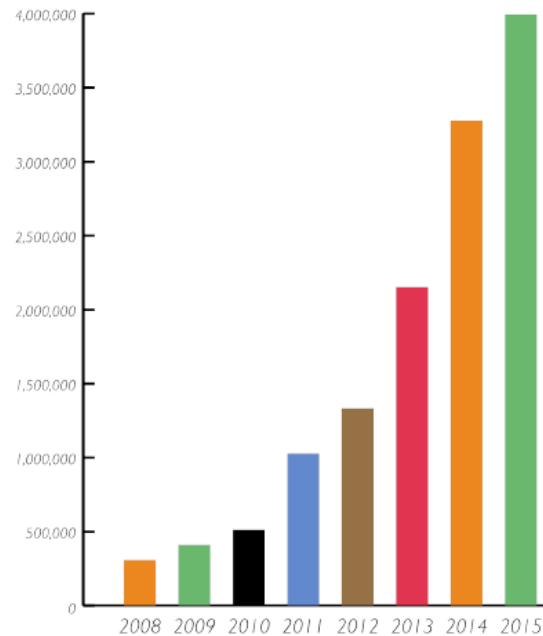


Enabling Short-Term Rentals in Vancouver



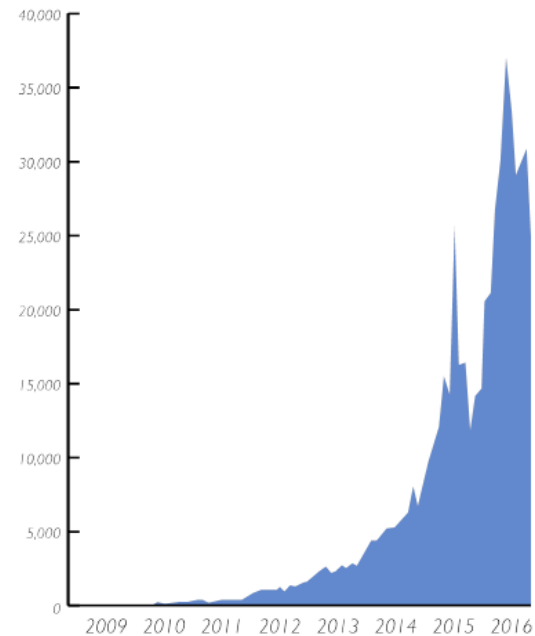
The 'New' Short-Term Rental Marketplace

Global listings on top four platforms*
(2008 - 15)



*Airbnb, VRBO, Flipkey, Homeaway

Global listings created by month
(Airbnb 2009 - 16)



What Are Short-Term Rentals?

Short-Term Rental

< 30 days

“Long-Term” Rental

> 30 days



Rapid Short-Term Rental Growth in Vancouver

- World Class Tourist Destination
- Listings Doubled Year Over Year for Past Two Years

Current Regulations **Do Not Allow STRs**

10.21.6 No person shall **use or permit to be used any dwelling unit for a period of less than one month** unless such unit forms part of a hotel or is used for bed and breakfast accommodation.

Pros and Cons of STRs

✓ **Off-Set High Cost Of Living**

✓ **Enable Tourism Options and Appeal**

✓ **Contribute to Local Businesses**

↓ **Reduce Rental Housing Stock**

↓ **Nuisance And Safety Concerns**

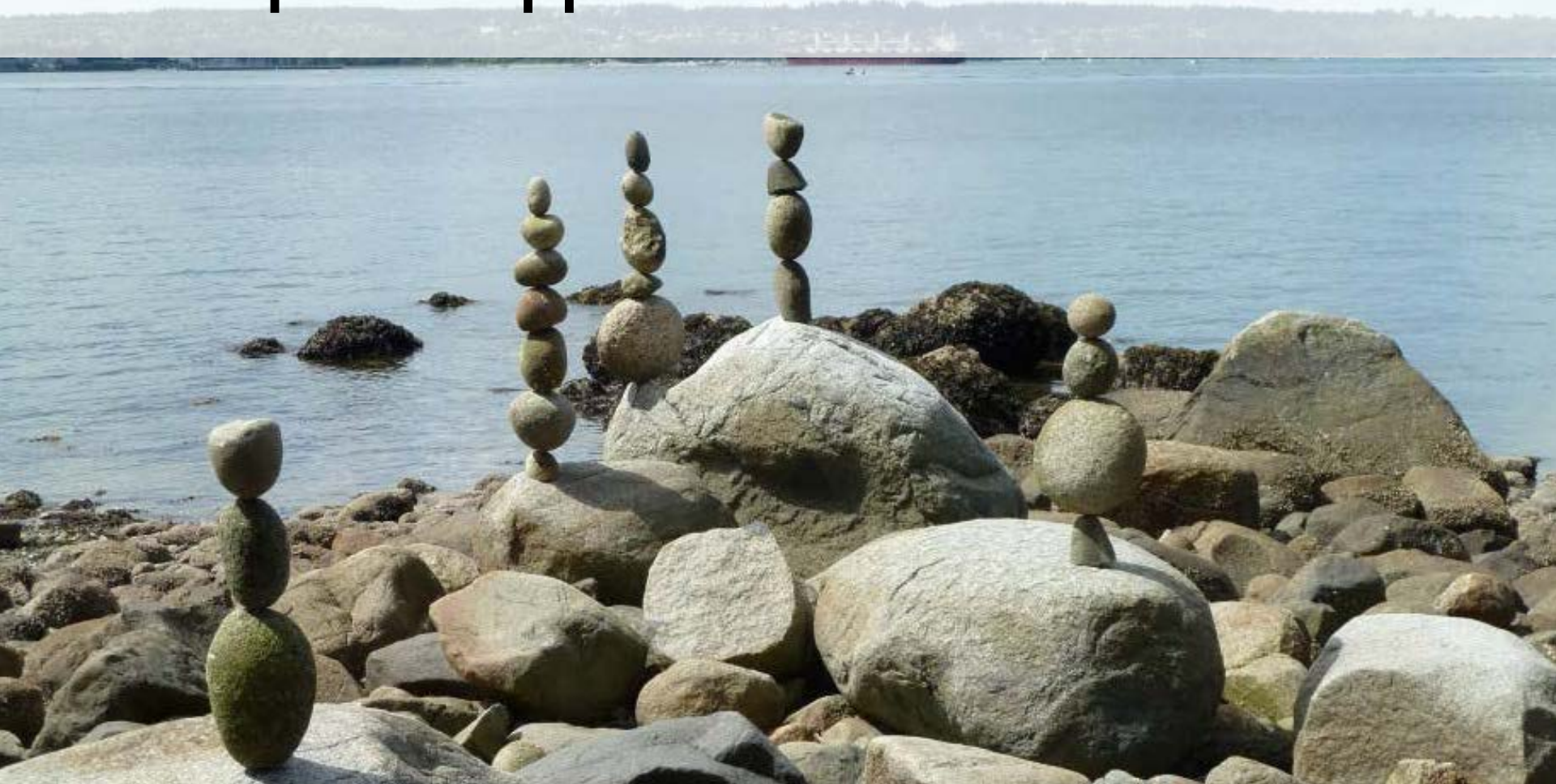
↓ **Difficult to Track and Regulate**

In April, Council directed staff to...



