

# Update on Short-term Rental Regulations

Municipal Licensing and Standards  
Presentation to Planning and Housing Committee  
March 2, 2021



# Background

- Toronto Municipal Code Chapter 547, Licensing and Registration of Short-term Rentals sets out the requirements for both short-term rental (STR) operators and companies:
- STR operators must
  - only short-term rent their principal residence,
  - 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 an STR company does so on their behalf).
- STR companies must
  - obtain a licence with a one-time licence application fee of \$5,000, and
  - submit an ongoing fee of \$1.00 for every short-term rental night booked through the company.

# STR and the Housing Market

- STR regulations allow people to rent their homes for short periods while minimizing negative impacts on housing affordability and availability.
- This is expected to promote several policy objectives including increasing the availability of rental opportunities for long-term tenants and promoting security of tenure.
- STR regulations are one of many City initiatives to increase and preserve rental housing supply across Toronto.
- The HousingTO 2020-2030 Action Plan outlines key strategies to increase affordable rental supply in Toronto.

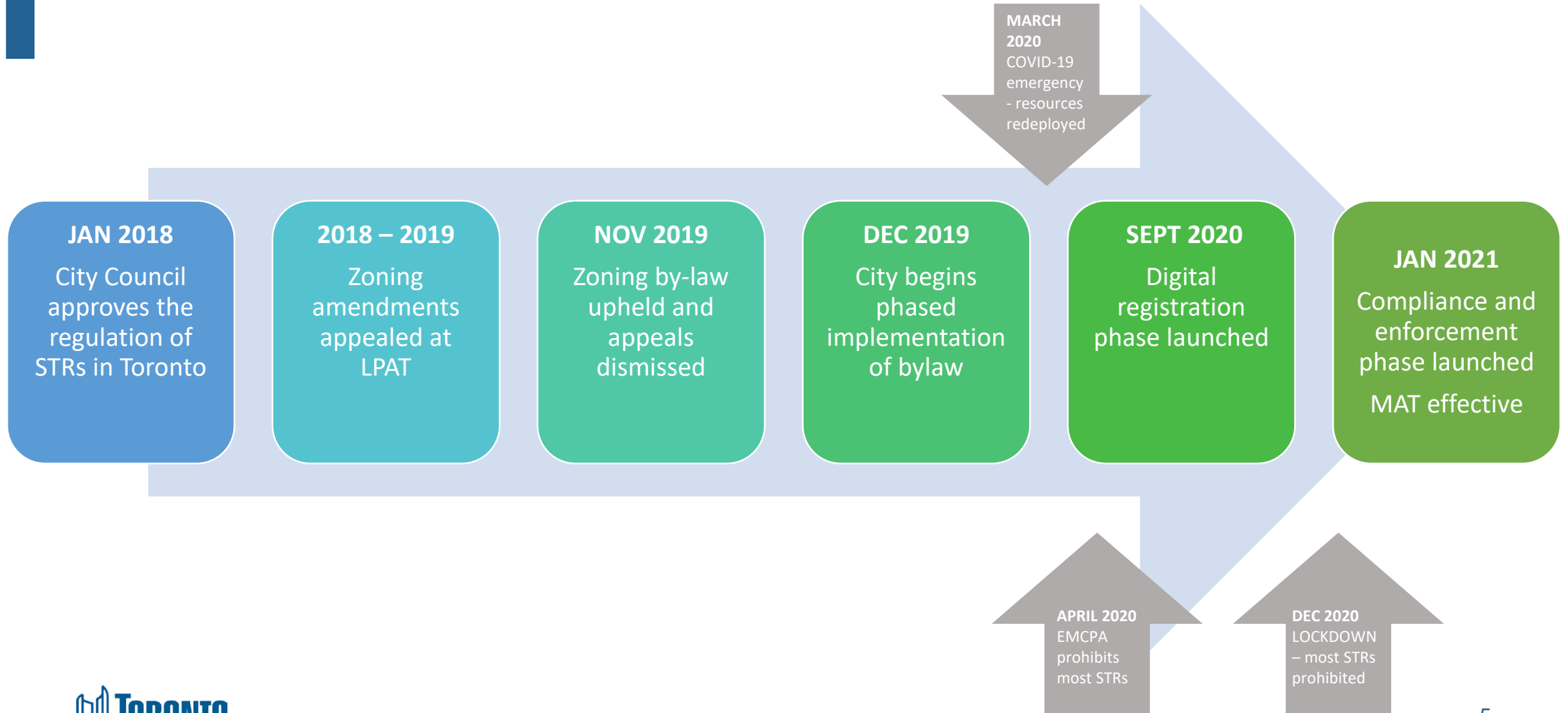
# Highlight of Select HousingTO Actions

- Commitment to approve 40,000 new rental units by 2030 – including 18,000 supportive
- Preserving non-profit and co-op housing
- Increasing housing benefits, housing allowances
- Increasing eviction prevention measures
- Review of multi-tenant housing policies and permissions
- Creation of Tenant Advisory Committee

# Current Rental Landscape

- 2020 saw the highest vacancy rate in the past 15 years with 3.6%. At the same time the previous year the vacancy rate was 1.5%.
  - The downtown core had the highest vacancy rate (7.3%); north Etobicoke had the lowest vacancy rate (1.4%).
  - Condo rental vacancy rate increased to 2%, up from 0.9% in 2019.
- Near record levels of purpose-built rental units are anticipated to be added to the market in 2021. For condominium rental units, supply increased by 4,077 units.
- October 2020 CMHC affordable rent limits for 2021 (100% of AMR):
  - Bachelor \$1,211 or less
  - 1 Bedroom \$1,431 or less
  - 2 Bedroom \$1,660 or less

