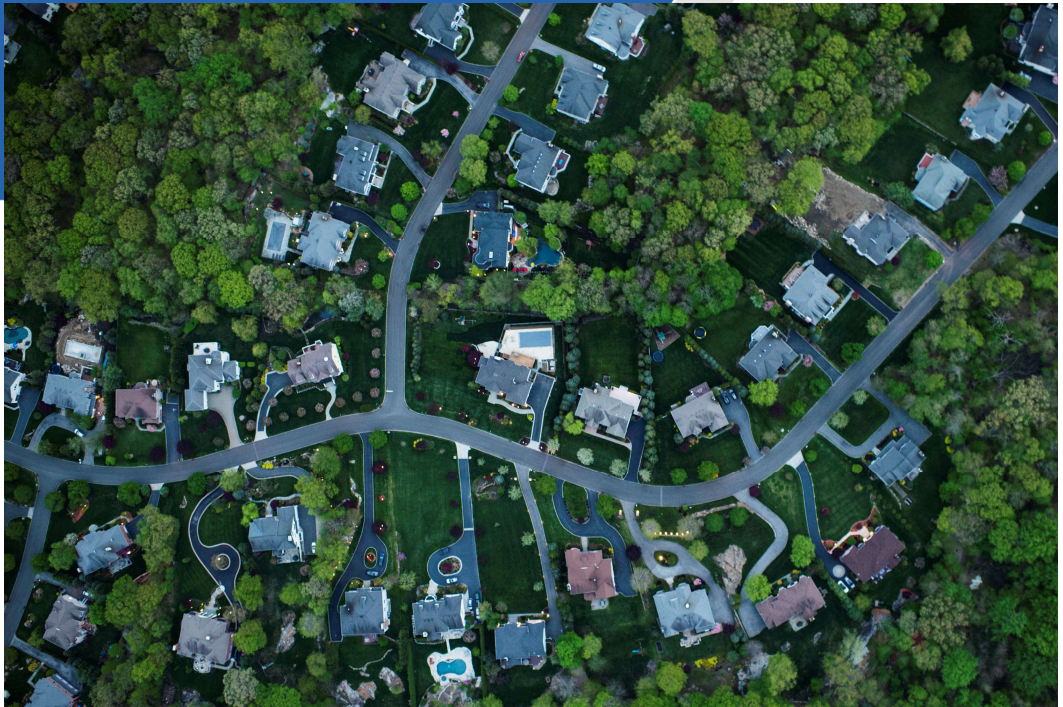


# Short-Term Accommodations Review Report of Findings



March 2024

## TABLE OF CONTENTS

<b>Executive Summary</b>	<b>2</b>
<b>Regulating By-law Objective</b>	<b>3</b>
<b>Data Analysis</b>	<b>4</b>
Housing Needs Assessment	4
Property Assessment Impact	4
Short-Term Accommodations Market	5
<b>Community Consultation</b>	<b>7</b>
Community Survey	7
Public Meetings	9
<b>Draft By-Law Changes</b>	<b>11</b>
<b>Options for Council Consideration</b>	<b>12</b>

### Executive Summary

The Short-Term Accommodations review comprised a process that ensured the Township's vision, mission, core values, and goals at the forefront. The Township's Strategic Plan 2023-2026 identifies Growth Management – Regulate Short-Term Accommodations, review and recommend options for the regulation of short-term accommodations.

Council endorsed a process as part of the review, which included community engagement through a survey and public meetings. A draft By-law utilized across the province was circulated with the community to foster discussions regarding the potential of regulating, while considering the impacts on stakeholders.

This report provides findings from the data analysis and community engagement, to inform discussions regarding the regulation of short-term accommodations.

- Data analysis includes data from the Township and a review of external sources pertaining to short-term accommodations and the housing market.
- Community engagement includes the data collected through the STA community survey, community member submissions, and two public meetings.

Data analysis reveals that the growth of short-term accommodations is still in its infancy, contributing to the lack of regulations and data available to assess the long-term impacts on communities. It is important to recognize that there are benefits and harms to the community that need to be balanced.

