



# Short-Term Rental Licensing

Background Study for the Town of Saugeen Shores

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# Agenda

1. What are Short-Term Rental Accommodations?
2. Municipal Licensing of STRAs
3. STRA Market in Saugeen Shores
4. Municipal Staff Feedback
5. Community Feedback
6. Legislative and Policy Framework
7. Case Study Review
8. Next Steps

## What are Short Term Rental Accommodations?

- Private, residential dwellings that are rented for brief periods, typically less than 30 days, to provide temporary overnight accommodation to the traveling or vacationing public in lieu of more traditional forms of accommodation
- Can include entire dwellings, dwelling units in an accessory building, or even individual rooms in a dwelling
- Differ from traditional bed and breakfast establishments which serve as a primary residence for the owner/operator (i.e., as a home-based business)
- Currently STRAs are allowed to operate unlicensed in Saugeen Shores, without any oversight related to guest safety, impact to neighbouring properties, or to the Town's overall housing stock





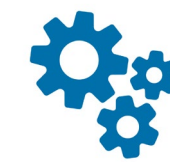
Photo: Natalia Blauth

# Municipal Licensing of STRAs

While STRAs can boost local tourism and economic development, licensing ensures that this growth is sustainable and avoids undermining available housing supply

Potential impacts of STRAs can include:

- Noise complaints
- Parking congestion
- Nuisance related to excessive garbage
- Diminished community cohesion
- Areas without permanent residents
- Amplifier of pressures from overtourism



Provide a mechanism to track or limit the number of STRA operators



Geographically concentrate where STRAs are permitted



Require inspections to ensure guest safety and enforce regulations related to guest occupancy, parking, and other aspects of STRA operations



Penalize non-complying STRA operators that negatively impact neighbouring properties

