

SHORT-TERM RENTALS, LONG TERM CONSEQUENCES:
REGULATION AND ENFORCEMENT OF VACATION RENTALS IN SMALL CANADIAN COMMUNITIES

by

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ABSTRACT

The use of short-term vacation rental services has grown significantly since their establishment, but little concrete information is known about their effects on communities. The research that exists on the impacts of short-term rentals is heavily skewed toward larger cities and metropolitan areas, leaving smaller cities and rural areas unexamined. However, rural areas in Canada are experiencing faster growth of short-term rentals than urban areas. This study examines the regulations and enforcement regimes of three case study local governments across Canada, using interviews with planning professionals to consider the regulatory responses put forward by these communities and their perceived effects on STVR operations. Findings suggest that appropriate regulatory measures vary widely between communities. Recommendations are for those considering implementing STVR regulations, addressing housing protection, data gathering, and regulation typology.

Key words: short-term rental, regulation, enforcement, planning, small cities.

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For Noel Henderson, 1934 - 2020

This work is dedicated to you, Grandpa, for the unlimited enthusiasm
you shared for my ideas and the pride you took in my work.
Though this project is not written in “grandparentese,” there’s
no one with whom I was more looking forward to sharing it.

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1. Introduction

During the decade since its inception, the home-sharing company Airbnb and its contemporaries have expanded widely in usage, with Airbnb currently offering over 7 million listings (Airbnb, 2019). These platforms have enabled a sharing economy that blurs the lines between residential and commercial activity in a way that is not typically accounted for in existing home occupation or zoning bylaws. This new type of land use, commonly known as short-term vacation rental (STVR), has prompted a range of responses from affected local governments in the form of regulation and enforcement. These regulatory schemes are intended to mitigate potential negative consequences including reduced housing availability or affordability, negative effects on neighbourhood character, and increased resource usage, among others. Conversely, there is an ongoing and largely economic incentive to permit STVRs in some form, as there are claims that they benefit not only individual operators, but also their communities as a whole by providing housing to visitors.

This paper examines the regulatory responses of three small communities to STVRs. The housing crunch in many areas of Canada has led to a number of initiatives and policies aimed at reducing the perceived impact of STVR usage on housing availability. Long term studies are beginning to show the results of existing STVR regulation or lack thereof, but many communities are imposing regulations without concrete understandings of what the outcomes of the regulations might be. This paper will ask: what sort of regulatory responses are being put forward by small local governments? And what are the perceived effects of these regulations on STVR operations?

1.1 Identifying the Issue

People don't often think of small towns as centres of tourism affected by STVRs, and this presumed lack of intensity is certainly reflected in the literature. However, small towns that do rely on tourism tend to rely on it quite heavily, with the inherent issues of STVRs being all the more amplified within the smaller population and area. The issues faced by small towns are in many cases singular and

are deserving of further study and of solutions tailored to their unique circumstances. The proliferation of STVRs, facilitated by the rise of the sharing economy and platforms designed for this use, is an issue of significant concern for community members, politicians, and most pertinently planners.

STVRs belong squarely within the realm of planning theory and practice. They exist in a series of interlayered and geographically specific relationships. They have social, political, regulatory, and geographic contexts, inputs, and outputs. They tend to resist definition under the categories used in zoning bylaws and in planning practice. While their increase in popularity has led to urgency in creating regulation, their complexity has equally led to difficulty or hesitance in many jurisdictions to regulate or enforce on the activity. This reluctance is also in part due to the potential costs of being sued by disgruntled operators, as has occurred in several jurisdictions.

STVRs work on the principle of allowing commercial activity – renting one’s home – within a residential area. While small scale commercial activity is hardly unprecedented within residential areas, STVRs can, but do not necessarily, have more intense impacts than other typically permitted home occupation uses. A home occupation like a salon, a consulting firm, or a music teaching business is unlikely to result in unpredictable hours, excessive noise, or large groups of people cycling through at a rapid rate. At their best, STVRs do not have these results either; however, enough of them do that there has been concern about their use in residential areas.

The principle that some land uses are better off away from other land uses is foundational to planning. While increased mixed-use zoning is certainly seen as best practice, official plans and zoning bylaws generally place commercial uses somewhat separately from residential uses. Conversely, inns and B&Bs, the traditional small-scale tourist accommodations, have in many places historically been permitted to operate in residential areas. There is an ongoing discussion as to what makes STVRs different from these existing traditional tourist operations, some of which points to intensity of use and some of which takes most issue with an operator not being on site. While some local governments have

used these differences from traditional tourist accommodation facilities to isolate the particular uses or patterns of behavior to form the wording of zoning bylaw amendments to bring STVRs in line, others find that the issues are beyond the scope of these minor tweaks. One part of what places STVRs outside of the normal scope of home-based tourist accommodation is the increasing trend of STVR commercialization, which occurs when STVR operations begin spanning multiple houses. These are generally owned and operated by someone who does not live in the houses at any point or even lives outside of the community altogether.

There are a multitude of hotly debated benefits and drawbacks to STVRs. As noted above, the benefits are largely economic. Increased income to local businesses, particularly for tourist towns, is a direct corollary of being able to house more tourists. Some economic benefits accrue directly to operators, offsetting the costs of homes and mortgages. More commercial STVR operations will likely use the services of a regular housekeeper to turn the house over between guests or a landscaper to ensure the property remains in good condition when the owners aren't there, therefore providing indirect income from STVRs for year-round members of the community. Conversely, STVRs reported negative effects run the gamut from disruption to the social fabric of the community through to negative effects on housing affordability and availability, while on the way causing increased noise, excessive garbage, and overuse of limited water resources.

There are a multitude of potential responses available to local governments considering STVRs. Appropriate initiatives vary greatly depending on the political environment, urgency felt by the community, staff resource capacity for regulation implementation and enforcement, and other constraints. Existing responses include a hands-off wait-and-see approach, full regulatory licensing schemes, tweaks to existing zoning and enforcement bylaws, and anything in between. Responses are as unique as the communities where they originate.

1.2 Research Goal and Objectives

This research aims to examine the regulatory and enforcement responses of small communities to STVRs. There is a lack of literature specifically concerned with smaller local governments, even though many small communities are heavily reliant on tourism for their economic wellbeing (Koster & Main, 2019; Nepal, 2008). While this research is a very small-scale study, it serves to open a window into the consideration processes of professionals currently grappling with regulation of STVRs. It aims to contribute to the literature on regulation and the sharing economy in the planning profession while highlighting the specific needs and experiences of small communities.

1.3 Significance of Research

Much of the existing discussion about the impacts of STVRs focuses on larger urban centres, leaving space for a discussion about smaller or more rural areas. These areas face unique challenges. They are not large enough to force large home-sharing platforms such as Airbnb to release their data, unlike the efforts of some larger local governments. Additionally, they have limited resources for regulation and enforcement, a smaller housing pool to absorb the impact of STVRs, and frequently have a tight-knit community, meaning that regulations can highlight the tensions between neighbours who benefit from STVRs and those who do not. This paper contributes to the literature by addressing in its own small way the aforementioned gap, providing a snapshot of three Canadian communities and their perspectives toward regulation of this ongoing issue.

1.4 Data Collection and Analysis

This research focuses upon smaller Canadian communities where tourism is a significant economic driver. Experiences with and responses to STVRs are considered in three geographically diverse places; Kawartha Lakes, ON; the Southern Gulf Islands, BC; and Charlottetown, PEI. The selection of these communities is intended to reflect differences in provincial and municipal regulations, social

contexts, and tourist markets. The data was collected through a review of the literature and through interviews.

1.5 Organization of MRP

This MRP is divided into seven sections. Section 2 begins with describing the methods used in data collection and analysis, including descriptions of the case study areas to ground the reader's understanding as they consider the data review and interview results from these same communities. The literature review follows in Section 3, which touches on existing research on the topic of STVRs through the lenses of economics, tourism studies, and planning. Following this, Section 4 introduces the specific regulatory and policy contexts of the three case study communities, with an overview of existing regulation and enforcement regimes and the history of their implementation. Interview results from planners in the case study communities are in Section 5; these delve into the individual experiences and opinions of professionals who have been considering the issue of STVRs within their communities for years. Section 6 is a discussion comparing the case studies results between the communities, including recommendations resulting from the research, and Section 7 concludes the MRP.

2. Methods

This research is a qualitative study focusing narrowly on the experiences of three Canadian local governments. Quantitative data has been collected through a review of academic literature, grey literature, and demographic data from Statistics Canada. Further qualitative information was gathered through interviews with municipal employees in all three case study locations.

2.1 Case Study Areas

The case study areas are used to compare three geographically distinct locations across Canada. These areas are dispersed across the country in order to represent a number of regional perspectives and needs. The communities examined are Charlottetown, P.E.I; Kawartha Lakes, Ontario; and the Southern Gulf Islands, BC. All of the communities identified have planning concerns with STVR use in residential areas, exacerbated by the significance of tourism to the local economy. The case study communities were also selected due to their distinct existing regulatory responses, which serve to illustrate the wide array of potential appropriate courses of action.

The first case study community is Charlottetown, PEI. Charlottetown is the capital and largest city on PEI, with a population of 45,000 as of the 2016 census, and a 49 square kilometre area. It is increasingly in the grip of a housing crisis, with a vacancy rate of well below 1%. Existing housing shortages have collided with an increase of STVR uses which has created significant concern in the community. Charlottetown is a busy town in the summer, with its hotels and other accommodations generally filled to capacity. In the course of a regular year PEI sees about 1.55 million visitors who are there to take in the history and natural beauty of the province. Charlottetown is a young city, with a comparatively low average age. Charlottetown is also a university town, which means that its pattern of population reflects the flow of students, some of whom are in town only during the school term from September through April. The estimated number of STVR listings in the community according to a report

by the CBC is 331, which equates to roughly 1.93 percent of Charlottetown's housing (Campbell, 2019, April 30).

The second case study community is Kawartha Lakes, Ontario. Kawartha Lakes is a region roughly 1-2 hours drive north of Toronto. It is a cottage country community whose urban centre is the town of Lindsay. As with all cottage country towns, its year-round population of 75,000 in the 2016 census is bolstered in the summer by the 31,000 seasonal residents the city welcomes for cottage season annually (Kawartha Lakes n.d.b). Many of the cottages along the lakes in the region are family vacation homes passed through generations. There are 38,444 houses in the region of Kawartha Lakes, 31,106 of which are occupied full time (Statistics Canada, 2017b). A cursory look at Airbnb shows over 100 listings in the Kawartha Lakes region.