The community engagement survey and public meetings served as an initial phase to better understand the community's needs from the perspective of an STA operator, neighbour, and general resident. This report responds to inquiries received and proposes adjustments to the by-law, striving to strike a balance between the Township's objectives and stakeholder interests.

The Township's vision is to strive to be an inviting, safe, and inclusive community that values and protects its rural character, heritage, and natural environment. Indicators related to the growth of STAs in comparison to household numbers highlight the necessity of monitoring and collecting data for further analysis of community impacts. The proposed by-law has been adjusted to reflect a lighter approach, aiming to license STAs while mitigating their impact on neighbours and the community.

## Regulating By-law Objective

The Township of Greater Madawaska is considering a licensing framework to regulate the operations of Short-Term Accommodations (STA) with the following objective:

- Safeguarding the community's character, amenities and quality;
- Ensuring occupants enjoy safe accommodations compliant with fire and building safety standards;
- Ensuring STA premises are operated and maintained at acceptable levels as per Property Standards;
- Ensuring STA Operators understand and adhere to the Township by-laws and regulations.
- Developing a system that is funded on a cost-recovery basis and does not increase the tax rate.

This licensing framework aims to strike a balance, allowing residents to benefit from STAs while recognizing their impact on neighbours and the community. There are many acknowledged benefits to allowing STAs within Greater Madawaska. These include:

- Boosting tourism by providing a wider range of accommodation options
- Attracting investment and increasing community visitation
- Generating revenue for local businesses and the entire community

The Licensing framework will harness these benefits while addressing common concerns about STAs, such as excessive noise, land-use compatibility, septic system capacity, safety, and parking issues. In exchange, the Township will maintain a registry of STAs to compile data for housing market analysis, by-law enforcement, and growth management.

## Data Analysis

### Housing Needs Assessment

In 2023, the Township conducted a Housing Needs Assessment (HNA), which identified a higher proportion of lower-income households in the Township, emphasizing the need for a diverse range of housing options to support both new and existing residents, fostering a vibrant community and a stronger economy.

The study revealed an opportunity for residents to engage in home-sharing to enhance affordability for those with limited income despite owning homes. This initiative aims to increase long-term rental options and responds to residents supplementing costs through Short-Term Accommodations (STAs) in their primary residences.

The HNA also highlighted the lack of data on rental units within the Township, with only 80 long-term rented households. Rental properties are predominantly used for tourism, underscoring the local scarcity of long-term rental housing options and prompting residents to seek long-term accommodations outside the community.

Research suggests that the expansion of the Short-Term Accommodations (STA) sector has significantly impacted the availability and affordability of housing, resulting in residential properties being converted into STAs, thereby driving up property values. Despite limited evidence, this trend has led to increases in both home prices and rental rates, alongside a reduction in available long-term rental properties.

### Property Assessment Impact

Municipal Property Assessment Corporation (MPAC) establishes an assessed value using the direct comparison approach by analyzing recent sales of comparable properties to determine the value of a property. In considering any sales evidence, MPAC ensures that the property sold has a similar or identical use as the property to be valued.

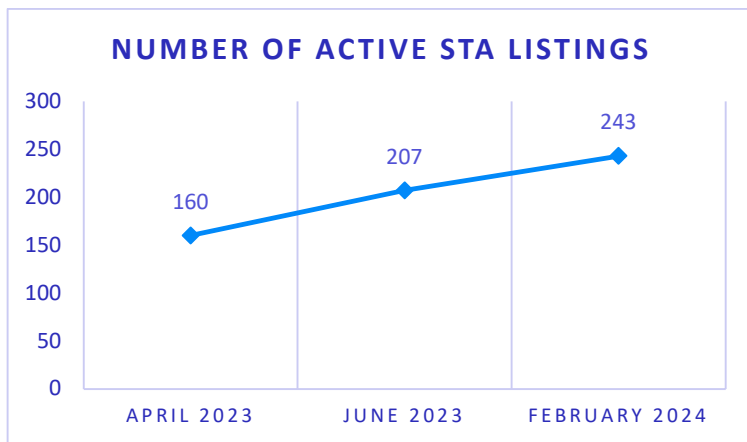
MPAC has confirmed that properties that operate as STAs are considered identical or similar use as a non-STA residential property, therefore, assessed as residential. As STAs generate revenue, they are more likely to be built and sold at a higher price due to the return on investment. In return,

residential assessments are inflated for these properties, resulting in increased assessments for non-STA properties in the Township.

