



# RR-1

## POLICY REPORT LICENSING

Report Date: July 5, 2017  
Contact: Kathryn Holm  
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Meeting Date: July 11, 2017

TO: Vancouver City Council  
FROM: General Manager of Development, Buildings and Licensing  
SUBJECT: Regulating Short-Term Rentals in Vancouver

### **RECOMMENDATION**

- A. THAT the Director of Planning be instructed to apply to amend the Zoning and Development By-law and the Zoning and Development Fees By-law to implement the recommendations set out in this Report regarding Short-Term Rentals and that the application be referred to Public Hearing.
- B. THAT the Director of Legal Services be instructed to prepare amendments to the Zoning and Development By-law, Licence By-law, Ticket Offences By-law, and Zoning and Development Fees By-law to implement the recommendations set out in this Report regarding Short-Term Rentals, for consideration at public hearing.
- C. THAT the Director of Legal Services be instructed to bring forward the amendments to the Licence By-law and the Ticket Offences By-law to implement the recommendations set out in this Report regarding Short-Term Rentals at the time of enactment of the amendments to the Zoning and Development By-law and the Zoning and Development Fees By-law.

### **REPORT SUMMARY**

Short-term rentals (i.e. < 30 days per stay) are currently not allowed in Vancouver, outside of licenced hotels and bed and breakfasts, yet 5,927 short-term rental ("STR") units are posted on sites like AirBnB and VRBO.<sup>1</sup> Vancouver, like other cities around the world, must address the challenges posed by this emerging industry, and establish policies to ensure STR Operators (or "hosts") operate responsibly.

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<sup>1</sup> Host Compliance LLC (April 2017).

This report proposes a framework to enable STR in Vancouver. Proposed regulations and processes were developed based on extensive engagement, policy review, comparative analysis of other cities, and in coordination with other City of Vancouver initiatives such as Housing Vancouver and the Empty Homes Tax. The following guiding principles informed the proposed approach: protecting long-term rental supply; encouraging neighborhood fit; enabling supplemental income; supporting the tourism industry; ensuring health and safety; promoting tax and regulatory equity; and encouraging compliance.

The proposed regulations allow residents to STR their Principal Residence Unit (i.e. the main dwelling unit where they live), provided they obtain a business licence. STR would not be allowed by commercial operators. Owners would not be able to STR investment properties, non-principal secondary suites or laneway houses, although they may rent these dwelling units to long-term tenants. Non-principal residential units would not be eligible to STR even if the Empty Homes Tax is paid.

This report provides an implementation plan for the proposed regulations, covering compliance strategies, enforcement processes, resourcing and costing, system requirements, implementation timing, licence fees, and required by-law amendments. The report also includes a proposal for a transaction fee of up to 3% of STR booking prices to be collected and remitted by STR Platforms.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

On April 6, 2016 Council directed staff to study the issue of short-term rentals (“STR”) in Vancouver and develop a plan to bring these units into a regulatory framework.

On October 5, 2016 the Standing Committee on Policy and Strategic Priorities reviewed a staff presentation on the impacts of STR and a draft regulatory framework which allows for the STR of the Principal Residence Units<sup>2</sup> of owners and renters, but does not allow STR of non-principal secondary suites<sup>3</sup> or laneway houses, secondary residences, and investment properties. The Committee also heard from community members, local stakeholder groups, and a representative from AirBnB. The Committee’s direction to staff was to continue consultation and report back with proposed regulations, and a corresponding implementation plan, schedule, and resourcing proposal.

### ***CITY MANAGER’S/GENERAL MANAGER’S COMMENTS***

The City Manager and General Manager of Development, Buildings and Licensing support the proposed STR regulations, and acknowledge the delicate balancing act of regulating STR to enable supplemental income for residents, economic development, and tourism; without undermining the long-term rental market or neighbourhood fit in residential areas. The proposed regulations would bring the STR industry in Vancouver into a legal framework, benefitting from research of other jurisdictions to support compliance.

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<sup>2</sup> Note: “Principal Residence Unit” is “the usual dwelling unit where an individual makes his or her home, being the dwelling unit where an individual lives and conducts his or her daily affairs, such as paying bills and receiving mail, and is generally the residence used for government records for things like income tax, Medical Services Plan, driver’s licence and vehicle registration”.

<sup>3</sup> Note: “Secondary Suites” are “a smaller dwelling within a larger one-family dwelling or two-family dwelling, which must have separate external access and may have shared internal access”.

## **REPORT**

### ***Background/Context***

In the last decade, there has been rapid growth of online global marketplaces that connect people looking for short-term accommodation with people who want to short-term rent their homes. STR Platforms like AirBnB.com, VRBO.com, HomeAway.com and Flipkey.com have expanded rapidly, from around 300,000 STR listings worldwide in 2008 to over 4,500,000 in 2016.<sup>4</sup>

STR Platforms are currently used in Vancouver in various ways: individuals rent a bedroom in their home while they are there, or rent their entire home while they are away. Some people with second properties are renting them to others when not in use; and some commercial operators or property investors are operating full-time STR units.

The economic impact of STR is heavily debated, especially in expensive cities. As the largest global player in the STR market, AirBnB has published a considerable number of reports suggesting positive impacts, including that STR expands the tourism market, supports local businesses in non-tourist neighborhoods, and helps residents gain additional income to support their costs of living.

However, independent researchers question the bias of these reports. For example, some suggest that STR may negatively impact hotel revenues, especially for small local hotels, and are beneficial only as overflow accommodation during peak tourism periods.<sup>5</sup> A 2016 study of Los Angeles found that the rapid growth of the STR market is putting upward pressure on rent, particularly in high-interest neighborhoods (i.e. beach communities).<sup>6</sup> In addition, many stakeholders in Vancouver are concerned, particularly in light of the current housing crisis, that long-term rental housing stock may be converted to STR units, and that STR may result in nuisance and safety issues in residential neighbourhoods.

STR Platforms are active and growing in Vancouver, even though the current Zoning and Development By-law prohibits accommodation rentals for less than 30 days unless the Operator holds a business licence as a hotel or bed and breakfast.<sup>7</sup> Despite existing regulations, the STR market has grown to supply an estimated 29% of Vancouver's accommodation for tourists and other transient guests.<sup>8</sup> If AirBnB were a hotel, it would be Vancouver's single largest hotel.<sup>9</sup>

### ***Short-Term Rental Regulations in Other Jurisdictions***

In most major cities in North America, thousands of residents are currently operating transient-use rental accommodation via STR Platforms, often without regard for existing by-laws which prohibit STR.

Cities are struggling to adjust to this new accommodation marketplace. Most urban land use, licensing, and enforcement tools are not equipped to support or regulate the "sharing

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<sup>4</sup> Source: Host Compliance LLC (April 2017).

<sup>5</sup> Source: Nicole Gurrán and Peter Phibbs (2017) When Tourism Moves In: How Should Urban Planners Respond to AirBnb, *Journal of the American Planning Association*, 83:1, 80-92, DOI: 10.1080/01944363.2016.1249011.

<sup>6</sup> Lee, D. (2016). How Airbnb short-term rentals exacerbate Los Angeles's affordable housing crisis: Analysis and policy recommendations. *Harvard Law & Policy Review*, 10, 229 - 253. Retrieved from [http://harvardlpr.com/wp-content/uploads/2016/02/10.1\\_10\\_Lee.pdf](http://harvardlpr.com/wp-content/uploads/2016/02/10.1_10_Lee.pdf).

<sup>7</sup> Note: Section 10.21.6 of the Zoning and Development By-law states, "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." Section 10.20.5 sets the same 30 day rental minimum for housekeeping units (i.e. private rooms).

<sup>8</sup> Note: Assuming 14,511 hotel rooms, 5,927 STR Units, and 106 bed and breakfasts rooms in the City of Vancouver.

<sup>9</sup> Note: Assuming 82% market share for the AirBnB platform.

economy". Many cities have implemented policies on STR, spanning a broad spectrum from permissive to restrictive approaches, while many other cities have yet to address STR, despite their prevalence. The general consensus among policy-makers and academics is that STR is complex and difficult to regulate, and that no one city has developed a policy framework to effectively enable and enforce STR activity.

New York City and Berlin are generally perceived as examples of restrictive STR regulations. New York does not allow STR in all multi-family buildings, and Berlin has banned STR of all entire units. Other cities have more permissive regulations. For example, Austin, Texas allows STR in non-principal residences, and allows units to be operated by third-party Operators (note: Austin has set an annual "night cap" to minimize negative neighbourhood impacts related to absentee Operators).

There were many policy options from other jurisdictions reviewed in developing the proposed STR regulations. Some cities have proposed licensing STR Platforms in addition to STR Operators (e.g. Toronto and Chicago), whereas most other cities focus on licensing or registering Operators. Quebec has so far adopted a Provincial approach, although individual municipalities are revising zoning regulations to control the STR market. Some jurisdictions have developed specific taxation programs for STR (e.g. Chicago, New Orleans), whereas most others have adapted existing tax programs. The figure below summarizes STR policy across jurisdictions. Detail is provided in Appendix G.

*Figure 1: Review of STR Regulations Across North American Jurisdictions<sup>10</sup>*

Jurisdiction	Operator Licence/Registry	Company Licence	Principal Residence Only	Night Cap	Safety Provisions	Nuisance Provisions	Hotel Tax Applied to STRs	STR Specific Tax
Vancouver (Proposed)	✓	✗	✓	✗	✓	✓	✗	Under review
Toronto (Proposed)	✓	✓	✓	✗	✓	✓	✗	Under review
Province of Quebec	✓	✗	✗	✗	✗	✗	✓	✗
Austin	✓	✗	✗	✗	✓	✓	✓	✗
Chicago	✓	✓	✗	✗	✓	✓	✓	✓
Denver	✓	✗	✓	✗	✗	✗	✓	✗
Los Angeles (Proposed)	✓	✗	✓	✓	✓	✓	✓	✗
Nashville	✓	✗	✗	✗	✓	✓	✓	✗
New Orleans	✓	✗	✗	✓	✓	✓	✓	✓
New York City	✗	✗	✓	✗	✓	✗	✓	✗
Philadelphia	✓	✗	✓	✓	✓	✓	✓	✗
Portland	✓	✗	✓	✓	✓	✗	✓	✗
San Francisco	✓	✗	✓	✓	✓	✗	✓	✗
Santa Monica	✓	✗	✓	✗	✓	✓	✓	✗
Seattle (Proposed)	✓	✓	✗	✗	✓	✗	✓	✗

✓= Included in STR Regulations      ✗= Not Included in STR Regulations

<sup>10</sup> Source: City of Toronto, Jurisdictional Scan of Short-Term Rental Regulations (June 2017). Updated with proposed City of Vancouver STR regulations.

### *Short-Term Rentals in the Context of Vancouver's Housing Crisis*

Vancouver is in the midst of a housing crisis that is threatening the diversity of our communities, the strength of our economy, and the vibrancy of our City. The cost of home ownership has outpaced the means of many local residents, and a tight rental market is putting significant pressure on renters. Finding an appropriately-sized home, in the right location, at an affordable cost has become a significant challenge for local households.

Vancouver has the highest rents and lowest rental vacancy rate of any major city in Canada.<sup>11</sup> Those trying to access Vancouver's rental housing market, or move within it, currently face a rental apartment vacancy rate of 0.8%, which means that at any time there is on average 8 out of every 1,000 rental apartment units vacant and available for rent.<sup>12</sup> Many renters in Vancouver live with little security of tenure and limited protection from increases to rents. Close to 50,000 households are currently spending more than 30% of their income on rent.

