

Navigating the sharing economy: A 6-decision guide for municipalities



LUMCO

Large Urban Mayors' Caucus of Ontario

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On behalf of the Large Urban Mayors' Caucus of Ontario (LUMCO), we are pleased to present this guide to help municipalities navigate the complexities of the sharing economy.

As municipalities, we are on the front lines of the sharing economy—whether in the form of sharing that has been around for years, such as carpooling, or larger, for-profit enterprises like apps that enable home rentals. There is no doubt that new technologies have accelerated the sharing economy and created new questions for municipalities about how we can maximize opportunities while protecting the public interest.

This guide is not meant to tell municipalities what to do. Rather, it's a tool to help local councils and communities analyze the impact of various sharing economy services on their own residents and businesses and make decisions based on local needs. It's a framework that recognizes that while decisions must remain local, it makes sense to consider the issues and opportunities we all have in common.

Our thanks to all who contributed to this collaborative effort. Thank you to the City of Guelph for leading this initiative and coordinating with all the parties involved. Thank you to the Province of Ontario for working with us, and for the funding they provided for research and writing of the guide. Thank you to the Cities of Mississauga and London for their contributions and to the Association of Municipalities of Ontario (AMO) who supported the guide's development.

Thanks also to the Guelph Lab—a partnership between the City of Guelph and the University of Guelph (CESI)—for their research and the pilot testing they are undertaking with Guelph's taxi bylaw, and to the Guelph Chamber of Commerce.

It is our hope that this guide will help municipalities across Canada navigate the exciting, fast-growing and sometimes challenging world of the sharing economy.

Sincerely,



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Table of contents

| | | | |
|---|-----------|--|-----------|
| Executive summary | 1 | Decision: What kinds of policy actions or tools are needed? | 15 |
| About this Guide | 2 | Few resources required..... | 16 |
| Introduction to the sharing economy | 3 | More resources required | 16 |
| What is the sharing economy? | 3 | Most resources required..... | 16 |
| Why is the sharing economy important to municipalities? | 4 | Case study: | |
| The rapid growth of sharing..... | 5 | Different approaches to bike-sharing | 17 |
| What potential impacts do municipalities need to consider?..... | 5 | A note on bylaws..... | 18 |
| Guiding a municipality's response: six decisions | 6 | How to choose the appropriate tool..... | 18 |
| Decision: What type of approach is most appropriate? 7 | | Case studies: | |
| Monitoring and assessment | 7 | Supporting car-sharing through multiple policy responses | 19 |
| Reactive | 7 | Enabling sharing space—Bologna's regulation for the care and regeneration of the urban commons | 19 |
| Proactive | 7 | Decision: Design considerations | 20 |
| Case study: | | Making decisions..... | 20 |
| The Hydrocut—a reactive approach to risk and liability concerns | 8 | Enforcement, disputes, liability | 20 |
| Decision: What are the primary public policy goals? | 9 | Decision: Implementation and evaluation | 21 |
| Economic development/employment goals | 9 | Limits and caps | 21 |
| Environmental goals | 10 | Data and evaluation | 22 |
| Consumer choice and protection goals | 10 | Decisions in action: How municipalities in Ontario have responded to ride-hailing companies | 23 |
| Community development/social goals | 11 | Conclusion: A call to action | 25 |
| Service delivery innovation goals | 11 | Endnotes | 26 |
| Decision: What type(s) of sharing will be included? | 12 | References | 27 |
| For-profit companies | 12 | | |
| Mission-driven initiatives | 12 | | |
| Aligning sharing approaches with municipal priorities | 13 | | |
| Case studies: | | | |
| MuniRent and for-profit forms of sharing | 14 | | |
| Austin and co-operative forms of sharing | 14 | | |
| REACH and community sharing | 14 | | |

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Executive summary

Sharing is one of the oldest and most universal instincts. Today, disruptive digital technologies make it easier than ever by facilitating peer-to-peer relationships and enabling people to connect with one another directly and more equitably. Today citizens can share on a large scale and with strangers, not just with friends, family and their direct communities.

While this “sharing economy” can create many benefits, it also raises a number of questions, from the impact on tax bases to safety and liability concerns.

Many of these issues fall within the purview of municipal government. As a result, sharing economy initiatives are being shaped by zoning codes, hotel and taxi licensing regulations, transit and all manner of distinctly local policy.¹

This Guide is designed to help municipalities understand this new economy, what it means on a local level and how to respond appropriately. As they navigate this new terrain, municipalities should keep three points in mind.

1. **The sharing economy encompasses a wide range of models and sectors.**

The term “sharing economy” brings to mind private companies such as Uber and Airbnb. However, sharing itself is part of a larger tradition, the most established and promising examples of sharing are not always found in Silicon Valley and don’t necessarily involve sophisticated apps. This sector includes bike-sharing programs, community gardens and many other socially and ecologically minded ventures. Case studies in this Guide were selected to help illuminate these lesser-known but important and impactful examples.

2. **There is currently a lack of data on the impacts of the sharing economy, especially outside of large cities, but the data that does exist points to both positive and negative impacts.**

The range of models and the rapid growth of sharing make it difficult to draw general conclusions about the impacts of sharing. In some cases, there just isn’t enough data to fully evaluate impacts. In other cases, concerns have been raised. This Guide does not explore specific sectors or sharing initiatives, but what is clear is that municipalities must consider a range of potential positive and negative impacts.

Responding to the sharing economy has the potential to realize significant public value, including:

- improvements in service delivery and cost reductions
- economic development
- a reduction in environmental impacts

At the same time, municipalities should not ignore potential issues that may arise in the context of certain sharing initiatives, such as:

- uneven service delivery
- the rise of precarious employment
- lack of independent data to accurately track the impact of sharing-driven activities
- the erosion of consumer protections

Municipalities will need to both evaluate impacts at a local level and take steps to ensure any sharing initiatives in their community are carefully aligned with their goals.

3. **Municipalities have a range of options available to shape the local sharing economy.**

Municipalities that choose to engage with the sharing economy are not limited to establishing regulations through bylaws. Instead, there is a range of options local governments can use to craft a response that advances the public interest. Some of these tools may already be familiar to municipalities; other tools provide ample opportunity to introduce novel forms of procurement, decision-making and public engagement into municipal processes. The choice of tool will depend on local contexts and objectives: there is no one-size-fits-all solution. Different models of sharing necessitate different responses, and local governments can opt to play a number of different roles depending on their policy objectives.

This Guide provides a brief introduction to the sharing economy and then identifies the following six decisions to guide municipalities that are anticipating or reacting to a shared economy platform in their jurisdiction. Reaching these decisions is not a linear process, and there is no particular, prescribed order in which to make them.



Type of approach. In the case of small-scale sharing activities, municipalities may opt for a monitoring and assessment approach, rather than intervening in a more significant way. As sharing activities grow, however, it may be appropriate for municipalities to review or revise bylaws (reactive approach). In other cases, municipalities may decide to play an active role in shaping the kinds of sharing economy activity in their community before they reach a significant scale (proactive approach).

Primary public policy goals. It's vital for municipalities to establish what kind of values they wish to promote through their response to the sharing economy. This involves identifying their priority policy goals and considering how sharing economy activities will impact them. Goals could be economic growth, community development, environmental protection, consumer protection, service delivery innovation or others.

Types of sharing included. What forms of sharing economy activities and organizations best support those priorities? For-profit companies emphasize making profit for their owners/stakeholders, while social enterprises,

co-operatives, non-profits, and voluntary/community initiatives in the sharing economy sector are more mission-driven with broader social aims.

Policy actions or tools needed. Municipalities can choose from a wide range of options. These include making municipal assets available to sharing initiatives, convening key stakeholders, offering grants and loans, updating bylaws, to list just a few examples.

Design considerations. A well-designed sharing initiative addresses a number of important governance questions. This includes determining who is responsible for making decisions, how disputes will be resolved and what structures need to be put in place to ensure activities run as effectively as possible.

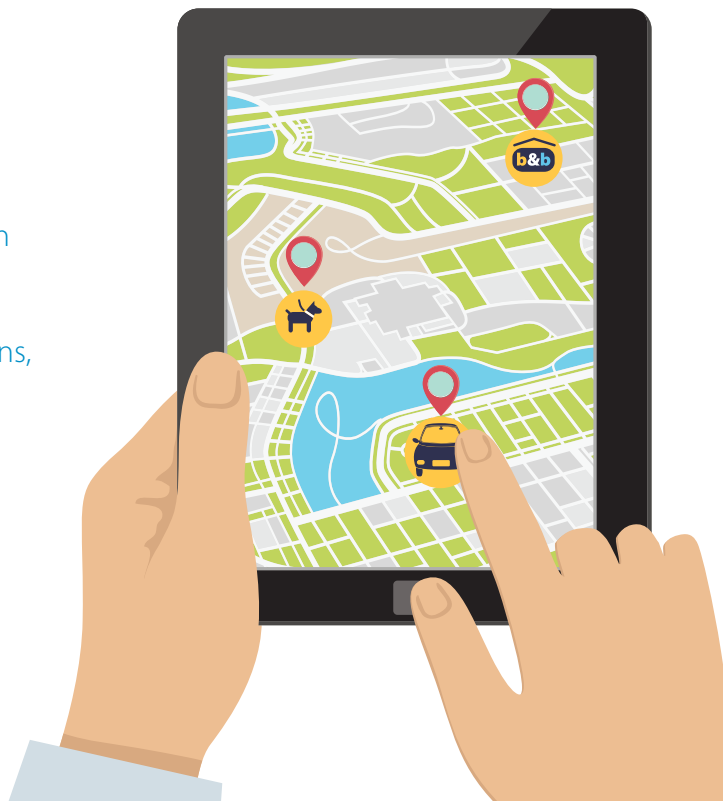
Implementation and evaluation. Decision-makers need to consider whether it is appropriate to set limits or caps on sharing activities and, if so, how to enforce them. Finally, putting data-collection mechanisms in place will help municipalities evaluate the impact of the sharing activity.

