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## MANAGEMENT REPORT

**Date:** February 10, 2025  
**To:** Mayor and Council  
**From:** Adam Betteridge, Director of Building and Planning Services  
**Report Number:** COU25-010  
**Attachments:** Letter dated March 27, 2024

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**Title:** Accommodation Licensing Fee Implementation

**Objective:** To provide follow-up information to Council from the April 8, 2024 Public Meeting, and establish the necessary application fees for the City's Accommodation Licensing By-law 130-2022 through an amendment to the City's Fees and Charges By-law 99-2024.

**Background: Background:** Short Term Rental Accommodations (STRAs) in the City of Stratford are currently regulated through the following City By-laws:

- Comprehensive Zoning By-law 10-2022 (hereinafter referred to as "Zoning By-law" or "ZBL"); and,
- By-law 130-2022 to license, regulate and govern the provision of short-term rentals through the City including inns, STRAs, hostels, rooming houses and boarding houses, this commonly referred to as the "Accommodation Licensing By-law".

The current provisions and regulations in the City's ZBL for STRAs were the result of an extensive deliberative process, ultimately being finalized and incorporated as part of the City's review and adoption of the ZBL in early 2022.

Since the adoption of the Accommodation Licensing By-law, licensing fees and their specific amounts (i.e. the application fees required to obtain a license) have not been established.

A Public Meeting was held on April 8, 2024 to give Council an opportunity to hear and consider comments from the public regarding the establishment of fees for license applications under the City's Accommodation Licensing By-law 130-2022. Staff Report No. COU24-036 was presented and outlined the implementation of licensing fees for STRAs in Stratford, with a comparison of fees in other municipalities, explained the

purpose of the fees, and described how they were designed to cover administrative and enforcement costs while ensuring fairness and affordability for rental operators.

At the Public Meeting, concerns were presented from a representative of the “Innkeeper’s Collective” which included the timing of fee implementation without prior budget discussions, the need for sufficient notice and payment flexibility, fairness in applying fees across accommodation types, lack of public notice on appeal fees, stakeholder engagement, enforcement of non-compliant operators, and the timeline for the Administrative Monetary Penalties By-law.

Following the Public Meeting, staff became aware of a letter dated March 27, 2024 from an STR operator, submitted in response to the Notice regarding the Accommodation Licensing By-law Fee Implementation. The letter is attached to this report. Upon receipt, staff did not recognize the letter as a response to the notice and, as a result, it was inadvertently omitted from the materials presented at the April 8, 2024, Public Meeting. Staff acknowledge and take full responsibility for this oversight.

The letter emphasized the financial challenges faced by short-term rental (STR) and bed and breakfast (BnB) operators due to rising costs and new municipal fees and request the City of Stratford to keep licensing fees as minimal as possible to support the accommodation industry, which, as the letter states, is vital to the city's tourism economy.

Staff have considered the comments received. The purpose and intent of the Accommodation Licensing By-law is to ensure that occupants of STRAs and the other short-term accommodation uses (B&Bs not included given such are regulated through the Bed and Breakfast Licensing By-law 180-2004) are provided with safe accommodations in terms of fire and building safety and that the accommodations comply with all Applicable Law including but not limited to the City zoning, property standards, and general sanitary requirements. The Accommodation Licensing By-law also ensures that short-term rental operators/owners are made aware of their responsibility to comply with City by-laws and other regulations.

As noted, STRAs are not subject to the City’s B&B By-law, however revisions were approved to the B&B By-law in order that both by-laws (B&B and Accommodation) would be consistent. Such revisions pertained to the provisions for the appeals process, insurance, and offences and penalties.

In addition to the ZBL and Accommodation Licensing By-law, STRAs are subject to a four percent (4%) mandatory tax through the City’s Municipal Accommodation Tax (“MAT”) By-law 93-2022.

**Analysis:** The Accommodation Licensing By-law aims to ensure the safety and compliance of Short-Term Rental Accommodations (STRAs) with applicable laws, excluding Bed and Breakfasts (B&Bs), which are regulated separately.