Rental housing is an important part of the City's housing stock; as 51% of households in Vancouver are renters. The City is working to both protect the existing affordable rental stock and add new supply. Council's approval of programs and policies such as Rental 100, Rate of Change, the Tenant Relocation and Protection Policy, and the Empty Homes Tax has been instrumental in this regard, and the proposed STR regulations are another important example of how the City is working to take a 'secure homes first' approach, and to dis-incentivize the use of housing as a commodity.

The first guiding principle for the proposed STR policy is to protect the supply and affordability of Vancouver's long-term rental housing stock. In 2016 there were 283,916 private occupied dwelling units in Vancouver<sup>13</sup>; 146,087 (51%) of which were estimated to be occupied by renters.<sup>14</sup> These rented units include a wide variety of housing types such as purpose built rental apartments, secondary suites, laneway houses, and rented houses and condominiums. With a current STR market of 5,927 units, and an annual pace of growth of more than 10%, the long-term rental market may be at risk if the STR market is left unregulated.

### *Secondary Suites and Laneway Houses*

Secondary suites and laneway houses have been of particular concern to staff during the STR regulatory review. The City's laneway housing and secondary suite programs has enabled thousands of units of rental housing in neighbourhoods across the city, in line with Council's priority to create much-needed affordable rental housing.

Secondary suites and laneways houses provide unique housing options for a diverse range of people, including lower and moderate income households, seniors, and young families wanting to live in detached housing. When asked about future moves in the recent Housing Vancouver survey, 21% of renter respondents indicated that they would look for a secondary suite, and 26% would look for a laneway or coach house. When asked about factors that would make them consider leaving the City, 63% of renters (vs 28% of owners) indicated that they would consider moving because they can't afford to live in a neighbourhood of their choice.<sup>15</sup>

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<sup>11</sup> Source: Canada Mortgage and Housing Corporation (October 2016).

<sup>12</sup> Source: Canada Mortgage and Housing Corporation (October 2016).

<sup>13</sup> Source: Statistics Canada, Census (2016).

<sup>14</sup> Source: Vancouver Housing and Homelessness Strategy Reset - Housing Vancouver Emerging Directions (March 2017).

<sup>15</sup> Housing Vancouver Talk Vancouver Survey Results

Aside from affordability, lack of neighbourhood choice was the most commonly identified issue for renters in Vancouver.<sup>16</sup>

As secondary suites and laneway houses cannot be strata titled and sold separately, they are important types of housing that increase the supply and diversity of long-term rental units across the city, and provide opportunities for renters to live in ground-oriented housing in established neighbourhoods. These units also create flexible options for family use by elderly parents, caregivers or adult children, and as a potential source of supplemental income they can also support affordability for owners.

## STRATEGIC ANALYSIS

### *Financial Incentives for Short-Term Rentals*

Staff analysis of average monthly rent and nightly short-term rental rates showed that the STR of a one bedroom unit for 9 to 12 days per month generates the same revenue as renting the same property on a long-term basis (gross of transaction costs).<sup>17,18</sup> For two bedroom units, the break-even point is between 7 and 11 days, and for studio units it is between 7 and 15 days.<sup>19</sup> Factoring in transaction costs, which are generally higher for STR than for long-term rentals, staff estimate that STR units generate approximately 200% to 300% more net income than long-term rental units over the same time period. This break-even analysis shows there is a strong financial incentive to rent short-term in Vancouver.

*Figure 2: Estimated Long-Term and Short-Term Rental Gross Revenue*

	Long-Term Rental (over one month)		Short-Term Rental (< 30 days) (full-time STR over one month)	
	One Bedroom	Two Bedrooms	One Bedroom	Two Bedrooms
Downtown	\$1,434	\$2,222	\$4,302	\$6,888
Kitsilano / Point Grey	\$1,314	\$1,818	\$3,614	\$5,000
East Hastings	\$1,000	\$1,305	\$2,500	\$3,263

### *Short-Term Rental Market in Vancouver*

It is difficult to accurately measure the STR market, because online data is often incomplete and challenging to aggregate consistently across multiple Platforms. Further, academic analysis of the STR market is limited (but growing), as is credible published information about Vancouver-specific impacts.

On April 14, 2017, Host Compliance LLC (a third-party contractor) provided a report analyzing data collected on STR Platforms in Vancouver, including the number and types of STR units and Operators. This analysis replicated work completed previously by Host Compliance in June 2016, providing insight into changes in Vancouver's STR market. Key facts from this report are summarized in the table below, and the full report from Host Compliance is provided in Appendix E.

<sup>16</sup> Housing Vancouver Talk Vancouver Survey Results

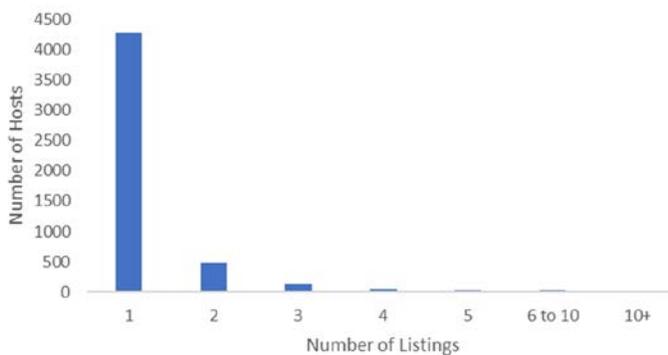
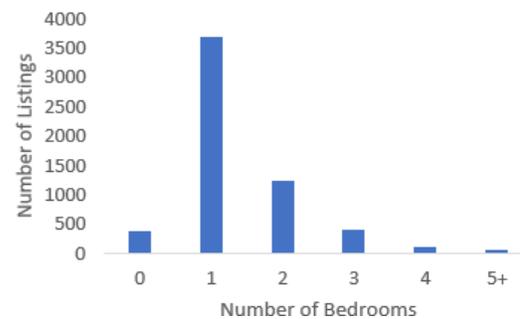
<sup>17</sup> Note: This analysis assumes the income in both scenarios is declared and taxed in the same way. It also assumes costs such as unit repairs and upgrades, utilities, and cleaning between tenancies is similar in both cases.

<sup>18</sup> Source: Canada Mortgage and Housing Corporation (October 2016).

<sup>19</sup> Source: Regulating Short-Term Rentals in Vancouver - 11421 (October, 2016).

*Figure 3: Key Facts on the Short-Term Rental Market in Vancouver<sup>20</sup>*

Metric:	June 2016	April 2017
Online STR Units in the City of Vancouver	5,353	5,927
STR Operators Managing Online Units	4,471	4,948
Estimated Annual Market Growth Between 2016 and 2017	n/a	13%
Estimated Annual Market Growth Between 2013 and 2015 <sup>21</sup>	n/a	86%
Percentage of STR Units Advertised as "Entire Units"	74%	72%
Percentage of "Private Bedrooms" or "Shared Units"	26%	28%
Percentage of STR Operators Managing Only One Listing	83%	85%
Percentage of STR Operators Managing Two Listings	10%	10%
Percentage of STR Operators Managing Three or More Listings	7%	5%
Number of STR Operators Controlling More than Ten Listings	25	13
Largest Number of STR Listings Controlled by a Single Operator	28	35
Estimated Annual STR Units Turnover	n/a	91%
Estimated Annual STR Operator Turnover	n/a	72%

*Figure 4: Number of Listings per Operator**Figure 5: Number of Bedrooms per Listing*

Overall, the Host Compliance analysis shows a very dynamic market, with high turnover in terms of both STR units and their Operators - a trend observed in other cities, including Toronto. It also shows that while the STR market continues to grow, it is growing at a slower rate than in the previous three years, suggesting some stabilisation within this new industry. Importantly, the data shows that 85% of the STR market in Vancouver is comprised of Operators who have a single STR unit, which in most cases is believed to be a Principal Residence Unit. Since the City announced its intention to disallow commercial or multi-listing Operators, and stepped up efforts to enforce against such Operators, the total number of hosts with three or more listings has decreased, and the number of hosts with 10 or more listings has been reduced by nearly half.

<sup>20</sup> Source: Host Compliance LLC (April 2017).

<sup>21</sup> Note: Data supporting this figure was provided by AirBnB to the City of Vancouver in 2016, and is not analyzed in the Host Compliance report.

### ***Number of Non-Principal Residence Units in the Short-Term Rental Market***

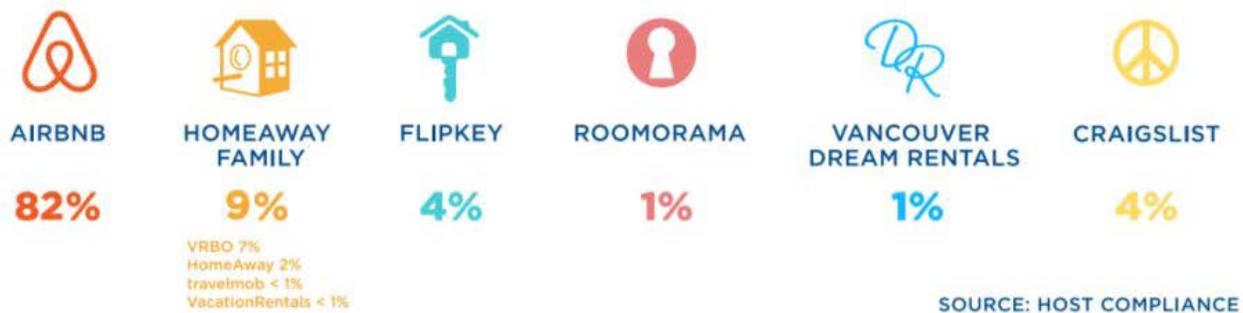
There is limited data available to estimate the number of non-Principal Residence Units currently being advertised on STR Platforms. According to data provided by AirBnB, 27% of STR units are booked for more than 90 days in a year, and 39% of dwelling units are booked for STR for more than 60 days. This information can be used to roughly approximate if the STR unit is a Principal Residence Unit, given that residents are unlikely to rent their entire home for that length of time. With 5,927 active STR units, and an estimated 4,285 units (72%) where the entire unit is advertised<sup>22</sup>, then 1,156 (4,285 x 27%) to 1,671 (4,285 x 39%) STR units are estimated to be non-Principal Residences Units. These units have the potential of being added or returned to the long-term rental market.

### ***Market Share of Short-Term Rental Platforms in Vancouver***

Host Compliance found six STR Platforms which were active in Vancouver as of April 2017 (the same Platforms were also active in June 2016). Despite existing regulations, STR has grown to supply approximately 29% of Vancouver's accommodation for transient guests.

AirBnB is by far the largest player in Vancouver with 82% of the listings active in April 2017. AirBnB listings in Vancouver have almost doubled each year since 2013.<sup>23</sup> If AirBnB were a hotel, it would be Vancouver's single largest hotel. Other top sites are owned by Expedia: the Homeaway sites make up 9% of the market (7% of listings are on VRBO) and 4% of listing are on Flipkey. Craigslist also holds 4% of listings. Other platforms include Roomorama, Vancouver Dream Rentals, and TripAdvisor (which launched recently). This market share is relatively consistent with the initial study of online STR listings in Vancouver in June 2016, and with market share in other large cities in North America.<sup>24</sup>

***Figure 6: Market Share of Short-Term Rental Platforms in Vancouver:***



<sup>22</sup> Source: Host Compliance LLC (April 2017).

<sup>23</sup> Host Compliance, Short-Term Rental Market Overview For Vancouver (August 2016).

<sup>24</sup> Source: Host Compliance LLC (April 2017).

### Geographic Distribution of Short-Term Rental Units

The highest concentration of STR units is Downtown (27%); the next highest concentrations are in Mount Pleasant/Renfrew (18%), Kitsilano/Point Grey (15%), East Hastings (14%), Southeast Vancouver (8%), and South Granville/Oak (8%). When the data is segmented by entire units vs. private/shared rooms, analysis reveals fewer private/shared room listings Downtown and more of such units in residential neighbourhoods.