- ✓ Obtain Credible Local Data
- ✓ Engage Platforms
- ✓ Analyze Housing Impacts
- ✓ Review Regulations In Other Cities
- ✓ Consult With Key Stakeholders
- ✓ Develop An Option To Mitigate Housing Impacts

The Proposed Approach...



... a balanced solution to a complex challenge



Overview

1. Key Findings
2. Recommended Approach
3. Next Steps

1. Key Findings



5,300

unique short-term
rentals in Vancouver



TYPE OF LISTINGS

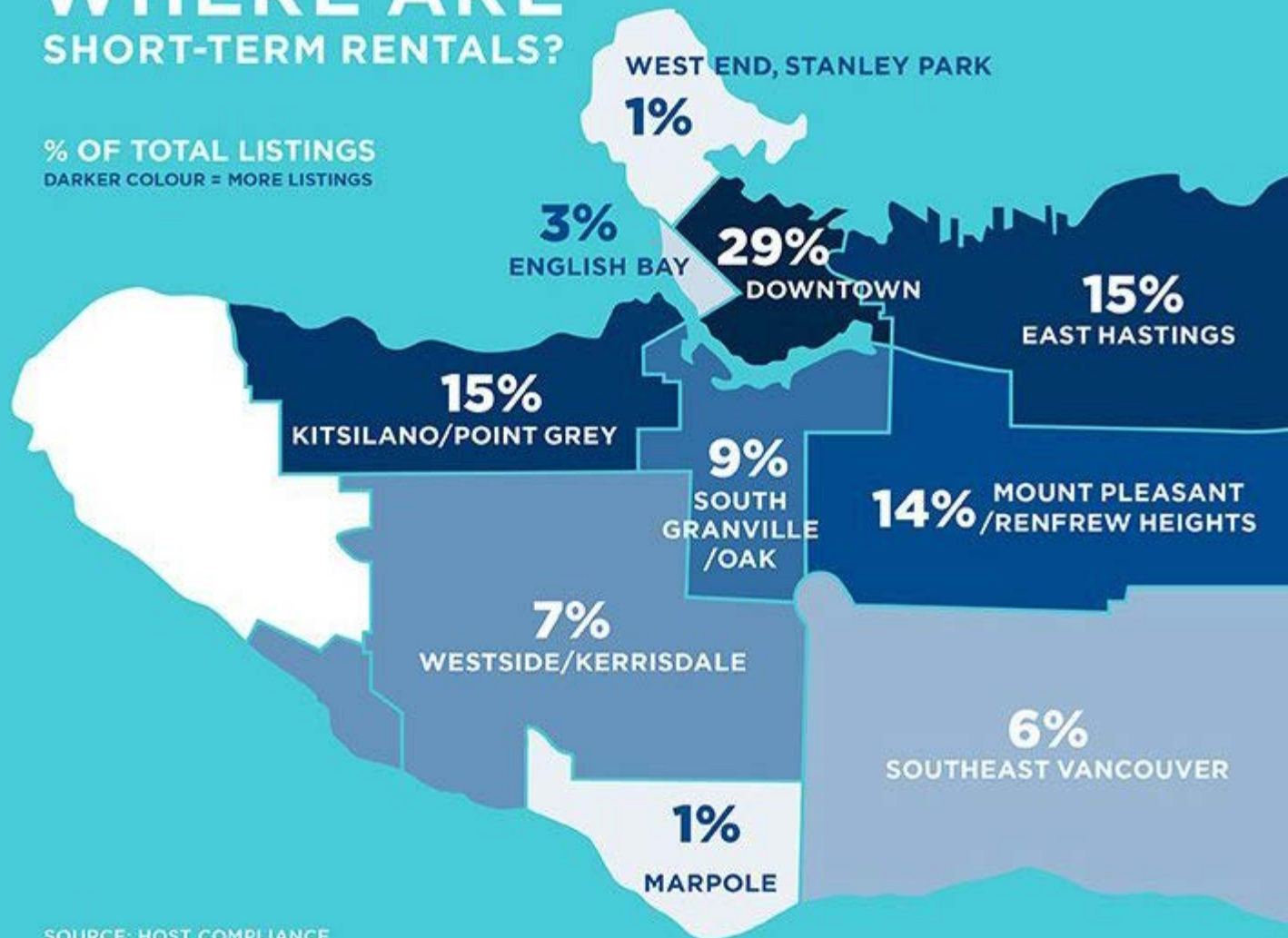
75% entire units (entire house,
apartment or condo)



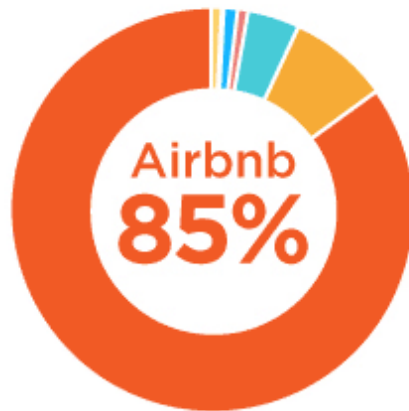
25% shared space (private or
shared room in a house,
apartment or condo)

WHERE ARE SHORT-TERM RENTALS?

