

About Generation Squeeze

Gen Squeeze is a national research and advocacy organization for young Canadians. We work to address a 360-degree “squeeze” currently facing millions of Canadians in their 20s, 30s and 40s – from stagnant earnings to high costs for things like housing and childcare, to mounting debts and climate change. Housing affordability is currently our largest program area, and the appropriate regulation of short-term rentals is part of that broader work.

About Third Space Community Planning

Third Space Community Planning is a boutique planning consultancy based out of Victoria, B.C. led by Shannon Jamison, a city planner and this project’s primary consultant.

About Jeffrey Goodman

Jeffrey Goodman is an urban planner and designer whose work has led to him to be considered one of North America’s leading authorities on short-term rentals and how they impact communities. Jeffrey has spoken about short-term rentals across the country, including at the APA’s National Planning Conference and written extensively on best practices for cities, including as the author of a featured article in Planning Magazine and in the New York Times.

This toolkit was made possible with support from the Real Estate Foundation of BC, the Federation of Canadian Municipalities, LandlordBC and the Vancouver Foundation. And thank you to all the local government staff and elected officials for participating in a national survey on STR regulations.

This toolkit has been carefully prepared and is intended to provide a summary of complex matters. It does not include all details and cannot take into account all local facts and circumstances. While this toolkit suggests a sequence of considerations, we recognize the path to regulation is not always linear. This guide refers to laws and practices that may change.

Municipalities are responsible for making local decisions, including decisions in compliance with law such as applicable statutes and regulations. For these reasons, this toolkit, as well as any links or information from other sources referred to within it, should not be relied upon as a substitute for specialized legal or professional advice. The user is solely responsible for any use or application of this guide.

Table of Contents

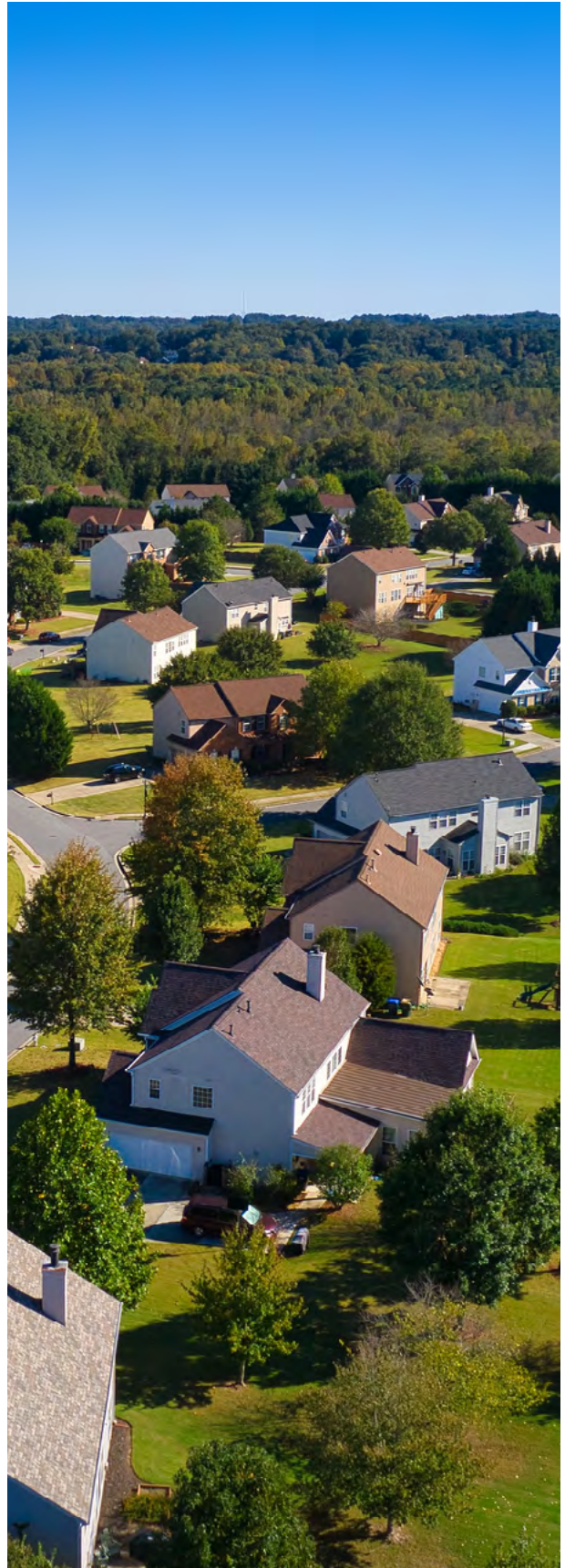
Introduction	4
Part 1: Background	5
<i>What is a Short-term Rental?</i>	5
<i>The Range from Homesharing to Commercial Operation</i>	6
<i>Potential Positive and Negative Consequences</i>	6
Part 2: Regulatory Tools	7
<i>Building Safety</i>	8
<i>Business License</i>	9
<i>Business License Number Displayed on Advertisements</i>	11
<i>Density Cap</i>	12
<i>Designated Responsible Person</i>	13
<i>Fire Safety</i>	14
<i>Guest Limits</i>	15
<i>Insurance</i>	16
<i>Neighbor Notification</i>	17
<i>Night Cap</i>	18
<i>Off-Street Parking Minimums</i>	20
<i>Permissions</i>	21
<i>Platform Licensing</i>	22
<i>Principal Residence</i>	23
<i>Taxation</i>	25
<i>Zoning</i>	26
Conclusion	27
Appendix - Glossary of Terms	28