The Guide includes case study examples to illustrate different ways municipalities have answered these questions, along with links to further reading materials, resources and cases.

Introduction to the sharing economy

What is the sharing economy?

The sharing economy is most commonly associated with transportation companies like Uber and Lyft and short-term accommodation services like Airbnb, but the term covers a much broader range of activities. These include bike-sharing programs, co-housing communities, community gardens, shared commercial kitchens, car-sharing groups, community-supported agriculture and more.



As this list makes clear, there are different kinds of sharing: recirculating goods, using idle or underused assets, exchanging services and sharing knowledge. Sharing is happening in different sectors (transportation, accommodation, food, finance, etc.), and it's facilitated by different types of organizations (for-profit, non-profit, co-operative, etc.).

Some sharing initiatives are run by for-profit companies, whose primary motivation is to make profit for their owners/shareholders, while "mission-driven" initiatives are motivated by a mix of social, environmental and economic justice goals, often with participatory or democratic governance structures. Mission-driven organizations include social enterprises, co-operatives, non-profits, and voluntary/community initiatives, as well as municipalities themselves.

Although there is no universal definition of the sharing economy, One Earth's "Local Governments and the Sharing Economy" report attempted to capture the full spectrum of activities that fall under this umbrella.²

They proposed the following characteristics of the sharing economy:

- utilizing information technologies to varying degrees, ranging from essential use by for-profit actors to more modest and incidental use by community or volunteer-based sharing initiatives
- making use of the idling capacity of assets and promoting access over ownership for many, but not all, sharing economy transactions
- connecting dispersed networks of people and/or assets through information technology and/or in-person meetings and events
- providing opportunity for trust building, reciprocity and social connectivity to varying degrees (community-based sharing initiatives emphasize this component the most)
- embracing the idea of collective ownership to varying degrees ranging, for example, from jointly used proprietary software or goods to those that are "open source" and freely available to all



Why is the sharing economy important to municipalities?

Managed appropriately, the sharing economy can bring many benefits to municipalities, such as:

- saving local government money by reducing costs, using assets more efficiently and changing how services are delivered
- achieving better societal outcomes, from cleaner air and less waste to economic prosperity and more competition in markets
- increasing the effectiveness of bylaws, as well as enabling and empowering citizens to actually participate in the design and delivery of municipal plans and services to co-produce outcomes

However, municipalities also need to consider the full impact of sharing initiatives and take measures to mitigate potential negative consequences.

In transportation, for example, the growth of sharing through ride-hailing (see “Defining terms” at right) is celebrated for lowering costs to citizens, prompting reviews of out-dated regulations, increasing competition in the taxi industry, creating opportunities for citizens to earn supplemental income and improving customer service (e.g., booking and paying through an app can be quick and easy).

At the same time, concerns have been raised about the rights of drivers, their precarious employment status, the lack of protections for consumers and the potentially unfair advantages ride-hailing companies enjoy through different or fewer regulations. Meanwhile, if the rise in ride-hailing reduces the use of car-pooling, public transit, walking or cycling, it also contributes to more congestion, poorer air quality and other environmental impacts.

These benefits and drawbacks are discussed in more detail later in this Guide, but one thing is clear: as the sharing economy expands, more municipalities will want to consider how to shape its impacts at a local level. Even in municipalities where Uber and Airbnb are not currently active, the trends that have prompted the rapid rise of these companies seem likely to persist, and the sharing economy as a sector is almost universally predicted to grow considerably.

Defining terms

ride-sharing versus ride-hailing

Companies like Uber and Lyft are commonly referred to as ride-sharing companies, but this name is a little misleading. This Guide distinguishes between several different transportation-sharing activities:

- **Ride-hailing:** a customer hires a driver to take them exactly where they need to go. Although this term can include taxis, this Guide uses it to refer exclusively to newer companies like Uber and Lyft. Traditional taxi companies are referenced explicitly.
- **Ride-sharing:** a driver combines separate fares into a single car journey (RideCo, UberPool).
- **Carpooling:** regular drivers offer lifts to passengers going to the same destination as they are (BlaBlaCar, Regional Rides in London, Carpool.ca).
- **Car-sharing:** members share a pool of cars, which they typically book by the hour (Community Car Share, Modo).

The rapid growth of sharing

Sharing has been around for millennia, but a few factors have driven the current boom in sharing initiatives. One is a surplus of assets. Those with higher income have the ability to purchase goods that are only used sporadically (ladders, drills, a second bed) or that are not used at capacity (cars, parking spaces, office space). Another factor is technology. Interactive platforms and smartphone apps are making it easy for people to find owners who want to share these goods. Meanwhile, the economic austerity and financial insecurity created by the 2008–2009 recession was instrumental in popularizing sharing.



What potential impacts do municipalities need to consider?

In broad terms, there are three types of impacts that should inform how municipalities choose to respond to the sharing economy at a local level.

1. Conflicts with public policy goals

While the growth in sharing can afford many benefits, the increasing volume of sharing may impact a number of public policy goals, such as clean air, peaceful residential neighbourhoods, strong local businesses and more. For example, consider the impact of:

- more cars on the road
- too many overnight guests coming in and out of a condo
- more competition with traditional businesses who can feel disadvantaged
- greater risks to the citizens who participate as sharers

2. Erosion of the municipal tax base

As the sharing economy grows, it may take increasing amounts of economic activity out of the mainstream economy. With more and more activity happening outside of regular businesses, what impact will that have on a municipality's tax base?

3. Regulatory considerations

The sharing economy frequently operates in regulatory grey areas. Existing bylaws, regulations and other policies were not conceived with these new kinds of relationships, business models and ways of working in mind. In "Practicing Law in the Sharing Economy," lawyer Janelle Orsi outlines a host of legal conundrums municipalities will have to navigate. These include:

- Determining the nature of economic relationships. For example, does a business/investor relationship exist in a community-supported agriculture program? Does a producer/consumer relationship exist within a food co-operative?
- Judging activities that span personal/commercial/charitable distinctions. For example: A home gardener who sells backyard produce to neighbours straddles the line between personal and commercial activity.

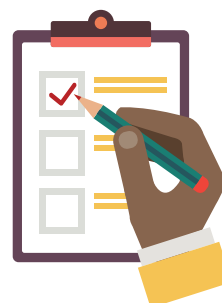
As more and more people participate in these new sharing arrangements, municipalities may need to update existing bylaws and consider how best to enforce them. Across Ontario, a range of municipalities are forging ahead and finding a variety of ways to approach the sharing economy. Many of their examples are included in this Guide. And while this Guide was produced by an Ontario municipality with the support of the Province of Ontario, the examples cited range across North America and Europe and the insights may be relevant to municipalities across Canada and farther afield.

Guiding a municipality's response: six decisions

As the sharing economy grows, municipalities need to determine how they will respond. This Guide does not attempt to recommend any particular approach. Each municipality will need to craft their own approach based on their goals and local context.

However, municipalities may wish to consider six decisions in designing their approach to the sharing economy. These are summarized in the table below and explored in detail in the pages that follow.

| Six decisions | Summary of options |
|--|---|
| What type of approach is most appropriate? | <input type="checkbox"/> reactive <input type="checkbox"/> proactive <input type="checkbox"/> involve monitoring and assessment |
| What are the primary public policy goals? And how do sharing initiatives promote or detract from them? | <input type="checkbox"/> economic development/employment <input type="checkbox"/> environmental <input type="checkbox"/> consumer choice and protection <input type="checkbox"/> community development/social <input type="checkbox"/> service delivery innovation |
| What type(s) of sharing will be included? | <input type="checkbox"/> for-profit <input type="checkbox"/> mission driven |
| What kinds of policy actions or tools are needed? | <input type="checkbox"/> actively promoting sharing <input type="checkbox"/> making assets available for sharing <input type="checkbox"/> monitoring the impact of sharing and level of participation <input type="checkbox"/> convening stakeholders <input type="checkbox"/> providing financial incentives for sharing <input type="checkbox"/> participating in sharing <input type="checkbox"/> enabling the sharing economy <input type="checkbox"/> delivering services on a sharing economy model <input type="checkbox"/> setting regulations on sharing |
| Design considerations | <input type="checkbox"/> governance <input type="checkbox"/> enforcement <input type="checkbox"/> dispute resolution |
| Implementation and evaluation | <input type="checkbox"/> setting limits on sharing activities <input type="checkbox"/> requiring data sharing arrangements (between sharing economy platform and City and/or third party) |



Consider this set of decisions a checklist—Municipalities have the experience and expertise to develop good policy. This Guide will serve them in tailoring their policy-making process to the specific opportunities and challenges of the sharing economy.