% OF TOTAL LISTINGS
DARKER COLOUR = MORE LISTINGS



SOURCE: HOST COMPLIANCE



AIRBNB

85%



HOMEAWAY
FAMILY

8%



FLIPKEY

4%



ROOMORAMA

1%



VANCOUVER
DREAM RENTALS

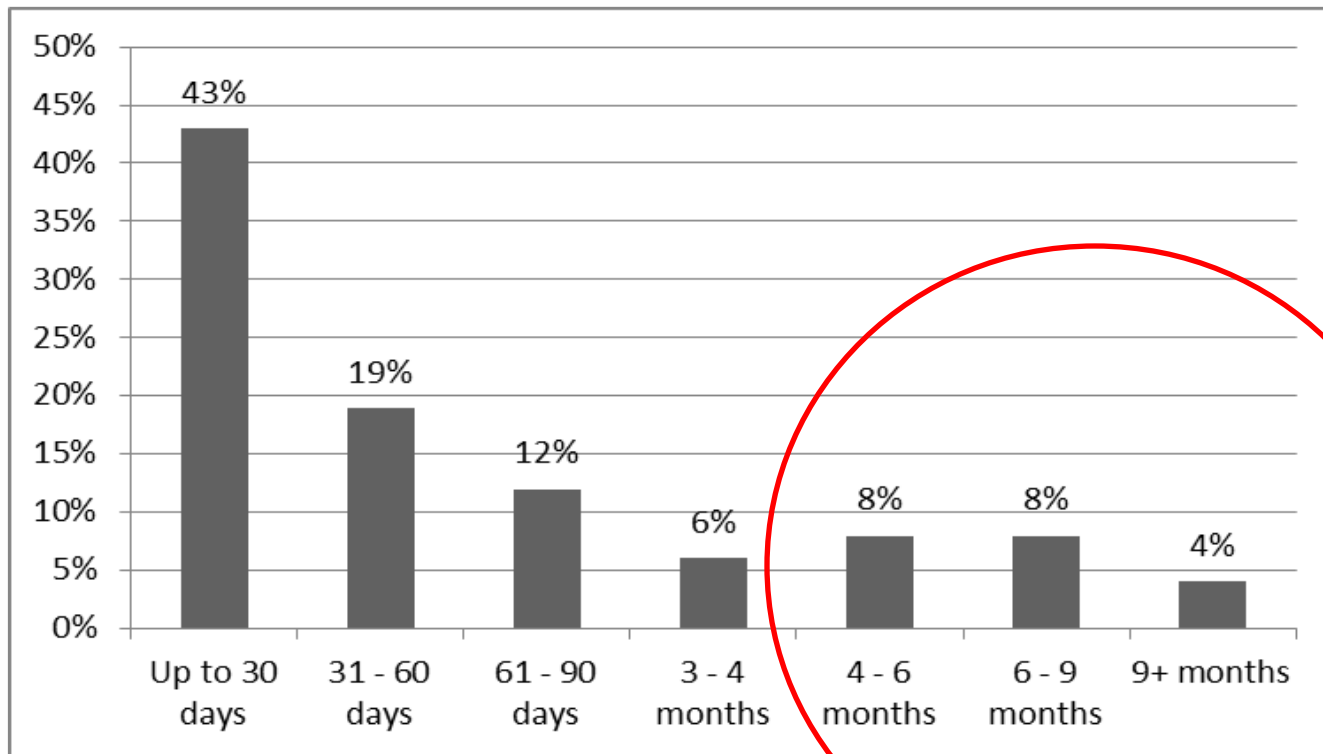
1%



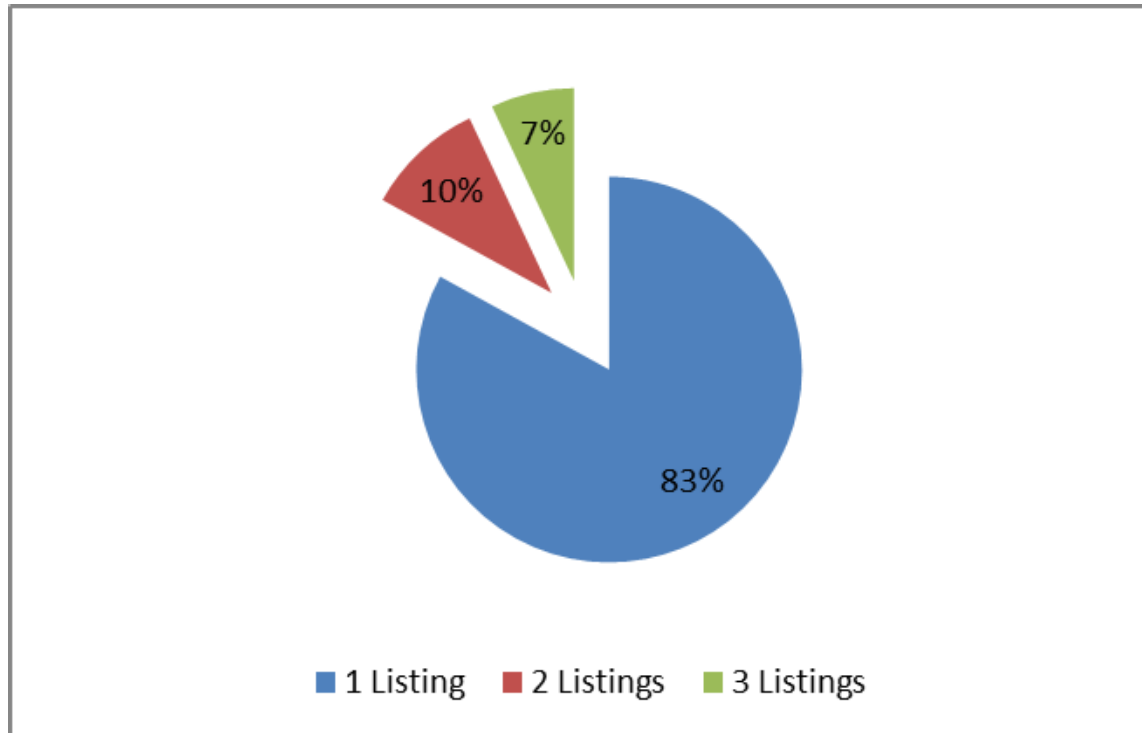