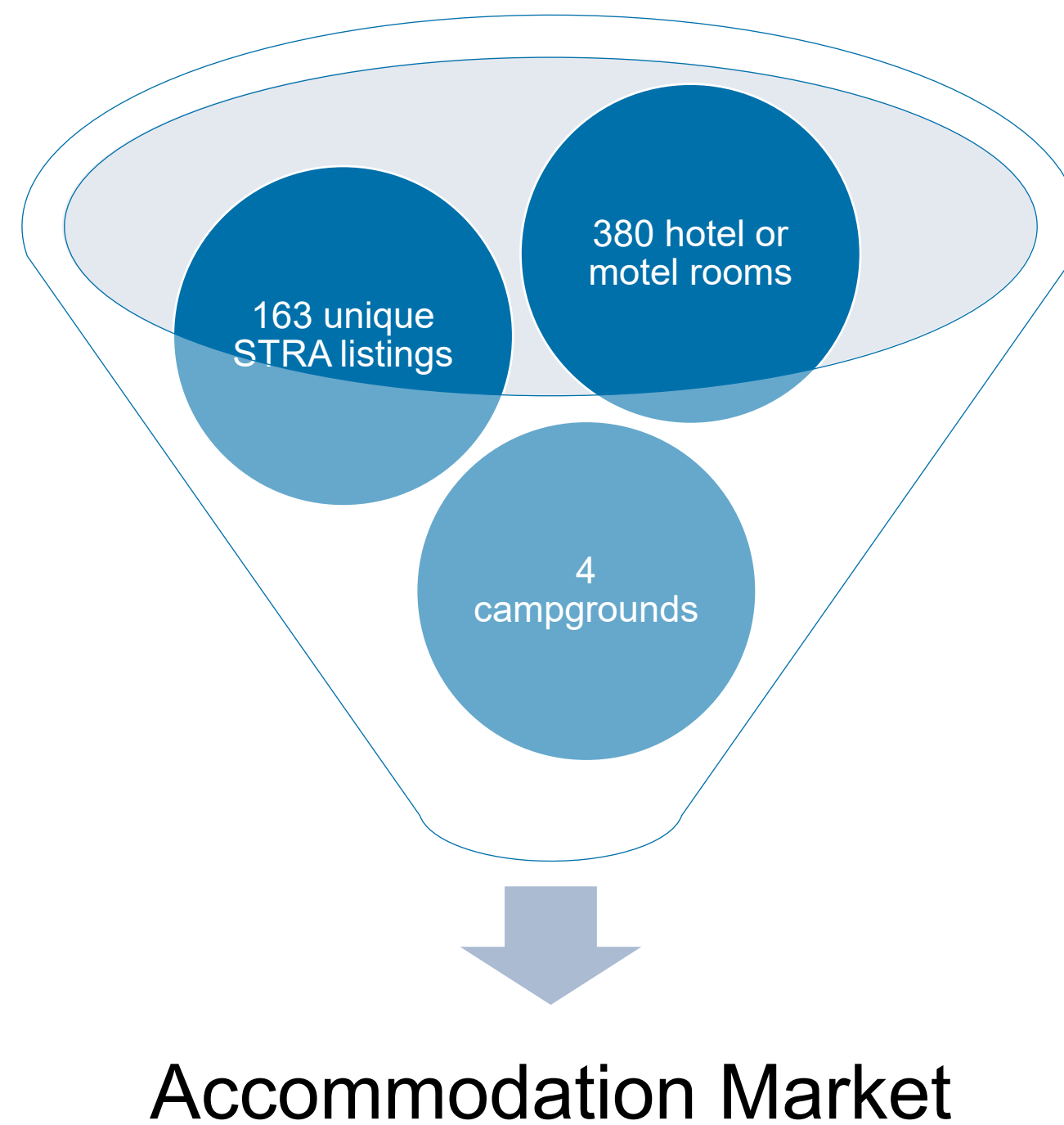


Recover costs borne by municipal ratepayers through licensing fees

# STRA Market in Saugeen Shores

- Majority of hotel and motel rooms located in the Port Elgin settlement area
- STRAs are found throughout both Port Elgin and Southampton and some in agricultural areas of the Town
- STRAs occupy approximately 2% of the Town’s housing stock, substantially higher than the Provincial average of 0.7%

Summary of STRA listings, average rate per night, and monthly revenue forecast by bedroom in the Town of Saugeen Shores, 2025



Number of Bedrooms	Number of Listings	Average per Night	Monthly Revenue Forecast (Nightly Rate x Occupancy Rate)
6+ bedrooms	7	\$535.56	\$9,749.32
5 bedrooms	10	\$402.24	\$7,119.57
4 bedrooms	26	\$432.87	\$7,661.84
3 bedrooms	48	\$236.20	\$4,180.76
2 bedrooms	49	\$210.82	\$3,731.55
1 bedroom	23	\$212.39	\$3,759.27
<b>Overall</b>	<b>163</b>	<b>\$300.03</b>	<b>\$5,310.57</b>

# Feedback from Municipal Staff Survey



## Goals and Objectives for STRA Licensing

Ranked in order of priority:

1. Safety and wellbeing of visitors / tenants
2. Accountability of landlords, hosts, owners
3. Stable neighbourhoods for residents
4. Adequate housing supply across a wide range of income levels
5. Flexible housing supply for temporary workers
6. Economic prosperity for businesses
7. Outstanding tourism experience for visitors



## Experiences with STRA Complaints / Issues

Common complaints include:

- Parking
- Noise
- Waste management
- High occupancy of a single STRA

Staff note no geographic concentrations of issues or complaints from STRAs



## Permissions for STRAs in Saugeen Shores

- Majority agree that STRAs should be permitted in all housing types
- Generally, do not support geographic restrictions in where STRAs may be located (i.e., support for permitting STRAs throughout the Town)
- Staff more focused on appropriate regulations and standards for STRAs than their specific geographic locations
- Noise, parking, and occupancy limits noted as top three standards to be regulated in an STRA by-law



## Cost and Revenue Generation from Licensing

- Moderate consensus of responses to ensure revenue covers cost of STRA licensing framework
- Easily implementable and manageable framework highlighted as important, with staff noting existing time and resource limitations



