

Staff Report

To: Council

From: George Vadeboncoeur, Manager, Planning Special Projects

Meeting Date: August 13, 2025

Report No.: DS2025-088

Subject: Options to Address Zoning Matters Raised During Short Term Rental Accommodation (STRA) and Bed & Breakfast (B&B) Licensing By-law Public Consultation

Type: Requires Action

Motion No.:

Recommendation

It is recommended:

1. That Report No. DS2025-088 be received and adopted.
2. That Council direct staff to seek input from the public on Zoning By-law amendment options created to address zoning comments received by the public on the draft STRA and B&B Licensing By-law.
3. That staff report back to Council with recommendations after considering input from the public.

Background

In the June 11, 2025 report to Council ([DS2025-050](#) & [Schedule A](#)) staff summarized comments received on the draft Short Term Rental Accommodation (STRA) and Bed and Breakfast Accommodation (B&B) licensing by-law including a brief summary of zoning matters that were raised. Staff indicated that a further report would be forthcoming detailing those matters.

The purpose of this report is to advise Council of the matters that were raised and provide options to address them for further review and comment.

Currently under Zoning By-law 97-95, as amended, STRAs that function as commercial accommodation are only permitted within the Village One (V1) and Residential Two Exception 123 (R2*123) Zones as “Village Commercial Resort Units” in the following areas of the Township:

- Horseshoe Resort Condos
- The Carriage Hills and Carriage Ridge developments.

Bed and Breakfast uses are only permitted as of right in the Agricultural/Rural (A/RU) Zone or Private Recreation (PR) Zones. They are permitted elsewhere by exception through an approved site-specific Zoning By-law Amendment that individual property owners must apply for.

It is being recommended that Council table this report and seek public input on the options outlined before considering any changes to the current zoning framework. Upon Council direction, staff would initiate a public consultation program to gather input and then return to Council with recommendations based on the input received and Council’s goals with respect to the STRA and B&B regulation framework.

Draft Licensing By-law – Zoning By-law Comments

The following land use objectives were voiced clearly by stakeholders (residents, STRA operators, farmers, land use planning professionals) through the public consultation program facilitated by the Township for the draft Licensing By-law:

- Ensure safe, healthy and peaceful neighbourhoods
- Establish clear land use regulations (permissions vs. prohibitions)
- Reduce the potential for significant costs associated with litigation (Court and OLT Appeals)

Questions also arose about applicability of the OLT/Divisional Court decision dismissing the Township’s attempt to introduce the definition of “Commercial Accommodation”. As Council is aware, the OLT rescinded the amending by-law and the Superior Court supported the OLT decision. Staff interprets the decision as Court recognition that the current Zoning By-law prohibits commercial accommodation in dwelling units, but states it must be something “other than simply renting a dwelling unit for money”.

The Court goes on to suggest that the term “commercial accommodation” in the current definition of dwelling unit, “... could mean that temporary accommodation provided as part of an ongoing commercial enterprise akin to a hotel, motel, resort or bed and breakfast are prohibited as commercial accommodations” but provides no further guidance to differentiate use or define.

The current STRA framework interprets this decision to mean that owners that advertise their dwelling units as STRAs are providing commercial accommodation and need to have proper zoning in place. Conversely, owners that rent occasionally and do not advertise are permitted to rent their dwellings. This has been a difficult concept to explain as some view the OLT/Divisional Court decision to mean that all types of STRAs are permitted in residentially zoned areas. Some may feel strong enough and seek a

further court ruling to confirm their position and as highlighted above the ambiguity in recent court decisions would be subject to legal interpretation. From the perspective of staff, this highlights the need for enhanced clarification through updated zoning provisions.

At the public open house and during the consultation period, residential property owners that only rent occasionally and wish to advertise enquired if their properties would have to be licensed. Staff explained that if their property is advertised as a STRAs, it is considered commercial accommodation, and their property must be rezoned before it can be licensed.

Individual property owners in the rural part of the Township commented that they occasionally rent surplus farm dwellings as STRAs on their rural properties as a secondary use supporting their farm operations. They view STRAs as an “Agriculture-Related Use” or an “On-farm Diversified Use” and suggested that they be permitted as of right on rural properties as a secondary use to their farming use. They mentioned that this concept is already recognized in the province.

