

## **DEVELOPING A MODERN APPROACH TO SHORT-TERM RENTALS IN A DIGITAL ECONOMY**

A Framework for Canadian Regulators

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IN PARTNERSHIP WITH:



BRITISH COLUMBIA  
HOTEL ASSOCIATION

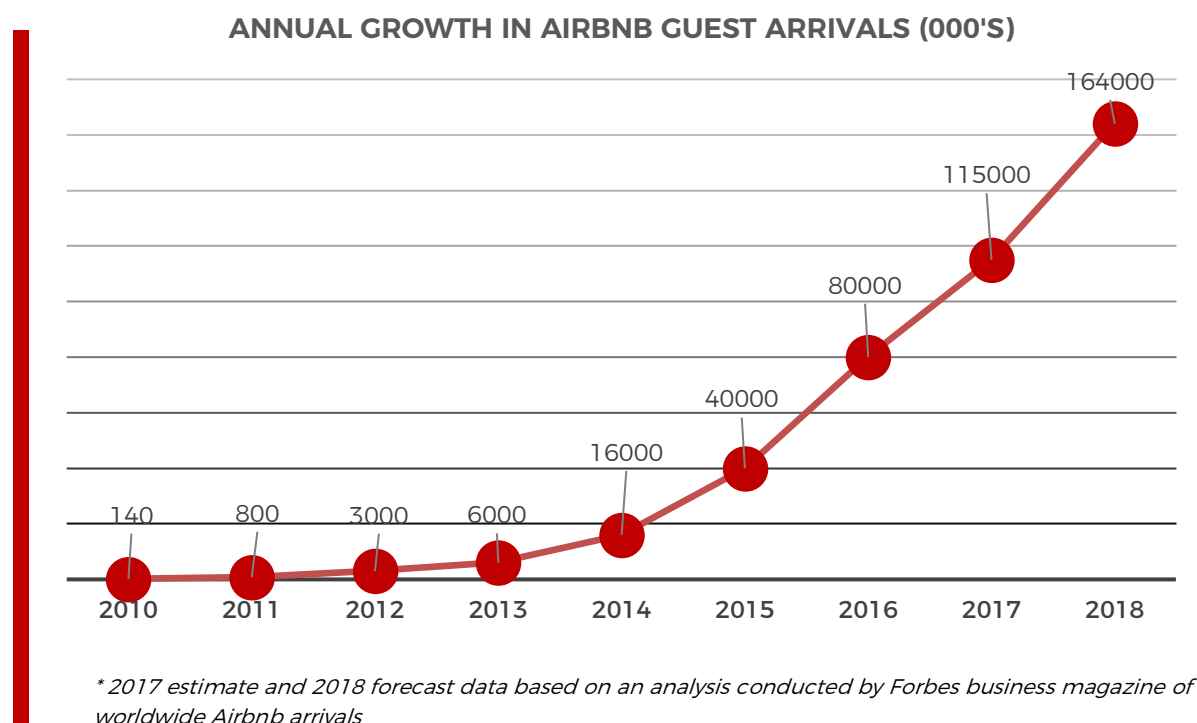
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## INTRODUCTION

This paper is intended for regulatory officials and elected representatives who are developing or updating policies for the short-term rental industry and for those with an interest in tourism, affordable housing, and safe communities.

The growth of Airbnb to more than 160 million guest arrivals tells us that the platform companies for short-term rental accommodations are here to stay<sup>12</sup>.



As with any transformational change, there are significant risks and unintended consequences that need to be managed due to the meteoric growth in short-term rental accommodations.

The experience in Canada and around the world to date is that there is no one-size-fits-all approach. For this reason, the modern policy toolkit needs to respond to national, provincial and local conditions in a way that promotes fairness, curtails exploitive practices and protects communities

<sup>1</sup> An overview of Airbnb and the hotel sector in Canada: A focus on hosts with multiple units. A report for the Hotel Association of Canada. by CBRE September 13, 2017

<sup>2</sup> <https://www.forbes.com/sites/greatspeculations/2018/05/11/as-a-rare-profitable-unicorn-airbnb-appears-to-be-worth-at-least-38-billion/-cc1ef842741e>

## A SIMPLE CONCEPT WITH COMPLEX PROBLEMS

In 2007, two 27-year-old graduates of the Rhode Island School of Design set up a website to rent three airbeds on their living-room floor for participants attending a San Francisco design conference.<sup>3</sup> They took their idea to another level and launched a website to connect hosts with guests attending conferences and festivals across the United States. The company's founders spoke about the noble concepts of "sharing" and the "collaborative consumption of resources." But this is not what the short-term rental industry has become. Today, the industry is dominated by commercial operators and industry giants that have capitalized on the popularity of home rentals.

