

Shifting Perspectives

REDESIGNING REGULATION FOR
THE SHARING ECONOMY

MaRS Solutions Lab

Sharing Economy Public Design Report

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Executive Summary

The rising popularity of the sharing economy is not only disrupting existing markets, like transportation and accommodation, but it is also forcing governments to rethink regulation for these and other affected markets. It's an issue that is being fiercely discussed in the media, in everyday conversations and in city councils across the globe. Many strong opinions and solutions have been brought forward, but do we really know what's going on? Regulation remains elusive as it is a complex problem without an easy solution.

The Sharing Economy Public Design project, a partnership between MaRS Solutions Lab, the Province of Ontario and the City of Toronto, applies a design perspective to this complex problem. By looking at regulation from the perspective of users, and by thoroughly mapping out the user experience, we were able to gain a much deeper understanding of the challenges at hand. We interviewed over 136 individuals, including taxi drivers, uberX drivers, hotel managers, Airbnb hosts and many others who are subject to regulation. We also convened 100 relevant stakeholders to validate our analysis and help co-design

possible solutions. We brought together regulators from all three levels of government (municipal, provincial and federal), industry representatives (e.g., from the taxi and hotel industry), sharing economy companies (e.g., Uber, Airbnb), insurers, agencies like Metrolinx, and other experts. In three different workshops these individuals helped to develop ideas for effective regulation, which can be defined as regulation that creates public value, supports innovation and reduces administrative burden.

The 'sharing economy' is a paradigm of peer-to-peer lending that enables the sharing, borrowing or bartering of underutilized assets in exchange for goods, services or money. Ultimately, it describes transactional relationships that shift the value from ownership to that of access, where assets of all kinds can be made available on a short-term basis. It is a fundamentally community-driven approach. While the term 'sharing economy' has come to broadly encompass all forms of peer-to-peer activities, many other terminologies more specifically differentiate between service-based activities, such as

the 'gig economy' (e.g., Uber, TaskRabbit) and 'collaborative consumption' (e.g., Toronto Tool Library, Rent Frock Repeat). Technology plays a key role as it allows for the creation of platforms and networks that can reach massive scale within a short period of time.

Cities are the main places where the rise of the sharing economy is felt most. The key challenge for cities is not just to know how to respond, but how to help build a sharing economy that benefits the city. This requires cities to take a broader perspective and be proactive. To better understand what a successful city strategy might entail, MaRS Solutions Lab partnered with the City of Toronto to develop such a strategy, as a case study for cities across Ontario. Such a city strategy must be more than a government strategy. While government has a crucial role to play, many more actors need to be engaged to create a strong sharing economy. This is why MaRS Solutions Lab convened participants from across society to prototype and co-design an Action Plan for a Sharing City.

Step 1: Creating a vision

Developing a vision as a city is the first step in this process. Such a vision helps to get beyond a 'whack-a-mole' responsive approach, as a previous report by the Mowat Centre advised. This city vision should align with the city's identity and strengths, be time-bound and help unite partners across the city.

Step 2: Mapping the assets of the city

The next step is mapping the underutilized assets a city might have. These are assets that sit idle but could produce value once activated. These assets can be broadly classified into three groups: skills, stuff and space. We have included an additional concept: financial assets, which can be seen as the fourth '\$'.

Step 3: Identifying opportunities

After identifying the underutilized assets,

they can be matched with the key issues that a city faces, as well as the vision it has set out for itself.

Step 4: Defining Actions

This step defines the actions related to each selected opportunity. Each action should clearly state the associated objectives, actors, resources and planning.

Step 5: Supporting the strategy

The final step is supporting the strategy with the right resources and structures to help ensure implementation. Some elements of support were seen as critical, including support from the Mayor and City Council, a network of ambassadors across the city, and a supporting vehicle to implement the strategy. Several ideas that emerged from our workshops to support a city strategy included establishing an advisory council, learning from other cities or creating a sharing economy fund.

ACCOMMODATIONS

The impact of home sharing has been felt in many places across the world and its growth has been rapid. Since its introduction in 2008, Airbnb has led the market with over 2,000,000 listings and 60,000,000 guests worldwide.¹ In Ontario, 11,000 hosts have listings and more than 375,000 people visited Ontario through an Airbnb in the past year.² Based on the research, six key implications for regulation have been identified:

1. Clear Thresholds: Home sharing is a primary residence a maximum of 180 days a year

Our research revealed a lack of clarity in the existing frameworks for defining styles of accommodation. The first issue that helps to define styles of accommodation more clearly is type of residence. Fundamentally, home sharing is about sharing your own home, your primary residence. If it is a secondary residence or a commercial property being rented, it is no longer considered home sharing. Related to this is the maximum number of nights per year that a space is rented out. Many cities have put a cap to reinforce the notion that home sharing is only meant for your primary residence. The simplest solution is a maximum at 180 days per year meaning the owner would have to live there more than 50% of the time. We suggest implementing these and other thresholds that define the rest of the accommodations market under a 12-month probation period to study the possible effects.

2. Pilot for Burden Reduction for Existing Operators

Many of the hotel operators we spoke to indicated that while safety regulation is necessary and important, the implementation and inspection processes create frequent time and financial costs on businesses. It was not a question about the intent of regulation, but about improving the implementation, enforcement and communication of it. Issues with health and safety inspections and the frequency of fire safety inspections were most commonly reported. We suggest

that governments and industry arrange a 12-month burden reduction pilot to test out new approaches and improve communication of obligations, before scaling them across the entire industry. This pilot should be run alongside the implementation of the home sharing regulation mentioned earlier.

3. Tax Compliance: Clear definitions and a possible tax exemption

Understanding the differences between rental and business income requires clearer definitions. First of all, many are confused by the difference between income tax and HST. Rental income is only subject to income tax; the same applies to home sharing. This classification changes, however, when services are being offered like daily linen changing or breakfast. It is suggested that the CRA communicate more clearly about this. Tax obligations and thresholds should be communicated loud and clear to hosts. The Province of Ontario and Airbnb already created a partnership to do so. It is recommended that the CRA do the same. While there is burden for residents to report their taxes, there is also burden for the government to process them. The CRA could incorporate the UK model of a room rental tax exemption to prevent tax filings that cost more to process than is being collected.

4. Piloting Condominium Regulation Models

Condominium boards are increasingly placing minimums on short-term leasing from six to even 12 months. With an independent set of building regulations allowed by the Condominium Act, all condo dwellers must abide by them and they cannot be overridden by outside regulation. This limits the activities of condo owners within their homes and has contributed to underground activity. Condominiums should address this tension and consider ways to bring the activity above ground, while also maintaining the safety and enjoyment of fellow condo dwellers.

An education and communication program that encourages ongoing and open dialogue would improve owners' awareness of their condo by-laws while helping to inform condo boards and owners of home sharing. A review of the Condominium Act to lower the percent vote required to overturn a by-law would help facilitate the possibility for model condominium regulation pilots to be implemented. Harmonizing standards in the pilots, such as introducing thresholds as mentioned earlier, could help clarify what can be allowed and consequences for not complying.

5. Destination Marketing Program (DMP)

Unlike many other parts of the world, a hotel tax does not formally exist in Ontario any longer. Municipalities now operate with Destination Marketing Programs that give local hotel associations the ability to collect a percentage of the hotel room price as a fee to use towards tourism promotion. This works, but our research has also revealed its limitations. Hotel operators outside of the city core see little benefit in participating. Customers and news reports have drawn attention to the fee and are requesting that it be removed from their bills, creating tension between hotel staff who understand it as a service charge disclosed as part of the booking, and customers who get upset at what they believe is a lack of transparency. There is hesitation from both government and industry to initiate a new tax and bear the burden of scrutiny as to how it is spent. While the industry urges home sharing platforms to participate in the program; as a fee, it is up to the host – not Airbnb – to make that decision. However, the City of Toronto is considering creating a new hotel tax. There are two solutions:

Solution 1: Continue the Destination Marketing Program as a voluntary fee operated by local hotel associations and increase transparency to consumer and hotel staff. Airbnb could invite individual home sharing hosts to participate via the platform (similar to individual hotels), and make clear they can only use DMP produced materials if

they participate.

Solution 2: The Province allows municipalities to create a tourist tax for all short-term accommodation styles and revoke the DMP fee, but includes a provision for 50% of collected tax to be set aside for tourism marketing. Home sharing platforms like Airbnb would be required to contribute by collecting and remitting.

6. Data and the Network Impact

Data has helped business operators to improve or maintain a high-quality product through online review systems. These rating systems have become the new normal, but data can also help to better communicate the trends in accommodation, or the impact on the city. This could help with city planning, space asset management, and better understanding of local neighbourhood economies. For the pilots proposed as part of the solutions presented in this report, data will play a significant role in identifying trends and determining leverage points during testing. The quality of the data points will be key. Engaging and incentivizing platform operators and their users to share their data willingly will be important in gaining access to accurate data for an evidence-based regulatory process.

TRANSPORTATION

The region's existing transportation infrastructure is plagued by chronic congestion, which is leading to long commute times, loss of productivity and lots of daily frustration for thousands of Ontarians. Entrepreneurs are using the unreliable access to public transit and the region's gridlock as a catalyst to innovate. Through app-based service models, shared mobility has scaled much faster, beyond what was once imaginable. While there is no independent analysis of the economic impact, Uber claims to have 15,000 driver-partners in Toronto who are essentially competing with 10,000 licensed Toronto taxi drivers. While the sharing economy is adding value for consumers and offering alternate ways to get around, it has also blurred the lines between personal and commercial activities, effectively challenging the grey zone of regulation.

In both the existing and new models of vehicle-for-hire services, most of the risk and opportunity costs are downloaded onto the driver. And on both sides, there are either barriers or gaps in regulation that need to be addressed. Our research has identified seven key issues:

1. Certifying the driver: Everyone needs to be vetted

From a public safety perspective, it is undesirable to have unlicensed drivers on the road. This is also what the public expects. Regardless of the platform, these three elements of licensing should be upheld:

- o **Driver screening:** Every driver should have a proper background check (both criminal and driver history). The city should set the requirements and empower the brokerages to administer it, with the city conducting periodic audits.
- o **Vehicle inspection:** Every vehicle is inspected before it goes on the road and during operation, depending on the frequency of use. All vehicles should also be held to safety and environmental

standards to be set by municipalities.

- o **Insurance:** Every vehicle needs to have the appropriate insurance coverage.

In addition, the following licensing solutions are suggested:

- o **Flexible licensing fee:** Set up a fee structure for a transportation network company and another for drivers. For example, instead of paying a flat annual fee, uberX drivers could pay a fee for service on each ride.
- o **Establish a transportation network company classification:** Establish a new license model for so-called transportation network companies (TNCs), also known as app-based service models (ABSMs) and private transportation providers (PTPs), to reflect the difference in business model.
- o **Revisit the role of brokerages:** The City should re-assess the responsibilities and requirements of brokerages to reflect the changes describe above.
- o **Additional licensing considerations:** The city should review the relevance of other licensing requirements, like CPR and medical certification, as they add limited value.

2. Training: Re-design training to make it more effective

Taxi drivers we spoke with have found the training to be onerous and out of touch with the experience of driving. Meanwhile, none of the uberX drivers we spoke with went through a training program. Instead, some watched a short orientation video. However, once on the platform, uberX drivers receive instant feedback on their service and weekly emails on how they could improve their score. These differing approaches to training is why we suggest making the following changes with regards to training:

- **Basic training requirement:** Municipal Licensing and Standards (MLS) sets the standard training requirements (i.e., what every driver should get trained on) but leaves it to the brokerages and TNC to design and deliver training programs.
- **Targeted feedback:** Encourage brokerages and TNCs to move from standardized and generic training to a personalized and targeted feedback model. Brokerages and TNCs can remove repeat offenders from their platforms, and it should be made easier to revoke a license.

3. Insurance: Ensure accurate coverage of all drivers

One of the most pronounced issues to emerge from our work was the question of insurance. The sharing economy is turning the owner-operated model of auto insurance to one of shared access that blurs the line between private and commercial use. The following solutions are suggested:

- **Close coverage gaps for ride-sharing:** The key problem is coverage for the driver. Government should mandate adequate insurance but remove barriers to enable the rapid approval of new products. Currently, there is only one product available on the market for uberX drivers (Aviva insurance). In other jurisdictions, mainly in the US, there are insurance policies with flexible premiums, based on types of use (personal or periods of activity) that have been introduced. These kinds of hybrid products are needed for the Ontario market.
- **Lower the cost of commercial insurance for taxicabs:** The cost of insurance was identified as the single most burdensome aspect of being a taxicab driver, ultimately limiting their ability to compete with Uber. Taxicab drivers are paying anywhere from \$4,000 to \$7,000 a year for commercial insurance. They are being charged for their exposure to risk, not necessarily their driving history. A policy should be developed that allows for cooperative-based insurance that rewards drivers

with a discount for good behaviour. Telematics should also be leveraged to base premiums on the individual driver. The Ministry of Finance and Municipal Licensing and Standards should convene a task force comprising stakeholders from the insurance and taxi industries to review existing regulations and identify areas for changes in legislation.

4. Pricing Models and Payment Methods:

A fair level playing field amongst taxi drivers and private transportation providers is hard to achieve when one fare is regulated while the other is not. The following is being suggested:

- **Dynamic pricing set by brokerages and TNCs:** Deregulate pricing to create a fair level playing field. Let the brokerages and TNC decide on pricing in order to compete amongst each other in an open market. Street hail, where customers have less choice, should have a fixed rate. Pricing should be made clear to consumers before they make a decision to use a taxi or a ride-hailing service.
- **Cashless transactions to reduce fare evasion and ATM fraud:** Fare evasion is a persistent threat that taxi drivers face. To minimize their risk, they profile passengers and become selective about which neighbourhoods they go to, which is undesirable. Furthermore, more and more passengers are concerned they will become victims of ATM fraud. The industry should promote and support the shift toward cashless transactions.

5. Accessibility:

In response to the Accessibility for Ontarians with Disability Act (AODA), Toronto's Accessible Taxicab Strategy envisions a 100% wheelchair accessible fleet by 2025. Accessible ground transportation is an important service that needs to be improved in order to reduce wait times and costs associated with accommodating passengers with disabilities. However, the costs associated

with ensuring that all taxicabs are wheelchair accessible is one that is downloaded onto the driver. Taxi drivers claim it costs upwards of \$70,000 per year to keep a wheelchair-accessible car on the road, including retrofit, maintenance, and associated increases in gas and insurance. Is a 100% accessible fleet the best way to ensure 100% accessibility? Meanwhile, ride-hailing companies like Uber are already complying with accessibility laws and are in many ways ahead of the curve, as they innovate on-demand service through partnerships. The following solutions are suggested:

- **Spread the cost:** The cost of providing accessible service should not be the burden of the passenger, nor should it be the burden of the taxicab owner or driver. Instead, this cost should be spread out across the industry through licensing fees. This fund can then serve as a subsidy program to help drive down the cost of retrofitting vehicles for prospective Toronto Taxi License (TTL) taxicab owners and drivers.
- **Improved Partnerships:** MLS, Toronto Transit Commission (TTC) and the taxi industry should coordinate their service delivery plan to increase on-demand accessible transportation in order to avoid duplicity and to see where each can complement the other.
- **Share the load:** Incentivize brokerages and TNCs to work together to meet the need by sharing the load. In Portland, Uber and Lyft didn't have enough wheelchair-accessible vehicles in their fleet so they created a cost-sharing model with wheelchair-accessible taxis by transferring all calls of service that came through their respective platforms to those taxis.
- **TNCs also need to charge HST:** Transportation network companies like Uber should be required to charge HST on fares, so that both passengers and drivers are able to claim deductibles.
- **Communicate tax obligations clearly:** The Canada Revenue Agency should develop clear communication in non-legalese language about the tax duties of those engaging in the sharing economy.
- **Allow taxi drivers an HST threshold of \$30,000:** As taxi drivers are self-employed, they should be allowed the \$30,000 HST threshold like any other self-employed individual. It makes sense to have both taxi drivers and Uber drivers collect and remit HST, but with a \$30,000 threshold. If that principle is applied, it could lead to a significant increase in taxi drivers' yearly incomes and would require legislative change.
- **Data-sharing with CRA:** Transportation network companies should collaborate with the Canada Revenue Agency by sharing a list of the drivers on their platforms who meet the \$30,000 threshold.

Agency (CRA) would have to determine that Uber drivers are the same as taxis. Whether that requires a full legislative amendment to the Income Tax Act is not clear. The Uber app does not allow drivers to collect HST on each fare, meaning that they would have to keep track of HST collection themselves. Most Uber drivers we spoke to drove part-time (less than 10 hours per week) and would not be meeting the threshold of \$30,000 required for HST. While most drivers understand that they are responsible for filing their taxes, they are generally not clear about what their exact tax duties are. The following is suggested:

6. Tax compliance:

Taxi drivers need to register and start collecting HST at \$0 under the Income Tax Act. If the city were to regulate Uber's fares, uberX drivers would not automatically need to start collecting HST at \$0. The Canada Revenue

7. Data:

Governments should enable and encourage a seamless multi-modal network of transportation that includes these new data-driven and app-based models of social transportation. Shared mobility needs to be

a vital part of that network. The following suggestions could be part of such a strategy:

- o **Mandate a minimum provision of data:** Government should mandate a minimum level of data provision from any commercial users of roads, so that we have the data needed for evidence-based policy-making.
- o **Create a data aggregation body:** A trusted transportation data aggregation body should be created in order to assess, monitor and act on ways to leverage transportation network companies in a data-driven deployment of resources.
- o **Develop data-driven dynamic transit models:** New models of dynamic allocation of transit resources should be implemented, rather than relying on fully-fixed or schedule-based TTC resources. We should incentivize single-occupancy drivers to share their commutes by incorporating all types of shared mobility into a seamless multi-modal transportation network. Further, dynamic mobility pricing should be used to change commuter behaviours, manage congestion and offload peak travel pressures from the transit system.

CONCLUSION

To conclude this report, here are some general reflections.

Regulation for new entrants must also mean relief for existing operators

When it comes to introducing regulation for the sharing economy, governments should not only look at regulating new activities, but also use this opportunity to revisit current regulations to reduce burden for existing operators.

It's more than regulation

Governments and other stakeholders should not just think of the sharing economy as something to respond to. They should think about what kind of sharing economy they want, and then develop a proactive strategy that helps build that sharing economy. Importantly, it should be a strategy that helps to create more homegrown startups in the sharing economy right here in Ontario.

Create effective regulation using technology and data

Effective regulation is easy to understand, easy to follow and easy to enforce. Using technology and data smartly is critical to help governments create effective regulation. Governments are no strangers to data; they are already gathering and managing a lot of information. The challenge is to put them to use, and make smart connections with data from other sources like sharing economy companies, to help create better public value against lower costs.

To harmonize or not to harmonize?

There is no single solution to a complex problem. Many actors need to be involved and have a role to play: regulators at all three levels of government, across different ministries and agencies; industry representatives; and other stakeholders. However, local context matters, and cities should still be in the lead here. Nevertheless, it seems undesirable if the differences between cities vary from one extreme to another. The Province should play a role in creating a certain degree of harmonization.

Keep on learning

The final lesson in this report is about the need to experiment and learn. To deal effectively with a complex challenge, like regulating the sharing economy, where technology continues to evolve and disrupt is not an easy feat. Traditional approaches to regulation no longer fit and the consequences of new regulation are largely unknown. We encourage governments to keep on learning when they are putting in place new regulations and, where possible, to actively experiment.

MaRS Solutions Lab is honoured to have partnered with the Province of Ontario and the City of Toronto to apply this new approach to policy-making. This partnership can be considered a great example where government is organized around the problem, instead of organizing the problem around government.

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Introduction

There is no lack of opinions and debate about how to regulate the sharing economy. Yet, to resolve this complex issue we need to shift perspectives. We need to move beyond stating opinions to gaining a real understanding of what the problem is. We need to move beyond debate and engage relevant stakeholders in a constructive conversation on how to solve this issue in a smart and reasonable manner. And we need to recognize that the sharing economy is more than Uber and Airbnb, but see it as a much broader phenomenon that offers both great opportunities and challenges. That is what the Sharing Economy Public Design project has attempted to do.

THE CHALLENGE

Since very early in history, people have shared their belongings, their spaces and even their skills with others. However, technology has changed the act of sharing in two ways. First, sharing can now be done on a scale that was previously unimaginable. For instance, Airbnb, which was founded in 2008, has had over 60 million guests stay globally.³ Second, sharing has introduced an economic model where value can be created from underutilized assets. Across the world, thousands of startups and not-for-profit organizations are applying this new model to develop new services and platforms that enable people to share whatever they can.

The rising popularity of the sharing economy is not only disrupting existing markets, like transportation and accommodation, but it is also forcing governments to rethink their regulation for these markets, as well as for other markets affected by the sharing economy. It's an issue that is being fiercely discussed in the media, in everyday conversations and in city councils across the globe. Many strong opinions and solutions have been brought forward with much certainty, but do we really

know what's going on? Regulation is a complex problem without an easy solution.

Recent reports have urged governments at multiple levels in Canada to look into the new phenomenon of the sharing economy. Above all, these reports want to know what the consequences are for policy and regulation. As one report observed, "Even as these new models emerge, there are clear signs that status quo approaches from governments are ill-suited for some aspects of the sharing economy."^{4 5}

The real question is: How do we develop new approaches to regulation? Answering this question starts with developing a new perspective on what the problem is and then creating space to develop and test new ideas. That is exactly what we aimed to do with the Sharing Economy Public Design project. The project took a fresh look at what this complex problem really entails by considering it from a design perspective. We attempted to base our analysis on a real picture of the situation, which we gained by looking at regulation from a user-perspective and by meticulously mapping

out the user experience. In this case, it meant talking to users, including taxi drivers, uberX drivers, hotel managers and Airbnb hosts, as they are the people subject to regulation.

Even as these new models emerge, there are clear signs that status quo approaches from governments are ill-suited for some aspects of the sharing economy.

Mowat Centre, Policy Making for the Sharing Economy; Beyond Whack-a-Mole, February 2015

In total, we interviewed over 136 individuals. Then, after the research period concluded, we convened more than 100 relevant stakeholders to validate our analysis and to co-design new solutions. We brought together regulators from all three levels of government, as well as industry representatives from the taxi and hotel industries, staff from sharing economy companies (such as Uber, Airbnb and Rover), insurers, agencies like Metrolinx and other experts. We offered these stakeholders space for a constructive conversation so that we could develop new ideas for more effective regulation collaboratively—regulation that creates public value, supports innovation and reduces administrative burden.

ABOUT THE SHARING ECONOMY PUBLIC DESIGN PROJECT

MaRS Solutions Lab is honoured to have partnered with the Province of Ontario and the City of Toronto to apply this new approach to policymaking. As a public and social innovation lab, MaRS Solutions Lab helps to solve complex problems by offering new ways to understand them and by convening relevant stakeholders from across society to design and test new solutions.⁶ The Sharing Economy Public Design project was an excellent example of the value that design thinking can create. The design-thinking approach helps to relieve a complex problem by offering a new perspective and facilitating a more constructive dialogue focused on public value rather than on individual interests.

It was great to see provincial and municipal governments collaboratively partnering to find possible responses to the challenges of the sharing economy. Later on, the federal government also got involved in the project. This integrated approach is crucial because responsibilities for various parts of regulation are dispersed across all three levels of government. This partnership can be considered a great example of modern governance, where governments organize around a problem rather than attempting to organize the problem around government.

