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Ontario COVID19 Short Term Rental Ban Lifted & Toronto Short Term Rental Licensing Starting Soon

Riskboss™ (www.riskboss.com) often receives alerts from the police services, government authorities and other agencies that may be of interest to residential condominium property managers and boards of directors. Riskboss offers periodic alerts to institutions, organizations, commercial and condominium property managers and board members to assist in identifying risk to the communities and to provide solutions to mitigate that risk. Riskboss hopes the following information assists you. Please feel free to distribute this document to other property managers and community based associations that may benefit from the content. Please contact us any time with any issue that you may want researched regarding crime, disorder and risk.

The Ontario Government issued a temporary ban on all short term rental companies from operating during the COVID19 crisis. On June 5, 2020, the Province lifted the temporary ban. Short-term rentals are no longer restricted under the Ontario Emergency Management and Civil Protection Act. Short term rentals are regulated by local bylaws so anyone engaging in such activity must adhere to the law in their jurisdiction. Every jurisdiction is different on how short term rentals are administrated and allowed to operate.

Toronto for example, now clearly defines what short-term rentals are (any rental that is less than 28 consecutive days across the city in principal residences only). Ghost hotels or condominium units that were never intended to be occupied by a single person or family but moreover were acquired to operate the full time business of a short term rental facility are strictly prohibited under the Toronto by-law.



Anyone wishing to entertain engaging in such business activity must register with the City of Toronto, register all tenants with the City, pay a local Municipal Accommodation Tax (MAT) and obey all local laws. Due to the COVID19 pandemic, City licensing and registration has been delayed and implementation timelines are now being revised. City officials are; however, taking complaints of unregistered short term rentals through the Toronto 311 telephone line.

Riskboss has received many calls and e-mails from property managers and Board members on how this affects residential condominiums in Toronto. Some residents have misinterpreted the Toronto by-law to mean that all properties throughout Toronto must allow short term rentals. This is incorrect. According to our analysis and research and opinions received from several prominent GTA condominium law firms, the Condominium Declaration and Building Rules may regulate standards with respect to the minimum rental periods. This means that if you have a resident that wants to engage in short term rentals and your condominium Declaration or Building Rule has a minimum standard of six months or one year, they simply cannot operate such a business in that community.

There are many negative implications of operating such businesses in condominium communities that were never intended and zoned for short term rentals. For example, when an owner takes possession of a newly built property, they have to declare whether it will be used for personal or rental use. Rental use has HST tax implications. When an owner gets a mortgage and insurance, they also have to declare whether that property is for personal use or a rental property. Undisclosed changes in that use may void the mortgage and insurance.

Riskboss has created a White Paper on the topic of short term rentals in condominiums entitled, "Risky Business." It outlines the good, the bad and the ugly of conducting such business in residential condominiums. It also sets out a clear plan to mitigate such activities.

Contact Riskboss to schedule a free, no obligation risk tour of your condominium community with one of our accredited experts. We will provide advice on industry best practices and high impact, low cost ideas to mitigate your risk. You will be glad you made the call.

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