Airbnb operates in 191 countries and generated over 80 million guest stays in 2016. The company is valued at over \$30 billion. Another platform behemoth, HomeAway Inc. (owned by Expedia), operates in 190 countries with over 2 million listed properties. It functions as a conglomerate of over 25 companies, including such well-known names as VRBO, Booking.com, which is owned by Priceline, has millions of homes listed on its site for short-term rental.

Initially, Airbnb was based on the concept of renting out a room with the owner always present and where common spaces were shared. Over time, the demand gravitated to renting out an entire home for a day or weeks at a time. In Canada, entire-home-rentals in 2017 constituted about 70 per cent of Airbnb's rental activity.

It did not take long for savvy operators to go well beyond renting out their own homes for occasional use. The trend has been to take residential units off the long-term rental market and convert them into hotel-like operations.

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**TODAY, APPROXIMATELY 7-IN-EVERY-10 UNITS ON THE AIRBNB DISTRIBUTION PLATFORM ARE ENTIRE-HOME RENTALS WITH GUESTS HAVING COMPLETE AND SOLE ACCESS TO THE ENTIRE UNIT DURING THEIR STAY.**

Today, multi-unit hosts — defined as any host renting out two or more units in a single month— represent approximately 25 per cent of the short-term rental market. More aggressive entrepreneurs figured out a way to operate shadow hotels without having to invest in real estate or having to follow established health and safety regulations. These commercial operators also avoid many of the normal costs of doing business, including paying taxes and other levies.

True home-sharing has become increasingly rare. Today, there is a short-term rental industry that operates with limited regulation, creating a host of problems for governments, communities and homeowners.

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<sup>3</sup> <https://www.telegraph.co.uk/technology/news/9525267/Airbnb-The-story-behind-the-1.3bn-room-letting-website.html>



## Loss of housing stock

One of the most concerning outcomes of the high volume of homes and investment properties being placed on the short-term accommodation market is the decline in the stock of affordable housing.

While there is little impact on a community's housing stock when someone casually rents a room in their home—or even their entire home when they are out of town—the outcome is different when investors and entrepreneurs remove units from a leasing portfolio; or buy homes or condominiums for the purposes of “home-sharing.” The bottom line is that fewer properties are available for long-term accommodation.

A 2017 McGill University School of Urban Planning study revealed that Airbnb listings in Montreal, Toronto and Vancouver had caused a two or three percent displacement of the housing stock in some neighbourhoods.<sup>4</sup> The most successful “hosts” were running commercial operations with dozens or even hundreds of homes. The conclusion at the time of the study was that Airbnb had removed about 14,000 units of housing from rental markets in Canada's three largest cities. Areas close to public transit stations and where affordable housing had been concentrated were particularly vulnerable.

A 2018 McGill University study reported that New York City lost up to 13,500 housing units from the long-term rental market to Airbnb.<sup>5</sup> Some 4,700 “ghost hotels” were also discovered, which had removed 1,400

housing units from the long-term rental market.



## A Rise in Rental Rates

The loss of housing stock from the rental market has not only impacted accessibility but has also driven up rental rates. The 2018 McGill study also revealed that the housing displacement related to short-term accommodations caused rents in New York to rise by \$380 per year. In some of the more popular Manhattan neighborhoods, rent increases attributable to the conversion of housing stock amounted to more than \$700 per year. Airbnb's influence was reported to have cost New Yorkers \$616 million in additional rent in 2016.<sup>6</sup>

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**REVENUES DERIVED FROM  
MULTI-UNIT HOSTS IN CANADA  
HAVE MORE THAN DOUBLED  
FROM \$71 MILLION IN 2015/16  
TO \$167 MILLION IN 2016/17 – A  
134 PER CENT INCREASE IN  
REVENUE OVER THE PRECEDING  
12-MONTH PERIOD.**



## Commercial Operations – Not Home Sharing

The data shows that short-term rentals have morphed from home-sharing into largely commercial operations. During 2016, one out of every 3 Airbnb hosts rented out their properties for more than 90 days per year. This pool of rental units generated 71 per cent of Airbnb's total Canadian revenue. Multi-unit Airbnb hosts make up approximately 7 per cent of their listings in