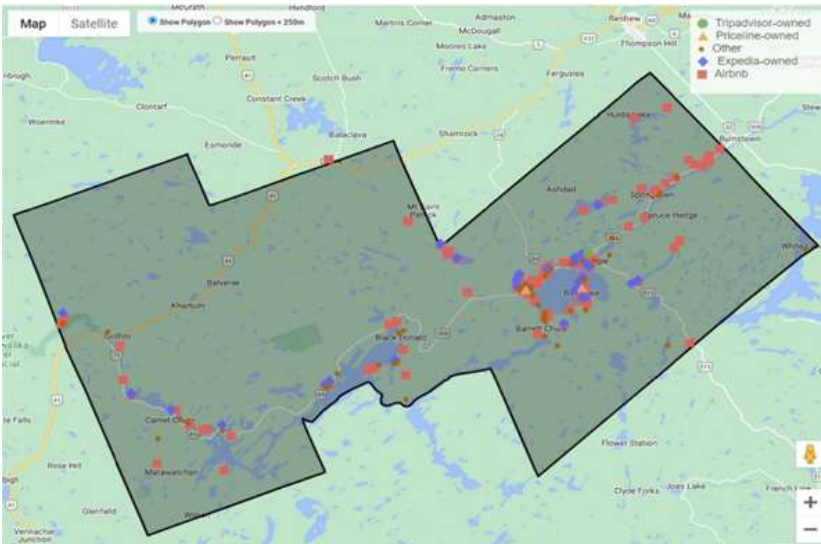
### Short-Term Accommodations Market

In Greater Madawaska, Short-Term Accommodations (STAs) remain active year-round, with a surge in listings during peak summer months. Data collected shows 160 STA listings were active in April 2023, with a peak to 207 listings in June 2023. As of February 2024, there are 243 active listings, a 52% increase from April 2023 (Note: February is not within peak season). In the absence of a licensing program, the Township lacks an accurate assessment of its STAs, whereas the data provider may only capture a portion of active STAs.

The Township's STA count is rapidly escalating, as depicted in the chart below, illustrating the growth trend from 2023 to 2024. According to Granicus, 93% of STA listings are for 'entire homes,' which means they are either single-family homes, self-contained suites or apartments (with 7% being private rooms in homes).