*Figure 7: Where are Short-Term Rentals in Vancouver?*



*Figure 8: Active Unique Short-Term Rental Units by Neighbourhood<sup>25</sup>*

Neighbourhood	Active Units	% of Total
Downtown	1,570	26.5%
Mt. Pleasant / Renfrew Heights	1,063	17.9%
Kitsilano / Point Grey	870	14.6%
East Hastings	853	14.4%
Southeast Vancouver	479	8.2%
South Granville / Oak	446	7.5%
Westside / Kerrisdale	343	5.8%
English Bay	168	2.8%
Marpole	84	1.4%
West End, Stanley Park	51	0.9%
<b>TOTAL</b>	<b>5,927</b>	<b>100.0%</b>

<sup>25</sup> Source: Host Compliance LLC (April 2017).

### *Changes in Geographic Distribution of STR Listings Between June 2016 and April 2017*

Between the first study of STR listings in June 2016 and the second in April 2017, Marpole, Southeast Vancouver, and Westside/Kerrisdale have all experienced >35%+ growth in listings. Mt. Pleasant/ Renfrew Heights, East Hastings and Kitsilano/Point Grey experienced 29%, 14%, and 6% growth respectively. Downtown experienced no material change. Units declined by 4% in English Bay, 9% in South Granville/Oak, and 23% in West End/Stanley Park.

*Figure 9: June 2016 - April 2017 Growth in STR Listings by Neighborhood<sup>26</sup>*

Neighbourhood	Active Unique STR Units as of June 2016	Active Unique STR Units as of April 2017	Incremental Active Unique STR Units	% Change in Active Unique STR Units
Marpole	59	84	+25	+42.4%
Southeast Vancouver	346	479	+133	+38.4%
Westside / Kerrisdale	251	343	+92	+37.7%
Mt. Pleasant / Renfrew Heights	824	1,063	+239	+29.0%
East Hastings	746	853	+107	+14.3%
Kitsilano / Point Grey	818	870	+52	+6.4%
Downtown	1,578	1,570	-8	-0.5%
English Bay	175	168	-7	-4.0%
South Granville / Oak	490	446	-44	-9.0%
West End / Stanley Park	66	51	-15	-22.7%
<b>TOTAL</b>	<b>5,353</b>	<b>5,927</b>	<b>+574</b>	<b>+ 10.7%</b>

### *Broader Economic Impact of Short-Term Rentals in Vancouver*

Tourism is an important economic sector in Vancouver and British Columbia. In Metro Vancouver, the tourism industry contributes approximately \$6.1 billion annually to the local economy and provides over 66,000 full-time jobs.<sup>27,28</sup>

The availability and type of visitor accommodation is one of the factors that determine Vancouver's appeal as a tourist destination. In 2016, the average occupancy rate for hotels in Downtown Vancouver was 77%<sup>29</sup> and many properties were fully booked in peak periods.<sup>30</sup> Occupancy rates for STR listings are similarly high in the same peak periods. Airbnb reports that in June, 2016, 88% of the 3,172 entire unit listings with availability hosted at least one booking that month.

<sup>26</sup> Source: Host Compliance LLC (April 2017).

<sup>27</sup> Source: Regulating Short-Term Rentals in Vancouver - 11421 (October 2016).

<sup>28</sup> Note: 2013 numbers based on actual 2012 data <http://www.tourismvancouver.com/media/corporate-communications/vancouvers-tourism-industry-fast-facts/>

<sup>29</sup> Source: Destination British Columbia, "Provincial Tourism Indicators: August 2016".

<sup>30</sup> Source: <http://business.financialpost.com/personal-finance/mortgages-real-estate/vancouvers-hotel-room-rates-hottest-in-canada-amid-all-round-property-boom>

## **CONSULTATION FINDINGS**

### **Overview**

Vancouver residents hold diverse opinions regarding STR. Through consultation and stakeholder engagement, there were difficult trade-offs which emerged. Some stakeholders expressed that STR is a threat to the long-term rental market, and risks further accelerating home prices, making Vancouver even less affordable. Others believed that STR is part of the solution to affordability challenges, and that the supplemental income provided by STR allows people to stay in their homes.

Some stakeholders were deeply concerned that STR is happening in residential neighbourhoods, as opposed to areas of the City zoned for hotels, and that transient tenants are creating nuisance and potential safety issues within their communities. Others believe that STR is key to driving tourism in Vancouver, especially in peak periods or during events, and that STR tenants and hosts support local businesses often based outside of traditional tourism destination areas.

The City engaged with residents and stakeholders regarding STR in a variety of ways over more than a year. As the City seeks to implement a policy framework for STR that enables most residents to legally STR their homes, there are related initiatives that will provide opportunities for additional engagement, including the Housing Vancouver engagement sessions planned for the Fall of 2017.

### **Consultation Approach**

The City of Vancouver's stakeholder and public consultation process regarding STR includes:

**Talk Vancouver Public Survey.** Staff coordinated a Talk Vancouver survey which received 6,475 responses.<sup>31</sup> The survey focused on perceptions of STR in relation to affordable housing, protection of the long-term rental stock, tourism, economic development, building safety, and the neighbourhood and community impact of STR.

**Stakeholder Consultation.** Staff consulted with Tourism Vancouver, the Hotel Association of Vancouver, the Condominium Homeowners Association of BC, LandlordBC, the Renters Advisory Committee, the Tenant Resource and Advisory Centre (TRAC), the BC Technology Industry Association, STR Platforms (AirBnb, Expedia, Sonder have participated to-date), CertiStay, BC Housing, the Federation of Canadian Municipalities (FCM), and several City of Vancouver departments. Staff also consulted with approximately 30 STR Operators (coordinated by AirBnB) to understand the benefits of STR from the host perspective, and to review how the proposed regulations may impact the existing STR market.

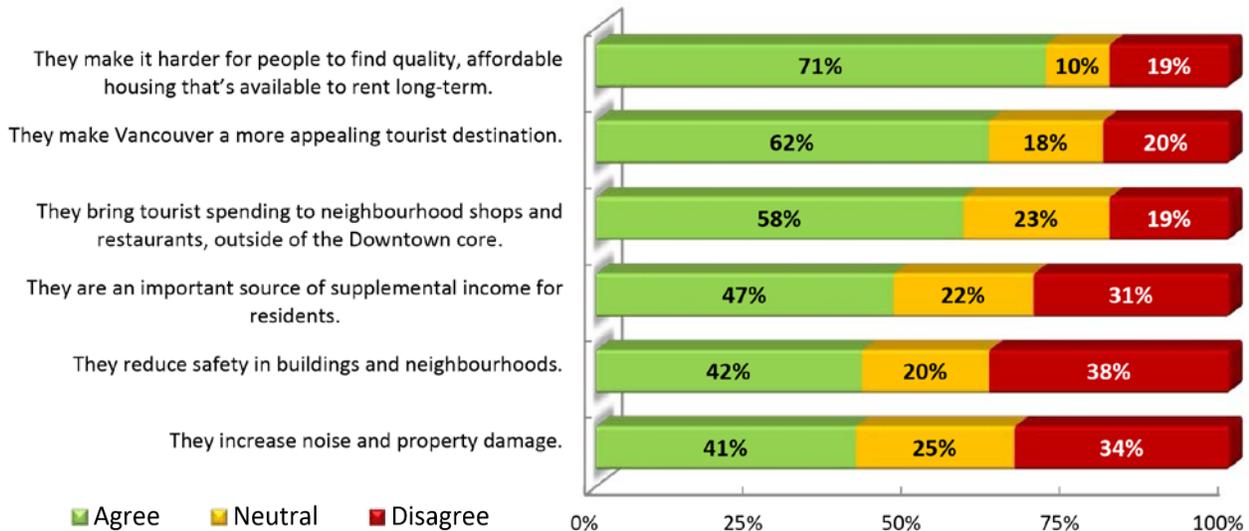
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<sup>31</sup> Note: See the October 5, 2016 Council Report for a summary of stakeholder consultation and the results of the Talk Vancouver survey.

**Talk Vancouver Public Survey**

Members of the public were invited to comment on the perceived impacts of STR via a Talk Vancouver online survey in July and August, 2016. 6,475 individuals completed a survey in a 14-day period. Survey responses were balanced across age groups, genders, and between home owners and renters. Of the total respondents, 10% indicated they have operated an STR unit in the last 12 months.

*Figure 10: General Perceptions of Short-Term Rentals<sup>32</sup>*



**Informing the Guiding Principles for Short-Term Rental Regulations**

Vancouverites informed the guiding principles for the proposed regulations: to protect long-term rental supply; encourage neighborhood fit; enable supplemental income; support the tourism industry; ensure health and safety; promote tax and regulatory equity; and encourage compliance.

*Figure 11: Priorities for New Short-Term Rental Regulations<sup>33</sup>*



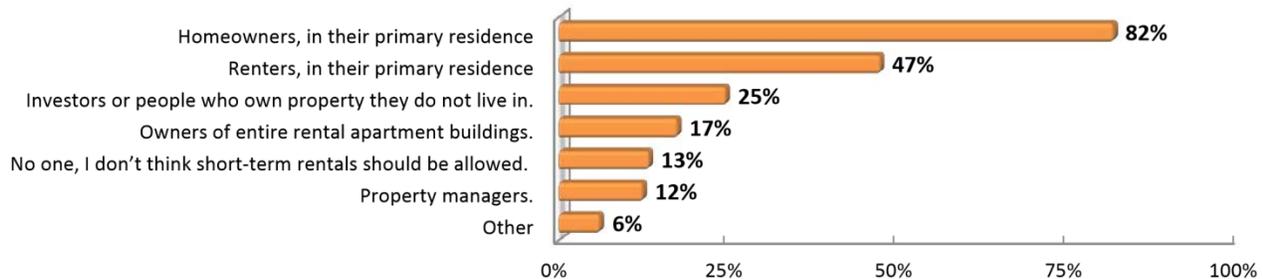
<sup>32</sup> Source: Talk Vancouver Public Survey (August 2016).

<sup>33</sup> Source: Talk Vancouver Public Survey (August 2016).

### *Support for a Principal Residence Requirement*

As Figure 12 shows, there was strong support among survey respondents for allowing STR in the homeowner's principal residence. More than 80% of respondents said a homeowner should be allowed to STR their principal residence and 47% said renters should be allowed to do the same.

*Figure 12: Who should be allowed to offer units on the short-term rental market?*



### *Stakeholder Consultation*

The City sought to consult a diverse group of organizations and individuals to gather a fulsome set of perspectives on STR. Staff completed two rounds of consultation: one in the Fall of 2016 and another more extensive round in the Spring of 2017. Key findings from the second round of consultation in the Spring of 2017 are summarized in the following sections. See the October Council report on STR for a summary of the first round of consultation.

### *Impact on Long-Term Rental Stock and Affordability*

Stakeholders recognize that many people who live and work in Vancouver are currently struggling to find affordable rental housing. Rental advocates highlight that a healthy rental market is considered by the Canada Mortgage and Housing Corporation (CMHC) to have a 3% rental vacancy rate, whereas the rental vacancy rate in Vancouver in October 2016 was only 0.8%.<sup>34</sup>

While there is limited data to assess and quantify the impact of STR on the long-term rental housing stock and affordability, there are reports of tenants being evicted so that landlords can operate STR units. There is also concern that the earning potential of STR units, which typically generate 200% to 300% more net income than long-term rental units over the same time period, may become reflected in the price of homes, further impacting affordability, in particular for homes with secondary suites or laneway houses (i.e. units which the Operator could STR full-time).