# STR Timeline






# Implementation Update

# Digital Operator Registration

- Digital registration service launched for STR operators on September 10, 2020, alongside an extensive public education campaign. Operators were advised to register online by December 31, 2020.
- As of February 23, 2021:
  - 3,430 applications received
  - 3,000 applications approved
  - Registration information is on Open Data

Want to rent out your home short-term?  
**YOU NEED TO REGISTER.**

Learn about the rules and register online:  
[toronto.ca/shorttermrentals](https://toronto.ca/shorttermrentals)

 TORONTO

Call **311**



# Short-Term Rental Registration - Step 6: Submitted for Review



## Your Payment Has Been Received

### Your application has been submitted

Your payment was successful. **Your application reference number is 9442-512.**

Please make a note of the application reference number. This information will be emailed to you along with an official receipt.

We will review your application and if approved, you will receive your operator registration number and a Good Operator Guide within five (5) business days. You must include this registration number in your short-term rental listings.

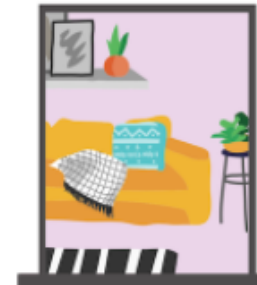
If you do not hear from us within five (5) business days, you may contact us at [shorttermrentals@toronto.ca](mailto:shorttermrentals@toronto.ca) or 416-395-6600. Do not include any personal information in an email message.

For more information on next steps, visit [Short-Term Rentals](#).

Remember: you need a City of Toronto registration number to short-term rent your home in Toronto.

### Payment Details

<b>Payment Date and Time:</b>	February 12, 2021 09:55:24
<b>Payment Order ID:</b>	525077-4038
<b>Amount Paid:</b>	\$50.00
<b>Paid With:</b>	Visa
<b>Card Number:</b>	4000***5556
<b>Authorization #</b>	509625
<b>Status</b>	Paid



# Licensing of Companies

- Staff have been working with STR companies to inform them of the new regulations, bring them into compliance with the licensing regime, establish data-sharing agreements, collect the \$1/night fee, and ensure operator compliance with the Municipal Accommodation Tax.
- Airbnb became licensed on December 18, 2021 and booking.com is currently in the licensing process.
- Some companies have chosen to terminate their short-term rental operations in Toronto and not obtain a licence, such as Expedia and TripAdvisor.