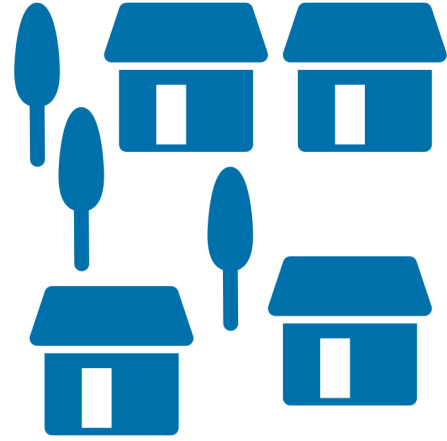
## Enforcement Mechanisms for STRAs

More than half of all staff responses indicate general support for any and all measures as tools implemented through an STRA by-law

Mechanisms include:

- Warning notice of an infraction
- Demerit point system
- Monetary fines
- STRA license suspension
- STRA license revocation

# Feedback from Community Survey



## Awareness of STRAs in Neighbourhoods

- Most respondents (40%) indicated they knew of at least one STRA property in their neighbourhood
- Only a few respondents (3%) indicated that they operated an STRA on their property



## Experiences with STRA Complaints / Issues

- Concerning nuisances experienced by neighbours of STRA properties, most common included:
- Loud noises from groups of people partying late at night
  - Excessive cars parked along roads or blocking access
  - Excessive/loud dog barking

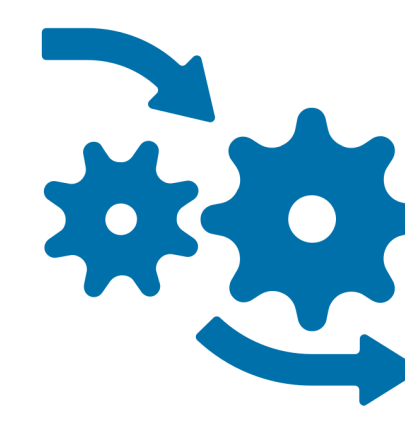


## Potential Benefits of STRAs in Saugeen Shores

Ranked in order of importance to respondents:

1. More visitors supporting local and small businesses (49%)
2. Making property ownership more affordable to homeowners (31%)
3. People having less expensive options to stay as visitors (28%)

Many respondents (28%) indicated that there are no potential benefits to STRAs that were important to them.



## Potential Mechanisms for Regulating STRAs

Requiring STRAs to be registered with an owner's phone number and complaint form identified as the most popular option (52%)

Other popular options include:

- Requiring STRAs to be permitted and subject to loss of STRA permit for certain number of nuisance violations
- Limiting STRA parking to the number of off-street parking spots required for the use on the property



## Suggested Regulations for STRAs

- Mandatory registration of STRA properties
- Fire Code compliance
- Regular inspections
- Clear owner accountability (e.g., local property manager available to respond to nuisances)
- Minimum stays of at least one week
- Limits on guest occupancy and rental frequency
- Limiting STRAs to specific areas of the Town