Rental advocates also view existing non-principal STR units as an important stock of potential long-term rental housing. In November 2016, the Renter's Advisory Committee passed a motion supporting the City's proposed approach to regulating STRs, recognizing the importance of limiting STR activity to principal residences in order to protect long-term rental stock, in particular for secondary suites and laneway houses.

<sup>34</sup> Source: Canada Mortgage and Housing Corporation (October 2016).

### *Neighbourhood Fit*

Public complaints regarding STR are rare but becoming more common. The number of complaints received via 3-1-1 pertaining to STR in 2016, 2015, and 2014 was 144, 19, and 4 respectively (see page 29 for a summary table of 3-1-1 complaints). So far in 2017, the City has received 150 complaints. Based on feedback from residents, STR in some cases has resulted in negative personal impacts, affecting residents' sense of comfort and security in their homes. Staff have heard from residents regarding negative experiences with STR in residential and mixed-use areas including excessive noise, increased garbage, parking issues, and safety concerns around unknown guests. Many stakeholders have commented that negative experiences are more prevalent if the STR Operator is not present or if the unit is not a principal residence.

Some stakeholders expressed that STR should be limited to the areas of the City currently zoned for hotels, to keep transient tenants outside of residential areas. Other stakeholders, in particular AirBnB hosts, believed that STR actually contributes to neighbourhood fit, and that STR guests tend to become more immersed in local communities compared to hotel guests, and that the role of STR Operators is to serve as "ambassadors for Vancouver" helping guests familiarize themselves with the City.

### *Supplemental Income for STR Operators*

STR Operators participating in consultation believed there are many benefits from STR, however the most common reason provided for operating STR units was to supplement their income in a City perceived as becoming less affordable. AirbnB reported in that a "typical" Vancouver Operator in 2015 earned \$6,500, and more than half of Operators surveyed reported using proceeds to cover housing costs. A typical senior Operator (> 64 year old) makes about \$12,000 annually or \$1,000/month on the AirbnB platform.<sup>35</sup> 47% of Talk Vancouver survey respondents feel that STR is an important source of supplemental income for Vancouver residents.

Other stakeholders commented that while the supplemental income generated through STR may improve affordability for existing homeowners, it also may have the effect of driving up home prices, further decreasing affordability for renters and aspiring home owners. While there is limited data to determine the impact of STR on housing prices, it is clear that STR significantly increases the earning potential of an investment property or secondary residence compared to operating a long-term rental unit. For this reason, some stakeholders believe that STR has partly contributed to the recent growth of residential property values in Vancouver.

### *Tourism and Economic Development*

58% of respondents to the 2016 public survey believed that STR brings tourist spending to neighbourhood shops and restaurants outside of the downtown core. Tourism and technology advocates commented during consultation that they agree with this finding, that STR helps local businesses in areas underserved by hotels or with little tourism traffic, and generally view STR as supporting tourism.

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<sup>35</sup> Source: AirBnB (2016).

Tourism advocates commented that the availability and type of visitor accommodation is one of the factors that determines Vancouver's appeal as a tourist destination. In 2016, the average occupancy rate for hotels in Downtown Vancouver was quite high at 77%<sup>36</sup> and many properties were fully booked in peak periods.<sup>37</sup> Tourism advocates highlighted that temporarily repurposing residential rooms and units for visitor accommodation is an effective way of increasing accommodation supply during event-related peaks (e.g. major sporting events). It appears, in peak periods at least, that STR units accommodate visitors that would not otherwise be able to stay in Vancouver.

### ***Building Safety***

Some stakeholders are concerned about building safety, and regulatory equity between buildings with comparable uses (e.g. hotels, bed and breakfasts, STR). Stakeholders in the hotel industry expressed that, given transient guests are unfamiliar with short-term accommodations, there is currently enhanced building safety requirements for transient use buildings, which are typically subject to a pre-inspection before the transient use can occur. Some stakeholders recommend that the City require enhanced building standards similar to bed and breakfasts, requiring STR Operators in some cases to make significant investments in building retrofits.

On the other hand, there were stakeholders concerned that if building requirements are too stringent, it may limit compliance levels and result in the persistence of an illegal STR market outside of the business licensing program - which may actually be less safe compared to having more achievable building requirements. STR Platforms suggest that the STR regulatory framework should initially focus on achieving a "critical mass" of compliance with the new regulations, and then gradually increase building safety requirements over several years once STR Operators have obtained a licence.

### ***Taxation***

Stakeholder groups including Tourism Vancouver and the Hotel Association of Vancouver expressed during consultation that (recognizing the City of Vancouver does not have legal authority to implement a sales tax or transaction tax on STR) the Provincial Government should review tax equity between bed and breakfasts, hotels, and STR, including review of the Municipal Regional Development tax ("MRDT") or the "Hotel Tax". There were also suggestions that the City share its STR registry with the Canada Revenue Agency (CRA) to check the non-employment income of STR Operators.

While Vancouver's tax authority in this context is limited, stakeholders in the hotel and tourism sectors identified the potential for the City to work with STR Platforms to coordinate a voluntary program similar to the local 1.5% Destination Marketing Fee (DMF), and apply a transaction fee on STR which could be used to fund local housing initiatives.

### ***Compliance***

Stakeholders are generally pessimistic regarding the City of Vancouver's ability to enforce compliance in the STR market, and many commented that - even if the City can identify STR Operators from their online advertisements (which is not always possible) - existing

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<sup>36</sup> Destination British Columbia, "Provincial Tourism Indicators: August 2016".

<sup>37</sup> Source: <http://business.financialpost.com/personal-finance/mortgages-real-estate/vancouvers-hotel-room-rateshottest-in-canada-amid-all-round-property-boom>

enforcement powers and processes would limit compliance measures. Many stakeholders highlighted the City's ongoing enforcement challenges with commercial STR operators and rental building operators, suggesting enforcement powers are weak even when the Operator is known and the suspected offenses are well-documented.

It is worth noting that during consultation with AirBnB (with 82% market share) and Expedia (with 9% market share) both companies offered to support the City of Vancouver to promote compliance. However, while partnership with STR Platforms can facilitate compliance measures, many stakeholders commented that the City's compliance and enforcement strategy should not rely on private sector partner support.

### *Additional Opportunities for Engagement*

#### *Housing Vancouver Stakeholder Engagement*

Halfway through the 2012-2021 Housing & Homelessness Strategy, the housing challenges that people are facing in Vancouver require that the City formulate a new approach. In September 2016, the City launched a "Reset" of the strategy. As part of the first phase of work on developing the new Housing Vancouver Strategy, the City began conducting extensive housing demand and supply modelling, and engaging in consultation with local partners and residents, other levels of governments, and housing experts.

The Housing Vancouver work involves exploring a "suite of solutions" for addressing the housing crisis in Vancouver, including the proposed STR regulations. Raising awareness and engaging the public on the proposed approach has been part of the Housing Vancouver consultation plan, which will continue to run through the Fall of 2017.

Results from the recent Housing Vancouver survey indicate that residents desire secure and affordable rental housing, and that supporting renters and ensuring a healthy rental market will be of principal importance in the City's new housing strategy. Despite the current challenges in finding an affordable rental unit, the majority of current renters indicated that they would be looking to continue renting in an upcoming move. 93% of all respondents agreed with the identified value of "security - that housing is about 'homes first' and security of tenure". Second only to affordability, "ensuring a healthy rental market through security and protection for renters" was a top priority chosen by respondents.

#### *Public Hearing on Zoning and Development By-law Amendment*

Section 566 of the Vancouver Charter requires a public hearing prior to amending the Zoning and Development By-law.

### **PROPOSED REGULATIONS**

#### *Overview*

Research, comparative analysis, and stakeholder feedback have informed the following recommendations, which seek a balanced approach to enabling STR in the City of Vancouver. The following key seven guiding principles shape the policy and program recommendations found herein, with a key focus on the first principle:

1. Protect long-term rental supply.
2. Ensure health and safety.
3. Encourage neighborhood fit.

4. Promote tax and regulatory equity.
5. Enable supplemental income.
6. Support the tourism industry.
7. Encourage compliance.

The basis of the proposed regulations is to allow for residents to STR their Principal Residence Unit<sup>38</sup> (i.e. the main dwelling unit where they live), subject to obtaining a business licence. Of the 5,927 STR units in Vancouver<sup>39</sup>, the proposed regulations would allow an estimated 72% (4,256) to 80% (4,771) to continue operating.<sup>40</sup> Operators of the estimated 1,156 to 1,671 non-Principal Residence Units currently used for STR could rent on the long-term market instead.

In summary, the proposed regulations for STR:

- Require STR Operators to obtain a business licence and pay an annual licence fee.
- Require STR Operators to comply with requirements covering building and fire safety, neighbourhood fit, and STR advertising and bookings (see Appendix B).
- Enable STR of Principal Residence Units<sup>41</sup> in all residential building types.
- Enable both owners and renters to STR (with renters requiring permission from the owner).
- Prohibit STR of investment properties and secondary residences (even if the Empty Homes Tax is paid).
- Prohibit STR of secondary suites or laneway houses which are not Principal Residence Units.

The City recommends that STR Operators be required to pay taxes per existing Federal and Provincial laws. Recognizing that the City of Vancouver does not have sales tax authority, staff are recommending the Provincial Government review tax equity between hotels, bed and breakfasts, and STR (including review of the Municipal Regional Development Tax [MRDT]). In addition, the City of Vancouver is proposing to work with STR Platforms to apply a transaction fee no higher than 3% of booking prices which would be remitted to the City of Vancouver.

The following sections detail the proposed regulations in terms of licensing, zoning, STR unit eligibility, building and fire safety, good neighbour requirements, advertising/booking requirements, taxation, and the impact on STR Platforms and existing Bed and Breakfasts. Implementing the proposed regulations would require amendments to the Zoning and Development By-law and the Licence By-law.

## *Components of the Proposed Regulations*

### *Licensing*

The proposed regulations establish a new type of business licence for “Short-Term Rental Operators”, requiring licensees to pay an annual fee and meet conditions outlined in the

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<sup>38</sup> Note: “Principal Residence Unit” is “the usual dwelling unit where an individual makes his or her home, being the dwelling unit where an individual lives and conducts his or her daily affairs, such as paying bills and receiving mail, and is generally the residence used for government records for things like income tax, Medical Services Plan, driver’s licence and vehicle registration”.

<sup>39</sup> Source: Host Compliance LLC (April 2017).

<sup>40</sup> Note: Based on 5,927 units, 72% of which are entire units, with between 27% and 39% non-Principal Residence Units.

<sup>41</sup> Note: “Principal Residence Unit” is “the usual dwelling unit where an individual makes his or her home, being the dwelling unit where an individual lives and conducts his or her daily affairs, such as paying bills and receiving mail, and is generally the residence used for government records for things like income tax, Medical Services Plan, driver’s licence and vehicle registration”.

Licence By-law and licence agreement. The existing “Bed and Breakfast” business licence would be replaced with the “Short-Term Rental Operator” business licence. All Operators would be subject to compliance and enforcement actions, and existing licence revocation processes, which are intended to allow the City to limit STR activity by Operators who do not comply with the City’s policies and regulations. Operator names would be posted publicly (per existing policy for all business licence holders), however the City would not post Operator addresses publicly.

### **Zoning**

STR would be added as a new definition to the Zoning and Development By-law, and would be added as a Conditional Approval Use in all residential dwelling units across the following zoning districts: One-Family Dwellings (RS); Two-Family Dwellings (RT); Multiple Dwellings (RM, FM); Limited Agriculture (RA); Comprehensive Development (CD); and Heritage (HA). The Zoning and Development By-law would be amended to require that all rental accommodation be provided for 30 days or more unless for a licenced hotel *or STR Operator*; require that all STR units are Principal Residence Units (which will be defined in the by-law), and allow up to two adults per sleeping room in STR accommodation.<sup>42</sup> Short-Term Rental Accommodation would be exempt from the Development Permit Requirement. Any reference to “Bed and Breakfast” in the Zoning and Development By-law would be replaced with “Short-Term Rental Operator”.