The Ontario Federation of Agriculture states, *“On-farm Diversified Uses (OFDUs) are identified in the Provincial Planning Statement, 2024 (PPS) as one of three categories of uses permitted in Ontario’s prime agricultural areas. They may be related to agriculture, supportive of agriculture, or able to co-exist with agriculture as the primary use in agricultural areas.*

Examples of OFDUs include (but are not limited to) value-added uses such as a winery, bakery, agri-tourism and recreational uses, home occupations such as a bookkeeper or daycare, home industries such as a vehicle repair shop, retail services like a farm market, and a small café or restaurant.

While OFDUs cover a broad range of business types, they must meet all five policy criteria specified in the PPS. The OMAFRA Guidelines on Permitted Uses in Ontario’s Prime Agricultural Areas (“Guidelines”) elaborate on the criteria a proposal must meet to qualify as an OFDU to balance farmland preservation with economic development opportunities. Under the Guidelines, almost any proposal may qualify as an OFDU, provided that the use is:

Located on a farm

Secondary to the principal agricultural use of the property

Limited in area (e.g., 2% of farmland to a maximum of 1 ha)

Includes (but is not limited to) home occupations, home industries, agri-tourism and value-added uses

Is compatible with, and does not hinder, surrounding agricultural operations”.

The farmers who commented were not opposed to licensing but were of the view that STRAs in the rural area should be permitted as a secondary use for properties zoned Agricultural/Rural as they are part of their farming operation.

Options Dealing with Zoning Matters

When addressing options to deal with STRA zoning matters, it is important to be mindful of the STRA policies in the Township's Official Plan. These policies are under appeal to the Ontario Land Tribunal and staff are reviewing them to determine what changes can be made to reflect current municipal practices.

In considering the zoning comments received on STRAs staff have prepared four options for Council's consideration. It is intended that these options be tabled and that staff be directed to consult with the public on their views. After the consultation period, staff would return to Council with a recommendation report.

The following options and analysis are intended to inform Council and the public of potential risks of pursuing any of the options.

Option 1

Maintain the current provisions in the Zoning By-law whereby STRAs are only permitted in the (V1) and (R2*123) Zones. Owners of STRAs in other areas of the Township would require a site-specific zoning amendment to permit the operation of an STRA on the property. STRAs that do not advertise would continue to be permitted and be subject to all municipal regulatory by-laws.

As of August 4, 2025, there are an estimated 294 STRAs operating in Oro-Medonte. Many properties would require an individual zoning amendment to legally operate.

This option would rely on the interpretation of the existing Zoning By-law provisions which have been difficult to defend as the provisions are ambiguous as described within court decisions.

Ultimately, this option places control with Council to either approve or refuse individual applications for zoning amendments to permit STRA's. However, this control represents a significant financial risk as OLT appeals are expected along with some resistance from the community for individual site-specific zoning amendments. Under the existing Planning Act framework, only the property owner or a public agency have appeal rights.

Analysis of Option 1 against the three stated objectives:

Municipal Objectives	YES	NO	Staff Comments
Ensure safe, healthy and peaceful neighbourhoods		X	This option would maintain the status quo and would not capture the majority of STRA's which are primarily located in residential areas. Council would rely on the Licensing By-law and nuisance by-laws to address illegal operation of STRAs.
Establish clear land use provisions (permissions vs. prohibitions)		X	This framework would rely on interpretation of commercial accommodation in the existing zoning by-law, which makes it a challenge to determine the threshold of rental arrangements going from occasional rentals to "commercial accommodations".

Reduce the potential for significant costs associated with litigation (Court and OLT Appeals)		X	The requirement for site specific zoning by-law amendments could trigger significant OLT appeals in the event Council refuses specific applications and would be subject to ambiguity of residential/commercial interpretation
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Option 2

Township to initiate a Zoning By-law Amendment that would permit STRAs as a secondary use on properties zoned Agricultural/Rural (A/RU), Mineral Aggregate Resource Two (MAR2), Private Recreation (PR), Village 1 (V1) and Residential Two Exception 123 (R2*123) Zones based on OFDU principles outlined above. Introducing STRAs as a secondary use in the rural area would mirror the Township's approach to B&Bs, which are permitted as of right in the (A/RU) and (PR) Zones.

The amendment would introduce a definition of Short-Term Rental Accommodation in the Zoning By-law that would define it as a secondary use to a residential dwelling unit. It would include language to ensure this type of land use is distinct from the "Village Commercial Resort Units" definition which reflects a dedicated STRA use and include annual limits a dwelling could be used as an STRA to preserve the 'secondary use'.