ABOUT THIS REPORT

This report presents our research findings and proposes solutions to be considered by a variety of stakeholders both inside and outside of government. It also serves as a case study for governments across Ontario, Canada and beyond, enabling them to learn from the process we undertook to design effective regulation for the sharing economy. We encourage readers to feel free to apply the input and results of this report as they see fit.

In **Part 1** of the report, the sharing economy and our research approach are briefly described. Part 1 concludes with the introduction of a set of design principles for effective regulation.

Part 2 of the report consists of three chapters that present research findings and solutions. In **Chapter 4**, a framework is given to develop a city strategy for the sharing economy. This framework was tested with the City of Toronto in a co-design workshop last January. The aim here is twofold: to help cities see that the sharing economy is broad and consists of more than just companies like Uber or Airbnb, and to encourage cities to become more proactive about building a local sharing economy that benefits them instead of just responding to it. In **Chapter 5**, we present analysis and solutions for the accommodations sector. We lay out regulatory journey maps for both hotel operators and Airbnb hosts, and provide solutions on seven key issues. In **Chapter 6** we do the same for the transportation sector.

The closing chapter, found in **Part 3** of the report, shares some general conclusions and reflections about the process of the Sharing Economy Public Design project. It also gives an overview of the participants of the project's three co-design workshops, as well as of the organizations that we engaged with throughout the project.

The individuals we interviewed for the project will remain anonymous. We nevertheless want to thank everyone who participated in the project, and everyone who advised and supported us. Your input is what made this project unique and valuable, and the fact that so many people want to be part of the solution

gives us great confidence. To be clear, while many people contributed to this report and many of the solutions have been discussed among them, no one has yet committed to the solutions that are being presented here.

This partnership can be considered a great example of modern governance, where governments organize around a problem rather than attempting to organize the problem around government.

Finally, it should be stated that regulation is not failing here—nor is government, for that matter. Regulation is always a reflection of what is happening in society. It constantly has to catch up with a world that is always changing and there is nothing wrong with that. The challenge is to design effective regulation that protects the public interest, does not stifle innovation and reduces administrative burden, while also adapting to the changed environment to the best of its ability. That is the ambition this report hopes to contribute to.

WHAT IS THE SHARING ECONOMY?

The concept of sharing is not new. But the way we are sharing is rapidly changing. Cities are tech and digitally enabled environments, where instant communication transcends physical space. Through the advent of technology, age-old practices of bartering have grown at a scale previously unimaginable, in the span of just five years. The rapid increase in these transactions reflects a cultural shift that has been enabled by platform markets that do not require substantial asset investment themselves.

The 'sharing economy' is a paradigm of peer-to-peer lending that enables the sharing, borrowing, or bartering of underutilized assets in exchange for goods and services. Ultimately, it describes transactional relationships that shift the value from ownership to that of access, where assets of all kinds can be made available on a short-term basis. It is a fundamentally community-driven approach. While the term 'sharing economy' has come to broadly encompass all forms of peer-to-peer activities, many other terminologies more specifically differentiate between service-based activities, such as the 'gig economy' (e.g., Uber, TaskRabbit) and 'collaborative consumption' (e.g., Toronto Tool Library, Rent Frock Repeat).

Today, individuals are finding new ways to maximize underutilized commodities in their possession, as well as their time and skills, by

posting them on an app or an internet-based community bulletin. The shift from ownership to sharing is being motivated by the rising cost of living, the proliferation of technology and connectivity (especially smartphones), and growing concerns around environmental issues such as waste and climate change.

PLATFORM ECONOMY
COLLABORATIVE
CONSUMPTION
PEER TO PEER
ECONOMY
GIG ECONOMY
IDEA BASED
BUSINESS
COLLABORATIVE
ECONOMY
ACCESS ECONOMY

From Scarcity to Abundance

The sharing economy is as much an economic activity as a social activity. For the city of Seoul, for example, the sharing economy is not just a strategy to create jobs, but to increase trust in relations between citizens, among other goals. The sharing economy presents both economic and social opportunities at the individual level (e.g., supplementary income) and at the local level (e.g., fostering connected communities through the sharing of resources, time, skills and space).

Traditional economic values are based on scarcity. The 'sharing economy', as such, takes the opposite perspective by focusing on abundance (such as assets) and sharing them. For example, hotels need a relative amount of scarcity to be economically viable, while the more people who share their homes, the more value can be created for Airbnb or VRBO.

Alongside the rapid growth of sharing economy companies, cities are nevertheless grappling with concerns about precarious employment, an undermined social safety net from lack of clarity in tax and insurance obligations, and cumbersome and difficult to adapt regulation based on old models. We are past the question of whether the sharing economy is here to stay and must better understand the opportunities and implications it presents. And while the exact definition of the sharing economy is still broad and subject to discussion, it is important to recognize that it is much more than just the two companies most often affiliated with it: Uber and Airbnb. The sharing economy offers great opportunities and challenges. It is up to everyone to make it work for us, not against us.

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Designing Effective Regulation

It is easy to complain about red tape, but it is much harder to get rid of it. Red tape is never the intent of regulation, but it is often the unintended byproduct of it, owing to the involvement of many different agencies, each one operating with its own unique logic. This often results in a lack of understanding of the collective impact that regulation has on those who are subject to it. The Sharing Economy Public Design project employed a design perspective to attempt to gain a deeper understanding of the user experience of regulation and to design effective regulation for the sharing economy accordingly.

The Sharing Economy Public Design project started as a research project on burden reduction with the Open for Business initiative of the Province of Ontario. As the province recognized that it needed to rethink its regulations affected by the sharing economy, it decided to make this area a topic of research. At that point, in the summer of 2015, the partnership was extended to include the City of Toronto with the understanding that many regulations had their basis at the municipal level. This also allowed us to undertake case research on two sectors in Toronto, accommodation and transportation. However, the goal of coming up with ideas for the province, for cities across Ontario and for other relevant stakeholders, like industries, remained the same. Soon after, Brad Duguid, the Ontario minister of economic development, employment and infrastructure, and Toronto Mayor John Tory established the Ontario-Toronto Burden Reduction Working Group and this research project became one of its initiatives. The research started in August 2015.

Administrative burden typically manifests itself as a loss of public value. Not only do individual citizens and businesses suffer from it, but society at large also suffers because it prevents government from adequately addressing social problems.

Reducing the administrative burden of regulation requires a thorough understanding of bureaucracy and its nature. Bureaucracy has a rational character. As Max Weber stated almost a century ago when he laid out the principles of bureaucracy, rules, means, ends and matter-of-factness all dominate its bearing. According to Weber, bureaucracy provides an effective way to organize human activity, as it maintains order, maximizes efficiency, encourages transparency and eliminates favoritism.⁷ Those values are as valid today as they were when Weber was writing, but bureaucracy also has its problems. As sociologist Michel Crozier identified, in an attempt to be both rational and egalitarian bureaucracies try to anticipate every outcome and invent rules in advance to provide fair or appropriate access. This can cause bureaucracies to over-regulate, creating vicious circles of red tape and reducing the room for public servants to act.⁸ Many people working in government encounter this problem every day, as the burden of regulation hurts not only citizens and businesses, but also the public servants responsible for enforcing regulation.

Given the complex nature of many of today's policy problems, multiple agencies and levels of government need to interact in order to create public value. This is not easy given the way government is structured and it can easily lead to administrative burden. Such burden can also negatively impact a government's ability to respond effectively to changes in its environment, like the rise of the sharing economy. In a time where public resources are diminishing, there is even more pressure for governments to streamline and modernize. No wonder that governments around the world are realizing that they must fundamentally rethink how they create public value.

The appropriate strategy is to go back to the public value that regulation intends to create.⁹ Administrative burden typically manifests itself as a loss of public value. Not only do individual citizens and businesses suffer from it, but society at large also suffers because it prevents government from adequately addressing social problems. It is important to note that our research does not merely focus on the welfare loss or justice loss of individuals. It also uses the experiences of individuals as entry points into a discussion about the public value loss for society.¹⁰

A PUBLIC DESIGN PROJECT

The Sharing Economy Public Design project's approach is based on the innovation lab approach, which uses design thinking and systems thinking to help solve complex problems and help modernize public services. Innovation labs have sprung up in and around governments around the world to bring new approaches to innovation in government. Known examples include MindLab in Denmark and Policy Lab in the United Kingdom. Here in Toronto we have the MaRS Solutions Lab.

The project also integrates elements of the Kafkabrigade, an organization that helps governments around the world to find and reduce red tape. The Kafkabrigade approach was initially developed in the Netherlands as a practical approach to shift public services toward becoming more citizen centred.¹¹ The process begins with action research, where project participants learn about bureaucratic dysfunction in detail from the user perspective and help to tackle it at the same time. Action research can be described as a family of research methodologies that pursue action (or change) and research (or understanding) simultaneously.¹² Today, Kafkabrigade operates in several countries, including in the UK, the United States and Australia. The Sharing Economy Public Design project is the first time the Kafkabrigade approach has been applied in Canada.

The typical response to administrative burden is to call for deregulation. However, the Kafkabrigade approach believes that the key is to not reduce regulation (as that would only lead to the loss of public value), but to expand or increase public value while also reducing the burden on citizens and businesses. How can we make regulation more effective and streamlined, while also respecting its complexity? Administrative burden also includes consumers and businesses that are suffering from regulations such as industry standards, sectoral agreements, supply chains and international organizations. Our research looks at the burden of regulations from the perspective of the user and irrespective of who causes that burden.

A Design Perspective

The Sharing Economy Public Design project applies a design-thinking perspective to regulation. Design thinking originated in the 1960s and became increasingly popular as a creative process for problem-solving in the early 2000s. It uses a set of methods and tools that help build empathy with the user in order to define a problem and then offers a process for the rapid iteration of prototypes to develop and test solutions with users.¹³ Design thinking was originally applied to the design of products. For instance, leading design firm IDEO used the process to design the first Apple mouse.¹⁴ Design thinking was later applied to services and more recently has been applied to complex social and public policy problems. This is where innovation labs like MindLab in Denmark come into play, as they use design thinking to change public services and to support governments in solving complex problems.¹⁵

Design thinking has become increasingly popular as a creative process for problem-solving, from developing new products to solving complex social problems.

To design with a particular group of people in mind—that is, to undertake user-centred design—we must have a deep understanding of that group. In order to gain that understanding, ethnography or user research is conducted. These types of research reveal

the situations that people are experiencing and the meaning behind their experiences and behaviours. Only with a deeper understanding of how and why someone is experiencing a particular system and the elements that hold it together (such as policies and regulations), can we begin to uncover insights that inform design challenges.¹⁶

For our project, we conducted interviews with over 136 people, focusing on “users” in the accommodations and transportation industries—that is, those people who are experiencing and are subject to regulatory policies first-hand, such as uberX drivers, taxi drivers, Airbnb hosts and hotel managers. We also interviewed stakeholders who could speak to either the accommodations industry or the transportation industry from different perspectives, such as regulators from all three levels of government, insurance experts, sharing economy entrepreneurs, academics and others. These interviews helped to both deepen and validate our ethnographic research.

The interviews we conducted were informal, semi-structured interviews, which touched on recurring themes that enabled us to continuously delve deeper into the issues with each subsequent interview. Interviewees were selected using a combination of desk research and a snowballing technique where we used our networks to find the most relevant people to speak with. Almost all of the interviews were approximately 75 minutes in length. To our knowledge, this is the first time user-centric research into the sharing economy has been conducted.

In addition to conducting interviews, we also undertook desk research on the relevant issues, including sharing economy policies and strategies from around the world, provincial and municipal regulatory policy environments and current news on sharing economy activities.

The Research Process

The Sharing Economy Public Design project took place between August 2015 and March 2016. After conducting some initial desk research, the first stage of the project was to interview users. We attempted to speak to these users in their own environment wherever possible (for example, in their office if they were a hotel manager or in their car if they were an uberX driver). Additional desk research was conducted simultaneously to validate what was said in the interviews. Over time, both of these approaches helped to map out the regulatory journey for certain types of users and identified barriers and gaps in regulation. Most of the interviews were conducted between September and December 2015.

In the second stage of the project we validated and expanded the outcomes of our user research and our regulatory journey mapping through conducting interviews with regulators, stakeholders and experts. We also held more interviews with users to further clarify certain topics as needed. This stage took place between December 2015 and February 2016.

In the third stage of the project we organized three co-design workshops attended by regulators from all three levels of government, industry representatives, staff from sharing economy companies and other stakeholders such as insurance companies and experts. These workshops were held to further

validate our research findings and to enable sharing economy stakeholders to help co-design possible solutions together. All of the workshops were held at MaRS Discovery District.

- o **January 26, 2016 - Workshop on Sharing Cities and a Toronto Action Plan for the Sharing Economy:** This workshop looked at the sharing economy in its broadest sense and aimed to test a framework for developing a city strategy. Its outcomes are presented in Chapter 4.
- o **February 5, 2016 - Workshop on Transportation:** This workshop convened regulators and stakeholders from the transportation industry, including the taxi industry, Uber and other sharing economy companies. Its outcomes are presented in Chapter 5.
- o **February 10, 2016 - Workshop on Accommodation:** This workshop convened regulators and stakeholders from the accommodation industry, including the hotel industry, Airbnb and other accommodation companies. Its outcomes are presented in Chapter 6.

In the fourth and final stage of the project we conducted select consultations with relevant regulators and stakeholders regarding our final analysis and suggested solutions to prepare the final report. This stage was undertaken between mid-February and mid-March 2016.

A TRILEMMA OF EFFECTIVE REGULATION

Designing effective regulation involves solving a trilemma: public value, administration and innovation. You need to balance all three of these elements simultaneously to achieve the best possible outcome. The first element, public value, is a concept first developed by Mark Moore, who argued that if the role of the private sector is to create private value then the role of the public sector must be to create public value.¹⁷ Examples of public value include public safety, public health or consumer protection. Having a clear notion of what public value regulation needs to create is the first requirement of designing effective regulation. This is a difficult challenge because public values are often competing or even conflicting. Consider, for example, consumer safety versus cheap prices, environmental protection versus fair competition and food safety versus open trade.

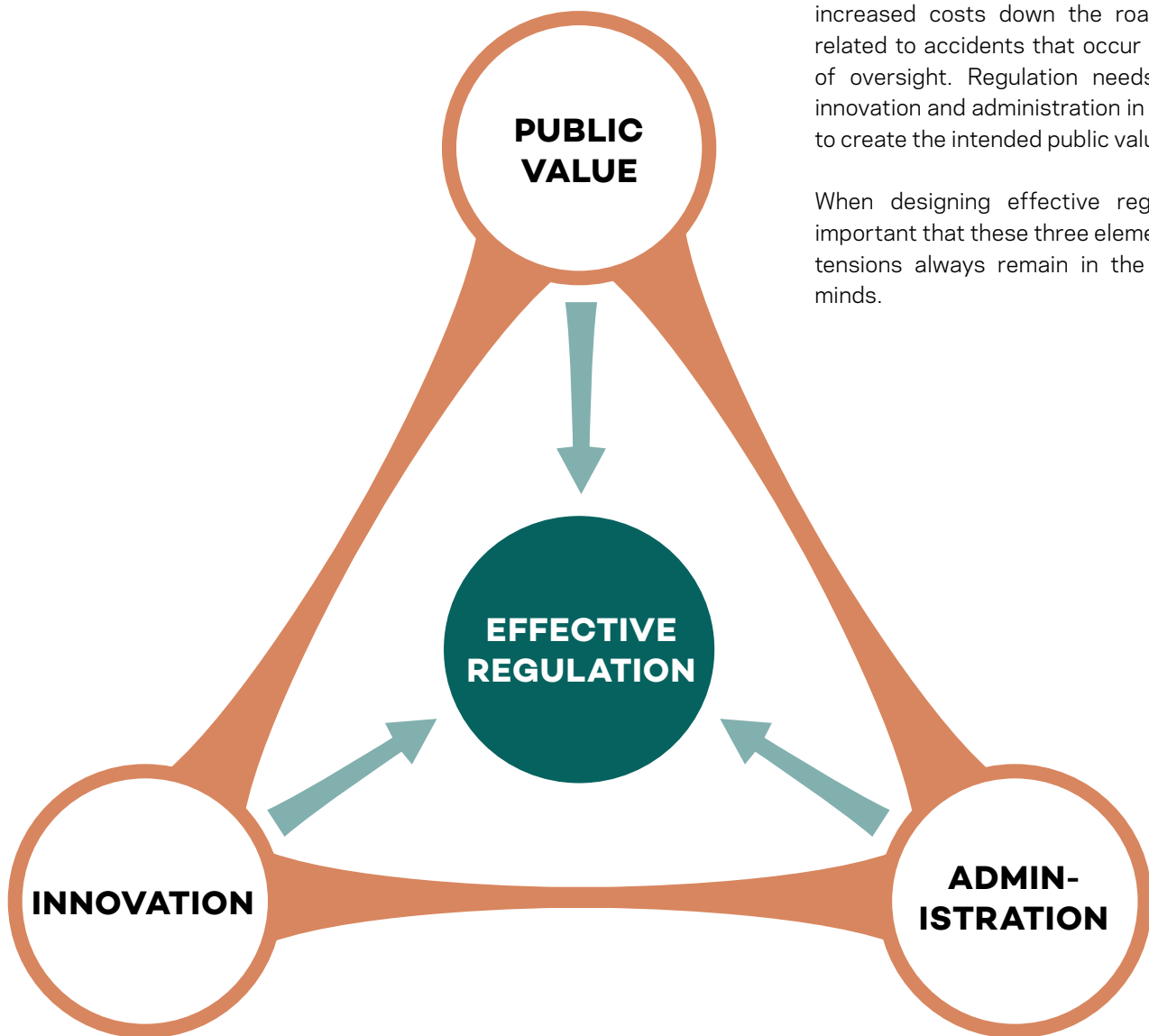
The second element is administration, which is a necessary means for both creating and complying with regulation. Administration translates into procedures, protocols and forms, among other processes. Administration is how regulation gets translated into action. Finally, the third element is innovation: the application of a new idea that will help to improve something or that will even introduce an entirely new product or service.

The dilemma between public value and administration is pretty obvious. In order to create public value there will always be a certain degree of administration. However, if the burden of administration is too high, it will lead to a loss of public value. Government always strives to find the right balance. The tension between public value and innovation also seems clear. On the one hand, if we do not care about innovation, we can create regulation that sets stringent constrictions. This is likely to result in little or no innovation, which over time may lead to a loss of public value because of the inability to adjust to changing environments. On the other hand, if we only care about innovation and pay no mind to public value, we end up deregulating

everything. This gives everyone the absolute freedom to develop new solutions; however, it also leads to a massive loss of public value. Again, regulation needs to find a balance.

The relationship between innovation and administration is perhaps less obvious, but it is just as important. If there are too many administrative requirements, innovation is stifled—even if it is contributing to public value. However, while a lower level of administration may lead to more innovation, it does not always lead to the innovations that we may want or need. This may lead to increased costs down the road, like costs related to accidents that occur due to a lack of oversight. Regulation needs to balance innovation and administration in the right way to create the intended public value.

When designing effective regulation it is important that these three elements and their tensions always remain in the back of our minds.



DESIGN PRINCIPLES

By adhering to the following eight design principles cities should be able to achieve effective regulation.

1. Keep the public value, but rethink the delivery of it.

Reducing administrative burden is not about devising less regulation, it's about devising smarter regulation. The intended public value is not what is at stake here. We simply need to rethink the delivery of that public value.

2. Shift from front-end regulation to back-end regulation.

Having the burden of regulation precede any potential benefit, like obtaining a permit before entering the market, should always be kept at a minimum. There needs to be a good balance between the level of burden and the timing of it.

3. Shift from generic regulation to more flexible and risk-based regulation.

Administrative burden often occurs because of an inability to tailor processes to a user's specific needs. Regulation only comes with generic solutions, forcing everyone into the same mould. The challenge is to shift toward more flexible, risk-based approaches to regulation.

4. Ensure regulation is easy to understand, follow and enforce.

Regulation should be easy to understand for everyone. Regulation should be easy to follow for those who need to comply with it and easy to enforce for those who need to ensure it is followed.

5. No smart regulation without technology and data.

Governments need to make better use of technology and data to both create and enforce regulation more effectively.

6. Your assets are yours to share.

When people decide to share their own homes or goods, it is their own choice to do so. As a default, making such a choice should be allowed unless it creates a conflict like interfering with public safety. And what is clear, you can only share what is yours.

7. Treat equal cases equally, but treat unequal cases unequally.

Where situations are the same, everyone should be treated equally. That will not always be the case, however, so there needs to be room for differentiation.

8. Be proportional.

The burden of regulation should be proportional to the action being undertaken and the potential risk that is involved in it. For instance, a person who rents out his apartment for one week a year should be subject to less burdensome regulation than a person who rents out their apartment year round.

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Becoming a Sharing City

The rise of the sharing economy is felt most in cities. It's hard to miss the active debates surrounding Uber and Airbnb in cities around the world. But the sharing economy is made up of much more than companies like Uber and Airbnb. Not only do cities need to know how to respond to the sharing economy, but they also must help to build a sharing economy that will benefit them. This requires cities to take broader perspectives and to be proactive rather than reactive in their approaches. We hope our work will help to develop a strategy for creating an environment in which the sharing economy can thrive. To better understand what a successful city strategy might entail, MaRS Solutions Lab partnered with the City of Toronto to explore opportunities and approaches to develop such a strategy, as a case study for cities across Ontario, Canada and the world.

LEARNING FROM OTHER CITIES

People in urban centres around the world are taking advantage of the sharing economy to boost local economies, build connected communities and come up with alternate solutions to complex problems. In cities, greater population density and people who are more highly networked and digitally connected than ever before enable an environment that is prime for sharing, boosting the supply and demand for shared resources and facilities.

Seoul, Milan and Amsterdam were some of the first cities to officially endorse the sharing economy.^{18 19} As "sharing cities," they have created strategies to leverage collaborative consumption to build stronger and more resilient cities. Sharing cities envision building healthy, connected and resilient communities through shared resources. The methods of achieving this goal differ as much as the cities themselves. Since 2012, Seoul has called itself a sharing city, due largely to the driving force of its mayor.²⁰ It is taking a city-led, tech-enabled approach to fostering the sharing of resources and public spaces for the interpersonal exchange of goods and services. Milan, on the other hand, has

taken a collaborative bottom-up approach, with a central theme of social inclusion. The city prototyped the sharing economy during Expo 2015, creating Sharexpo. It became the first city in Europe to legislate a pro-growth collaborative consumption framework.²¹

Amsterdam has also taken a collaborative approach. Amsterdam Sharing City is a joint initiative in which ambassadors from all corners of the city work together: from startups to large corporations, community centres to the public library, and knowledge institutions to the municipality. The purpose is for the city as a whole to utilize what the sharing economy offers in the areas of sustainability, social cohesion and economy.²² As sharing-economy thought-leader April Rinne explains, there is no one path to becoming a sharing city; many approaches can work.

Here in Toronto, many people and organizations are already working to promote the sharing economy or are using its principles to enhance their quality of life in the city. Torontonians are capitalizing on the sharing economy through shared mobility, shared production, shared

There is no one path to becoming a sharing city; many approaches can work.

April Rinne

spaces, shared food and shared goods. So far this has largely been a grassroots effort. Many local startups—including Rover, Not Far From the Tree and the Toronto Tool Library—are innovating new approaches to how we consume and experience the city. Meanwhile, Toronto is also home to some fast-growing global sharing platforms, such as Uber and Airbnb, and to many new startups that are becoming part of this new economy.

