

August 24, 2020

Dear North Shore Residents and Property Owners,

Thank you for taking the time to review the drafts of the Official Plan and Bylaw and to send your comments. The Planning Board is composed of both elected Municipal Councillors and community resident volunteers, and we rely on your feedback to guide the very important process of developing the 5-year Strategic Plan for our newly merged community. Your feedback is vital to ensuring that the Municipality of the North Shore achieves the vital, sustainable community we all envision.

The Official Plan and Bylaw review process began last spring and over this time we have had several opportunities for public engagement, including an online survey, two workshops, and a series of committee meetings which have been open to the public. Last fall, we focused on developing the draft Official Plan and this year we have shifted our attention to the draft Bylaw. We are very pleased with the level of engagement North Shore residents have shown in this process to date.

While we understand that some people may not yet be comfortable attending a public meeting due to the ongoing pandemic, we have decided to hold meetings this week subject to public health recommendations for social distancing, to continue to important dialogue that we have already started. The meetings are being held on Wednesday at 6:30 at North Shore Community Center; and, Thursday at 6:30 at Grand Tracadie School Center. For those of you who are not able to attend or not comfortable attending, we want to assure you that your written comments are equally as valuable to this process.

This past week, a number of emails have been received regarding concerns about the draft Bylaw, specifically with regards to the proposed regulations relating to Short Term Rentals. As such we wanted to take this opportunity to provide some background information on Short Term Rentals and to address some of the concerns expressed in these emails ahead of this week's public meetings. Please find attached a report on Short Term Rentals for this additional information.

Sincerely,

The Rural Municipality of North Shore Planning Board,

with Hope Parnham, DV8 Consulting

What is a Short Term Rental?

Short Term Rental (STR) is a relatively new term that refers to any accommodation rented for less than 30 days at a time. STRs are generally rented on a nightly or weekly basis, targeting the tourism and business travel market around the world. STR operators are referred to as hosts, and clients are referred to as guests.

STRs are commonly advertised and managed through online platforms including websites such as: AirBnB, VRBO, HomeAway, Craigslist, FlipKey, and Kijiji. STRs include many different types of accommodations, including Bed and Breakfasts, Inns, cottage rentals, and home-shares, to name a few.

In PEI, STRs are subject to the licensing regulations under the Tourism Industry Act. The provincial government defines “Tourism Establishments” under the *Tourism Industry Act* as follows:

Tourism Establishment means an establishment that provides temporary accommodation for a guest for a continuous period of less than one month, and includes a building, structure or place in which accommodation or lodging, with or without food, is furnished for a price to travellers, such as a cabin, cottage, housekeeping unit, hotel, lodge, motel, inn, hostel, bed and breakfast establishment, resort, travel trailer, travel trailer park, recreational vehicle park, houseboat, camping cabin and campground.

The growing popularity of STRs indicates that there is a market demand for alternatives to traditional commercial accommodations, however the popularity of STRs in traditionally residential neighbourhoods has caused growing concerns around the world.

Residential STRs generally take one of two forms:

Home-share STR: An STR within the home of the host is referred to as a “home sharing” arrangement. Home sharing includes (a) the rental of a portion of a dwelling (ex. a single bedroom or a secondary suites within a house) while the host is present, and (b) the rental of a whole dwelling for a period of time while the host is not using the dwelling. An example of the latter, is if the host lives in the dwelling unit for most of the year, and seasonally rents their home as an STR when they are at their cottage for the summer or away for the winter.

Commercial STR: An STR which does not occur in the host’s residence, but instead is purchased and used as an income-property for the host, is referred to as a commercial STR. The majority of hosts registered with online management platforms own or manage multiple properties throughout an area and collectively these properties are rented as STRs as a primary or secondary source of income. Depending on the jurisdiction these hosts may or may not have a registered business license to operate commercial rental accommodations.

It is important to consider both the benefits of STRs as well as the potential implications, to ensure that any proposed regulations will not do unnecessary harm or cause unnecessary burden to responsible hosts and guests currently operating within the unregulated market.

Why are STRs so popular?

There is no denying that there are many benefits to STRs for hosts, guests and communities. The following tables summarize some of these benefits based on the type of STR.