### **Principal Residence Unit Requirement**

The STR Operator Business Licence would only permit the STR of Principal Residence Units, defined as *“the usual dwelling unit where an individual makes his or her home, being the dwelling unit where an individual lives and conducts his or her daily affairs, such as paying bills and receiving mail, and is generally the dwelling unit used for government records for things like income tax, Medical Services Plan, driver’s licence and vehicle registration”*. A Principal Residence Unit is defined as a sub-component of a Principal Residence. Whereas Principal Residence refers to a property or parcel, the Principal Residence Unit refers to an individual dwelling unit based on that property. For properties that have more than one legal dwelling unit, only one could be declared per occupant as their Principal Residence Unit. The objective for this requirement is to improve neighbourhood fit by ensuring personal accountability for the dwelling unit, and to protect the long-term rental housing market by prohibiting STR in investment properties and secondary dwelling units.

### **Secondary Suites and Laneway Houses**

Owners could not STR secondary suites<sup>43</sup> or laneway houses unless the unit is a Principal Residence Unit, but could rent these units to long-term renters. If a legal secondary suite or laneway house is a Principal Residence Unit of a long-term renter, then the renter would be eligible to apply for a STR Operator business licence to STR the unit with the owner’s permission (note: the renter would be subject to audits and inspections to determine principal residency). STR in illegal secondary suites or laneway houses is not permitted, regardless of whether they are Principal Residence Units. This policy is intended to limit long-term housing stock from being converted to accommodation for tourists, and to return or add

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<sup>42</sup> Note: Currently Sections 2 and 10.21.1 of the Zoning and Development by-law prohibit more than five unrelated individuals occupy a dwelling unit, regardless of the number of sleeping rooms in the dwelling units.

<sup>43</sup> Note: “Secondary Suites” are “a smaller dwelling within a larger one-family dwelling or two-family dwelling, which must have separate external access and may have shared internal access”.

some non-Principal Residence Units to the long-term rental housing stock for people who live and work in Vancouver.

The City will continue to review the policy on the STR of secondary suites and laneway houses as the housing market changes and the vacancy rate improves.

### ***Property Owner and Strata Council Permission***

Both owners or renters would be eligible for the STR Operator business licence. Property Owners would not be required to allow long-term renters the ability to STR, and renters must get permission from the property owner to do so. Strata Council permission would also be required where applicable. Property owners and strata councils may file a complaint with the City via 3-1-1 regarding suspected STR activity which has not been permitted. If non-compliance is determined upon audit and/or inspection, the STR Operator may be issued an enforcement order to cease STR activity and a Municipal Ticket Information or "MTI" (of \$1,000 per violation). If the STR activity persists, licence revocation proceedings may be initiated, and the Operator and complainants may be requested to appear before Council.

### ***Building and Fire Safety***

Although the primary use of all licenced STR units will be as a personal home, and not as a transient use building such as a hotel or bed and breakfast (due to the Principal Residence Unit requirement), the City of Vancouver will require enhanced building and fire safety standards in addition to existing Code for all Principal Residence Units used as STR accommodation. By applying for an business licence, Operators would be agreeing to the following requirements:

1. The STR unit must be a legal dwelling unit, as defined by the City's Zoning, Building, and Fire codes.
2. All STR units require a fire safety plan clearly posted by all entrance/exits (note: a template will be posted on [www.vancouver.ca/short-term-rentals](http://www.vancouver.ca/short-term-rentals)).
3. All STR units require interconnected smoke alarms on every floor and in every bedroom.
4. All STR units require at least one working and accessible fire extinguisher on every floor.
5. Units with any gas appliance(s) require carbon monoxide detectors on every floor.
6. Fire alarms are required in buildings with more than three dwelling units, or in all STR units with more than eleven occupants. (per existing code)
7. All STR units adjoined to other dwelling units require either fire separation (45 min. or 1h standard depending on the unit) or automated sprinkler systems by January 1, 2023.
8. All STR units shall have a maximum occupancy of two adults per sleeping room.<sup>44</sup>
9. Operators must provide guests with contact information of a designated person associated with the property who could be reached 24 hours per day during the rental period if needed.
10. STR Operators must provide access for building and fire inspections of the unit within 14 days of being requested by the City.
11. All STR Operators would be subject to a regular system of audits and inspections.

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<sup>44</sup> Note: The Fire By-law currently restricts occupancy to 2 people per sleeping room in all Vancouver dwelling units.

### *Good Neighbour Requirements*

The following requirements are proposed to help minimize negative community experiences associated with STR in residential and mixed-use areas including excessive noise, increased garbage, parking issues, and safety concerns around unknown guests:

12. The STR Operator is responsible for ensuring compliance with all City of Vancouver by-laws.
13. The STR Operator assumes all liability for any costs or damages resulting from STR.
14. The STR Operator is responsible for ensuring no unreasonable disturbance or nuisance.
15. Vehicle parking for STR tenants must be restricted to the property and where on-street parking is permitted (note: STR tenants are not considered “residents of the block”).
16. Strata Council permission for STR activity is required, if applicable.
17. Property owner permission for STR activity is required, if applicable.
18. STR Operators are required to obtain an appropriate insurance policy covering STR.

### *Advertising and Booking Requirements*

Staff are proposing the following requirements to govern the advertisement of STR units online (and offline), and limit advertisement and bookings with unlicensed Operators or on unlicensed Platforms:

19. STR Operators must not advertise without a valid licence, regardless of whether the advertisement results in a booking.
20. STR Operators must provide their business licence number in all advertisements for the STR listing (i.e. either in a field created by the Platform, or in the unit description).
21. Only one STR unit may be advertised per licence (unless you apply for an exception as an existing bed and breakfast).
22. STR Operators must post a hard copy of their business licence in the STR unit.

### *Taxation*

Taxation of short-term accommodation for hotels and bed and breakfasts in Vancouver currently includes Federal and Provincial<sup>45</sup> sales and income tax, and the Municipal and Regional District Tax (MRDT) (a 3% sales tax used to promote tourism).<sup>46</sup> In addition, many of the hotels in Vancouver have voluntarily coordinated a 1.5% Destination Marketing Fee (DMF) used to fund international marketing.

Recognizing the City does not have sales tax authority, staff are recommending the Provincial Government review tax equity between hotels, bed and breakfasts, and STR (including review of the Municipal Regional Development Tax [MRDT]). In the interim, staff recommend the Provincial and Federal Government take steps to ensure that STR Operators pay sales and income tax per existing laws, including requesting access to City licensing information as required.

In addition, staff are proposing to work with STR Platforms to apply a transaction fee no higher than 3% of STR booking prices which would be remitted to the City of Vancouver. Staff recommend coordinating joint meetings with STR Platforms to develop a Memorandum of

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<sup>45</sup> Note: PST applies only Operator is renting four or more units and GST only applies if the Operator earns more than \$30,000.

<sup>46</sup> Note: The MRDT does not apply to a person or bed and breakfast who offers less than four units of short-term accommodation in BC.

Understanding outlining how the proposed transaction fee would be implementation and governed.

### ***Short-Term Rental Platforms***

The City of Vancouver requires a licence for any business conducted in the City, even if the business office is located outside of the City. However, there is an ongoing legal debate on whether online platforms (e.g. AirBnB, CraigsList, Uber, etc.) are actually “conducting business in Vancouver”, or whether they are merely providing a platform which enables their users to conduct business. Business licences are currently required if STR Platforms have offices or staff based in Vancouver, but licensing requirements are unclear for Platforms based outside of the City. In this context, the City will continue to review whether to require business licences for STR Platforms servicing Operators in Vancouver, and will work with participating STR Platforms to develop Memorandums of Understanding to help govern STR activity and support compliance with the proposed regulations.

### ***Bed and Breakfasts***

The proposed STR regulations would replace existing regulations governing the operations of traditional bed and breakfasts, although the City would allow all existing bed and breakfasts to operate as they do currently. Existing Bed and Breakfasts would have the “grandfathered” ability to advertise and make bookings for more than one STR unit (up to two sleeping rooms). The existing requirements to provide breakfast for guests, and to occupy the bed and breakfast during the stay, would no longer apply. The goals for including bed and breakfasts under the STR Operator business licence are to rationalize the number of licences issued by the City, and to support regulatory equity for short-term rental accommodation.

## ***IMPLEMENTATION PLAN***

Implementing the proposed STR regulations requires collaboration across several City departments, including Development, Buildings, and Licensing; Planning; Legal; Community Services; Housing; Urban Design and Sustainability; IT; Fire and Rescue Services; Finance; and Communications. While not essential, the implementation plan also benefits from partnership external stakeholders, particularly STR Platforms (e.g. AirBnB, HomeAway, Flipkey, others), to support implementation and compliance measures. In preparation for this report, staff have consulted with all involved City departments and stakeholders to compile implementation requirements.

The proposed implementation plan includes the following sections:

- A. Guiding Principles for STR Compliance and Enforcement.** The proposed guiding principles to support the development and implementation of compliance and enforcement measures.
- B. Stakeholders Involved in Supporting Compliance.** Summarizes the stakeholders with an interest in supporting compliance and enforcement with STR regulations.
- C. STR Compliance Framework.** A framework prioritizing enforcement actions for commercial operators, unlicensed operators, and licensed operators subject to community complaints.

- D. **Online Licence Application.** An overview of the proposed technology solution, and a summary of the implementation approach and timeline.
- E. **Proposed Implementation Schedule.** A summary of the implementation milestones leading up to the expected enactment of proposed regulation on April 1, 2018.
- F. **Resourcing and Costing.** A summary of the expected resourcing needs and other costs required for the implementation and ongoing management of the proposed regulations.
- G. **Proposed Licence Fee.** The proposed business licence fee for STR Operators.
- H. **Proposed Transaction Fee.** A proposal for a transaction fee of up to 3% of booking prices which would be remitted voluntarily by STR Platforms to the City of Vancouver.

### ***A. Guiding Principles for Short-Term Rental Compliance and Enforcement***

Through consultation with City department, STR Platforms, the public, and local stakeholder groups, staff have developed the following proposed guiding principles to support compliance and enforcement measures:

1. Bring the STR industry into a regulatory framework;
2. Ensure the Principal Residence Unit requirement is met to protect long-term rental stock;
3. Improve building and fire safety;
4. Encourage neighbourhood fit;
5. Optimize enforcement capacity while ensuring regulatory equity;
6. Increase public understanding of the repercussions of non-compliance;
7. Harmonize and integrate compliance efforts (e.g. Empty Homes Tax);
8. Recover costs over the long-term, but not necessarily in the first year.

### ***B. Stakeholders Involved in Supporting Compliance***

Recognizing the City's Zoning and Standards of Maintenance By-laws were developed prior to the emergence of the STR market, staff recommend expanded approaches to compliance and enforcement, leveraging an 'enforcement ecosystem' with external stakeholders. The City will expand partnerships and communication with stakeholders who will play a role in supporting compliance with STR regulations, including:

- **Community Members.** Staff have heard from residents regarding negative experiences with STR in including excessive noise, increased garbage, parking issues, and safety concerns around unknown guests. Community members are encouraged to communicate with their neighbours regarding perceived nuisances, and to work with the City if non-compliance is suspected.
- **Landlords.** If the property owner's permission is provided, a long-term tenant is eligible to apply for an STR business licence. In either case, Landlords are encouraged to actively communicate with their tenants regarding their tenancy agreement, and to work with the City if non-compliance is suspected.
- **Strata Councils.** Strata permission is required for STR Operators to obtain a licence. Strata Councils may file a complaint with the City regarding unpermitted STR activity so that the City may pursue enforcement measures. The City also encourages Strata Councils to communicate strata rules to its members on an ongoing basis to support compliance.