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<sup>4</sup> “Short-term cities: Airbnb's impact on Canadian housing markets,” Urban Politics and Governance research group, School of Urban Planning, McGill University August 10, 2017

<sup>5</sup> “The High Cost of Short-Term Rentals in New York City,” A report from the Urban Politics and Governance research group School of Urban Planning – McGill University - January 30, 2018

<sup>6</sup> <https://www.nytimes.com/2018/05/03/nyregion/airbnb-rent-manhattan-brooklyn.html>

Canada and generate over 30 per cent of all revenue.<sup>7</sup>

## **Health and Safety**

The short-term rental platforms take no direct responsibility for the health and safety of their clients. Most municipalities do not require home inspections and there is no assurance with respect to fire, safety or health standards. In contrast, regulated properties such as hotels must adhere to fire, health, and safety standards and submit to regular inspections.

## **The Nuisance Factor**

When residential homes are converted into transient commercial operations, the character of neighborhoods is changed in ways that were never contemplated.

Commercial activity in residential areas can create nuisances and hazards like excessive noise, insufficient parking, vandalism and even criminal activity.

With governments being slow to respond to the new economy, residents use whatever tools are open to them to address the hazards and nuisance factors associated with short-term rentals. Many condominium boards have reacted to homeowners' concerns by banning short-term rentals outright. But this is difficult to achieve if the original condominium "declarations" permit short-term rentals. While the platform rental companies have challenged such

restrictions, the right of condominium boards to take such actions — absent declarations — was affirmed in one court of law.<sup>8</sup> Only municipalities can override "declarations" with bylaws.

## **Property Damage and Crime**

Short-term renters do not always respect the home-owners property. Stories regularly surface in the media that illustrate the risks involved when opening your home to total strangers. Homes have been turned into locations for massive raves and parties causing thousands in damages.<sup>9</sup> Other hosts have suffered from the theft of personal belongings.<sup>10</sup> One Toronto host reported that thieves stole equipment and even his clothes.

Reports have appeared about homes on short-term rental platforms being used:

- As a location to shoot porn videos<sup>11</sup>;
- To operate a brothel<sup>12</sup>;
- As an outlet to sell illegal drugs<sup>13</sup>;
- As a hideout for criminals on the run<sup>14</sup>; and,
- For human trafficking<sup>15</sup>.

It is not just the short-term renters that cause problems. Reports have been made about hosts using hidden cameras to spy on guests, either for protection purposes or voyeurism.

<sup>7</sup> An overview of Airbnb and the hotel sector in Canada: Aa focus on hosts with multiple units. A report for the Hotel Association of Canada by CBRE September 13, 2017

<sup>8</sup> <http://business.financialpost.com/legal-post/ontario-court-ruling-says-condo-buildings-can-ban-sharing-services-such-as-airbnb>

<sup>9</sup> <http://www.cbc.ca/news/canada/calgary/airbnb-renters-who-trashed-calgary-house-used-fake-credit-cards-to-fuel-party-1.3065243>

<sup>10</sup> <https://www.ctvnews.ca/canada/toronto-man-s-home-trashed-belongings-stolen-after-airbnb-rental-1.3346849>

<sup>11</sup> [http://www.dailymail.co.uk/travel/travel\\_news/article-3732932/Airbnb-host-says-San-Francisco-home-used-porn-shoot.html](http://www.dailymail.co.uk/travel/travel_news/article-3732932/Airbnb-host-says-San-Francisco-home-used-porn-shoot.html)

<sup>12</sup> <https://globalnews.ca/news/3843222/ontario-family-shocked-to-discover-airbnb-renters-using-basement-to-distribute-drugs/>

<sup>13</sup> <https://www.thetimes.co.uk/edition/news/drug-lords-use-airbnb-hideouts-w5xxf7xtb>

<sup>14</sup> <https://www.thestar.com/vancouver/2018/05/02/your-vancouver-airbnb-could-be-used-for-sex-work-police-say.html>

<sup>15</sup> <https://www.thestar.com/news/crime/2018/02/22/airbnb-rentals-used-for-human-trafficking-toronto-police-say.html>

