

Short-Term Accommodations

Prince Edward County

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Rural Ontario Municipal Association Conference 2023



Short-Term Accommodation Market

- Average of 832 STA listings active each day in 2022
- Collectively, STAs earned \$138,000 per day
 - Average daily rate of \$395
 - Average length of stay of 3 days
 - Revenue distributed unevenly among hosts: top 10% of hosts earning 49.2% of revenue
- Commercial operators who control multiple STA listings accounted for half of listings (49.6%) and half revenue (50.6%)
- Overall, the summer months (from May to September) account for 67% of the total number of reservations in a year

STA Licensing Program Enforcement Challenges

- Operating without a license
 - Since licensing was introduced in November 2018, 67.5% of active STAs have operated with a licence
 - As of 2022, the County is now using compliance software Harmari to enforce the by-law, recouping revenue that would have been lost to non-compliance
 - Software also handles STA registration and acts as the municipal STA database
- Complaint-driven enforcement
 - With the program changes, staff are not engaging in pro-active enforcement
 - The number of unlicensed advertisements has reduced drastically in the last year, from 1,200 listings to 832 active advertisements and 846 active licences issued

STA Licensing Program Review

- September 2020: Pause on issuing licences for “whole home” STAs
 - Allowed for review of licensing program efficacy and consideration of the impact of COVID-19 pandemic and changing housing market
- September 2020 – September 2022: Extensive review of licensing program
 - Broad consultation with public
 - STA operator consultation - recognize STAs have role to play in local tourism economy
 - Study on impact of STAs on housing affordability by Dr. David Wachsmuth (McGill University)
 - Eight trips to Council

Current STA Licensing Program

- October 2022: Updated licensing program goes into effect
- Structural changes:
 - License, regulate and govern STAs through municipal by-laws rather zoning
 - Retain all grandfathering of uses in perpetuity
- Key operational features:
 - Increased penalties to better encourage compliance:
 - Operating without licence - \$1,000 to 4,000 increased to \$10,000 to 20,000
 - Advertising STA without licence - \$500 to 2,000 increased to \$2,000 to 8,000
 - Added new fine of “Fail to Display” STA licence number - \$1,000 to 4,000
 - Implementing software to ensure compliance with licensing requirements
 - Attestations to determine when fire inspections are triggered and supports Fire Code compliance

Current STA Licensing Program

Two categories of STAs:

1. **Primary residence:** one or two dwelling-units on the property are occupied by accommodated guests and is the owner's primary residence; primary is further broken into two licences:
 - a) On-site - primary resident must be on site when property is being used as STA and can be rented for 365 days/year
 - b) Off-site - primary resident can rent the entirety of the home while not on site for a maximum of 45 calendar days per year
2. **Secondary residence:** one or two dwelling-units on the property are entirely occupied by accommodated guests, and is not the owner's primary residence
 - No NEW licences after September 2022

Cost Recovery from Tourism

- Revenue from STA Licenses
 - \$467,100 in 2022
- Revenue from Fines (Enforcement)
 - \$72,200 in 2022
- Municipal Accomodation Tax
 - \$560,000 (municipal share in 2021)
- Seasonal water rates to address surge in water use during high season
- Advocacy with the province to reconsider property tax class for STAs



Questions?

