

Short-term Rental Updates and Exploring their Conversion to Longer-term Housing

Date: May 6, 2021

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat and Executive Director, Municipal Licensing and Standards, General Manager, Shelter, Support and Housing Administration

Wards: All

SUMMARY

In July 2020, City Council requested that staff in the Housing Secretariat and Shelter, Support and Housing Administration (SSHA) Divisions explore the feasibility of facilitating the conversion of Short-Term Rental (STR) units to longer-term affordable rental housing stock. To assist in the determination, staff engaged Professor David Wachsmuth and the Urban Politics and Governance (UPGo) research group with the School of Urban Planning at McGill University based on their experience conducting similar research for municipal governments across Canada. The scope of the research was aimed at determining: the impact of COVID-19 on STRs; asking rents for former STR units compared to average market rents in the city; the location of STR units; and the impact of the City's STR operator registration deadline of December 31, 2020 on the STR market.

This report responds to Council's request and provides a high-level summary of the research findings; an overview of existing housing-focused programs funded and/or administered by SSHA for which the partnering housing providers are private market landlords; and an analysis of the feasibility of converting STR units to longer-term affordable rental housing stock for low-income households and those waiting for subsidized housing. While preliminary research findings were shared at the March 2, 2021 meeting of the Planning and Housing Committee, Attachment 1 to this report includes the final report titled, "Short-term Rentals in the City of Toronto - Market Overview and Regulatory Impact Analysis."

In summary, the research conducted reveals that STRs are currently naturally transitioning to the longer-term rental (LTR) market. For instance, the research identified 3,476 STR listings that have been posted as LTRs, and approximately 42.4% appear to have fully transitioned to the LTR market. However, asking rents for former STR units are as much as 11.6% more than average market rents, and these units are primarily located in the downtown core. The research also indicates that opportunities exist to

bring more STR operators into compliance with the City's new regulations, which could result in more units returning to the LTR market. While staff will continue to explore the feasibility of partnering with suitable operators to provide long-term housing opportunities for low-income households, based on these findings and other reasons outlined in the report, opportunities to secure STRs as LTRs for this purpose are likely limited.

This report also includes updates from Municipal Licensing and Standards (MLS) on short-term rental regulations. As directed by City Council in March 2021, this report addresses requests related to data, fees, 311 processes, concerns about human trafficking and short-term rental company data validation, and includes a recommended bylaw amendment to Chapter 547, Licensing and Registration of Short-term Rentals, to clarify that short-term rental companies must validate listings against registration data on the City's Open Data portal.

This report was developed with input from the Housing Secretariat, Shelter, Support and Housing Administration, Municipal Licensing and Standards and the Social Development and Finance Administration Divisions.

RECOMMENDATIONS

The Executive Director, Housing Secretariat, the Executive Director, Municipal Licensing and Standards and the General Manager of Shelter, Support and Housing Administration recommend that:

1. City Council amend Toronto Municipal Code Chapter 547 to require that no person, including a Short-Term Rental Company, shall advertise, facilitate the advertising or rental of, or broker a short-term rental if its operator is not registered with Municipal Licensing and Standards which status shall be verified by the person in advance and determined by reference to the City's Open Data portal for valid Short-Term Rental Operator registrations and to clarify that the authority of Municipal Licensing and Standards to request that a Short-Term Rental Company remove a listing or advertisement related to an unregistered operator is independent of this requirement.

FINANCIAL IMPACT

There are no current or known future years' financial impacts arising from the recommendations contained in this report.

The Chief Financial Officer and Treasurer has been made aware of the financial implications associated with this report.

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities.