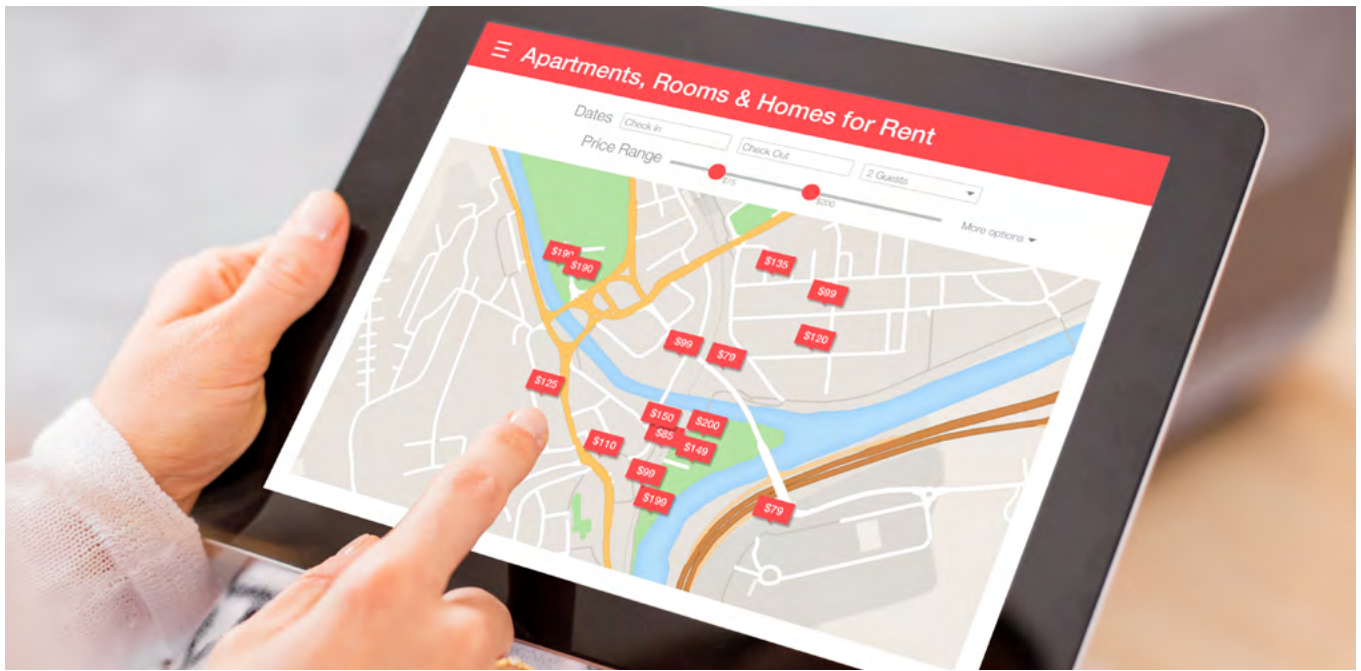
Introduction

While online platforms like Airbnb have led to an explosion in short-term rentals (“STRs”) across the United States and around the world, the practice of renting out space goes back to the very beginning of cities. But what had been a localized, often word-of-mouth, activity has become a billion-dollar industry dominated by wealthy startups, excited investors, and a rapidly changing real estate landscape. Not surprisingly, local governments have been playing catch-up.

Short-term rentals are here to stay. Now what? As a topic that sits at the intersection of a number of issues – housing, economic development, neighborhood character – that people feel very strongly about, STRs can be frustrating to regulate. But, like any issue, local governments have the duty and the right to regulate to their context and for the general good – even the grumblers and complainers.

This toolkit provides a practical resource for local governments, elected officials, and staff who are considering, designing, or evolving their STR regulations. Whether a community is just getting started or has established community priorities (residents want fewer STRs, more STRs, or just better regulated STRs), the resources in this toolkit can help.





Part 1: Background

What is a Short-term Rental?

While the idea of renting out residential space is nothing new, the current use of the term “short-term rental” (STR) often refers to:

- Rental of a residential dwelling unit (either the entire dwelling or a room(s) within it);
- In any housing type (e.g. houses, secondary suites, carriage houses, garden suites, cabins, apartments and condos);
- For a short period of time (e.g. less than a month);
- Facilitated by online platforms (e.g. Airbnb, VRBO, etc.);

Because of special rights and rules related to renters’ tenancy, eviction, and rights, in many jurisdictions the definition of a short-term rental is simply anything that is not a long-term rental. The distinction between a STR, in the modern sense, and other lodging types, such as motels, bed and breakfasts, or boarding houses, may be difficult to discern.

¹ Non-dwelling units (e.g. vans, boats, parking spaces, campgrounds) can also be listed as a STR, but these represent a small fraction of STR activity.

The Range from Homesharing to Commercial Operation

There are many types of units on STR platforms, from couches to mansions, and many types of users on STR platforms, from people making a little money on the side to major commercial operations. That said, much of the rapid growth in the industry has come from professionally managed, non-owner-occupied units.

Understanding the breadth of use cases is key to effective regulation in a local context. The most important distinction for many communities is separating homesharing, which takes place in an operator's principal dwelling unit, from commercial operation, which occurs in a unit that is not someone's principal dwelling unit.² Non-principal dwelling unit STRs also include vacation properties or secondary residences that are not the designated principal dwelling unit of the owner.

Potential Positive and Negative Consequences of STRs

Short-term rentals, as a regulatory issue, can be complicated to understand, as the industry touches on housing, community development, neighborhood character, taxation, and land use simultaneously. Based on hundreds of interviews, the following positives and negatives are the most common discussion points.

The potential benefits include:

- ⬆ Income Generation, Higher Housing Values, Greater Choice, Local Experiences, New Tourist Accommodation, More Efficient Use of Space, Support for the Local Tourism Economy, Greater Neighborhood Distribution of Wealth

The potential harms include:

- ⬇ Housing Loss, Housing Unaffordability, Unfair Advantages, Revenue Loss, Increased Contraventions of Local Regulation, Community Disruption, Reinforced Inequities

² Hereafter referred to as "principal dwelling unit STR" and "non-principal dwelling unit STR" for technical clarity



Part 2: Regulatory Tools

In this section, we provide snapshots of 17 commonly used STR regulatory tools with enforcement details and analysis.