While much of the debate about the sharing economy has focused on disruptions to ground transportation, it is imperative to broaden that scope to look at how the sharing economy can continue to strengthen the City of Toronto and to consider what is needed to make that happen. At the Sharing Economy Forum on October 29, 2015, Mayor John Tory proclaimed that he wanted Toronto to be a laboratory for the sharing economy and a home to global innovators in this space. This kind of political support is essential. So what actionable steps do we need to take to realize his vision?

MaRS Solutions Lab convened local innovators, experts and stakeholders from government, civil society, the private sector, academia and sharing economy organizations in a co-design workshop.²³ A strong city strategy must be more than a government strategy. While governments have crucial roles to play in terms of regulation and support, many more actors need to be engaged to create a strong sharing economy. At our workshop, participants from across society discussed and worked on co-designing an Action Plan for Toronto as a Sharing City. They considered the ambitions the city should take on and identified how to translate those ambitions into action.

STEP 1: CREATING A VISION

Developing a vision as a city is the first step in this process. As a previous report by the Mowat Centre advised, a vision helps to get beyond a “whack-a-mole” responsive approach.²⁴ A city vision should adhere to three principles. First, it needs to align with the identity and strengths of the city in order to help define the kind of sharing economy the city wants to achieve and to determine its central themes. Second, the vision should be time-bound. At our workshop, for example, participants created a vision for Toronto in 2018, the next local election year. We asked the participants to describe how the city would be different in 2018 as a result of their action plan. Third, the vision should be a collaborative effort of many partners in the city and should serve to unite them.

While various topics arose in the workshop, a number of recurring themes emerged from this visioning exercise.

- **Congestion:** This was the dominant theme for Toronto. Whether in the form of a shared mobility strategy or lowered car ownership, participants agreed that our city transport system is in dire need of improvement. The sharing economy could help lower congestion and could create many benefits, including less traffic and emissions, better air quality, reduced commute times, greater road safety for children, decreased drunk driving and increased social capital from connected citizens.
- **A newcomer city:** Toronto is a diverse city with many newcomers. It is heralded as one of the most multicultural cities in the world, where approximately half the population was born outside of Canada. The sharing economy could help newcomers to feel welcome, build their social capital and gain work experience by connecting them with people who can share their own skills, knowledge and time.
- **Engaged senior citizens:** Seniors were

widely viewed as an underutilized asset in our communities, as they have knowledge, skills and time to share. By engaging senior citizens to take on societal tasks such as child-minding (park supervision) or skill sharing (with newcomers or youth), or by enabling them to work (as “experienced workers”) we can create stronger community cohesion, safer neighbourhoods and economic growth. Seniors themselves are often happier and healthier when they have a renewed sense of purpose, because they are less socially isolated and continue to provide value to their communities.

- o **Equity crowdfunding:** With more Torontonians becoming equity crowdfunders, such as small-scale shareholders in the creation of local

businesses, we could support more local entrepreneurship and Torontonians would feel more ownership over local businesses. This theme also fits particularly well in Toronto as the city is Canada’s financial capital and the financial sector will likely be the next sector to be disrupted by the sharing economy.

- o **Toronto as “global sharing city”:** Many other ideas about issues and opportunities were discussed, including reducing red tape, boosting social capital, leveraging the power of diversity by “culture-sharing,” reducing food waste and e-waste, sharing sports equipment, enabling childcare and child-minding, sharing meeting spaces (with communities, artists and innovators) and general skills sharing (for instance, trading snow shoveling for cooking lessons). These opportunities could all contribute to positioning Toronto as a global sharing city.



Once a vision has been created, the next steps for co-designing a city strategy for the sharing economy are about working to achieve that vision. However, even on its own, the city vision can help guide any desired actions by diverse stakeholders. Communicating that vision and defining what kind of sharing city your city aspires to be are therefore important steps to take.

Hill Valley Telegraph Worksheet: Workshop participants imagine the future through the newspaper from *Back to the Future*.

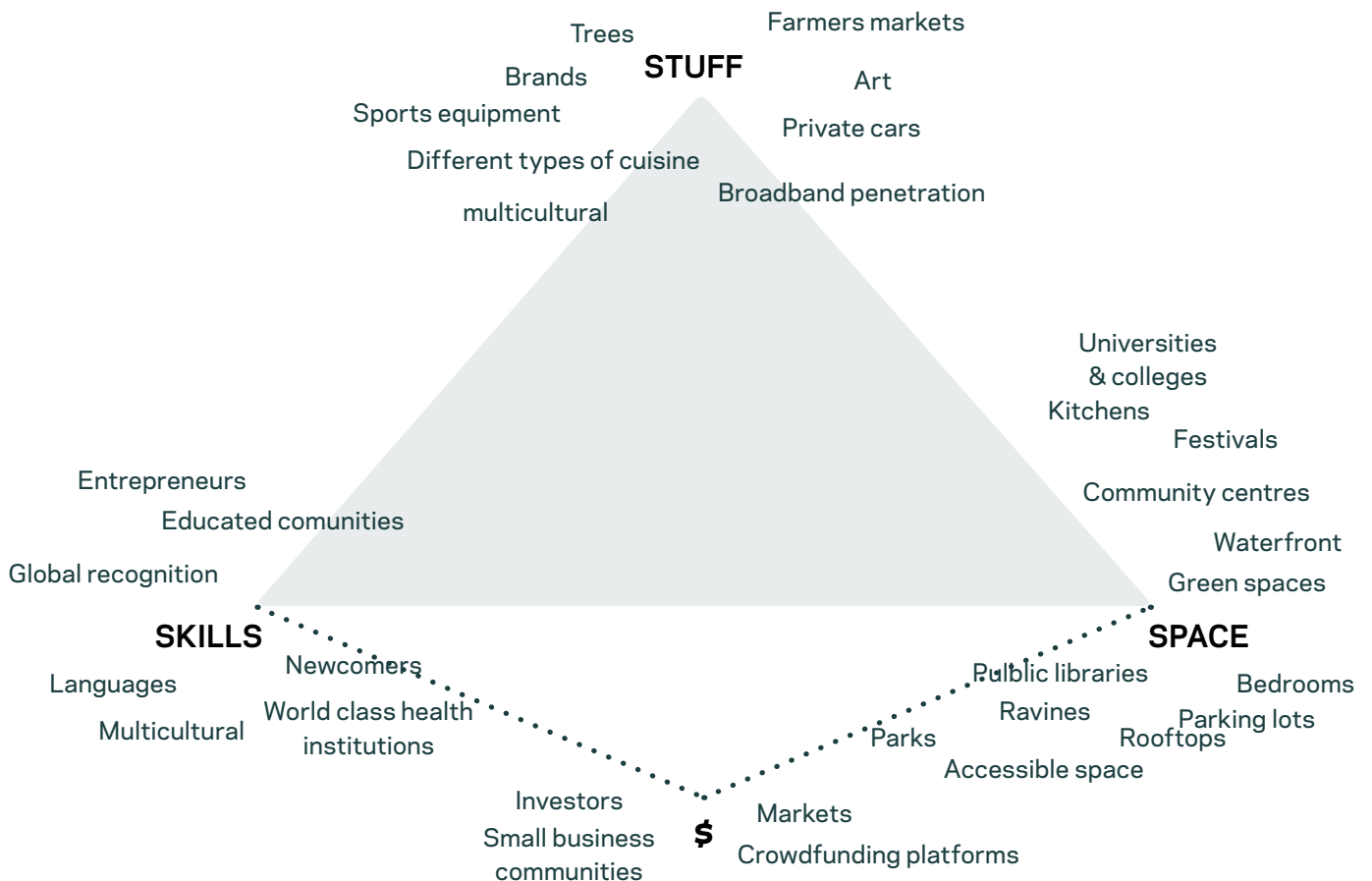
STEP 2: MAPPING YOUR ASSETS

As mentioned, the sharing economy is an economic model that creates value from underutilized assets. Therefore, the next step for developing a city strategy is mapping the underutilized assets that a city has. Underutilized assets are assets that currently sit idle, but that could produce value once activated. These assets can be broadly classified into three groups (known as “the three Ss”): skills, stuff and space.

Skills can range from the skills of people from educated communities and world-class health institutions to the skills of at-risk youth and newcomers with foreign credentials. **Space**, as you can imagine, refers to things like kitchens, accessible spaces, bedrooms, ghost condos and condo parking spaces. **Stuff** can

include anything from art to farmer’s markets to skates to broadband penetration.²⁵ We have included an additional concept here: **financial assets**, which could be seen as the fourth “\$.” With crowdfunding, peer-to-peer lending, blockchain transactions and other ways that technology can help people share financial assets in new ways, this category should not be overlooked.

Like most cities, Toronto has many underutilized assets. During our workshop, participants mapped the assets of the city according to these categories. Of course, Toronto has many more assets than those listed here, but these are the ones that collectively came to mind.



Assets Map: Workshop activity of mapping the assets in the City of Toronto.

STEP 3: IDENTIFYING OPPORTUNITIES

In order to align the strategy with a city's context and needs, it is important to map the assets owned by the city, the issues specific to the city, and its related needs and priorities. The resulting question becomes: how can we—and how will we—utilize these assets for the good of our city? After the city's assets have been identified, they can be matched with the key issues that city faces and with the vision it has set for itself. When we combine these

assets with certain issues, such as social isolation, inflation, gentrification, governance constraints or precarious work, what kinds of opportunities can we find? Through this exercise, many ideas for opportunities emerged.

Here we've highlighted some of the clear opportunities for Toronto that emerged from our co-design workshop in more detail.

SHARED MOBILITY, REDUCED CONGESTION

ASSETS

Underused vehicles (already heading in particular directions), smartphones



ISSUES

Congestion, emissions, access to transport stations, ease of mobility and cost of parking

OPPORTUNITY

Many transit platforms exist, but they are not connected through a centralized platform.

A multimodal transportation platform could enable better transit across the city through integrated trip planning that includes transit and carpooling. It could be designed to be easy to plan and pay. It would allow for mutual ratings and online payment.

ENGAGED SENIORS

ASSETS

Seniors with time and skills, parents with time and skills, space in homes



ISSUES

Parents need help looking after their children, senior citizens often suffer from isolation

OPPORTUNITY

Many senior citizens are isolated and want to add value to their communities, while families are often in need of child minding.

By connecting senior citizens who have time and skills with families in need of childcare, seniors would be able to contribute to their communities. Families could contribute in return by helping seniors with tasks such as shovelling snow or cutting their lawn. This is not intended to replace full-time childcare, but rather to fill in gaps where childcare is needed.

CAR PARKING IN THE CITY

ASSETS

Car parking space in city condominium buildings



ISSUES

Access to and use of parking space

OPPORTUNITY

There is a shortage of city-wide parking spaces, while condo buildings often have empty parking spots.

This would enable the flexible use of residential condo parking in spaces that are otherwise privately used. Zoning, condo board and building bylaws would need to change for this to happen.

SKILLED NEWCOMERS GAIN ADDITIONAL SKILLS AND GUIDANCE

ASSETS

Underutilized higher education infrastructure and resources, individuals' skills and credentials



ISSUES

Labour market integration and underemployment of skilled newcomers

OPPORTUNITY

We have many foreign skilled professionals seeking networks and employment, and we also have underutilized education infrastructure and resources.

By enabling the use of university and college spaces for skill and education meetups where teachers or professional associations could deliver tailored courses, skilled newcomers would receive guidance toward achieving credentials and exposure to networking opportunities. Technology can be leveraged to maximize the learning spaces and the time of people participating.

MULTICULTURAL CONNECTIONS AND SKILLS SHARING WITH NEWCOMERS

ASSETS

People, spaces, community and housing



ISSUES

Social isolation, mental health and affordability

OPPORTUNITY

We have many vulnerable populations, including newcomer groups, but we also have people with the skills and assets needed to address isolation and poor health.

By using sharing economy principles to address social isolation and inequality, volunteerism scales and gives people a sense of community contribution through intergenerational and multicultural connections and interactivity. Volunteers could be matched to newcomer groups in different ways, such as for mentorship opportunities and co-housing.

While these are some important ways the sharing economy can be leveraged in Toronto, there are many more opportunities for the city's assets to be used in tackling existing issues. These opportunities must be prioritized based on needs, feasibility and how they contribute to the city's vision.

CREATE MORE SHARED SPACE FOR URBAN FARMING

ASSETS

Green rooftops, unused transition spaces



ISSUES

Access to local and healthy food

OPPORTUNITY

Many roofs and public spaces are underutilized and there is a shortage of locally grown food.

Creating more shared space for urban farming would enable greater access to local, healthy food. This would build social, human and environmental capital by developing gardens on rooftops and in other underutilized spaces. It would be enabled through an online platform for sharing, connecting and participating.

STEP 4: DEFINING ACTIONS

This step involves defining the actions related to each opportunity selected. Each action should clearly define the objectives, the actors involved, the resources needed and when the action will be undertaken. City strategies could even create action plans using tools like the business model canvas.²⁶ While we had limited time to do a full action-planning exercise at our workshop, participants explored and described potential actions, stakeholders and outcomes for each of the opportunities listed above. For example, to reduce congestion using shared mobility it was determined that the obstacles preventing people from carpooling and using public transit should be removed (by having daycares at public transit stations, for example). The stakeholders involved would include commuters and drivers, employers, traffic data aggregators, transit agencies and many others. The outcomes include shorter travel times, reduced parking congestion, more transit options, revenue for drivers, greater productivity and social capital.

As sharing economy advocate April Rinne explained at the workshop, the most effective strategy for bringing about sharing economy actions involves combining a longer-term strategy with ambitious goals and tactical quick wins.

STEP 5: SUPPORTING THE STRATEGY

The final step is to support the strategy with the right resources and structures to help ensure implementation. In our workshop, some elements of support were seen as critical to success.

- **Support from the mayor and City Council:** With backing from the mayor and City Council—and, ideally, with the support of city employees who are tasked with overseeing sharing economy activities on a day-to-day basis—it would be much easier to implement the sharing economy strategy.
- **Support from a network of actors across the city:** These individuals represent multiple sectors from across the city. They may make up a governance board that guides the strategy forward or they may include people who are involved in the day-to-day operations of the sharing economy or, better yet, they may include both. The structure of this network depends on determining what is useful for the city and then iterating upon it to come up with an ideal structure.
- **A supporting vehicle that keeps the city strategy on track:** This would be a governing team or structure that maintains accountability to achieve goals in a certain amount of time.

During the workshop, several ideas about how to support a city strategy surfaced. Here are some of those ideas.

- **Establish a sharing economy council:** A sharing economy council would lead the city's sharing economy strategy and related activities. It would also pull in international expertise to inform the city's activities in response to specific asks and specific goals. Its members would be cross-sectoral, consisting of stakeholders from the public, private and social sectors. These individuals would have the city's

best long-term interests in mind, but would not be involved in day-to-day operations.

- o **Network with other cities:** It is fundamentally important to network with other cities and to learn from their experiences and varying approaches. This encourages broader input on best practices, ideas and solutions.
- o **Create a sharing economy fund:** Resources are needed to enable sharing economy strategy development, actions and initiatives. This support should come from multiple sectors; foundations, corporate institutions, academia and other public-sector organizations could all provide support.

So, where do we go from here? For Toronto, these outcomes can be used in the months ahead to develop an Action Plan for Toronto as a Sharing City, and the Innovation Working Group that was recently established by Mayor John Tory could take the lead. As April Rinne explained at the Toronto as a Sharing City workshop, Toronto could still become the leading North American city whose government is benefiting from sharing economy platforms. In fact, "Leading a Sharing City in North America" is a tagline that is still up for grabs.

Other cities can use this framework to develop their own city strategies and we encourage them to do so. It is worth repeating that the sharing economy is not a one-size-fits-all strategy. It varies from one city to the next, due to differences in how it operates and how it is perceived. Sharing city strategies will be different for every city and will depend on that city's priorities, local culture, values, context and so on. The underlying values and assumptions of a city strategy, therefore, must be fundamentally aligned with the interests of the city in order to be successful.

Finally, although the sharing economy manifests itself mainly in cities and although cities across the world are taking the lead in developing sharing economy strategies, this does not mean that other levels of government have no role to play. As the rest

of this report will show, the sharing economy involves all levels of government. Provincial and federal governments can also use this five-step framework to develop sharing economy strategies. The key message here is that governments need to be proactive about determining what kind of sharing economy they envision and they need to work with diverse stakeholders across society to help turn that vision into a reality.

Governments need to be proactive about determining what kind of sharing economy they envision and they need to work with diverse stakeholders across society to help turn that vision into a reality.

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Sharing of Accommodations

Home sharing has scaled an informal activity into a whole new category of accommodation and is forcing regulation for this sector to be rethought. Can smart regulation be created that will enable innovation and competition, while also reducing administrative burdens for all within a fair playing field? This chapter describes the regulatory barriers that surfaced from our research, which included dozens of interviews with hotel operators, Airbnb hosts, regulators and other stakeholders. A subset of these stakeholders was convened in a co-design workshop that led to developing potential solutions for creating effective regulation. Those solutions are being presented here.

A SHORT HISTORY

Hotels, motels and other similar accommodations have been recognized as distinctly commercial operations because of their provision of short-term accommodations for a fee, and the size and scale of their operations. As the accommodations industry is a large industry, these providers are expected to uphold public safety by complying with accommodations-specific and business-specific regulations. In Ontario, these regulations include such as the Innkeepers Act, the Fire Code, the Accessibility for Ontarians with Disabilities Act, the Taxation Act and the Workplace Safety and Insurance Act, amongst other. While the obligations of commercial accommodation organizations are generally clear, residential spaces that are blurring the line by undertaking commercial activities have revealed gaps in regulation. Over 20 years ago bed and breakfast operations in Ontario began navigating this grey zone. Discontent from the hotel industry and changes in the Fire Code catalyzed the various regulations across municipalities that bed and breakfast operations are now subject to. Today home-sharing platforms are facing similar scrutiny.

The impact of home sharing has been felt in many places around the world. Moreover, the growth of home-sharing has been rapid. For instance, since its introduction in 2008, Airbnb has led the market with over 2,000,000 listings and 60,000,000 guests worldwide. There are 11,000 hosts with listings in Ontario and more than 375,000 people visited Ontario through an Airbnb in the past year.²⁷ What used to be an uncommon option in North America has scaled rapidly through technology. Hosts use the income they earn from home-sharing to balance costs of home ownership and education. At the same time, local neighbourhood businesses see more customers and, in times of emergency, displaced peoples can easily tap into a network of housing. However, the increase in home-sharing has also brought to light questions and concerns related to safety, liability awareness, taxes, neighbourhood concerns, and the affordability of housing across the globe.

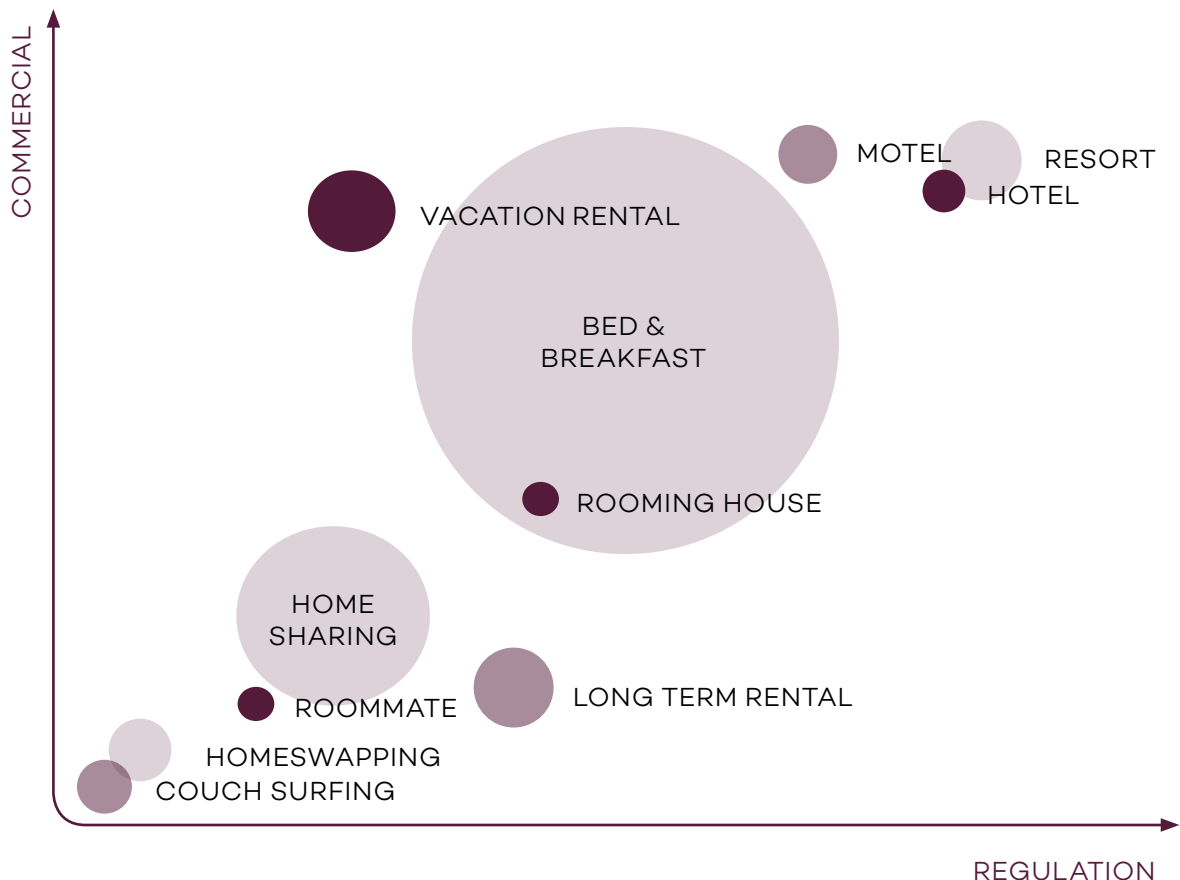
Facing ongoing media scrutiny and new regulation across the globe, Airbnb in particular has responded with limited programs that

**More than
375,000 people
visited Ontario
through an
Airbnb in the
past year.**

manage safety and regulatory concerns. An emergency safety card for emergency contact information was introduced in 2014 and hosts in 15 of the over 190 countries with Airbnb listings (including those in Canada) now have access to a \$1-million Host Protection Insurance program, which came to market in late 2015. Additionally, a new online tool that enables neighbours to report on poor guest behaviour is expected to launch in April 2016.²⁸ While these actions have helped Airbnb with their regard among governments that have yet to lay down new regulations, the changes also come as the response from a company with a highly visible public profile.

Airbnb is not alone. Other entrepreneurs are finding gaps in the market and are creating hospitality services such as short-term rental-specific cleaning service (Dhyana Cleaning), rental management services (Guesty), and Airbnb-specific insurance policies (Square One Insurance). Other companies are finding opportunities in reporting illegal rentals to landlords (BNB Shield).

It is easy to create a dichotomy between the traditional accommodations sector players and new entrants to the sector like Airbnb. However, our research made clear that the reality is far more nuanced. Several accommodations operators expressed little concern about home sharing platforms. They did not consider them as direct competitors but rather as a different market segment all together. As innovation finds these gaps in traditional industries and turns them into opportunities, regulation needs to be considered—but it must also be used to effectively address the appropriate issues.



