Regulation of Short-Term Rental Properties: Key Considerations

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For decades in Manitoba, the “land of 100,000 lakes”, property owners in municipalities across the province have made their cabins, homes and other forms of properties available for short-term rental to families, groups and individuals wishing to vacation in lake country. Over the past several years, popularity and demand for short-term rental properties and accommodations through platforms such as Airbnb and Vrbo has continued to grow. This is due in part to travel restrictions as a result of the pandemic and increased interest in local tourism and accommodations.

In the circumstances, the regulation of short-term rental properties has become a current and pressing issue for municipalities. Several considerations for municipalities include the impact of short-term rental properties on local housing markets, supporting local tourism, legality under zoning by-laws and regulations, and compatibility with surrounding neighbourhoods.

As municipalities have taken steps to effectively regulate the use of short-term rental properties, the number of court challenges to municipal by-laws incorporating these regulations has grown, often stemming from confusion over the new regulatory framework.

Whether you are a property owner, developer, contractor, design professional or municipal government, clear communication, transparency and understanding of the process for establishing lawful short-term rental accommodations is critical, as municipalities may have new regulations in place or may be in the process of implementing a new regulatory framework.

For municipalities, in implementing a regulation strategy for short-term rental properties, it is important to consider:

- the nature and extent of short-term rental properties currently operating in the area;
- areas of community concern as well as the interests of short-term rental owners;
- the extent to which current zoning by-laws and regulations allow the operation of short-term rental properties or whether amendments are required;
- new by-laws or amendments to existing by-laws to provide for the regulation and licensing of short-

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term rental properties;
- establishing a logical, clear and transparent regulatory framework and process for new and existing short-term rental properties, with public awareness.

For property owners, contractors and design professionals following a municipality's process for establishing and operating short-term rental properties, it is important to consider:

- whether the municipality has been informed of a property owner's intention to use a property for short-term rental accommodation so that the process is clear, including order of steps and timelines involved;
- whether the municipality's zoning by-law and regulations permit the use of a property for short-term rental accommodation and whether a conditional use approval may be required;
- the municipality's by-laws which set out licensing and regulation requirements for short-term rental properties, commonly contained in short-term rental licensing and business licensing by-laws;
- that the municipal by-laws may contain regulations requiring compliance with a municipality's building by-law, the Manitoba Building Code and Fire Code, and that several permits and inspections may be required;
- that the municipality may require that adequate property damage and liability coverage be in place from insurance providers;
- the time and expense that will be incurred to achieve compliance with municipal requirements.

Overall, it is important to know the process for establishing a short-term rental property at the outset of any project. Clear communication, transparency and understanding are critical to the long-term success of a short-term rental property.

If you would like to know more or have another construction law matter to discuss, please contact someone **in the TDS Construction Law group**.

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