## Deceptive Conversions

Some entrepreneurs pretend to rent apartments for personal use only to place them on the short-term rental market. Unsuspecting landlords hear about conversions after they receive complaints from neighbours or they see their units posted on rental platforms for nightly rental. Landlords are understandably upset about a change in use that inflicts significantly higher wear-and-tear than what would be expected from normal family activity. This can happen even when it is not an entire home that is being rented out. A tenant might rent out rooms in a unit they occupy without the permission from the landlord.<sup>16</sup>

## The Tax Gap

The hotel and accommodation industry pays business and property taxes at the commercial rate. According to the 2017 Altus Group Canadian Property Tax Rate Benchmark Report, commercial operators pay on average 2.85 times the level of property tax that is imposed on a residential ratepayer.<sup>17</sup> This gives a powerful incentive for short-term rental operators to stay in the underground economy.

The hotel industry complies with sales and income tax laws and their employees are covered under the Canada Pension Plan, Employment Insurance and workers compensation. Any mandatory tourism or destination fees are also contributed to

support regional marketing campaigns. These fees are used to attract visitors to many of whom end up using short-term rental platforms.

The only true exemption from tax for home-renting relates to the GST/HST and only for hosts with revenues of less than \$30,000. No one is exempt from paying income tax on short-term rentals. The challenge is that there are few controls in place that ensure that tax laws and local levies are being complied with.

Airbnb states that it sends reminder notices to its hosts about tax issues. However it will only share this data with government authorities when it is compelled to do so. This makes it difficult to detect non-compliance. Some American jurisdictions (Massachusetts<sup>18</sup> and Vermont<sup>19</sup>) require rental platform companies to issue official tax information slips to any host with revenues above \$600.<sup>20</sup> Airbnb has also been required to share its data with Danish tax authorities.<sup>21</sup>

At the platform level, sales and income tax are usually avoided because companies are legally registered in tax havens and function, without “permanent establishments” in the countries where they operate. While this may have been appropriate for manufacturing entities, it makes little sense in the digital economy.

<sup>16</sup> <http://www.cbc.ca/news/canada/toronto/toronto-airbnb-regulations-1.4563929>

<sup>17</sup> <http://www.altusgroup.com/wp-content/uploads/2017/10/Canadian-Property-Tax-Rate-Benchmark-Report.pdf>

<sup>18</sup> <https://www.mass.gov/service-details/new-massachusetts-reporting-requirements-for-third-party-settlement-organizations>

<sup>19</sup> <http://tax.vermont.gov/news/1099-k-information-reporting>

<sup>20</sup> <https://www.airbnb.ca/help/article/414/should-i-expect-to-receive-a-tax-form-from-airbnb>

<sup>21</sup> <http://www.bbc.com/news/business-44166174>

## A MODERN REGULATORY FRAMEWORK

Governments at all levels are grappling with the implications of the growing short-term rental industry. There is an acute need for federal, provincial, and municipal governments to put in place a modern regulatory framework to address the stresses and unintended consequences created by short-term accommodation rentals.

Regulators to date have focused on meeting five key objectives:

### Regulatory Objectives for Short-term Rental Accommodations

- 1 Minimize the displacement of affordable and accessible housing
- 2 Minimize community nuisance while protecting public safety and with adherence to municipal bylaws
- 3 Ensure a level competitive playing field
- 4 Collect appropriate taxes and tourism levies
- 5 Enable voluntary compliance while minimizing the administrative burden for hosts, home-renting platforms and governments



# 8

## REGULATORY TOOLS TO MODERNIZE SHORT-TERM RENTAL ACCOMMODATIONS

Following a scan of the regulatory approaches taken in communities and cities around the world, the following 8 elements have consistently been applied:

### 1. HOST REGISTRATION AND FEES

Requires that any property offered for home-renting be registered with the local government. For the benefit of hosts and municipalities, platform companies should facilitate the registration process. Along with the collection of an annual fee to recover costs, registration enables the monitoring and reporting of rental activity.

### 2. PLATFORM REGISTRATION AND FEES

Require registration of the rental platform companies along with a significant annual fee and an ongoing fee for each booking. Rental platform companies must be prohibited from listing any property that is not properly registered.

### 3. PRINCIPAL RESIDENCE RESTRICTION

Limits home-renting to a principal residence only. This prohibits the operation of ghost hotels and/or large scale commercial enterprises operating under the veil of home sharing. A significant issue remains in that short-term rentals are permitted in areas without proper zoning but with some limitations.