- **STR Platforms.** Staff expect that leading STR Platforms will have an interest in promoting compliance, so that the City will maintain its relatively permissive policy regarding STR. STR Platforms are encouraged to actively communicate information regarding local regulations to its account holders and take steps to suspend accounts known for non-compliant activity.
- **Housing Advocates.** Staff have heard from housing advocates regarding concerns that STR may be limiting the long-term rental housing stock. Advocates are encouraged to work with tenants, landlords, and other stakeholders to monitor the impact of STR, and to work with the City regarding options for improving how the proposed STR policy could serve the public good.
- **Tourism Advocates.** The availability and type of visitor accommodation is one of the factors that determine Vancouver's appeal as a tourist destination. Therefore, Tourism advocates would be encouraged to promote STR as an accommodation option in Vancouver, provided they advise tourists to only book with licenced STR Operators.

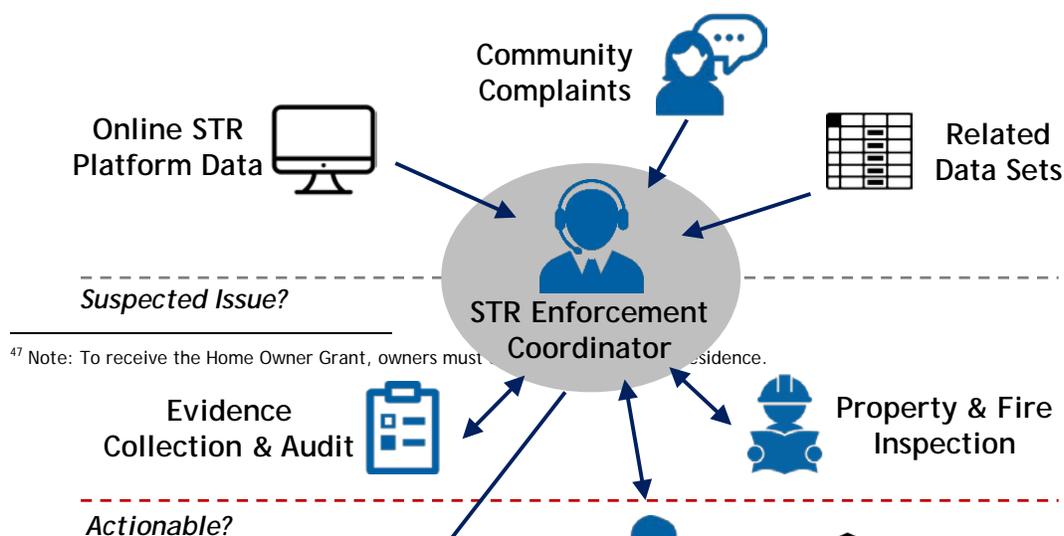
### C. Short-Term Rental Compliance Framework

The proposed compliance framework begins with monitoring. A full-time STR Enforcement Coordinator would continuously monitor online STR Platform data, community complaints via 3-1-1, and data sets including Home Owner Grant<sup>47</sup>, Empty Homes Tax, and compliance records. These inputs enable the STR Enforcement Coordinator to identify suspected issues - whether they relate to potential commercial operators, "nuisance" operators, unlicensed operators, public safety concerns, or other matters.

Once a suspected issue is identified, the STR Enforcement Coordinator would work with the licensing department to review business licence records and potentially complete an audit (if the Operator is known). If the Operator is unknown (i.e. the online advertisement does not include a name or address), the Enforcement Coordinator would collect evidence online and may contact the STR Platform. The Enforcement Coordinator may also work with property use, building, and/or fire inspections to inspect the unit in relation to the by-laws and gather additional evidence related to the suspected issue.

The STR Enforcement Coordinator would assess the degree of the issue and determine whether to issue a ticket or send the case for review by Legal Services, who will determine whether the suspected non-compliance is prosecutable. If so, Legal Services may recommend prosecution or injunction with a Provincial Court.

*Figure 13: Short-Term Rental Compliance Framework*



<sup>47</sup> Note: To receive the Home Owner Grant, owners must reside in the property.

### ***Regular System of Audits and Inspections***

All licenced STR Operators may be subject to a regular system of audits and inspections. To support the audit, City Licensing Clerks will request documentation to prove all declarations made during the licence application (see the Operator requirements checklist in Appendix B). Requested documentation will be focused on proving principal residency within the dwelling unit, and may include property title, government ID, government mail, etc. Documentation may also be requested to support building and fire safety declarations (e.g. pictures of required safety equipment).

All STR Operators will be required to allow City property, building, and fire inspectors to access the dwelling unit within 14 days of being requested by the City. Inspections may aim to confirm compliance with existing building and fire code, or may focus on compliance with the enhanced safety standards which are being recommended for all licenced STR units (see the Operator requirements checklist in Appendix B).

The proposed system of audits and inspections would apply regardless of whether the City has received a complaint from community members related to the STR unit, or whether potential non-compliance is uncovered from other sources. The following sections describe the compliance and enforcement measures which are initiated by specific issues or complaints.

### ***Compliance and Enforcement Measures Initiated by Issues or Complaints***

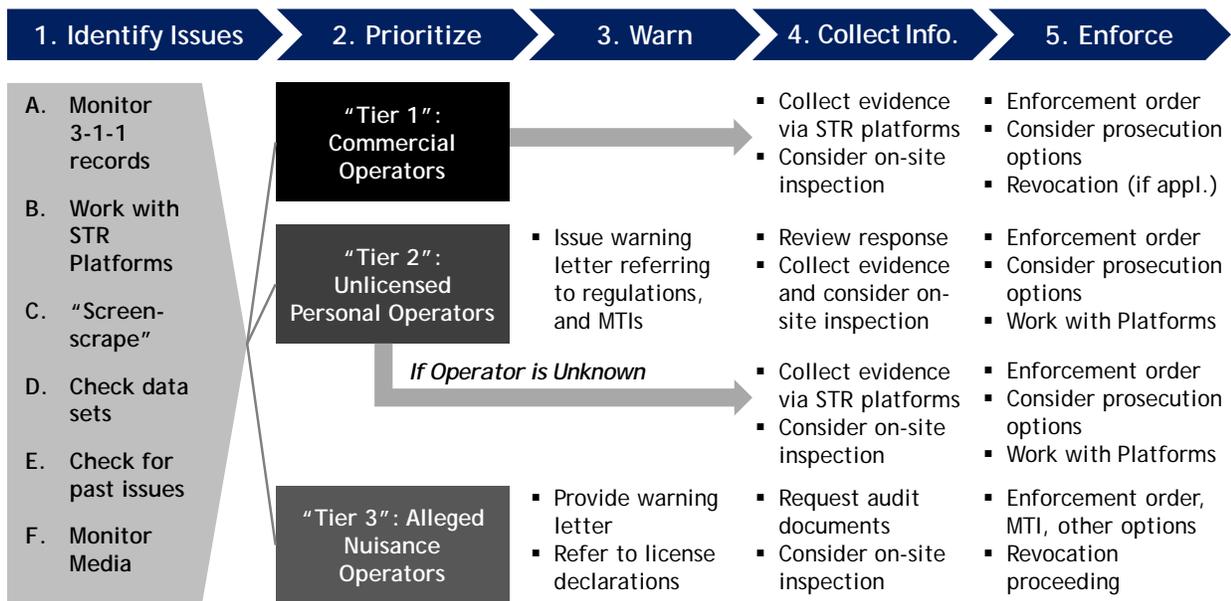
The proposed STR compliance framework prioritizes enforcement measures for commercial operators, unlicenced operators, and licenced operators who have been subject to community complaints. Enforcement processes are organized around three “tiers” of STR Operators described below.

- **“Tier 1” - Commercial Operators.** Commercial Operators (i.e. illegally operating 2 or more STR units) advertising units without a licence, or having obtained licences through misrepresentation (e.g. via “proxy” renters).
- **“Tier 2” - Unlicenced Personal Operators.** Personal STR Operators (i.e. operating 1-2 units) advertising STR units without a licence, identified by STR Platforms, “screen scraping” of STR Platform websites, and/or community complaints.
- **“Tier 3” - Alleged Nuisance Operators.** Licenced STR Operators subject to a community complaint regarding noise, safety, or other violation of City by-laws or other laws.<sup>48</sup>

Once suspected non-compliance is identified, education, audit, inspection, and enforcement measures will be prioritized across “tiers” (i.e. commercial operators, unlicenced personal operators, etc.).

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<sup>48</sup> Note: Unlicenced STR Operators subjective to nuisance complaints are classified as Tier 2.

*Figure 14: Applying the Short-Term Rental Compliance Framework Across Operator Tiers:*

### *Commercial Operators (Tier 1)*

Staff recommend the City proceed directly to evidence-gathering and enforcement measures for commercial operators (i.e. no audit or education process). The enforcement process for Tier 1 Operators involves collecting evidence via the online STR platform, and may include an on-site inspection, recognizing the high standard of evidence required to support prosecution. Once evidence has been collected, the STR Enforcement Coordinator would work with the Licensing Department to issue an enforcement order to the STR Operator, and with Legal Services to review options for an injunction or City prosecution via a long-form Information (up to \$10,000 per violation).

### *Unlicensed Personal Operators (Tier 2)*

If the address of the unlicensed STR unit or if the identify of the Operator is known, then the City would provide a letter referring the Operator to the STR regulations, licence application, and applicable repercussions for non-compliance. The City would also request an explanation for the STR activity (e.g. the Operator may respond to indicate a "dormant" STR unit). However, even with support from third party "screen-scraping" technology providers, the City may not be able to determine the address of STR units or the identify of STR Operators using the online listing alone. The location coordinates obtained from "screen-scraping" cannot accurately be used to determine an address in multi-unit buildings.<sup>49</sup> Staff expect several instances where the Operator of online STR listing(s) in Vancouver is unknown, thereby requiring staff to collect evidence to determine the address and the Operator's identify. If non-compliance is determined, either through correspondence with the Operator or otherwise, the Operator may be issued an enforcement order to cease unlicensed business activity and an MTI (\$1,000 per violation). Staff may also work with STR Platforms to remove the listing. Other prosecution options may be considered.

<sup>49</sup> Note: Screen-scraping technology is not expected to be able to determine unit height (i.e. floor number), thus limits its effectiveness in apartment or condo buildings.

### *Alleged Nuisance Operators (Tier 3)*

The City will investigate licenced STR Operators subject to community complaints regarding excessive noise, garbage, parking issues, and safety or security concerns, or any violation of City by-laws or other laws. If a credible complaint is received, staff would provide a letter to the STR Operator summarizing the complaint, and referring the Operator to the STR regulations and licence declarations. The City may also request documents to support an audit specific to the complaint (e.g. booking records for the date of the complaint) or consider an on-site inspection. If the activity persists, the STR Operator would be issued an MTI, and potentially an enforcement order to cease STR activity. Revocation proceedings may apply, and the licence may be suspended for one year.

### *Note: Update on Ongoing Compliance and Enforcement Measures*

Until a different policy is adopted, short-term rental accommodation is only permitted in licenced hotels and bed and breakfasts, as per the Zoning and Development By-law, Section 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.*

Therefore, anyone else renting residential units for less than 30 days via Airbnb or other STR Platforms is currently doing so illegally. As of April 2017, 5,927 unique STR units were active in Vancouver. Until a finalized policy framework is approved, and subsequent enforcement processes established, staff are focused on enforcing against STR as it is identified.