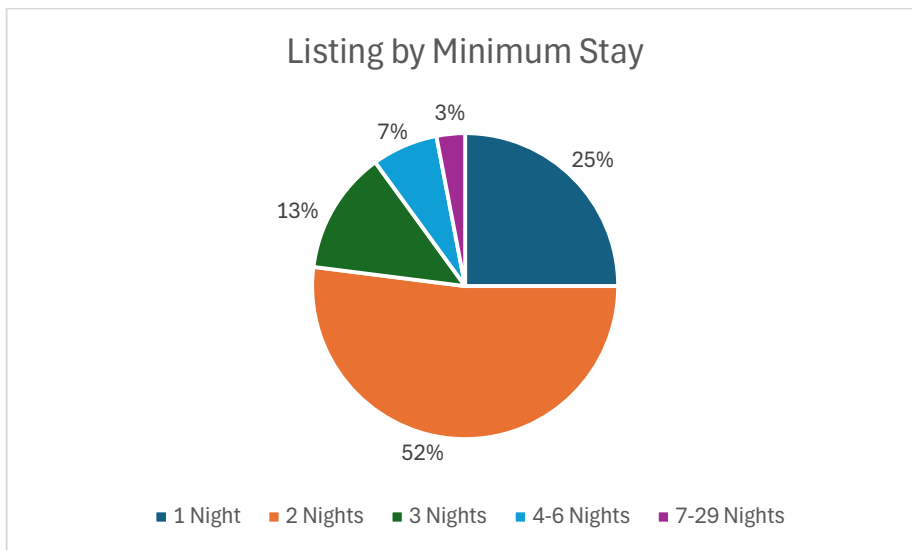


Short-term accommodations (STAs) are predominantly concentrated in the Calabogie area while dispersed throughout other regions of the Township. The figure below illustrates the distribution of STA listings in Greater Madawaska as of February 2024:



As per AirDNA's Rentalizer tool, which only captures performance data for AirBNB and VRBO, the predicted average annual revenue for an STA in Greater Madawaska is \$61,100, with an average daily rate of \$373.50. AirDNA indicates that on average, an active property is occupied 45% of the year, 69% in the peaks season of summer and 29% in the off season<sup>1</sup>.

Listings by minimum stay are provided in the graph below. Of the stays 89.9% are three nights or less and 0% of listings are 30+ nights.



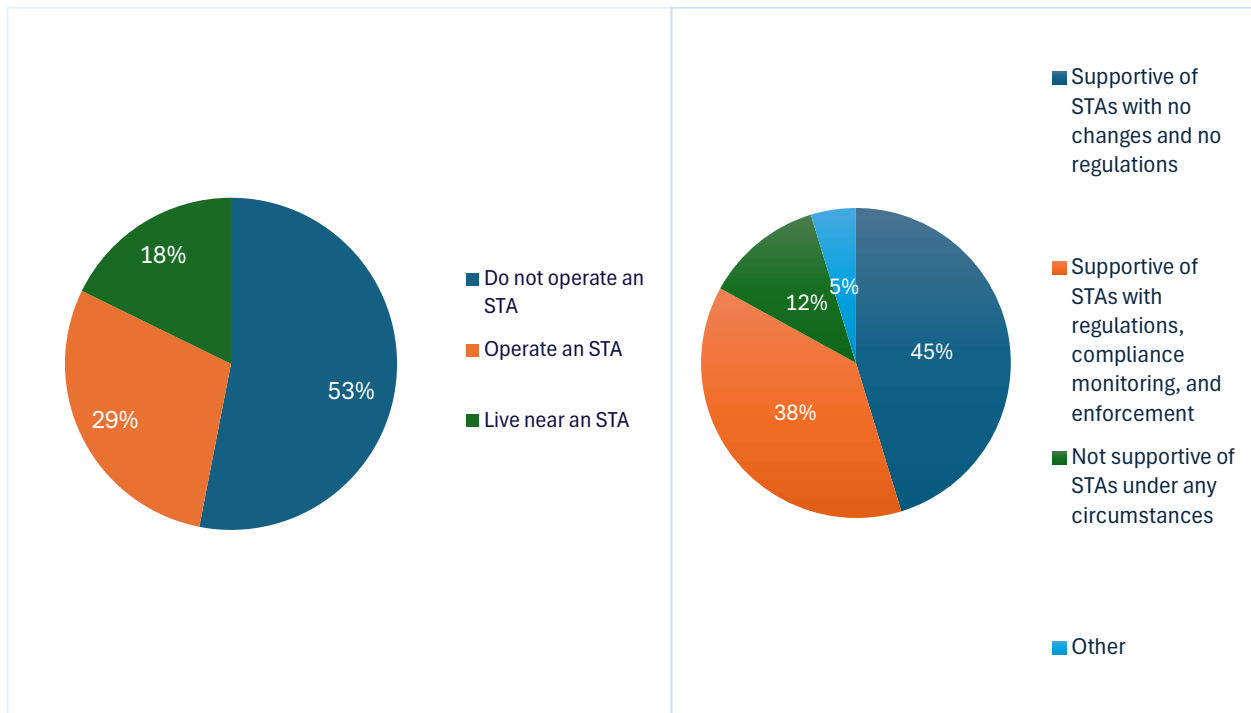
<sup>1</sup> AirDNA [www.airdna.com](http://www.airdna.com)