Safe, secure, affordable housing is an important social determinant of health. It improves the social and economic status of individuals, families and communities. Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

DECISION HISTORY

At its meeting of March 2, 2021, City Council adopted Item PH21.10, "Update on Short-term Rental Regulations", and requested the Executive Director, Municipal Licensing and Standards report back to the Planning and Housing Committee on standards and practices used to identify and report potential human trafficking associated with short-term rental units, the feasibility of publicly providing additional data, the appropriateness of waiving fees for short-term rental operators, implementing a better mechanism on 311 to record and track short term rentals complaints, and recommendations to ensure that short-term rental companies validate listings against Open Data portal before posting on their platforms and request confirmation of those companies that they will follow procedure.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH21.10>

At its meeting of July 28, 2020, City Council adopted Item MM23.35, "Converting Short-term Rentals to Long-term Affordable Rental Housing Stock", in response to the impacts of COVID-19 on housing in Toronto and requested that staff explore the feasibility of the City renting short term rental (STR) as long term rental (LTR) housing for tenants on a low-income.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.MM23.25>

COMMENTS

Background

On July 28, 2020, due to pre-existing pressures on the rental housing market that have been compounded by the ongoing COVID-19 pandemic, City Council directed staff to explore the feasibility of leasing vacant STR units to provide longer term affordable housing for low-income families and individuals. This report responds to Council's directive.

On March 2, 2021, the Planning and Housing Committee also requested that the Municipal Licensing & Standards (MLS) Division report back on standards and practices used to identify and report potential human trafficking associated with short-term rental units; the feasibility of publicly providing additional data; the appropriateness of waiving fees for short-term rental operators; implementing a better mechanism on 311 to record and track short term rentals complaints; and recommendations to ensure that short-term rental companies validate listings against Open Data portal before posting on their platforms and request confirmation of those companies that they will follow procedure. This report also responds to certain components of the Planning & Housing Committee's request. It also outlines MLS' STR program which has been designed to address some of the Committee's concerns through implementation of the program.

MLS is responsible for the short-term rental licensing and registration program. Chapter 547, Licensing and Registration of Short-term Rentals, sets out the requirements for both short-term rental operators and companies. Short-term rental operators must register with the City and pay a registration fee of \$50 per year, and collect and remit the Municipal Accommodation Tax (MAT) on a quarterly basis (unless a short-term rental company does so on their behalf). Short-term rental companies must obtain a licence with a one-time licence application fee of \$5,000, as well as an ongoing fee of \$1.00 for every short-term rental night booked through the company. MLS has taken a phased approach to implementation of this program, which entered the compliance and enforcement phase on January 1, 2021.

Supporting Implementation of the HousingTO 2020-2030 Action

The HousingTO 2020-2030 Action Plan outlines concerns related to the prevalence of STRs and their broader impact on housing supply and affordability. The Action Plan also recommends a number of actions aimed at: limiting the negative impacts of short-term rentals as they relate to security of tenure for tenants; protecting the city's rental housing stock; and protecting affordability of units.

This report explores the feasibility of the City facilitating the return of some STRs to the LTR market to increase and protect the affordable rental housing supply. The research commissioned provides early trends to help MLS advance their ongoing work on compliance and enforcement matters as they related to existing rental units.

Assessing the Feasibility and Impact of the City's Role in Facilitating the Conversion of STRs to the LTR market

To determine whether it is appropriate for the City to facilitate the conversion of STRs to the LTR affordable rental housing for low-income households or those seeking subsidized housing, staff commissioned research to help determine: the impact of COVID-19 on STRs; asking rents of former STR units compared to average LTR units; where STR housing is located; and finally the impact of the implementation of STR operator registration.

This data was necessary to assess whether STRs have been transitioning to LTRs on their own due to changing market conditions and/or the impact of the recent regulations that only permit STR operators to rent their principal residence. Additionally, a better Short-term Rental Updates and Exploring their Conversion to Longer-term Housing

understanding of the STR profile in Toronto was necessary to ascertain whether converted STR units could be an appropriate option for low-income households in terms of housing type, location, lease term and rental rates.