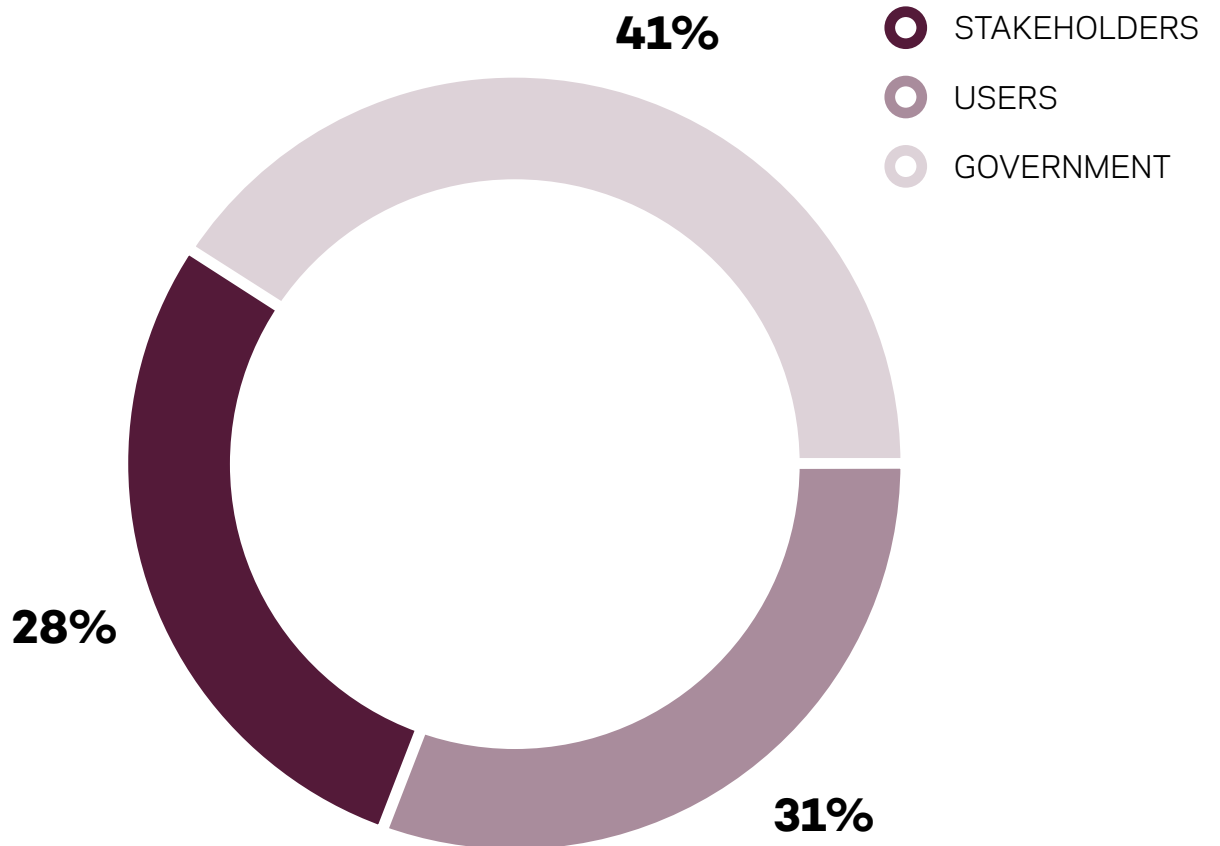
Accommodation styles in Ontario and their range in regulation and commercial activity.

RESEARCH METHODOLOGY

To understand the impact of the sharing economy on Ontario’s accommodations industry, we conducted both an issues scan and ethnographic research. Our goal was to identify and map key barriers and opportunities for regulation in this new environment by using Toronto as a case study. The issues scan provided a broad perspective on the policy concerns underlying accommodations activities, while ethnographic interviews helped to develop a deeper understanding of the regulation experience.

from all levels of government. We spoke with hotel operators, bed-and-breakfast owners, representatives of online accommodations platforms, rental property neighbours, tourism academics, data specialists and condominium lawyers. Our research findings were supported and validated through desk research, additional interviews and a co-design workshop with 27 participants.

The ethnographic research consisted of approximately 50 interviews and ongoing conversations with users, stakeholders, consumers, experts and industry associations, as well as with policymakers and regulators



Accommodations Interviews: Approximately 50 stakeholders, users and government representatives were interviewed over the course of the project.

POLICY CONCERNS

The policy concerns that emerged from our issues scan included: consumer safety, tax compliance, fair competition, insurance, precarious work, and housing affordability. After taking the experiences shared by our ethnographic research subjects into account, some initial insights about the issues were uncovered.

Insurance, while perhaps a wider concern, is not an issue in Ontario. There are no specific regulations for home insurance in Ontario, allowing for flexibility in the products offered and room for innovation. The Airbnb hosts we interviewed had spoken with their insurance providers about short-term rentals and were readily presented with options to extend their current coverage. In addition, Airbnb recently introduced its own Host Protection Insurance program to provide liability coverage. With no lack of insurance options, the issue is about an individual's willingness to take on risk.

The issues of **precarious work** and **housing affordability** are real and important, but are not limited to the sharing economy. Both have a scope much broader than our research can offer. The Province of Ontario is reviewing its labour and employment legislation through the Changing Workplaces Review,²⁹ where these issues would be best addressed. With the distinction of home-sharing hosts who rent out the home that they own and live in for the majority of the year (that is, their primary residence), there is no conclusive correlation between home sharing and loss of housing stock. The issue remains with secondary income homes.

There is still plenty to consider. Further explorations using a design-thinking perspective helped us to better understand the issues and to discover the barriers, gaps and burdens of current regulation, as well as the leverage points to create effective regulation.

There are no specific regulations for home insurance in Ontario, allowing for flexibility in the products offered and room for innovation.

REGULATORY USER EXPERIENCE

As this report is meant to identify both opportunities to reduce regulatory burdens that hamper incumbent businesses and to consider how to regulate disruptive market entrants in a way that supports innovation and protects the public interest, **users were defined as those people who directly interact with or are affected by the ways that regulation is implemented.** As such, these users included hotel managers, bed and breakfast owners, hostel operators, and Airbnb hosts. Through our user research, regulatory journey maps were created to identify the user experience of regulation and to compare them.

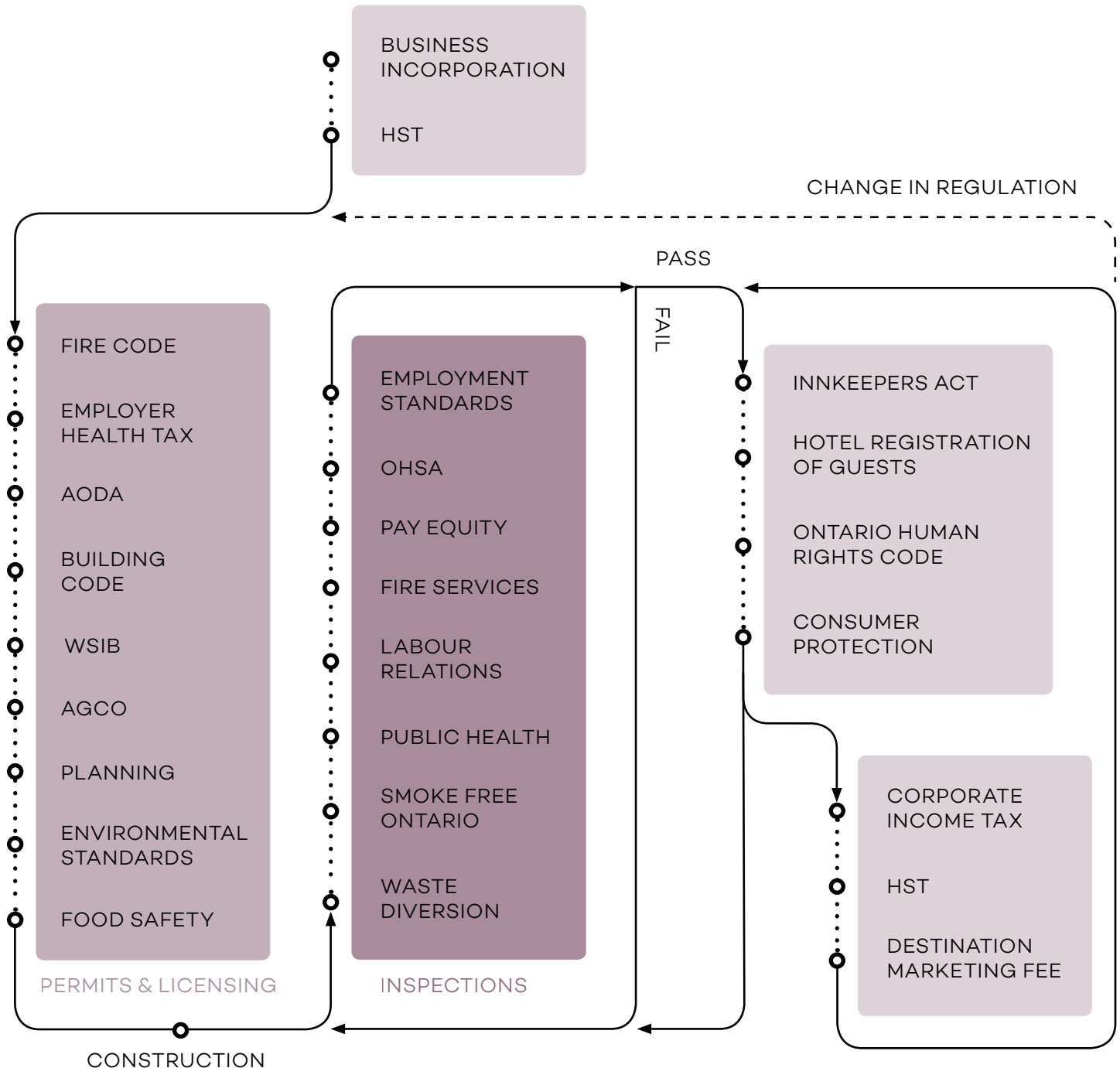
Hotelier Regulatory User Journey

Known for allowing liens on horses, the Innkeepers Act is recognized along with the Hotel Registration of Guests Act by industry and regulators as largely out-of-date. As the only hotel-specific regulations, the act is largely unenforced and incur little burden because they are generally superfluous to hotel operations. As such, many of the hotel operators we interviewed reported that they didn't feel much pain related to the Innkeepers Act. However, in digging deeper, it became clear that hotels and small accommodation businesses in Ontario do face some real barriers to entry. Above all, they suffer from a lack of clarity. Only familiarity with the various codes and acts enables efficient navigation, which often results in operators wasting time and money while attempting to comply with them. While much of the work is undertaken in the upfront permit and licensing processes, regular inspections and audits create ongoing burdens.

One hostel owner we interviewed spoke about receiving a visit from the fire inspector just before opening day. The inspector prevented the hostel from opening without even entering the building because he noticed that the closest fire hydrant was farther than 50 metres away. Had the hostel owner known about this requirement earlier, he could have included

the hydrant in his building plans. Through some ingenuity and personal connections, he passed the inspection by finding a longer fire hose for the premises. This is just one example of the difficulty of navigating the myriad regulations that individually make sense but can collectively create significant barriers.

Inspections themselves are another form of burden. Several hotel operators identified the 40 page WorkWell Audit program and regular fire safety and training inspections as burdens. Conversely, the prevalence of so-called self-regulated consumer review websites gives many properties a competitive edge by alerting them to issues more quickly, enabling them to improve the customer experience.



Hotelier Regulatory Journey Map: A mapping of the regulatory experience of hoteliers in Ontario.

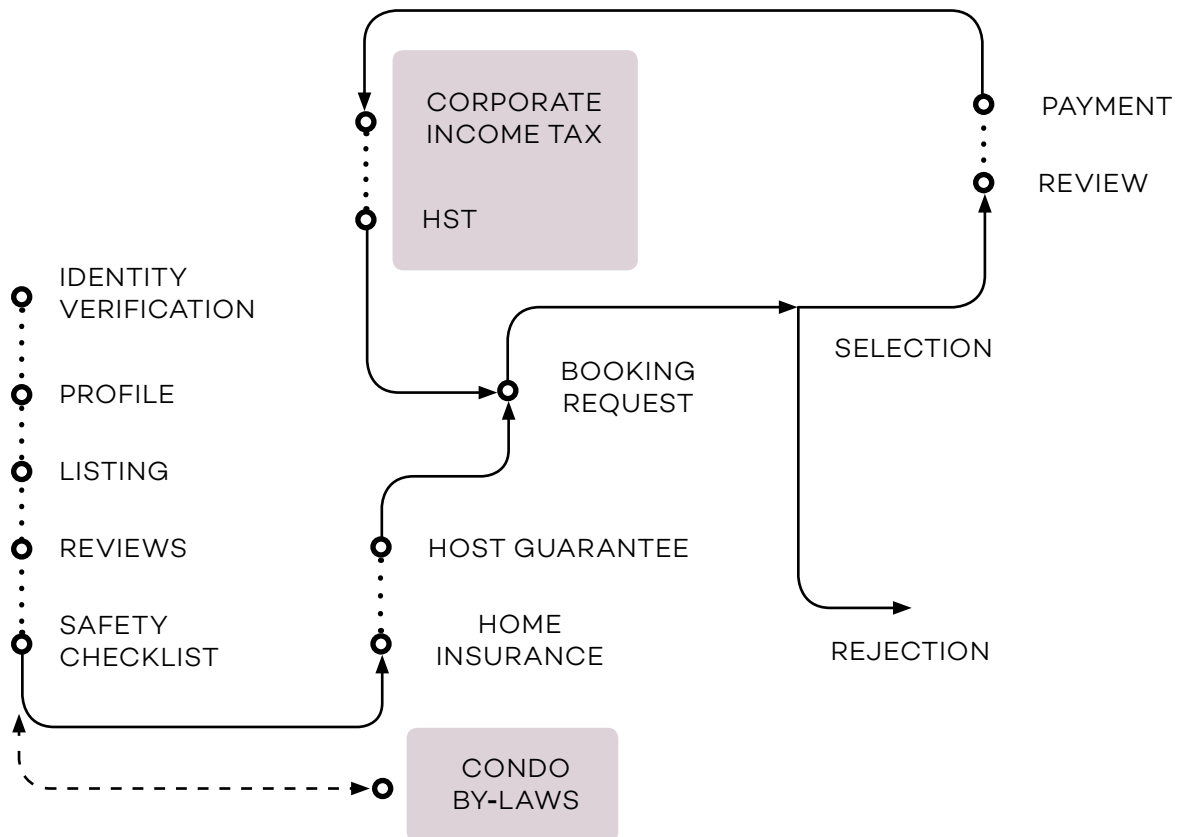
Airbnb Regulatory User Journey

In comparison, the regulatory journey for a host on a platform is quite linear and simple. By sharing a zoned residential space, hosts and homeowners bypass most of the regulation as it applies largely to the design and construction of the buildings. Other than the requirement that a smoke detector be placed outside of all sleeping areas, not much else is compulsory. With so few barriers to entry and no ongoing inspections, it's no wonder that so many Ontarians list their spaces on Airbnb. A host can sign-up online and be operating almost immediately. The process is fast and easy, requiring little more than inputting your personal information.

The reviews, ratings and identification checks within the Airbnb system provide hosts and guests with more information about each other than many other accommodation types do. For instance, one host we spoke with claimed to know more about their Airbnb

guests before meeting them than they knew about their own neighbours. Cracks in this trust network emerge when a host finds that guests have damaged their property or when a guest discovers bed bugs. In less extreme cases, users of home-sharing platforms accept these types of incidents as a risk that they willingly took and adjust their personal checks and filtering for future bookings. Many users also focus solely on positives in reviews or opt out of leaving public comments in order to limit confrontation or retribution.

In Toronto, condominium regulation is increasingly important, as 23% of the city's residents live in condos.³⁰ Condos operate under independent and self-determined regulation and, as such, have mostly been banning short-term leasing. But sending notices to residents doesn't stop the activity from going on underground, and condo buildings often do not have the capacity to enforce regulation.

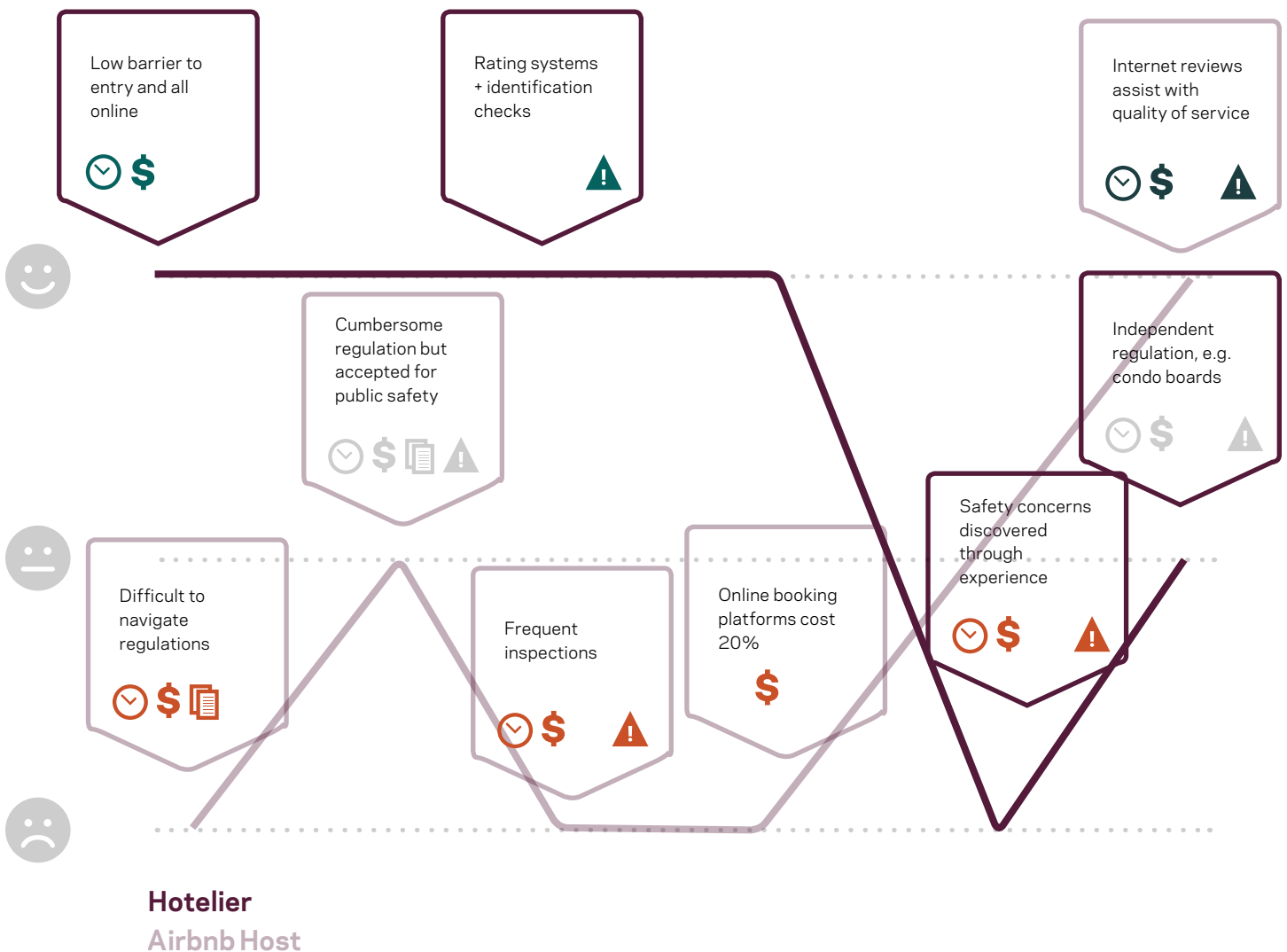


Airbnb Regulatory Journey Map: A mapping of the Airbnb host experience with regulation.

Another issue related to home sharing is the potential nuisance to neighbours. Although we did not encounter many complaints in our interviews, we found that the neighbours of home-sharing hosts do want to know where they can go with any complaints. The complaint process is a lot easier when you know your neighbour is the owner of their property, which should be the case if the space they are home sharing is their primary residence. To deal with this issue, Airbnb recently created a hotline for neighbours and the company has also announced a new online reporting tool. While Airbnb neighbours now have a method of reporting misbehaving

guests and irresponsible hosts, the company is not responding to these reports with much action. For instance, one neighbour we spoke with reported a home that constantly holds loud parties, has been staked out by police and has even been the site of a shooting.

The wide gap between the experiences of hotel operators and home-sharing hosts signals the differences between personal and commercial activities. The call for a fair playing field does not apply here—however, understanding the points where the hybrid activity shifts its balance from personal to commercial and away from home sharing will help determine action for effective regulation.



Accommodations Experience Map: A mapping of the experiences of hoteliers and Airbnb hosts.

JURISDICTIONAL SCAN

As a new and impactful services, home-sharing platforms have been facing new regulation in many jurisdictions. Here in Toronto, a motion was submitted for the City of Toronto's Municipal Licensing and Standards to review Regulating Temporary Accommodation Rentals, which calls for the regulation of accommodations as either a hotels or bed and breakfasts.³¹ Meanwhile, the Province of Ontario is partnering with Airbnb to encourage tax compliance.³² Provinces across the country are still exploring options. Nova Scotia has just launched an impact study and Vancouver is watching other jurisdictions.³³ Only Quebec has adopted regulation that places short-term rentals into the same category as hotels and bed and breakfast and requires the collection of a hotel tax. To enforce this regulation, the province has increased the number of its inspectors from two to 18. Even so, the number of listings has increased by almost double in a year.³⁴

In major cities such as Barcelona, Paris, Amsterdam, Hamburg and San Francisco, regulators have either set down regulation on their own or in collaboration with companies like Airbnb. They have created permit offices and hired more inspectors, but many are still facing rampant non-compliance.³⁵ Amsterdam was the first city to partner with Airbnb. This partnership has resulted in allowing home sharing under certain conditions and collaborating on communicating legal obligations. It is Airbnb's responsibility to collect the local tourist tax.³⁶ Yet, more recently there have also been some difficulties around the city's request to obtain Airbnb's data about illegal rentals.³⁷

**Amsterdam was the
first city to partner with
Airbnb.**

KEY IMPLICATIONS FOR REGULATION

Based on our research, six key implications have been identified and are described below. These issues have also been discussed at a co-design workshop where we convened relevant regulators from all three levels of government, industry representatives, sharing economy companies (like Airbnb) and experts. These stakeholders helped to co-create potential solutions to be considered.

1. Clear thresholds: Home-sharing is Primary Residence & Max 180 Days of the Year

Conflict arises when the residential dwelling in question is not owner-occupied. **Home sharing** is defined here as **renting part of or all of the host's owned primary home**. However, with over 30% of Toronto's Airbnb hosts listing multiple units,³⁸ how do we know how many are actually home-sharing? This is where the hotel industry draws the line. The hotel industry views owner-occupied residences (like bed-and-breakfast accommodations) as complementary businesses, but they consider renting a vacant residential dwelling on a short-term basis as operating an illegal private hotel room. This second activity is considered as direct competition and as lacking significant oversight.

In determining the appropriate risk to regulation requirements for various styles of accommodation, clear thresholds that are inclusive but simple to comprehend must be developed. Our research revealed a lack of clarity in the existing frameworks for defining styles of accommodation. Some frameworks referred to services such as daily linen changing, furnished rooms or a registration desk as indicators of a hotel operation. The Hotel Registration of Guests Act describes a hotel as a building that provides food and lodging for travelers and has no less than six bedrooms. On the other hand, stays that are longer than a week might designate a building as a boarding house. Such variations and particular definitions tend to leave gaps and

create confusion for new business models. Reframing the thresholds by using metrics that better characterize the behaviours of guests and property owners will make it easier to understand the classification of their accommodations. Cities like Amsterdam employ a limited number of clearly defined features to frame the different models of accommodation and communicate these categories to residents in graphic form.