In the process of choosing a set of regulatory tools, many local governments will identify actions or behaviors to suggest, rather than mandate, which can be included in something such as an STR Operator Handbook and/or Good Neighbor Guide.³

These guides can be circulated to both operators and their neighbors and include plain-spoken information on quiet hours, recycling and garbage schedules, emergency contact information, and fire evacuation plans, as well as guidance on how to comply with the local government's formal STR regulations.

³ <https://vancouver.ca/files/cov/responsible-short-term-rental-operator-handbook.pdf>



Building Safety

Description	<p>An umbrella term meant to capture a suite of specific regulatory requirements related to confirming STRs meet Building and Fire Code and other relevant local government standards.</p> <p>This regulatory tool can be included in the business license application, review and approval process.</p>
Purpose	<p>Regulations related to building safety are meant to protect the health and well-being of guests by ensuring STR occurs in safe and habitable dwelling units.</p>
Regulation and Enforcement	<p>Either through the business license application form, with individuals signing a self-declaration confirming the building is code compliant (i.e. is a legal dwelling unit); through submission of supporting documents such as a site plan prior to issuance of a license' or through a mandatory site inspection prior to issuance of a license to ensure the STR complies with relevant laws (building, electrical and plumbing and codes).</p> <p>Follow up audit or inspection of a STR can further determine if the information provided in the business license application is accurate.</p> <p>Operators who do not comply with requirements can be issued a warning letter or fine and risk license revocation or legal proceedings.</p>
Analysis	<p>The purpose of a STR is to accommodate people on a short-term basis (such as business or vacation tourism), so people are not making "hard choices" for long-term tenancies due to scarcity of available rooms.</p> <p>Each STR listing posts pictures, detailed descriptions and other reviews guests can view ahead of renting the space to determine whether it suits their needs.</p> <p>If desired, a clause can be included enabling a business license to be denied or revoked if outstanding non-compliance issues in the dwelling unit are found on record at the local government (such as illegal suite, stop work order, or other issues).</p> <p>If non-principal dwelling unit STRs are permitted, consider applying regulatory standards similar to existing accommodation providers such as B&Bs.</p> <p>If principal dwelling unit STRs are permitted, consider limited building safety requirements to maintain regulatory equity with existing residential dwelling units. For example, verifying a unit meets building code via an in-person inspection is not a requirement of long-term landlords, residential tenancy, or existing occupation of residential dwelling units.</p>



Business License and/or Permit

Description	<p>Individuals and/or businesses (i.e.: property management firms) must submit an application to obtain a business license and/or permit to operate a STR.</p> <p>A fee is paid, often depending on the use and type of STR (such as the number of nights rented per year, number of bedrooms, principal vs. non-principal dwelling unit, etc.). License/permit fees can be as low as \$50 and as high as \$1,500. \$250-500 is a fairly common range for fees.</p> <p>A one-time registration fee may also be required, reflecting the higher administrative burden when initially registering an operator versus subsequent renewals.</p> <p>Operators would need to reapply for a business license periodically (annually, every two years, etc.).</p> <p>Supporting documents (such as proof of principal residence, liability insurance, permissions) can be required to accompany the application. The application itself can include additional regulatory tools profiled in these snapshots (such as a designated responsible person).</p> <p>Different states may have restrictions on the types of licenses, permits, and their fees.</p>
Purpose	<p>Business licensing creates a database of all active STRs to track and monitor in the community.</p> <p>An issued business license number can be used to verify compliance with regulations.</p> <p>License fees can pay for the costs of the STR program (such as licensing, enforcement, and communications).</p> <p>Additional regulatory tools (such as principal residence, zoning, liability insurance, permissions) can be tied to this regulatory tool, through submission of documents from the application and staff review at the application processing stage.</p> <p>Signed declarations (i.e., certifying that the information is truthful) can also be included in a business license application.</p>
Regulation and Enforcement	<p>To be most effective, this tool should be combined with the regulatory tool that requires operators to post the business license number on all online advertisements (described below).</p> <p>Staff and/or a third-party monitoring company can review STR listings online, via web-scraped data and compare with business licensing data for inconsistencies and follow up action.</p> <p>Those without the license number listed on the online advertisement would be subject to investigation and enforcement (warning letter, fines, legal proceedings) until compliance is achieved. Either the operator applies for and receives a license or removes the listing.</p>

<p>Regulation and Enforcement <i>(cont'd)</i></p>	<p>There have been examples of fraudulent license numbers posted to online advertisements by operators as a way to circumvent the regulations and continue to operate. Compliance verification must include both that a license number is displayed and that the license number is valid. Depending on the number of listings, this may be possible to accomplish manually or require automated software.</p> <p>Without a platform agreement or new legislation from higher levels of government, municipalities must rely on staff or a third party to monitor platform listings for compliance.</p>
<p>Analysis</p>	<p>Business licensing is the most used regulatory tool for STR and has been proven effective at achieving multiple goals (such as cost recovery and equity amongst accommodation providers).</p> <p>Setting the right license fee amount can be the one of the most important factors in achieving voluntary compliance. Factors to consider in fee setting include the type of STR permitted, the anticipated cost of the STR program (regulatory requirements, enforcement), the number of STRs in the community, and the degree of compliance expected.</p> <p>If permitting both non-principal dwelling unit STR and principal dwelling unit STR, consider a two-tier fee structure.</p> <p>Confusing or overly-complicated regulatory regimes can expect compliance rates of less than 10% whereas clear, comprehensive regulations that incorporate current best practices can achieve business license compliance rates of 75% and above.</p> <p>Because of unit turnover and the number of platforms, no local government has successfully achieved 100% compliance on this issue.</p>