### 4. CAP ON USAGE

Limits the number of days that a home can be rented through a home-renting platform. This helps to moderate the decline in available housing stock and the nuisance factors associated with the conversion of ordinary residences into commercial operations. Caps typically run from 30 to 180 days per year. Some condominium boards put the cap at zero days and some regulations require explicit approval from homeowner's associations before short-term rentals can be offered.

### 5. HEALTH AND SAFETY STANDARDS

Regulations that require certain standards for safety (e.g. smoke detectors, fire extinguishers, pest control). This provides some minimal level of protection for guests.

### 6. REPORTING

A requirement at the platform and host level to report to government on all home-renting activity. This includes mandating that platform companies issue annual information slips to hosts on rental income with a copy to government authorities.

### 7. TAXATION/LEVIES

Special provisions at the platform level to conveniently collect and remit various taxes and/or levies on behalf of hosts. This creates a more level playing field with commercial operators and provides revenue to government to cover the costs of managing home sharing activity.

### 8. ENFORCEMENT/PENALTIES

Mechanisms to ensure regulations are applied and enforced (e.g. confirm principal residence with a driver's license). Effective enforcement can only be achieved with reliable and timely reporting of activity from the platform. Penalties help to ensure the system is operating as intended through voluntary compliance.

Airbnb has signed agreements with governments around the world that have insisted on the proper payment of taxes and on data sharing.<sup>22</sup> Airbnb reports that they have collected and remitted taxes and levies in more than 200 jurisdictions (national, regional, local) and that they have released data and information in 19 jurisdictions. These agreements and compliance measures are usually implemented only after governments indicated an intention to establish regulations.

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<sup>22</sup> [https://www.airnbccitizen.com/wp-content/uploads/2016/12/National\\_PublicPolicyTool-ChestReport-v3.pdf](https://www.airnbccitizen.com/wp-content/uploads/2016/12/National_PublicPolicyTool-ChestReport-v3.pdf)

## REGULATION IN PRACTICE CANADA

### FEDERAL GOVERNMENT

The principal area of jurisdiction for the federal government is in tax policy. The major issues are:

- Rental platforms that are operating in Canada without a “permanent establishment” are not paying corporate income tax on their profits. Such a limitation has not prevented other countries and jurisdictions (Australia, Japan, South Korea and the European Union) from imposing taxation on some digital service providers.
- Hosts with revenues less than \$30,000 are not obligated to collect and remit GST/HST. This exemption does not apply universally in the digital economy. For example, GST/HST is applied on the first dollar for revenue ride-sharing (i.e. Uber and Lyft).<sup>23</sup>

The Canada Revenue Agency does not require short-term rental platform companies to issue an information slip (i.e. the equivalent of a T4 slip from employers or T5 slips from financial institutions) as is the case in other jurisdictions. This would be a key instrument in achieving voluntary tax compliance.

To date, the federal government has enacted no specific measures to address issues in their area of jurisdiction as it pertains to tax fairness in the short-term accommodation industry.

<sup>23</sup> <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/gi-196-gst-hst-commercial-ride-sharing-services/gst-hst-commercial-ride-sharing-services.html>

<sup>24</sup> <http://www.cbc.ca/news/canada/british-columbia/airbnb-vancouver-bc-1.4524284>

### PROVINCIAL GOVERNMENTS

To date, only Quebec and British Columbia have established laws and regulations governing short-term rentals. Like the federal government, the provinces have jurisdiction over tax policy. They also take a lead role in civil, property and commercial law.

In early 2017 the Government of Quebec reached an agreement with Airbnb that required the platform company to collect and remit a 3.5 per cent lodging tax beginning October 1, 2018.<sup>24</sup> The 3.5 per cent tourism levy is designed to promote the marketing activities of the hospitality industry. A prior regulation that required hosts to independently register and remit a lodging tax had achieved a compliance rate of less than five per cent.<sup>25</sup> The Quebec government indicated it expects other home-renting companies to become part of the new system. It is worth noting that the March 2018 Quebec budget proposed that the Quebec Sales Tax (QST) will apply to all digital services beginning January 1, 2019 regardless of whether the supplier has a permanent establishment in the province or not.<sup>26</sup>

In early 2018, Airbnb agreed to collect and remit provincial and municipal taxes in British Columbia.<sup>27</sup> The province expects to realize \$16 million annually from its eight per cent tax while municipalities would receive an estimated \$5 million from a three per cent destination tax. BC officials

<sup>25</sup> <http://www.cbc.ca/news/canada/montreal/quebec-airbnb-law-not-effective-2017-1.4135041>

<sup>26</sup> [http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/AdditionalInfo\\_18-19.pdf#page=137](http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/AdditionalInfo_18-19.pdf#page=137)

<sup>27</sup> <https://www.cbc.ca/news/canada/british-columbia/airbnb-vancouver-bc-1.4524284>

indicated that it was “enabling” the sharing economy to operate in a way that was fair and equitable. Legislation has been passed and implementation is expected in the Fall of 2018 with agreements expected to be in place with all home-rental platform companies.