This would permit STRAs in the rural areas of the Township as a secondary use to a dwelling unit. The number of days per year would be limited under the zoning by-law to ensure the STRA use remains secondary. Requirements under the Licensing By-law would address health, safety and nuisance issues as well as site plan matters to ensure the property is suited for an STRA.

With the amendment, two types of STRAs would be permitted in the (V1) and (R2*123) Zones - Short Term Rental Accommodations and Village Commercial Resort units.

STRAs that do not advertise would be permitted to continue operating without a license and would be subject to all municipal regulatory by-laws and Administrative Monetary Penalty System (AMPS).

Analysis of Option 2 against the three stated objectives:

Municipal Objectives	YES	NO	Staff Comments
Ensure safe, healthy and peaceful neighbourhoods	X	X	Amending the zoning by-law to permit STRA's as a secondary use A/RU, PR and MAR2 Zones would permit STRA's in the rural area to reflect the non-intrusive history of STRAs in the rural area. Dedicated and non-dedicated STRAs would be permitted in the V1 and R2*123 zones. This, along with the scope of the licensing by-law improves the ability to ensure safe, healthy and peaceful neighbourhoods. STRAs in other areas would require a rezoning to be legal.
Establish clear land use provisions (permissions vs. prohibitions)	X	X	By introducing a definition of short-term rental accommodation, clarity would be

			provided with respect to zoning permissions within the applicable zones. The permission of STRA uses as secondary uses in specific zones confirms that dedicated commercial STRA's are prohibited other than in the V1 and R2*123 zones.
Reduce the potential for significant costs associated with litigation (Court and OLT Appeals)	X	X	Reduction in costs associated with OLT appeals are expected to be reduced with this option. However, a requirement to rezone dedicated commercial STRA's that advertised represents a potential risk for OLT appeals and associated costs.

The advantages of this option are as follows:

- Introduces the term Short Term Rental Accommodation (STRA) to the Zoning By-law, defining it as a secondary use to a dwelling unit, with a limited number of days permitted, separate and distinct from Village Commercial Resort Units which are more commercial in nature.
- Formally legalizes STRAs in areas of the Township zoned (A/RU), (MAR2), (PR), (V1) and (R2*123). It would address the confusion about benign STRAs continuing to operate as they would specifically be permitted, while subject to all municipal regulatory by-laws and AMPS.
- Allows for dedicated and non-dedicated STRAs in the (V1) and (R2*123) Zones
- Follows the principles outlined by the Provincial Planning Statement, 2024 and Ontario Federation of Agricultural with respect to on-farm diversified uses.
- Partially recognize non-commercial STRAs in the Zoning By-law as legal secondary uses for residential dwelling units in keeping with the OLT and Divisional Court decisions.

Option 3

Township would enact a Zoning By-law Amendment that would permit STRAs as a secondary use for all zones that permit dwelling units as a main use. This would include all residential zones, Agricultural/Rural Zones, Mineral Aggregate Resource Two Zone, Private Recreation Zone, and Village One Zone. This is similar to what the Township of Tiny did when it amended its Zoning by-law to introduce regulations that permit STRAs in any zone that allows a dwelling unit as a permitted use.

Like Option 2, a definition of a STRA would be introduced to the Zoning By-law that defines it as a secondary use of a residential dwelling unit. It would include language to ensure this type of land use is distinct from the "Village Commercial Resort Units" definition which reflects a dedicated STRA use.

An annual limit on the number of days a dwelling unit could be used as a STRA would be included in the Zoning By-law definition to ensure that STRA use remains secondary to the main residential use. Requirements under the Licensing By-law would address health, safety and nuisance issues as well as site plan matters to ensure the property is suited for an STRA.

STRAs that do not advertise would be permitted to continue operating without a license and would be subject to all municipal regulatory by-laws and AMPS to maintain the objectives of the Township.