The City engaged Professor David Wachsmuth and the Urban Politics and Governance (UPGo) research group with the School of Urban Planning at McGill University to undertake the work. UPGo has been conducting research on the impact of short-term rental activity for municipal governments across Canada.

At the March 2, 2021 Planning and Housing Committee meeting preliminary findings of the research were shared as part of an update from MLS on STRs. Attachment 1 includes the now finalized report - *Short-term Rentals in the City of Toronto - Market Overview and Regulatory Impact Analysis*. The research covers the period from March 17, 2020 - the declaration of a public emergency in Ontario due to COVID-19 - to February 5th, 2021 to capture the initial impact of the new MLS registration system for STR operators.

Key Findings of the Research

The following is an overview of key findings of the report and how they relate to the feasibility of converting STRs to LTRs for people living on a low-income and/or waiting for subsidized housing:

1) Toronto STR Market in 2020: *COVID-19 has had a negative impact on the STR rental market.*

Prior to March 2020, the STR market in Toronto was steadily growing with a 17.9% increase in 2018 and an 18.3% increase in 2019. With the onset of the pandemic and resulting travel restrictions, the STR market in Toronto decreased by 68.4% in 2020.

The research found that at the beginning of 2020, pre-pandemic, there were 15,020 active STR listings in Toronto with 8,300 housing units operating as dedicated STR listings – rented or available for rent for at least 183 nights of the year. Two-thirds of entire home listings and half of private room listings were dedicated STRs. Throughout the rest of 2020, the number of dedicated STRS fell from 8,300 to 3,160. This means that just over 5,100 dedicated STR units left the market or decreased their activity to the point where they no longer appear to be operating full-time. The research also highlights that operators running multiple STRs simultaneously (“multi-listings”) accounted for approximately 35% of active STR listings, while entire homes accounted for 62% of STR listings in 2020.

These findings demonstrate that COVID-19 has had a negative impact on the STR rental market. Many of the 5,100 STR units which are no longer operating full-time were deactivated and either sold or transitioned to the LTR market. The trends also show that while the City's Licensing and Registration of Short Term Rentals By-law came into effect on November 1, 2019, some operators are not in compliance.

The first phase of MLS' implementation strategy involved an education and awareness campaign that encouraged active operators to register their properties leading up to December 31, 2020 deadline, as the compliance and enforcement phase would begin in 2021.

As of January 1, 2021, MLS began investigation and enforcement efforts to ensure compliance with the requirements that operators must be registered and may only rent their principal residence. As MLS continues to enforce the new regulations, it is possible that additional units that may have been previously operating in contravention to the by-law could transition to LTR.

2) Location, Asking Rents and Type of STRs: *Rents for former STR units tend to be more expensive, concentrated in the downtown core and cater to singles or couples*

The majority of the STR activity in Toronto is in the downtown core. The ward of Spadina-Fort York accounts for 28.2% of active listings followed by University-Rosedale at 10.0% and Toronto Centre at 8.4%. In all other wards the percentage of active listings range from 0.3% to 3.4% of total dwellings.

Rental rates for former STRs that have transitioned to the LTR market are typically higher than average market rents. The research found that in early 2020, rental rates for STRs converting to LTR were 15% higher than average market asking rents for LTR units. Even when STR rents declined city-wide due to COVID-19, STR units that transitioned to the LTR market were still 11.6% higher than average market rents during the period of April to December 2020.

Due to the nature of the STR rental market, studio and one-bedroom units are over-represented compared to the city's overall housing stock. The research shows that 50.4% of STR listings were one-bedrooms, 27.4% were two bedrooms, 13.0% had three or more bedrooms and 9.3% were studio units.