In the remaining eight provinces, GST/HST is not collected by hosts except on a voluntary basis or when a host with revenues above \$30,000 complies with an obligation to register. In addition, the platform companies do not charge or remit GST/HST on the fees they charge to hosts.

No province has yet to regulate short-term rentals in the areas of health and safety, landlord and tenant relations, and commercial contracting.

pursuing similar arrangements with other listing platforms.



### **District of Tofino, British Columbia**

Despite having a population of only about 2,000, Tofino implemented a regulatory framework that restricts short-term rentals to licensed principal residences in specified mixed-use zones<sup>30</sup>. The District has taken a proactive approach to enforcement through inspections and investigations, including host compliance software that scours current and past advertisements on a variety of online platforms. Over 65 tickets were issued in 2017 for short-term rental non-compliance.



## **MUNICIPAL GOVERNMENT**



### **Vancouver, British Columbia**

The City of Vancouver<sup>28</sup> and Airbnb reached an agreement that required all short-term rentals be licensed by April 19, 2018.<sup>29</sup> Following a transition period, Airbnb has agreed to deactivate any unlicensed listings. In addition, rental platform companies must pay an annual licence fee.

Vancouver has restricted short-term rentals to principal residences (where the owner resides for more than 180 days of the year). The fine for listing without a license can be up to \$1,000 per day. The City indicated it is

### **Niagara on the Lake, Ontario**

Through By-Law 4634-13<sup>31</sup>, all short-term rentals in Niagara on the Lake are subject to licencing and enforcement and each property must meet certain standards for public safety. Among many items, the pre-inspection checklist includes:

- Floor surfaces are reasonably smooth and do not unnecessarily contribute to a potential accident ex. nails sticking up, floor boards loose, ripples in carpets, etc.
- Operable window present for ventilation/light and equipped with a suitable insect screen.

<sup>28</sup> <https://vancouver.ca/doing-business/short-term-rentals.aspx>

<sup>29</sup> <http://vancouver.ca/news-calendar/city-signs-first-mou-in-canada-with-airbnb-for-short-term-rentals.aspx>

<sup>30</sup> <http://www.tofino.ca/Short-term-rentals>

<sup>31</sup> <https://notl.civicweb.net/document/4068>

- Access door provides privacy and operates freely without the use of a key to exit.
- All smoke alarms, either battery operated or interconnected, on every floor level and in every bedroom, if applicable, shall be in working order.
- Carbon monoxide detectors shall be in working order.
- All escape routes are clear of obstructions and easily accessible.
- The furnace has been inspected and the filter replaced in the past year.
- The fire place chimney has been inspected and cleaned in the past year.
- All portable fire extinguishers with a minimum 2A-10BC rating shall be made available, visibly mounted on each floor area, shall be inspected and tagged annually.
- All exit signs shall be illuminated while the building is occupied with guests.
- Sprinkler systems and fire alarm systems shall be inspected annually.
- A copy of the Town approved floor plan with all exits marked on it posted in a conspicuous area. (The plan is not to be posted in a binder or folder).
- Daily register/guest form is current.
- Pool gates are self-closing and have locks. The pool area is fenced in.
- All steps, handrails, guards, and landings are in reasonable good repair and will not likely create a hazard. Interior stairs with two or more risers have a handrail. Exterior

stairs with three or more risers have a handrail.

- Separate washroom for guests with a water closet, basin and tub or shower is provided and are reasonably clean and in good condition with an operable window



### Toronto, Ontario

On December 7, 2017, Toronto City Council approved short-term rental regulations. Subject to an appeal at the Ontario Municipal Board, the regulations were set to come into force on June 1, 2018. The regulations would permit short-term rentals across the city, but the practice would be limited to a host renting a principal residence. An entire home could be rented to a maximum of 180 nights per year. Homeowners would be banned from listing secondary suites such as basement apartments. Those who offer their homes for short-term rentals would have to register with the City and pay a \$50 annual fee<sup>32</sup>.