# Legislative and Policy Framework for STRAs in Saugeen Shores

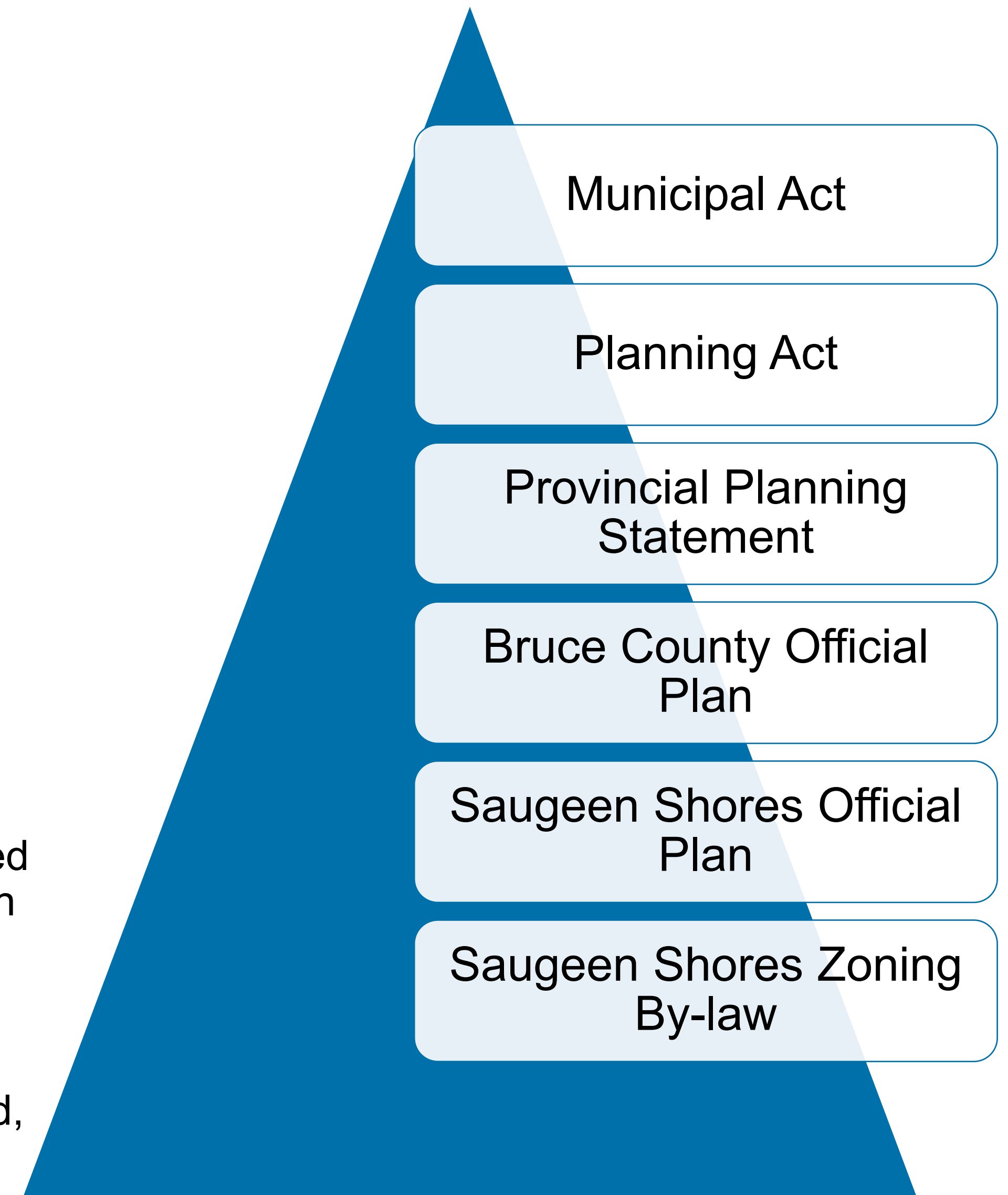
**Municipal Act** enables the Town to enact by-laws and govern activities within their jurisdiction to address such matters as:

- business licensing,
- the health, safety, and wellbeing of persons
- the imposition of administrative penalties/fees to enforce compliance

No specific guidance in **Planning Act** or **PPS** for the regulation of STRAs

**Draft County Official Plan** includes policies to enable local municipalities to use planning and licensing tools to appropriately regulate short-term rental occupancy of residential units

- Permissions for STRAs extended to several designations:
  - Rural Area – as a commercial use;
  - Primary and Secondary Urban Communities – considering the planned function of the settlement area and a full range of uses consistent with existing or planned municipal servicing
  - Hamlet – considering the built form, compatibility, and availability of appropriate servicing
  - Shoreline and Seasonal Recreational Area – not specifically permitted, though highlighted as primary areas for tourism and recreation, including residential accommodation required to support such uses