## Community Consultation

### Community Survey

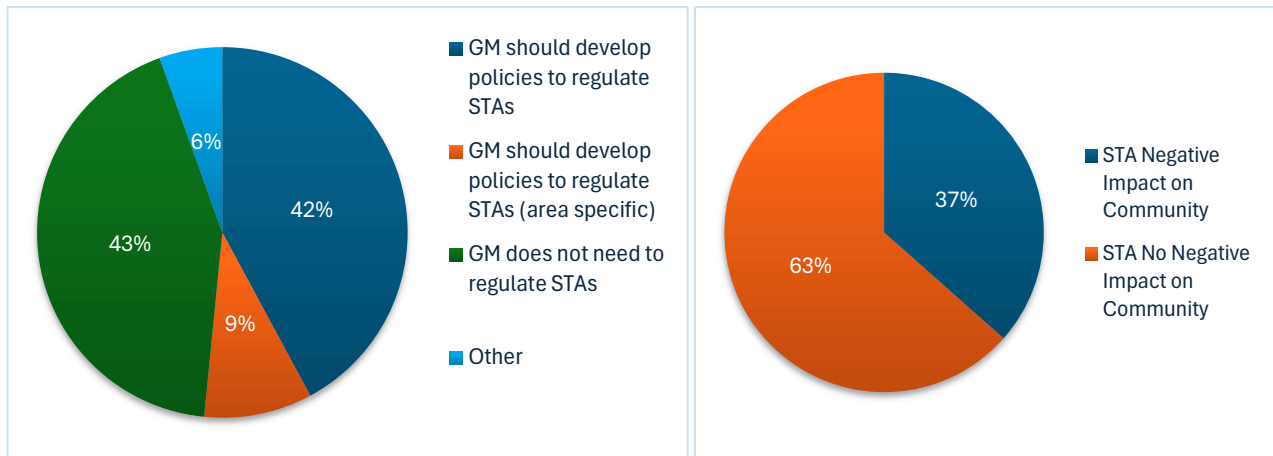
In October 2023, the community survey was initiated and remained open until December 15th. The survey ran concurrently with the Strategic Plan process and open houses, providing an opportunity for the community to discuss the Strategic Plan objective at the open houses and contribute more extensively to the survey. A total of 383 participants took part in the Short-Term Accommodations survey, sharing their insights on the regulation of Short-Term Accommodations and the draft by-law being considered.

The community survey outcomes are depicted in the graphs below, indicating that 53% of participants did not operate STAs, while 29% were STA operators. Of the survey respondents, 45% supported STAs with no changes and no regulations, whereas 38% supported STAs with regulations, and 12% did not support STAs under any circumstance.





When respondents were asked their opinion on the appropriate way to move forward, there was a close split between regulate STAs either Township wide, or area specific, and not regulating STAs.



Of the 37% respondents stating that in their opinion STAs have a negative impact on our community, the following were the top concerns identified:

- Loud noise/music
- Trespassing on neighbouring properties
- Public safety concerns (example: boating speeds, recreational vehicle speeds)
- Bonfires/burning during fire bans
- Negligent use of Fireworks
- Lack of enjoyment of my own property
- Excessive open air burning (example: more bonfires, more brush fires)
- Poor garbage management and/or lack of recycling
- Dog behaviour (example: barking, feces, wandering at large)
- Environmental impact issues (example: lake health, fish population, shoreline deterioration)
- Inappropriate behaviour (example: foul language, aggression)
- Septic system capacity issues
- Parking issues

The top comments received that supported STAs are as follows:

- STAs provide more tourist accommodation options for tourists.
- More flexibility for property owners (compared to long-term rentals).
- STAs provide different services than hotels (amenities like kitchens).
- STAs contribute to the economy.