Platform companies -- such as Airbnb -- would have to become licensed and pay the city a fee of \$5,000, plus \$1 per property per night booked through the platform. These companies would be required to delist unlicensed properties. The Ontario Municipal Board is expected to review the matter in August 2018.<sup>33</sup>

<sup>32</sup> <https://www.toronto.ca/city-government/public-notices-bylaws/bylaw-enforcement/short-term-rentals/>

<sup>33</sup> <http://www.cbc.ca/news/canada/toronto/toronto-s-short-term-rental-bylaws-could-be-delayed-months-over-omb-appeals-1.4604901>

## REGULATION IN PRACTICE

### SELECTED INTERNATIONAL CITIES



#### San Francisco

Officials in San Francisco's Office of Short-Term Rentals addressed what they determined to be a housing crisis through "common sense regulations." After San Francisco established a registration system to keep track of home-renting, the number of listings on Airbnb dropped almost in half virtually overnight (from 10,000 to 5,500).<sup>34</sup> Under the regulations, Airbnb was required to delist all homeowners who did not register with the city. The registration requirement was part of a broader package of regulations that limited home-renting to permanent residences, with a 90-day rental cap for whole homes<sup>35</sup>.

The regulations apply to all home-renting platforms. Prior to the regulations coming into force, Airbnb and HomeAway had jointly sued San Francisco to vacate the law. A U.S. district judge ruled that the city was within its rights to regulate the industry.



#### New York City/State

The New York State Multiple Dwelling Law makes it illegal to offer short-term accommodation in any building that has three or more units unless the owner is present during the guest's stay.<sup>36</sup> New York

State imposes a penalty of \$1,000 for the advertising of illegal listings that is in violation of the multiple dwelling law.

Airbnb notes that it collects and remits county bed taxes on behalf of hosts in 20 counties across New York State. Airbnb also indicates that it has voluntarily implemented a "One Host, One Home" program for entire-home listings in New York City. As a result, hosts cannot act as commercial operators with multiple units.

New York City's Office of Special Enforcement tracks down violations of the law based on general inspections and in response to complaints.<sup>37</sup> The enforcement team numbered 48 by the end of 2017.<sup>38</sup> An organization named Share Better (comprising hotel and affordable housing advocates) have hired private investigators to expose illegal short-term accommodation offerings and report their findings to the city for follow up.



#### New Orleans

Starting April 1, 2017 New Orleans<sup>39</sup> required that hosts register with the City. Airbnb facilitated a process where a separate registration with an annual fee is required for each property. Rental platforms must delist properties that are not in the city's database.

<sup>34</sup> <https://www.digitaltrends.com/business/san-francisco-airbnb-listings/>

<sup>35</sup> <https://shorttermrentals.sfgov.org/about>

<sup>36</sup> <http://www1.nyc.gov/assets/buildings/pdf/MultipleDwellingLaw.pdf>

<sup>37</sup> <http://www1.nyc.gov/nyc-resources/service/6744/space-used-as-hotel-vacation-rental-or-short-stay>

<sup>38</sup> <https://qz.com/1084108/1084108/>

<sup>39</sup> <https://www.nola.gov/short-term-rentals/>

The city issues three types of licenses: temporary, accessory and commercial. Temporary and commercial allow owners to rent entire houses or apartments. These categories represent about three-quarters of the properties registered in the system. The number of days a property can be rented is limited to 90. There are districts in the city where short-term rentals are not permitted (e.g. French Quarter). Permits will also be denied if property taxes are in arrears.

Airbnb collects and remits the applicable hotel taxes on behalf of hosts. Hosts that rent on other platforms must independently collect and remit the requisite taxes.



## Amsterdam

For an entire home rental, every transaction must be reported to the City

and a tourist tax must be paid. The number of days that a property can be rented cannot exceed 30.<sup>40</sup> If a property is covered by a homeowner's association then permission from that group is explicitly required. No more than four people can occupy a short-term rental residence and specific nuisance provisions are attached to all arrangements. Every unit must meet appropriate fire safety standards.

