

## Councillor Questions Following October 24, 2017 Public Hearing

1. According to the staff presentation there are 30,125 total secondary suites in Vancouver, with 5,925 of them (20%) permitted/legal. Regarding the 80% of secondary suites that are illegal, what process would be required for them to be legalized in order to qualify for a Short Term Rental license - i.e., would a host have to upgrade the suite via the MCD process or the simpler, less costly secondary suite program?
  - *They would be able to upgrade the suite through the secondary suite program, following the same process as upgrading a suite for long-term rental.*
  - *No one will be allowed to rent a space that is not a legal dwelling unit. In other words, illegal secondary suites will not be allowed to short term rent.*
  - *Over the past 15 years, Vancouver residents were nearly 3x more likely to die in fire in an illegal secondary suite than in an average home, and therefore while staff want to ensure that the secondary suite legalization process is as simple and affordable as possible, we also want to ensure that all dwelling units are safe for occupancy.*
  - *Upgrades required for legalization may include increased fire resistance, upgrades to plumbing, electrical, and heating/ventilation systems, and structural changes to ceilings, windows, and exists.*
  - *The City has a mandate to ensure the safe occupancy of buildings, and staff are concerned about STR guests unknowingly staying in unsafe dwelling units.*
  
2. Why did we change regulations to allow only one booking at a time? If the bookings are in the principle residence, why not allow more than one booking (e.g., to enable a host renting more than one room, for example 3 at a time.)
  - *Staff did not change the intent of the recommendations from the July 5<sup>th</sup> policy report.*
  - *The July 5 Policy Report recommended prohibiting advertisement of more than one STR accommodation (page 20; requirement 21).*
  - *A host may rent all or a portion of their principal residence unit (at their discretion), but only through a single booking. A single booking is the equivalent of one transaction between one host and one guest (a guest can be one family or group of people in the same party).*
  - *The rationale for this is twofold:*
    - i. *to help protect the market for long-term private room rentals (an important source of rental housing for lower income residents). Currently, monthly STR rental incomes are 3 times those of long term rental incomes, which creates an incentive for owners to maximize STR's and puts pressures on market rental rates that long term renters cannot compete with.*
    - ii. *to respect the intent of land use rules that protect residential neighborhoods from larger scale commercial operations or transient dwellings, where running multiple short term listings out of multiple rooms in one home may create tension with neighborhood character, quality, and safety.*
  - *For example, if I owned a home with five bedrooms, I could live in one room and STR the other four rooms to a family visiting Vancouver.*

- *However, I wouldn't be able to live in one room, and run a four-room lodging house short term renting-out each room separately.*
3. What metrics should we be tracking to know if our policy is effective, especially in terms of the impact on the rental crisis?
- *One of our key success metrics would be the number of STR listings relative to the number of hosts (note: we can tell the number of hosts regardless of whether they're licenced though screen-scraping). If this ratio is declining, it would suggest that operators of multiple STR units are starting to leave the market, one of the key policy objectives.*
  - *Staff would also continue to monitor annual rental frequency in STR units, expecting that the percentage of units rented for more than 60 or 90 days annually would decrease.*
  - *The STR Enforcement Coordinator would manually review online listings and websites for known commercial operators, and track whether these units are being added or returned to the long-term rental market (by cross-checking the LTR licence registry and online LTR platforms).*
  - *Finally, while this STR policy proposal is not expected to be a silver bullet to the overall housing crisis, we do expect that it could improve the current vacancy rate. Staff will review CMHC data on rental vacancy, prices, Residential Tenancy Branch information related to STR, online and screen-scraped data from STR Platforms, resident feedback, public surveys, etc. to monitor availability of long term rentals. While it will be difficult to isolate the impact of STR policies from the various other Housing Vancouver strategies, the combination of our STR data tracking alongside reviewing these larger data points should provide an indication of the impact.*
4. What elements of "compliance" are the most critical and how could we focus on increasing the rate of compliance for those elements?
- *Once a STR program is approved, staff will focus on comprehensive education communication to help people understand the rules and how to become a STR operator. We believe a public campaign before and after the launch will go a long way to help people understand and comply.*
  - *While the compliance projections in the July 5 report are relatively conservative, these were largely for budgeting purposes and were based on the compliance rates other cities have had. We hope that the combination of our public campaign, our licensing rules, and our comprehensive enforcement approach will prove much higher compliance rates.*
  - *For the most critical compliance areas, staff are prioritizing compliance with building and fire safety requirements, which would include enforcement of unlawful dwelling units (e.g. illegal secondary suites or mobile STR's), emphasizing the need for coordination between Property-Use, Building, and Fire inspectors.*
  - *Staff are also focused on commercial operators (with multiple units) and unlicensed operators, first identifying them through online review and data collection, and then taking steps to remove them from the market.*