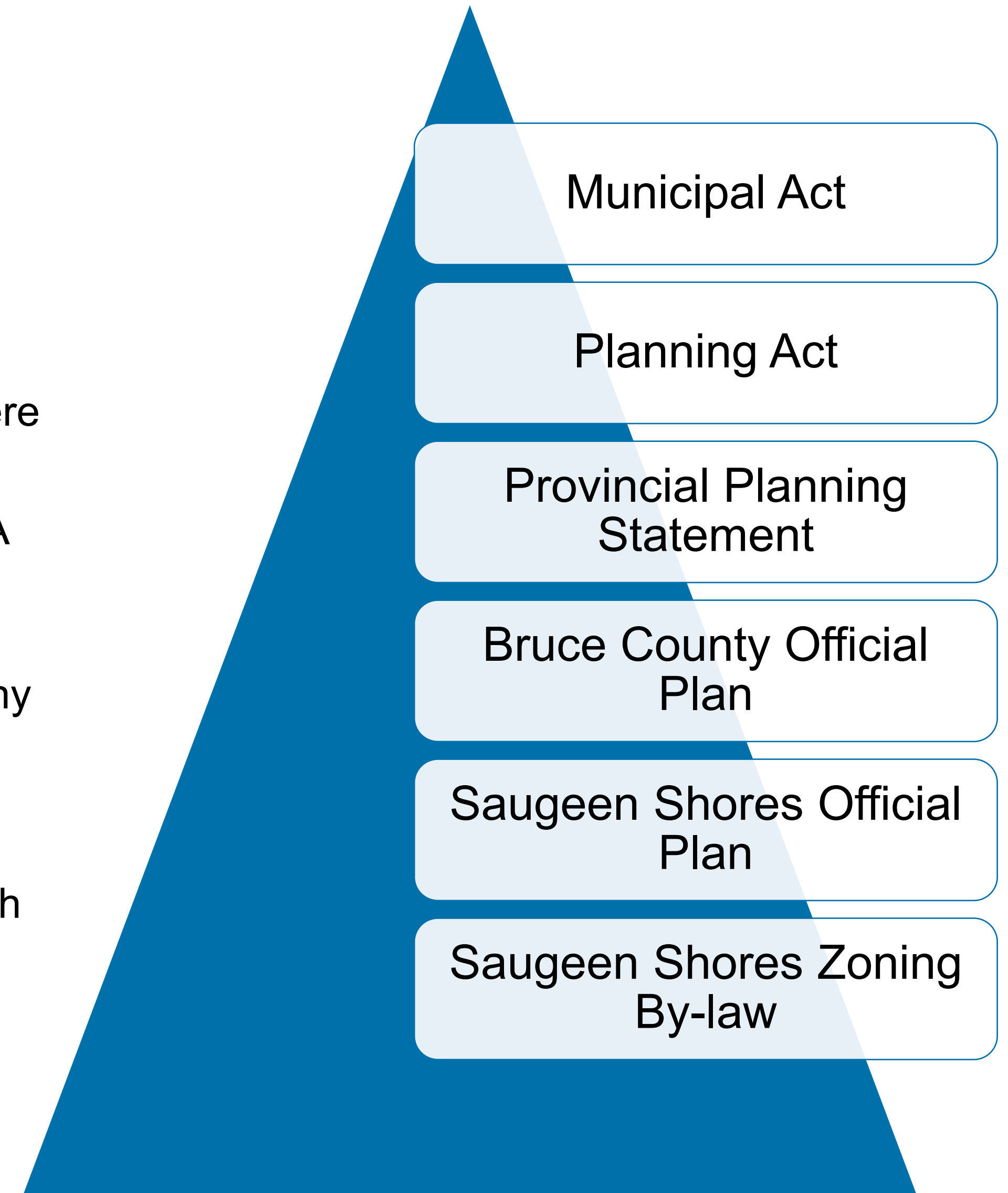
# Legislative and Policy Framework for STRAs in Saugeen Shores (cont'd)

**Saugeen Shores Official Plan** remains silent on STRA permissions and potential mechanisms for regulation, including licensing

- Additional policies recommended to enable STRA licensing and clarify where STRAs may be permitted throughout the Town

**Saugeen Shores Zoning By-law** does not define STRAs nor establish STRA use as a permitted use in any zone

- Additional provisions recommended to both define STRA use and identify the zones in which STRA use may be permitted subject to regulations of any future licensing by-law
- Recommend that Zoning By-law does not include provisions on the operational aspects STRA uses (i.e., guest occupancy, minimum length of stay, etc.), leaving these to a future licensing by-law or enforcement through existing legislation (e.g., Municipal Act, Ontario Fire Code)



# Case Study Review of STRA Licensing By-laws

- Case study review of six municipalities with a by-law to license and regulate STRAs

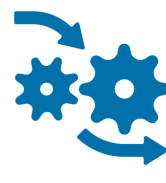


## Policy Framework

- Official Plan and Zoning By-law



## Regulatory Standards



## Administrative Frameworks



## Enforcement Mechanisms

Note: Kincardine is in the process of developing an STRA by-law, a draft of which was presented to Council in late 2025

Photo: Cara Fuller



# Operational Regulations in STRA Licensing By-laws



## Licensing and Authorization

- Restrictions on advertising, operating, or using an STRA without a valid license.
- Compliance required with license terms, conditions, and approved floor/site plans.
- Prohibition on modifying or transferring a license to another person.