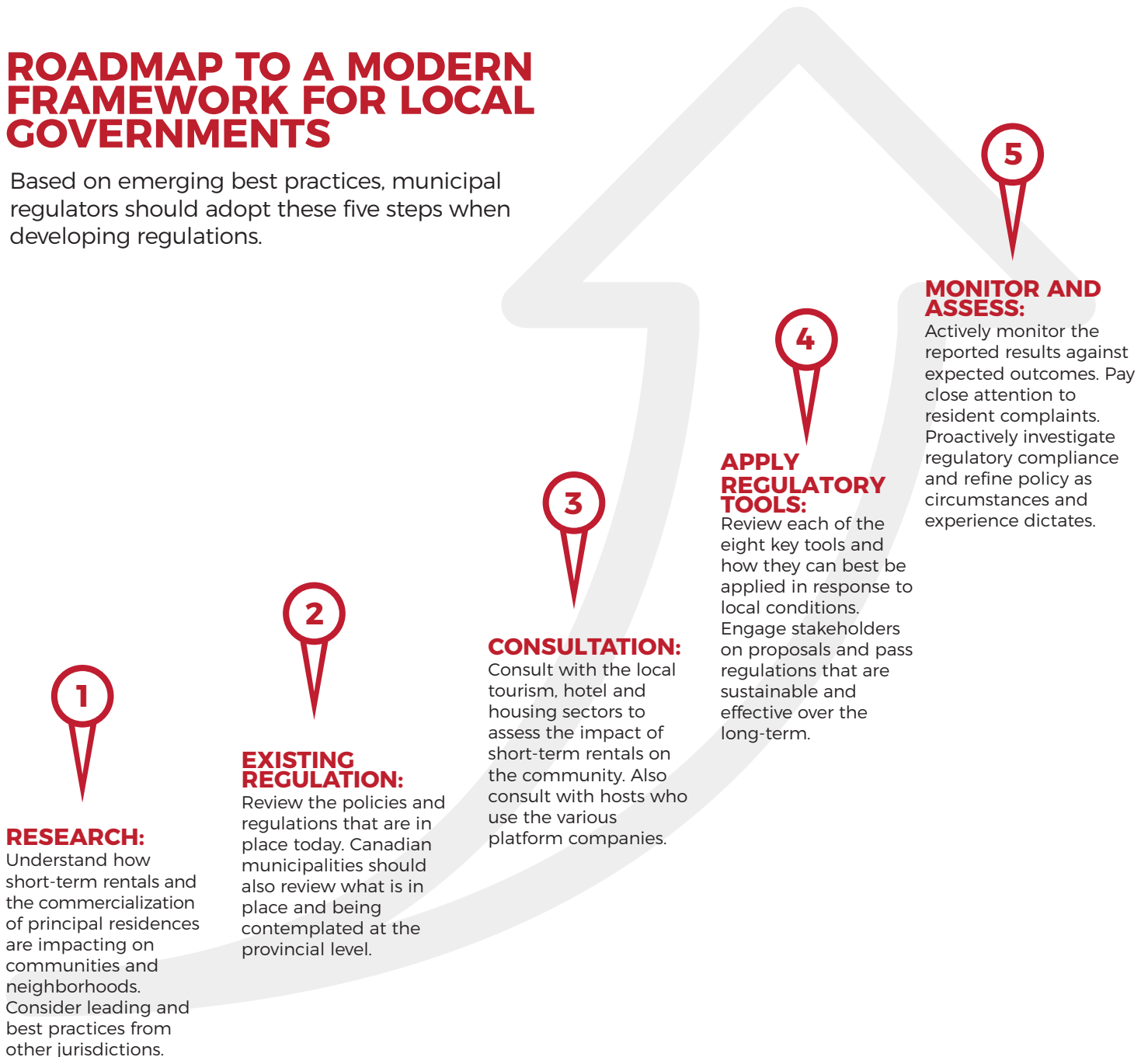
Similar regulations apply when renting out only a portion of an owner-occupied home. Only 40 per cent of a home can be made available for rent. Owners must keep a register of the guests, including the type of identification that was used to verify the identity of the renter.

One weakness of the regulation in Amsterdam is that the reporting obligation is largely with the host and not the platform company. This makes enforcement more difficult and costly.

<sup>40</sup> <https://www.engadget.com/2018/01/10/amsterdam-airbnb-rental-30-day-limit/>

## ROADMAP TO A MODERN FRAMEWORK FOR LOCAL GOVERNMENTS

Based on emerging best practices, municipal regulators should adopt these five steps when developing regulations.





HOTELASSOCIATION.CA  
INFO@HOTELASSOCIATION.CA  
613.237.7149