Simply put, rents for former STR units tend to be more expensive, concentrated in the downtown core and cater to singles or couples due to the unit size. As an example, rents for STRs converted to LTRs were found to be \$2,140 on average as of December 2020. Current average market rent for a 1 bedroom unit, which make up the basis of most housing programs delivered by the City, is \$1,431. In order to provide a housing benefit that would make the average STR affordable to someone receiving an Ontario Works shelter component of \$390 (for a single individual) or \$642 (for a couple), the additional housing benefit provided would need to be in the range of \$1,500 to \$1,750 to create affordability, which far exceeds existing housing subsidy programs offered. Further, households for these program must meet provincially-set Household Income Limits (HILS). The HILS for a 1-bedroom unit in Toronto is \$31,800, making the converted STR units largely unaffordable for people on low-incomes, including those in receipt of OW or ODSP.

3) Changes in the Rental Housing Market: *STRs Returning to the Longer-Term Rental Market*

The research also explored whether COVID-19 and the City's STR registration requirements and deadline influenced STRs to move to the LTR market. While it is difficult to distinguish whether shifts to LTR were due to the pandemic or the new requirements and the impending registration date, the research did find 3,476 unique STR listings that it matched to new LTR listings between March and December 2020. Of the identified unique listings that appear to have transitioned to LTR, the overwhelming majority could be considered "commercial" operations.

Commercial operators are those that are not in compliance with the STR regulations. Chapter 547 only permits STRs in principal residences (where the operator primarily resides) and only allows entire unit rentals for up to 180 days. Anything that is operated by a non-principal resident, or is rented for more than 180 days, would be considered an "investment property" or "commercial" rental. It is estimated that between a quarter and a half of Toronto's commercial STR rentals may have shifted to LTR. The research estimates that 42.2% of these appear to have fully transitioned back to the long-term market, while 23.6% have had their STR listing temporarily blocked and may return to being STRs in the future, and 34.1% failed to be rented on LTR platforms and instead remain active as STRs.

These research results are promising since this shift will have a positive impact on the City's vacancy rate through the additional of more housing into the rental market. While the research shows that many of the units will be on the higher end of the rental market, this will still create movement and ripple effects across rental market as a whole, with the addition of new supply.

It is important to note that this analysis represents a snapshot of the first 1-2 months of compliance and enforcement efforts undertaken by MLS. It will be critical to continue these efforts and monitor trends as the COVID-19 pandemic evolves, particularly as public health measures and travel restrictions are lifted.

4) STR Registration Requirement and Enforcement: *Preliminary Data indicates Increased Compliance*

All active STR operators were required to register with the City by December 31, 2020 to continue to operate. As part of the research, STR companies were examined on five different occasions in January 2021 to identify any trends related to registration. The results show that Airbnb removed 2,600 Toronto listings that failed to register with the City, and converted many more listings to 28-day rentals. Rentals that are less than 28 consecutive days are not considered STRs, and are not subject to the STR regulations in Chapter 547. In November of 2020, only 6.3% of Toronto listings had a minimum stay of 28 days or more, while at the beginning of February 2021 it was 72.2%. As MLS staff indicated at the March 2, 2021 meeting of the Planning and Housing Committee, this is a trend that the MLS compliance and enforcement team will continue to monitor.

5) Feasibility of the City Facilitating the Conversion of STR units: *This is already naturally occurring*

The research findings demonstrate that the pandemic, combined with the registration requirement for STR operators, appear to have transitioned many units to the LTR market in the early months of 2021. The report highlights that the majority of former STR units shifting to the LTR market are considered "commercial" operations that do not comply with the new STR regulations. With the City moving to an active compliance and enforcement phase, it is possible that additional units will also transition to the LTR market.

Through SSHA, the City partners with private market landlords to help low income and vulnerable residents access permanent and affordable housing:

- Rent Supplements

SSHA currently administers the commercial rent supplement program which partners with private market landlords to secure rent supplement units. Rent supplements are a form of rent-geared-to-income (RGI) housing subsidy that help people with low or moderate incomes with rent affordability. The housing benefit is provided directly to landlords for eligible households living in a specific housing unit

- Housing Allowances

In addition, the City administers housing benefit programs that support access to affordable housing. The Toronto Housing Allowance Program (THAP) and the Canada Ontario Housing Benefit Program (COHB) provide a portable monthly housing benefit directly to low-income households usually living in private rental market housing to assist with housing costs

The research highlights that rental amounts for STRs are significantly more expensive than average market rents. Thus, partnering with STR operators through existing programs would prove challenging given that they do not present an affordable option for those on lower-incomes. The units are also concentrated in the downtown core and have a limited range of unit types.

