyons, Director, Legislative Services

Esther Armchuk, Commissioner, Corporate Services

Contact

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