When using this checklist, it is important to remember:

- Depending on local context and the type of sharing being considered, some decisions will be particularly relevant—others less so.
- Many of the decisions are related—the answer to one will inform answers to others.
- Each decision will likely need to be revisited over time.
- Reaching these decisions is not a linear process. While there is logic in how they are ordered in this Guide, there is not a particular, prescribed order in which to make the decisions.
- Good decisions are informed by input from stakeholders. Although this Guide does not delve into how municipalities should engage those stakeholders, or to what extent, consultations should be part of the policy-making process.

Decision: What type of approach is most appropriate?

Municipalities have a number of **options** available to them to shape the sharing economy at a local level.



1 Monitoring and assessment

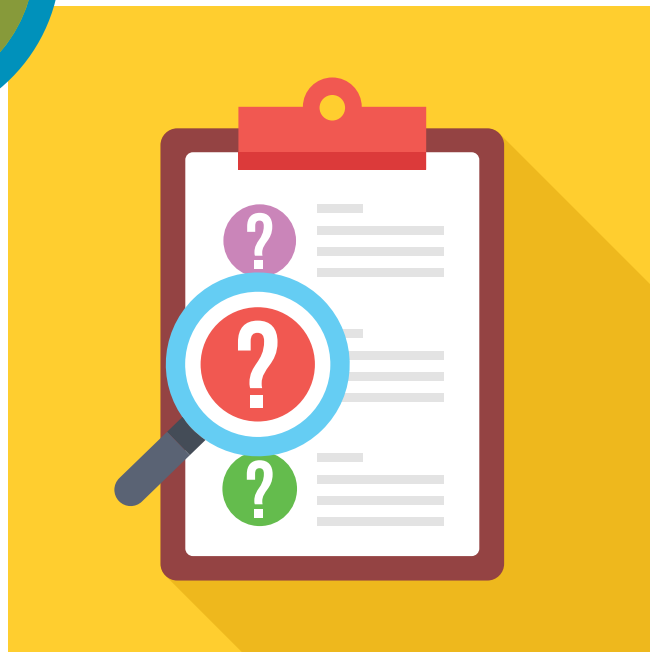
In certain situations, the most appropriate approach may be to simply monitor sharing initiatives and assess their impact:

- if the impacts of a sharing economy initiative are unclear
- if the sharing is taking place on a small scale
- if the community already has the capacity to carry out the sharing initiative
- if stakeholders have not expressed concerns

In some instances, especially for non-commercial, informal forms of sharing, municipalities may have no reason to intervene at all. Carpooling is one example where the provincial government has passed legislation and municipalities have a limited legal mandate to govern, since the exchange between drivers and passengers is not considered to be commercial.

2 Reactive

Public and political pressure can often create the need for a response from a municipality. In these situations the sharing activity has likely reached a scale where other stakeholders feel impacts or there are risks and uncertainty for consumers, businesses or the municipality that need to be managed. In many cases, the most appropriate response is reviewing and revising bylaws. However, there are other options that can complement bylaw reviews, especially where the sharing is aligned with municipal goals. In the Hydrocut case below, for example, informal and unauthorized use of municipal land exposed the Region of Waterloo to significant liability and demanded a reaction, but the activity—mountain-biking—was aligned with the Region's goals related to trail use, active transportation and health. See also Austin's response to sharing in the taxi industry on page 14.



3 Proactive

Where sharing activities demonstrate positive impact or the clear potential for positive impact, municipalities can play an active role in shaping and promoting them. They may take steps to remove barriers to particular forms of sharing by:

- clarifying bylaws
- creating exemptions within bylaws
- directly supporting sharing by promoting sharing initiatives
- convening potential partners
- directly participating in sharing activities

Municipalities also have a history of delivering services on a sharing economy model, for example bike, paint and furniture reuse programs.

Which approach a municipality chooses does not have to be determined by resource constraints. Each of these approaches listed above encompass a range of potential actions; some require significant resources while others do not. These are discussed in greater detail as part of the "Decision: What kinds of policy actions or tools are needed?" on page 15.

The Hydrocut—a reactive approach to risk and liability concerns

The first single-track mountain biking trails in Waterloo Region's Hydrocut were created in 1997 and 1998. They were unsanctioned offshoots from the original multi-purpose public trail in this woodlot, which was under-used in comparison to today. The initial cycling-specific trails were built gradually, by a variety of trail users in a fragmented way without any long-term planning. While developed with good intentions and much enthusiasm, trees were cut to create these unauthorized offshoots, earth was excavated and piled to create jumps, and unsafe structures were built. During the early 2000s, the Region was concerned by the level of trail users, their safety and the Region's liability.

In response, the Region signed a stewardship agreement with the volunteer-run Waterloo Cycling Club (WCC) in 2009. According to the Club's website: "Today, the WCC Trails Committee manages the operations of the trails in collaboration with the Region of Waterloo. This volunteer

committee meets on a monthly basis and provides the leadership for the design and building of new trails. And equally important, for the ongoing maintenance, monitoring and reporting of trails usage."³

The Club maintains trails to international standards, tracks accidents and overall visitor numbers, has risk management policies and plans, and has an emergency action plan for use by emergency services. Since signing the agreement, unauthorized trail construction has stopped, protecting environmentally sensitive areas. Importantly, through the agreement, the Region of Waterloo retains liability for use of the trails but has shared responsibility for its management with citizens.

In 2014, the Hydrocut boasted 40,000 annual visitors, and it was recently voted the most popular mountain biking trails in Ontario.



Decision: What are the primary public policy goals?



Sharing initiatives have the potential to contribute to public policy goals, as well as to detract from them. This section highlights common goals that may be impacted either positively or negatively, along with some options that can help to mitigate negative impacts.

As these potential goals and concerns make clear, municipalities need to think carefully about their priorities and consider how their response to any sharing economy initiative affects a range of policy objectives. How, for instance, might taxi licensing decisions affect overall transit use? How might they stimulate community development?

Economic development/employment goals

How sharing initiatives may contribute to these goals

Whether it is renting out a parking space or providing on-demand services like laundry, online platforms have reduced barriers to markets so that, for example, anyone with time, a smartphone and access to a car can work as a taxi driver. These additional service providers fill gaps in services (e.g., neighbourhoods that had little or no short-term accommodation for instance), and for some people, this additional income can help cover costs of a car or mortgage, etc. For municipalities, these increased services can boost the local economy—increasing tourism for instance. Mission-driven forms of sharing in particular are underpinned by a sense of economic activism—the belief that if surpluses like profits or food were collectively and democratically managed, they would be able meet the needs of local communities more fairly and reliably over time.

How sharing initiatives may detract from these goals and how to address those concerns

Concern: Earning a living in the sharing economy can be precarious. Without guaranteed hours/wages, working full-time in the sharing economy may not be enough to bring in a reasonable level of income. Meanwhile, as independent contractors rather than employees, workers may not be afforded the same protections like health benefits, paid sick days, etc.

Option: While labour standards and wages are not a municipal responsibility, municipalities can support sharing economy initiatives that actively strive to benefit their

members and/or employees. (See “Decision: What type(s) of sharing will be included?” on page 12.)

Concern: Transactions in the sharing economy can erode the tax base. Sharing economy companies do not always collect taxes on the transactions they facilitate, service providers do not always declare this additional income, and by increasing the amount of work that happens outside the formal economy, the sharing economy might reduce the number of rate-paying businesses in a municipality.

Option: Income tax is not a municipal responsibility, but municipalities can develop bylaws that allow them to collect fees on transactions to help cover the costs of enforcement. Additionally, proposed changes to Ontario’s Municipal Act will allow municipalities to charge a tax on hotel/short-term accommodation stays.

Concern: If sharing initiatives are subject to fewer regulated requirements, or none at all, they can benefit from unfair advantages over traditional businesses.

Option: Reviews of existing bylaws and licensing requirements in response to the sharing economy should include reviews of requirements for existing businesses. Municipalities should carefully consider if and how sharing economy companies should be subject to different rules than traditional businesses. Trends in Ontario suggest that many municipalities are aligning bylaw requirements for taxis with those for ride-hailing services.

Environmental goals

How sharing initiatives may contribute to these goals

Sharing is a way to reduce waste and optimize the use of resources at a time when such action is needed to combat climate change and address resource scarcity. Sharing rides, sharing cars and sharing workspaces could all reduce environmental footprints.

How sharing initiatives may detract from these goals and how to address those concerns

Concern: By making it easier for people to take a car rather than public transit, ride-hailing and shared parking might increase the number of car journeys.