The first indicator that will help to define styles of accommodation more clearly is the type of residence the accommodation is located in. Fundamentally, home-sharing involves sharing your own home—either part of the home while you are still living in it or all of the home while you are away on holiday or otherwise staying elsewhere. However, home-sharing is only applicable to one's primary residence. If the home you are sharing is a secondary residence or a commercial property, it no longer qualifies as home sharing and the risk profile changes because hosts are no longer living in the accommodation themselves. In this situation, contact with neighbours is reduced and safety can be compromised. Regulation could make a clear distinction based on these factors. This approach would also serve municipalities that have many vacation rentals (like cottages that are often secondary income residences). These municipalities could still regulate these accommodations as they see fit.

Another factor to consider is the maximum number of nights a space is rented per year. Many cities have put a cap on this number to reinforce the notion that home sharing is meant only for primary residences. The simplest solution, brought forward at our workshop, would be to set a maximum of 180 days per year. This would mean that the homeowners would have to live in their primary residence more than 50% of the time.

While the number of nights a home is rented per year differentiates a home-sharing accommodation from a hotel, the number of consecutive nights of a stay differentiates

a guest from a short-term renter. Having a roommate or short-term leaser does not produce the same issues as having a transient stream of people staying for a couple of days at a time, alleviating many of the neighbourhood concerns of wear and tear and unsafe activities. The Federation of Ontario Bed and Breakfast Association and regulation like the Retail Sales Tax Act currently use 28 days and one-month stays as the limit. A 30-day consecutive threshold would distinguish home-sharing from residential rentals or commercial activities. Similar thresholds could be created based on the number of rooms, the number of occupants, or the number of floors, as per rooming house and fire code regulations.

These thresholds distinguish various styles of accommodation and enable people who want to participate in home-sharing to be subject to an appropriate level of regulation. Determining such thresholds will benefit both the hosts and the regulators that need to enforce the regulations. Although municipal governments

often set such thresholds, the harmonization of thresholds across multiple ministries and municipalities would enable higher levels of compliance. The key to this process will be communicating the set of thresholds loudly and clearly. Important lessons can be drawn from other jurisdictions, and promoting awareness of thresholds in partnership with home-sharing platforms seems to be preferred.

Piloting these thresholds and any accompanying changes to regulation over a 12-month probation period would provide insight into the effectiveness of the program. If no problems have arisen after 12 months, the regulation can then become official. Provincial and municipal regulators can work with accommodations platforms to identify the listing types that are most at risk and to create data-sharing agreements to monitor activities. By participating in regular host-compliance audits, any identifiable markers and trends of non-compliant hosts should emerge.

PROPERTY TYPE	CONSECUTIVE DAYS	TOTAL DAYS	REGULATION TYPE
PRIMARY RESIDENCE	> 30	ANY	RESIDENTIAL
PRIMARY RESIDENCE *	< 30	<= 180	RESIDENTIAL
PRIMARY RESIDENCE	< 30	> 180	SHORT-TERM
PRIMARY RESIDENCE	< 30	< 180	SHORT-TERM
SECONDARY RESIDENCE	> 30	ANY	RESIDENTIAL
SECONDARY RESIDENCE **	< 30	ANY	SHORT-TERM
COMMERCIAL	ANY	ANY	HOTEL

INCLUDES: * HOME SHARING ** VACATION RENTAL

Accommodations Thresholds: Property type, consecutive number of days and cumulative total of days rented are base thresholds that differentiate commercial, personal and hybrid use.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
<p>Mischaracterization of what home sharing is</p>	<p>Acceptance across government of the definition of home sharing as eligible only for the owned primary residence; secondary income residences and rentals do not apply</p>	<p>Ministry of Tourism Culture and Sport Ministry of Municipal Affairs and Housing Ministry of Government and Consumer Services Ministry of Finance Canada Revenue Agency</p>
<p>Unclear thresholds for distinguishing residential from income rentals</p>	<p>Acceptance and integration of thresholds into regulation where over 180 days per year occupancy by resident indicates a primary home; <30 days consecutive qualifies as transient accommodations</p>	<p>Treasury Board Canada Revenue Agency Ministry of Finance Ministry of Municipal Affairs and Housing Ministry of Government and Consumer Services</p>
<p>Inconsistent regulation for vacation rentals and bed and breakfasts</p>	<p>Province and city to determine basic standards and requirements for operation of residential vacation stays classification (e.g. bed and breakfast and vacation rentals); harmonize basic standards and requirements across regulation</p>	<p>Municipal Licensing and Standards Ministry of Tourism Culture and Sport Ministry of Municipal Affairs and Housing Ministry of Government and Consumer Services Federation of Ontario Bed and Breakfast Tourism Industry Association of Ontario Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey)</p>
<p>Difficult to predict outcomes of regulation, lack of good data</p>	<p>Create allowances for a 12-month pilot to test thresholds before accepting into new regulation; include a hotline for complaint-based enforcement; determine a baseline and data capture points for testing and analysis</p>	<p>Municipal Licensing and Standards Office of the Fire Marshal Ministry of Municipal Affairs and Housing Ministry of Government and Consumer Services Ministry of Finance Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey)</p>

2. Burden reduction for existing operators pilot

The accommodations operators we interviewed did not frequently identify accommodations-specific regulation as a burden. The Innkeeper's Act and the Hotel Registration of Guests Act are often unenforced or are no longer applicable to their operations. However, many operators indicated that, while safety regulations are necessary and important, the implementation and inspection processes related to them create frequent time and financial burdens on their businesses. The operators did not question the intent of regulations, but were interested in improving the implementation, enforcement and communication of these regulations. The most common issues arose regarding health-and-safety inspections and, more specifically, the cumbersome Workwell audit and the frequency of fire-safety inspections.

Implemented through the Workplace Safety and Insurance Board (WSIB), the WorkWell Audit is 40 pages long and the majority of first-time audit recipients would fail, receiving a fine.³⁸ While it was intended to improve preventative measures, those who had to comply with the audit saw it as more punitive than preventative and identified it as a pain point. However, the Workwell system was revised in 2013 and has since become a voluntary program offering support for health-and-safety compliance incentivized with rebates on WSIB premiums. The hotel operators we interviewed did not seem to be aware of this change and still described Workwell as cumbersome.

Some hotel operators conflate it as a severe government inspection, leaving evaluators constantly trying to explain the difference in their work but still receiving little acknowledgement. That is not to say that there are not still demanding expectations on businesses, but that even attempts at burden reduction, like the change to the WorkWell Audit, do not seem to be perceived by them.

The hotel operators we interviewed also

spoke of being subject to fire inspections for equipment and training that occur as frequently as monthly. Inspections are generally completed and recorded by an individual within the operation that has undergone an acceptable program or course. The municipal fire services may inspect by appointment or surprise if a complaint has been made. With a number of consistent high-frequency routine inspection processes, taking a more risk-based approach to lower burden for trustworthy organizations and increase focus on high-risk operators would improve the value of inspections. Hotel operators with a good track record could have the option of a lighter inspection regime (fewer inspections throughout the year) under the condition that if they are found in violation the fines are considerably higher.

There are many opportunities for improvement within the existing regulatory framework by becoming smarter about implementing it. We suggest that governments and the accommodation industry arrange a 12-month burden reduction pilot to test out new approaches and improve understanding of obligations, before scaling them across the entire industry. Our workshop participants suggested that this pilot should run alongside the implementation of the previously mentioned home-sharing pilot.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
<p>Hotel operators still pointing to old regulations as burdens</p>	<p>Regulators to assess changed program from user perspective (e.g. hotel-operator perspective) to determine impacts of burden reduction work; improve communications between regulator and business owners so they understand and communicate changes within their own organizations</p>	<p>Ministry of Labour WSIB Greater Toronto Hotel Association Ontario Restaurant Hotel and Motel Association Hotel operators Hotel inspectors</p>
<p>Frequent and routine fire safety inspections</p>	<p>Province and City to Implement a risk-based approach; create an enforcement program that lowers inspection frequency for low-risk operators on condition that if they are found in violation the fines would be considerably higher</p>	<p>Ministry of Municipal Affairs and Housing Office of the Fire Marshal Greater Toronto Hotel Association Ontario Restaurant, Hotel and Motel association Hotel operator Fire safety inspector</p>
<p>Effective regulation</p>	<p>Regulator to collaborate with users to determine priority leverage points for burden reduction; government to create allowances for a 12-month pilot to test several burden reduction opportunities before accepting into new regulation; determine baseline for testing</p>	<p>Ministry of Labour Ministry of Municipal Affairs and Housing Office of the Fire Marshal Electrical Safety Authority Hotel operators Inspectors as per industry</p>

3. Tax Compliance: Clear Definitions and a Possible Tax Exemption

The issue of tax compliance comes down to a lack of knowledge rather than an unwillingness to comply. The hosts we interviewed had been renting out rooms before the introduction of Airbnb had researched and complied with their tax obligations. For some, tax compliance was an opportunity to take advantage of writing off expenses. However, the scale and accessibility of home-sharing through platforms like Airbnb has opened up the market to occasional hosts and others who are realizing income that is two to three times higher than they would with long-term tenants. It is these hosts who are at the greatest risk of not understanding and complying with their tax obligations.

Understanding the differences between rental income and business income requires establishing clearer definitions. First, many people are confused by the differences between income tax and harmonized sales tax (HST). Rental income is subject to income tax, but there is no obligation to pay HST. The same should apply to home-sharing. These obligations change when services such as daily linen changing or breakfast are being served.⁴⁰ Canada Revenue Agency (CRA) considers the offer of additional services to signify business operations and, while some examples are provided, much is still left to personal interpretation. Clarity would be increased with specificity. Additional services could be defined as those that occur daily or weekly and require physical labour to complete.

These obligations should be communicated to hosts loudly and clearly. In fact, the Province of Ontario and Airbnb created a partnership to do so in early 2016. It is recommended that the CRA does the same. As online and cashless transaction platforms, home-sharing sites are already tracking all transactions and other data. The associated data should indicate which platforms surpass certain thresholds and when their obligations may be triggered.

While there is a burden for residents to report their taxes, there is also a burden for the government to process them. Given that the average yearly income that Ontario Airbnb hosts purportedly generate through home sharing is about \$3,500 per year,⁴¹ some questions should be asked. By following the United Kingdom's model of a room-rental tax exemption,⁴² the CRA would process only those submissions that prove cost-recoverable, while also encouraging a greater number of room rentals on the market. This issue was discussed in our workshop and it was agreed that a similar threshold to that of the UK seemed fitting.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
Flexibility in the interpretation of business versus income tax	Government to increase specificity by being distinct about the types of service, whether labour is required and differentiate regularity with "daily or weekly" services	Treasury Board Canada Revenue Agency Tax services (e.g. H&R Block, TurboTax)
Ensuring compliance and privacy	Accommodations platforms should collaborate with the government to target obligations communications based on user data; audit platform process	Canada Revenue Agency Tax services (e.g. H&R Block, TurboTax) Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey) Information and Privacy Commissioner of Ontario
High burden of reporting and processing small amounts of income	Government to create a \$7,500 (or as determined is the cost of processing) tax exemption for any rental income; include in targeted communications	Treasury Board Canada Revenue Agency

4. Piloting Condominium Regulation Models

Governments are not the only bodies producing regulation. Condominium boards are increasingly incorporating minimums on short-term leasing from six months up to twelve months into their declarations. With an independent set of building regulation allowed by the Condominium Act, all condo dwellers must abide by them and outside regulation cannot override it. By-laws require as much as 80 to 90% agreement to be changed, limiting flexibility for change. While condo rules and by-laws are meant to protect the safety of the tenants, ensure compliance with insurance coverage, and limit wear-and-tear and damages to common building elements, the condo corporations must also manage the enforcement on these new rules and bylaws on their own. Buildings without security are out of luck.

Further, not everyone is in agreement, which can lead to underground behaviour. Having purchased property, some condo owners find it difficult to understand why they cannot use their property in the way they want. One host we interviewed said that, while their condo board limits leases to a 12-month minimum, an individual condo board member informed them that they could continue their home-sharing activities as long as they kept it quiet. Some condo building managers have attempted to identify and find home-sharing units within buildings by searching through photos posted in online listings. To circumvent this, one host we spoke with only activates their listing during the evenings when the property manager is off duty. Addressing these issues and collaborating on ways to bring home-sharing activities above ground, while also maintaining the safety and enjoyment of fellow condo dwellers, would improve these tensions.

Pilots of model regulation would provide the opportunity to test new rules and enforcement methods. It would require an education and communications program to encourage ongoing and open dialogue. Improving owners' awareness of their condo's declarations

and by-laws, creating transparency among neighbours, and increasing the knowledge of condo boards and owners of home sharing and other activities will contribute to the building's sense of community.

Government oversight is not required for the pilots, condominiums would maintain autonomy. But to enable flexibility for any by-law changes that would facilitate pilots, a review of the Condominium Act to lower the percent vote required to overturn a by-law would improve the possibility of implementing model condominium regulation pilots. Harmonizing standards across condo boards and with the government will help to frame the pilots and create baselines for measuring effectiveness. Introducing similar thresholds as was mentioned earlier would be part of clarifying what would be allowed and consequences for not complying.

Data collected from a pilot would help to determine costs of enforcement, security, and wear and tear. The information would contribute to developing fee structures for participants, developing limits for the number of units that can participate, and addressing other concerns.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
<p>Condos banning short-term leases move home-sharing activity underground</p>	<p>Condominium boards and home sharing platforms create an education and communications program that encourages open dialogue between hosts and other condo dwellers about home sharing; improve awareness and understanding of other obligations</p>	<p>Condominium board Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey) Condominium lawyers (e.g. Fine and Deo)</p>
<p>Difficulty enforcing existing rules and bylaws, current system is not working well</p>	<p>Condominium and home sharing platforms to acknowledge activity and develop model regulation with rules and repercussions for a pilot; government to assist in creating common standards between buildings based on government pilots (e.g. primary residence, <180 days)</p>	<p>Ministry of Government and Consumer Services Condominium board Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey) Condominium lawyers (e.g. Fine and Deo)</p>
<p>High voting threshold for changing bylaws</p>	<p>Government will change the Condominium Act to enable condominium boards to have a lower voting threshold to change or pass new bylaws</p>	<p>Ministry of Government and Consumer Services</p>

5. Destination Marketing Program

Unlike in many other parts of the world, Ontario does not have a formal hotel tax. Today, municipalities now operate with Destination Market Programs that give local hotel associations the ability to collect a percentage of the hotel-room price as a fee to use toward tourism promotion. It is completely voluntary to participate.

After the outbreak of SARS in 2003, the Province of Ontario allowed the Greater Toronto Hotel Association to collect a 3% tax called a Destination Marketing Fee on behalf of Tourism Toronto. This fee was taken from the retail sales tax until HST was adopted, and the federal government collected the taxes. In lieu of the tax, a voluntary fee was implemented and now collects only \$20 million of the original \$30 million that the tax had generated. The decrease in funding has also decreased trust between the government and the tourism industry.

No longer confident that government priorities will support the economic engine of the tourism industry, there is concern that a switch back to a hotel tax would see funds going into the general coffers and see tourism investment becoming neglected. In the same vein, home-sharing platform hosts are not required to participate in the fee program, but they have been known to use the promotional material produced by Tourism Toronto. Frequently referred to as free-riders by the tourism hotel industry. These hosts are frequently referred to as “free-riders” by the hotel industry, which would like to see home-sharing hosts contributing to marketing pitches for the large-scale events that they benefit from. While Airbnb has willingly collected and remitted hotel taxes on behalf of its hosts around the world, opting into the voluntary program seems to be the decision of individual hosts. That option could certainly be mandated if Airbnb would be willing to implement it.

The voluntary fee also has its limitations in supporting tourism across the city. With much of the focus on large-scale events like

conventions in the downtown Toronto area, hotel operators outside of the city core see little benefit in participating. Customers and news reports have brought attention to the fee and are requesting that it be removed from their bills, creating tension between hotel staff who understand the fee as a service charge disclosed as part of the booking and customers who are upset at what they believe is a lack of transparency.

Clearly the current situation is far from ideal. While this fee would ultimately be taken from visitors to the city rather than from its residents, government is hesitating to initiate a new tax and to bear the burden of scrutiny as to how that tax money is spent. While the industry urges Airbnb to participate in the program, how the fee is implemented depends on the company's status. Meanwhile, some cities, including the City of Toronto, are currently contemplating creating a new hotel tax. This issue was discussed at our workshop, but without a clear resolution. Two solutions were put forward.

Solution 1: Continue the Destination Marketing Program as a voluntary fee operated by local hotel associations and increase transparency for consumers and hotel members. Invite individual home-sharing hosts to participate via the platform (similar to individual hotels) and make clear that they can only use DMP marketing materials if they participate.

Solution 2: The Province allows cities to create a tourist tax for all types of short-term accommodation and revokes the DMP fee, but includes a provision for approximately 50% of the collected tax to be set aside for tourism marketing. Home-sharing platforms like Airbnb would be required to contribute by collecting and remitting the tax.

Although Solution 2 provides more clarity for everyone and would likely generate more revenue, there are obvious concerns about creating a new tax. Relevant stakeholders from both government and the accommodations industry must convene to discuss these options and to decide upon which one they should implement.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
Lack of transparency and consistency regarding how the fee is applied	Hotel association to collaborate with government to improve consumer information and clarity about the intent of the fee at booking time with government to audit process; OR Province allows City to go tax route to make it mandatory	Ministry of Tourism, Culture and Sport Ministry of Finance Ministry of Government and Consumer Services Greater Toronto Hotel Association Tourism Toronto
Tourism industry requires funds for promoting local market to outside interests	If a tax is implemented, Province to include a provision for approximately 50% of the tax to be set aside for tourism marketing and City to collect and remit to Tourism Toronto	Ministry of Finance Ministry of Municipal Affairs and Housing City of Toronto Greater Toronto Hotel Association Tourism Toronto Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey)
"Free-rider" sentiment	If a tax is implemented, every type of tourism accommodation style would be required to pay (this could include restaurants and other beneficiaries); or as a fee, home-sharing platform hosts would be charged a fee for marketing materials	Ministry of Finance Ministry of Tourism, Culture and Sport Greater Toronto Hotel Association Tourism Toronto

6. Data and the network impact

Data has helped business operators to improve or maintain high-quality products through online review systems. However, could data do more and improve our city systems? Online rating systems, purchasing habits, and movement throughout the city are among the many pieces of information tracked through smart phones and wireless connections every day. Each data point contributes to our individual data identities, but collectively the data could help better identify trends and impacts on the city. A strong data strategy could determine city planning.

Home-sharing platforms like Airbnb have been protective of their data, citing privacy protection reasons of their users. So much of the data that has been quoted for reporting and trend analysis has been scraped from home-sharing platform websites. Engaging and incentivizing platform operators and their users to share their data willingly will be important for gaining access to accurate data for an evidence-based regulatory process. The fidelity of the data will lend to the fidelity of the solutions. A transparent data collection process and deliberate use case examples will help to develop buy-in for the benefits of sharing data. Data in exchange for leniency on platforms or attached to tax compliance strategies were also discussed in the workshop.

Data will play a significant role in identifying trends and determining leverage points during the testing of the pilot programs proposed in this report. Identifying quality data points will be key. Thresholds that use metrics beyond the number of days of a stay could provide more accurate and holistic indicators for where personal and commercial activities divide. Rather than universal thresholds, there could eventually be individualized ones that also account for trends like precarious work. Increased data collection would contribute to more dynamic systems for determining risk would provide more focus on those who require help and make more efficient use of enforcement tactics. The data will not be useful if appropriate baselines are not selected so that the change can be measured.

Since this hybrid home-sharing activity is here to stay, could sharing economy principles be leveraged to respond to the growth of the city? Investing in any new building is costly and laden with regulations, but cities are often suffering from supply-and-demand spikes. Data could dynamically maximize space asset management by matching with needs when influxes of convention-goers, students, or refugees enter the city or even help to forecast building within the city. Investment into data collection and use strategies could also contribute to understanding complex issues like housing affordability, environmental impact, and more. With an understanding of what could be learned or achieved, the data strategy should be prioritized and structured for greatest impact. Collaboration and sharing of knowledge from platform operators would help to develop a robust system and demonstrate their commitment to the cities they operate in.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
Data quality and sharing from platforms and users	Government will need to incentivize platforms and individuals to provide data; create a transparent collection process and demonstrate use cases for the data	City of Toronto Big Data Team Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey) Information and Privacy Commissioner of Ontario Municipal Licensing and Standards
Effective regulation	Government data teams to identify baselines within the condo community, neighbourhoods and municipalities; determine important data points to track	City of Toronto Big Data Team Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey) Information and Privacy Commissioner of Ontario Municipal Licensing and Standards
Limited public sector resources and skills to use data	Government to prioritize investment in an accommodations data aggregation body with a clear strategy and skilled team members; collaborate with platform operators to share knowledge and skills	City of Toronto Big Data Team Accommodation platforms (e.g. Airbnb, HomeAway, FlipKey)

CONCLUSIONS

While the sharing economy and accommodations platforms have had significant impacts, home-sharing and vacation rentals have been happening informally across the globe. The scale, network and valuations of these systems at millions of listings and billions of dollars have put them in the spotlight as entities that should take responsibility for and take action on what are now clear and common public concerns.

While these activities are not new, there are still grey areas and gaps that have been filled with piecemeal regulation. As these platforms have innovated, they have demonstrated the need for government to innovate its processes and to focus on creating effective regulation over additive regulation that will become outdated over time. Since regulation is often formed using thresholds, determining appropriate thresholds that demonstrate the behaviours of private and commercial activities will be important. Finding ways to implement flexible, but clear thresholds and smart methods of enforcement will be the key to the future.

By considering the user perspective on regulation in the accommodations industry, our ethnographic research was able to demonstrate the concerns that most directly affect hotel operators and sharing-economy hosts. The solutions developed through our research and co-design workshops—addressing thresholds, tax compliance, condominium regulation, the Destination Marketing Program and a data strategy—led to two significant themes: clarity and communication. By defining home sharing and redefining the gap between residential rentals and commercial accommodations, it should be possible to reduce confusion and create a level understanding between users, regulators and platforms. Understanding the appropriate risks associated with the definitions will be important in creating the level of regulation at which the public value will be met and redefining the role of government in a changing landscape.

Determining appropriate thresholds that demonstrate the behaviours of private and commercial activities will be important.

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Sharing in Transportation

The most contested segment of the sharing economy is likely ground transportation, specifically the impact Uber has had on the taxi industry. It is difficult to get to a reasonable solution in the current environment. This chapter describes the barriers and gaps of current regulation based on the experiences of those users who have to comply with it. It then presents possible solutions for creating effective regulation that not only regulates new entrants, but also helps reduce the burdens of existing operators.

Our existing transportation infrastructure is plagued by chronic congestion, leading to long commute times, loss of productivity and plenty of daily frustration for thousands of Ontarians. The Greater Toronto and Hamilton Area (GTHA) has one of the longest commute times in North America. Torontonians face the longest commute times in all of Canada, at an average of 32.8 minutes spent commuting to work by car.⁴³ Travel times are even longer for those who rely on public transit (on average 20 minutes longer than by car).⁴⁴ Moreover, years of underinvestment and a growing urban population that has surpassed the capacity of our public transportation system have resulted in a system with overcrowded subways, broken streetcars and delayed buses.

These challenges have rendered our transportation system ineffective and unable to meet the needs of a growing region without adequate reinvestment to its network. Fortunately, all levels of government have increased their commitment to building infrastructure.⁴⁵ However, planning and building transportation systems takes time

and is not guaranteed to single-handedly shift behaviour away from dependency on the single-occupancy vehicle. Enter entrepreneurs!