The third case study community is the Southern Gulf Islands, in BC. The Gulf Islands are located in the Salish Sea (previously the Georgia Strait), between Vancouver Island and mainland BC. The Southern Gulf Islands consist of five islands: Galiano, Mayne, North Pender, South Pender, and Saturna. The Gulf Islands are very close to the metro Vancouver area—they are a matter of only a few hours ferry ride at most to get to, and even the ferry ride is beautiful. As a result, the islands are an attractive and popular vacation home location for Vancouver-area residents. They have a notable hippie bent to the population, a high average level of education, and very high average age at 57 years—the islands are a popular location for retired people, since school and childcare facilities are challenging to access on most of the islands (Statistics Canada, 2017d). Each island is distinct, with its own particular social mores and priorities, and they have responded differently to the presence of STVRs in their respective communities. This paper focuses primarily on Galiano and South Pender islands, which have strong standing regulations regarding short term rentals.

The Gulf Islands occupy a unique legislative position; they are not strictly speaking a municipality or a regional government. They are governed by the *Islands Trust Act*, which has a mandate to protect

and preserve the unique amenities of the Trust Area (Islands Trust, n.d.). The Trust provides land use planning but no other municipal-like services—garbage, water, sewage, etc. are managed by whichever regional government each island falls under. Each island has two elected local trustees who, together with an appointed chair from the Trust-wide Executive Committee, are responsible for the land use decisions within their local area. The islands do not have uniform bylaws and policies despite their planning services being centralized with the Islands Trust; each Local Trust Committee is responsive to the needs and desires of their respective island.

The Gulf Islands have a strongly seasonal economy which is heavily reliant on the tourism sector (Ecoplan International, 2008). House prices have been rising on the Islands as in many places in Canada, leading to couch surfing and camping by seasonal workers. South Pender Island has a geographic size of just over 9 square kilometres and a population of 235 people (Statistics Canada, 2017c). There are 210 private dwellings on South Pender Island, 122 of which are occupied full time (Statistics Canada, 2017c). Galiano Island is larger, at 60 square kilometres, with a population of 1,138 based on the 2016 census (Statistics Canada, 2017a). There are 1,170 private dwellings on Galiano Island, 564 of which are occupied full time (Statistics Canada, 2017a). In the summer of 2019, a review of STVR activity on Galiano concluded that there were at least 76 STVRs representing 162 bedrooms in operation on the island (Henderson & Smith, 2019).

2.2 Data Collection

Data was collected through a review of literature from the planning, tourism, and enforcement fields. These materials served to inform an understanding of the current state of STVR impacts. The literature review draws broadly, as STVRs intersect a number of academic fields. Grey literature was also considered, consisting largely of the bylaws, reports, and minutes of the case study local governments. This document review gathered information on the specific policies implemented by the local governments, as well as the alternatives considered before implementation. This data illustrates the

consultation and planning processes that inform the current case study regulatory regimes. Finally, qualitative information was gathered through interviews with professionals in the case study communities identified. These interviews are intended to gather perspectives on the regulations and their effects from planners involved in creating the regulations, and those who have otherwise been working closely with the issue. These interviewees' identities will remain confidential. Interviews tease out context-specific information that is impossible to fully gather from a distance, and they are a critical portion of understanding STVRs and their effects on affected communities.

2.3 Limitations

This paper has several limitations that are important to consider. Firstly, full access to all of the materials used to inform the planning regulations examined in this paper is not possible. Confidential reports, discussions, and data are not available to a researcher outside of these local governments. As a result, the analysis is likely missing perspectives on the ongoing internal conversations that resulted in the published materials accessible to the wider public. Further, any census data may have issues due to the small size of the communities selected, as Statistics Canada obscures certain information when the size of the data pool may lead to privacy concerns. Additionally, this research pulls from a limited pool of both interviewees and communities—only one person's perspective from each community is represented, and only three communities within Canada are examined. These perspectives are valuable, but they are not intended to represent the understandings of every person in a given community. Finally, the research is being conducted from outside of the communities in question, and so impressions of the social atmosphere of these communities is formed at a distance. While an accurate representation of the scope of the issue of STVRs was attempted, the urgency or intensity of the problem may be misrepresented by virtue of distance.

3. Literature Review

The literature has taken a multitude of perspectives on platform-enabled home sharing and STVRs. While the proportion of research on STVRs has increased in proportion with the rise of STVRs, there is still a paucity of information. Currently factual research about STVRs is limited. Information specifically focussing on the outcomes of STVR use and the outcomes of regulations is only now becoming more common as it takes time for effects of policy changes to become visible (Wegmann & Jiao, 2017; DiNatale, Lewis & Parker, 2018; Gurran & Phibbs, 2017; Gurran, 2018). Those studies that do exist tend to focus their efforts on larger cities where the sheer numbers of STVRs are higher (DiNatale, Lewis & Parker, 2018). Many of the existing case studies focus narrowly on examining STVRs in one city, resulting in little comparative research on the diversity of policy responses (Aguilera, Artioli & Colomb, 2019). Artioli (2018) identifies five themes in the literature: the nature and boundaries of platform-mediated exchanges; their size and socioeconomic organization; their income and spatial distributional effects; their effects on existing markets; and their regulation and governance. These rough themes are echoed in this literature review.

Much of the existing literature originates from the fields of tourism research and geography, with contributions from the legal field. Opinions of STVRs range from almost entirely positive, as displayed in the economic and regulatory perspective of Kaplan & Nadler, who take the stance that platform economy rentals such as Airbnb “benefits its guests, its hosts, and their local communities alike” (p. 107, 2015), to those who consider STVRs as a threat to housing availability and labour stability (Lee, 2016; Gurran, 2018). All of the fields considered are interested in STVRs and their facilitating platforms as a result of their blurring the boundaries of existing understood categories. In the planning field, STVRs blur the difference between tourist and residential accommodation, as well as that between large and small-scale commercial activity.

These nuances are further informed by the multitude of claimed benefits and drawbacks to STVR activity, most of which are supported by insufficient or disputed anecdotal evidence. The benefits cited by proponents of STVRs are a long list including increased visitor and tourist activity, higher levels of expenditure at local businesses, a potential increase in local government tax revenue, income to hosts, visitation outside of core accommodation locations, and disruption to the traditional lodging industry (Grimmer, Vorobjovas-Pinta & Massey, 2019; DiNatale, Lewis & Parker, 2018). This last item's inclusion in the list of positive effects naturally varies depending on perspective. The potential for hosts to earn income has also led to an argument that STVRs can help defray the costs of housing in expensive urban neighbourhoods (Wegmann & Jiao, 2017). Much of the discussion and research on the effects of STVRs rests on determining how these benefits weigh against the claimed negative outcomes of this novel type of land use. Wegmann & Jiao (2017) identify two primary spheres of impacts: housing market impacts and quality of life impacts. The quality of life impacts include the possibility of the perception of danger, noise, residential parking problems, health and safety standards, garbage disposal issues, and disruption of local social capital (DiNatale, Lewis & Parker, 2018; Grimmer, Vorobjovas-Pinta & Massey, 2019; Gurran, 2018).

The housing market concerns are those of reduced availability and affordability of housing, displacing permanent accommodations in favour of 'hotelization' of neighbourhoods (DiNatale, Lewis & Parker, 2018; Gurran & Phibbs, 2017). These negative impacts are well-known by communities who have been most intensively turned into STVRs, with protests occurring in internationally known tourist destinations such as Barcelona, New York, and New Orleans (Gurran, 2018). The current body of literature generally suggests that the impacts and benefits vary both across communities and by type of STVR available (DiNatale, Lewis & Parker, 2018; Gurran, Searle & Phibbs, 2018).

3.1 Theory

STVR issues have been examined through a number of theoretical lenses, among them economic, sociopolitical, and regulatory. Sociopolitical contexts are crucial to consider when working with STVRs, as they are highly influenced by the desires of the community and the political decisions of local regulators. These sociopolitical struggles and the agendas that define them are examined by Aguilera, Artioli & Colomb in their 2019 article on the forms of collective action and policy framing in the discussion of STVRs. A central concept of this article is that there is an ongoing struggle to impose one particular policy framing in the public arena, specifically by defining both the problem and the expected solutions. Within the realm of STVRs, this can involve influencing the definition of STVRs as being either a problem or a business opportunity, and framing regulation as being either a sensible response or a government overreach into private property. Framing the problem and acceptable solutions in this manner influences how sociopolitical struggles arise around similar urban issues, and further shapes the decision around which kind of policy regulations are adopted (Aguilera, Artioli & Colomb, 2019). The article found that the three main factors explaining variation in regulations are the type of actors who initially politicize the issue, the distribution of competences between levels of government, and the instruments available to city administration (Aguilera, Artioli & Colomb, 2019).

Further understanding of STVRs as a product of political and administrative actions rather than a pure economic proposition is explored within the work of tourist geographers. These works argue that tourism is a link between local and larger spatial scales as well as a link between socio-economic and environmental systems (Grimmer, Vorobjovas-Pinta & Massey, 2019; Saarinen, Rogerson & Hall, 2017). In this view, planning can be seen as “a potential tool for guiding tourism to a development path that creates benefits and well-being beyond the industry and its core operations” (Saarinen, Rogerson & Hall, 2017, p. 308).

Economic framings of STVRs are also useful in understanding how STVRs work, using the language of costs, benefits, and externalities to explore the tension surrounding STVR use. Gurran, Searle & Phibbs have applied the Coase theorem toward STVR conflicts, which emphasizes well defined property rights as a basis for compensation over externalities, such as the irritating outcomes of STVRs that spill over into the public realm (2018). In this view, changing regulations to permit STVR rentals is effectively creating new property rights, while the costs of monitoring and implementing regulations are transactions costs. This study also spends some time addressing STVRs in-between nature on a number of attributes; there is a debate on whether the use is the rightful domain of zoning bylaws or whether it is a matter of property rights, and there is an additional grey area when we consider where the use crosses over into commercial activity (Gurran, Searle & Phibbs, 2018).

One of the key characteristics of STVRs are that they blur the line between home and hotel. A paper that examined a public inquiry in Sydney, Australia, found that each local government submission indicated that the current planning framework was inadequate as it did not define or regulate STVR activities (Gurran & Phibbs, 2017). From a planning standpoint, differentiating the behaviour of people within the homes who are or are not guests is challenging, and there is additionally rarely any change to the built form of dwellings where STVRs operate (Gurran, 2018). Traditionally, the rental housing market doesn't overlap with the hospitality sector, but STVRs merge the two categories. One very concerning outcome of this melding of markets is that long term tenants must now bid against the possible extra profit available in STVR operations (Lee, 2016). This difference in possible revenue leads to Wachsmuth & Weisler's framework of a rent gap (2018). Used to analyze the relationship between STVRs and gentrification, they note that STVRs create a geographically uneven revenue flow whose rent gap incentivizes the conversion of long-term rental housing to STVR use; this potential increased revenue source requires little capital to be exploited. The ease with which housing in desirable neighbourhoods

could be transferred to STVR use has led to calls for planners to defend permanent housing from conversion, as housing is not an easily replenished commodity (Gurran, 2018; Lee, 2016).

