

Update on Short-Term Accommodation Regulation Review

ISSUE

The proliferation of short-term accommodations globally has been driven by online hosting platforms such as Airbnb and VRBO, which facilitate transactions between short-term accommodation hosts and guests.

The City of Saskatoon (City) has been regulating short-term accommodations through the use of regulations applicable to bed and breakfast homes and hostels; however, these regulations are intended for medium-scale businesses and need to be updated to address changes in the accommodation industry. Updated definitions and an appropriate level of regulation are required.

BACKGROUND

At its meeting on July 20, 2015, the Standing Policy Committee on Planning, Development and Community Services (Committee) considered a request from bed and breakfast home operators to undertake a review of requirements for short-term accommodations in dwellings that operate through online booking websites and hosting platforms. The Committee referred this request to the Administration for a report on this matter.

A report submitted to the Committee on December 2, 2015 recommended that existing bed and breakfast home regulations be replaced by short-term accommodation regulations, and that these regulations apply to all operators providing short-term accommodations in a dwelling. The report indicated further research into short-term accommodations was required before an appropriate regulatory process to replace bed and breakfast homes could be developed.

The Committee resolved that:

“the Administration undertake appropriate consultation with community stakeholders on the issue of regulating short-term accommodations in residential areas and report back to committee in due course.”

CURRENT STATUS

In October 2019, there were 610 active short-term accommodation listings available in Saskatoon on Airbnb.com alone. This represents an increase of more than 500 listings since December 2015. Airbnb listings do not provide a complete representation of all the properties being used as a short-term accommodation, as there are various hosting platforms and other means of advertising. The vast majority of short-term accommodations are operating outside of the current zoning and licensing regulations. At the time of writing this report, there were only 15 licensed businesses.

Airbnb provided the City with additional statistics for Saskatoon listings in 2019:

- The average number of guests hosted per short-term accommodation is 2.1;
- 60% of listings are whole home listings where the host either does not reside at the residence or is away during the rental period; and
- 38% of guests staying in Saskatoon were from Saskatchewan.

The Zoning Bylaw currently regulates short-term accommodations through the bed and breakfast homes and hostel approval process, which permits the accommodation of guests for less than seven days. The establishment of such uses require a building and development permit and a business license.

In addition, bed and breakfast homes require a special building permit inspection to confirm safety requirements, such as working smoke detectors. A maximum of three bedrooms in the home may be used to accommodate guests. In certain zoning districts, bed and breakfast homes also require discretionary use approval.

With respect to hostels, there are two levels of regulation:

- Hostel type I may host up to five guests and is permitted in most medium- and high-density residential and institutional zoning districts; and
- Hostel type II may host more than five guests and is permitted in most medium- and high-density residential and institutional zoning districts subject to discretionary use approval.

Hostels are prohibited in low-density residential zoning districts.

DISCUSSION/ANALYSIS

In developing options for regulations, the Administration conducted a multi-faceted stakeholder and public consultation. A detailed Community Engagement Summary is provided in Appendix 1. A review of regulations put in place by other Canadian municipalities was also completed. A summary of this information is provided in Appendix 2.

The regulation of this industry is proposed to be addressed through the Zoning Bylaw, as well as within the Business License Bylaw.

Proposed zoning regulations will include new land-use definitions relevant to the full range of short-term accommodations that address stays of less than 30 days, and will replace the definition for bed and breakfast homes. Definitions will also be included to identify the types of short-term accommodations that are permitted within various zoning districts. The term “homestay” will refer to accommodations in the principle residence of the host while the term “short-term rental property” will refer to accommodations in a rental property.

The Business License Bylaw will establish conditions under which a business license is required and the information to be included with a business license application.

Three proposed options to regulate this industry have been identified and are as follows:

Option 1 – License Homestays and Prohibit Short-Term Rental Properties

This option proposes that:

- homestays be permitted in all zoning districts that permit dwellings;
- all homestay hosts be required to obtain a commercial business license; and
- short-term rental properties be prohibited in all zoning districts.

Option 2 – License Homestays and Short-Term Rental Properties

This option proposes that:

- homestays be permitted in all zoning districts that permit dwellings;
- all homestay hosts be required to obtain a commercial business license;
- short-term rental properties be permitted in all residential zoning districts, subject to discretionary use approval, with the exception of RM5 High-Density Multi-Unit Dwelling District where they would be a permitted use; and
- all short-term rental property hosts be required to obtain a commercial business license.