Because the pending policy changes are expected to legalize STR listings where owners and renters are principal residents of the dwelling unit, enforcement efforts are being prioritized to those listings that would remain illegal under the new policy framework. As a result, enforcement efforts are focused on commercial operators (i.e. multiple listings), unsafe dwellings, and nuisance issues. Enforcement is primarily complaint-driven, based on calls received through 3-1-1, media sources, or direct resident contact with elected officials.

### *Current Complaint and Enforcement Activity*

Complaints received through 3-1-1 are increasing annually. Figure 15 summarizes the unique complaints received, as categorized by 3-1-1.

*Figure 15: 311 Complaints Regarding Short Term Rentals*

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 YTD</b> (as of June 28)
<b>Total complaints</b>	<b>2</b>	<b>4</b>	<b>19</b>	<b>144</b>	<b>150</b>
Suspected STR	1	4	18	104	80
Multiple Listings	0	0	0	31	43
Noise	0	0	1	4	7
Safety Concerns	1	0	0	3	12
Illegal Suite	0	0	0	1	4
Other	0	0	0		4

City staff review each complaint and follow-up with enforcement measures as appropriate. In many cases, complaints are made without sufficient information to take action (e.g. no unit number, no online evidence, etc.). For complaints associated with unsafe conditions or neighborhood nuisance, staff may conduct property inspections. For complaints related to commercial listings, staff first seek to gather additional information online to build a case, and may also conduct inspections<sup>50</sup>.

The City has escalated enforcement for several commercial operators over the last 6 months, including prosecution and fines exceeding \$20,000. Staff will continue to escalate to legal action against commercial operators, until a formal policy and regulatory framework are finalized.

#### ***D. Online Licence Application***

Staff recommend a web-based application form which would allow prospective STR Operators to apply for a business licence online. The application would require the STR Operator to self-declare compliance with the STR Operator Requirements Checklist (see Appendix B), and would compile and forward information via an integration file to the City's licensing system ("AMANDA"). Once in AMANDA, records would be maintained, processed, and reviewed per existing business licence policies.

Information from the application would also be cross-checked against the City registry of compliance cases. If the applicant is in good standing with the registry, the STR Operator business licence number would be issued automatically. If an issue is identified, the licence will not be issued, and the licensing clerk will initiate existing business licence review processes prior to approval. Staff anticipate system development to be completed in the fourth quarter of 2017, with the aim of having sufficient time to test and launch it in the spring of 2018.

#### ***E. Proposed Implementation Schedule***

Following public hearing in the Fall of 2017, the proposed STR regulations are expected to be enacted by April 1, 2018. This rationale for enactment in April compared to the licensing calendar year is to facilitate the implementation of the Empty Homes Tax (expected January 1, 2018) and to allow for the licensing peak period to reside (end of February) before launching the new business licence.

***Figure 16: Proposed Implementation Schedule***

<b>Activity:</b>	<b>Timing:</b>
Compliance Enforcement for Existing Commercial, Nuisance, and Problem STR Operators	Ongoing
Council Presentation of STR Regulatory Framework and Implementation Plan	July 11, 2017
STR Licence Application and Management System Development and Testing	August - October, 2017

<sup>50</sup> Note: Inspections are not always a useful method to confirm and enforce against illegal short-term rentals, especially in large commercial buildings. Without evidence of transient tenants (e.g. suitcases, tourist literature, etc.), it is very difficult to determine how an apartment is being used.

Activity:	Timing:
Public Hearing on Changes to the Zoning and Development By-law	Fall 2017
Housing Vancouver Public Survey and Consultation	Fall 2017
Develop Business and Training Documentation	October - December, 2017
Launch STR-focused Communications and Website Sub-Section	January - March, 2018
End-to-End Licence Applications and Processing Testing	January - March, 2018
Enactment of STR Regulatory Framework <sup>51</sup>	April 1, 2018
First Annual Renewal of STR Business Licence	January 1, 2019

### *F. Resourcing and Costing*

#### *Estimated Implementation Resource Requirements and Cost<sup>52</sup>*

*Figure 17: Estimated Implementation Resource Requirements and Cost*

Resource	FTE - 2017	Cost - 2017	FTE - 2018	Cost - 2018
Project Manager	1.0 (Aug -Dec)	\$53,000	1.0 (Jan -Apr)	\$42,000
Communications Specialist	0.5 (Aug -Dec)	\$45,000	0.5 (Jan - Apr)	\$36,000
Administration	n/a	(existing budget)	n/a	(existing budget)
Legal Support	n/a	(existing budget)	n/a	(existing budget)
IT Implementation Support	n/a	(existing budget)	n/a	(existing budget)
Training/Communication Materials	n/a	\$40,000	n/a	\$40,000
Public Engagement	n/a	\$10,000	n/a	(existing budget)
<b>TOTAL</b>		<b>\$148,000</b>		<b>\$118,000</b>

The estimated 2017 implementation cost of \$148,000 will be funded from within the approved 2017 operating budget. The 2018 implementation cost of \$118,000 (Jan. to Apr.) will be requested through the 2018 budgeting process.

#### *Estimated Ongoing Operations Resource Requirements and Cost*

*Figure 18: Estimated Implementation Resource Requirements and Cost*

Resources	FTE - 2018	Cost - 2018
Enforcement Coordinator	1.0	\$110,000
Administration/Audit	1.0	\$110,000

<sup>51</sup> Note: Assumes to material changes in the proposed STR regulations or implementation timing resulting from the Public Hearing.

<sup>52</sup> Note: One full-time equivalent (FTE) employee works an estimated 1,800 person hours annually. All costs include benefits.

<i>Resources</i>	<i>FTE - 2018</i>	<i>Cost - 2018</i>
<i>Legal Services</i>	<i>1.0</i>	<i>\$203,000</i>
<i>Inspector</i>	<i>1.0</i>	<i>\$125,000</i>
<i>IT Support</i>	<i>n/a</i>	<i>(existing budget)</i>
<i>Communications Specialist</i>	<i>n/a</i>	<i>(existing budget)</i>
<i>Training/Communication Materials</i>	<i>n/a</i>	<i>10,000</i>
<i>Data scraping</i>	<i>n/a</i>	<i>60,000</i>
<b><i>TOTAL</i></b>		<b><i>\$618,000</i></b>

Funding for \$618,000 in estimated 2018 operations costs will be requested through the 2018 budgeting process. The costs of administering the STR licensing and enforcement program will be dependent on the rate of licensing compliance and several other factors. The ongoing operational resource estimates will likely be refined during the course of implementation.

### ***Assumptions Regarding Expected Compliance Rates***

Most cities with zoning by-laws prohibiting rentals less than 30 days, or prohibiting STR in residential areas, currently have compliance rates less than 5%.<sup>53</sup> Other recently-launched, STR-specific regulatory programs have seen compliance rates ranging from 5% to 50%. For example, Quebec's Tourism Department reports 5% compliance for its STR registry since their program took effect April 15, 2016, citing challenges with municipal zoning and licensing requirements. In San Francisco, only 2,100 hosts have registered, while Airbnb alone has more than 8,000 listings.<sup>54</sup> Denver, which has a relatively permissive STR policy, has achieved higher compliance rates estimated at 47% as of February 2017.<sup>55</sup>

Given the level of uncertainty surrounding assumptions, and the lack of directly comparable jurisdictions, it is difficult to estimate the number of STR Operators who will participate in the City's licensing program. For the purposes of this report, based on the experiences of other jurisdictions, staff have assumed 25% of the 4,948 eligible STR Operators in Vancouver at any time will obtain a STR business licence, for an estimated total of 1,225 licensees in 2018. Staff will monitor the STR market and adjust estimates on an ongoing basis.

### ***G. Proposed Licence Fee***

The City's immediate goal is to bring the STR industry into a regulatory framework. To this end, staff are proposing a relatively low business licence fee, at least for the first year, which would not fully recover the annual cost of the licensing program. Staff are proposing an annual licence fee of \$49, plus a one-time application fee of \$54 (which is standard for most business licences). The \$49 proposed annual fee for STR licence fees compares to \$66 for the current Long-Term Rental Unit business licence, and \$47 per Bed and Breakfast accommodation (i.e. \$47 per sleeping room).

<sup>53</sup> Note: Compliance rates are defined as the number of residents conducting STR legally, divided by the total number of residents conducting STR (legally and illegally).

<sup>54</sup> Source: San Francisco City Attorney Dennis Herrera via SF Bay News (2017).

<sup>55</sup> Source: City of Denver (in 2017 reports 2,000 listings); <http://www.denverpost.com/2017/02/21/denver-short-term-rental-fines-violations/> (reports 947 licences).

### *H. Proposed Transaction Fee*

Many of the hotels in Vancouver have voluntarily coordinated a 1.5% Destination Marketing Fee (DMF) on the sale of short-term accommodation which is used to fund international marketing efforts.

City staff are proposing to develop a similar model for STR, wherein STR Platforms would apply a transaction fee of up to 3% of booking prices which would be remitted to the City of Vancouver. This would be a voluntary measure, and the City would have no legal authority to force STR Platforms to collect and remit the transaction fee if they were not willing by their own accord. The objectives for the proposed transaction fee would be to offset the costs of administering the short term rental licensing and enforcement program. If the program achieves full cost recovery over time, staff will return to council with recommendations on how to allocate the surplus funding towards initiatives aimed at supporting renters and protecting the long term rental stock.

### *IMPLICATIONS/RELATED ISSUES/RISK (IF APPLICABLE)*

#### *Financial*

Licence fee revenue is not expected to fully recover the annual cost of the proposed STR regulations. Whereas the estimated cost of implementation in 2018 is \$118,000 with operations cost of \$618,000 in 2018 and future years, licence fees are only expected to generate between \$110,000 - \$140,000 in the first year (depending on compliance levels, market growth, collection of the transaction fee, etc.), leaving an estimated \$480,000 annual ongoing deficit (unless licence fees are increased over time).

Approval of the 2018 budget of \$118,000 for implementation costs, and \$618,000 in operational costs will be requested through the 2018 budgeting process.

The estimated 2017 implementation cost of \$148,000 will be funded from within the approved 2017 operating budget.

#### *Human Resources/Labour Relations*

Resourcing estimates for the implementation and ongoing delivery of the proposed STR regulations are provided on page 28. Staff are recommending a full-time project manager to support implementation along with a part time Communications Specialist. For ongoing operations, staff are recommending a full-time STR licensing enforcement coordinator, one full-time licensing clerk for administration and audits, one additional inspector, one full-time lawyer, and additional resourcing for administration, enforcement, IT, and communications. There will also be additional utilization of shared services including human resources, finance, and general management.

#### *Legal*

It is difficult to predict the implications of the proposed STR regulations for the City's legal department, as the STR industry disruption has posed several new and outstanding legal questions. Staff expect a relatively consistent need for legal support for ongoing compliance and enforcement measures reflected in the resourcing estimates on page 30. Furthermore,

many other cities in North America have been subject to legal action by STR Platforms, often related to data availability and privacy issues. While the City believes the likelihood of such cases is low, and has developed “good faith” relationships with the two largest STR Platform companies in Vancouver, there remains a low but material risk that a small number of legal cases may require a significant amount of legal support.

### ***CONCLUSION***

The objectives for the proposed STR regulations are to protect long-term rental supply, encourage neighborhood fit, enable supplemental income, support the tourism industry, ensure health and safety, promote tax and regulatory equity, and encourage compliance. Staff believe the proposed regulations reflect a balanced approach, allowing an estimated 72% to 80% of the current market continue to STR their Principal Residence Unit, provided they obtain a business licence and agree to the City’s requirements. The City of Vancouver is committed to continuous review of the proposed regulations to ensure that policy for this dynamic industry supports the public good over the long-term.