3.2 The Sharing Economy

STVRs would be impossible at their current scale without the technological innovations that allow for simple interactions between hosts and visitors. These platforms, most famously among them Airbnb, are typically acknowledged to be a part of the sharing economy. The sharing economy involves collaborative use of resources, intended to reveal latent capacity in existing homes, offices, and vehicles (DiNatale, Lewis & Parker, 2018; Gurran 2018). In practice, this means that services and spaces that used to be owned are now rented on a peer-to-peer basis (Gurran, Searle & Phibbs, 2018; Lee, 2016 Leshinsky & Schatz, 2018). This shift in provision moves services from firms to individuals (Zervas, Proserpio & Byers, 2017). Having individuals rather than firms providing services theoretically lowers the costs of those services, but it has been noted that this decentralization of responsibility also leads to precarious work and living situations, with negative implications for labour rights (Gurran, Searle & Phibbs, 2018; Lee, 2016). The digital platforms that make up much of the sharing economy also facilitate the evasion of existing regulations. For housing this generally means operating without a license or permit, without paying taxes or fees, being in violation of zoning ordinances, or without health and safety inspections (Cohen & Sundararajan, 2015; DiNatale, Lewis & Parker, 2018; Guttentag, 2015; Lee, 2016). That these regulations are still required of the more traditional providers of services is part of what makes sharing economy companies so disruptive and so efficient. The cofounder of Airbnb, Brian Chesky, has said that “there were laws created for businesses, and there were laws for people. What the sharing economy did was create a third category: people as businesses,” which makes the application of existing regulation very challenging (Kaplan & Nadler, 2015).

The application of the term “sharing economy” is itself disputed; the concepts of co-ownership and mutuality that form the basic ideals of the sharing economy are in some cases less present than an

extractive purpose, which is better characterized as a “platform economy” (Gurran, 2018; Leshinsky & Schatz, 2018). Gurran (2018) suggests that sharing economies can be divided into extractive models and generative or commons models, which are motivated by differing inputs and produce significantly different results. Several authors have suggested that “sharing” is an inappropriate term for STVR usage; instead of hosts using extra unused space in their house, they convert housing to intensive use temporary hotels, which makes the use more of a commercial activity than a socially oriented activity (Grimmer, Vorobjovas-Pinta & Massey, 2019; Wegmann & Jiao, 2017). The underlying question of whether to treat STVRs as a social or commercial use is present, if not framed in specifically those terms, in much of the debate concerning how to regulate them. Renting out of short-term housing clearly pre-dates the sharing economy, but dedicated-purpose platforms have broadened their reach in an unprecedented way, with the flexibility offered allowing supply to quickly scale to meet demand, and hosts facing few if any establishment costs (Gurran, Searle & Phibbs, 2018; Wegmann & Jiao, 2017; Zervas, Proserpio & Byers, 2017). The characteristics that make the sharing economy so attractive for hosts, guests, and investors are exactly those that make STVRs challenging to regulate.

3.3 Regulation

The purpose of regulation is to manage cases of market failure, where there are inefficient or inequitable outcomes on a societal level (Cohen & Sundararajan, 2015; Gurran, Searle & Phibbs, 2018). Negative externalities lead to an oversupply of certain service or outcomes; for example, in the case of STVRs, too much noise could be a negative externality. Conversely, failure to internalize positive externalities can lead to inefficiently low levels of a service or outcome; again for example, in the case of STVRs, houses with no short- or long-term residents in them could, to some, be a poorly internalized positive externality. STVRs and the sharing economy generally are evolving faster than regulations are, but integrating the informal housing activity through regulation and enforcement could begin to

mitigate existing concerns, and formally internalize some of the externalities of STVR use (DiNatale, Lewis & Parker, 2018).

Regulatory approaches differ significantly between jurisdictions. These differences are informed partially by the intensity of the issue, the tools available to government regulators, and the sociopolitical framing of the issue (Aguilera, Artioli & Colomb, 2019).

One fairly unique perspective to sharing platform activity regulation is that of self-regulatory approaches, as advanced by Cohen & Sundararajan (2015). This approach recognizes that sharing platforms have some measures of self-regulation built into them in the form of publicly visible ratings for both hosts and visitors. There is an incentive for users of home-sharing platforms to conduct themselves responsibly or face a reduction in either customers or residence options. Scaling beyond the individual, “leveraging reputational concerns can complement traditional regulation,” as third-party companies aim to avoid looking bad and consequently losing revenue (Cohen & Sundararajan, 2015, p. 117). In order to be effective, Cohen and Sundararajan state that sharing economy self-regulation would have to include credible enforcement mechanisms, a perception of legitimacy, and an emphasis on reputation. Without those characteristics, self-regulation will be ineffective and would require alternate regulation from the government. Edelman and Geradin (2015), while also in favour of limited regulatory requirements in order to allow platforms to deliver efficiencies, advocate for flexible regulatory requirements that correct genuine market failures and protect people from harm.

Effective regulation must balance the need to protect local communities with the potential value that the sharing economy brings, which is particularly important for regional and remote areas whose smaller communities are poorly positioned to absorb large shocks to either their housing or their economy (Grimmer, Vorobjovas-Pinta & Massey, 2019). Regulation must also account for the blurring of boundaries between the personal and the professional that is common in sharing economy activities; it is rare to be a full-time Uber driver, Etsy seller, or STVR operator, which means that a regulatory regime

intended for full-time professionals could create barriers to entry, stifle innovation, or disproportionately affect those least able to bear it (Cohen & Sundararajan, 2015). This distinction between small- and large-scale commercial activity is at the heart of much of the discussion concerning STVRs, as there is a widespread call to acknowledge that different rules are appropriate for ‘mom-and-pop’ operations as opposed to larger commercial STVR operators. Gurran and Phibbs (2017) outlined types of accommodation available through STVRs. In order of increasing intensity, these are: hosts renting out a spare bed or room in their own dwelling and remaining present during the visit, hosts listing their homes for rent while they are away, owners of a vacation property making their dwelling available for others when not in use, and investors using STVR platforms to manage homes that are purely used for STVR accommodations.

Regulations must begin with understanding the perception of the community toward STVRs, to discover if it is desirable to regulate, and if so, how (DiNatale, Lewis & Parker, 2018). In order to be an effective and efficient use of limited resources, regulations should also be informed by data and tailored to the type and intensity of STVR use found in each community.

3.4 Outcomes & Case Studies

Although the research on the effects of STVRs is still in its infancy, there are several case studies published in the last several years examining cities worldwide.

The Australian island state of Tasmania strictly regulated and then essentially deregulated the STVR industry (Grimmer, Vorobjovas-Pinta & Massey, 2019). The state began with no STVR-specific regulation and a wait-and-see approach, leaving hosts to comply with the same regulations as traditional accommodation operators. This could result in significant fines under building, fire, planning, and land use acts. After implementing a state-wide regulatory approach and considering a 42-night cap on stays, the government ultimately decided to significantly loosen regulations in 2017. These current regulations require a permit for hosts offering more than four rooms in their primary residence, and

mandate that property owners register their non-primary residence with the local council if they want to rent it. This effectively results in deregulation for small (four room and under) operations. STVR growth is noted as being particularly significant in “rural, regional, and outer suburban areas formerly with little or no accommodation offering” (Grimmer, Vorobjovas-Pinta & Massey, 2019, p. 305).

There have been several studies in Sydney, Australia, including one of the first empirical studies on Airbnb effects (Gurran & Phibbs, 2017). This initial research found that there are demonstrated supply and rent impacts in Sydney, and that even small percentages of STVRs can cause large impacts if they are clustered in small neighbourhoods (Gurran, 2018; Gurran, Searle & Phibbs, 2018). Further, there is a higher risk of neighbourhood touristification when entire residential properties are rented, as opposed to rentals within a host’s house (Gurran, 2018). Further research looking in part at submissions to a public inquiry on STVRs found that planning frameworks are not equipped to handle new types of visitor accommodation and the attendant tourist increases, and voluntary codes are also insufficient to address concerns (Gurran & Phibbs, 2017).

Research in Sydney found that nearly 1% of the city’s dwellings, or 3.26% of the total rental stock, were available for STVRs as of 2015; these 1,268 properties, or 144% of the city’s vacant rental stock, are expected by Gurran & Phibbs to affect rental availability and costs (2017). It is quite possible that STVRs are absorbing permanent housing stock; the practice of landlords evicting tenants to establish STVRs, while widely suspected, is not yet proven (Gurran & Phibbs, 2017; Gurran, 2018). The less urban area of Northern Rivers, several hours outside of Sydney, has a higher proportion of commercial STVRs compared to Sydney, which is assumed to reflect higher numbers of second homes in this popular holiday area (Gurran, Searle & Phibbs, 2018). The possibility of monetising these second homes may in turn incentivise buying them for commercial purposes, further squeezing the existing housing supply in these areas (Gurran, Searle & Phibbs, 2018). For this reason, monitoring of the growth of STVRs relative to permanent rental supply is recommended.

Lee (2016) examines the effects of STVRs on affordable housing in Los Angeles, ultimately finding that the higher premium of renting an STVR as opposed to a long-term rental unit leads to displacement, gentrification, and segregation. These combined outcomes characterize the process of hotelization. The research finds that heavy Airbnb use in a particular neighbourhood is correlated with gentrification in adjacent neighbourhoods, possibly as a result of being displaced from the STVR-heavy neighbourhood and moving into neighbouring poorer areas (Lee, 2016). Lee foresees impacts of STVRs on the tourism industry, sustainability efforts, and labour movements, as traditionally unionized positions within the hospitality industry become more fractured and tenuous within the platform economy. This research also calls for more precise data on STVR effects on evictions and rent, as although STVRs do produce an economic benefit for some segments of a given community, they exacerbate affordability issues within tight housing markets such as Los Angeles' where "neither the market nor the public sector can swiftly add to the housing stock" (Lee, 2016).

Further North American research examining the major cities of Austin, Boston, Chicago, San Francisco, and Washington DC also found impacts from STVRs. Wegmann & Jiao (2017) found a difference in impacts from whole-home rentals and partial rentals, with whole-home rentals making up the majority of postings in all test cities and commercial operators accounting for a disproportionately large share of activity (Wegmann & Jiao, 2017). Neighbourhoods with noticeable concentrations of STVRs were likely to have non-driving transportation options and few children; these high concentrations of STVRs are also unlikely to be found in neighbourhoods with large populations of communities of colour. The authors also found that the intensity of STVRs varied significantly across the sampled cities, with San Francisco having far more postings than even the second most intensively hosted city, Austin. Of the five test cities, the authors tentatively concluded that only San Francisco's rental vacancy rate is plausibly being affected by high-occupancy whole home rentals (Wegmann & Jiao, 2017).