The nature of STRs also pose an implementation challenge. STRs are not purpose built rental units with a landlord or property manager operating numerous units. Rather, STR "commercial" operators may own and operate a single unit or a number of units. A STR operator is more similar to a condo-rental landlord rather than a purpose-built rental landlord. This type of landlord-tenant relationship can be less stable as the sale of the unit is an increased possibility. Working with numerous operators with individual units, would also be inefficient and costly from an administrative perspective.

While STR units converted for LTR may present an opportunity to connect low-income and homeless individuals with housing, due to the predicted higher than average LTR rates outlined in the study, the number of units that may be suitable for this purpose is likely limited. For these reasons, establishing a new SSHA program is not recommended at this time. Instead, staff recommend that efforts continue to expand

partnerships with suitable operators to provide longer-term affordable housing opportunities for low-income households. The City will also continue to advocate for additional portable housing benefits through the Canada Ontario Housing Benefit program to provide additional affordable housing opportunities for low-income tenants, by providing a portable benefit directly to those households where they live or to secure private market rental opportunities.

It should also be noted that the Housing Secretariat has supported non-profit organizations to purchase private properties, some of which were previously used as short-term rentals, for conversion to permanent affordable rental housing.

Updates on short-term rental regulations

In March 2021, MLS provided an update to City Council on the implementation of short-term rental regulations. At this meeting, City Council requested additional information related to data, fees, company licensing requirements and concerns regarding human trafficking. These requests are responded to in the following sections.

Since the last update on implementation, staff have continued to register short-term rental operators, bring short-term rental companies into compliance with the licensing requirements, and undertake investigation and enforcement efforts. As of May 2021, the City has:

- Registered 3,349 short-term rental operators;
- Licensed one short-term rental company (Airbnb) and are in the process of finalizing payment and issuing a second licence (Booking.com);
- Collected \$1/night fees and data from Airbnb;
- Initiated enforcement action against STR companies that are operating without an STR license;
- Launched the online reporting tool for collection of the 4% Municipal Accommodation Tax;
- Responded to 383 complaints related to short-term rentals;
- Issued 3 Notices of Violation; and
- Laid 22 charges.

STR and Human Trafficking

City Council requested that MLS, in consultation with the Toronto Police Services Board and Social Development, Finance and Administration (SDFA) to report back on current standards and practices used by City staff to identify and report potential human trafficking associated with STR units.

Human trafficking is a criminal offence and must be addressed by the appropriate enforcement agencies. Furthermore, it is important that appropriately trained staff are engaged - not only for the purposes of enforcement, but also for the purpose of approaching and supporting victims/survivors in a manner that is sensitive, caring and focused on their well-being. If and when concerns regarding human trafficking are brought to the attention of MLS, such as through 311 complaints, these matters are

immediately redirected to the Toronto Police Service (TPS) Human Trafficking Enforcement Unit.

MLS has developed a formalized process to refer these matters to the TPS, building on a partnership established between the TPS and the MLS Adult Services Team (AST). The AST is a team of dedicated Bylaw Enforcement Officers that investigate complaints and conduct proactive inspections of businesses such as body rub parlours, holistic centres and adult entertainment, and receives specific training and information on enforcement related to the industry.

This formalized process outlines the necessary steps that a Bylaw Enforcement Officer must take when concerns regarding human trafficking arise, such as reporting to their direct supervisor/manager, documenting the steps taken, and details on how to directly contact the TPS Human Trafficking Enforcement Unit. This process is to be taken by all Bylaw Enforcement Officers, including those on the dedicated short-term rental enforcement team.