Today's entrepreneurs are using the region's insufficient public transit access and gridlock as catalysts to innovate ways that technology could facilitate old ways of social transportation (i.e. carpooling and jitney). Through the use of apps, shared mobility has scaled much faster—even beyond what was once imaginable. While the sharing economy is adding value for consumers and offering alternate ways to get around, it has also blurred the lines between personal and commercial activities, effectively challenging the grey zone of regulation.

SHARED MOBILITY: IT'S MORE THAN UBER

Smartphones, smart cars and the consumerization of information technology will all fundamentally transform the transportation sector in the coming years. Uber is just the beginning. In a few years, self-driving cars will create a new norm for how we get around the city. Technology enables the sharing economy and empowers individuals to do things they weren't previously able to do. The impact of the sharing economy goes beyond Uber and its disruption to the taxi industry. While transportation has traditionally been limited to the private vehicle and mass transit, the sharing economy is offering a multi-modal transportation network comprised of options that fall somewhere in between, including private vehicles for hire, bike sharing, car sharing and carpooling. We're seeing innovations in short-distance travel that are moving toward a model of shared mobility, with the goal of seeing more people travelling together and fewer cars on the road.

Car sharing

In Ontario, the average annual maintenance cost of a mid-size vehicle is \$10,729.⁴⁶ The car-sharing model is designed to be an alternative to car ownership. Car-sharing

services are based on a membership that is available to licensed drivers who occasionally need to reserve a car for short-distance travel. Locations are dispersed and individuals can pick up a car close to where they live or work, choose a different car every time and rent by the hour or by the minute. Pickup is self-serve and open 24-7, as the cars are parked in publicly accessible lots (mostly found in the downtown core or along the subway line, where density is driving demand). A Transport Canada study found that on average each shared car took eight cars off the road.⁴⁷ The car rental industry has not been impacted by car sharing and, in fact, car-sharing services have all been acquired by the big car rental companies.

Regulatory implications: Peer-to-peer lending is currently not allowed in Ontario due to the following provision in the standard Ontario Automobile Policy (OAP1): "there is no coverage under this policy if the automobile is rented or leased to another."⁴⁸ What this means is that for an individual to rent their car to another person, they would need to add the same endorsement that car-rental companies use, which is currently unavailable to individual policy-holders.

TYPES OF CAR SHARING	DESCRIPTION
TRADITIONAL OR TWO WAY	As with Autoshare and Zipcar, cars need to be reserved, picked up and returned to the same location. A typical trip is three to six hours.
ONE WAY OR FREE FLOATING	As with Car2Go, this pay-as-you-go option does not require a reservation and can be dropped off anywhere. A typical trip is 20 to 25 minutes.
PEER-TO-PEER LENDING	Popular in the United States, online platforms like Getaround and Turo allow members to put their personal vehicle in a network and lend it to other people for a rental fee.

Carpooling

Carpooling is a commute trip made with friends, neighbours, co-workers or strangers who are sharing a ride that is headed in the same direction. This arrangement can be made at the workplace, on the Internet, via mobile communication or at a designated carpool lot. While carpooling has been mostly sanctioned by the provincial government—which has created dedicated high-occupancy vehicle (HOV) lanes on highways and designated parking spots—it is an underutilized privilege that is not regularly taken advantage of due to the lack of flexibility (i.e. if you’re running late or need to make a stop en route), the scale (not enough participants in your network means there is less of a chance that you’ll be matched with someone close to your vicinity) and safety issues (riding with strangers).

Today’s app-based carpooling startups are addressing these concerns through mobile technology that is GPS-tracked and able to match passengers with drivers in real time. By logging their trips, carpoolers can share the costs of the journey and reduce traffic and emissions in their communities. Carpooling is most popular for long-distance commutes.

Regulatory Implications: While carpooling is legal, it is so through a very specific definition: travelling either one way or round trip, where

the arrangement is incidental to the driver and no fee is charged to the passenger except to reimburse the costs associated with driving. In 2008, online ride-matching company Pickup Pal was fined for arranging rides for cash, an activity that falls outside of the definition of carpooling by the Ontario Highway Transport Board.⁴⁹ Following that case, the Public Vehicles Act was updated to include the following amendments.⁵⁰

- o Travelling to and from work was changed to travelling on any round trip between residences and a common destination
- o Needing to ride with the same driver each day was changed to limiting the driver to one one-way or round trip per day
- o Paying the driver no more than once a week was changed to stating that any fees paid must be incidental to the trip⁵¹

While ride-sharing startups like BlancRide do not yet have the critical mass to scale in a way that would have any regulatory implications, they do represent an opportunity to capitalize on underutilized HOV lanes. In order for these types of startups to be successful, the provincial government must review how best to describe hybrid modes of transportation that are part-carpool and part-taxi service.

TYPES OF CARPOOLING	DESCRIPTION
TRADITIONAL	An ongoing, scheduled arrangement where the same people are sharing a ride every day to and from work
CASUAL	Ad-hoc, one-off pickups at a designated carpool spot in order for the driver to take advantage of HOV lanes ⁵²
DYNAMIC	An on-demand, real-time ride match made through mobile platforms

Ride hailing

Ride-hailing services are comprised of private vehicles-for-hire that carry paying passengers. Uber falls under this classification. While most media outlets have referred to Uber as a ride-sharing service and as part of the sharing economy, this report makes the distinction that ride hailing is a service where a driver is chauffeuring passengers to a destination it did not intend to go for compensation. Uber and Hailo began operating in Toronto in 2012, connecting passengers to licensed taxis and offering them the ability to pay for their ride via their mobile phone. Hailo closed its offices in 2014, while Uber went on to launch uberX (it's low cost version of private vehicles for hire). Other companies, such as Lyft, will be able to enter the market once regulation has been confirmed. Whether we call these services transportation network companies or vehicles for-hire, regulations should be designed with all of these new business models in mind and not just for Uber.

Regulatory Implications: The implications will be discussed in detail, in the next chapter.

Shared mobility is an area of the sharing economy that is constantly evolving and in flux.

Microtransit

Startups like Waterloo's RideCo, Toronto's now defunct Line 6 and uberHOP are local solutions to the first-and-last-mile problem of transportation. However, what is not clear is whether these shuttle services aim to connect commuters from their doorsteps to a commuter rail connection point (in a way that is convenient, affordable and tailored to the user) or are providing an alternative to transit. This trend of dynamic transit is personalized to the needs of the passenger: it picks you up at your doorstep at a time of your choosing (not that of a transit planner) and follows a dynamic route based on demand rather than a static route. These shuttle services are a hybrid of taxi and bus services and work under the guise of a crowdfunded bus platform.

Regulatory implications: The implications are unclear. While the Toronto Transit Commission (TTC) has a legal monopoly on public transit, under the City of Toronto Act, some companies, like Line 6, have used the exception for chartered buses to claim that they are a crowdfunded bus platform providing a specific trip at a group rate.⁵³ It is not known what, if any, disruption these shuttle-bus services have on the TTC.

Bike sharing

It is estimated that 19,780 Torontonians cycle to work every day.⁵⁴ Bike sharing is similar to car sharing in that it is a pay-for-use service run through a membership program that allows for the short-term rental of a bicycle for short-distance travel. In 2013, the City of Toronto acquired Bike Share Toronto from Bixi by investing in the public bike-share network of 1,000 bikes and 80 stations. The Government of Ontario invested \$4.9 million in 2015 to expand Bike Share Toronto's network (effectively doubling the size of the existing stock) and to have the docking stations placed closer to transit stations.⁵⁵ Other bike-share services can be found in Ottawa (VeloGo and RightBike) and Hamilton (SoBi).

Regulatory implications: The only regulatory requirement in regard to cycling in Ontario

has to do with the Ministry of Transportation's mandatory bike helmet law for all cyclists under the age of 16. However, the onus is on the rider to comply with the law, not with Bike Share Toronto.

Parking sharing

Homeowners can now rent out their garages or driveways through a parking-sharing platform that seeks to connect drivers to available parking spaces. Most often, the most stressful aspect of driving is finding convenient and affordable parking. Apps like Rover and Parking Cupid match drivers looking for parking to property owners who have unused parking spaces to rent.

Regulatory implications: Parking-sharing apps like Rover are in contravention of existing Toronto licensing and zoning bylaws. Renting your private driveway in a residential area constitutes owning a commercial parking spot and, to have a commercial parking spot, one must acquire and pay for a license. Chapter 545 of the Toronto Municipal Code describes a commercial parking lot as: "Any location that demands compensation in relation to the use of a parking space," not including, among other things, lots controlled by the parking authority, the city or a registered charitable organization.⁵⁶

As for residential zoning, commercial activity is not allowed in residential zones, which include single-detached homes, townhouses and condos. In regard to parking-sharing, zoning bylaws make a distinction between a garage (which is seen as part of the building structure of the house) and a driveway (which is seen as external to the house and part of the neighbourhood). A garage is created to house a vehicle. If you don't have a vehicle, you can rent your garage because it is being underutilized. You can rent an unused garage space to one person at a time, but you can't rent out your driveway to multiple drivers and charge an hourly rate. The reason behind this is that residential areas are designed to have less traffic. The concern is that an app that allows individuals to rent out their driveways may result in multiple cars parked in one

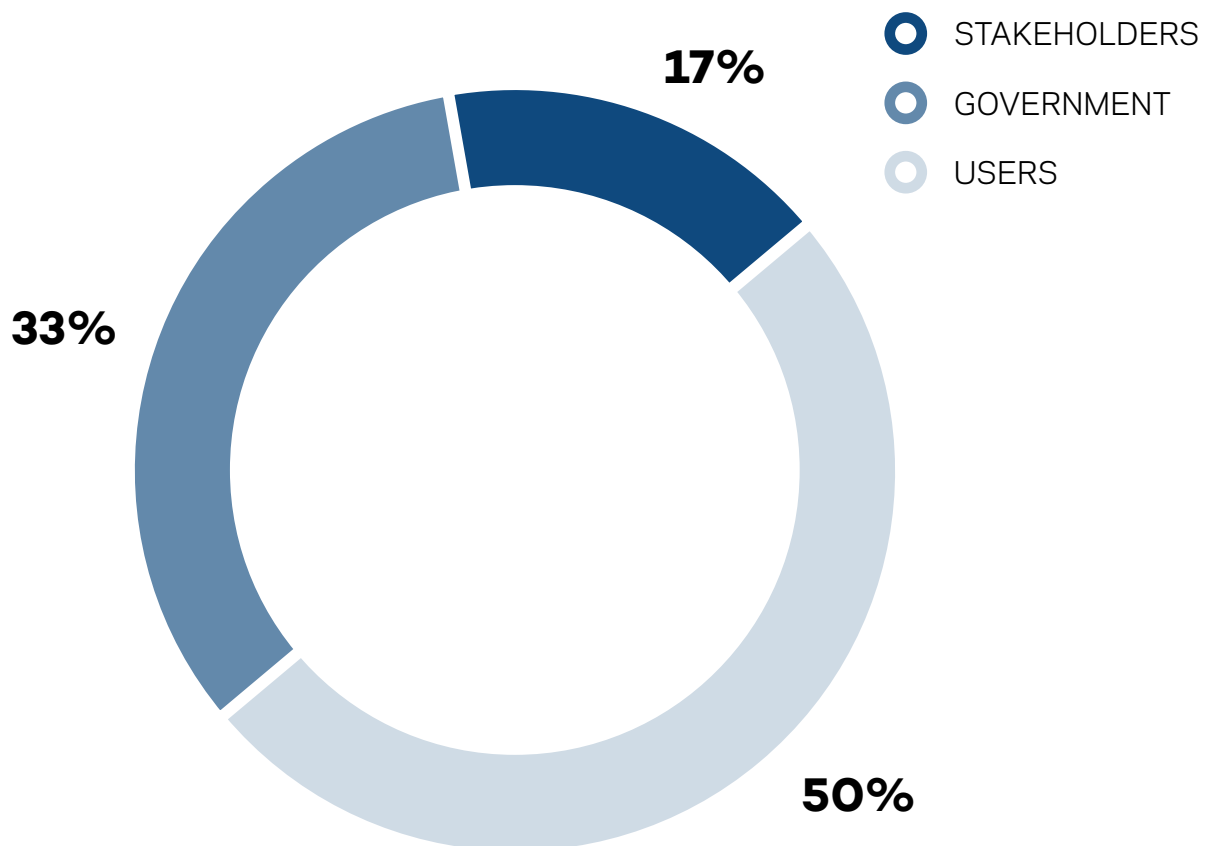
driveway and the potential for increased traffic in quiet neighbourhoods. Furthermore, transient people coming and going is a risk to the safety of the neighbourhood and may result in nuisance complaints with the city. Rover claims that its app only allows for one car to be parked at a time at any location.

Shared mobility is an area of the sharing economy that is constantly evolving and in flux. While these other types of shared mobility lack the critical mass to disrupt existing operators, a major impact has been felt in the taxi industry. It is for this reason that we have focused on undertaking a deep dive of existing taxi regulation to see how we can best future-proof regulation in a way that upholds public value, reduces administrative burden and enables innovation in the transportation sector.

RESEARCH METHODOLOGY

To research the impact of the sharing economy on Toronto's transportation sector, we held ethnographic interviews with subjects of regulations between the months of September and December 2015. We interviewed taxi drivers, Uber drivers and those working for car-sharing, parking-sharing, carpooling, microtransit and bike-sharing companies. We also undertook in-depth conversations with policy-makers and regulators from all levels of government, as well as with industry representatives and stakeholders. In total, we conducted 36 scripted interviews with users and stakeholders, and an additional 50 unscripted background conversations with users, experts, consumers, regulators and industry associations. Our research findings were supported and validated through desktop research, feedback interviews and a co-design workshop with 48 participants.

The goal of our research was to identify and map key barriers and to pinpoint opportunities to adjust regulation to this new environment, with Toronto as a case study. While other jurisdictions have regulated Uber into the fold of existing taxi regulation, we focused instead on an empty-the-box approach that would identify opportunities to reduce unnecessary regulatory burdens that hamper incumbent businesses and also consider how to regulate disruptive business models in a way that supports innovation and protects the public interest. Our research focused mainly on taxi regulation, as this is the industry most impacted by ride hailing.



Transportation Interviews: In total, we conducted 36 scripted interviews with users and stakeholders.

A BRIEF HISTORY

The taxi and limousine industry has been regulated since the founding of the City of Toronto. The municipal body responsible for taxi regulation is known as Municipal Licensing and Standards. This body sets bylaw administration and enforcement for the industry in order to protect the consumer and to protect the health and safety of both passengers and drivers. Bylaws also ensure that there is an adequate supply of taxicabs to meet the needs of a bustling city. The problems that the taxi industry are currently facing are neither new nor unique to the arrival of Uber. The issues that were uncovered through our user interviews are similar to those that instigated the 1998 and 2014 reviews of industry bylaws, namely the presence of unregulated members (that is, agents and fleet operators) and the two-tiered structure of plate owners and shift drivers.⁵⁷

Uber began its Canadian operations in Toronto in 2012, initially dispatching to licensed limousines and taxicabs (without being licensed as a broker with the city). Then, in 2014, the company expanded to include private vehicles for hire. Today, the majority of Uber's business comes from uberX. Recently, the company also announced uberPOOL, a new carpooling service available in the downtown core, and uberHOP, a rush-hour shuttle service. While no independent analysis has been undertaken of the company's economic impact, Uber purports to have 15,000 drivers in Toronto, competing with 10,000 licensed Toronto taxi drivers. Taxi associations and drivers alike have claimed that Uber has reduced their earnings by 50 to 70%.

Most taxi drivers and industry players have articulated disappointment in the city's inability to crack down on Uber since 2012. The City of Toronto sought a court injunction in 2015, which was unsuccessful, and has been laying charges against uberX drivers. But all of this did not result in uberX being stopped. Drivers are upset that the city is not upholding and enforcing its own bylaws, yet still expects them to abide by them while Uber gets to operate outside of regulation. Taxi

drivers were hoping that the city would either offer them a reprieve from their regulatory burden or that they would force Uber to cease its operations until new regulations are created. Fundamentally, this disappointment coalesces to a misalignment of values, where the taxi industry expected government to protect its industry.

In early 2016, Edmonton became the first city in Canada to regulate Uber; Calgary followed shortly after. Since it launched, Uber has been operating outside of regulation in most cities (like Vancouver Montreal and Toronto). Around the world, most European countries have banned uberX-type services. The US has mostly regulated Uber, as well as other companies like Lyft, under the transportation network companies.

The problems that the taxi industry are currently facing are neither new nor unique to the arrival of Uber.

ABOUT THE DRIVERS

We interviewed dozens of taxi drivers, uberX drivers and uberTaxi drivers. They all shared similar motivations as to why they became ride for-hire drivers: the ability to be their own boss and the flexibility of setting their own hours. Driving is often not their primary choice of employment—it's circumstantial to their life situation.

I want them to feel my pain.

A taxi driver speaking about uberX drivers

Most taxi drivers who own plates come from an entrepreneurial background—many previously ran small businesses. Shift drivers, on the other hand, usually previously worked in the manufacturing or service industries. They became drivers through referral from either friends or family members already working in the industry. Most of the taxi drivers we spoke with had a minimum of five to 10 years on the road.

The uberX drivers we spoke with tended to have trades or service backgrounds. They drive part time to supplement their income and are working full time at their primary place of employment. They either have significant gaps in their hours (driving during the low season, in between contracts or during the holidays/summer break) or they have had their primary employment hours cut and need to make up the difference. They approach driving for Uber as a temporary gig to generate revenue in between paycheques or to help them save up for a big purchase (like a vacation). For some, it's about survival; they drive to remain afloat.

If we could summarize the dozens of interviews we completed into one idea, it would be the idea of a fair level playing field being equated to one of distributed burden. Taxi drivers wanting Uber drivers to feel their pain is a logical reaction to the disruption that Uber

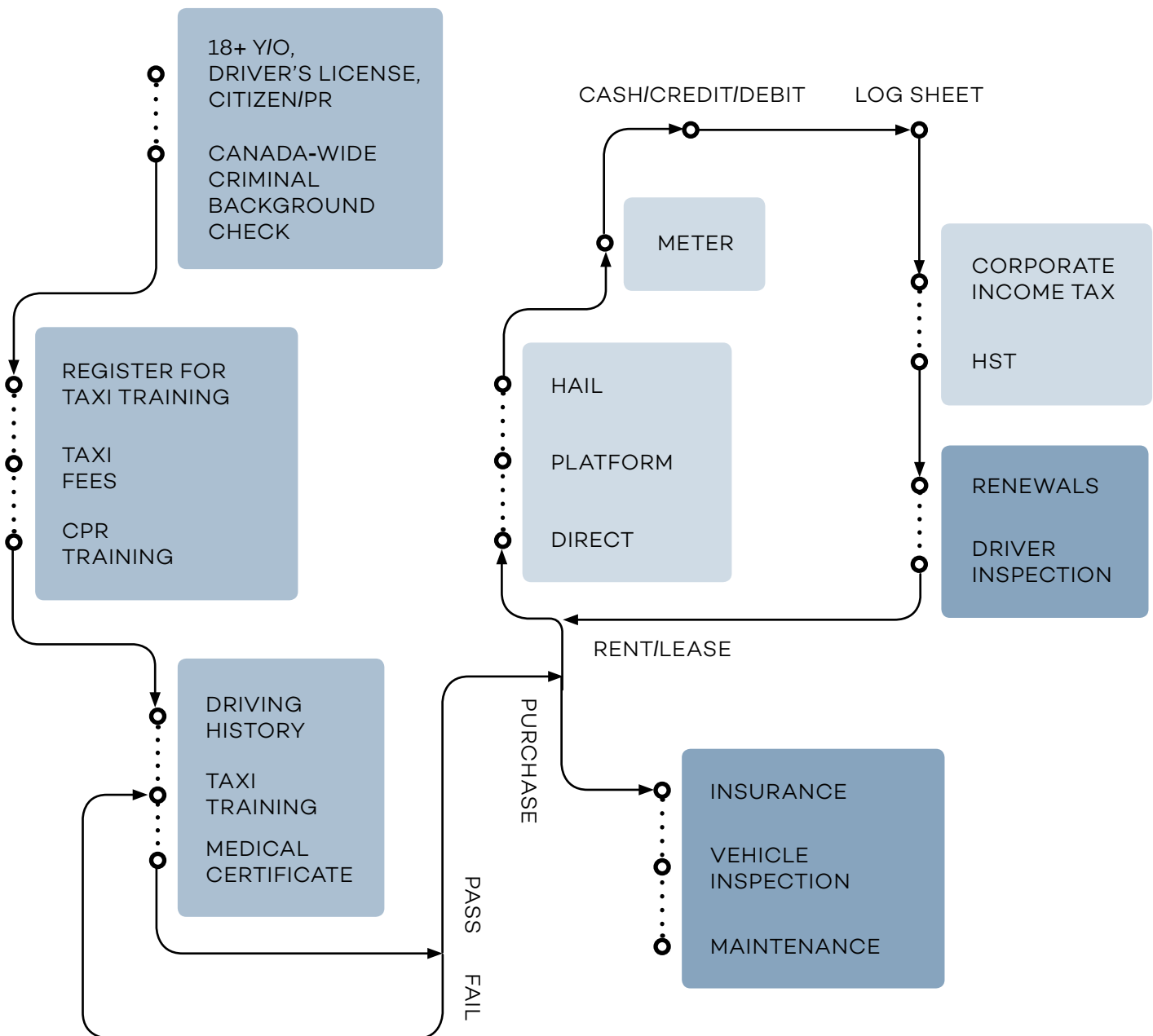
has had on the industry; however, it is not the challenge. The challenge is figuring out how to relieve that pain, not to spread it around. Yet, there is pain that needs to be acknowledged, especially among taxi drivers, who carry much of the burden of regulation and most of the risk, despite being the ones least equipped to do so. Effective regulation is regulation that identifies both opportunities to reduce unnecessary regulatory burdens while at the same time regulating new business models in a way that supports innovation and protects the public interest. That comes from having a better understanding of the user experience and creating regulatory journey maps.

THE TAXI DRIVER'S USER EXPERIENCE

To become a taxi driver in the city of Toronto, you need to apply and register in person at the East York Civic Centre and pay a licensing fee of \$662.82, which includes a base fee of \$362.18, course fees of \$224.93 and a fee of \$75.71 for CPR certification.⁵⁷ Drivers must then register for a 17-day training course,

pass a criminal and driver history background check, complete CPR training and submit a medical certificate to prove they are fit to drive.

Once potential drivers pass their training exam, they become licensed taxi drivers and will need to find a licensed taxicab plate and vehicle (a fully insured, fuel-efficient, less-than-seven-year-old model) to begin their



Journey Map: The taxi driver's user experience of regulation.

Shift drivers who do not own the means of production spend an average of half of their earnings on rental and brokerage fees.

new career. A licensed taxicab vehicle is most often acquired through a taxi garage managed by a fleet operator or through an agent who administers plate rental for an owner. Most shift drivers rent a vehicle with a plate on a daily, weekly or monthly basis through a rental fee that includes the insurance, maintenance and inspection costs, plus brokerage fees associated with the vehicle. Shift drivers who do not own the means of production spend an average of half of their earnings on rental and brokerage fees. While they may be licensed to drive a taxi, acquiring a vehicle and a taxicab plate are hard to come by.