Business License Number Displayed on Online Advertisements

Description	<p>Once a business license has been issued from the municipality, STR operators must display their business license number on all online listings where the STR is advertised (such as Airbnb or VRBO).</p> <p>Depending on the platform and municipality, there may be a separate license field or the license number will be listed as part of the listing description.</p>
Purpose	<p>To verify compliance with the requirement to receive a business license prior to operation.</p>
Regulation and Enforcement	<p>STR listings without a license number displayed are flagged as non-compliant.</p> <p>License numbers displayed on the STR listing are compared with the local government-issued license numbers to confirm the license is valid.</p> <p>Those without the license number listed on the online listing or suspected fraudulent license numbers would be subject to investigation and subsequent enforcement (such as a warning letter, fines, or legal proceedings) until compliance is achieved. If the operator is licensed, then the license number is posted or the listing is removed.</p>
Analysis	<p>This regulatory tool, combined with a business license, is the foundation of an effective enforcement program. Staff and/or a third-party monitoring company can use this tool as a first step in determining compliance with regulations.</p> <p>This regulatory tool is also more effective at verifying compliance with regulations than determining if a room or dwelling unit has been rented, which requires physical proof. A STR listing in itself is not proof of a rental transaction).</p> <p>Several cities have developed successful agreements with Airbnb to create a purpose-built license field but most often the license number is included in the STR description.</p>



Density Cap

Description	<p>Within zones, neighborhoods, or blocks, STRs are restricted by either:</p> <ul style="list-style-type: none">• A total number of dwelling units• A percentage of dwelling units <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>Primarily used in communities that permit non-principal dwelling unit STRs as a way of ensuring that a block/neighborhood/zone is primarily residential and that STR activity is dispersed.</p>
Regulation and Enforcement	<p>As part of the business license application approval process, licensing clerks and/or planning staff would be responsible for conducting a density check to ensure that the proposed block/neighborhood/zone can accommodate additional STRs.</p> <p>Licenses would not be issued for a STR if the density cap has already been reached.</p> <p>Unlicensed STRs found operating in areas with a density cap would be subject to investigation and enforcement, including warning letters, fines, license revocation, and possible legal proceedings.</p>
Analysis	<p>This could be a useful regulatory tool for communities concerned about neighborhood fit and compatibility, as a density cap can ensure a zone/neighborhood/block remains primarily residential.</p> <p>This tool is likely most suitable for non-principal dwelling unit STRs as a principal dwelling unit STR is an accessory use to the residential dwelling so that the dwelling unit would remain primarily for residential use.</p> <p>A density cap can add a degree of administrative complexity, so its application and utility should be considered carefully.</p> <p>There may also be concern over the fairness of this regulatory tool as existing STRs would likely be permitted under a density cap, with new, prospective STR operators denied once a density cap is reached.</p>



Designated Responsible Person

Description	<p>A responsible designated person for the STR is identified: as the operator and, when the operator is not available, a person who can act on behalf of the operator. This must be a person who has access to the premises of the STR at all operation times, and has the authority to make decisions in relation to the premises and the rental agreement.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>A designated responsible person provides a layer of accountability for the STR, regardless of whether the operator is on the premises or available at any time throughout the rental.</p> <p>If the operator is not available, this person should be the first point of contact for guests and neighbors, resolving complaints before enforcement staff are contacted, and freeing up staff to focus on monitoring and verifying compliance.</p>
Regulation and Enforcement	<p>As part of the business license application, the designated responsible person must be identified and their contact information provided.</p> <p>Audits of business license holders can further determine if the information provided is accurate; for example, by contacting the designated responsible individual to confirm they have agreed to act in this capacity.</p> <p>STR operators who have not correctly identified a designated responsible person can be subject to license revocation.</p>
Analysis	<p>This can be a helpful regulatory tool for promoting neighborhood compatibility and supporting the health and safety of guests.</p> <p>If selected, consider an outcome approach (responds to the complaint effectively) rather than an overly prescriptive approach (for example, requiring that the designated responsible person must respond within 30 minutes, or live within a certain radius).</p>



Fire Safety

Description	<p>An umbrella term meant to capture any requirements related to enhancing the fire safety of STRs.</p> <p>This can include:</p> <ul style="list-style-type: none">• Installation of smoke/fire alarms on every floor and/or bedroom• Development and posting of a fire evacuation plan in the premises• Installation of carbon monoxide detectors (in STRs with natural gas)• Installation of interconnected sprinkler systems• Installation of fire extinguishers on every floor <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>As residential fires account for the majority of fire-related injuries, this requirement ensures STRs meet or exceed fire safety requirements for buildings.</p>
Regulation and Enforcement	<p>As part of the business license application form, individuals can be required to sign a self-declaration confirming that they have read, understood, and will comply with the fire safety requirements.</p> <p>Alternatively, or in conjunction with the above, inspections of STRs can further determine if the information provided in the business license application is accurate, or a fire safety inspection can be a requirement prior to the issuance of a business license.</p> <p>STR operators who have not correctly adhered to fire safety requirements can be issued a warning letter, fine, or risk license revocation.</p>
Analysis	<p>Fire safety is an important consideration in ensuring the health and well-being of guests and neighbors.</p> <p>Consider selecting fire safety requirements based on the type of STR (i.e. principal dwelling unit or not).</p> <p>For STRs in a principal dwelling unit, consider applying the same fire safety standards for residential dwelling units.</p> <p>For non-principal dwelling unit STRs, consider applying the same fire safety standards for traditional accommodation providers, such as B&Bs.</p>