Option 3 – License Exemption for Small-Scale Homestays; License Short-Term Rental Properties

This option proposes that:

- homestays be permitted in all zoning districts that permit residential dwellings;
- homestay hosts, hosting one or two guests at any given time, would not require a business license; those hosting more than two guests would require a commercial business license;
- short-term rental properties be permitted in all residential zoning districts subject to discretionary use approval, with the exception of RM5 High-Density Multi-Unit Dwelling District where they would be a permitted use; and
- all short-term rental property hosts be required to obtain a commercial business license.

Proposed Development Standards and Business License Application Requirements

Development standards and licensing requirements for short-term accommodations can be established to maintain the amenity and character of the area and minimize potential land use conflicts. The following considerations are proposed:

Maximum Number of Guests: The table below outlines the proposed maximum number of guests at any given time.

Homestay (home of the host)	Short-Term Rental Property (rental property of the host)
<ul style="list-style-type: none">• One-Unit Dwelling: 6 guests• Secondary Suite: 3 guests• Two-Unit Dwelling, Townhouse, or Multiple-Unit Dwelling: 2 guests per dwelling unit	<ul style="list-style-type: none">• One-Unit Dwelling: 6 guests• Secondary Suite: 3 guests• Two-Unit Dwelling, Townhouse, or Multiple-Unit Dwelling: 6 guests per dwelling unit

The proposed number of guests reflects existing regulations in Bylaw No. 8770, Zoning Bylaw, 2009, which limits the number of people that can reside in a secondary suite, the number of boarders that can reside in a dwelling and the number of guests that can stay in a hostel.

Paved On-site Parking: Two paved on-site parking spaces would be required (one for principal use, and one for guests), consistent with current requirements for bed and breakfast homes. On-site parking is not required in zoning districts which do not require on-site parking for multiple-unit dwellings.

Additional Permissions: License applications for short-term rentals must include additional approvals as follows:

- If the host does not own the dwelling, written permission from the property owner is required; and
- For dwellings within a condominium, written permission of the condominium corporation is required.

Permit Requirements: Currently, operators of bed and breakfast homes are required to have a special building inspection completed to identify safety requirements and if required, obtain a building and development permit to address the safety concerns. This would no longer be required as short-term accommodations would be considered an accessory use to a dwelling, similar to a home based business, and would be regulated through business licensing. The host must sign a declaration stating that the dwelling is in compliance with life safety requirements, such as working smoke detectors.

Fire safety requirements for hostels are addressed through the building permit process.

Restrict New Short term Rentals When Vacancy Rates are Low: The Canada Mortgage and Housing Corporation projected rental vacancy rate for Saskatoon is currently at a historical high of 7%; however, the city has experienced significant fluctuation and was below 3% vacancy, as recently as 2013 and below 1.5% in 2007.

Regulations under the Business License Bylaw can be added requiring that all new applications for a new short-term rental property license be denied when the Canada Mortgage and Housing Corporation rental vacancy rate is below 1.5%. This is similar to current restrictions placed on condominium conversions and ensures provision of rental units are prioritized at such times.

IMPLICATIONS

The Building Standards Division and the Neighbourhood Planning Section, Planning and Development Division, did not have any concerns with the proposed regulations. Attainable housing incentives for purpose-built rental include checks and balances to ensure properties that receive incentives are rented at below market rate and cannot be converted to short term rentals.

The Business License Program is not supported by the mill rate; cost of operating the program is recovered entirely through business license application fees. Fees are \$125 for new applications with an \$85 annual renewal fee. Financial implications will depend somewhat on the level of regulation to be implemented and the number of business license applications received. At this time, it is anticipated that the license application review process can be managed with existing staff resources. If compliance is low, additional staff will be required to implement additional education and enforcement measures with this industry.

NEXT STEPS

A decision report, outlining the options summarized in this report and including a recommended option, will be prepared for review by the Municipal Planning Commission, and will then be directed to City Council.

APPENDICES

1. Engagement Summary - Short-term Accommodations
2. Municipal Scan (October 2019)

REPORT APPROVAL

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