So before having had one single customer, drivers have spent considerable time and money to get ready to enter the market. The regulation does not end there. Plate rentals are not regulated, but fares are, which results in a structural deficit that positions drivers in a precarious situation where they are paying more to drive than what they earn. Plate ownership is an elusive goal for most drivers. There are 5,000 taxicab licenses and 10,000 licensed drivers. While plates are the property of the city and officially cost \$4,983 on issuance (plus renewal fees), they are estimated to be valued at up to \$100,000 in the private market. The limited number of plates has resulted in a disproportionate relationship between shift drivers and plate owners. The two-tiered system of shift drivers and plate owners has enabled the need for a middle man because there's an expectation that cars be on the road 24-7 and a limit on the number of hours a driver can work.

In short, drivers feel that the government is front-loading requirements and costs onto drivers, then stepping away and leaving drivers unprotected to the risks and price fixing of the industry.

THE UBERX DRIVER'S USER EXPERIENCE

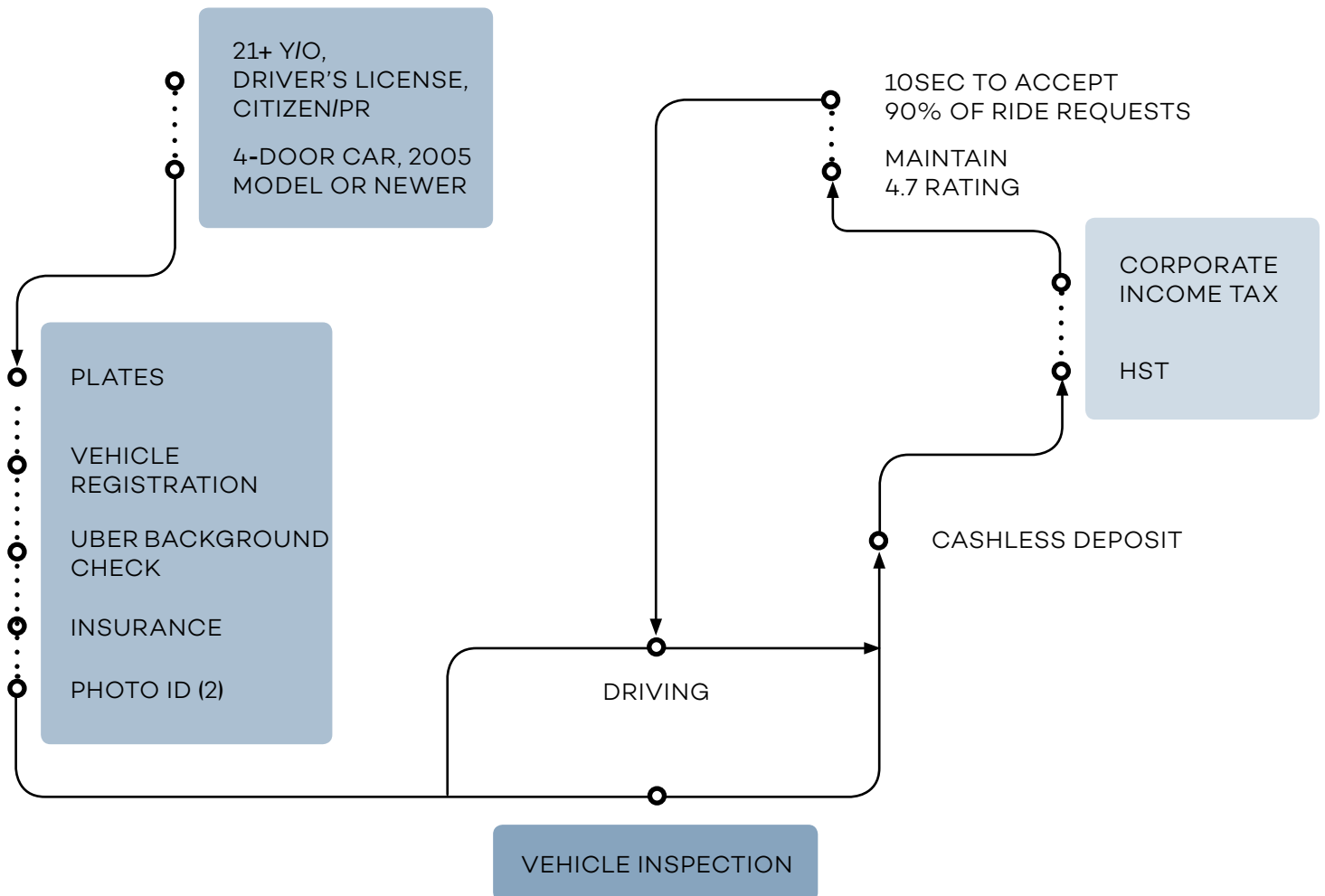
Since 2014, Uber has been providing an on-demand service for ground transportation through private vehicles-for-hire. The application process to become an uberX driver is quick and effortless. There is no cost to entry, no training required and the only asset you need is an insured vehicle in your name. To become a driver, prospective applicants must have a four-door car that is 10 years or newer. The onboarding process includes a background check, which is completed by Uber, and a vehicle inspection, to be completed by the driver at a local mechanic (within 30 days). None of the drivers we interviewed went through any training. They simply downloaded the app, uploaded a profile with their picture and started driving. If potential drivers do not own a smartphone, they can rent one from Uber at a weekly rate. Data capacity is an important feature of ride hailing; drivers need a minimum of 2GB of data to be able to manage the app.

The low barrier to entry and the convenience of the online application are motivating people to sign up as private drivers-for-hire. The entire process of applying, screening and onboarding is done through email. Applicants do not have to go anywhere or mail anything in. It's an easy onboarding process that requires no infrastructure or overhead cost, except for having an insured car in your name.

Once on the road, drivers are expected to accept 90% of all ride requests that come in within 10 seconds. Moreover, they must keep a favourable rating of 4.7 or higher out of a possible five-star system in order to remain on the platform. Every transaction is cashless and every fare is guaranteed. Drivers get paid weekly through direct deposit and an electronic pay slip and Uber collects 20 to 25% commission off of every ride. Drivers also receive encouraging emails from the company about how they can increase their ratings or earn more money. One could say that where taxi regulation relies heavily on licenses and training beforehand, Uber focuses on direct and targeted feedback once the driver is on the road.

Drivers' earnings are predicated by the number of hours they drive. The perception of earning is skewed by their expectation going in: the fact that they are paying to remain on the platform (that is, having to pay commission and earn a good rating score) and that they are often unaware of the risk costs associated with driving outside of coverage. Most drivers working for Uber know that they are driving outside of their insurance coverage. They also consciously choose not to inform their carriers because they are under the impression that Uber covers them when the app is turned on and they are carrying passengers.

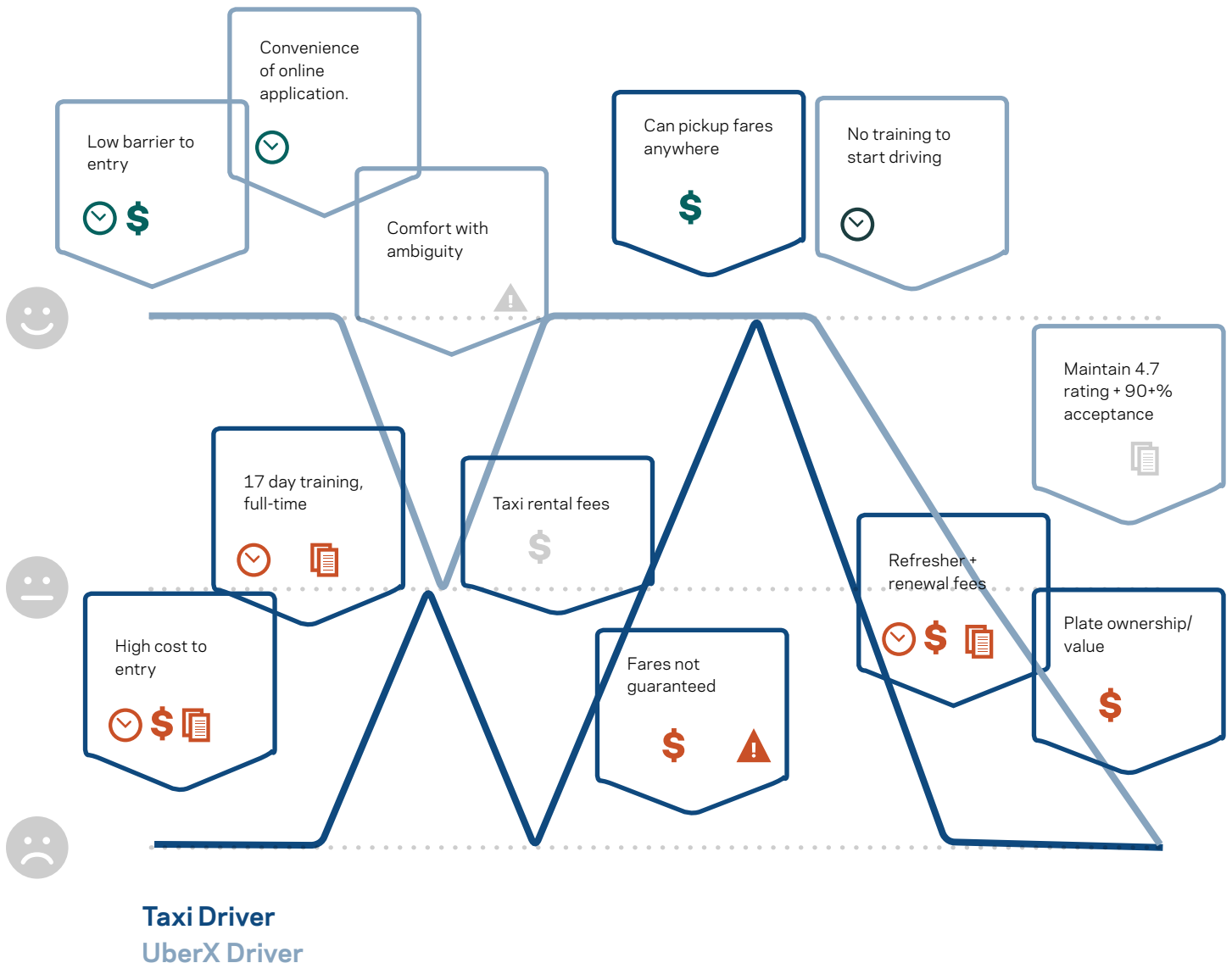
Finally, UberTaxi drivers combine the best of both worlds. They are licensed taxi drivers and true hybrids who can pick up hails, receive calls for service from dispatch or on-demand from the app, and wait at taxi stands. While cities are by and large created to accommodate taxi drivers, these hybrid drivers are also taking advantage of the new digital infrastructure to maximize profit. Some of the UberTaxi drivers we spoke with were also connected to a regular taxi broker, although brokers forbid this practice.



Journey Map: The UberX driver's user experience.

In both the existing and new models, most of the risk and opportunity costs are put onto the driver.

In both the existing and new models, most of the risk and opportunity costs are put onto the driver, and in both models there are either barriers or gaps in regulation that need to be addressed. In the next section of this report we will discuss the regulatory implications. We have identified seven key issues, which were further analyzed and discussed at a co-design workshop with regulators from all levels of government, industry representatives, sharing economy companies like Uber and other stakeholders, including insurance companies. For each issue, a problem analysis and possible solutions are presented.



The taxi and UberX drivers experience maps.

KEY IMPLICATIONS FOR EFFECTIVE REGULATION

1. Certifying the driver: Everyone needs to be vetted

The challenges the taxi industry are currently facing are not new, nor are they unique to the arrival of Uber.⁵⁹ The ride-hailing service itself is not new either; private vehicles-for-hire that pick up passengers without a taxi license have always existed. What is new is the scale at which these services have grown. Licensing is tied to the accountability aspect of the service being provided. It fulfils the public-safety mandate of the city, but does not protect the interest of the industry.

From a public-safety perspective, it seems undesirable to have drivers who haven't been screened on the road. This is also what the public expects, as demonstrated in two recent polls that showed public support for Uber, but also wanted the company adequately regulated.⁶⁰ However, while the objectives of the license should not be compromised, there are ways to improve the delivery. Three elements of the license seem to be non-negotiable regardless of the platform.

- o **Driver screening:** Every driver should have a proper background check (both criminal and driver history). Instead of having the city administrating this, let the brokers do it.

Taxi drivers have to obtain a Canada-wide criminal check every four years through the Toronto Police Services, while Municipal Licensing and Standards checks driver abstracts from the Ministry of Transportation. Uber completes background checks on their drivers through a third-party company. What is not clear is the specificity of this background check.

Solution: The city should set clear requirements for background checks, like the need to obtain them from a local police service within the province of Ontario. Administrative responsibility should be put

onto the brokerages and the city should instead perform periodic audits. These requirements should be the same for everyone. Brokers (both regular taxi and private vehicles-for-hire) can choose to obtain the background check for the driver for the sake of convenience. This sets a clear standard for everyone, reduces burden for all drivers and relieves municipal government from the administrative process.

- o **Vehicle inspection:** Every vehicle should be inspected before it is taken on the road

Taxi vehicles go through vehicle inspections twice a year, while uberX drivers only need to complete inspection during the first 30 days of signing up as a driver partner. uberX vehicles can be up to 10 years old, while taxicabs are required to be low-emission models and up to seven years old.

Solution: The city should set the requirements for vehicle inspections. Every vehicle should be completely inspected at the beginning of the process. After that, the frequency of inspection and fuel efficiency will be determined on a usage-based regime. The city should allow for inspections to be completed at any mechanic shop.

- o **Insurance:** Every vehicle should have adequate insurance.

In Toronto, taxi drivers need a minimum of \$2 million in liability commercial insurance. On the other hand, Uber requires drivers to have only their own personal insurance, which serves as primary coverage. The company claims to have a \$5-million contingent umbrella coverage that covers every ride on the platform.

Solution: The city and province should require every driver on every platform to have the appropriate insurance coverage required for the service being provided. For

this to be possible, new insurance products will need to be developed for uberX drivers. More competition in commercial insurance should bring down costs for taxi drivers.

- o **Flexible Licensing fee:** Calgary and Edmonton, the first cities to regulate Uber in Canada, took two different approaches to licensing fee. The transportation network companies bylaw in Calgary requires that ride-hailing service providers (drivers) pay a yearly licensing fee of \$220 and a fee of \$1,753 for the transportation network companies (Uber).⁶¹ Edmonton, meanwhile, will charge Uber an annual licensing fee of \$70,000 and drivers a fee of \$0.06 per trip.

Solution: Set up a fee structure for the TNC and another for drivers. For example, instead of paying a flat annual fee, uberX drivers could pay a fee for service on each ride.

- o **Establish a transportation network company classification:** There is also the issue of licensing brokers and transportation network companies (TNC). In addition to drivers being certified, brokers should also be licensed, which is already the case. A new license classification for TNC seems plausible, as is done in many other jurisdictions to reflect the difference in business models. A key element would be to require data sharing as a part of the agreement to license brokerages. This would enable cities to monitor the impact and consequences of certain services and to better enforce regulation down the road.

Solution: A new license model for so-called transportation network companies (TNCs), also known as app-based service models (ABSMs) and private transportation providers (PTPs), to reflect the difference in business model.

- o **Revisit the role of brokerages:** The City should re-assess the responsibilities and requirements of brokerages to reflect the changes describe above.

Solution: The city should reassess the requirements for broker licenses. One option would be to shift some of the burden of regulation from the driver to the broker. Another option would be to ask brokers to implement rating systems for drivers.

- o **Additional licensing considerations:** The city should review the relevance of other licensing requirements, like CPR and medical certification, as they add limited value. Municipal Licensing and Standards should also consider limiting privileges to pre-booked reservations for online platforms, while allowing taxi drivers to have the option to choose a call-for-service from a street hail, taxi stand, dispatch or platform.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
Driver screening	Every driver should have a proper background check (both criminal and driver history); brokers should administer this process instead of the city	City - Municipal Licensing and Standards Brokerages and TNC
Vehicle inspection	Inspect every vehicle before it goes on the road	City - Municipal Licensing and Standards Brokerage and TNC
Insurance	Every driver should have adequate insurance	City - Municipal Licensing and Standards Brokerages and TNC Province - Financial Services Commission of Ontario
Licensing fee for Private Transportation Providers	Set-up a fee structure for TNC and another for drivers. For example, instead of paying a flat annual fee, uberX drivers could pay a fee for service on each ride	City - Municipal Licensing and Standards Brokerages and TNC
In addition to drivers being certified, TNC should also be licensed	A new license model for transportation network companies (TNC) to reflect the difference in business model.	City - Municipal Licensing and Standards
Revisit the roles of brokerages	Shift some of the burden of regulation from the driver to the broker; require data sharing as a part of the agreement to license brokerages	City - Municipal Licensing and Standards Brokerages and TNC
Additional considerations	Review the relevance of other licensing requirements, like CPR certification and the medical certificate; limit privileges to pre-booked reservations for online platforms	City - Municipal Licensing and Standards

2. Training: Redesign training to make it more effective

Toronto taxi drivers currently need to pass a full-time 17-day training program in order to become licensed and then must undertake a refresher course every four years to keep their license. The curriculum covers everything from customer service and defensive driving to familiarity with bylaws, geography and tourism attractions. The drivers we spoke with found the training to be onerous and out of touch with the experience of driving. The Municipal Licensing and Standards training centre is paid for by licensing fees and is run by city employees who have little-to-no taxi-driving experience, a fact many of the drivers we spoke with complained about. Some of the negative behaviours we've come to read about in the news, like short-fare refusal, are motivated by the stress of making split-second decisions about how to avoid fare evaders and driving around looking for big fares in order to pay down rental fees. Just as the taxi training cannot override bad behavior, it's important to understand that driver conduct is a reflection of the stresses of being a driver.

Meanwhile, none of the uberX drivers we interviewed went through any training. In fact, the only training available is a short online video. However, uberX drivers receive instant feedback on their service, as every passenger has to rate their driver within 24 hours. They also receive weekly emails explaining how they can improve their score. They are expected to maintain a 4.7 or higher rating (in a five-star system) to remain on the platform. Uber also sends regular emails and videos to highlight aspects of driving. While it's very hard for the city to revoke a taxi driver's license, Uber removes repeat offenders off of their platforms.

- o **Basic training requirement:** Municipal Licensing and Standards currently sets the standard training requirements for taxi drivers. Currently, the regulation front-loads training at the beginning and corrects behaviour every four years through a mandated refresher course for every driver.

Solution: Municipal Licensing and Standards should set the criteria for a basic training program, but leave it to the brokerages and TNC to provide the training because this is fundamentally in their best interest. This way, when individuals receive bad customer service they will complain about the brand that is providing the service, not about Municipal Licensing and Standards. There should be a difference in training requirements depending on the numbers of hours a driver is working and the rights that are connected to the license (e.g. taxi stands, direct hail).

- o **Targeted Feedback:** The burden should be shifted from standardized and generic training to a personalized and targeted feedback loop. Currently the training for taxi drivers is mostly front-loaded and generic. For instance, the refresher training program that intends to correct bad behaviours and update drivers on changes to bylaws is a generic program that is based partly on complaints received by Municipal Licensing and Standards. On the other hand, the training for Uber drivers is very light at the beginning, but much more frequent and targeted at the back end because Uber's algorithm allows for a targeted, instant and automated feedback loop.

Solution: The training should be relevant and not too heavy, likely less than the current 17-day training program for taxi drivers but more than what Uber is currently offering. The city should encourage brokerages to provide better and more targeted feedback more frequently. Brokerages should be able to remove repeat offenders, making it easier to revoke a license.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
Basic training requirement	Municipal Licensing and Standards should set the criteria for a basic training program, but leave it to the brokerages and TNC to provide the training	City - Municipal Licensing and Standards Brokerages and TNC
The training for taxi drivers is mostly front-loaded and generic; the training for Uber drivers is very light at the beginning, but much more frequent and targeted at the back-end	The city should encourage brokerages to provide better and more targeted feedback more frequently. Brokerages should be able to remove repeat offenders, making it easier to revoke a license	City - Municipal Licensing and Standards Brokerage and TNC

3. Insurance: Ensure accurate coverage of all drivers

One of the most pronounced issues to emerge from our research is the question of insurance. The sharing economy is turning the owner-operated model of auto insurance into one of shared access that blurs the lines between private and commercial use. Many people, including uberX drivers themselves, are unclear about what coverage is in place and if it is adequate for their needs. Meanwhile, taxi drivers are suffering from the high cost of commercial insurance.

- o **Close coverage gaps for private transportation providers:** In the Ontario Automobile Policy (OAP-1), there is a general exclusion against carrying paying passengers and renting or leasing your car to another person.⁶² One of the questions that is found on the owner's application form for automobile insurance is in direct tension with the tenets of the sharing economy: "Will any of the described automobiles be rented or leased to others, or used to carry passengers for compensation or hire...?"⁶³ The answer to this question is designed to assess the exposure to risk so that insurance companies can designate the appropriate premium (i.e. the dollar amount) that corresponds with the level of risk involved. If drivers want to carry paying passengers, they would need additional coverage to do so. However, there are currently limited policy options.

In February 2016, Aviva became the first insurer in Canada to provide coverage for ride sharing. Prior to this announcement there was no insurance policy on the market that adequately covered the hybrid nature of ride-hailing services. Drivers were willingly driving outside of their own coverage because they had no options and were under the impression that they were covered under Uber's \$5-million contingent insurance policy.

Risk assessment is at the heart of the insurance dilemma for the sharing

economy. Carpooling, peer-to-peer lending and private vehicles-for-hire are in that grey area between personal and commercial use. Furthermore, the standardization of auto insurance has made it so that there is a clear distinction between the two uses when it comes to how insurance companies rate their premiums and underwrite their policies. There are different rating categories for pricing that are determined by the usage of car. If you're driving for pleasure, you will be quoted under a different rate group than if you're driving to and from work, depending on the distance between your residence and place of work. Should personal auto insurance cover activities in the sharing economy? Or should these hybrid activities (transporting people in your personal vehicle for compensation) be covered under commercial insurance?

Solution: Remove the barriers to enabling the rapid approval of new and more hybrid insurance products. In order for insurance providers to evaluate risks and coverage gaps, they need to test out different products on the market to see what works and what does not. Products should not be the same for everyone, but should be designed for different models of use. The regulatory flexibility to produce different products should uphold minimum standards, while also allowing for competition.

Example 1: Usage base premium: Aviva was the first company to develop an insurance package for uberX drivers approved by the Financial Services Commission of Ontario. This coverage is considered an add-on (i.e. an extension) to an existing Aviva policy and is open to those driving less than 20 hours per week.

Example 2: Build in flexibility products: Insurers should set or require an insurance threshold to differentiate personal use from periods of activity.

The 2016 provincial budget made mention of this: "the government and FSCO are exploring how Ontario's flexible insurance

regulatory system can quickly approve new insurance products, which could include the possibility of interim approvals. Using such flexible responses would allow new products to be introduced in the market while the government, working with the regulator and the insurance industry, develops over the coming months, the legislative and regulatory changes necessary to fully integrate the sharing economy into Ontario's auto insurance system."⁶⁴

- o **Lower cost of commercial insurance for taxicabs:** In our interviews, the cost of insurance was identified as the single-most burdensome aspect of being a taxicab driver. (It also limits drivers' abilities to compete with Uber, given the overhead costs.) Taxicab drivers are paying anywhere between \$4,000 and \$7,000 per year for commercial insurance because of the risks they are exposed to (being on the road 24-7, multiple drivers sharing one car and being prone to accidents). Also, there are only two or three insurance companies providing policies for the taxi industry, leading to a lack of competition, which does not help the situation. Furthermore, with Toronto's plan to transfer to a 100% accessible fleet, there is significant concern that costs could go up even more given the complexities involved with injury claims.