Option: To date, few municipalities have imposed restrictions on the number of ride-hailing vehicles or drivers, with the notable exception of Seattle⁴ (see “Decisions in action” on page 23).

Concern: Unregulated sharing companies might not meet environmental protections established in industry or regulatory standards.

Option: Bylaws created explicitly for sharing economy companies can be used to ensure existing environmental standards are maintained.

Consumer choice and protection goals

How sharing initiatives may contribute to these goals

Many sharing platforms perform, or at least offer, checks and verifications of users and providers. Reputation systems and monitoring tools:

- build self-policing into the very fabric of sharing platforms
- provide checks that can reduce the need for government oversight
- embed a culture of trust across all steps of the sharing process

Ratings can provide information to both users and providers and give both parties clear opportunities to provide positive and negative feedback. Likewise, digital platforms provide a number of ingenious filters, tools and algorithms to more quickly sift through what is available and find the right match. By increasing the number of service providers available (e.g., drivers, rental accommodation, etc.) and reducing the costs of providing that service, the sharing economy offers lower prices for consumers.

How sharing initiatives may detract from these goals and how to address those concerns

Concern: There is sometimes uncertainty about who is ultimately liable in the event of accidents or harm caused to people or property. Consumers expect to have legal recourse if they encounter a problem and may not realize they have very limited options if something goes wrong.

Option: Municipalities can work to reduce uncertainty by clarifying legal responsibilities or insisting on clear agreements between service providers and users.

Concern: Rating systems might not be effective. Without formal verification, service users have no way of knowing if and how providers have complied with industry or regulated standards, which undermines the value of ratings. In high(er)-risk situations (e.g., if a driver has a history of violence) it is important to know that before they start providing services, especially to vulnerable service users.

Option: Background checks are a common requirement in sharing related to transportation and services. Municipalities can be responsible for these checks or allow the sharing providers to be responsible.

Concern: Many sharing companies use price surging (increasing prices during periods of peak demand).

Option: In transportation, municipalities have tended to allow price surges but insist the costs of the journey are clear upfront. Community-based or co-operative forms of sharing (see “Decision: What type(s) of sharing will be included?” on page 12) may be more sensitive to local needs and offer a balance between prices and reasonable returns for service providers.

Community development/social goals

How sharing initiatives may contribute to these goals

Sharing initiatives offer participants a way to rebuild social ties, connect with people they might not otherwise cross paths within their daily lives, and lend a hand where needed. And, by making it easier for people to participate in markets like transportation and accommodation as providers and users, these industries are open to people who might otherwise have been excluded.

How sharing initiatives may detract from these goals and how to address those concerns

Concern: For platforms built around peer reviews and reputation systems, offline biases can transfer to online and risk further marginalizing vulnerable individuals.⁵ Research also suggests people's ethnicity affects the level of service they receive.⁶

Option: In transportation, many municipalities have included provisions requiring fair coverage across all neighbourhoods. Many are collecting data on waiting times as well as when and why requests for service are declined.

Concern: Research suggests that people with lower incomes are not participating in the sharing economy as much as those with higher incomes.

Option: Municipalities face a difficult balancing act. Imposing standards for vehicles, homes, etc., is important for consumer protection and environmental purposes, but doing so may mean only those who can afford new(er) cars or those who are able to cover the costs of compliance are able to participate. For municipally run services, careful design of payment plans and other measures can be used to support those on lower incomes. In Washington, D.C., for instance, the Capital Bikeshare program provides chequing accounts for low-income citizens who do not have access to credit cards.

Service delivery innovation goals

How sharing initiatives may contribute to these goals

The sharing economy creates new business models, stimulates innovation, and improves people's lives by creating or improving new services, driving down costs and changing ineffective or outdated bylaws. It can also help reduce operational costs for municipalities. (See MuniRent on page 14, Modo on page 19, and the REACH program on page 14 for examples.)

How sharing initiatives may detract from these goals and how to address those concerns

Concern: Currently there is not enough data to determine whether the sharing economy is stimulating disruptive innovation or accelerating major social, economic and environmental trends that are having serious, negative consequences in communities.

Option: Municipalities can be selective in the type of sharing they utilize—both Milton and Innisfil have, for instance, focused on ridesharing as opposed to ride-hailing to address transit needs. Alternatively, working with mission-driven forms of sharing (discussed in the next section of the Guide) may address some concerns (see Austin's approach to ride-hailing on page 14 for example). Municipalities can also adopt similar principles when delivering services on a shared model (see the REACH program on page 14 for example).



Decision: **What type(s) of sharing will be included?**

Municipalities need to decide what types of sharing best reflect the goals they are prioritizing. There are two broad types of sharing economy organizations.

For-profit companies

The primary motivation of for-profit companies is to make profit for their owners/shareholders. Although they may also achieve social and environmental goals, they are not commonly tied to formal accountability/governance processes.

Mission-driven initiatives

Mission-driven initiatives combine an enterprise orientation (i.e., they are directly involved in producing goods or providing services, often to a local market) with social aims and social ownership. These can be social enterprises, co-operatives, non-profits, and voluntary/community initiatives.

These initiatives have social aims because they embed explicit social and/or environmental aims such as job creation, skill-building or the provision of local services into the very fabric of their operations. Although they may also generate revenue, profits are principally reinvested into the organization or the community to achieve these objectives.

They also have social ownership because they are governed either through the participation by stakeholder groups (e.g., employees, local community groups and/or social investors) or through trustees or directors who control the enterprise on behalf of its stakeholders. Organizations are accountable to their stakeholders and the wider community for the social, environmental and economic impacts of their activities.

The sharing economy continues to evolve, and there is widespread experimentation with new kinds of sharing practices including platform co-operatives like Loconomics (described in the following section). They reflect a form of the sharing economy rooted in local economic development, the environment, community development and civic engagement.



These alternate forms of sharing tend to emphasize the following values, which can also be used as design elements for municipalities looking to deliver services according to these community- and collective-minded goals.

- Shared control: Those who participate in the sharing as users or providers participate in decisions about how the organization/company is run.
- Shared responsibility for the common good: Businesses, governments, non-profits and users work together to advance shared/public interest.
- Shared earnings: The benefits/profits are shared among those who participate.
- Shared capitalization: Those who participate in sharing own the platform.
- Shared information: The sharing company/organization openly shares information with users and other stakeholders. This includes data about impacts and about finances (how much it earns, how much its providers are paid, etc.). They also share their knowledge and encourage others to adopt and/or evolve the model.
- Shared efforts: Users participate in producing services and developing products.

“People don’t usually think of co-operatives, cities, and trusts as big tech innovators. But if we allow for-profit companies to monopolize the field of innovation, then all innovation will be tilted toward the interests of for-profit shareholders.”

Janelle Orsi, Co-Founder, Sustainable Economies Law Center

Aligning sharing approaches with municipal priorities

For-profit and mission-driven forms of sharing are likely to meet different policy goals. In crafting an approach to the sharing economy, municipalities can choose to include or exclude certain forms of sharing and, in doing so, take an active role in shaping the sharing economy in their community.

The following examples demonstrate some different models of sharing—in this case, the sharing of services. Each has a different governance structure and is aligned to a different set of municipal priorities.

For profit: TaskRabbit

TaskRabbit is an online and mobile marketplace that matches freelance labour with local demand, allowing consumers to find immediate help with everyday tasks including cleaning, moving, delivery and handyman work. Founded in 2008 by Leah Busque, the company has received \$37.7 million in funding to date and currently has tens of thousands of vetted, background-checked Taskers available to help consumers across a wide variety of categories.

Advantages:

- generates supplemental income for service providers
- creates competition for existing service providers
- often operates at a larger scale or volume and has significant resources for marketing, to develop technology, etc.

Considerations:

- service providers may be vulnerable to sudden changes in fees and working conditions
- the service may benefit from unfair advantages if it is unregulated
- the service may reduce the number of formal jobs and businesses locally

Co-operative: Loconomics

In San Francisco, Loconomics is a platform co-operative that offers a full range of services—home care, self-care, child care and more—through a web platform and app that connects service providers with on-demand customers. Freelancers (the people providing services) are members of the co-operative and pay a monthly fee to list their services. Loconomics takes no commission. Profits generated by Loconomics are returned to the freelancers in proportion to their contributions. Administrators and freelancers are members with equal voting rights.

Advantages:

- the service providers have decision-making authority
- more of the economic value is kept by local people

Considerations:

- the service may operate on a smaller scale than larger, more well-known competitors
- prices might be higher for consumers
- the service may benefit from unfair advantages if it is unregulated
- the service may reduce the number of formal jobs and businesses locally

Community-led/non-profit: Guelph-Wellington Time Bank

Members of the network exchange their time to help each other with a wide range of services including gardening, sidewalk shovelling, cooking, interior design and transportation. There is no money exchanged, but members earn time credits. An hour spent helping a member of the Time Bank earns the credit to request an hour of help from others in the network. The Guelph-Wellington Time Bank has close to 200 users, has logged more than 1,200 hours of services exchanged and has received funding from the City of Guelph as a program of Transition Guelph.