STR Data

City Council requested MLS to explore the feasibility of including a number of data points related to STR applications and enforcement to be updated regularly through the City's Open Data portal, website and/or through the existing Investigation Activity map.

With respect to STR applications, information on registered STR operators is currently available on Open Data. This dataset contains all approved short-term rental registration numbers issued by the City of Toronto, the ward, and the first 3 digits of the postal code where it is located. This data is collected from the registration process and is updated on a daily basis.

MLS has been undertaking a phased approach to implementation of the STR regulations, and are planning a second release of data for the Open Data portal scheduled for later in 2021. The release of this data will align with updates that will be required when the City moves towards annual renewals of STR operators that first registered with the City in fall 2020. This data release will include additional information related to the other statuses of STR registration application received by the City, such as cancelled and revoked registrations.

City Council has also requested staff to explore disclosure of additional data points, such as those related to investigations, court proceedings, and criminal activity. Investigation activity can currently be accessed online through both Open Data and the City's Investigation Activity map. The Investigation Activity map is an interactive web tool that provides information about investigations undertaken by MLS, including the address, violation, and outcome of the investigation. Investigations related to short-term rentals are currently categorized within zoning violations, as a result of how 311 and MLS legacy systems have historically tracked this data (see section on 311 Processes). Staff internally track and analyze this data weekly and can release the information upon request.

When MLS proceeds with laying a charge in response to violations of the STR regulations or another by-law, these matters are administered through the provincial court system. In general, court documents related to the Provincial Offences Act (POA) are publicly accessible, unless otherwise ordered by the court. The City administers court files and documents in Provincial Offences courts under a transfer agreement with the province, and this data is tracked by the City's Court Services division.

MLS does not collect, track or report on data related to criminal activity. Data such as addresses implicated for use of human and drug trafficking and other criminal activity is tracked by the Toronto Police Service. While MLS has an established partnership for referrals on human trafficking issues, MLS does not receive updates on the investigation process or outcome for tracking purposes. MLS does conduct periodic criminal and judicial matters checks that reveal charges and convictions.

STR operator fees

The Planning and Housing Committee requested that staff explore the appropriateness of extending the registration term for STR operators for periods during which the provincial government restricted their operations.

The licensing and registration requirements for STRs is part of a new program, and the STR operator registration portal opened during the COVID-19 pandemic with various public health measures in place and restrictions on travel. Operators were only required to register with the City if they were operating – those who are not yet operating, and want to wait until restrictions were further lifted for example, are not required to register. Staff have not received any requests for extensions or exemptions to the STR operator registration fees.

On May 5, 2021, City Council adopted GL22.2 Business License Deferral Program Review, which approved that business licensees will be given a further 60 days (150 days in total), with no late fees assessed, in which to pay their 2021 licence renewal fee, and authorized the required by-law amendments.

This item will amend Chapter 547 to extend the current grace period for short-term rental operator renewals from 90 days to 150 days, and waives all late fees associated with late renewals within this time period. MLS will align its business processes with this decision, and will be adjusting renewal timelines to allow more time for short-term rental operators that are currently registered to renew their registrations before they are cancelled.

311 Processes

311 Toronto (311) is currently in the process of introducing a new Customer Relationship Management (CRM) tool to track requests received from customers. The new CRM, Salesforce, will be integrated with various divisional work management systems giving the ability for integrated divisions to view and respond to customer requests. The division will be able to add investigation notes so that 311 is kept up-to-date on the status of the request. The transition of all codes from 311's current CRM into Salesforce, requires that no major changes, such as the creation of new service

request codes, are made to existing divisional systems in order to support this conversion of codes.

In understanding that changes may be required by divisions integrated with 311, a process to add emergency changes was agreed upon between 311, integrated divisions and the Technical Services Division (TSD) to minimize the impacts of the work being done to switch over to Salesforce.