## Ownership Requirements

- Proof of ownership required, though some frameworks allow tenant-operators with written owner consent
- Corporate ownership permitted with proof of legal entitlement to operate in Ontario
- Proof of insurance required, with most requiring a minimum of \$2 million in general liability



## Occupancy Limits

- Maximum occupancy typically set at two persons per bedroom plus 2 additional guests



## Permitted Building Types

- STRAs generally not permitted in accessory buildings or additional residential units



## Responsible Person Requirements

- Designated contact must be available to respond within 30 minutes and be on-site within 60 minutes to respond to complaints of nuisance
- Contact information often posted in an online registry and/or on the property



## Renter Information Package

- Renters' Code of Conduct required in all licensing frameworks
- Approved floor plans, emergency information, waste management plans, parking management plans



## Record Keeping

- Written records of guest stays, including renter information and stay durations
- Documentation of smoke/CO alarm testing and annual inspections of fuel-burning appliances



## Limits of Number of STRAs

- Some frameworks establish maximum caps on:
  - total number of licenses issued municipality-wide
  - number of STRAs a single owner may operate
  - Limitation to one STRA per property

# Administrative Framework in STRA Licensing By-laws

Prepare  
Complete  
Application



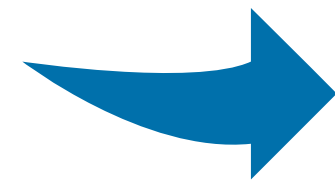
Complete  
Required  
Inspections



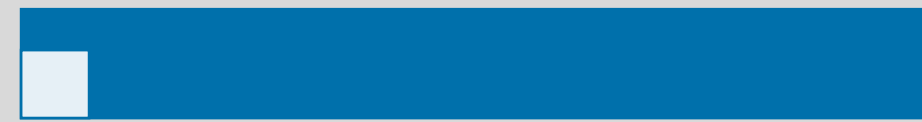
Pay Application  
Fees



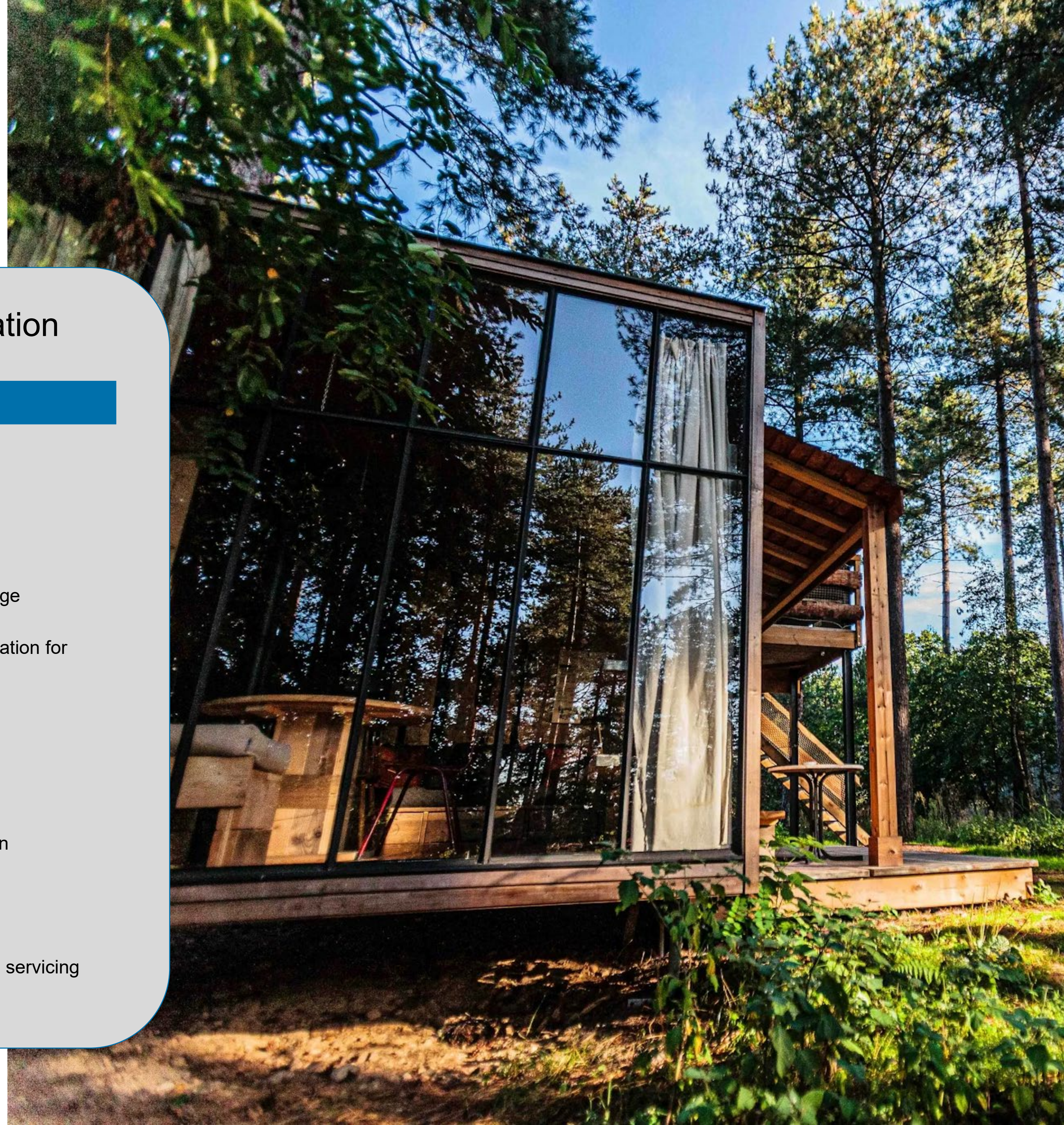
Renew Permit  
on Annual Basis



## Example Application Requirements



- Proof of ownership
- Proof of insurance
- Renter information package
- Name and contact information for Responsible Person
- Floor plan
- Site plan
- Parking management plan
- Waste management plan
- Confirmation of adequate servicing



# Enforcement Mechanisms in STRA Licensing Frameworks

## Demerit Point / Complaint System

Demerit points accumulate based on severity of the offence and remain on file for 1-2 years