Advantages:

- engages citizens in creating valuable services
- builds community
- may reduce the economic burden on service recipients

Considerations:

- generates benefits rather than income for participants

MuniRent and for-profit forms of sharing

For-profit forms of the sharing economy can often meet a range of goals important to municipalities. MuniRent is a Michigan-based company that enables public agencies to rent equipment from one another or even internally in the case of larger agencies. This includes everything from backhoes to street sweepers and dump trucks. Government agencies pay a monthly fee to list, reserve and loan equipment, and they generate revenue when they share their equipment. The company claims local governments could save up to 10 per cent in annual equipment rental fees.

According to Tod Newcombe, senior editor of Government Technology: “One of the biggest users is Oregon’s Department of Transportation, which has been able to boost the use of some of its idle equipment by hundreds of hours since it started using MuniRent. Another 24 state agencies and local governments are subscribers or have plans to join the equipment-sharing service.”

Austin and co-operative forms of sharing

Co-operative models can strengthen the municipal response to the sharing economy and provide long-term social, environmental and economic benefits. While traditional taxi firms and newer ride-hailing companies do operate in Austin, the city has worked to support alternative approaches as well.

Austin’s City Council recently partnered with the Austin Cooperative Business Association (ACBA) to pass a resolution celebrating the impact of the city’s 40+ co-operatives, tasking the city manager with the mandate to convene stakeholders and develop recommendations for ways the City could support and grow its local co-operative sectors.

One example of a local co-operative that made national headlines is ATX Coop Taxi. Co-operative taxi businesses have sprouted across the world in response to Uber’s

rise and have been a welcomed addition to the transportation sector for many cities. In Austin, the City invited applications for a fourth taxi franchise and reserved this new franchise only for bids from co-operatives. The fourth franchise was “intended to give the taxi drivers more control of their work, rather than a corporate owner” and allowed the new franchise to operate both street-hail (like traditional taxis) and app-based hailing (like Uber and Lyft).

ATX was the successful bidder, approved in August 2016. The City has since granted ATX more permits than any of the other three franchises. Although ATX is quite new, it has more than 500 co-op member-drivers, making it the third largest worker co-operative in the United States. After only a few weeks with cars on the road, the co-op controlled a third of the taxi permits on the market.

REACH and community sharing

When municipalities deliver the service directly, they can incorporate principles and governance approaches similar to those of co-operatives and non-profits.

In 2010, Vermont’s City of Montpelier, population 8,000, launched the Rural Elder Assistance for Care and Health (REACH) program to support seniors to age in place—living independently but with support at home. The REACH program operated as a TimeBank, and by 2012, the network had attracted 300 members who had

exchanged nearly 7,000 hours of service. In addition to the provision of direct services, the program is credited with “increased social engagement and social cohesion among different segments of the community” and high levels of satisfaction among members. Elderly participants in the program preferred the services provided through the TimeBank to services that were paid for by the municipality. REACH has since merged with the Onion River Exchange, which has logged more than 16,000 exchanges and more than 70,000 hours in service.

Decision: What kinds of policy actions or tools are needed?

Having set priorities and decided on what forms of sharing to target, the municipality must now choose what action to take. There is a wide range of options available, and the following table outlines a series of common scenarios and suggests a range of potential options available to municipalities. These different options are detailed later in this section.

| Scenario | Examples | Options (organized by level of effort/resources required) |
|--|--|--|
| Approach: Monitoring and assessment | | |
| The sharing is happening on a small scale without appearing to impact other policy goals. It could be deemed non-commercial activity, not adversely impacting other residents. | Carpooling | <ul style="list-style-type: none"> • Monitor • Promote |
| Approach: Reactive | | |
| A sharing activity is already established or growing, and its impacts are aligned with municipal priorities. | Car-sharing | <ul style="list-style-type: none"> • Promote |
| | Hydrocut | <ul style="list-style-type: none"> • Make assets available • Regulate—clarify legal uncertainties • Enable |
| A sharing activity is established or is establishing itself, but there are concerns about potential unintended consequences. | Ride-hailing/taxi licensing | <ul style="list-style-type: none"> • Monitor impacts • Regulate |
| Approach: Proactive | | |
| A sharing model could be appropriate for delivering a municipal service and could reduce costs. | Community-shared renewable energy projects | <ul style="list-style-type: none"> • Promote • Participate • Financial incentives |
| | Car-sharing for fleet | <ul style="list-style-type: none"> • Participate |
| | Bike-sharing | <ul style="list-style-type: none"> • Make assets available |
| A sharing activity is aligned with municipal goals, but participation is low. | Materials reuse programs | <ul style="list-style-type: none"> • Deliver • Enable |
| | Development codes and car/bike-sharing | <ul style="list-style-type: none"> • Promote • Convene • Regulate to clarify legal uncertainties and/or create exemptions |

Whichever approach a municipality chooses, there are higher-cost and lower-cost options available. These are described in the following list, organized by the level of effort and resources required.

Few resources required

Promoting sharing activities—Working to highlight and support sharing economy activities. This largely applies to community-led or non-profit forms of sharing.

Providing access to municipal assets—Municipalities maintain significant assets that can be shared themselves or support other forms of sharing. For example, municipalities can reserve certain parking spaces

exclusively for car-sharing programs or allow community gardens in municipal parks.

Monitor impacts and levels of participation—Where the impacts of sharing economy initiatives are unclear, many municipalities choose to monitor the initiative before taking further action. This can include looking for potential spill-over effects such as impacts on neighbours, as well as tracking overall participation rates like how many service providers are listed.

More resources required

Convening community and partners—Municipalities can leverage their convening power to bring together key stakeholders and citizens around a potential sharing economy initiative. For example, many local governments attempt to reduce material going to landfill through recycling and reuse programs and convene potential partners who can use or distribute the repurposed materials.

Providing financial incentives—Municipalities can offer funding, pay for services, extend loans or cover upfront costs that can be recouped later. For example, the City of Guelph has provided grant funding to the Guelph-Wellington Time Bank; a number of municipalities, as well as the Ontario provincial government, have provided direct funding to Community Car Share—some in the form of grants, some as lines of credit; and a pilot project in Innisfil involves direct payment to Uber to support ride-sharing on certain routes.

Participating in sharing initiatives—Some municipalities are participating in car-sharing initiatives (see, for example, the case of car-sharing in Vancouver on page 19), registering

in programs to reduce fleet costs. The MuniRent service allows different levels of government in a region to share heavy equipment from excavators to street sweepers and electronic message signs. Meanwhile, some municipalities have updated expense claim rules to allow staff travelling for work to make use of sharing economy-based providers.

Enabling the sharing economy—The sharing economy is part of broader discussions about the role of governments more generally. Cities such as Barcelona, Amsterdam, Bologna and Seoul are designing policy based on the idea that their cities enable citizens to create public value. (The example from Bologna is discussed in detail on page 19). The Hydrocut in Waterloo Region is another example. In this case, the Region has a stewardship agreement with a volunteer-run cycling club that manages an extensive network of mountain-biking trails in a Region-owned woodlot. (See the Hydrocut case study on page 8.) Meanwhile, in Vermont, one municipality organized a Time Bank to serve local seniors. (See the “REACH” case study on page 14.)

Most resources required

Delivering services on a sharing economy model—Many municipalities are already actively delivering sharing services and programs. Many solid waste departments run programs reusing goods that would have otherwise gone to the landfill, including bikes, furniture and paint. More recently, bike-sharing programs have become common in many cities, and some municipalities are actually sharing fleet vehicles with citizens (e.g., Indianapolis).