Benefits for Hosts	Home-sharing (with host present)	Home-sharing (seasonal)	Commercial STR
Income source (depending on jurisdiction this may be undocumented and/or untaxed)	x	x	x
Home-ownership feasibility - where property owners rely on the income from home-sharing in order to qualify for a mortgage and to enter the home-ownership market	x	x	
Higher profitability than traditional long-term rentals		x	x
Full control of your property's availability, prices, house rules, and how you interact with guests	x	x	x
Improved property inspection and maintenance schedule (at every change of tenant)		x	x
Flexibility for seasonal variations in the use of the property	x	x	x
Lower risk of outstanding payments		x	x

Benefits for Guests	Home-sharing (with host present)	Home-sharing (seasonal)	Commercial STR
Cheaper nightly rates than traditional commercial operations, often with reduced rates for a multiple-night/week stay. In many jurisdictions STRs are not taxed or levied as a commercial operation and this cost-savings is passed on to guests.	x	x	x
Increased independence, STRs often include a living space, kitchen and/or private outdoor space		x	x
More authentic travelling experience	x	x	x
More desirable location within a community or neighbourhood rather than in a tourist district where traditional commercial operations may be concentrated	x	x	x

Accommodations may suit large families or groups travelling together		x	x
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Benefits for Communities	Home-sharing (with host present)	Home-sharing (seasonal)	Commercial STR
Increased opportunities for tourists where traditional commercial accommodations may be limited.	x	x	x
Increased opportunities for tourists to integrate with a community during their stay and to experience the sense of place, as residents do.	x	x	x
Increased tax revenue – only applicable IF appropriate provincial/municipal tax regulations are in place.			x

If there are so many benefits, then what are the concerns?

Despite the wide range of benefits for STR hosts and their guests, the rise of unregulated STRs has introduced concerns for municipalities and provinces across the country. Some of the issues of concern include:

- Impact on rental-housing availability and affordability;
- Impacts on established, traditional commercial accommodations;
- Residential neighbourhood nuisance issues;
- Lack of community and sense of place, when the majority of dwellings no longer have long term or seasonal residents;
- Safety concerns for the guests and neighbourhood;
- Commercial tax and/or income tax avoidance (in unregulated jurisdictions)

As a result of these concerns many municipalities are moving towards regulating STRs to protect their long-term rental housing supply, however such regulations have been met with challenges. **As such, municipalities need to find a balance between supporting the economic opportunities STRs provide while placing limits on activities to preserve the character of local residential neighbourhoods.**

Different approaches are necessary for different contexts. The enforcement mechanism of the regulations must be a primary consideration for successful implementation. Some strategies require significant resources that smaller municipalities may not be able to sustain for this growing market.

STR Regulations across Canada

A scan of municipal and provincial regulations (existing and proposed) across the country, and of publically available studies and media reports has provided an overview of a range of possible approaches to STR regulations. For each strategy there are specific benefits and drawbacks. The most successful examples utilize a combination of various strategies.

The following approaches to regulations have been reviewed:

- Municipal and/or provincial licence and registration;
- Minimum health and safety standards (i.e. building code standards);
- Taxation;
- Zoning/ land use regulations;
- Regulations specific to commercial vs home-share operations;
- Cap on STR nights and/or turnover rates; and
- Outright Prohibition

Legislation alone cannot minimize the negative impacts of STRs if enforcement is lacking. Governments must prioritize both legislation and enforcement.

STRs in the Rural Municipality of North Shore

Early in the Official Plan and Bylaw review process, unregulated STRs throughout the municipality was identified as a key issue of concern by those residents who participated in the online survey and community workshops.

In September 2019 – the public survey on community values and priorities found that, of 165 responses received, 61% supported tourist accommodations as a form of home occupation (aka. operating within a dwelling). With additional comments provided requesting that more regulations were needed for ‘AirBnBs’, or that ‘AirBnBs should be prohibited’.

Furthermore, at the public meeting held in January, 2020, a lengthy discussion on the issue was held with residents during the question/answer period. Residents at that meeting requested that more regulations be put in place to protect their neighbourhoods from being “used for commercial purposes” and “taken over by AirBnBs”.

It is understandable that the topic has created tension between those residents who live in the community year round, and those who own properties but do not live in the area or only stay in the area for short periods of time. The goal of the public process for the review of the Official Plan and Bylaw is to hear everyone’s comments and to find a balance between these competing interests.