One study on the economic impact of STVRs on the existing hotel industry in Texas found that results are non-uniform (Zervas, Proserpio & Byers, 2017). The impact of increased STVR presence in a community is highest on lower-priced hotels and hotels that do not cater to business travelers. Hotel responses generally consist of lowering their rates, which harms the businesses but benefits all travellers, even those who are not using STVRs.

An examination of New York City, using the rent gap theory as a framework, found both direct and exclusionary displacement which the authors believe could plausibly translate to an increase in rents and housing prices (Wachsmuth & Weisler, 2018). Home sharing effectively changes the potential highest and best use of a home away from residential housing, if the dwelling is in a location with significant tourist interest; this new highest and best use is achieved without any need for redevelopment, as “the only necessary step for converting a long-term rental to a short-term rental is to remove the existing tenant” (Wachsmuth & Weisler, 2018, p. 1151). This simple distillation of many tenants’ fears is a powerful incentive to planners to strongly consider how to best regulate STVRs in their own jurisdictions.

3.5 Canadian Context

STVRs have been a topic of concern in Canada as they have been globally. This concern has increased along with the widespread shortage of rental housing across much of Canada and the attendant increase in affordability issues. Most of the comparative data for Canada is provided by a recent McGill University study by Combs, Kerrigan & Wachsmuth (2019), which indicates that more than 31,000 homes across the country were rented out frequently enough that they were likely entirely removed from the long-term rental market. In order to determine this, the study looked for entire home listings that were available for rent at least half the year, and actually rented at least 90 nights, on the assumption that a unit being used this intensively for STVR use was unlikely to be used for long-term rental accommodation. The researchers found a pattern of significant concentration, firstly in Canada’s

major cities, and then in specific neighbourhoods. Close to half of Canada's daily listings were in Vancouver, Toronto, and Montreal in 2018. Vancouver has passed regulation that only permits STVRs in principal residences, but enforcement is challenging and there is still significant STVR activity in the city. The bylaw passed by Vancouver is intended to target mainly commercial operators, or those who manage multiple listings, whose business accounts for nearly half of all Canadian Airbnb revenue in 2018. Canada's STVR activity is likely to remain an issue, as STVRs are a popular way to visit our nation's many picturesque locations; Airbnb alone had a daily average of 128,000 active listings in Canada, which represents an increase of 25% from 2017.

More than one quarter of the 31,000 intensively used units were in rural areas, which the Combs, Kerrigan & Wachsmuth study defines as having a core population of under 10,000. They identify this as a matter of concern because smaller communities have fewer resources and less leverage, while STVRs are "growing faster, concentrating faster, and removing housing from the long-term market faster in rural areas" (2019, p. 22). The pattern of spatial concentration continues in rural areas, with STVRs being highly concentrated in Whistler, The Blue Mountains, Prince Edward County, and Mont-Tremblant. These amenity communities have significant reason to implement regulations on STVRs, with a historic strong seasonal tourist use and a relatively small housing supply. Effects of STVR use can be particularly hard on year-round residents who rent in these small communities, with one renter in Tofino pointing out at least five homes where she used to live that were later used as STVRs (Cardoso & Lundy, 2019). The irony of housing in tourist-reliant towns is handily encapsulated by Gary Sulz, Mayor of Revelstoke, B.C., who says that workers in the hospitality industry are "living in cars and trucks and campers on the streets, or 15 of them living to a home to be able to afford the rent," while their vacationers stay in STVRs (Cardoso & Lundy, 2019).

3.6 Enforcement & Implementation

Regulations, no matter how well considered, are meaningless without corresponding enforcement. Fundamentally, “sanctions must be costlier than the benefits of misbehaviour,” which is a very high bar to reach when the possible financial benefits of STVR use are so high (Cohen & Sundararajan, 2015, p. 15). The risk calculation of operators also takes into account that many planning enforcement systems are not strong, and are a low priority for local governments except in cases of immediate health and safety violations (Leshinsky & Schatz, 2018). Even New York City, one of the world’s largest metropolises, has had difficulty enforcing its STVR regulations (Gurran, 2018, Wachsmuth & Weisler, 2018). In part, this is because of the flexibility of STVR postings—the advertisements do not include addresses, and listings can be taken down and put up again with very little effort, rendering tracking violations difficult and time-consuming, while evasion of enforcement is conversely quite simple. Homeowners associations, condominium associations, and co-op associations can also be used to enforce regulation where local governments or platforms can’t, but those forms of housing are unlikely to occur in the more rural communities considered within this research (Cohen & Sundararajan, 2015). Other potential methods of enforcement include administrative citations, fines, and in some cases legal consequences for particularly obstinate operators that are unwilling to cease or alter their operations despite being subject to other enforcement actions.

There is an alternative perspective in the literature which focuses more primarily on property rights, innovation, and economic benefits. This perspective considers deregulation as a necessity to allow service providers and users to benefit from the efficiencies created by the platform economy and its attendant businesses (Edelman & Geradin, 2015; Kaplan & Nadler, 2015). In this view, enforcement and regulation is an impediment to economic growth and “improved services with better quality and convenience at reduced cost” (Edelman & Geradin, 2015, p. 326). Further, there is a scepticism about

the purpose of regulating sharing economy platforms; these articles consider much of proposed regulation a measure to protect existing businesses (Kaplan & Nadler, 2015).

The difficulties of enforcing planning regulations is only increased by homesharing platforms' noted reluctance to part with their data (Gurran, 2018; Gurran, Searle & Phibbs, 2018; Leshinsky & Schatz). They argue that it is proprietary, or that it isn't necessary for local authorities to have it in order to enforce their local bylaws. Airbnb has on occasion agreed to help implement local regulations or release its data, usually after legal action, and generally only for large cities like London, Vancouver, and New York (Gurran, 2018, Wachsmuth & Weisler, 2018).

Research on enforcement also focuses on the outcomes of enforcement. Leshinsky & Schatz's article on the effectiveness of traditional planning enforcement of STVRs states that it is critical that the design of regulation and policy reduces the need for lengthy and expensive processes. If enforcement resources are limited such that not all STVR violations can be pursued, the authors suggest that large corporate landlords operating large numbers of STVRs should be prioritized. Regulations and consequences should be clear to planners, politicians, and community members, as even voluntary compliance can be reduced by a lack of clarity in the law (Leshinsky & Schatz, 2018). As Edelman & Geradin so succinctly put it, "with only law but no enforcement, complying becomes a sucker's game" (2015, p. 326).

3.7 Small Cities

The closest parallel to this research in the literature is an examination of short-term rentals in small cities in Oregon, conducted by DiNatale, Lexis & Parker in 2018. They set out to explore the issue of STVRs while considering the unique challenges of smaller and rural communities. Their research, like this research, is motivated by the theory that STVRs may be more impactful on small cities which may be more dependent on the activity brought in by STVRs, more restricted in staff capacity, and have a smaller amount of long-term housing available. The study considered 237 small cities in Oregon, which

they defined as having a population of less than 100,000 and gathered impressions from planners at these cities through a survey. They examined the prevalence and characteristics of STVRs, revenue from lodging taxes, and potential implications for the long-term housing supply. They found that these small cities encompassed roughly 8,000 Airbnb STVRs, or 44% of total Airbnbs in Oregon, which placed an STVR in every county and 75% of the small cities. The prevalence of STVRs varies significantly but is highest in the areas generally frequented by tourists. STVRs were seen as a significant issue by the majority of the respondents, but only 35% had regulations in place and only 20% had imposed a transient lodging tax on the activity.

The research also considered that not all STVRs are whole home dwelling units, which is particularly likely to be true in rural areas. The list of potential rentals includes private rooms or sections of land for camping, camper vans, cabins, B&Bs, condos, townhomes, yurts, and boats. Many of these types of accommodation do not require the owner to vacate the property, which leads to the potential for hosts to offset the cost of home ownership while still using their primary property for STVR use. Conversely, small cities face as much potential as large cities do for owners to gain more revenue as STVRs than as long-term rental, “potentially increasing the demand for workforce housing and reducing its supply” (DiNatale, Lewis & Parker, 2018, p. 408). Their findings indicate that perceptions of STVRs vary wildly between regions, with resort communities facing far more severe issues than others.

3.8 Responses

The literature also provides a number of perspectives on how STVRs can effectively be regulated. Wegmann and Jiao (2017) outline four guiding principles for STVRs, these being to gather stronger data, consider concentration limits, implement meaningful enforcement mechanisms funded by permit fees, and distinguish between mom-and-pop and commercial operators. This last point of clarifying the difference between small and large operators is widely emphasized, as the frequency and intensity of rentals are a critical consideration (Gurran & Phibbs, 2017). Others have emphasized the

need for clear definitions when constructing STVR regulations, as operators themselves may be unclear if homesharing is illegal because standard bylaw definitions may not exactly match their understanding of their activities, and are frequently difficult to decipher regardless (DiNatale, Lewis & Parker, 2018; Gurran, Searle & Phibbs, 2018).

DiNatale, Lewis & Parker (2018) outlined an extensive list of possible responses to a perceived STVR issue that includes imposing a standard of safety and accountability, pursuing enforcement both on the ground and online, developing public nuisance abatement ordinances, banning STVRs entirely, enacting time restrictions or performance-based standards, requiring licenses, imposing fees and taxes, demonstrating adequate insurance, requiring consistency with land use controls, and determining whether inspections are necessary. Their further suggestions as to specific planning regulations echo many of the provisions enacted by the community examples in the *Outcomes & Case Studies* section above. These regulations include caps on concentrations in neighbourhoods, restricting STVRs to certain zones, imposing buffer distances between operations, implementing occupancy requirements, requiring STVRs to be primary dwellings, and explicitly stating that a license can be revoked if it receives an excess number of nuisance complaints. Strong regulations and potentially even bans are called for by Lee (2016), who claims that taxing the activity alone will not sufficiently disincentivize hotelization.

A further necessary aspect of effective STVR regulation is that of developing performance metrics and keeping records (DiNatale, Lewis & Parker, 2018). There can be no good planning without good data; therefore communities must gather information on the outcome of their regulations. Gurran (2018) also calls on communities experiencing an intensity of STVRs to document any evidence of rising rents, evictions, or declines in permanent residential populations. Active record keeping can help to reinforce protections for housing, guests, hosts, and neighbourhoods. Policies should be re-evaluated using this data on a regular basis to better respond to community needs (DiNatale, Lewis & Parker, 2018).