MLS made it known to 311 that they required a way in which to collect complaints related to STRs. The three divisions, 311, MLS and TSD, met to discuss the options moving forward. A decision was made to use existing service request (SR) codes to capture the STR complaints, but to add a question within the SR form to capture the specific complaint. Currently, a question was added to the Zoning, Property Standards and Waste SRs allowing 311 agents to capture any complaints regarding STRs.

The list below explains which specific code is used to log the various types of STR complaints:

- Property Standards SR: Complaints related to the maintenance and occupancy standards of the STR property.
- Waste SR: Complaints related to litter and dumping, accumulation of refuse/debris or standing water on a STR property.
- Zoning SR: Complaints related to the violation of the City's regulations on short-term rentals, specific to a short-term rental operator/host operating without a registration, the property is not being used as a principal residence, or emergency information is not provided.
- Zoning SR: Complaints related to the violation of the City's regulation of short-term rentals regarding a short-term rental company/platform not displaying the registration number or displaying the incorrect registration number.

Each of the problem codes listed above has a "STR" drop-down value as a distinctive by-law infraction option available to the 311 agents to select; this information is sent to MLS's work management system, IBMS, for investigation by an officer. The information is reportable on request, as 311 is able to run a query on the information in order to report out on short-term rental related complaints.

After Salesforce has been fully launched and stabilized, 311 and MLS will have the opportunity to review the requirements around short-term rental complaints and to create new distinct problem codes specifically assigned to collect and record complaints against short-term rentals. The reporting capability of Salesforce will allow customized reporting of short-term rental related complaints to be distributed, as required.

STR company data validation

The Planning and Housing Committee requested that staff report back with recommendations on how to ensure that STR companies validate listings and advertisements against the information posted on the City's Open Data portal before posting them on their platforms, and request confirmation from those companies that they will follow that procedure.

Short-term Rental Updates and Exploring their Conversion to Longer-term Housing

Chapter 547, Licensing and Registration of Short-term Rentals prohibits a person from posting an advertisement related to an unregistered STR operator and requires that short-term rental companies remove unregistered listings from their platform. Chapter 547 also requires STR Companies to submit details of the process by which the company will remove advertisements for a short-term rental if its operator has not registered as such. MLS provides registration numbers through Open Data, refreshed on a daily basis, and also requests removal of listings identified through their data scraping, compliance and audit efforts. MLS has communicated to short-term rental companies that this dataset should be used to validate operators before advertisements are listed on their platforms, and have an API tool available to streamline this process for STR companies.

MLS feels confident in the current by-law provisions and the enforceability of the requirements outlined in Section 547-1.3. Prohibition on advertising unregistered short-term rentals. However, staff note that there is an opportunity to amend the bylaw to ensure clarity for short-term rental companies, operators and the public.

As such, staff recommend that Chapter 547 be amended to require that no person, including an STR company, shall advertise, facilitate the advertising or rental of, or broker an STR if its operator is not registered with MLS, which status shall be verified by the person in advance and determined by reference to the City's Open Data portal for valid STR operator registrations, and to clarify that the authority of MLS to request that an STR company remove a listing or advertisement related to an unregistered operator is independent of this requirement.

Next Steps

MLS will continue to register short-term rental operators, bring short-term rental companies into compliance with the licensing requirements, and undertake compliance and enforcement efforts.

As directed by City Council, MLS will provide a more complete update on implementation after the registration and licensing program has been in place for one year.

The Housing Secretariat will work with MLS to ensure that the data it collects on STR is incorporated into the broader HousingTO 2020-2030 Action Plan data strategy. Regular monitoring of this data will be used to drive any required policy or program changes as required.

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ATTACHMENTS

Attachment 1 - Short-Term Rentals in the City of Toronto - Market Overview and Regulatory Impact Analysis