

# Policy Implications for Short-term Vacation Rentals in B.C.



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# Walt Judas, CEO



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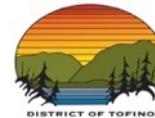


# Today's Sharing Economy

- Marriott International = \$20 billion
- Expedia = \$16.6 billion
- HomeAway = \$3.5 billion
- VRBO = \$3 billion
- **Airbnb = \$30 billion**



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# The STR Landscape

- STRs in 34,000 jurisdictions in 190 countries; 2,727 cities or regions in N A. with more than 50 STR units available
- Up to now, most cities were unable to consistently capture data on # of listings, type, size and occupancy of listings, price per night, which neighborhoods



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## iCompass Meeting Management Software

Recommended by Local Governments & A 6 Month Money Back Guarantee

# New Airbnb ads aimed at Vancouver lawmakers

**BETHANY LINDSAY**[More from Bethany Lindsay](#)

# STRs in B.C.

- Added pressure on services
- Higher degree of safety risk
- No collection of taxes or contribution to tax base
- Lack of affordable housing
- Inability to recruit seasonal workers



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# Progress & Process

- Committee – TIABC, BCHA, DMOs, chambers
- BCHA commissioned report on provincial regulation scenario
- Met with Ministry of Finance
- Met with Minister Fassbender



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# STRs in B.C.

Regulation needs to be:

- Warranted
- Reasonable
- Balanced
- Enforceable
- Challenge – adopting further business regulation is not generally a move governments or business community favors



# STRs in B.C.



Those that benefit from tourism promotion should contribute towards it. Hospitality workers need affordable accommodations. Guests and visitors deserve quality, safety and consumer protection.



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# TIABC Policy Statement

- Local governments - identify STR operators and either compel them to comply with local regulations or prosecute offenders;
- Civic government should consider developing a policy in consultation with the accommodations community;



# TIABC Policy Statement

- All STR operators to be registered/licensed within each community and agree to comply with local regulations;
- PST and MRDT should be collected at source by the booking platform and remitted to the province. The booking platform shall also collect and disclose all such STR data required by the municipality and/or Province to properly monitor and govern these transactions and their adherence to local bylaws and legislation.



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# Airbnb's Position

- Airbnb 100% committed to being constructive partners with regulatory agencies & policy-makers
- Help ensure the efficient collection of hotel & tourist taxes
- Be open & transparent in sharing information
  - Airbnb already collecting tax in 200 jurisdictions around the world & generated \$110 million in tax revenue for local gov't



# Airbnb's Position

- Airbnb will work with community to prevent short-term rentals from impacting the availability and cost of permanent housing for city residents
- Educate hosts and work to help ensure they list only properties that are permanent homes on a short-term basis



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# The Landscape

- Generally...Airbnb will pay taxes if they agree with the city's rules or if the regulatory framework is in place
- Studies show 1 in 10 STR operators will get a permit and pay taxes without compliance monitors; 90% will pay for permit if they think they'll get caught



# iCompassTech Survey

- Interviewed 100 cities in North America to determine best practices
  - The more complex the regulations, the harder for people to operate and the costlier it is for compliance
  - Cities cannot ignore the issue, rely on complaints to set the agenda, regulate unfairly or create an unenforceable system



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# Abbotsford

- Not a significant issue yet but recognize it's only a matter of time (30-40 active listings)
- Staff to monitor situation to ensure Abbotsford is aligned with neighboring communities and province



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# Rossland

- Allows STRs subject to:
  - operator has business license (\$200 annual);
  - Approved zoning and complies with local regulations including building code standards
  - Non-compliance could result in fines of \$200 per day
  - Formed advisory committee to review effects, impacts and issues related to unlicensed



# Mayor Deb Kozak



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## Short-Term Rentals



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BC | The logo for the British Columbia tourism industry, featuring the letters "BC" in a large, bold, sans-serif font next to a stylized graphic of three horizontal bars in blue, green, and yellow.



**REVELSTOKE** •  
CHAMBER OF COMMERCE



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# Where Nelson Started

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- Airbnb-related evictions
- vacancy rate as low as 0.06%
- vast majority of STRs are entire dwelling units
- only “Bed & Breakfasts” allowed
  - Some STRs qualify as B&Bs, but most not
- over 110 STRs; no capacity to enforce



## Find a way to make STRs work for all residents

- if allowed everywhere ...
- if allowed by anyone ...
- fairness to homeowners, but also to neighbours who chose to live in a residential area

## Compliance and Enforceability Challenge

being realistic about:

- what we regulate
- how we regulate
- how much to charge to ↑ voluntary compliance but fund enforcement