CRAIGSLIST

1%

20% Of Units Rented More Than Four Months Last Year

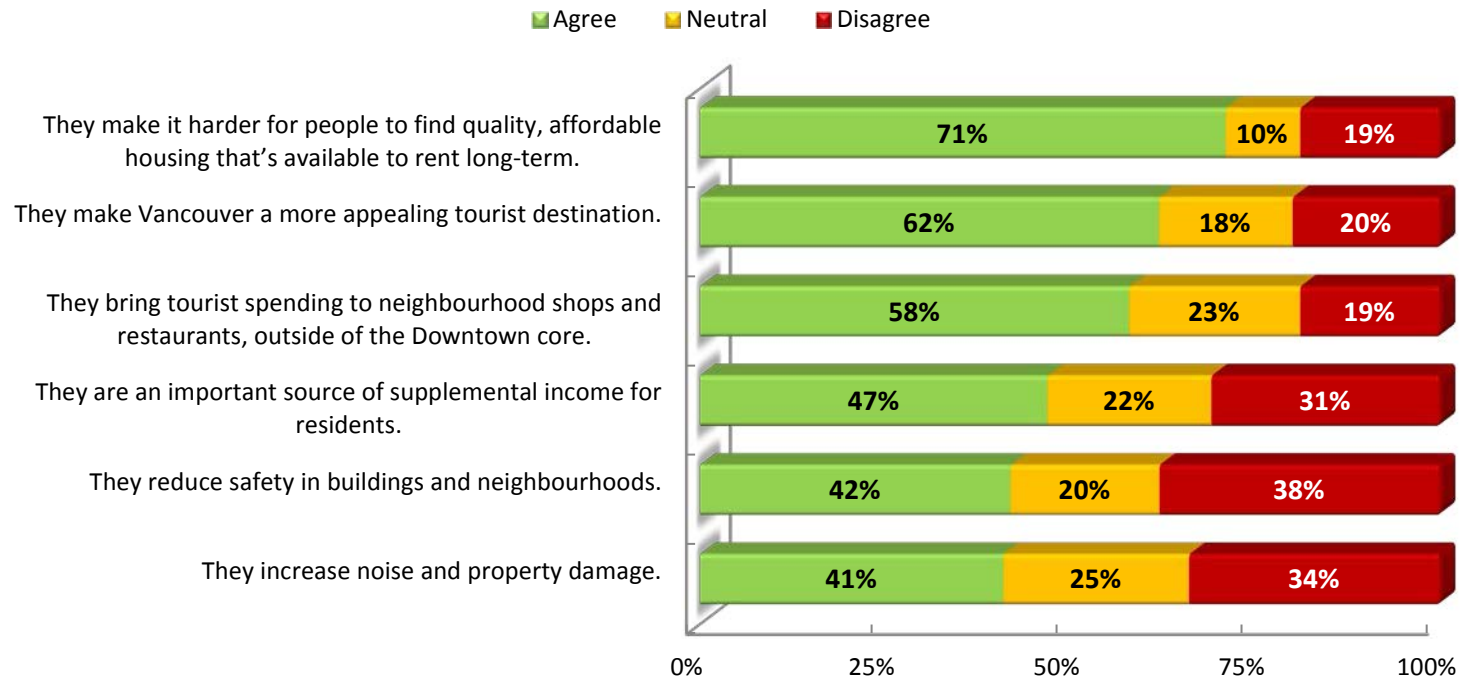


17% of Hosts Have More Than One Listing



What We Heard

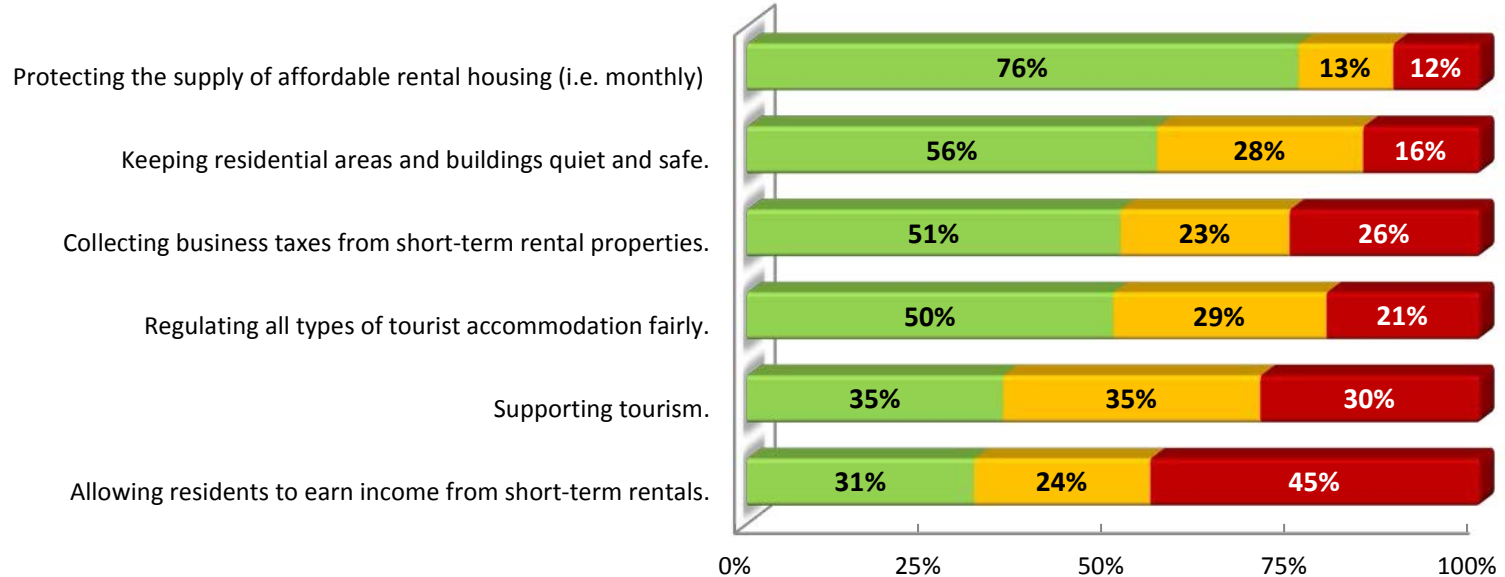
General Perceptions of Short-Term Rentals