5. Can we require that all STR platforms provide a space on their forms for the business license number of the host? Do we need to license the platforms to do that?
  - *Staff would like to directly licence operations, however there is an ongoing legal review regarding licence jurisdiction for online platforms (for STR and other online platform-based services, which are not physically-based in Vancouver or Canada). As such, staff are not yet recommending a new business licence type for STR Platforms.*
  - *In lieu of a license, the City will pursue a Memorandum of Understanding (MOU) with all active STR Platforms to foster program compliance. A minimum requirement of this will be requiring the posting of licence numbers on online listings. In addition, the MoU will request that operators support local bylaws and work with the City to remove commercial listings and/or provide data that will enable staff to cross reference municipal licence, 311 and other datasets.*
  
6. Can we make a condition of the STR license that they must post their business license number on the STR platform form (like San Francisco) - and then fine someone for non-compliance if they don't do that?
  - *Under the proposed regulations from the July Policy Report,, licensed STR Operators would be required to post their licence number in online ads, regardless of whether the Platform provides a designated field for it (i.e. at a minimum, the licence number would need to be in the listing description).*
  - *Staff are also recommending a new type of offence for "marketing" STR accommodation without a business licence (note: \$1,000 per violation); a new addition since the July Policy Report.*
  
7. Are there any reasons why we should not allow at least 2 rooms to be rented (i.e., 2 listings) by a host in their residence?
  - *Under the proposed regulations, STR Operators could rent two rooms in their home (or more/less rooms, or an entire dwelling unit) just not as multiple separate listings or bookings.*
  - *The rationale for this is to prevent STR Operators from running lodging houses, and to help protect the market for long-term private room rentals (an important source of rental housing for lower income residents).*
  - *The current Bed and Breakfast business licence (which will be maintained) allows a maximum of two separate listings.*
  
8. Based on answers to previous questions, between 500 and 1,000 of active STR units are secondary suites and, according to a July 2016 survey, 17% may rent long-term if they can't rent short-term, i.e., releasing 85 to 170 secondary suites to the long-term rental market, maybe fewer as staff noted that fewer would rent long-term if they use their suite for family. Do I have this right? Does that mean that the rest of the 400 to 1,600 units staff estimate could be returned to the long-term rental market are condos, apartments, laneway homes, whole homes?
  - *17% of all surveyed STR hosts say they would be willing to rent long-term if prohibited from STR; however the survey did not ask this question specifically of secondary suite owners.*

- *Of the 500-1,000 secondary suites in the STR market, only approximately 100-200 are legal dwelling units deemed safe for occupancy, limiting the number of LTR units which may be added/returned to the market without further legalization of secondary suites.*
  - *For this reason, the number of legal secondary suites which would be added/returned to the LTR market is likely under 100.*
  - *Staff estimates for the number of non-principal units (which potentially could be rented long-term) was based on annual rental frequency, however this analysis was unable to isolate rental frequency specifically for secondary suites.*
  - *Concurrent with the proposed STR policy, staff are reviewing the current secondary suite bylaws and compliance and will return to Council with findings and recommendations on how to increase the number of legal secondary suites in the City.*
9. If we did allow short-term rental of a secondary suite, could we require a separate business license and charge a different (higher) license fee or transaction fee?
- *Yes, this is possible by creating a separate business licence type.*
  - *If secondary suites were eligible for a licence, there is a risk that existing legal secondary suites rented to long-term renters may be converted to STR to generate more revenue.*
  - *At a minimum, there are currently approximately 2,210 legal secondary suites which are rented on the long-term market.*
10. If the Province applies a specific tax to short-term rentals, could the city request that the revenues generated be returned to the city for affordable housing?
- *Yes, we would prefer this approach. Current tax revenues do not return to the city in this way.*
11. If one goal of this program is to legalize currently illegal secondary suites, can we fast-track work to adapt the Secondary Suite Program to be used instead of the MCD program? (I won't give up on asking this question.)
- *Staff is concurrently evaluating the secondary suite program and will evaluate ways to increase compliance - be that through education, incentives (such as lower fees or fast-tracking), or a shift in the current requirements. This review will come forward to Council separately, but with consideration of the STR proposal and other Housing Vancouver strategies.*
  - *Currently, owners would be able to legalize their suite through the secondary suite program, following the same process as upgrading a suite for long-term rental.*
  - *The secondary suite program relaxes some building standards (e.g. ceiling height, fire separation rating, etc.) to better foster compliance.*
  - *The MCD (Multiple Conversion Dwelling) process involves stratification of multiple dwelling units in a single building, and would not apply in this case.*