While national or provincial governments can play a role in housing, it is generally understood that STVRs should be regulated at a local authority level, in order to respond to ongoing local community needs (Grimmer, Vorobjovas-Pinta & Massey, 2019). Communities have distinct requirements that cannot effectively be addressed at a higher government level, as the effects of STVRs on communities are as distinct as the communities themselves (DiNatale, Lewis & Parker, 2018; Grimmer, Vorobjovas-Pinta & Massey, 2019; Gurran, Searle & Phibbs, 2018). Some of these distinct responses are explored in the following section concerning the specific regulatory regimes of this research's case study communities.

4. Case Study Regulatory Contexts

The case study communities selected as part of this research have taken a wide range of approaches in the regulation of STVRs. Approaches taken reflect each community's individual culture, history, and intensity of tourist use. While the approaches and perspectives represented here vary, all of the jurisdictions below understand STVRs to be visitor housing for a period of less than a standard month, or 30 days. They are seen as distinct from traditional tourist housing like B&Bs, hotels, trailer parks, motels, or campgrounds, and as needing regulation different from that regulating these traditional housing types and uses.

Implementing STVR regulations is generally a significant municipal project, including staff resources being allocated to the study of the issue, extensive community consultation, and formulation of possible approaches over the course of several months or years. The regulatory approaches outlined below are provided both as examples of what is possible for regulating STVRs, as well as background information for understanding the contexts of the professionals interviewed in the proceeding section.

4.1 Charlottetown

The City of Charlottetown is in the process of implementing STVR regulations at the time of writing. The proposed and recommended bylaw amendments were put forward at the City Council meeting of March 13, 2020; results of the meeting are currently unknown. The request to council was to proceed to public consultation to inform residents of the proposed regulations and licensing requirements (City of Charlottetown, 2020). Staff were first instructed by Council to begin formal research, public feedback, and consideration of regulatory options in the summer of 2019 (City of Charlottetown, 2020). The resulting staff report and proposed regulations are intended to balance health and safety, consumer protection, and the economic and social well-being of the community. The recommendations from staff proposed changes to permitted uses in the Zoning Bylaw as well as to Official Plan Policies.

The specific measures recommended include enacting a STVR licensing bylaw including registration and licensing requirements for platforms and STVR operators along with associated regulations and fees, Official Plan amendments to direct the growth of STVRs, and Zoning & Development Bylaw amendments to clarify regulation of STVRs. The business licensing regime would also result in the publishing of a public registry of licensed STVRs through a new section of the municipal website, which would also clearly lay out the regulations to the public. The recommendations also include establishing an enforcement regime to reflect the new regulations and establishing a process for condominium corporations and landlords to prohibit STVRs in their buildings. There are intended to be specific exemptions in the bylaws so that traditional tourist operations like inns and B&Bs can continue to use STVR platforms to promote their services.

Additionally, Charlottetown proposes distinguishing between residential and commercial STVR use. This is to be accomplished by removing tourist accommodation as a permitted home occupation and moving to explicitly define and regulate the specific tourism land uses; this includes residential and commercial STVRs as two of those defined land uses. Residential STVRs must be conducted in the host's principle residence, can occur in any type of dwelling unit, has a maximum of three bedrooms rented at any one time, and can only be rented to one guest and their associated party. This use, which is permitted in residential zones, is identified as *Tourist Home*. It is intended to restrict STVRs to the operator's principle residence and respect the surrounding neighbourhood character.

Commercial STVR use is distinct from residential STVR use only in that it does not have to be in a principle residence. The remaining provisions on bedrooms, guests, and dwelling unit types are the same as the Tourist Home use. The commercial STVR use is identified as *Tourist Accommodation*, and it is only to be permitted in commercial and mixed-use zones that would permit a hotel or hostel. It is intended to support the tourism industry without further disrupting residential areas.

4.2 Kawartha Lakes

Kawartha Lakes has opted not to regulate STVRs in their region, with the understanding that existing nuisance and safety bylaws are sufficient to mitigate the few negative effects from them experienced by the community. City Council initially received a staff report in October of 2017 and proceeded with public consultation on the matter, which demonstrated that the public felt that STVRs played a positive role in the community and should not be regulated (Scarr & Sloan, 2018). Initial regulation options presented to Kawartha Lakes included a status quo and monitoring approach, a registration program, or increased municipal law enforcement hours of service during peak season (Scarr & Sloan, 2018). Selection of the status quo and monitoring approach began with a public relations and education campaign to ensure that community members knew who to call in the case of poor visitor behaviour that ran counter to laws or bylaws. Council further amended several bylaws to allow bylaw enforcement to better track and respond to STVR-related issues (Hick & Sloan, 2018).

The Fees Bylaw is the mainstay of the status quo STVR approach in Kawartha Lakes. As a result of the above process, it was amended and clarified to reflect that the responsibility for bylaw violations rests not only with guests, but also with the property owner. An individual violation of a bylaw at an STVR will result in a ticket to the guest in question; multiple violations of the bylaws at a single property will result in inspection fees charged to the owner, which incentivizes owners to be selective about their guests and to inform them about how to be good guests in the neighbourhood. The bylaws adjusted to address STVR effects are those concerning property maintenance, animals, fires, fireworks, and noise, with non-compliance fees increasing for repeat issues (Hick & Sloan, 2018).

As part of their efforts toward education, Kawartha Lakes maintains a webpage which clearly lays out guidance on responsible STVR usage, including how to safely conduct bonfires while at the cottage, best practices for waste management and removal, parking, noise, and fireworks use (City of

Kawartha Lakes, n.d.a). There is also a section on who to contact to make a complaint about a STVR, and printable posters of information sheets for renters and property owners.

4.3 Southern Gulf Islands

Each island in the Islands Trust area has its own Land Use Bylaw and its own Official Community Plan (OCP). The islands considered closely within this paper are Galiano Island and South Pender Island. These islands have differing responses to STVRs in their communities. The Islands Trust's legislative position means that unlike a municipality, the islands do not have the ability to use business licenses to regulate STVRs. The tools available to them include home occupation regulations, zoning that specifically permits STVR use, and a tool called a Temporary Use Permit (TUP).

Home occupation is a common way to regulate STVR use within the Islands, and it goes some way to establish the understanding of small-scale STVR operation as a non-disruptive small business run by someone who lives in the home. Regulation here is enabled simply by including STVR use within the definition of permitted home occupation activities. Regulation through home occupation defines STVR operations as a commercial accessory use within the Land Use Bylaw, which necessarily requires someone to live on the property full-time (Henderson & Smith, 2019).

Temporary Use Permits are used on some islands for STVR operators who do not live on the property, and therefore their use does not fall within the definition of a home occupation (Henderson & Smith, 2019). TUP regulations are incorporated within OCPs. They are typically issued for short term uses, like festivals, or as a test of compatibility of the proposed land use, and have been extended to be a tool for legalizing STVRs. They are time limited and do not change the existing Land Use Bylaw zoning provisions. TUPs require an application to the Local Trust Committee (LTC), which triggers a community notification process. If approved by the LTC, the TUP is valid for up to three years and may be renewed once for a further three years. If an operator wishes to continue running an STVR after the TUP has expired, they must reapply as a new applicant, which again allows for community input. Cumulative

impact on both the neighbourhood and the island as a whole is considered by the LTC when issuing a TUP.

Galiano Island adopted a set of regulations in 2014 which allowed both the home occupation and TUP route to STVR operation (Henderson & Smith, 2019). Home occupation STVRs require that the property be simultaneously occupied as a dwelling; it permits STVRs in both dwellings (primary home on the property) and cottages (secondary separate home on the property). A maximum of one unit, three bedrooms, and four beds can be rented. STVR operations that do not abide by home occupation regulations can apply for a TUP, whose requirements include demonstration of adequate parking, septic, and water provision. A TUP may require that an island contact be available on Galiano Island at all times, regardless of where the operator themselves lives, and that this person's contact information be provided to neighbours within a 100-metre radius of the STVR. Other potential stipulations include that guests be provided with relevant information on noise bylaws, water conservation, fire safety, and waste disposal, and a requirement for a cistern due to groundwater capacity concerns.

South Pender Island allows STVRs outright on lots where a single-family dwelling is allowed as a principal use, subject to the restriction that only one dwelling on the lot be used for an STVR at one time. This requirement exists to prevent de-facto resorts on properties with multiple dwellings, and to preserve long-term rental stock. STVR use is also permitted as a home occupation in several residential zones, with the activity restricted to a cottage. South Pender could also issue a TUP to permit two STVRs on the same property, although the current local political climate makes this unlikely.

5. Interview Results

This research is significantly informed by the interviews summarized below. The lived experiences and understandings of the professionals involved in this issue on a day-to-day basis form a critical basis for the planning profession to understand how best to address STVRs. The interviews discussed below provide a snapshot view of their perspective as of March 2020. Discussion of the similarities and differences in perspective will follow in Section 6.

5.1 Charlottetown Interview

In Charlottetown, the planner characterized STVRs as “very much an issue.” Charlottetown has a housing shortage, and this is colliding with an increasing demand for short term rentals (Campbell, 2019, July 2). The Charlottetown planner summarizes the sentiment toward STVRs from long-term residents as “these people next door are no longer neighbours—they don’t know who they are.” A lack of neighbourliness is antithetical to what many Charlottetown residents understand as special and important to their community, which manifests in significant concern about STVRs.

The urgency of STVR regulation also came through clearly in conversation due to the concrete pressure STVRs are placing on the long-term rental market. The Charlottetown planner spoke to increasing rents and people being displaced or renovicted. In Charlottetown, unlike the other communities studied in this research, a formal study has been made of how STVRs have affected housing availability, and their effect is significant. This commissioned study, not available to the public, has drawn a clear line between increasing STVR use and decreased housing availability and affordability. This makes it all the more troubling that commercialization of STVRs is increasing in Charlottetown.

Commercialization describes the trend of moving away from renting out rooms in one’s own house, or even the entirety of the house an operator normally lives in, and moving toward owning multiple properties which are used for short term rental most of the year. These houses are sometimes rented out long term during the winter—for example, to university students during the school year—but

in other cases summer profitability allows them to stay empty over the winter and carry over to the next high season. The Charlottetown planner noted that “it’s not the old sharing economy where they rent out their cottage, they’re buying multiple properties.”

STVRs take the blame for many existing issues, but PEI is the fastest growing province in Canada, which is also affecting the marketplace (Yarr, 2019). STVRs are not enormously problematic if you have a healthy vacancy rate, which usually hovers at around 3-5%. Charlottetown’s vacancy rate as of October 2019 is 1.2%, up from October 2018’s abysmal vacancy rate of 0.2% (Stewart, 2020). There are shortages in all segments of the rental market. In this strained housing context, STVRs removing houses from the long-term rental market as indicated by the study Charlottetown commission is enormously problematic.