Proposed Official Plan and Bylaw Amendments

To address the concerns expressed by residents throughout the Official Plan and Bylaw review process, and to equally support property owners currently operating tourism establishments in the area, the draft Official Plan and Bylaw was prepared as follows:

Official Plan Policies and Objectives

The proposed draft Official Plan addresses the issue under the objective which states the municipality will “support existing tourism establishments and new development related to the tourism sector in appropriate areas.” (Section 7.1[v])

This objective will be achieved through the establishment of the Tourism Establishment Policy which states that “Existing licensed tourism establishments (accommodations) which operate as commercial land uses will be supported.”

The plan actions to support this policy include defining tourism establishment in the bylaw, creating a registry of licensed tourism establishments, and creating a land use zone, called the Tourism Establishment Zone (TE) specifically to allow tourism establishments in the areas where the public wants to see them developed.

The new Bylaw regulations support NEW tourism establishments in the TE Zone, Commercial and Agricultural Zones.

Further, the In-Home Occupations and Home-Share Tourism Establishments Policy was drafted as follows: In-home occupations and home-share tourism establishments (i.e., Bed & Breakfast) will be supported on residential properties in accordance with applicable provincial legislation and where potential land use conflicts can be mitigated. (Section 9.2.4)

This policy supports the use of residential properties (those not within the TE Zone) to be used as ‘Home Share’ type short term rentals – rented while the resident is in the dwelling (aka. bed and breakfast style) or while the resident is not in the dwelling (aka. seasonally).

PLEASE NOTE THAT THE PROPOSED DEVELOPMENT BYLAW REGULATIONS ONLY APPLY TO NEW DEVELOPMENT – IF YOU ARE A LEGALLY EXISTING (LICENSED) TOURISM ESTABLISHMENT, THESE NEW REGULATIONS DO NOT APPLY TO YOU.

FREQUENTLY ASKED QUESTIONS

How do the regulations impact my existing, licensed tourism establishment (STR)?

Please check the Zoning map, we may have already recognized your existing commercial use as a STR and have proposed to rezone your property from Resort Commercial to Tourism Establishment.

Regardless of the zone for your property, please register your existing TE license number and property address with the municipality (registry to be developed upon adoption of the proposed bylaw). Note that the proposed bylaw regulations will not impact you. Your existing tourism establishment may continue to operate as it has in the past as a legal non-conforming use.

If you decide to intensify the use of your property in the future (i.e., expand the house to add more bedrooms), your development application will be subject to the regulations of a non-conforming use.

I don't currently operate an STR but I am interested in the option to do so in the future. What do I need to know about the proposed regulations?

NEW tourism establishments would be restricted to those properties in the Tourism Establishment (TE) Zone, and must meet certain development standards.

For properties in the Residential Zone, STRs will only be permitted as a home-share arrangement operated by the primary resident of the dwelling.

If you don't meet either of those requirements. You can still apply to have your property rezoned to TE and Council will consider your application through a public process.

Note that for commercial STRs and home-share STRs, the proposed Bylaw regulations include other development standards such as minimum lot size and on-site parking availability.

I am not at all concerned or surprised by the feedback received and I am not at all concerned about revising the proposed draft in response to the feedback. **Why does my lot size have anything to do with whether or not I can operate a tourism establishment?**

In addition to nuisance complaints by area residents, we have received substantial valid concerns about the intensification of use on water quality and availability due to increased development for tourism establishments – more specifically regarding development in the Stanhope peninsula.

Where properties do not currently meet minimum standards (lot size) for development, as established by the province for on-site water and sewerage systems, further development and intensification of these lots will cause problems for all property owners in this area in the future.

The municipality only has two options to address water concerns:

1. Increase property taxes to appropriately cover future costs of municipal water services.
2. Restrict future development and intensification of use on high density, under-sized lots.

I don't want my neighbours operating a tourism establishment. How will these regulations protect my investment and my neighbourhood?

If your neighbours already operate in the current unregulated environment, the municipality cannot enforce new regulations on them. If they are legally existing (licensed by the province) they will be permitted to remain in operation.

If your neighbours want to operate in the future they will be subject to the new regulations in the Bylaw. If they cannot meet the bylaw requirements as a primary resident, they will have to apply to rezone their property to TE. This would involve a public process and you will be notified and given an opportunity to submit comments on the application.