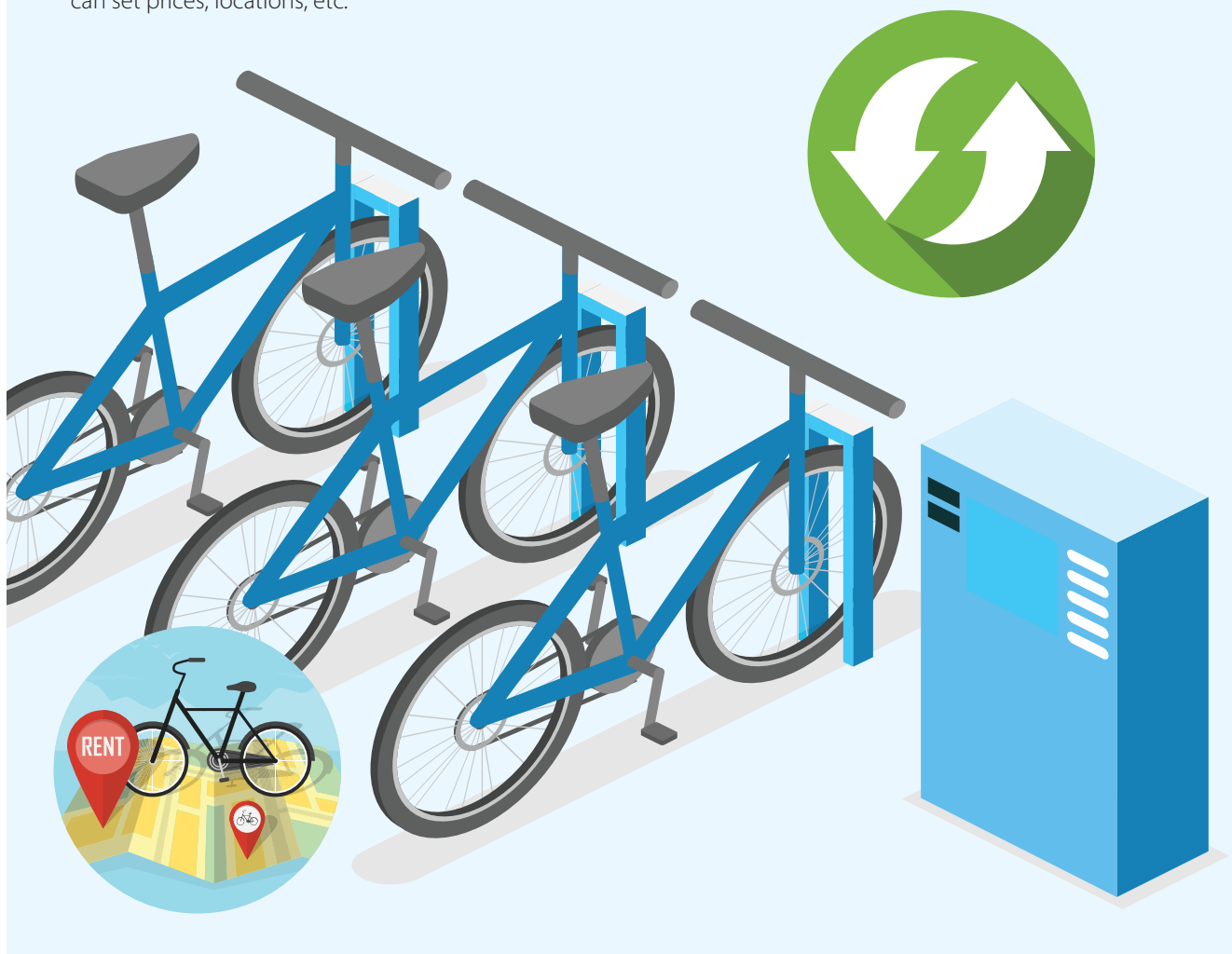
Regulating—Many municipalities have already reviewed and updated bylaws in response to the sharing economy. (See “Decisions in action” on page 23 for examples related to ride-hailing.) While regulations are most commonly used to mitigate concerns, clarifying the legal status of sharing activities can actually encourage sharing by removing barriers that might prevent people from participating. A MaRS report identifies a number of legislative clarifications that would encourage ride-hailing and home-sharing, such as amending zoning bylaws affecting short-term accommodation and taxi licence bylaws affecting ride-hailing and ride-sharing.

Case study

Different approaches to bike-sharing

Differing approaches to bike-sharing offer a useful example of the various municipal approaches:

- **The municipality runs the program:** Some municipalities choose to deliver bike-sharing programs themselves. This is now the case in Toronto, where the primary bike-sharing system, BikeShareToronto, is operated by the Toronto Parking Authority, a public corporation owned by the City.
- **The municipality shapes an emerging initiative:** Some municipalities work with other local partners to pay for services through third-party bike-sharing programs such as Zagster. Zagster is responsible for all facets of the program's operation, including marketing, maintenance and liability, charging a licence fee to the municipality or other partners, who can set prices, locations, etc.
- **The municipality supports promising initiatives and builds community capacity:** Some municipalities may partner with bike-sharing initiatives, helping with promotion and making assets available such as offering bike lanes, space for bike racks and other infrastructure. In Ottawa, for instance, there are four bike-share programs. These are supported by the City through promotion, providing locations for bike racks, integrating them with transit systems and encouraging bike sharing through planning codes. In Kitchener, the Community Access Bike Share is run by the Working Centre, a local non-profit. Space for bike racks and key boxes is provided by local businesses and at City buildings such as City Hall and the public library.



A note on bylaws

Many municipalities will need to review existing bylaws as part of their approach to the sharing economy. In some cases, bylaws will need to be revised; in other instances, they can be clarified to help citizens and businesses know if and how their activities are subject to bylaws.

Where the sharing activity is aligned with municipal priorities and public interest, there are a number of legal exemptions that can be applied to some sharing activities. These include:

- Accessory use of a residence can be applied to allow for certain types of activity in homes, provided the primary purpose of the home does not change (i.e., that it remains a home to either the owner or long-term renters/lease holders).
- Many municipalities currently allow home-based businesses (also known as home occupations) that are deemed to have little or no impact on neighbours. Home businesses are possible under zoning bylaws but still require all appropriate business licences, etc.
- Some proponents now advocate for legal space for activities that are small-scale, low-risk and geared towards covering costs rather than making a profit. In transportation, for instance, the Province of Ontario's Public Vehicles Act includes provisions related to carpooling, including a provision that no fee may be charged by the driver "except an amount to reimburse the expenses of operating the motor vehicle... on a non-profit basis." This kind of policy can help to distinguish between commercial and non-commercial activity even where some fee is charged in both situations.

Exemptions may be particularly relevant to community-based/informal forms of sharing. While the conclusion of the review might well be to leave some activities outside of regulation, the process of clarifying these grey areas can act to support participation in sharing, letting citizens know how and under what circumstances their participation would be legal. In considering any of these potential exemptions, municipalities will necessarily need to weigh the interests of sharers with those of existing, traditional businesses.

Lastly, the emergence of new businesses can be an opportunity to review regulatory requirements for other related businesses. Municipalities should consider the ways technology is used to provide protections that were not previously possible. For example, HopSkipDrive is a new transport company in Los Angeles designed specifically for parents to transport their children. To address safety concerns, it offers a host of features including real-time

tracking of the journey and monitoring of their driver's driving behaviour. Similarly, to address concerns about discrimination, Innclusive, a new home-sharing and vacation rental company, is using technology and data monitoring to actively reduce discrimination and biases.

Whenever municipalities review or revise bylaws in response to a new sharing activity, they should consider whether changes can be made to replace out-dated or ineffective legislation that affects existing traditional businesses. In reviewing their taxi bylaw, for instance, Calgary no longer sets the metered rate for taxis. Instead, they simply set a maximum.

How to choose the appropriate tool

In deciding which tool(s) to apply, municipalities should assess:

- The potential positive and negative impacts of the sharing initiative and the municipality's role in:
 - shaping an emerging initiative so it aligns with municipal goals
 - supporting promising initiatives to increase their positive impacts
 - working with sharing initiatives to mitigate potential concerns or negative impacts
- The capacity of the organizations—either for-profit or mission-driven—to operate sharing initiatives. Wherever possible, municipalities should look to empower citizens/the community to develop initiatives that create public value.
- What resources the municipality has available. Some tools require few resources, while others are more resource intensive.

Supporting car-sharing through multiple policy responses

Vancouver's car-sharing co-operative Modo is a pioneer in consumer-run transportation solutions. Launched in 1997 with only 16 members, today Modo has a fleet of more than 500 cars and a membership of 16,000 users. Its app and web platform conveniently allow members to use vehicles at \$4/hour, with rates set by the member-owners themselves, who get a vote as shareholders.

Municipalities in British Columbia's Lower Mainland have engaged with Modo in a number of ways:

- **providing parking** by including permits and dedicated on-street spaces where only Modo vehicles can park
- **amending development bylaws** to give developers the option of reduced parking requirements if they participate in car-sharing programs
- **participating in car-sharing** through paid agreements to provide car-sharing options to City employees in place of regular fleet vehicles

Enabling sharing space—Bologna's regulation for the care and regeneration of the urban commons

One of the most innovative legal/contractual experiments carried out by a municipal government is currently underway in Bologna, where the City's regulation for the care and regeneration of the urban commons is encouraging a new relationship between the local government and its residents. In 2011, a neighbourhood group wanting to donate a set of benches to their neighbourhood park, which lacked seating options, contacted the City to determine how to do so. After being directed from department to department and a frustratingly long wait, they were informed that it was illegal for residents to contribute to the care of their own public spaces.

As one of Italy's most progressive cities, home to a thriving co-operative sector and Europe's oldest university, the "bench scandal" quickly spread across the city and caused an uproar among its residents. As a result, the City partnered with LabGov—an innovation lab based in Rome—whose projects investigate ways that residents can more actively participate in managing City resources rather than being passive recipients of its services. In 2014, after two years of fieldwork, three urban commons governance labs and countless contact hours, the City introduced a 30-page regulatory framework. LabGov's report "Regulation on Collaboration between Citizens and the City for the Care and Regeneration of Urban Commons" outlines how local authorities, residents and the community at large can manage public spaces and public assets together.

LabGov's director Christian Iaione sees the document as "a sort of handbook for civic and public collaboration, and also a new vision for government. It reflects the strong belief that we need a cultural shift in terms of how we think about government, moving away from the Leviathan State or Welfare State toward collaborative or polycentric governance."