Complicating the issue of Charlottetown’s need to free up housing stock for long-term rental is its need to maintain the tourist industry, which is its economic lifeblood. The planner characterized PEI as a tourism province, and Charlottetown as a tourism city, with that long being the case. The tourist season goes from May to October, with the peak season running from June to the end of September. That period of peak sales and lots of business is what keeps many small enterprises running. The importance of visitors to Charlottetown means that “nobody wants to take STVRs out of the marketplace that can’t be readily replaced,” as the fewer tourists there are, the less money there is circulating.

The importance of tourists to the Charlottetown economy goes some way to clarify the comparably mild response of existing hospitality operations in the city. For the most part, they are described as not minding the STVRs because the additional capacity isn’t hurting larger hoteliers, as STVRs fill a different niche; the visitors staying in STVRs put more people on the streets and in the restaurants, which makes it a more appealing tourist locale. It is unlikely that the demand for more tourist rooms would be filled by a new hotel, as the seasonal economy characterized by a six-month off-

season makes a hotel a risky economic proposition. However, STVRs have “played havoc” with historic B&Bs, which have traditionally had stringent requirements to operate. There is a general desire from existing hospitality operations that STVRs pay the same fees, taxes, and levies, as well as be subject to the same level of inspection. This desire is echoed by the planner interviewed, who states that “Everybody wants a level playing field. The rules should be fair to all parties.”

In the search for a level playing field and reasonable regulations, Charlottetown has been in discussion with a number of jurisdictions. They’ve spoken to Vancouver and Toronto, as cities both dealing with a housing shortage, and with Victoria and Calgary as first adopters of STVR regulations, but the planner notes a significant scalability issue in the approaches taken by these larger cities. STVRs have been an issue on a slow burn for the past three or four years in Charlottetown, and their recent push toward regulation has led to other small Canadian cities looking to Charlottetown for their experience. The comparison of experience and caution from many jurisdictions is warranted, as STVR regulations have faced legal challenges on a number of occasions (Guttentag, 2017). Charlottetown accordingly aims to be very specific about their bylaws, as lack of clarity in the bylaws is fertile ground for a legal complaint.

Charlottetown has gathered a significant amount of community input as part of their planning for STVR regulations. At the moment, complaints originate more against STVR operators than from them. The Charlottetown planner characterizes councillors as an early warning system for citizen discontent, as elected officials tend to hear directly from the community on what issues are affecting them. From this warning system the staff has gathered that a significant issue with STVRs is their effect on the social fabric of the neighbourhood, which is significantly valued on PEI. In a place where “people have known their neighbours their entire lives,” they do not like it when there’s someone next door that they do not know. This is exacerbated when those people are behaving disruptively; it’s much easier to have a quiet word with a neighbour with whom you have an existing relationship than with a total

stranger or even a series of total strangers, depending on how busy the STVR operation is. The opinions of STVR operators are less clearly available. The general impression held by the planner is that operators seem prepared to pay a tourism levy, which Airbnb might be able to collect directly, as has been done in other jurisdictions. STVR operators also have concerns about building code issues. If they are subject to inspection in the same way that traditional hospitality operations are, they will face increased costs of operation resulting from the inspection process, and in some cases their STVR units may be deemed illegal.

The management of STVRs in Charlottetown is not entirely up to the city itself. A tourism license from the province is necessary, in addition to municipal requirements. Charlottetown is hoping to discuss formal coordination between the province and the city, ideally resolving that the province will wait to receive a licensing number from the city before issuing a provincial tourism license in Charlottetown's jurisdiction. Like Charlottetown, PEI knows that tourism is the bread and butter of the province, and it is unlikely to try to stymie the industry. Some jurisdictions are more heavy-handed with their desire to maintain this economic input—Florida, for example, passed state legislation reducing the ability of municipalities to regulate STVRs at all (Klas, 2020).

The regulations ultimately drafted by Charlottetown's planning department have included changes to the zoning bylaw and the introduction of a licensing bylaw—more extensive regulations than the other two communities examined in this paper. During the interview, the planner spoke a number of times to the complexity of addressing STVRs, as they don't fall neatly into the existing short-term rental bylaws that exist for hotels, motels, and historic home rentals. STVRs are a commercial use in a residential zone, and they exist in different building typologies; their flexibility makes them difficult to pin down in the way that is necessary for regulation. The regulation requiring that STVR operations in residential zones have a resident on the property goes some way to assuaging the strong Charlottetown concern of not recognizing one's neighbour, and they hope it will reduce the likelihood of a busy or

noisy operation in residential neighbourhoods. The changing regulations will result in the closure of some existing STVR operations; some won't meet building code requirements, others won't be able to meet the residence requirement, some might find the fees or process too onerous. However, it is assumed that a good many of them will continue operations, "because this is a strong tourist marketplace and that product will always be in demand." The regulations are intended to leave enough capacity in the marketplace to continue that tourist use while coexisting with residential neighbourhoods.

The population of Charlottetown is invested in the outcome of this regulation to an unusual degree, for a planning issue. The most recent community consultation meeting drew 250 people, and the planner is expecting more for upcoming meetings. The people who come out to the meetings have housing concerns at a far higher level than can be addressed by municipal regulations. The planner spoke to the difficulty of talking with citizens who are looking for someone to provide housing, or curb rent controls. Municipal government's relative accessibility means that people come to these meetings out of a desire to see someone, anyone, with what seems to them like the regulatory power to affect housing. In the meantime, Charlottetown will continue to clarify what effect STVRs are and are not having on the housing market, and coming up with regulation to level the playing field and ensure the safety of the visitors the city so depends on.

5.2 Kawartha Lakes Interview

The experience of Kawartha Lakes differs markedly from Charlottetown. There is less urgency on a number of fronts with STVRs in the area; chiefly, they are not seeing a significant link between increased STVR operations and decreased housing affordability and availability. The estimated 250-300 postings in the municipality occur largely in the northern-most areas of the municipality, around the lakes. This is at some distance from the town of Lindsay, the area's urban centre, or other more populated areas where housing is a problem. The concentration of STVRs around the lakes and away

from urban centres also means that STVRs are operating mostly away from Kawartha Lakes' existing hotels and motels, which results in little in the way of pushback from traditional operators. As observed in Charlottetown, STVRs and traditional tourist operations frequently occupy very different market niches.

The economic development team of Kawartha Lakes has determined that STVRs perform a necessary function for tourism in the area. The community's year-round population of 75,000 jumps to about 100,000 in the summer due to their position as the "gateway to the north." While they do not have as significant a level of seasonal tourism as Banff or Blue Mountain Resorts, STVRs are a huge economic driver and input to the surrounding community. Small local businesses in particular would suffer if forced to rely solely on the spending of year-round residents.

Kawartha Lakes typically investigates about 2,000 bylaw complaints per year. In the first year where they tracked complaint numbers for STVRs specifically, they found that approximately 11 to 15 complaints were directly related to STVRs. The municipality has been keeping track of those numbers since 2017, and the rate of incidence has not changed substantially. Regardless, much of the community consultation on the matter has drawn people who feel quite negatively about STVRs; as is typical of consultation, those who are most negatively affected are the most likely to speak out, with those who feel neutral or positive staying home. Wider surveying supported a more positive view toward STVRs. There is a very high sensitivity level in particular from full-time or frequent neighbours to STVRs, with this population most likely to raise issues around noisy parties, drinking, reckless driving, reckless boating, fires, garbage, and uncontrolled animals. The interviewee from Kawartha Lakes characterized most of the visitors who rent in the community as being very responsible, with the visitors they receive complaints about being "the one percenters." However, given that these "one percenters" are impacting residences, Kawartha Lakes turned their perspective to considering whether there were

sufficiently stringent consequences for the property owner to reduce the likelihood of disruption from guests.

The discussion of how to regulate STVRs in Kawartha Lakes began with direction from City Council in late 2017, and public consultation beginning shortly afterwards (Scarr & Sloan, 2018). The push for regulation came largely from the community, and not from the staff of the municipality observing STVRs as an issue. When considering how to respond to the complaints, staff considered licensing STVRs but ultimately decided against it. They saw a licensing program as being cumbersome, where the returns in their small community would be less than the cost to get a program up and running. Furthermore, licensing was viewed as simply a money grab by some community members, without the ability to require STVR operators to behave responsibly, which was the principle desire of the community. Kawartha Lakes ultimately decided to enhance several existing bylaws to encompass the effects of STVR issues; the work this generated was absorbed by existing staff, without the need to allocate significant start-up or ongoing resources toward program implementation. The intended outcome of changing the bylaws to the regime outlined in Section 4 is to put the onus for responsible behaviour back on the property owners, and not only with the transient renters.

Kawartha Lakes' approach to STVRs is informed by the pattern of tourism that occurs in their community. The interviewee believes that renters establish a pattern of forming attachments and returning back to the same rentals in the same areas in the same months, year after year. This seasonal return pattern helps to alleviate the temptation for guests to treat a place as disposable. For those who do cause trouble, the adjusted bylaws will capture both the guest and the property owner, which is leading many operators to take a security deposit in case of being fined. The municipality has also developed an information sheet for operators to display in the rental that outlines municipal rules, so that there is no confusion about what community expectations are.

In the handful of years since STVR regulation was introduced, the level of resources put forward from the municipality has not changed significantly. There continue to be very few STVR complaints each year. The new regulations are assumed to have very little impact on housing availability. The professional interviewed from Kawartha Lakes is very satisfied with the regulatory regime at the moment and has fielded a number of questions from other local governments about their alternative process to licensing. When asked directly about the effects of the regulations, the interviewee said “I hope it’s not a negative impact—that people who rent are still renting.”

5.3 Gulf Islands Interview

The Gulf Islands have been managing STVRs via regulation for longer than either of the previous case study communities. As a result, they have a clearer picture of the outcomes of regulation. The complaints coming from communities in this area are primarily about noise and water usage, as there are concerns about the viability of the groundwater systems these island communities rely on. Conflicts are more likely to arise in smaller-lot areas, where relative densities are higher, or in areas where there is more than one vacation rental in the immediate neighbourhood. The complaints originate both from the specific effects of being near an STVR—noise and activity— and the reality that some community members don’t like the principal of unregulated commercial activity in residential areas regardless of whether they are directly affected. Both of these avenues of concern are addressed by the two-pronged regulatory approach of home occupation and TUP.