What We Heard

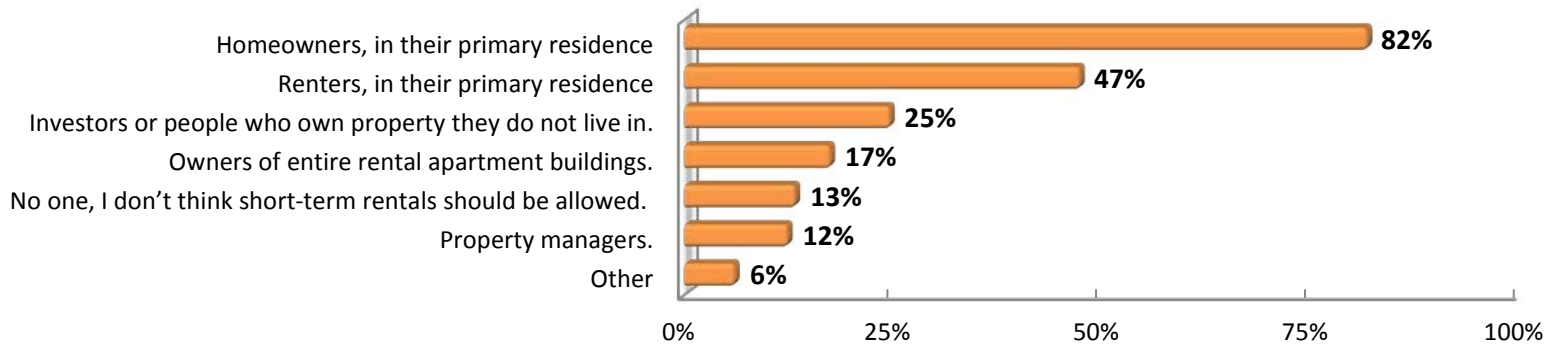
Priorities for a New Approach

■ High Priority ■ Neutral ■ Low Priority

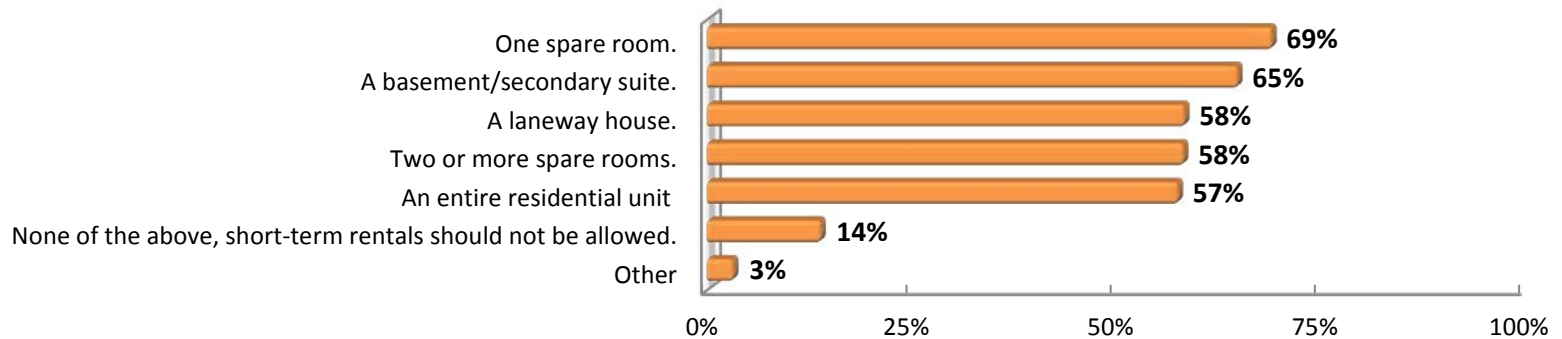


What We Heard

Who should be allowed to offer units on the short-term rental market?



What type of space should be allowed for short-term rentals?



Key Findings:

Strong Financial Incentive To Rent Short-Term

One Bedroom Unit Downtown

Average monthly rent: **\$1,331**

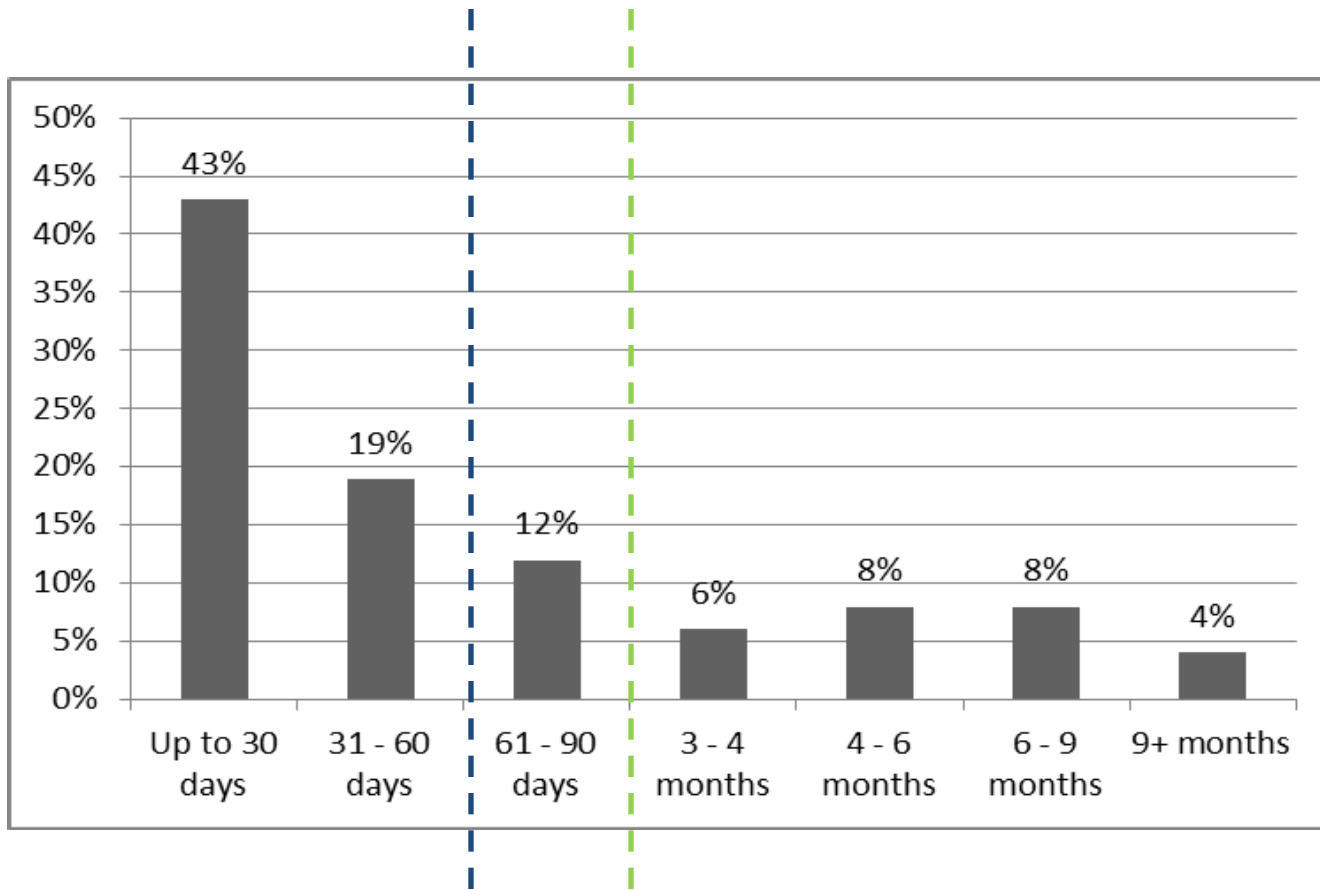
Average nightly STR rate : **\$152**

Break-even point: **9 nights per month**

108 nights per year

Key Findings:

More Than 1,000 Units Might Not Be Principal Residences



Total Entire Unit Listing: 4,009

**>60 days: 1,563
or 39%**

**>90 days: 1,082
or 27%**

Key Findings:

Short-Term Rentals Support Tourism

- Increases supply and diversity of visitor accommodation
- Provides needed capacity for peak seasons and major events

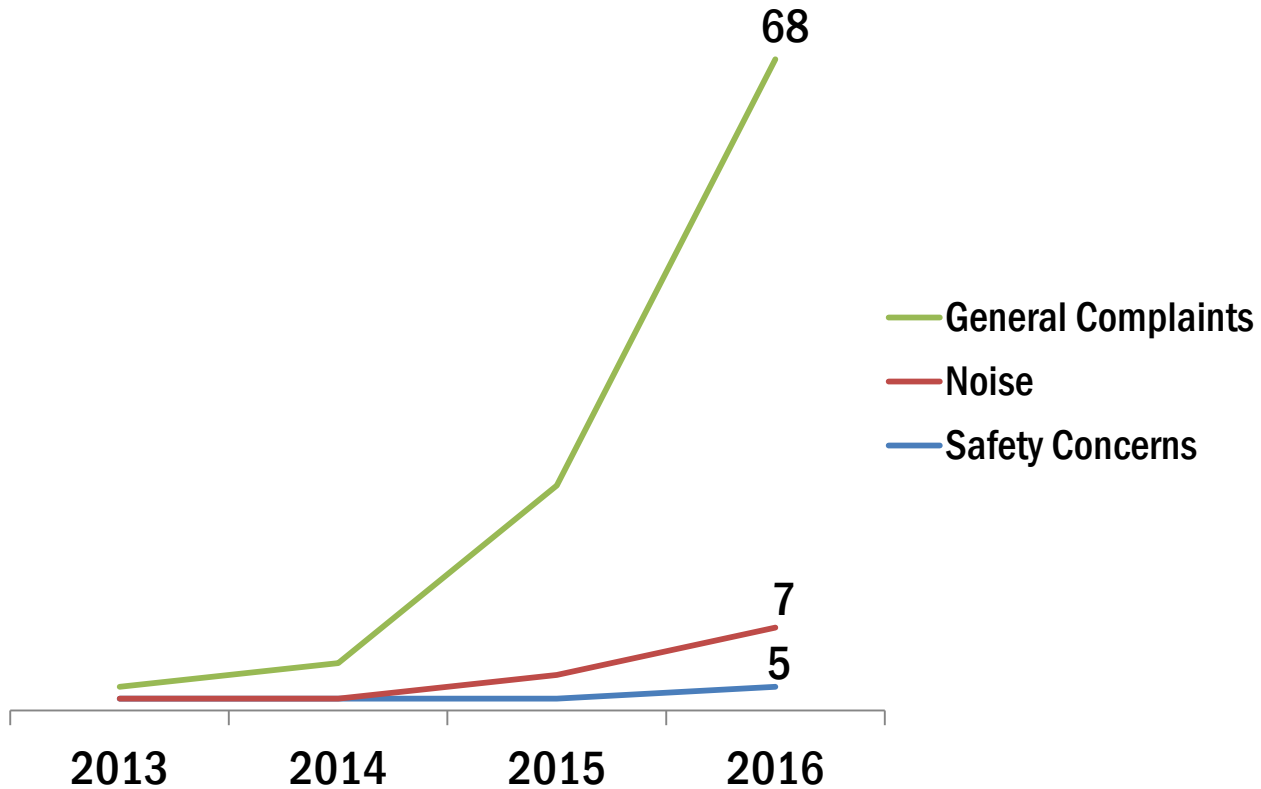


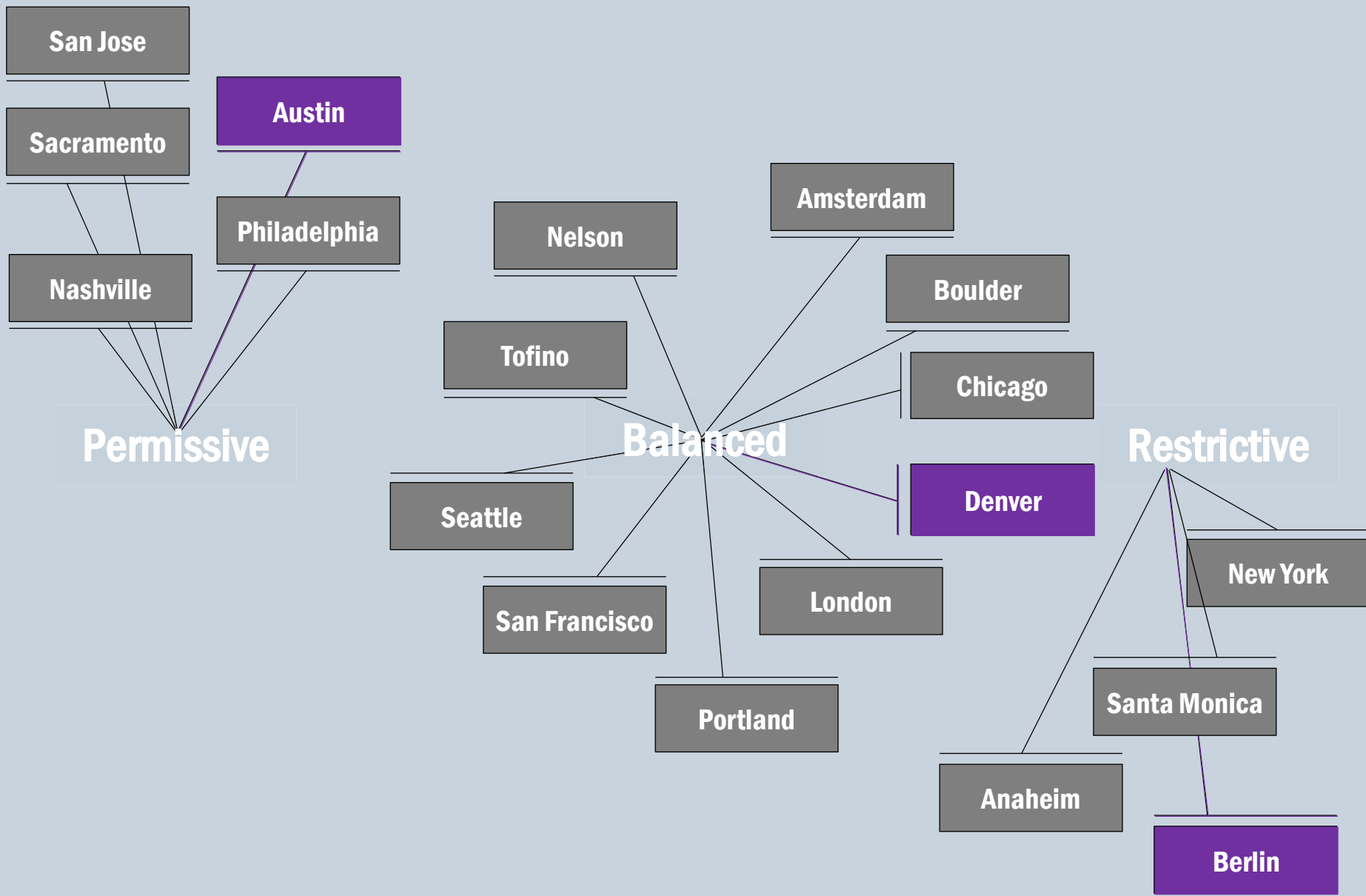
Key Findings:

Economic Benefit To Residents and Businesses

- 81% of operators use to cover housing costs
- >50% daytime spending in local area

Key Findings: Complaints Are Low But Rising






Comparative Approach

Approach	City	Unit types that can be licensed	# of nights that can be rented per year		Cap on # STRs Licensed	Who can hold an STR licence	Tax Paid
			Shared Space	Entire Unit			
Restrictive	Berlin	Principal residence	Unlimited	0	none	Owner Renter	YES
Balanced	Denver	Principal residence	Unlimited	Unlimited	none	Owners Renters	YES
Permissive	Austin	Principal residence Secondary suite Investment unit	Unlimited	179 Unlimited Unlimited	Investment units: 3% residential neighbourhood 25% commercial	Owner	YES

2. Recommended Approach

Vancouver's Objectives

An aerial photograph of Vancouver, British Columbia, Canada, showing the city's dense urban core, the harbor, and the surrounding mountains. The image is used as a background for the slide.

- 1. Long Term Rental Supply**
- 2. Neighbourhood Fit**
- 3. Supplemental Income**
- 4. Tourism**
- 5. Health and Safety**
- 6. Tax and Regulatory Equity**
- 7. Compliance**



The Proposal

Approach: Allow STRs In Principal Residences

- I. Part or all of home
- II. Owners and renters
- III. No limit on nights per year

Principal Residence Definition Aligned With Empty Homes

a “**principal residence** is the usual place that you make your home...

It’s where you **live and conduct your daily affairs**, like paying bills and receiving mail...

...and it’s generally the **residence used in your government records** for things like your income tax, Medical Services Plan, driver's license and vehicle registration.”

No Limit on Rental Nights Per Year

Night Cap Rationale	Examples	Vancouver Proposal
Licence Threshold	In London (UK) and Chicago , only STRs above cap require a licence.	No. All short-term rentals will require a licence.
Financial Disincentive	San Francisco sets 90 day cap so revenue from STR would be less than revenue from long term rental.	No. Short-term rentals only allowed in principal residences.
Minimize Conflicts	In cities that allow in non-principal residences, night caps limit activity to address neighbourhood fit concerns.	No. Not allowed in non-principal residences. Can also address through business licence conditions.

Proposed Approach Would Legalize > Half Of STRs

~4,000



Entire home/apt

50 – 60%
allowed

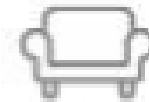
~1,200



Private room

Almost all
allowed

~100



Shared room

Probably all
allowed



The Proposal

STR Business Licence

- I. Upfront proof of principal residence**
- II. Online, simple**
- III. Audits to prevent fraud**

Prove Principal Residence Through Licensing

**ONLINE
BUSINESS
LICENCE**

**PROOF OF PRIMARY
RESIDENCE**

PROOF OF CONTROL

- PROPERTY TITLE (*OWNERS*)
- PROPERTY TAX ASSESSMENT (*OWNERS*)
- TENANCY AGREEMENT & LANDLORD AUTHORIZATION (*RENTERS*)

PROOF OF DAILY BUSINESS
(MINIMUM 1 OF EACH)

- PHOTO IDENTIFICATION
e.g. *DRIVERS LICENCE* or *BCID*
- ADDRESSED MAIL (<3 MONTHS OLD)
e.g. *UTILITY BILLS, MSP BILL, TAX NOTICE*