Thanks to its leadership, in a few short years Bologna went from being a city in which citizens couldn't provide basic street furniture for their own parks to one in which all manner of self-organized, commons-based projects now thrive. The City of Bologna now has more than 90 pacts of co-operation with self-nominated groups in three thematic areas: living together, growing together and making together. Projects range from urban agriculture and community gardens to co-operative childcare and the world-famous social streets, an initiative that originated in Bologna and has spread to more than 350 groups worldwide, enabling neighbourhood-level co-operation, festivals, resource swaps and more.

Iaione continues: "The job of city governments, and maybe every government layer, is changing. Their function is less about commanding or providing. They are increasingly acting as a platform that enables collaboration between citizens and social innovators, not-for-profit organizations, businesses and universities to unleash the full potential of urban, cultural, and environmental commons, promote a sustainable commons-oriented development paradigm, [and] updating the concept of State or government."



Governance in the sharing economy is particularly important because:

- The sharing economy can expose citizens to any number of risks related to what possessions they share (cars, tools, electronics) and how they share them, their space (at work or at home), ownership (of property) and responsibility/decision making (for an organization).
- The sharing economy can have unintended consequences for communities (refer to the “Decision: What are the primary public policy goals” on page 9).
- The sharing economy involves new kinds of legal relationships, many of which were not foreseen when existing laws were created. In many cases traditional employee/employer, customer/business, landlord/tenant or producer/consumer relationships do not apply.

Despite these concerns, municipalities and the communities they serve can realize significant benefits through the sharing economy.

The risks and potentially negative impacts of certain sharing initiatives should not deter municipalities from engaging with or welcoming sharing into their community.

Instead, municipalities should work to reduce the uncertainty that accompanies the sharing economy.

The following questions can help identify important governance issues. Municipalities can use them in the design of their own sharing initiatives—or they can be used as a checklist to ensure the good governance of sharing initiatives in their community. The goal should be to ensure participants in the sharing economy, as well as their neighbours, understand what happens if they experience a loss or if damage is done.

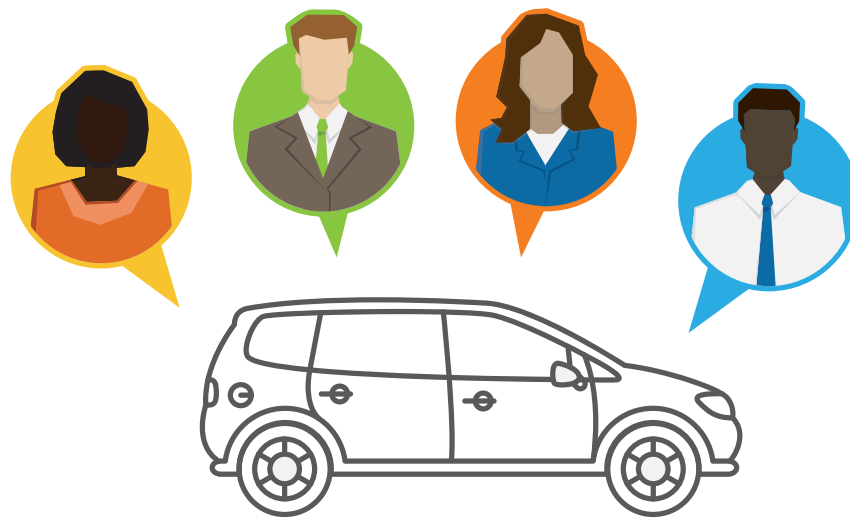
Making decisions

- Who is responsible for making decisions? How will decisions be made?
- Are bylaws necessary to mitigate potential negative impacts? Are there alternative governance options available?
 - Trust and reputation systems can help to govern interactions in the sharing economy, but they have limitations.
 - Some forms of sharing, like co-operatives, have strong governance structures that can ensure the organization makes decisions that balance social, environmental and economic goals.
- Are there clear expectations about roles and responsibilities?

Enforcement, disputes, liability

- Do citizens, businesses and other stakeholders understand how disputes will be resolved and by whom? Are there established processes for dealing with disputes? How will policies be enforced?
- Does the municipality have the authority to enforce decisions, policies and/or bylaws?
- What should the approach to enforcement/infractions be? Should infractions be managed on a proactive or reactive basis?
- If enforcement will be shared between the municipality and other parties, to what extent will bylaw compliance and enforcement staff enforce the bylaw?
- What strategies might be considered to reduce the number of calls for service? How can the burden on the taxpayer for bylaw compliance and enforcement be reduced?
- Are there fees associated with the bylaw? Are they set at an appropriate rate?
- Will anyone be liable in the event of damage or loss? If so, who? Is formal liability necessary? If so, what dollar value should be attached?

Decision: **Implementation and evaluation**



Limits and caps

Most forms of sharing are predicated on the idea of open access—making it easier for almost anyone to be a provider, a consumer or both. These open marketplaces are a core part of the value, since the greater the number of people involved, the better the chances of connecting those who need something with those who have it. However, municipalities will need to consider if and when there might be too much sharing, as well as at what point sharing crosses the line to become renting.

As the previously cited MaRS report makes clear, setting limits on the number of overnight stays is an important component in a balanced approach to regulating short-term accommodation. Not only do these limits help to reduce impacts on neighbours, they are also seen as a key marker in distinguishing sharing from renting, which would be subject to different regulations.

In June 2017, the City of Toronto released a staff report outlining proposals for regulating Airbnb-style short-term rentals. Among the proposals, staff did not recommend a limit on the total number of nights a rental may be rented out in a year “because other jurisdictions have found this hard to enforce.” Neither do the proposed regulations limit the total number of rental properties available in the city. However, they do state that providers must be licensed and may only rent their principal residence, and this restriction is expected to reduce the total number of listings. In the case of Airbnb, for example, it would potentially exclude more than 3,000 existing Toronto listings, while the remaining 7,600 properties would be permitted under the proposed regulations.

Meanwhile, Ontario municipalities that have chosen to regulate ride-hailing services have so far tended to avoid setting limits on the number of drivers and cars they will allow. However, concerns about increased traffic may prompt them to consider potential limits in the future. (Seattle is one city that has set limits: see “Decisions in action” on page 23.)

When developing policies to shape their local sharing economy, municipalities could consider the following questions:

- What are the implications of not setting caps or limits?
- If limits are set, how could they be monitored, enforced and/or adjusted?
- Is there capacity to adapt the response based on feedback about limits? Can bylaw changes be piloted?

Furthermore, the full impacts of the sharing economy are not well established. And while large urban centres have been the subject of some research, the impacts in mid-sized cities, smaller towns and rural areas are not understood. Decisions and evaluation of impact must happen on a local level.



Data and evaluation

To assess the impacts—both positive and negative—of sharing initiatives, municipalities need good data and plenty of it.

To date, not enough research has been conducted to draw definitive conclusions about the overall impacts of the sharing economy. The data is particularly sparse when it comes to mid-sized cities and smaller towns. Moreover, given the broad range of sharing models, it's not possible to apply the conclusions from one study to all types of initiatives.

One reason for this lack of research is that the process of collecting, storing, cleaning and analyzing data requires specialized skills and significant resources. However, municipalities can think creatively about ways to manage this, such as partnering with local universities.

Meanwhile, modern sharing economy initiatives often rely on digital technology that can generate extensive data. This

information can provide valuable insights into how each sharing initiative is used, whether that use is increasing or decreasing, and whether the municipality's policies are having the intended effect. Not surprisingly, an increasing number of municipalities are including data-sharing provisions as part of their bylaw reviews. (See Case study on Transportation Network Companies in Ontario on page 23.)

When developing policies to shape their local sharing economy, municipalities could consider the following questions:

- How will the impacts of the sharing activity be evaluated?
- What data is required in order to make good decisions?
- How can that data be collected? Should the municipality require providers to share their data?
- Do we have the resources and experts in place to conduct and act on the analysis?

Decisions in action: **How municipalities in Ontario have responded to ride-hailing companies**

A number of municipalities in Ontario have already amended vehicle-for-hire/taxi bylaws to account for new companies like Uber and Lyft. This includes Ottawa, Toronto, Kitchener-Waterloo, Hamilton, Mississauga, London, Innisfil, Oshawa and Windsor. This section looks at how their responses to ride-hailing companies reflect the six decisions identified in this Guide.



This review is based on published documents including official reports, media articles and academic articles. The results suggest considerable similarity in regulations across Ontario, although some differences are noted.

Most bylaws refer to ride-hailing companies as transportation network companies (TNCs) or private transportation providers (PTPs). They are characterized as technologically innovative business models for private transportation. A TNC, as defined by Mississauga's Public Vehicle Licensing Bylaw, "includes any person that licenses, administers, owns, has control over or operates an App used to connect drivers with passengers for transportation services."

What type of approach have Ontario municipalities taken?

The rapid growth of TNCs, particularly of Uber, meant most municipalities were reacting to their arrival. The majority of these municipalities have focused on reviewing and revising existing bylaws. There are a limited number of examples where municipalities have combined these bylaw reviews with other policy options that look to utilize TNCs to address municipal priorities.

What were their primary public policy goals?