Survey results have shown that in general, Gulf Island communities feel differently about home occupation STVRs than they do about TUP operations. There is a discomfort from many community members with allowing vacation rentals where owners or long-term renters are not present on the property, as is the case with TUP STVRs. However, the planner from the Gulf Islands states that there is a large segment of the community that does support STVRs both via a TUP and home occupation regulations, and this support extends beyond direct beneficiaries. Businesses perceive a benefit to the

increased visitor housing in their limited market, while others feel that people should have the right to do with their property as they wish—that it's a legitimate and valid use of land that should not be restricted. Some of these supporters likely also feel that they may benefit from having STVRs as an option in the future for their own needs, either as operators or for having somewhere for visitors to stay. Galiano Island is, at the time of writing, in the process of considering changing their existing STVR regulations, which are described in Section 4. Operators and people who depend on operators such as staff have come out quite strongly to oppose significant changes to the existing regulations during the consultation process, particularly changes to the TUPs. Galiano does not seem interested in changing the home occupation regulations, which are the regulations that govern STVR use when someone lives on the property full time. The interest in curtailing STVRs has fallen largely on TUPs, where operators usually live off-island and are typically not part of the year-round community.

Regulatory responses to STVRs exist in a state of flux over time, varying with the political and economic climate. On Galiano, where community consultation is ongoing, the planner has considered putting limits on the number of TUPs either on the island as a whole or within specific neighbourhoods, but political will is leaning closer to eliminating TUPs completely. This strong stance demonstrates that tensions around STVRs have remained at a high level even after implementing regulation, and that they are still a sore subject for many.

Jurisdictions tightening STVR regulations is a noticeable thread of discussion throughout the Gulf Islands. Much of this political push is a result of newly elected trustees in jurisdictions where there have been STVR regulations in place for either a few years, or, in the case of South Pender, more than 20 years. Most recently the South Pender LTC passed an interim bylaw to amend the Land Use Bylaw to remove the ability to have STVRs except as a home business. The trustees who passed the interim bylaw felt this was a matter that urgently needed resolving, while in contrast most attendees at the public hearing spoke against changing the existing regulations. The jurisdiction is now facing a legal challenge

on the matter. The current moment is a point where the pendulum has swung strongly towards concerns of housing availability, away from its historic position of economic concern, which more strongly favours lighter and more flexible regulation of STVR operations.

Housing is a critical influence on STVRs, and there is increasing evidence that the opposite is also true. However, the relationship between STVRs and housing is not clearly established in all communities; unlike Charlottetown, many local governments have not been able to directly trace the impact of STVRs on housing, and particularly on long-term rental housing. Many opponents of STVRs raise housing availability and affordability concerns, but it's very difficult to prove a one-to-one directly substitutable relationship between units used as STVRs and units removed from the long-term rental market. This is particularly true in communities like the Gulf Islands, where the majority of units rented as STVRs are detached single family homes, which might not be part of the long-term rental stock regardless. The nature of homes on the Islands is that many owners want to use the home themselves part of time. They want intermittent access to the house for themselves and their families, generally during the summer or the high season. The planner interviewed also mentions that they have frequently heard from operators that will not put their property into long-term rental because of the perceived perceptions of the class of people who use long term rental accommodation. They would rather the house stand empty than take the risk of having bad tenants, who are more difficult to remove than those guests they host through short-term rental platforms.

A number of considerations went in to the deliberation for the initial and ongoing regulations for STVRs on the Islands. Although the TUP is a useful mechanism for those operators not living on the island, it does require an effort from the operator in order to get legal permission up and running. Applying for a TUP provides an opportunity for staff to compare their existing STVR against the regulations, and it triggers a requirement for notice to be circulated to neighbours in the surrounding community. This is particularly helpful when an STVR has been operating unlawfully for some time, as

the neighbours will have experience with that operation and its impacts. LTCs are also explicitly permitted by the TUP regulations to consider cumulative impacts overall or in certain neighbourhoods. Having TUP regulations offers an avenue for STVR operators who aren't able to operate under home occupation regulations; having this avenue available allows bylaw officers to focus on those who haven't applied for a permit, either because they don't believe in regulation or because they won't be able to comply with the guidelines.

STVRs require significant and ongoing enforcement due to their nature as seasonal and short-term enterprises. They cease operation and by doing so come into compliance, and then next season they appear again, requiring new enforcement efforts. Bylaw enforcement is also made difficult on the Islands due to community attitudes about bylaw enforcement and regulation generally—the Gulf Islands' history as a counter-culture stronghold does not lend itself to respect for bylaws, which results in many regulations being ignored unless enforcement efforts are escalated. However, it is the position of bylaw enforcement that it is very simple to obey the bylaws on STVRs, as “you're in compliance the day you stop operating.”

After many years of bylaw enforcement issues, bringing these regulatory schemes into place has “demonstrably helped bylaw enforcement, and reduced the number of people operating unlawfully by legalizing some [STVRs].” The regulations, and especially the TUP route, were characterized by the planner as “a release valve” for the activity, operating as a path to compliance. In situations where there is no legal pathway for operators, people are likely to continue operating unlawfully simply because the economic incentive is so high. This leads to constant enforcement action and frustration from the community. Many of the STVRs are truly a temporary use during a portion of the owner's life cycle. Many people purchase homes on the island with the purpose of eventually retiring there or transferring to a work from home arrangement based on the island; in the meantime, they pay for their island property through STVR use.

In Galiano's case, before the TUP became an option, it was a matter of simply charging the same operators who continued their businesses despite enforcement, again due to the intermittent nature of STVR operations. With the TUP option available, enforcement's approach has changed to directing operators to the planning department to begin the process of applying for a permit. The TUP also encourages good behaviour, with the 3-year renewal requirement operating as an incentive to keep the STVR well managed and encourage neighbourhood accountability. If Galiano removes TUPs as an option, as they are currently considering, it is the planner's opinion that enforcement will become more difficult in the absence of this release valve. The reasons to operate an STVR remain the same—the potential for income is high, owners have made an investment in operating to fund their mortgage—and there's a strong incentive for operators to go to the wall and push back against enforcement rather than cease operations.

The effect of having regulations in place shifted staff efforts to mostly dealing with STVRs during the summer, with a steady trickle of applications coming through. Initial fears of needing significantly increased resources such as a dedicated planner to deal with the new regulatory regime were proved unfounded. Currently TUP applications are batched as much as possible when going to LTC meetings. In the immediate aftermath of implementing regulations there was an initial burst of two or three TUPs per meeting, which largely represented the existing operators who wanted to pursue legal operations. The next group to come through the permitting process were those who were prodded into it by enforcement, and each season there are a few newly started operations that appear before the LTC. The end result numbers of these TUPs are still quite small, proportionally; North Pender Island and Galiano Island both have fewer than 20 TUPs issued. The planner says that there was an impression that far more operations existed than do in reality. This is partly due to the irritation that people felt about the STVRs, as "if you don't like it, the impact feels larger." The impression was also informed by the websites advertising STVRs, which when considered briefly tend also to include posts on neighbouring islands,

duplicates, posts that are no longer operating even though their websites are up, and legal commercial operations that also advertise on the platforms, all of which inflates the numbers available to someone casually interested in the scope of STVR activity on their particular island.

The Islands Trust planner had several suggestions as to how the regulations on STVRs could be improved. They pointed to the home occupation regulations on Galiano, which allow secondary suites to be rented out as STVRs. It is this planner's opinion that this does directly affect housing, as secondary suites were intended to be used as long-term rental housing. However, there isn't currently a clear idea of how many secondary suites are being used as STVRs, so the impacts of this policy are unknown. Meanwhile the TUP guidelines were potentially too stringent on the individual permit conditions as opposed to the wider picture. Instead of regulating how many bedrooms are permissible per rental, focus could broaden to formally capping the number of TUPs issued in a neighbourhood or on the island overall. The regulations, while good, could always use some refinement to reflect the changing circumstances of the Islands.

6. Discussion

The responses above highlight the complexity of responding appropriately to the issue of STVRs, displaying some of the multitude of options available to planners. All interviewees noted that short term rentals involve interrelated facets, each of them addressing the economic, land use, bylaw enforcement, building code, and tourism dimensions affecting the decisions made by regulators.

6.1 Impacts in Small Communities

The interviewees' answers also reflect the unique circumstances of smaller communities reckoning with STVRs. These communities rely heavily on tourism, and consequently have proportionately larger stocks of vacation properties. This complicates tenancy opportunities—owners of vacation units generally want access to the units during peak season, either for themselves or for friends and family. This precludes long-term rental use, as renters need housing in the summer just as much as they do in the winter, particularly in towns where most of the economic activity and job opportunities occur during the summer. Workforce housing cannot be reliant on units that are regularly used for STVR. Regulation is necessary to protect the conversion of workforce housing in to STVRs, which is complicated by two factors. Firstly, there is no guarantee that the dwellings being used as STVRs would otherwise be available as long term rentals; as addressed in the Gulf Islands interview, some property owners would rather leave the home empty than engage in long-term rental. This phenomenon is particularly likely in areas with higher proportions of holiday homes. Secondly, regulation limiting STVRs must contend with the very strong incentive provided by the rent gap between a long-term rental and a series of short-term rentals. Short term rentals are most viable in areas with limited accommodation options and well-known tourist appeal, such as the small communities highlighted in this research.

The interviewees also spoke about an unusually high level of public involvement in the consultation and planning processes of the STVR regulations. These processes highlight the amount of concern that results when a small community, largely made up of those who have self-selected into

close-knit towns, is faced with constantly changing neighbours and unfamiliar faces. Complaints stem not only from the material effects of visitors, but also from what feels like a disruption in the fabric of the community. This also informs the responses in many communities, including two of those studied here, to differentiate between those STVRs who have someone living on the property full time and those which are whole-property rentals. Communities are more willing to allow STVR use as a home occupation, which mitigates concerns of absentee owners and neighbourhood character decay.

High-demand, high-amenity communities have been dealing with STVRs for a long time. Whistler, BC, had a precedent-setting court case settled in the early 2000s concerning STVRs operating in residential areas, and short-term rentals have been operating for significantly longer than Airbnb and its contemporaries have existed (Beswetherick, 2001). The concerns about these operations have likewise been present for decades, including operators who don't comply with existing health and safety standards, an uneven playing field for traditional tourism accommodations, and discomfort with strangers. However, the intensity of the issue has been exacerbated by the introduction of sharing economy platforms and the associated ease of converting dwellings into income streams. That STVRs are frequently an issue in small towns is not news to those who work and live there; however, there is a learning curve for those outside of these communities that these places may have responses worth considering. As the planner from Charlottetown put it, that "sleepy little place might not be as sleepy as they thought."

6.2 Similarities

Interviews with professionals from these three communities reveals threads of commonality between them, although they vary in location and in regulatory response. While the regulations ultimately differ, similar considerations were involved in the decision processes of each community when considering regulating STVRs. Primarily, all of the communities are heavily reliant on tourism for economic viability. Responses to complaints of STVRs need to take into account that tourism performs a

critical function for the wellbeing of all three places. These places have a history of tourism and are not unused to STVRs. The planner from the Islands Trust noted that their first encounter with the issue was a call from a real estate agent 20 years ago who had assured their clients that they would be able to rent out the property while they were gone; this real estate agent would no doubt have strongly urged their clients to check with the planning staff if this transaction occurred in the present.