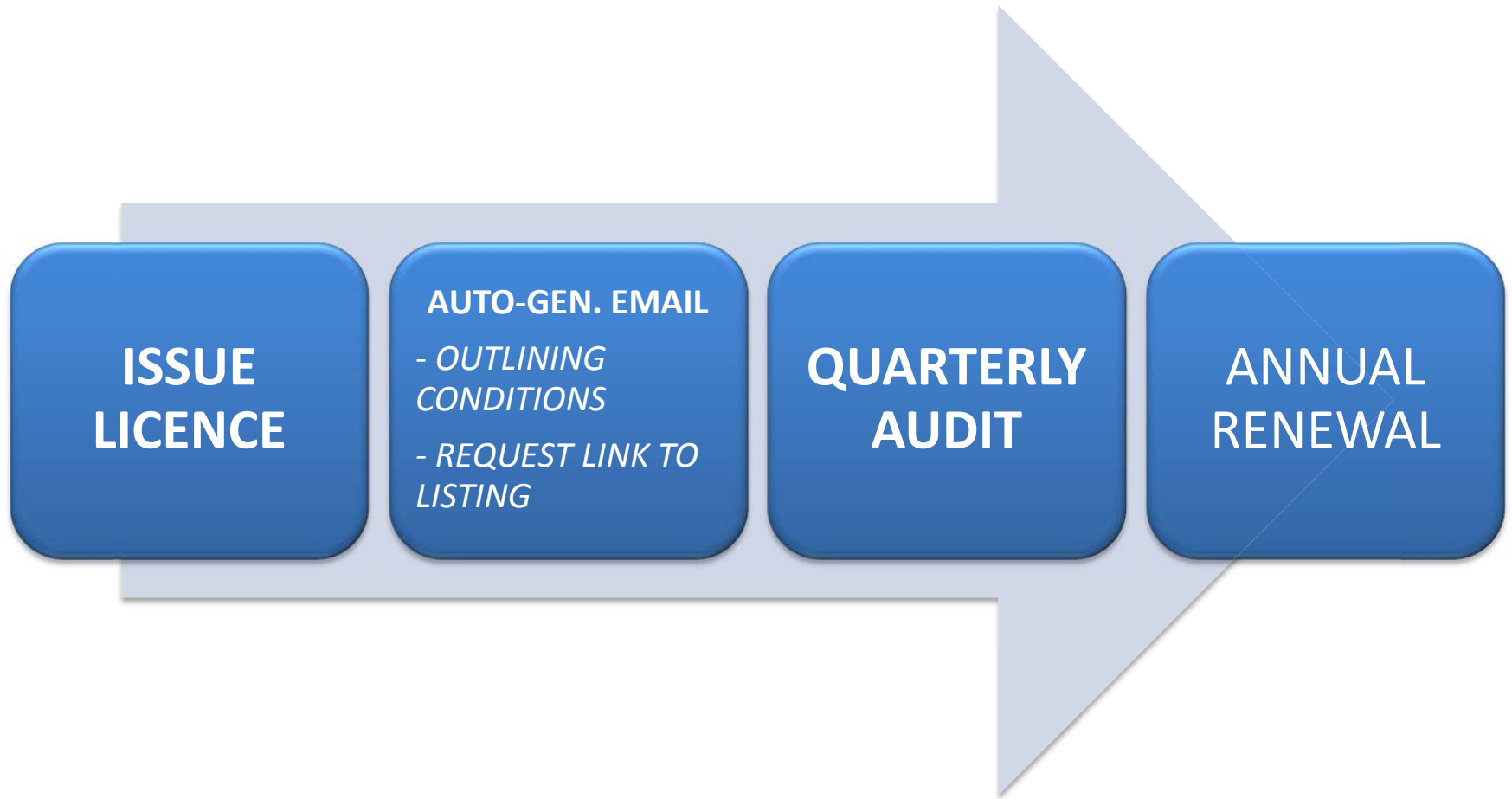
DECLARATIONS

DWELLING UNIT IS LEGAL & SAFE

GOOD NEIGHBOUR CONDITIONS

UNDERSTANDING OF PENALTIES

Audit To Prevent Fraud And Ensure Safety





The Proposal

Proactive Enforcement

Enforcement Strategy

- I. Use City bylaw and enforcement powers fully**
- II. Partner with platforms and third party vendors**
- III. Coordinate with stakeholders and the public**

Penalties For Licence Fraud

LICENCE IS **VOID** IF
INFORMATION IS FRAUDULENT

NO REFUND

NO ELIGIBILITY
TO HOLD
STR LICENCE FOR
ONE YEAR

Progressive Enforcement Against Unlicensed STRs



Cooperate With Platforms And Others

COV - Empty Homes Tax

- Quarterly Report of unlicensed offenders (unlikely primary residents)
- *Risk to Operators:* to be taxed under the Vacant Home regulations

Canadian Revenue Agency

- Annual Report of potential high earning, unlicensed property owners.
- *Risk to Operators:* Tax Audit

BC Assessment

- Annual report of likely commercial offenders.
- *Risk to Operators:* to be taxed as a commercial property

Real Estate Council of BC

- Quarterly Report of Possible Bad Practices of Relators or Property Managers
- *Risk to Operators:* Revoked Real Estate Licence

Short-Term Rental Platforms

- Regular sharing of licensed operators
- *Risk to operators:* platform delists unlicensed operators

Support Voluntary Public Compliance

UP TO DATE CONTENT

SIMPLIFIED
HOW – TO GUIDE

**PROMOTE PUBLIC
AWARENESS**

EMBEDDED SURVEY:
CAN I HAVE A LICENCE?

PUBLISH LICENCED
LOCATIONS
FILLABLE 3-1-1 FORM

STR Scenarios

1. A Home You Own.

- Jim and Bob own a three bedroom house in Vancouver and live there full time.
- They rent their home a few weeks a year when they go on vacation over the summer and winter holidays.

**STR Currently
Allowed?**

 **No**

**Proposed
Approach?**

 **Yes**

*Allowed to rent private
room or entire unit.*

2. A Home You Rent.

- Roy rents a condo in Vancouver and lives there full time.
- He travels a lot for work and rents his condo short-term when he's on the road.

**STR Currently
Allowed?**

 **No**

**Proposed
Approach?**

 **Yes**

*Allowed to rent private
room or entire unit.*

3. A Unit Occupied By Family.

- Sarah and Rick own a condo, and their daughter Katie lives there full time.
- Katie leaves for a summer internship and Sarah and Rick want to rent her room out short-term for the summer.

**STR Currently
Allowed?**

 **No**

**Proposed
Approach?**

 **Yes**

*Allowed to rent private
room or entire unit.*

4. A Secondary Suite Or Laneway House.

- Sophia and Ricardo own a house with a secondary suite. Their daughter Bella stays there when she visits from university.
- Sophia wants to rent it short-term when Andrea is away.

**STR Currently
Allowed?**

 **No**

**Proposed
Approach?**

 **No**

Can rent 30 days or more.

5. A Unit While You Are On Sabbatical.

- Susan and Lisa own a condo in Vancouver that is their principal residence.
- They spend the winter months in Florida and want to rent their home short-term while away.

**STR Currently
Allowed?**

 **No**

**Proposed
Approach?**

 **Yes**

*Allowed to rent private
room or entire unit.*

6. An Investment Property Or Vacation Rental.

- Dan lives full-time in Calgary but owns a condo in Vancouver that he visits a few times a year.
- He wants to have a property management company run his unit as a short-term rental when he is not in town.

**STR Currently
Allowed?**

 **No**

**Proposed
Approach?**

 **No**

Can rent 30 days or more.

3. Next Steps



- **Consult the public and stakeholders**
- **Refine details of the approach**
- **Develop implementation plan**
- **Prepare bylaws**
- **Report back to Council (Q1 2017)**