Guest Limits

Description	<p>The number of guests is restricted within a STR, often based on the number of bedrooms (for example, 2 adults per bedroom).</p> <p>There is a field on most platforms that allow the operator to identify the guest limit.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>There are two primary reasons that guest limits are employed:</p> <ul style="list-style-type: none">• To protect the health and safety of guests by ensuring sufficient space (i.e. avoid overcrowding).• To reduce potential noise and parking complaints from neighbors by restricting how many people can be allowed within the STR.
Regulation and Enforcement	<p>As part of the business license application, individuals are required to identify the number of bedrooms that are included in the dwelling unit or how many private rooms would be used for the STR. The guest limit can be set based on this information.</p> <p>A guest limit can be enforced proactively by comparing the guest limit identified in the business license with the guest limit on listings. For example, if the business license limit is 8 but the listing indicates 12 guests are permitted, the listing would be identified as non-compliant with regulations.</p> <p>This regulatory tool could also be enforced through complaints. For example, if a neighbor complains about a large party and staff can determine review the business license or listing. If the dwelling unit or private room is intended to accommodate less than the amount of people within the dwelling, a warning letter, fine, or revocation of business license can be used.</p>
Analysis	<p>A guest limit could be considered for communities concerned about high-occupancy STRs or noise complaints.</p> <p>Depending on the community and the problem they are seeking to address, this regulatory tool can either be proactively enforced with a higher degree of resourcing involved or can be responded to as complaints come in.</p>



Insurance

Description	<p>Proof of sufficient insurance is required; most commonly, liability insurance but sometimes property damage insurance.</p> <p>Amounts have ranged from \$1,000,000-\$3,000,000.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>The primary rationale for requiring liability insurance is to protect the STR operator from liability claims from guests, including injury or loss of life.</p> <p>The primary rationale of requiring property damage insurance is to protect the STR operator's property from damage caused by guests.</p>
Regulation and Enforcement	<p>As part of the business license application, individuals or businesses can be required to show proof of sufficient insurance as a supporting document, prior to license issuance.</p> <p>This regulatory tool requires no further enforcement.</p>
Analysis	<p>STR activity is not covered by most regular home insurance policies, potentially leaving hosts unknowingly exposed.</p> <p>STRs operate as private for-profit businesses. Operators should assess their own risks and insurance requirements with the assistance of professional licensed brokers, with related guidance potentially included in a municipal STR Operator Handbook.</p> <p>Many platforms include free property damage and liability insurance for hosts, though navigating the claims process can be difficult.</p> <p>Municipalities would not have an exposure to third-party liability claims for bodily injury or property damage arising out of the business licensing process. However, a local government could include a standard indemnity clause within the business license for STRs, if concerned.</p>



Neighbor Notification

Description	<p>A requirement that the STR operator notify surrounding neighbors of the STR.</p> <p>The notification proximity is typically either a distance or an adjacency (for example, neighbors that are directly adjacent or abut the STR).</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>To encourage “good neighbor” relationships between operators and their neighbors, including a basic level of awareness and interpersonal accountability.</p>
Regulation and Enforcement	<p>As part of the business license application form, the operator could sign a self-declaration form attesting that they had notified their neighbor(s). Audits of the business license could verify whether this information was submitted.</p> <p>Alternatively, and or in conjunction with the above, neighbor contact information could be included in the business license application and notification verified through audit.</p> <p>Alternatively, the local government or a third party could mail notification forms to affected neighbors similar to other notification processes (such as rezoning or a development application).</p>
Analysis	<p>Local governments concerned with neighborhood compatibility may choose to include this tool in their regulations since business licenses and permits are already public records.</p> <p>Notification letters sent from either the local government or a third party would ensure the notification is received by the neighbor. A self-declaration form or contact details would not. However, notification letters would require staff and financial resources and should be carefully considered.</p> <p>Alternatively, a neighbor notification could form part of a STR Operator Handbook that can accompany STR regulations.</p>



Night Cap

Description	<p>A time limit or “night cap” restricts the amount of time that a private room or dwelling unit can be rented as an STR.</p> <p>The night cap either restricts:</p> <ul style="list-style-type: none">• the maximum number of consecutive days a dwelling unit or private room can be rented (typically under a month); and/or• the total number of days per year that a unit or room can be rented as an STR (30, 90, 180 days, etc.). <p>Night caps are often used as an alternative to the principal residence requirement (as another kind of blanket restriction). They can also be used in conjunction with the principal residence requirement as a way to add further restriction.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>Restricting the total number of days that a dwelling unit or room can be rented is meant to ensure the room or dwelling unit is primarily used for residential purposes and potentially as a tool to limit STR-related disturbances.</p>
Regulation and Enforcement	<p>As part of the business license application, operators would be required to limit the STR to a certain number of days per year and submit booking details to the local government at pre-specified intervals.</p> <p>To be effectively enforced, platforms would need to share data on STR activity, including when an operator has violated a night cap restriction.</p> <p>Even with platform cooperation or support, it is unlikely that a local government would be notified immediately when an operator has gone one night over the cap.</p> <p>Third-party monitoring and compliance firms can provide a degree of accuracy via web-scraped data on the number of nights a STR is booked over a period of time (such as quarterly or annually) based on calendar availability and guest reviews, which could be further verified by requiring operators to submit their booking information at designated intervals (such as during annual license renewal).</p>
Analysis	<p>Enforcing a night cap without platform cooperation is extremely challenging and would require significant municipal resources, as ascertaining the number of booked nights for each listing requires extensive data analysis, tracking, and observation, with limitations on achievable accuracy.</p>

Analysis
(cont'd)

In addition, the burden on operators who want to cooperate is also high, as the operator would need to keep comprehensive records, tallying nights booked, and commit to producing regular reports to the local government.

Night caps are also often used in place of, or in conjunction, with a principal residence requirement.