## Housing Challenge

- housing stock
- affordability
- tourists matter, but we need LT residents
- profiteers/speculators



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# Nelson's Process

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- dedicated staff person
- research into best practices
- consultations
  - Stakeholder, Town Hall, online surveys
- work on policy recommendations *with* the community
  - Two windows for feedback on draft regulations



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# Consultations matter, and they help

- staff and Council learned a lot about what is happening on the ground
- many surprises about how far the public was willing to go
- breaking down assumptions:
  - hotels don't hate STRs
  - the community doesn't hate STRs
  - STRs don't hate regulations: they were asking for them
- but: we did learn that there are property investors looking for 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> properties for STRs



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# Learned what we did not want to do

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- spot rezonings, public hearings
- come-one-come-all licenses
- unenforceable 90-day/year limits
- a ban



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# Where? All residential/mixed-use zones

- 1 Guest Room
- 2 Guest Rooms
- 3+ Guest Rooms (rezoning only)
- Guest Home/Suite

- no more than 3 per block
- year-round licenses
  - Cap of 110
- May to August
  - Cap of 40
- 31-day licenses
  - Not more than one per year, per property
  - No cap; however, staff discretion



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# Where we are going now:

## ~~New Regulations~~

- consolidated STR with B&B → B&Bs are now considered STRs
- ownership and primary residency requirement
  - Except for summer licenses (rationale: student housing)
- limiting the number per property, per block, per city
- triannual inspections
- 24/7 local contact person
- a process to revoke
- reducing the parking requirement barrier



# Proactive Enforcement

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- facilitating while ensuring compliance
- think through each regulation: is this enforceable?
- host Compliance (via iCompass)



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# Lessons

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- fair to treat STRs as a business and a commercial use; not as “landlords”
- STRs in moderation are beneficial: they serve different needs
- primary residency requirement already working



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# This is within your reach

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- very similar to existing B&B regulations
- no harm for existing B&Bs needed: grandfathering provisions
- you can change them
  - Council will review in Spring 2017
- don't assume backlash if you are genuinely willing to work with the community to draft regulations that make sense
- there are endless guides, literature, and professionals to help



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# Visit str.nelson.ca

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## Short-Term Rentals



**What is an STR (short-term rental)?**

Commonly referred to as "Airbnb", "home sharing", or "vacation rental", short-term rental refers to the commercial accommodation of guests in a private residence – a room, apartment, secondary suite, or house – on a temporary basis (less than 30 days).

Unlike a bed & breakfast, the property owners are often not on-site and do not operate as a taxed, licensed, or regulated business.

[Find out more](#)

**Are STRs legal in Nelson?**

If you live in a low-density residential area in the City of Nelson (zones R-1, R-3, or CD-5/9) you may rent up to two guest rooms on a short-term basis (less than 30 days). R-6, MU-1, C-1, and C-2 allow for more. But you do require a business licence.

*Non-compliance with zoning or the lack of a business licence can result in a fine of \$500 per day.*

[Find out more](#)

**Have your say. Get involved.**

Next Steps

Proposals for new Short-Term Rental regulations were made to City Council on August 8th, 2016 and were endorsed, but not yet adopted as bylaw, at that meeting. The documents presented to Council are [available here](#).

Updates



The Short-Term Rental Project  
Our community partners with the City of Nelson engaged in a four-month project to revisit the way we handle short-term rentals (STR).

# Short Term Rentals in Tofino

**Josie Osborne**  
Mayor  
District of Tofino  
UBCM 2016

[www.tofino.ca](http://www.tofino.ca)

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# History & Context

Extensive study and community discussion in 2004

Short-term rentals regulations established in 2005, primarily through Zoning and Business Licence Regulation Bylaws

Balance between participating in the tourism economy and maintaining integrity of residential neighbourhoods

*There are four main types of nightly rentals in Tofino.*

- Commercial tourism (hotels, motels etc): primary use
- Temporary accommodation (condos): primary use
- **Short term rental: secondary use in nine residential zones**
- B&B home occupation: secondary use in most residential zones except RM and some CDZ



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# Tofino STR Regulations

- Must be in one of six residential zones
- Must have a business licence (\$225-\$375)
- One per property, cannot operate B&B AND STR
- STR can be operated in principal or secondary dwelling
- Must provide sufficient off street parking
- Max 3 sleeping units, max 6 guests
- Other bylaws (public nuisance, etc)

77%

of Tofino's properties are residential

82%

of Tofino's properties permit STR

26%

of these have licenced STRs

# Past enforcement

**Was complaint driven, typical complaints were:**

- Noise, parking
- Operating over capacity

**Nature of anecdotal complaints began to change a couple of years ago:**

- Evicted from long term rental
- “My neighbours are doing it, why can’t I?”