Most municipalities placed primary emphasis on:

- ensuring public safety and consumer protection
- promoting consumer choice and competition
- fostering regulatory flexibility and innovation
- establishing a fair playing field with existing service providers

Some municipalities also discussed the impacts on accessibility for Ontarians with disabilities and the economic consequences for taxi drivers, such as lower plate values and income.

The following considerations that received less consideration:

- environment impacts, including congestion, vehicle use and emissions
- employment impacts, such as job displacement and job security

What type(s) of sharing are currently included in bylaws?

Most existing Ontario bylaws address ride-hailing, where a customer hires a driver to take them exactly where they need to go. They do not explicitly reference on-demand commercial ride-sharing companies, such as UberPool or RideCo, where separate fares are combined into a single car/journey. The exception is Waterloo, which covers these services. Carpooling—where regular drivers offer lifts to passengers going to the same destination as them—is covered by provincial legislation (see "A note on bylaws" on page 18), so it has not been included in bylaws. However, some municipalities have taken steps to support the activity (e.g., the City of London's Regional Rideshare Program).

To date, the emphasis is on forms of sharing in transportation that leverage underutilized assets and/or connect consumers and service providers using digital platforms. Discussions have not focused on companies or organizations that explicitly aim to address social and environmental goals—such as fostering community relationships or reducing consumption—or that include provisions for co-operative ownership.

What policy tool was deemed the best fit?

Bylaw reviews have been the most common and high-profile response, as detailed in the section below. In addition, TNCs are increasingly featured in municipal transportation master plans across the province. They are viewed as a potential complement to public transit, helping to reduce



reliance on personal automobiles. Recently, both Innisfil and Milton have partnered with ride-sharing services as a means of filling gaps in the conventional public transit system.

How did they answer key design questions?

Generally, North American municipalities have favoured bylaws that introduced a new licensing category model. The main elements of this approach are as follows:

- requiring TNC vehicles to carry insurance, undergo regular inspections and bear a TNC identifier
- requiring TNC drivers to obtain a permit and pay applicable licence fees
- requiring TNC drivers to submit criminal background checks and driving records, which are administered by the TNC and audited by the municipality
- requiring TNCs to collect records and report data to the municipality
- easing regulations on taxis (e.g., reducing fees and training requirements, permitting more variable pricing)

There are some notable exceptions, such as Waterloo, which capture ride-hailing companies under existing taxi cab and limo regulations. This approach is more common in Europe, where Uber tends to operate with a limo licence. Many European countries have banned ride-hailing services that fail to comply with existing regulations. This includes UberPop, which uses unlicensed drivers. A number of European countries have also invested heavily in enforcement against ride-hailing companies that operate illegally.

Few municipalities have put limits on the number of TNCs, although Seattle is a notable exception. However, almost all municipalities have limits in place on taxi cabs. While some

municipalities are discussing changing their limits, virtually no municipality is considering an open-entry market for taxis.

How did they plan for implementation and evaluation?

TNCs rely on sophisticated technology to manage their businesses, creating significant amounts of data on ridership, point of origin and destination, etc. Many municipalities have begun to build data-sharing arrangements into their bylaws to help them understand the impacts of these TNCs. Most recently, Mississauga's pilot project required participating TNCs to supply information about the number and location of trips originating in the city.

While impacts within individual Ontario municipalities are unclear to date, many municipalities have commissioned reports that examine potential impacts more generally. The City of Vancouver, for instance, commissioned research from the University of British Columbia. The resulting report, "Transportation Network Companies and the Ridesourcing Industry," concluded:

- Uber reduces the market share and plate value of the taxi industry .
- Uber is associated with better customer service, including improved coverage for underserved areas. It might also improve taxi service. The effect on accessible transportation is less clear.
- Uber, as well as taxis, may or may not complement public transit.
- Ride-hailing may reduce drunk driving but might encourage distracted driving.
- The environmental impacts are unclear; there is inconclusive evidence regarding the impact on vehicle use, congestion and greenhouse gas emissions.

Conclusion: A call to action

The sharing economy is growing. Although for-profit companies such as Uber and Airbnb have attracted the greatest attention, this is a phenomenon that spans a wide range of models and sectors. As this Guide has outlined, there are many different types of sharing initiatives taking root in Ontario communities, from ride-sharing to community gardens to time banks and more, each serving different goals. Some are profit-driven, while others are mission-driven.



These initiatives can bring many benefits, including better use of assets, less environmental impact, more options for consumers and a stronger sense of community. They also create uncertainties and potential concerns. And although governments at every level have a role to play in responding to this disruptive trend, a significant share of that responsibility falls on municipalities, since many of the issues lie within municipal purview.

With that responsibility comes opportunity. Those municipalities that choose to respond now to this shifting landscape have the greatest freedom to shape how the sharing economy evolves at the local level, taking into account the local context and local needs. A well-crafted, deliberate approach can maximize the benefits that sharing initiatives bring, reduce uncertainties and mitigate potential concerns. It can create new and exciting economic opportunities, facilitate knowledge sharing and enhance networks with other cities, political institutions and civil society.

As this Guide has discussed, municipalities have a wide range of tools and approaches at their disposal to make this happen. The key is making informed choices based on clear

priorities. The more data municipalities can draw on to better understand the impacts of sharing initiatives, the better they can craft an appropriate local response. In doing so, local governments can position themselves as innovators and proactively engage with companies like Uber and Airbnb, rather than merely reacting to their presence.

The considerations laid out in this Guide are intended to influence thoughtful discussions and decisions as municipalities navigate this new terrain. Ultimately, the aim is to help local governments leverage the potential of the sharing economy to create stronger, more vibrant and more innovative communities across the province.

This is an opportunity to champion the establishment of governance models, regulatory and funding bodies, legal tools and operational supports that usher in a new era of citizen-government relations—relations centered around the values of meaningful local economic development, civic engagement and participatory governance.

- 1 see Davidson & Infranca, "The Sharing Economy as an Urban Phenomenon"
- 2 localgovsharingecon.com
- 3 <http://waterloocyclingclub.ca/about-2>
- 4 Xie, "Seattle Just Became the First City to Cap the Number of UberX and Lyft Drivers on the Road."
- 5 Brodersen, "Working together to defeat bias and discrimination in the Sharing Economy."
- 6 Edelman, Luca, and Svirsky, "Racial Discrimination in the Sharing Economy."
- 7 Lazo, "Capital Bikeshare works to recruit minorities and low-income residents."
- 8 These values are identified by Janelle Orsi in her video "The Next Sharing Economy: Now With More Sharing," available online at <https://www.youtube.com/watch?v=xpg4PjGtbu0&feature=youtu.be>.
- 9 Newcombe, "The Sharing Economy: Implementing Equipment-Sharing Systems."
- 10 "5 US Cities Begin Building Co-operative Economies."
- 11 City of Austin, *An ordinance granting a franchise to ATX Coop Taxi*.
- 12 City of Austin, "Austin Transportation Department to Begin Accepting Taxi Franchise Applications."
- 13 Garcés, "How Uber and Lyft were driven from Austin."
- 14 Community Innovations for Aging in the Place (CIAIP) Grantee Case Study, "REACH: Vermont Rural Elder Assistance for Care and Health."
- 15 See <https://communitycarshare.ca/about-us/> for more on **Community CarShare**.
- 16 "Shifting Perspectives: Redesigning Regulation for the Sharing Economy" (<https://www.marsdd.com/wp-content/uploads/2016/04/MSL-Sharing-Economy-Public-Design-Report.pdf>)
- 17 Ontario, *Public Vehicles Act*.
- 18 www.labgov.it/wp-content/uploads/sites/9/bolognaregulation.pdf
- 19 Bauwens, "Interviewed: Professor Christian Iaione on the City as Commons."
- 20 Ibid.
- 21 For more about Social Streets, see "How To Start A Social Street": <http://www.shareable.net/blog/how-to-start-a-social-street>
- 22 Bauwens, "Interviewed: Professor Christian Iaione on the City as Commons."
- 23 Orsi, *Practicing Law in the Sharing Economy*.
- 24 "Shifting Perspectives: Redesigning Regulation for the Sharing Economy," <https://www.marsdd.com/wp-content/uploads/2016/04/MSL-Sharing-Economy-Public-Design-Report.pdf>
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- 27 CBC News, "Uber, other ride-sharing services bylaw."
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- 29 Metrolinx and WSP Group, "New Mobility Background Paper."
- 30 City of Mississauga, Agenda 2 March, 2016.
- 31 Davies, "Uber suffers legal setbacks."
- 32 Xie, "Seattle Just Became the First City to Cap the Number of UberX and Lyft Drivers on the Road."
- 33 City of Mississauga, Agenda 2 March, 2016.
- 34 [https://sustain.ubc.ca/sites/sustain.ubc.ca/files/GCS/2015/Project Reports/Transportation Network Companies and the Ridesourcing Industry - Victor Ngo - Public.pdf](https://sustain.ubc.ca/sites/sustain.ubc.ca/files/GCS/2015/Project%20Reports/Transportation%20Network%20Companies%20and%20the%20Ridesourcing%20Industry%20-%20Victor%20Ngo%20-%20Public.pdf)

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