The fact that there will always be occupants in the vehicle means there is increased exposure to multiple injuries. The other assumption made by insurers is that many of the people using taxis to get around the city do not have personal auto insurance. Because taxi drivers are carrying passengers all of the time, they are also picking up a disproportionate amount of statutory accident benefit claims. Therefore, in the case of an accident, the taxicab's insurance most likely absorbs any accident benefits. Taxicabs are on the road 24-7, as cars are shared among multiple drivers in a congested city.

There are two ways to insure a cab: as owner operated or through a fleet. The cost for owner-operated insurance is

less than fleet insurance because there is only one driver on that coverage who can work a maximum of 12 hours per day. Fleet insurance permit insurers provide insurance where individual drivers of a fleet do not have to come in for approval. In order to qualify for fleet insurance, there has to be a minimum of five cars owned or leased by the same entity (that is, common ownership or common management, like a fleet operator).

Solution: The basic premise of insurance is predicated on how many hours are spent on the road. Given that taxicabs are on the road 24-7, they are being charged for their exposure to risk, rather than the drivers' driving history. Policies should be developed that allow for cooperative fleet insurance that rewards drivers for good behaviour with a discount. Telematics could be leveraged to base premiums on the standards of the individual driver. Premiums could be based on how safe and conscientious a particular driver is instead of being based on the average driver in your peer group. This would help drive down prices for drivers who have good records.

Solution: Even though the industry is standardized, that doesn't mean competition is impossible. The Ministry of Finance (Auto Insurance Policy branch) and Municipal Licensing and Standards should convene a task force comprised of stakeholders from the insurance and taxi industries to review existing regulation and to identify areas for changes in legislation. The Financial Services Commission of Ontario made similar recommendations in its 2013 review of automobile insurance.⁶⁵ They should also identify possible pilots for experimentation in usage-based telematics and investigate the role of data in pricing regulation.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
<p>Close coverage gaps for private transportation providers</p>	<p>Remove barriers to enable rapid approval of new products; establish usage-based premiums</p>	<p>Province – Financial Services Commission of Ontario</p> <p>Province – Ministry of Finance (Auto Insurance Policy)</p> <p>Industry – Insurance Bureau of Canada</p> <p>City – Municipal Licensing and Standards</p>
<p>Lower cost of commercial insurance for taxicabs</p>	<p>Policies should be developed that allow for co-operative fleet insurance; telematics should be leveraged to base premiums on the standards of the individual driver; The Auto Insurance Policy branch of Ontario and Municipal Licensing and Standards should convene a task force to review existing regulation</p>	<p>Province – Ministry of Finance (Auto Insurance Policy)</p> <p>Province – Financial Services Commission of Ontario</p> <p>Industry – Insurance Bureau of Canada</p> <p>City – Municipal Licensing and Standards</p>

4. Pricing models and payment methods

A fair level playing field among taxi drivers and private vehicles-for-hire is hard to achieve when one's fare is regulated and the other's is not. The starting price for taxi fares is set at a \$3.25 base fee (changed in 2016 from \$4.25), while uberX charges \$2.50 and an additional flat fee of \$1.50 for what they are now referring to as a booking fee (formerly known as a "safe rides fee").⁶⁶

- o **Dynamic pricing set by brokerages and TNC:** The taxi industry is unable to compete with Uber because of its overhead costs and regulated fares. Uber is, in part, able to provide such cheap fares because it has no regulatory obligations to comply with and it has over 15,000 drivers from which they collect 25% commission off of every ride given in Toronto.

Solution: Pricing should be deregulated in order to create a fair level playing field. The brokerages and TNC should decide on pricing in order to compete against each other in an open market.

Solution: Municipal Licensing and Standards should differentiate between pre-booked arrangements and street hails. Street hails, where customers have less choice, should have a fixed rate. Pricing should be clear to consumers before they make a decision to use a taxi or ride-hailing service.

- o **Cashless transactions to reduce fare evasion and ATM fraud:** Taxi drivers refer to those who skip on payment as "jumpers." Fare evasion is a persistent threat to drivers. To minimize the chances of fare evasion, taxi drivers profile passengers, being selective about who they pick up and avoiding neighbourhoods that they consider high-risk areas. Furthermore, more and more passengers are concerned they will become victims to ATM fraud if they use their debit card or credit card to pay for their ride. The Toronto Police Service recently issued a warning to consumers about a group of taxi drivers who are copying banking information from cards inserted in their point-of-sale machines.⁶⁷

Solution: The industry should promote and support the shift toward cashless transactions.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
The taxi fare is regulated	Deregulate the fare; let the brokerages decide on pricing in order to compete against each other in an open market; Street hails, where customers have less choice, should have a fixed rate	City - Municipal Licensing and Standards Brokerages and TNC Province - Ministry of Government and Consumer Services Federal - Competition Bureau
Fare evasion and ATM fraud	Industry should promote and support the shift toward cashless	Brokerages and TNC

5. Accessibility

Ontario is the first jurisdiction in Canada with legislation that sets out a clear goal and timeframe for accessibility by 2025. Five accessibility standards are now law in the areas of customer service, information and communications, employment, transportation and the design of public spaces.⁶⁸ The Transportation Standard includes requirements for public transportation, including paratransit services, as well as the duties of municipalities that license taxicabs such as the City of Toronto. The City is required to consult with their Municipal Accessibility Advisory Committees (MAACs).

Toronto's Accessible Taxicab Strategy envisions a 100% wheelchair-accessible fleet by 2025. To meet this goal, the City of Toronto is changing its licensing structure by consolidating the three existing types of licenses (Standard, Ambassador and Accessible) into one license that will be a hybrid of all three. This license will be called the Toronto Taxicab License (TTL). As of 2014, this transferable, 24-hour-operated accessible license will be the only license issued by Municipal Licensing and Standards.

100% accessibility or 100% of cars need to be accessible?

Accessible ground transportation is an important public service that needs to be improved in order to reduce the wait times and costs associated with accommodating passengers with disabilities. However, accessibility is also a driver's issue and it is one that often gets neglected. What is the right balance between public value and the cost of compliance? The costs associated with ensuring all taxicabs are wheelchair accessible is one that is put onto the driver. Drivers claim it costs upward of \$70,000 to keep a wheelchair accessible van on the road per year, including retrofitting and the associated increases in gas and insurance. Is that reasonable? And is this the best way to ensure accessibility?

What is the role of the sharing economy in this matter? In many ways, ride-hailing

companies like Uber is currently providing some accessible services, and continues to innovate on-demand accessible services through partnerships. For instance, Uber operates a wheelchair-accessible service known as uberWAV, partnering with licensed paratransit service Dignity Transportation and accessible taxis to connect passengers who have mobility needs to on-demand service. Before Uber, most passengers with disabilities had two options: pre-booking a TTC Wheel-Trans days in advance or calling for an accessible taxi that would take longer to arrive and cost more. Uber has launched uberASSIST, an accessible service line, and uberWAV, an on-demand, door-to-door service priced at the same rate as uberX.⁶⁹

Solution 1: The cost of providing accessible service should not be the burden of the passenger, nor should it be the burden of the taxicab owner or driver. Instead, this cost should be spread out across the industry through licensing fees. This fund can then be served as a subsidy program to help drive down the cost of retrofitting vehicles for prospective TTL taxicab owners and drivers.

Solution 2: The Toronto Transit Commission (TTC) has a 10-year strategy for Wheel-Trans, its specialized door-to-door transportation service.⁷⁰ Municipal Licensing and Standards, the TTC and the taxi industry should coordinate their respective strategies and service-delivery plans to increase on-demand accessible transportation in order to avoid duplicity and to determine where each service can complement the others.

Solution 3: Brokerages and TNC should be incentivized to work together to meet the need by sharing the load. In Portland, Oregon, Uber and Lyft didn't have enough wheelchair accessible vehicles in their fleet so they created a cost-sharing model with taxi, by transferring all calls of service that came through their platform to them.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
Taxicab owners are bearing the costs of accessibility	Spread financial costs across the industry, through licensing fees; establish a subsidy program to help drive down the cost of retrofitting vehicles for prospective TTL taxicab owners and drivers	City - Municipal Licensing and Standards Brokerages and TNC Province - Accessibility Directorate of Ontario
Can demand be met with existing accessible fleet?	Better coordination between TTC and MLS 10 year accessibility strategy; Brokerages and TNC should work together to meet the need through a cost-sharing model	City - Municipal Licensing and Standards City -Toronto Transit Commission Brokerages & TNC

6. Tax compliance

Taxi drivers track their earnings through a log sheet, breaking down the amount of kilometres driven, passenger occupancy, pickup and drop-off times and tips. Taxi drivers need to register and start collecting HST at \$0 under the Income Tax Act.⁷¹ However, drivers of private vehicles-for-hire, like uberX drivers, are not sharing their assets; they're providing a service through their assets. It's not like carpooling, where the driver is picking up passengers who are heading in the same direction without compensation. The question is: Should Uber drivers also be collecting and remitting HST?

If the city were to regulate Uber's fares, Uber drivers would not automatically need to start collecting HST at \$0. The Canada Revenue Agency (CRA) would have to determine that Uber drivers are the same as taxis. Whether that requires a full legislative amendment to the Income Tax Act, is not clear. At the same time, if the city deregulated taxi fares, this would not automatically free taxi drivers from having to collect HST at \$0. The Income Tax Act is not clear as to whether taxis are expected to collect at \$0 because of the service they provide (that is, because of the definition of a taxi driver) or because their fare is regulated. In short, the CRA would need to clarify what the tax implications are for ride-hailing services and taxi drivers.

The sharing economy is facilitating tax compliance by the mere fact that all transactions are cashless and there is readily available data based on trip history. As it stands, Uber drivers are paid weekly and receive an electronic pay slip that includes total earnings minus Uber's cut. The Uber app does not allow drivers to collect HST from the fare, meaning that drivers would have to keep track of it themselves. Most of the Uber drivers we spoke to drove part time (less than 10 hours per week) and would not be meeting the threshold of \$30,000 required for HST. While most drivers understand that they are responsible for filing their taxes, they are not clear about what their exact tax duties are. Do they need to file both income tax and HST? And under what line?

Solution 1: Transportation network companies like Uber should be required to charge HST on fares so that both passengers and drivers are able to claim deductibles.

Solution 2: The Canada Revenue Agency should develop clear communication in non-legalese language about the tax duties of those engaging in the sharing economy.

Solution 3: As taxi drivers are self-employed, they should enjoy the \$30,000 HST threshold like any other self-employed individual. It makes sense to have both taxi drivers and Uber drivers collect and remit HST, but with a \$30,000 threshold. If that principle is applied it could lead to a significant increase in taxi drivers' yearly incomes and would require legislative change.

Solution 4: Transportation network companies should collaborate with the Canada Revenue Agency by sharing a list of the drivers on their platforms who meet the \$30,000 threshold.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
<p>The Uber app is currently not charging HST on fares</p>	<p>Transportation network companies should be required to charge HST on fares</p>	<p>TNC - Uber Federal - Department of Finance Federal - Canada Revenue Agency Provincial - Ministry of Finance</p>
<p>There is a lack of clarity about whether drivers must declare amounts under \$30,000 as part of their income</p>	<p>Develop clear communications about the tax responsibilities of those participating in the sharing economy</p>	<p>Federal - Department of Finance Federal - Canada Revenue Agency</p>
<p>Taxi drivers are collecting HST from \$0, while uberX drivers are not</p>	<p>As taxi drivers are self-employed, they should enjoy the \$30,000 HST threshold like any other self-employed</p>	<p>Federal - Canada Revenue Agency Federal - Department of Finance Province - Ministry of Finance City - Municipal Licensing and Standards</p>
<p>Ensuring private vehicles for hire are collecting and remitting HST</p>	<p>Transportation network companies should work with CRA to share a list of drivers on their platforms who are meeting the threshold</p>	<p>Federal - Department of Finance Federal - Canada Revenue Agency Provincial - Ministry of Finance TNC - Uber</p>

7. Data

Through smartphones and cloud-based data, the sharing economy is enabling local startups to develop shared mobility through a data-driven, multi-modal smart community framework. To enable this framework, governments will need to develop a data-integration strategy to assess the impact and potential of these new modes of transportation. Currently there is no empirical data on the impact of the sharing economy on Canada's transportation sector. We keep relying on American studies and figures to determine Canadian policy because we simply do not have any local insights that are not anecdotal.

The current challenge, as discussed at our workshop, is that any data that is being collected is fragmented due to the increased private ownership of key travel pattern data. This means that any data that exists is not feeding back into transit planning. There are also limited public-sector resources and skills to use and apply data. Governments should enable and encourage a seamless multi-modal network of transportation that includes these new data-driven and app-based models of social transportation. Shared mobility needs to be a vital part of that network.

To achieve this, government will need to:

- o Develop a strategy for multi-modal, connected transportation systems;
- o Develop ways and means to learn while implementing the strategy; and
- o Continue to adapt regulation to real situations on the ground.

How do we integrate the sharing economy into the existing transportation network?

Solution 1: Government should mandate a minimum level of data provision from any commercial users of roads, so that we have the data needed for evidence-based policy-making. The following information should be requested from transportation providers

through Municipal Licensing and Standards

- o The number of miles driven;
- o The number of cars in service;
- o The number of drivers in service;
- o The number of riders serviced; and
- o The number of trips and income per driver (the average, median and distribution of these numbers would be useful for understanding the employment and tax implications).

Unfortunately, all of this data is of limited use as it offers little insight into the actual types of journeys being made and how they can be integrated alongside other modes of transportation. To achieve these deeper insights, journey level data would be needed over a given period of time, including origin and designation points, the number of travellers, and the date and time of each trip. In other words, we would require an anonymized version of the route data that GPS already tracks.

Solution 2: A trusted transportation data aggregation body should be created in order to assess, monitor and act on ways to leverage transportation network companies in a data-driven deployment of resources.

Solution 3: New models of dynamic allocation of transit resources should be implemented. rather than relying on fully fixed or schedule-based TTC resources. We should incentivize single-occupancy drivers to share their commutes by incorporating all types of shared mobility into a seamless multi-modal transportation network. Further, dynamic mobility pricing should be used to change commuter behaviours, manage congestion and offload peak travel pressures from the transit system.

PROBLEMS	SOLUTIONS	STAKEHOLDERS REQUIRED
<p>The collection of data is fragmented, with more and more travel pattern data in private ownership</p>	<p>Government should mandate a minimum level of data provision from any commercial users of roads</p>	<p>Province - Ministry of Transportation Province - Metrolinx City - Toronto Transit Commission City - Transportation Services City - Municipal Licensing and Standards</p>
<p>There is a limited capacity to use data within the public sector</p>	<p>Create a transportation data aggregation body</p>	<p>Province - Open Data Directorate Province - Ministry of Transportation City - Transportation Big Data Innovation</p>
<p>People choose to travel by car (in single-occupancy vehicles) due to limited reliable transportation options</p>	<p>Implement dynamic allocation of transportation resources through these new models of multi-occupancy transportation; enable dynamic mobility pricing</p>	<p>Province - Ministry of Transportation Province - Metrolinx City - Toronto Transit Commission City - Transportation Services</p>

Conclusion

In 2015, the Town of Milton and Metrolinx partnered with a Waterloo, Ontario-based startup called Transit Lab to run a one-year pilot on that first-and-last mile problem that most commuters face. The challenge was simple: how to encourage more people to take public transit, while reducing overcrowded GO station parking lots. The answer was just as simple: connect passengers who are not served by local transit to the GO train station or bus terminal through a shuttle bus or taxi. Passengers were invited to leave their cars behind and instead book a ride to the station on a ride-sharing app called RideCO. The sharing economy is providing an opportunity to alleviate some of the pressures on our overcrowded and congested regional transit system. But it also introduces disruptive challenges to markets and regulation that force governments to re-think how to create public value.

Over the past months, MaRS Solutions Lab has conducted ethnographic research and convened stakeholders to study the impact of the sharing economy on regulation and to help develop smart solutions. We have presented

our analysis and ideas in the previous chapters. To conclude this report, we would like to share some general reflections.

Regulation for new entrants must also mean relief for existing operators

The first key message of this report is that when it comes to introducing regulation for the sharing economy, government should not only look at regulating new activities, but use this opportunity to revisit current regulation to reduce burden and relieve existing businesses. In doing so, governments can learn from some of these sharing economy companies and their use of technology to streamline processes and increase their efficiency and effectiveness. For example, this is demonstrated in the use of rating systems to give feedback on driver behaviour. Only adding amendments to regulation will likely result in spreading burden for everyone. And many of the complaints from existing businesses are not about new entrants per se, but about the burden of complying with regulation, while new entrants

are operating in contravention. Regulating new incumbents as well as reducing burden for existing companies is important because it will help to create legitimacy and buy-in with all relevant stakeholders (existing and new).

It's more than regulation

Another key message of this report is the call for government and other stakeholders to not just think of the sharing economy as something to respond to reactively. There is great potential across Ontario to develop local innovative solutions to our most pressing issues through the sharing economy. The call of this report is to get ahead of the curve, to think about what kind of sharing economy we want, based on local strengths and needs. And then to develop a proactive strategy that helps build that sharing economy in a way that benefits society. This strategy is not just a government strategy, but should be a collaboration between all kinds of players that can make it happen together. For example, startups, community organizations, corporates, foundations and government.

While outside the scope of this research, another element that is important to mention here is the need for an economic innovation policy. Are governments just responding by adapting regulation to new services being introduced (often US-based companies)? Or are we developing a strategy that actually helps to create more local startups in the sharing economy right here in Ontario? To do so, this would require creating a regulatory environment that is nimble and in tune with the latest technological developments. In addition, what can be done to support startups with mentoring, opportunities to collaborate with government on complex public policy issues, and access to capital? How do we help them scale across Canada and globally? If Ontario wants to be a home for sharing economy startups, it needs to have a strategy.

Create effective regulation using technology and data

Effective regulation is easy to understand, easy to follow and easy to enforce. Using

technology and data smartly is critical to help governments create effective regulation. Sharing economy companies are data-driven companies and many existing businesses are also moving towards leveraging technology and data as part of their operations. Consider the growing role of online booking platforms for hotels, or taxi brokerages like Beck Taxi that now have apps themselves. Governments need to become digitally savvy in order to be effective in our tech-enabled world. In this report, we have laid out several options for smart data strategies. Governments are no strangers to data; they are already gathering and managing a lot of it. The challenge is to put this data to use, and make smart connections with data from other sources like sharing economy companies, to help create better public value against lower costs.

To harmonize or not to harmonize?

As our work has revealed, there is no single solution to a complex problem. Many actors need to be involved and have a role to play, including regulators at all three levels of government, across different ministries and agencies, industry representatives and others stakeholders. This report attempts to give an overview of the priority actions that need to be undertaken, but the key is not just to pick and choose individual ideas but try to come up with a coordinated, overall approach. This means governments at all three levels need to continue to work together, intra-government, as well as with the subjects of regulation.

Not all by-laws are created equal; local context matters. For instance, there is a reason taxis are locally licensed. If this were provincial, then taxi drivers (or Uber drivers for that matter) from all over the province would likely go to Toronto as the busiest market, leading to distortions like an overload of taxis in Toronto and a shortage in smaller cities. Similarly, cities in Ontario like Collingwood or Huntsville with many holiday rental homes might want to have regulation that is different than Toronto or Mississauga. So, municipalities need to be able to create regulation that fits the local context.

Still, it seems undesirable if the differences between cities vary from one extreme to another. The province has a role in creating a certain degree of harmonization. This can be achieved in different ways. On certain issues like insurance and taxation the province already has full authority and should take initiative in harmonizing standards. On other issues that require flexibility for cities to tailor regulation to local needs, such as taxi licensing or short-term rental rules, the province could actively be helping cities to learn from one another. It is most logical if the province and the Association of Municipalities in Ontario (AMO) could take the lead on this.

The province could even introduce a minimum set of standards, like mandating all cities to use transportation network companies as a model for licensing, or to standardize requirements like background checks and vehicle inspections. Currently, the province has a private member's bill under consideration, introduced by MPP Tim Hudak, for standardized regulation of the sharing economy. This initiative is welcomed, but there are some differences between this bill and the suggestions in this report. To give two examples: the bill suggests a threshold of 120 days a year for home sharing, regardless of it being your private or secondary residence. This report suggests 180 days, but only for your primary residence. The bill proposes provincial standards for transportation network companies, also allowing them to take trips between municipalities, whereas this report holds that authority to be at the municipal level. These are choices that will need to be considered.

Keep on learning

The final lesson is about the need to experiment and learn. To deal effectively with a complex challenge, like regulating the sharing economy, where technology continues to evolve and disrupt, is not an easy feat. Traditional approaches to regulation no longer fit and the consequences of new regulation are largely unknown. The city of Portland, Oregon developed its transportation regulation after an 18-month pilot, designing

new regulations based on the findings. They did this by asking for relevant data to monitor the impact, making adjustments where needed and encouraging several city services to test out new opportunities. A task force of experts and stakeholders assessed the results and helped create the regulations. As an inspiring approach, we had the City of Portland share their experience with us at one of our workshops. Now, it has been four years since Uber launched in the City of Toronto. The time for experimentation has passed in this case. But we encourage governments to keep on learning when they are putting in place new regulations. In other cases, where possible, we suggest that government actively experiment, which is why we suggest running a 12 month-pilot when deciding on regulations for home-sharing and burden reduction in the accommodation sector.

Regulation will catch up, as it always does. We hope this report will help everyone involved – regulators at all levels of government, industry stakeholders and others — to design regulation that creates public value, supports innovation and reduces burden.

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Workshops Participant List

Municipal

City of Toronto - Information and Technology Division
 City of Toronto, Big Data Innovation
 City of Toronto, Business Licensing and Regulatory Services
 City of Toronto, Economic Development and Culture
 City of Toronto, Municipal Licensing & Standards
 City of Toronto, Public Health
 City of Toronto, Smart Commute Program
 City of Toronto, Sustainable Transportation Policy
 City of Toronto, Training Centre

Provincial

Financial Services Commission of Ontario
 Metrolinx
 Ministry of Economic Development, Employment and Infrastructure, Accessibility Directorate of Ontario
 Ministry of Economic Development, Employment and Infrastructure, Open For Business Division
 Ministry of Finance, Economic Development Policy Branch
 Ministry of Finance, Tax and Benefits Administration
 Ministry of Government & Consumer Services, Consumer Policy Branch
 Ministry of Municipal Affairs and Housing, Municipal Structures Policy Section
 Ministry of Tourism, Culture and Sports
 Ontario Treasury Board Secretariat, Open Government

Federal

Government of Canada, Ministry of Innovation, Economic Development - Consumer Affairs
 Government of Canada, Ministry of Innovation, Economic Development - Strategic Policy Sector
 Government of Canada, Revenue Agency

Non-government

Airbnb
 AutoShare (now Enterprise CarShare)
 Aviva Insurance
 BlancRide
 Centre for Social Innovation
 Counsel Public Affairs Inc
 Federation of Ontario Bed and Breakfast Accommodation
 Free Geek Toronto
 Greater Toronto Hotel Association
 Insurance Bureau of Canada
 Intact Insurance
 iTAXIworkers Association
 ManageAir
 MaRS Data Catalyst
 Martin Prosperity Institute
 Mercatus Centre
 Mowat Centre
 OCAD SLAB
 Ontario Public Transit Association
 Ontario Restaurant, Hotel and Motel Association
 Paul Barter and Associates
 PwC
 Rover
 Slice Insurance
 Social Innovation Generation (SiG)
 Ted Rogers School of Hospitality and Tourism
 Toronto Foundation
 Toronto Taxi Alliance
 Toronto Tool Library
 Uber
 Wellesley Institute