## 2015-2016 Housing Focus Groups What we learned:

- STR essential to affordability for new home owners
- Conversion to STR impacting long term rentals
- General attitude that municipality would not enforce rules anyhow



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# DECISION

March 2016, Tofino Council resolves to proactively educate and enforce nightly rental regulations.

**CBCnews | British Columbia**

Home | World | Canada | Politics | Business | Health | Arts & Entertainment | Technology & Science | Trending | Video

Canada → BC



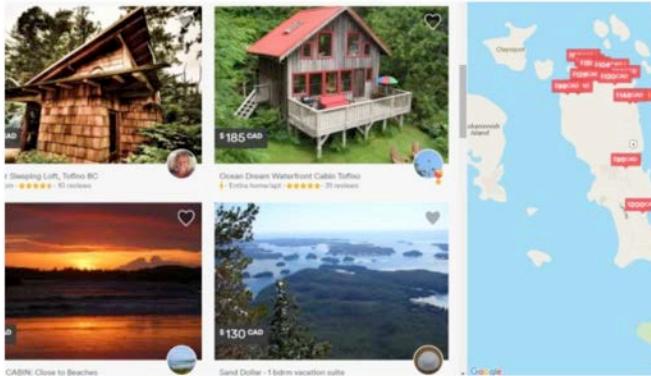
LIVE Vancouver More Streams  
CBC Radio One  
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radio one

## Tofino passes motion to crack down on Airbnb rentals

Mayor Josie Osborne says all short-term accommodation rentals must be licensed

By Maryse Zeidler, CBC News | Posted: Mar 16, 2016 3:05 AM PT | Last Updated: Mar 16, 2016 3:05 AM PT



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A quick search of Airbnb lists 273 properties available in the Tofino area. Tofino Council wants to enforce regulations on rentals because of a shortage of housing for residents and the seasonal workforce. (airbnb.ca)

## How is Tofino's crackdown on unlicensed short-term-rentals working out?

Vancouver, BC, Canada / News Talk 980 CKNW | Vancouver's News. Vancouver's Talk

The Simi Sara Show

Posted: July 18, 2016 12:40 pm | Last Updated: July 18, 2016 01:26 pm



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# How are we proceeding?

- Direct engagement with STR companies
- Community engagement through Town Hall meetings, etc
- Notification to all property owners
- Identification of properties not complying with regulations, using Host Compliance
- Media coverage, social media, other communication channels



**226**

STR Properties in or near Jurisdiction

**102**

STR Listings in or near Jurisdiction Added Last Month

**97.8%**

STR Properties in or near Jurisdiction successfully identified

Listings Funnel



- Total Listings in or near Jurisdiction (450)
- STR Listings in or near Jurisdiction (450)
- Unique STR Properties in or near Jurisdiction (226)
- Identified Unique STR Properties in or near Jurisdiction (221)
- Identified Unique STR Properties in Jurisdiction (216)

Bedrooms / Bathrooms Breakdown



Listing Types



Listings / Month



Minimum Rental Nights Distribution (%)



Identified STR Properties in Jurisdiction / Month



# Results

- Opened up new conversations amongst residents and business owners about housing issues in Tofino
- In first 4 months, 29 property owners have applied for nightly rental business licenses (20% increase)
- Several property owners have voluntarily come forward with unique situations
- Expecting rezoning application for 39 unit MFD (condos)

149

licenced  
nightly rentals  
as of July  
2016

28

new business  
licence  
applications

226

unique properties  
advertising online

# What's next?

- Review and tightening of existing regulations
- Direct contact with non-compliant property owners
- Consideration of increased fees to support enforcement
- Begin fining, bylaw prosecution on unlawful properties
- Continued community engagement and feedback

77% of Tofino's properties are residential

82% of Tofino's properties permit STR

26% of these have licenced STRs



**Josie Osborne**  
Mayor

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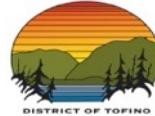


# Jamie Mayes, Executive Director

Revelstoke Chamber of Commerce



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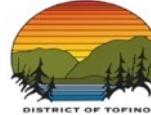
# Community impact

STVR's offered by online booking platforms do not collect or remit PST and MRDT:

- Loss of marketing dollars that can be used to further benefit the community
- Impacts the availability and price of housing for long-term rentals and purchasers



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# BC Chamber Policy

- *Taxation of Short Term Residential Rental Units*

## THE CHAMBER RECOMMENDS:

That the Provincial Government:

1. Ensure that appropriate PST and applicable MRDT be collected and remitted at the point of purchase of room nights on short term residential rentals; and
2. Ensure that all operators, managers and/or booking agents of 4 or more rooms be subject to collection and remission of PST and applicable MRDT taxes.