Analysis of Option 3 against the three stated objectives:

Municipal Objectives	YES	NO	Staff Comments
Ensure safe, healthy and peaceful neighbourhoods	X		Would expand the ability to apply licensing to the entire municipality providing regulatory provisions in all neighbourhoods. Reliance on existing municipal nuisance by-laws to control nuisances.
Establish clear land use provisions (permissions vs. prohibitions)	X		By introducing a definition of short-term rental accommodation, clarity would be provided with respect to zoning permissions within the applicable zones. The permission of STRA uses as secondary uses would confirm that dedicated commercial STRA's are prohibited within residential dwellings other than in the V1 and R2*123 Zones, removing the need for interpretation.
Reduce the potential for significant costs associated with litigation (Court and OLT Appeals)	X	X	Reduction in costs associated with OLT appeals related to site specific rezoning applications are expected to be reduced with this option as less rezoning applications would be required as regulation would be through the Licensing By-law. However, OLT appeals are anticipated with respect to the establishment of wider permissions which represents a significant financial risk.

The advantages of this option are as follows:

- It introduces the term Short Term Rental Accommodation to the Zoning By-law, defining it as a secondary use to a dwelling unit, separate and distinct from Village Commercial Resort Units which are more commercial in nature.
- It would recognize STRAs in the Zoning By-law as a legal secondary use to a residential dwelling unit.
- Council would deal with one amendment and one statutory public meeting. instead of dealing with potentially 100 to 150 Zoning By-law Amendment applications and associated public meetings as individual property owners come forward to legalize/permit the use of their properties for STRAs, all of which have the potential of being appealed to the OLT if the Township opts to refuse the STRA Zoning By-law Amendment applications.
- The Licensing By-law would be used as the main tool to ensure that the proposed STRA is compatible with surrounding residential lands uses (review required as part of licensing process) and nuisances are controlled

Option 4a and 4b

Option 4a)

Township to enact a Temporary Use Zoning By-law Amendment under Section 39 of the Planning Act that would permit STRAs as a secondary use for all zones across the Township that permit dwelling units as a primary use for a period up to three (3) years. This would function as a trial period and would include all residential zones, Agricultural/Rural Zones, Mineral Aggregate Resource Two Zone, Private Recreation Zone, and Village One Zone.

Like Options 2 and 3, a definition of a STRA would be introduced to the Zoning By-law that defines it as a secondary use of a residential dwelling unit and include language to ensure this type of land use is distinct from the “Village Commercial Resort Units” definition which reflects a dedicated STRA use.

An annual limit on the number of days a dwelling unit could be used as a STRA would be included in the Zoning By-law definition to ensure that STRA use remains secondary to the main residential use. Requirements under the Licensing By-law would address health, safety and nuisance issues as well as site plan matters to ensure the property is suited for an STRA.

STRAs that do not advertise would be permitted to continue operating without a license and would be subject to all municipal regulatory by-laws and AMPS.

Council would have to decide near the end of the trial period (term the temporary use by-law is in effect) whether it wants to extend the temporary use permission for another period up to three years, rescind/lapse the temporary use by-law or permit STRAs as a secondary use on a permanent basis. If Council decided to extend or make the use permanent, it would have to give public notice and hold a public hearing under the Planning Act before enacting the temporary use by-law extension or Zoning By-law amendment. The by-law can be extended for a maximum of 20 years.

Analysis of Option 4a against the three stated objectives:

Municipal Objectives	YES	NO	Staff Comments
Ensure safe, healthy and peaceful neighbourhoods	X		Enacting a Temporary Use By-law to permit STRA's as a secondary use in all zones where a dwelling unit is permitted as a primary use would make STRAs legal across the Township for a period up to three (3) years. Property owners would be eligible for a STRA licence, improving the ability to ensure safe, healthy and peaceful neighbourhoods.
Establish clear land use provisions (permissions vs. prohibitions)	X		By introducing a definition of short-term rental accommodation, clarity would be provided with respect to zoning permissions within the applicable zones for a period up to three (3) years. The permission of STRA uses as secondary uses confirms that dedicated commercial STRA's are prohibited.

Reduce the potential for significant costs associated with litigation (Court and OLT Appeals)	X	X	Costs associated with OLT appeals are expected as some STRA owners will not be satisfied with a temporary use by-law in effect for their property
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The advantages of this option are as follows:

- It would recognize STRAs in the Zoning By-law as a legal secondary use to a residential dwelling unit on a temporary basis up to three (3) years.
- It would provide Council time to evaluate the effectiveness of the STRA Licensing By-law on controlling and addressing nuisances created by STRAs.
- It introduces the term Short Term Rental Accommodation to the Zoning By-law, defining it as a secondary use to a dwelling unit, separate and distinct from Village Commercial Resort Units which are more commercial in nature.
- Council would deal with one* amendment and one* statutory public meeting. instead of dealing with potentially 100 to 150 Zoning Amendments and associated public meetings as individual property owners come forward to legalize the use of their properties for STRAs, all of which have the potential of being appealed to the OLT if the Township opts to refuse the STRA zoning by-law amendment applications. (*At the end of the temporary use by-law period, a by-law amendment would be required to extend the period, make the use permanent or repeal the by-law (withdraw permission))
- The Licensing By-law would be used as the main tool to ensure that the proposed STRA is compatible with surrounding residential lands uses (site plan required) and nuisances are controlled