Another complicating factor each interviewee referenced was the in-between nature of STVRs, operating in the gray area between commercial and residential. Constructing bylaws that address visiting, but only if the guests are paying, and then only if that payment and visit occur on a short-term basis, in buildings that have in all likelihood had no physical change, is remarkably difficult. Attempts to limit bedrooms or kitchens in order to reduce high-occupancy STVRs can have negative effects on larger families or those in non-traditional living arrangements, which is neither desirable nor, potentially, legal. Regulations must also be constructed such that they do not unintentionally impact boarding houses, inns, or B&Bs.

Precision in bylaws is critical as it is very challenging to address STVRs without clear regulations. Constructing bylaws that incentivize desired behaviours and disincentivize negative outcomes is made more difficult in the case of small town STVRs by both the limited resources available for enforcement and the significant potential benefit of running an illegal STVR. The demonstrated available income to operators is such that, as noted by the planner from the Islands Trust, jurisdictions would need to do a significant amount of enforcement, chasing people down, and potentially going to court to make it not worth people's time to operate STVRs. In the absence of an effective enforcement scheme backed up by coherent and consistent regulations, occasional tickets become the cost of doing business. This concern was present in all three interviews, although the responses to it vary significantly.

6.3 Varied Responses

The three communities selected for this research were chosen both for their geographic dispersal and for the variety they presented in approaches taken toward regulating STVRs. Two of the three interviewees, those from Charlottetown and the Gulf Islands, noted significant housing concerns in the areas affected by STVRs, while Kawartha Lakes' housing crunch was mostly experienced in the urban area where STVRs were rarely operated. All three of the communities had considered the issue of STVRs, and the approaches highlighted above demonstrate a range of some of the possible responses. Kawartha Lakes takes a more hands-off approach at the request of the community, putting an emphasis on operator responsibility and dealing with the negative outcomes of STVRs only through ticketing enforcement mechanisms. Charlottetown has the most intensive response, with carefully considered bylaws differentiating between large and small scale commercial STVR use, changing a number of associated bylaws, and implementing a licensing scheme. The Islands Trust takes slightly different approaches depending on the needs of each individual island, primarily accommodating STVRs as home occupation uses in the bylaw and using TUPs to allow whole-property rentals on a more provisional basis.

The Charlottetown interview highlighted the intensity and the urgency the community felt with regard to housing, and the impacts that STVRs were having on the affordability and accessibility of long-term rentals. Additionally, Charlottetown's recent increase in population has coincided with a sharp increase in STVR operations, both of which cannot be accommodated in their current housing stock. The Charlottetown interview also placed the most importance on community feeling, with neighbourliness and security top of mind in people's complaints to the municipality about STVRs. The planner from Charlottetown noted that many retirees come back to the Island looking for peace and quiet, because they remember it from twenty years ago, and are not expecting the growth that has occurred. Charlottetown is a city that is experiencing the growing pains inherent to rapid change, and this along

with their being the largest city considered in this paper goes some way to explaining the rationale for putting forward the strongest regulatory response. It is the opinion of the Charlottetown planner that STVRs cannot be dealt with solely through the zoning bylaw; for this reason, a licensing scheme has also been implemented.

Kawartha Lakes' approach shows that it is not always necessary to impose significant regulation in order to appropriately respond to STVRs. Their approach leans more toward an understanding of STVRs as a necessary business opportunity and economic driver, causing comparatively few negative effects. Crucially, Kawartha Lakes does not find STVRs to be a likely driver of housing unaffordability. This allows for the more straightforward negative effects of STVRs to be reasonably addressed through an enforcement scheme designed to incentivize responsible property management, while still respecting the right of anyone to rent their house. The primary concern of the interviewee from Kawartha Lakes was less on the issue of STVRs as commercial use in residential zones, and more on the issue that operators have their provincial business license and are reporting their income fairly to the Canadian Revenue Agency. In part, this is because the significant majority of STVR operators are respectful and receive few complaints; they are imposing relatively light impacts on their communities.

The Gulf Islands interview illustrates the changes in regulation that occur when STVRs have been considered and in place over a period of many years. There is a gradual shift of perspective that occurs over time that is most clear in the enforcement or lack thereof of illegal STVRs. Historically, several islands have decided to refrain from active enforcement due to a desire for increased economic activity in the community. Currently, when affordable housing is more predominant on the political agenda, islands are shifting more toward restricting STVR use and proactively enforcing against illegal STVRs even in absence of complaints. Many of the islands also place a limit in their bylaws of only one dwelling unit per property being rented as an STVR at a time, in order to reduce the likelihood of informal resorts being created out of units on individual properties, much the same way a more urban regulatory regime

might have provisions against multiple STVRs being operated by one person in the same building. The unique tool of TUPs also allows the bylaws to remain largely unmodified while still creating the opportunity for some larger scale commercial STVR use on a short-term basis. Using a TUP instead of changing the land use bylaw means that the use is not embedded permanently and allows for ongoing community feedback on this potentially more disruptive intensity of use. The planner from the Gulf Islands noted that an investigation done last summer by the author of this paper indicates that there are fewer operators active on Galiano Island than supposed by some vocal members of the community; this disproportionate understanding of how many STVRs there are on the island stems from the discomfort of being personally affected. Those most in conflict with STVRs are most likely to engage with the planning and enforcement processes. There are certainly very concerning impacts on some of the islands as a result of increasing STVR intensity; for example, seasonal water demand increases in the summer while water supply goes down. As the islands draw their water supply from aquifers, there is a real concern and increasing pattern of wells running dry. Some community members think that STVR users exacerbate this issue by using more water than a normal household would.

6.4 Looking Forward

STVRs will continue to be a contentious issue for both small and large communities. Both the incentives and the web-based platforms remain, providing an inducement to skirting existing regulations. Reducing the appeal of operating STVRs will require changes to existing regulations to shift the cost-benefit analysis of operators. These regulatory changes will continue to exist largely within the domain of local governments and planners. While none of the three interviewees foresaw any role for the federal government in the issue of STVRs, provinces could potentially provide some high-level input and support in the form of taxes targeting short-term rentals. However, travel and tourism are growing industries, and STVRs provide an easy way to bring tourists to small economies that need them. Balancing that drive against the need for housing in these same communities is an open question. While

academics “[re-examine] the meaning and function of home in an era of increased travel, leisure, and multiple and transnational home ownership,” planners and their communities are considering much the same issues at a more immediate level (Gurran, 2018, p. 302). The professionals interviewed all expressed that they did not know what the answer is to that necessary balance in these communities, with one speculating “at a certain point, do you just pull up the drawbridge and say no?”

6.5 Recommendations

Following this research into both the wider literature and the lived experiences of three small Canadian communities, the following recommendations are offered for those considering implementing STVR regulations:

- 1. Communities should have differing regulatory responses informed by both the expressed needs of the community and the intensity of the STVR activity.**

As illustrated in the literature and in the case study results of this research, communities have unique housing needs, sociopolitical contexts, historic understandings of tourism, and ongoing economic requirements. These circumstances mean that it is not possible or desirable for an approach to be cut from whole cloth from one jurisdiction and applied to another. Planners and local governments must first conduct research to ascertain the extent of STVR activity and consider what form the use takes. Additionally, the community’s desire for regulation should be considered; while some might want the intensive regulation and business licensing present in Charlottetown, others might consider an approach like Kawartha Lakes’ to be more in line with their needs. Both of these steps should be undertaken in order to create an effective regulatory regime that serves the needs of the community.

- 2. Regulations should distinguish between large- and small-scale operators.**

A consistent thread in both the formal and informal writing on STVRs is that there is a notable difference in effect between small-scale and large-scale operations. In this usage, small scale is used to indicate those rentals where a full-time resident is on the property and rentals are a semi-frequent

secondary use of the land. Large-scale STVRs are more likely to involve whole-home rentals, property owners who do not habitually live in the community, permanent conversion to short-term rental use, and operators who manage multiple listings, often with corporate ownership regimes. The differences in intensity of use and impacts felt by the community should be reflected in the regulations, generally by imposing higher requirements and fees on large-scale operations, limiting their locations, capping their numbers, or outlawing them altogether.

3. Protections should be established where possible to protect workforce housing.

While there is currently limited research to conclusively determine that STVRs are having an effect on the affordability and availability of workforce housing, it is a widely-indicated concern. Measures should be established to explicitly protect those types of housing most accessible to low-income and year-round workforce populations, who are unlikely to own holiday homes and whose labour keeps small towns functioning. One such protection could be enabled through disallowing STVRs in secondary suites, or only allowing STVRs in limited neighbourhoods or zones. This is particularly urgent in communities where workforce housing is demonstrably limited.

4. Ongoing data should be collected on the effects of the regulations.

The impacts and effects of STVRs vary over time, as operators enter and leave the market and as economic incentives change. This change is particularly present in the aftermath of regulation imposition. Data should be gathered so that jurisdictions can understand what effects their regulations had on the market and on the provision of STVRs. The data collected could include monitoring of complaints concerning STVRs, changes in numbers of postings available on websites, and numbers of applications for planning permissions related to STVRs. This will allow planners and regulators to consistently calibrate the bylaws and continue to work toward the desired community outcome.

7. Conclusion

This research examined how STVRs are affecting small communities in Canada. The existing research on the effects of STVRs focus mainly on larger cities and metropolitan areas, while the impacts on smaller communities are not yet on the research agenda. However, the impacts of STVRs are strongly felt in smaller and more rural communities, where there is less government and enforcement capacity, less leverage over sharing economy platforms, a smaller housing pool, and tight-knit communities. Research also indicates that the growth of STVRs in Canada is higher in rural areas than in urban areas, which means that small communities will increasingly be required to implement regulations concerning STVR use (Combs, Kerrigan & Wachsmuth, 2019).

The responses from the three case study communities indicate that needs and regulatory regimes vary between communities. The perceived impacts of STVRs are different from city to city, with some areas considering them a much-needed business opportunity and others more inclined to see them as a threat to long-term housing. Accordingly, potential policies and regulations vary, and are a challenge for planners and local governments who are tasked with implementing bylaws that suit the needs of their specific community. Regardless of which policy avenue or intensity of enforcement is selected, cities must increasingly make a considered decision as to how they intend to handle STVRs. To this end, more research is required, particularly in smaller communities, to examine the positive and negative outcomes of the regulatory regimes currently implemented, as it is not practical or feasible for planners to remain disengaged from this critically important issue.

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