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# Current landscape

- Provincial government not interested in taking action on tax collection for the time being and municipal governments across the province are taking various approaches to STVR's.
- 59% of consumers will not trust sharing economy businesses until they are properly regulated – PwC, 2015



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# Role of stakeholders

- Provincial Gov't – Tax fairness
- Municipal Gov't – Zoning & Bylaws
- Business organizations – Education & Information
- STVR Owners - contribute to the economic interest of our communities and our province.



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# Resources

- Utilize current resources to facilitate information sharing to STVR owners to help address concerns over consumer safety and tax compliance:
  - Bizpal
  - Small Business BC
  - Community Futures
  - Chamber of Commerce



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# Opportunity

“The sharing economy brings exciting new business models and opportunities to British Columbians and Chambers are keen to see this new sector succeed” BC Chamber of Commerce

- Business organizations have the opportunity to:
  - Help foster these micro businesses and ensure they are successfully contributing to the greater good of our economy



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# Paul Nursey, CEO Tourism Victoria



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# Case Study: Tourism Victoria

- Vibrant Tourism Economy
- Housing crisis: Very tight rental market
- Difficulty in many industries finding homes for their employees
- Many residents on fixed incomes and vulnerable to increasing cost of housing
- Tourism industry important. Air B n B and other platforms getting free ride in terms of Destination Marketing Support



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# Situation Analysis

- Rapidly increasing rental rates
- Approximately 2,000 Air B n B hosts in Greater Victoria
- Estimated 68% are regular commercial operators
- Balancing needs of Accommodation sector who feel they have untaxed and unregulated competition.



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# Victoria apartment vacancy rate lowest in Canada: CMHC

More construction could increase vacancy rate next year, CMHC says

By All Points West, CBC News | Posted: Dec 17, 2015 8:21 AM PT | Last Updated: Dec 17, 2015 8:23 PM PT



Finding a place to rent in Victoria is becoming an increasingly challenging task, according to a CMHC report. (Stewart Butterfield/Flickr)



A new report from the Canadian Mortgage and Housing Corporation

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# Increasing Frustration with “Shadow Hotels”

## NEWS

### Victoria councillor calls for crackdown on Airbnb



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SHARE

by Kendra Wong - Victoria News  
posted Apr 6, 2016 at 8:00 AM

The City of Victoria needs to crackdown on Airbnb and other vacation rentals before the problem gets out of control, says one city councillor.

With rental vacancies sitting at 0.6 per cent, Coun. Jeremy Loveday said the city needs to take action quickly to get ahead of the on-going house-sharing issue.

“More units are going up on vacation rental sites such as Airbnb, so at this point we have a housing crisis in the city in terms of rental housing and we need to look at all forms of action we can take to solve that,” Loveday said. “One of the options available for us in terms of triage, not allowing things to get worse, is to regulate Airbnb.”

# Victoria City Council Approach

- Need to strike a balance.
- Understand the sharing economy is here to stay.
- Council will be working to regulate Air B n B/Short Term Vacation Rentals.



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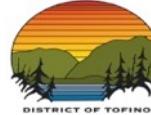
# Victoria City Council

In June 2016, Victoria City Council directed staff to work towards:

- Work to ensure that full time rental units are not diverted from the housing rental stock for short term rentals.
- All short term rentals in the spirit of true home sharing.
- Ensure consistency with accommodation taxation policies.



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# Desired Future State

- Property owners are not diverting purpose built rental suites into commercial short term vacation rentals.
- Legitimate home sharing on a part time basis has a regulatory and taxation framework.
- Short term vacation rental platforms are paying their fair share of taxes and are regulated.
- Victoria is a vibrant and accessible place to live work and visit.
- Short term vacation rentals are constructive partners instead of just viewed as unregulated and untaxed disruptors.



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# James Chase, CEO BC Hotel Association



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# Workforce Housing

- Loss of Monthly Rental Units
- Increased Rent on Remainder



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# Balance

- Economic Impact
- Community Impact



# Time

- Continued Growth
- Local Government Management Plan



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# First Step

- Regulate / License
- Assess Compliance / Adherence
- Enforcement Action



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# Financials

Sales Revenue      \$200,000,000+

8% Room Tax      \$16,000,000+

3% MRDT      \$6,000,000+



# Lost Tax Revenue

- Provincial Sales Taxes
- Federal Sales Taxes
- Income Tax



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# Request

- Eliminate Tax Regulation

“If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.”



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