Local governments should consider a principal resident requirement instead of a night cap due to its multiple benefits:

- Principal residence is substantially easier to enforce. Under the principal resident requirement, business licenses will not be granted to operators unless they can prove that the dwelling unit they wish to use as a STR is the dwelling unit in which they normally reside.
- The principal residence requirement can achieve two primary goals that local governments may have related to STRs: protecting housing for residents and ensuring neighborhood fit (as the STR is the operator's own home).

In contrast, the night cap requirement, on its own, cannot reliably achieve any goals as it does not guarantee that the dwelling unit/room is primarily for a resident. For example, under a night cap requirement, an operator could rent an entire dwelling unit for 30, 60, or 90 nights a year and still earn enough income to justify leaving it vacant the rest of the year, which would not free up housing for residents.

Local governments considering the night cap tool to help limit noise and disturbances should be aware that the STR could still be used to host large parties and gatherings up to the night cap, and so may not achieve the desired outcome.



Off-Street Parking Minimums

Description	<p>A minimum number of off-street parking spaces must be made available to guests.</p> <p>Often the number of required off-street parking spots corresponds to the size of the STR (number of bedrooms, guest limit, etc.).</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>Off-street parking minimums are included in regulations as a way of reducing conflict with neighbors over limited on-street parking and ensuring neighborhood compatibility.</p>
Regulation and Enforcement	<p>As part of the business license application process, zoning/planning staff would confirm sufficient parking is available prior to an issuance of a business license.</p>
Analysis	<p>This tool is likely a more appropriate requirement for non-principal dwelling unit STR if concerns around neighborhood compatibility are important.</p> <p>For principal dwelling unit STR, existing parking is likely sufficient for limited STR use. STR operators could be encouraged to share parking details with guests as part of the STR Operator Handbook.</p>



Permissions

Description	<p>Approval from a landlord (if the STR operator is a tenant), HOA, or condo board required.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p> <p>The documentation can confirm that, where applicable, the:</p> <ul style="list-style-type: none">• property owner permits the tenant to operate a room and/or the entire dwelling unit as a STR and• there are no other restrictions on use.
Purpose	<p>Deed restrictions can add prohibitions on a STR above and beyond municipal laws. Therefore, it is important to receive proof of consent from the condo corporation and/or landlord before licensing an STR.</p>
Regulation and Enforcement	<p>As part of the business license application, licensing staff would confirm that the permissions are included as supporting documents prior to the issuance of a license.</p> <p>Audits and inspections of all licensees can further determine if the information provided is accurate, for example by contacting the relevant boards.</p> <p>Operators that do not have permission will have their license revoked and can face additional penalties.</p>
Analysis	<p>As part of private contacts, many municipalities do not spend too much effort enforcing condo or HOA rules. Those boards will often pursue their own matters separately.</p> <p>A license/permit checkbox about HOA, condo, or other deed restrictions, where a host acknowledges that the unit is free from any prohibitions, usually suffices.</p>



Platform Licensing

Description	<p>All STR platforms (Airbnb, VRBO, etc.) would be required to receive a business license from the municipality.</p> <p>License fees would either be a flat fee and/or an on-going fee based on each night booked.</p>
Purpose	<p>Municipalities are implementing platform licensing for two distinct reasons:</p> <ul style="list-style-type: none">• To help cover the cost of the STR regulation and enforcement program; and• As a mechanism for ensuring platform accountability whereby, in order to ensure only licensed units are published by the platform, the platform must agree to remove/deny unlicensed units and keep and share records on STR activity before receiving a business license
Regulation and Enforcement	<p>Only a handful of large cities have pursued this type of law, with mixed results. Lawsuits from platforms have slowed the launch of these licenses.</p> <p>The platforms have become more willing to take on an active role in enforcement but only in places that legally require them to participate.</p>
Analysis	<p>After fighting acrimonious battles in places like San Francisco and New York City, the major platforms (especially Airbnb) are taking a slightly more collaborative approach in American cities.</p> <p>Platforms must be a part of the enforcement discussion, but they will only participate if compelled. Cities such as Los Angeles and Boston have brought platforms to the table through ordinances.</p> <p>Beware bad-faith efforts. In New Orleans, a much-heralded data sharing agreement between the platforms and the city yielded only garbled spreadsheets and frustrated planners. Without ways to hold platforms accountable, New Orleans' agreement lacked teeth.</p> <p>European cities have been much more aggressive in their battles with STR platforms. Platforms will often claim that a proposal is unworkable while already following the same rules somewhere else.</p> <p>In Canada, the City of Vancouver was able to negotiate a voluntary agreement with the dominant STR platform (Airbnb) to achieve a degree of platform accountability and data sharing. No other municipality has secured such an agreement.</p>



Principal Residence/Principal Dwelling Unit

Description	<p>Short-term rental would only be permitted in an operator’s principal dwelling unit</p> <p>A dwelling unit is defined as a suite of rooms in a building designed for occupancy of one or more people who normally live together, and which has a separate entrance kitchen, and bathroom facilities.</p> <p>A principal residence/dwelling unit is the dwelling unit where an individual usually lives, makes their home, conducts their daily activities (including paying bills and receiving mail), and is generally the residential address used on documentation related to billing, identification, taxation, and insurance purposes.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>Protects the availability of long-term housing. A principal dwelling unit STR is already someone’s home and, therefore, no long-term housing is being lost beyond some rental rooms that may otherwise be offered to a long-term tenant/roommate.</p>
Regulation and Enforcement	<p>At the time of business license application, the individual must show proof of principal residency as well as an attestation stating that the dwelling unit is their principal residence. This can include:</p> <ul style="list-style-type: none">• Copy of the land title;• Proof of mortgage;• Proof of homestead exemption or other tax abatement;• Documentation from state and/or federal government such as income tax, insurance, driver’s license, or utility bill (at least two pieces of the above is recommended). <p>Audits, inspections, and web-scraping can all be used to verify principal residences/ principal dwelling units. For example, a dwelling unit that is listed and available as a full-time, entire unit STR is likely not a principal dwelling unit. An inspection by staff that reveals a dwelling unit with no personal belongings may indicate that there is no principal resident.</p>
Analysis	<p>The use of this regulatory tool restricts short-term rental of vacation properties or condos that are used for part of the year by the operator (i.e. secondary residences) because only one dwelling unit may be claimed as a principal dwelling unit.</p> <p>These operators then have the choice of either: (a) designating a dwelling unit as their principal dwelling unit to permit STR; (b) leaving the property unrented when not in use by the operator; (c) operating the unit as a long-term rental, or (d) selling the unit to someone who may use it as a principal dwelling unit.</p>