Thresholds set for temporary suspension and revocation of STRA licenses, based on number of demerit points or complaints against an STRA property

Some frameworks include one-year blackout period after license revocation

## Monetary Fines

Municipalities may enforce compliance through:

- Administrative Monetary Penalties (AMPs) which allow the municipality to issue fines directly through an administrative process
- Provincial Offences Act (POA) which requires fines to be issued through a judicial process

## Appeals Process

All frameworks prescribe an appeals mechanism to allow STRA operators to challenge demerit points or fines

Municipal staff reported challenges in:

- identifying which staff would screen appeals received
- determining where decision-making authority rests in hearing appeals (e.g., Council, designated staff or third party)



# Potential Cost Recovery Models for STRA Licensing



## Activity-Based Cost Recovery

Licensing application fees are set based upon the costs to administer the program

i.e., average annual salary for by-law enforcement officer plus license management software and mileage for inspections

- Application fee of \$647.85/year



## Value Capture Cost Recovery

Licensing application fees are set based on the applicant's ability to pay

i.e., capture 10% of potential excess profit of an STRA

- Application fee of \$1,565.61/year



## Comparative Cost Recovery

Licensing application fees are set based upon peer municipalities to maintain competitiveness

- Average application fee of \$896.15/year
- Median application fee of \$500/year



# Next Steps

- JLR has identified key elements for an STRA licensing by-law with sample provisions based on background research and case study review
- JLR and Town staff seek direction from Council on whether to advance this background research into a draft STRA licensing by-law for future consideration
- Further engagement with community stakeholders is **strongly** recommended to gather feedback and insights into the key elements of an STRA licensing by-law before a by-law is considered by Council for adoption

# Thank You!



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