Municipal benchmarking with other cities indicates licensing fees range from \$279 to \$800, with varied enforcement measures, including penalties and compliance programs. Stratford’s proposed STRA licensing fees are set at \$412 for the first room and \$125 per additional room, aligning with other jurisdictions and reflecting higher administrative demands compared to B&Bs. Additional fees include late filing (\$70), transfer processing (\$34), and appeal fees (\$185). Note: the proposed fees presented last year (Staff Report No. COU24-036) have been adjusted for CPI. The fees recommended to be added to and form part of Schedule “B” of the City’s Fees & Charges By-law (and be reviewed annually) are:

“K) Short Term Accommodation

Item	Fee
i) Application Fee for Short Term Rental Licence (First Room, and per Application/Licence)  a. Plus the following applicable amount per additional room:	\$412.00  \$125.00
ii) Late Filing Fee (per Application/Licence)	\$70.00
iii) Transfer processing Fee (per Application/Licence)	\$34.00
iv) Appeal Fee (Short Term Rental & Bed and Breakfasts)	\$185.00

STRAs are also required to report information and collect and remit a 4% Municipal Accommodation Tax, and an Administrative Monetary Penalty (AMP) By-law is under development to enhance enforcement. Public notice has been provided, allowing input from stakeholders before final approval.

Also included in the above is an “Appeal Fee”. An option to appeal is set out in both the Accommodation Licensing By-law as well as the B&B By-law; both refer to the charge as specified in the Fees & Charges By-law. Appeal fees are a part of the appeal procedure for the licensing of these accommodations. Where an Officer refuses to issue or renew a license or where the Officer elects to suspend or revoke a license, the licensee can appeal their decision to the Appeal Committee in accordance with the requirements of the applicable by-law.

In 2023, 28 STRA licenses were issued, and in 2004 the number increased to 62. Projections suggest a marked increase with improved enforcement. The proposed fees aim to cover operational costs without burdening taxpayers, with ongoing reviews to ensure financial sustainability and transparency.

The success of the Accommodation Licensing By-law and anticipated revenues depend on the Department's ability to enforce compliance among non-compliant operators. The 2025 proposed budget includes additional By-law Division staff, as current staffing levels—0.060 FTE per 1,000 residents—are well below comparable municipalities. Without adequate resources, enforcement efforts may be limited, affecting revenues and regulatory effectiveness. Adequate staffing is crucial to achieving financial and operational goals while ensuring public safety and fairness. Additionally, finalization of the Administrative Monetary Penalty (AMP) By-law will further strengthen enforcement, provided sufficient staff are available to implement and administer it effectively.

### **Financial Implications:**

#### **Financial impact to current year operating budget:**

The 2024 and 2025 budgeted revenue estimates were prepared without STR licensing revenues. Based on estimated license volumes, there could be revenues created of \$20,000 to \$35,000 that will effectively be used to offset the costs to administer the by-laws. In addition to licensing revenues, the City could also anticipate Municipal Accommodation Tax (MAT) revenues. These revenues are based on seasonal room availability volumes and accommodation values and will be analyzed as the program matures.

#### **Financial impact on future year operating budget:**

As the City licenses more of the STRAs, there will be additional revenues from the licensing, revenues from the Municipal Accommodation Tax, with nominal increases to costs.

### **Alignment with Strategic Priorities:**

#### **Build Housing Stability**

This report aligns with this priority as regulating and enforcing STRs will work towards maintaining the City's long-term rental housing stock.

### **Alignment with One Planet Principles:**

#### **Equity and Local Economy**

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

#### **Culture and Community**

Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living.

#### **Travel and Transport**

Reducing the need to travel, encouraging walking, cycling and low carbon transport.

**Staff Recommendation: THAT the report titled, "Accommodation Licensing By-law Fee Implementation" (COU25-010), be received;**

**AND THAT Schedule "B" of the City's Fees and Charges By-law 99-2024 be amended to establish license application fees for the City's Accommodation Licensing By-law 130-2022 as recommended in Report COU25-010.**

**Prepared by:** Adam Betteridge, MPA, MCIP, RPP, Director of Building and Planning Services

**Recommended by:** Adam Betteridge, MPA, MCIP, RPP, Director of Building and Planning Services  
Joan Thomson, Chief Administrative Officer