Analysis
(cont'd)

Some municipalities have applied the term principal residence to include all dwelling units on the property. In this scenario, non-principal dwelling unit STRs are permitted if the property owner resides in another dwelling unit on the same property. For example:

- The property owner lives in one half of a duplex and short-term rents the other duplex.
- The property owner lives in a house and an accessory building (such as a garden suite, cottage or carriage house) is the STR.
- The property owner lives on the main floor of a house and uses the basement suite/attic as an STR.

In some municipalities this has been taken a step further by using the term “principal residence” to permit non-principal dwelling unit STRs if at least one of the dwellings on the property is used by a long-term resident. This can include a long-term tenant, who may or may not be the operator, and who may or may not be the designated responsible person. For example:

- A tenant lives in a cabin on the property and the main house is used for STR. In this example, the property owner is not on-site.

The above version of a principal residence/principal dwelling unit requirement could more accurately be considered as an “on-site operator” requirement or a version of a “designated responsible person” requirement that specifies that that person must live on-site. The regulatory motivation behind its application is to ensure a higher degree of operator accountability and responsibility by requiring someone to be on-site.

As described above, the term “principal residence” is inconsistently defined/used in local government STR regulations. If the priority is to protect housing availability and affordability, this is best achieved with a definition of principal residence that is synonymous with principal dwelling unit.



Taxation

Description	<p>Municipalities within certain states are able to directly apply an accommodation tax to accommodation providers including STR operators.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>The revenue from an accommodation tax can be used to fund tourism promotion, marketing, and development, and can be used by some municipalities as a reserve for their own projects. Often the funds are treated no differently than other sales taxes.</p> <p>Both hotel taxes and any special STR fees can also go directly towards offsetting enforcement, housing, or quality of life consequences.</p>
Regulation and Enforcement	<p>The accommodation tax is applied at the time of booking and is paid by the guest with either the operator or platform collecting and remitting the fee.</p> <p>The regulatory authority to apply and collect an accommodation tax is through municipal, county, or state law.</p>
Analysis	<p>For many municipalities, the ability to apply a tax has been a primary motivator in developing and implementing STR regulations as a way of creating regulatory equity amongst all accommodation providers.</p> <p>Several states and local governments have struck individual deals with platforms to remit taxes, though with little means of auditing.</p> <p>For municipalities without agreements with platforms to collect and remit this tax, compliance rates have been low.</p> <p>Many municipalities have paused the collection of these taxes in response to the COVID-19 pandemic.</p> <p>Property owners will often be more interested in following tax rules than other fines (such as quality of life fines). Threats of prosecution on tax charges can be a good way to bring recalcitrant hosts to the table.</p>

Description	<p>STRs are permitted or restricted to specific zones identified in a community’s zoning code.</p> <p>STRs may be permitted in all residential zones, in select residential zones, in commercial zones, or in communities with a long standing STR industry. There also may be specific tourist accommodation zones.</p> <p>This regulatory tool can be included in the business license application, review, and approval process.</p>
Purpose	<p>Zoning is used to identify permitted and prohibited STR use to ensure neighborhood fit and compatibility.</p>
Regulation and Enforcement	<p>As part of the business license application approval process, licensing clerks/ planning staff would be responsible for conducting a zoning check to ensure the STR is in a zone that permits STRs.</p> <p>Licenses would not be issued for STRs in prohibited zones.</p> <p>STRs found operating in prohibited zones (identified via web-scraping) would be subject to investigation and enforcement including warning letters, fines, license revocation, and possible legal proceedings.</p>
Analysis	<p>Zoning restrictions are a standard tool for denoting appropriate land uses and zoning restrictions for STR may be useful for communities that are, for example, grappling with neighborhood compatibility issues. However, complex zoning requirements will add a degree of administrative difficulty and the benefits should be carefully considered.</p> <p>If a community chooses to only permit principal dwelling unit STRs, consider allowing these STRs across all residential zones. This approach would recognize that a dwelling unit or room is primarily used for residential purposes and the STR is an accessory use.</p> <p>Local governments that are permitting non-principal dwelling unit STRs should consider only permitting these types of STRs in commercial zones due to their commercial nature, in order to mitigate any concerns related to neighborhood compatibility, and to advance regulatory equity with other accommodation providers (hotels and motels).</p>



Conclusion

If nothing else, short-term rentals can and should be regulated. While there is no boilerplate ordinance to submit, over the last few years communities across the country have developed a range of tools to meet specific circumstances.

Starting from a strong understanding of the current situation, use community values and vision to develop a regulatory lens, one that will help tackle the many facets of this complicated issue. People may disagree with these choices but they will, if nothing else, understand why certain choices were made.

And then, enforcement. Nothing happens without equitable, consistent, fair enforcement of the rules and regulations in the community. But by building on these tools, communities can handle this industry effectively.

Learn more about your local short-term rental market and the regulatory and enforcement tools that align with your community's goals. [Click here](#) for a complimentary consultation, including a map of rentals, average nightly rates, and more.

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Appendix – Glossary of Terms

This section provides definitions for key terms used throughout the toolkit.