# Municipal Accommodation Tax (MAT)

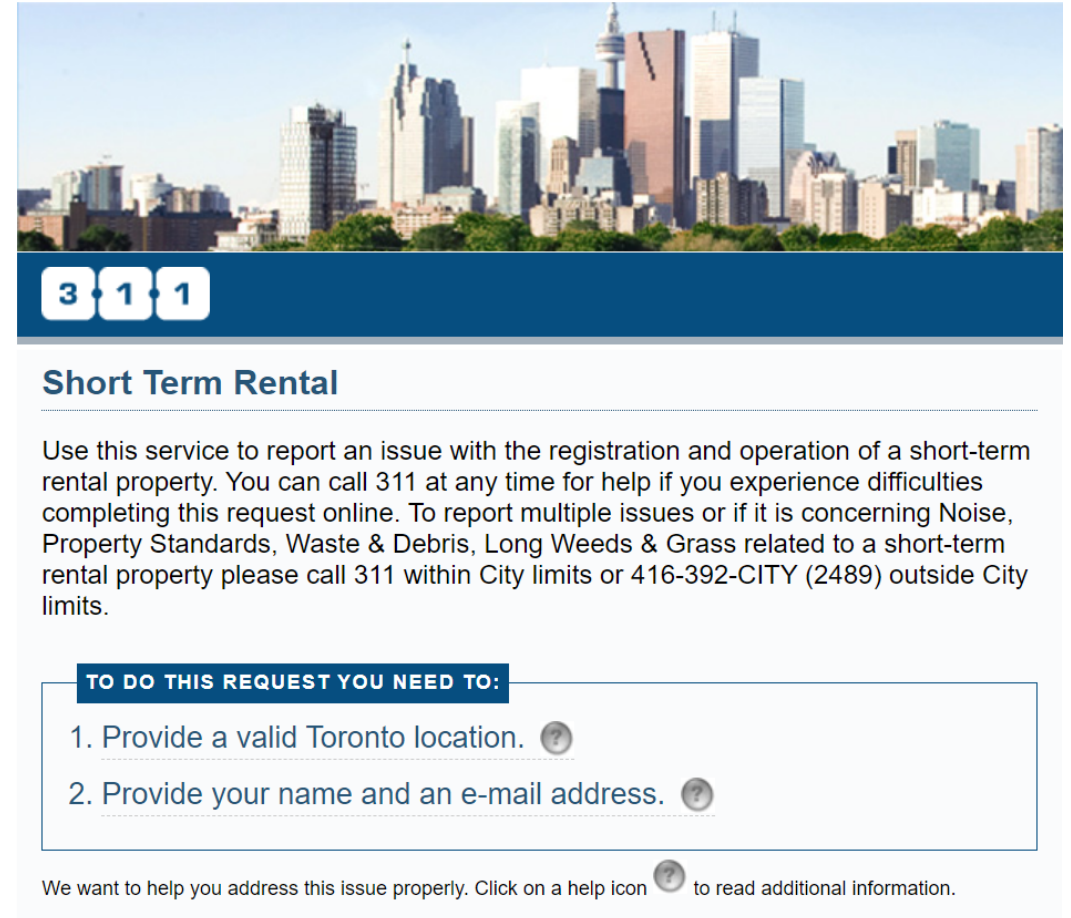
- Effective January 1, 2021 the MAT will need to be collected and remitted to the City on a quarterly basis.
- MLS, Revenue Services, Technology Services and CXi have been working towards developing an online reporting/remittance portal.
  - Will be ready for operators for the first quarter due date of April 30, 2021.
- Revenue Services is also providing the opportunity for companies to enter into a Voluntary Collection Agreement (VCA) to collect and remit the MAT on behalf of operators using their platforms.
  - Airbnb signed a VCA with the City on December 18, 2020.