Overall, more individuals are in favour of permitting short-term accommodations with the implementation of regulations to mitigate concerns as identified in this section.

### Public Meetings

A Public Meeting was held in Griffith and Calabogie on February 12<sup>th</sup> and 13<sup>th</sup>, 2024, to receive comments regarding the proposed By-law. An estimated 80 residents attended the Public Meetings; seven written comments were received and read by Staff, and 41 residents provided oral comments. Following the meetings, Staff received additional written comments reiterating comments received at the meetings.

In summary, input included opposition and support to regulating STAs, and support with recommended adjustments to the By-law. Community input and clarification comments are summarized below, and the recommended adjustments to the By-law have been included in the Draft By-Law Changes section.

Concern	Comments
Insurance Requirement	The STA operator must provide proof of insurance. This may be done through various sources, including additional insurance purchased through advertising platforms such as AirBNB.
Cost to STA Providers	The licensing fee will be on a cost-recovery basis for the application, monitoring, and compliance of the by-law. It is not meant to be prohibitive to operators.
Cost to Taxpayers	The licensing system the Township imposes will be on a cost-recovery basis.
STA Complaints	There are 0 STA complaints. STAs are currently not tracked, so complaints submitted through the portal are not directly identified as STAs. However, a listing of STAs would allow the categorizing of these complaints.
Commercial Accommodation Establishments Exclusion	These establishments are inspected and conform to building and fire codes based on their operation,

	commercial and not residential. Commercial property taxation is 3x higher than residential properties.
Creating Animosity Amongst STA Operators and Neighbours	There are no added enforcement powers over these by-laws. The noise, property standards, and fire and building regulations must be adhered to regardless of the implementation of the STA by-law.
Consider Categorizing Hosted and Un-Hosted	Once an STA listing is developed, there is an opportunity to review the types of rentals and consider the best approach for hosted and un-hosted.
Impact on Tourism, Businesses, and Accommodations Available	The Township recognizes the benefit of STAs in meeting our community's accommodation needs. The by-law does not prohibit STAs.
Consider Regulating Area-Specific	There may be areas of the Township where STAs have more impact. A licensing system will allow the Township to understand the number of STAs and locations.
Current By-Law Enforcement and Response Issues	A comprehensive review will be completed on current by-laws and enforcement, with health and safety in the community at the forefront.
Septic and Well Requirements	There are septic and well requirements as part of the Building Code. The Building Official will review the requirements on a case-by-case basis.

### Draft By-Law Changes

The Draft Short-Term Accommodations By-law has been adjusted based on community input and Staff review. The table below summarizes changes to the initial draft by-law.

Concern	By-law Changes
By-law Intent	The objective of the by-law is provided in the Report of Findings – Page 3.
Owner Response Time Unfeasible	The response time has been changed to 60 minutes and does not require on-site.
Limit Guest Rooms and Occupancy	Adjusted in by-law – Increased from a maximum of three rooms to six rooms. The occupancy limit will be based on the Building Code.
Age of Guest Count	Adjusted to under two years not included in the guest count. This is intended to meet the septic requirements as per the Building Code.
Age Restrictions	Age restrictions have been removed as the intent of the by-law is not to impose age restrictions.
Demerit Points	Demerit Points have been removed from the by-law and replaced with administrative penalties, which align with the by-law's intent.
By-law Implementation Timeline	The Township will allow STA owners time to license and meet the requirements of the Township, recommendation is a minimum of six months.
By-law is too Extensive	A checklist has been added to the by-law to summarize the requirements.

## Options for Council Consideration

### **Option 1:**

That Council approve licensing short-term accommodations, and;

That Council direct Staff to circulate the attached revised by-law, which includes adjustments to meet the Township's objective and community input, to the community through a survey, and;

That Council direct Staff to present a final by-law, licensing fee, and implementation strategy at a future Council meeting.

### **Option 2:**

That Council direct Staff to finalize the draft version of the by-law without any changes.

### **Option 3:**

That Council direct Staff not to proceed with regulating Short-term Accommodations.