These definitions are intended to help consistently communicate key concepts and not as universal, absolute definitions. Every local government, in developing a STR regulatory and enforcement program, will need to choose their own set of STR specific definitions as well as those terms already used in existing laws.

Bed and breakfast: A private room, and often a private bathroom, is rented with guest access to common spaces (e.g., living room, kitchen) and typically includes some interaction between the operator and guest; for example, when the guest checks in or if breakfast is provided. The operator lives on the premises.

Commercial short-term rental: A short-term rental unit that is not in someone’s principal dwelling. Often identified by searching for “frequently rented entire home listings”.

Commercial operator: An operator of a short-term rental unit that is not someone’s principal dwelling; sometimes identified by searching for operators with two or more listings (see multi-listings).

Dwelling unit: A suite of rooms in a building suitable for residential occupancy by one or more people who normally live together that has a separate entrance, kitchen, and bathroom facilities.

Guest: Consumers of short-term rental services. Guests use platforms to search, reserve, and manage their bookings of STR accommodation. They pay the operator of the STR a platform service fee and, in some jurisdictions, applicable taxes if included in the booking (facilitated by operators or the platform).

Host: Provides accommodation to guests, lists their STR(s) on online platforms, sets the price, availability, and house rules (e.g., guest limits, quiet hours) and approves rentals. Hosts charge guests a nightly fee, optional additional fees like cleaning or accommodating extra people and should charge applicable taxes. Hosts can either be individuals or businesses (e.g., property management firms) and are sometimes assisted by support services such as professional cleaners.

Hotel: An accommodation type where private rooms are rented that normally include a private bathroom, with some units including private kitchen facilities or other amenities. Hotels are purpose built for guest accommodation and located in commercial zones (e.g., downtown, along highway corridors).

Listing: Individual short-term rentals advertised on platforms. The advertisement should include the listing title, listing type (entire dwelling unit, private room, or shared room), description, operator name, number of bedrooms, availability, and prices.

Listing type: The type of unit identified in the listing, either an entire dwelling unit where the guest has complete and sole access to the entire dwelling unit during the stay, a private room where the guest has their own sleeping area but shares access to the dwelling unit's common areas with others, or a shared room where the guest sleeps in an area shared with others, such as a sofa in a living room.

Long-term rental: A residential dwelling unit rented on a long-term basis by way of a tenancy agreement between a landlord and tenant that outlines a standard set of terms.

Multi-listings: A methodological term and concept used to help identify commercial STR operators and defined as STR operators who manage two or more entire home (dwelling unit) listings or three or more private room listings.⁴

Non-dwelling unit STR: A STR unit that does not meet the full definition of a dwelling unit. Often seasonal in nature, these can include vans, boats, parking spaces, yurts, and campgrounds and represent a very small portion of total STR listings.

Non-principal dwelling unit STR: A STR unit that is not a principal dwelling unit; in this document, treated as synonymous with commercial STRs and sometimes identified by searching for “frequently rented entire home listings”.

Platform: An online matching and/or payment processing platform for transactions between STR operators and guests. Platforms maintain the websites and digital applications that facilitate the searching, listing, booking, and payments of STR services, which can include platform fees (charged to both operators and guests) and applicable taxes. In some cases, the platform will verify personal information through security checks and transaction protection.⁵

Principal dwelling unit: The usual dwelling unit where an individual lives, makes their home and conducts their daily affairs, and receives mail; generally the dwelling unit with the residential address used on documentation related to billing, identification, taxation, and insurance purposes including income tax returns, driver's licenses, vehicle registration, and utility bills.⁶ We treat this term as being synonymous with “principal residence” and is the site of true homesharing. An individual may only have one principal dwelling unit.

Principal dwelling unit STR: A STR unit that is (or is within) someone's principal dwelling unit (principal residence.) This term is used in place of “principal residence STR” to help communicate that the STR is confined to the dwelling unit (i.e., it doesn't include other dwelling units on the same lot).

⁴ <https://upgo.lab.mcgill.ca/publication/short-term-rentals-in-canada/short-term-rentals-in-canada.pdf>

⁵ https://www150.statcan.gc.ca/n1/en/pub/13-605-x/2019001/article/00001-eng.pdf?st=ESqrUjA_

⁶ <https://bylaws.vancouver.ca/consolidated/12079.PDF>

Principal residence: In this toolkit, we treat this term as synonymous with “principal dwelling unit” and is the site of true homesharing. An individual may only designate one dwelling unit as their principal residence.

Principal resident: The person who normally resides in a dwelling unit that is their principal dwelling unit (home).

Short-term rental (“STR”): The rental of a dwelling unit or non-dwelling unit (or a room(s) within); characterized as occurring in any housing type (e.g., houses, secondary suites, carriage houses, garden suites, cabins, apartments, and condos) for a short period of time (e.g., less than a month), facilitated by online platforms (e.g., Airbnb) primarily utilized by visitors/tourists and often without in-person interaction.

Short-term rental operator: Often referred to as a host. STR operators provide accommodation to guests, list their STR(s) on online platforms, sets the price, availability, and house rules (e.g., guest limits, quiet hours) and approves rentals. They charge guests a nightly fee, optional additional fees (e.g., cleaning or accommodating extra people), and should charge applicable taxes. STR operators can either be individuals or businesses (e.g., property management firms) and are sometimes assisted by support services such as professional cleaners.

True homesharing: The STR of someone’s principal dwelling unit or room(s) within; synonymous with “principal dwelling unit STR”. True home-sharing can take place while the principal resident is present or away (e.g., on vacation).

Web scraping: A process by which information is gathered and copied from the web for later retrieval and analysis. Web scraping can be conducted manually or using automated software.⁷

⁷ https://www150.statcan.gc.ca/n1/en/pub/13-605-x/2019001/article/00001-eng.pdf?st=ESqrUjA_



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