# Compliance & Enforcement

- The City's objective is to bring operators and companies into compliance with the new regulations, which can take time.
- MLS has a Compliance and Audit team that uses multiple sources of data to identify potential by-law contraventions.
  - This work will be supported by data-scraping services from a third party obtained through a recent RFP.
  - To supplement compliance efforts, MLS will also be receiving external auditor services from KPMG as part of a pre-existing contract.
- When non-compliance is found, it is brought to the attention of Investigation Services for investigation and enforcement action.

# Compliance & Enforcement

- MLS also investigates complaints related to short-term rentals that are received through 311.
- On January 1, the City launched an online complaint portal on 311 to provide a quick and easy way for residents to file complaints related to short-term rentals.



The screenshot shows the 311 website interface. At the top, there is a blue header with the '311' logo. Below the header, the title 'Short Term Rental' is displayed. The main content area contains a paragraph explaining the service: 'Use this service to report an issue with the registration and operation of a short-term rental property. You can call 311 at any time for help if you experience difficulties completing this request online. To report multiple issues or if it is concerning Noise, Property Standards, Waste & Debris, Long Weeds & Grass related to a short-term rental property please call 311 within City limits or 416-392-CITY (2489) outside City limits.' Below this text, there is a section titled 'TO DO THIS REQUEST YOU NEED TO:' followed by two numbered steps: '1. Provide a valid Toronto location.' and '2. Provide your name and an e-mail address.' Each step has a help icon (a question mark in a circle). At the bottom of the page, there is a footer that reads: 'We want to help you address this issue properly. Click on a help icon to read additional information.'

# Compliance & Enforcement Action Plan

1. Implementing the principal residence requirements for all short-term rental operators via the digital registration system and publicly releasing all valid registration numbers on Open Data.
2. Working with short-term rental companies to come into compliance with the bylaw or cease operations in Toronto.
3. Proactively using data to identify potential contraventions, including data transfers from licensed short-term rental companies.
4. Working with Airbnb to remove hundreds of listings that are using invalid and/or duplicate registration numbers.
5. Taking enforcement action on non-compliant properties, including education, notices, and charges.

# Compliance & Enforcement - Updates

- Between January 1 and February 23, 2021, the City:
  - Received 237 complaints related to short-term rentals;
  - Issued 6 Notices of Violation; and
  - Filed 13 charges with the Provincial Courts
- This represents an early snapshot enforcement of the City's short-term rental regulations.
- Staff will continue to educate, investigate and use available enforcement tools to bring companies and operators into compliance moving forward.

# Regulatory Impact Analysis: New Research

- The City commissioned research from McGill University's Urban Politics & Governance Research Group to support a City Council request to explore the conversion of STRs to long-term affordable housing (MM23.25).
- McGill's market overview and regulatory impact analysis provides important insights into the early impact of the City's STR regulations:
  - Transformation in the STR market and decline in STR activity in Toronto;
  - STRs are a concentrated phenomenon - a small number of neighbourhoods represent a large percentage of listings; and
  - Demonstrating early progress toward housing policy objectives.
- It will be critical for the City to continue assessing these impacts as public health measures are lifted and travel resumes.



# Regulatory Impact Analysis: Initial Key Findings

- In 2020, the number of active, dedicated STRs fell by 61.3% to 3,160 from 8,300.
- Identified 3,476 unique Airbnb listings which were posted as long-term rentals (LTR) - overwhelming majority were commercial.
  - 42.2% have fully transitioned back to the long-term market
  - 23.6% have been blocked on Airbnb and may return to being STRs
  - 34.1% failed to be rented on LTR platforms and remain active on Airbnb

# Regulatory Impact Analysis: Initial Key Findings

- STRs that have been converted to LTRs have asking rental prices that are on average 20.9% higher than other LTR listings. However, these are correlated with a 14.8% decrease in overall asking rents across Toronto.
- In January 2021, Airbnb removed 2,600 Toronto listings that failed to register with the City, and converted many more listings to 28-day rentals.
  - 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%.

# Thank You

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**Carleton Grant**  
Executive Director

