

Will Johnston
Deputy City Manager
Infrastructure Services

Municipal Licensing and Standards
Toronto City Hall
100 Queen St. West, West Tower, 16th Fl
Toronto, ON M5H 2N2

Carleton Grant
Executive Director

Tel: (416) 392-8445
Fax: (416) 397-5463
Carleton.Grant@toronto.ca
www.toronto.ca

2024 OPERATING BUDGET BRIEFING NOTE

Cost-Recovery for Short-Term Rental Fees

Issue/Background:

- On January 18, 2024, Budget Committee requested a briefing note on the change in short-term rental registration fees necessary for the program to operate on a cost-recovery basis.

Key Points:

- Toronto Municipal Code Chapter 547 regulates short-term rentals in Toronto and requires short-term rental companies and short-term rental operators to be licensed and registered by the City.
- The primary goals of Chapter 547 are to limit short-term rental activity in Toronto to principal residences and to protect critical rental stock by maintaining access for tenants to long-term accommodation.
- Since Chapter 547 came into effect in 2020, over 17,000 applications for short-term rental registrations have been made. There are currently 2 short-term rental companies licensed and 8,202 operators registered with the City.
- In 2024, direct costs to administer and enforce Chapter 547 are projected to be \$2,842,773. Revenue is projected to be \$1,861,208, representing a 65.5% cost recovery for the program budget.
 - There are currently 17 FTEs, including enforcement staff, compliance and audit staff and licensing administration staff dedicated to the program.
 - The number of staff required to administer and enforce the by-law exceeds the resourcing needs that were estimated when Chapter 547 was adopted in 2017.
- **To bring the program up to cost recovery, the per night fee paid by short-term rental companies should be increased to \$1.92 (from \$1.10).** See Table 1 for details.
- Staff will be reporting to the February 28, 2024 meeting of Planning and Housing Committee on an implementation review of Chapter 547. The report will include a review of user fees and additional resource requirements needed to enhance enforcement and compliance with the Chapter.

Table 1: Short-Term Rental: 2023 User Fees & Fees to Reach Cost Recovery

Year	Fee Type	User Fee	Revenue	Total Revenues
2024 Projected Revenues <i>(Current Fees)</i>	STR Company Fee	\$5,535 <i>(one time)</i>	\$0	\$1,861,208
	Per Night Fee	\$1.10	\$1,315,956	
	STR Operator Fee	\$55.35	\$545,252	
Cost Recovery 2024 Fees <i>(Increase Per Night Fee)</i>	STR Company Fee	\$5,535 <i>(one time)</i>	\$0*	\$2,842,195
	Per Night Fee	\$1.92	\$2,296,942	
	STR Operator Fee	\$55.35	\$545,253	

* STR Company Fee is a one-time fee applied when applying for a licence under Chapter 547. Projected revenue for this fee category in 2024 is zero as no new companies are expected to register.

Prepared by: Carleton Grant, Executive Director, Municipal Licensing and Standards, (416) 392-8445, Carleton.Grant@toronto.ca

Further information: Carleton Grant, Executive Director, Municipal Licensing and Standards, (416) 392-8445, Carleton.Grant@toronto.ca

Date: January 23, 2024