

From: [Doug Frost](#)
To: [Executive Committee](#)
Subject: FOBBA - Comments on Proposed Regulations for Short-Term Rentals
Date: Monday, June 19, 2017 5:54:36 PM

The Federation of Ontario Bed & Breakfast Accommodation (FOBBA) has reviewed the Toronto city staff report to the Executive Committee on Short-Term Rental Regulation proposals. FOBBA supports your proposals overall as an excellent starting point. We have a few comments below that you may wish to consider.

Definition of “Short-Term Rental”

The proposed definition of short-term rentals aligns with the FOBBA B&B definition, although there is no requirement to provide breakfast. We do however have two comments:

- The “Principal residence” definition requires that the person has designated the property as their principal residence for income tax purposes. Our understanding is that such a designation is made only at the time of sale. We suggest that you simply indicate that the term “principal residence” is to be determined using the definition found in section 54 of the Income Tax Act (Canada).
- The three bedroom maximum is common in many municipal bylaws and it should not be an issue for most existing B&Bs in Toronto. However, it is unclear what the implications may be for an existing B&B with more than three bedrooms. For example, would an existing B&B with 7 bedrooms be forced to become licensed as a hotel? Could it obtain a variance? What are the implications?

Registration

We agree with the need to register all short-term rental operators. Our hope had been to piggy-back on the Ontario business licensing system to provide a provincial solution. We still believe this to be the preferred approach, but understand that Toronto cannot wait for the province to act.

It is proposed that the operator self-certify compliance with municipal, provincial and federal laws. It would be open to Toronto bylaws officers to selectively audit and investigate complaints. This is a less onerous regime than exists in municipalities such as Stratford and Niagara-on-the-Lake which impose annual license fees and mandatory inspections. We support Toronto’s approach, especially given the low incidence of problems or issues with B&Bs.

However, we do suggest that you require operators to certify that they carry at least \$2 million of commercial liability insurance and have either obtained an Ontario business license or are incorporated.

FOBBA had suggested that a regulatory framework be based on respecting the rights of the neighbours and the community, protecting the guest and enhancing the guest’s experience. Toronto’s proposals address the first two. FOBBA believes that minimum operating standards, enforced by the industry, are the best way to enhance the guest experience. We have proposed that B&Bs be required to join FOBBA and undergo an independent inspection to ensure they meet a quality standard. We see value in this inspection process and believe it would enhance the guest experience. It would also ensure that B&Bs comply with the Fire Code, carry adequate commercial liability insurance and are licensed to carry-on business in Ontario. We would be happy to discuss this matter with city staff.

Definition of “Short-Term Rental Company”

We are concerned that the proposed definition of short-term rental company may be too broad. The

intent appears to capture the online booking companies such as Airbnb and Booking.com. However, the definition includes anyone who advertises short-term accommodation. This could include FOBBA as our members are listed on our website, although we are not a booking company. We suggest that the definition be restricted to anyone who accepts or brokers online reservations for short-term rental accommodations for compensation or a fee.

Hotel Tax

We do not oppose a single rate tax that would apply to hotels, motels and short-term rental operators on an equitable basis. We do have concerns about a two rate tax system and how the tax revenue is spent.

If the proposed regulations act to eliminate short-term rentals of investment or commercial properties, we do not see the need for a two-rate tax system. It is FOBBA's understanding that the primary drive for a two rate hotel tax was to try correct the property tax inequities associated with properties whose primary purpose is commercial paying a residential rate. FOBBA would have suggested that such properties pay a commercial surcharge rather than trying to correct one taxation error by making another.

For properties which primary purpose is residential, and short term accommodation is an ancillary use, and especially properties which are deemed principal residence, the application of a residential tax rate is appropriate and no correction is required. There is no need or justification for a two rate Hotel tax for properties that are designated as principal residences.

Regards

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Federation of Ontario Bed & Breakfast Accommodation

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