Option 4b

This option is similar to Option 1, but Council, as a matter of policy would only consider site specific temporary use applications to permit STRAs for a period up to three years. Individual property owners would have to apply for an extension to the temporary use or permanent use prior to the temporary period ending.

The advantage of this option is that Council has the opportunity to review the temporary land use permission for individual properties every three years to ensure the property owner is adhering to all licensing requirements.

Analysis of Option 4b against the three stated objectives:

Municipal Objectives	YES	NO	Staff Comments
Ensure safe, healthy and peaceful neighbourhoods	X	X	Enacting a Temporary Use By-law to permit STRA's as a secondary use on an individual property would make STRAs legal on individual properties up to three (3) years where the owner has received approval from Council. The process to obtain temporary approval is the same as permanent approval. Property owners would be more inclined to seek a permanent zoning change instead of temporary use, which is their right under the Planning Act. If approved, the owner

			would be eligible for a STRA licence, improving the ability to ensure safe, healthy and peaceful neighbourhoods.
Establish clear land use provisions (permissions vs. prohibitions)	X		By introducing a definition of short-term rental accommodation, clarity would be provided with respect to zoning permissions within the applicable zones for a period up to three (3) years. The permission of STRA uses as secondary uses confirms that dedicated commercial STRA's are prohibited.
Reduce the potential for significant costs associated with litigation (Court and OLT Appeals)	X	X	Costs associated with OLT appeals are expected as some STRA owners will not be satisfied with a temporary use by-law in effect for their property

The advantages of this option are as follows:

- Individual properties would be permitted to operate a STRA on a temporary basis for up to three (3) years as a legal secondary use to a residential dwelling unit upon Council approval .
- It would provide Council time to evaluate the effectiveness of the STRA Licensing By-law on controlling and addressing nuisances created by individual STRAs.
- It introduces the term Short Term Rental Accommodation to the Zoning By-law, defining it as a secondary use to a dwelling unit, separate and distinct from Village Commercial Resort Units which are more commercial in nature.
- It would address the confusion about benign STRAs continuing to operate as they would specifically be permitted, while subject to all municipal regulatory by-laws and AMPS.
- The Licensing By-law would be used as the main tool to ensure that the proposed STRA is compatible with surrounding residential lands uses (site plan required) and nuisances are controlled.

Financial/Legal Implications/Risk Management

There are financial implications associated with all options as presented related to legal representation and consulting. Staff anticipate that all available options would be subject to challenge at the Ontario Land Tribunal. Some may be inclined to challenge the interpretation of what constitutes “commercial accommodation”.

Policies/Legislation

- Planning Act
- Provincial Planning Statement, 2024
- County Official Plan
- Township Official Plan
- Comprehensive Zoning By-law 97-95

Consultations

- Director, Development Services
- Manager, Planning Services

Conclusion

The main objective of this report was to advise Council on the zoning issues raised during the public consultation on the draft STRA and B&B Licensing By-law and land use planning considerations for the overall STRA regulation framework in the context of policies in the Township's Official Plan.

Individuals in the rural community expressed interest in allowing STRAs on rural properties as a secondary use to main use of the property. Others expressed their opinions on the OLT and Court decisions on definition of 'commercial accommodation', which has led to confusion of types of STRAs permitted in residential areas.

To address these comments, staff have prepared four options to address the zoning issues for Council and the public's consideration. It is recommended that staff seek public input on the four options and report back on their findings. Staff will also consider the input and recommend options for Council's consideration with the intention to establish an STRA zoning framework that is defensible and achieves key municipal objectives.

Respectfully submitted;

George Vadeboncoeur,
Manager, Planning Special Projects

August 1, 2025

Approvals:

Andy Karaiskakis, Manager, Planning Services
Brent Spagnol, Director, Development Services
Shawn Binns, CAO

Date of Approval

August 5, 2025
August 6, 2025
August 7, 2025