\* \* \* \* \*

VANCOUVER HOUSING FACT SHEET

City of Vancouver  
Housing Characteristics Fact Sheet

April 30, 2017



	Topic	Fact	Source
General Housing	Total dwellings	In 2016, there were 309,418 total dwellings in Vancouver compared to 286,740 (8% increase). In 2016, there were 283,916 private occupied dwellings in Vancouver compared to 264,575 in 2011 (7% increase).	Census 2016, Statistics Canada
	Housing stock-Apartment	In 2016, 174,635 (62%) of the 283,916 total occupied dwelling units in the City of Vancouver were apartments. 83,250 of these apartments had 5 storeys or more and 91,385 had fewer than 5 storeys.	Census 2016, Statistics Canada
	Housing stock-Ground-Oriented	In 2016, 109,260 (38%) of the 283,916 total occupied dwelling units in the City of Vancouver were ground oriented dwellings. Of these dwellings, 41,330 (15%) dwelling units were single-detached houses, 57,450 (20%) were duplexes and semi-detached houses, 9,845 (3%) were row houses, and 635 (<1%) were other ground-oriented dwellings.	Census 2016, Statistics Canada
	Household size	In 2016, the City of Vancouver had an average household size of 2.2.	Census 2016, Statistics Canada
	One-person households	In 2016, the City of Vancouver had 110,020 one-person households (39% of all households).	Census 2016, Statistics Canada
Rental Housing	Housing Tenure	In 2011, 136,135 (51%) out of 264,575 private households in City of Vancouver were renter households.	NHS 2011, Statistics Canada
	Purpose-built rental	In October 2016, there were 57,343 purpose built rental apartments and row house units in the City of Vancouver, compared with 56,192 units in October 1996. In October 2016, 620 (1%) of these units had three or more bedrooms.	Rental Market Survey, CMHC
	Rental vacancy rate	In October 2016, the rental vacancy rate was 0.8% in the City of Vancouver.	Rental Market Survey, CMHC
	Rental housing starts	Rental units have become a larger share of housing starts. From 2007-2011, rental units accounted for 11% of all starts; however, from 2012-2016, rental units accounted for 23% of all starts.	Housing Starts and Completion Survey, CMHC
	Proposed rental housing	As of April 2017, there were over 2,993 secured market rental housing units under construction in the City and an additional 1,931 units approved but not yet under construction.	CoV Market Rental Tracker, 2016
	Secondary suites	As of 2016, the City of Vancouver had an estimated 30,125 units secondary suites.	Census 2016, Statistics Canada
	Laneway Homes	As of April 2017, there have been 2,735 permits issued to construct laneway homes across the City of Vancouver.	City of Vancouver Housing Policy and Projects Dept. - Estimated
	Rented Condos	As of October 2016, the City of Vancouver had an estimated 28,125 rented condominiums.	Secondary Rental market Survey, CMHC
	Single Room Accommodations	In 2011, there were 4,504 privately owned units designated under the Single Room Accommodation (SRA) Bylaw. In 2016, there was 4,379 privately owned SRA units.	Low Income Housing Survey 2015
	Average rents	In October 2016, the average rent for a two bedroom purpose-built apartment was \$1,757/month in the City of Vancouver, \$114/month more than in October 2015.	Rental Market Survey, CMHC
Non-Market Housing	Social housing and co-op units	As of April 2017, the City had 25,623 non-market housing units. 5,780 of these units were non-market co-operative housing.	Non-Market Housing Inventory, City of Vancouver
	Supportive housing	As of April 2017, there were 4,595 units of supportive housing in the City of Vancouver as defined as a Class 3 supportive housing property by BC Assessment.	City of Vancouver Housing Policy and Projects Dept. - Estimated

Non-Market Housing	Seniors non-market housing	As of April 2017, there were 8,358 social housing units for seniors in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Persons with disabilities non-market housing	As of April 2017, there were 1,186 accessible and 387 adaptable non-market housing units in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Family non-market housing	As of April 2017, there were 8,376 non-market housing units in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Rooming units - non-market housing	As of April 2017, there were 2,845 rooming units of non-market housing in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Bachelor units - non-market housing	As of April 2017, there were 7,427 bachelor units of non-market housing in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	One bedroom units - non-market housing	As of April 2017, there were 5,683 one bedroom units of non-market housing in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Two bedroom units - non-market housing	As of April 2017, there were 4,514 two bedroom units of non-market housing in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Three bedroom units - non-market housing	As of April 2017, there were 3,068 three bedroom units of non-market housing in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Four bedroom units - non-market housing	As of April 2017, there were 513 four bedroom units of non-market housing in the City of Vancouver.	<i>Non-Market Housing Inventory, City of Vancouver</i>
	Operating Agreement expiration - non-market housing	There are approximately 300 non-market housing projects (14,400 units) in the City of Vancouver with operating agreements that will expire before 2030.	<i>Non-Market Housing Inventory, City of Vancouver</i>
Ownership Housing	Single Detached House	In April 2017, the benchmark price was \$1,474,400 in Vancouver east and \$3,495,800 in Vancouver west for a single detached house.	<i>MLS Home Price Index, Multiple Listing Services</i>
	Apartment	In April 2017, the benchmark price was \$480,300 in Vancouver east and \$718,400 in Vancouver west for an apartment in the City of Vancouver.	<i>MLS Home Price Index, Multiple Listing Services</i>
Growth Projections	Population growth	In 2016, Vancouver had a population of 631,486 (26% of the region). The City of Vancouver's total population is expected to grow from 617,200 in 2011 to 765,000 by 2041. Under a high regional growth scenario, the 2041 projections for Vancouver would increase to 788,000 people.	<i>Metro Vancouver Regional Growth Strategy 2015</i>
	Dwelling growth	In 2016, there were 283,916 private occupied dwellings in Vancouver (30% of the region). The number of dwelling units in the City of Vancouver is expected to grow from 265,100 in 2011 to 362,000 by 2041. Under a high regional growth scenario, the 2041 projections for Vancouver would increase to 373,000 dwelling units.	<i>Metro Vancouver Regional Growth Strategy 2015</i>
Vulnerable Groups	Aboriginal population	In 2011, the City of Vancouver had 11,945 residents of Aboriginal identity (2% of the population).	<i>NHS 2011, Statistics Canada</i>
	Recent Immigrants	In 2011, the City of Vancouver had 42,230 recent immigrants who landed in Canada between 2006-2011 (7% of the population).	<i>NHS 2011, Statistics Canada</i>
	Refugees	From 2010-2013, approximately 292 government assisted refugees settled in the City of Vancouver, which is 11.7% of government assisted refugees who arrived in BC.	<i>Refugee Newcomers in Metro Vancouver 2014, ISSBC</i>
	Disabled persons	In 2012, approximately 10% of the City of Vancouver's population is estimated to have one or more disabilities, and half of this disabled population has either a severe or very severe disabilities.	<i>Survey on Disability 2012, Statistics Canada</i>

Income	<b>Non-family persons incomes</b>	In 2014, the median before-tax income for non-family persons was \$26,720 in the City of Vancouver.	<i>T1 Family File 2014, Statistics Canada</i>
	<b>Couple families incomes</b>	In 2014, the median before-tax income for couple families was \$80,050 in the City of Vancouver.	<i>T1 Family File 2014, Statistics Canada</i>
	<b>Lone-parents incomes</b>	In 2014, the median before-tax income for lone-parents was \$41,550 in the City of Vancouver.	<i>T1 Family File 2014, Statistics Canada</i>
	<b>Renter and owner household incomes</b>	In 2010, the median before-tax household income was \$41,433 for renter households and \$77,753 for owner households in the City of Vancouver.	<i>NHS 2011, Statistics Canada</i>
	<b>Income levels - lone parent-led households with children spending 50% to 99% of income on housing costs</b>	In 2010, there were 2,770 lone-parent led households with children (1,790 had children under 19) in the City of Vancouver spending 50% to 99% of income on housing costs. Of these lone-parent led households with children, 1,890 had before-tax household incomes of less than \$35,000/year, 470 had before-tax household incomes of \$35,000-\$49,999/year and 285 had before-tax household incomes of \$50,000-\$69,999/year.	<i>NHS 2011, Statistics Canada</i>
	<b>Income levels - couple families-led households with children spending 50% to 99% of income on housing costs</b>	In 2010, there were 4,610 couple family households with children (3,745 of which had children under 19) spending 50% to 99% of income on housing costs in the City of Vancouver. Of these couple family households with children, 1,875 had before-tax household incomes of less than \$35,000/year, 1,245 had before-tax household incomes of \$35,000-\$49,999/year and 795 had before-tax household incomes of \$50,000-\$69,999/year.	<i>NHS 2011, Statistics Canada</i>
	<b>Income levels - senior-led households (65+ years old) spending 50% to 99% of income on housing costs</b>	In 2010, there were 4,410 senior-led households spending 50% to 99% of income on housing costs in the City of Vancouver. Of these senior-led households, 3,730 had before-tax household incomes of less than \$35,000/year, 440 had before-tax household incomes of \$35,000-\$49,999/year and 145 had before-tax household incomes of \$50,000-\$69,999/year.	<i>NHS 2011, Statistics Canada</i>
	<b>Income levels - singles living alone spending 50% to 99% of income on housing costs</b>	In 2010, there were 14,830, one person households in the City of Vancouver spending 50% to 99% of income on housing costs in the City of Vancouver. Of these one person households, 13,330 had before-tax household incomes of less than \$35,000/year, 1,125 had before-tax household incomes of \$35,000-\$49,999/year and 285 had before-tax household incomes of \$50,000-\$69,999/year.	<i>NHS 2011, Statistics Canada</i>
	<b>Renters and owners spending 50% to 99% of income on housing costs</b>	In 2010, 18,445 renters (7% of all households) and 10,195 owners (4% of all households) were spending at 50% to 99% of their household income on shelter costs in the City of Vancouver.	<i>NHS 2011, Statistics Canada</i>
	<b>After-tax low income rates</b>	In 2014, the percentage of people in the City of Vancouver with low-incomes based on the low income measure after taxes (LIM-After Tax) were 20% for the general population (117,430 people in poverty), 12% for seniors ages 65 and older (14,470 seniors in poverty), and 15% for children and youth (17,260 children and youth ages 0-17 in poverty)	<i>T1 Family File 2014, Statistics Canada</i>
Housing Needs	<b>Social housing wait lists</b>	In 2016, 4,113 (26%) of the 16,035 total households on social housing waiting lists in BC were from the City of Vancouver. The households on social housing waiting lists in the City of Vancouver included 886 families, 377 single persons, 1,674 seniors (65+ years old), 1,027 persons with a disability and 149 persons with needs for wheelchair accessible units.	<i>Metro Vancouver Housing Data Book</i>
	<b>Homeless count</b>	On March 8th, 2017, there were a total of 2,138 homeless people in the City of Vancouver, which accounted for 60% of the total homeless population in Metro Vancouver. 1,601 homeless people were sheltered and 537 were on the street. 21% of Homeless Count survey respondents in the City of Vancouver identified themselves as aboriginal.	<i>2017 Homeless Count in Metro Vancouver</i>
	<b>SAFER</b>	As of December 2016, 3,199 (15%) of the 21,361 total senior households receiving the SAFER (Shelter Aid For Elderly Renters) rent supplement in BC were from the City of Vancouver. The maximum gross monthly incomes to qualify for SAFER are \$2,550 for single households and \$2,750 for couple households.	<i>BC Housing, December 2016</i>

Housing Needs	RAP	As of December 2016, 1,123 (11%) of the 10,210 total families with children receiving the RAP (Rental Assistance Program) rent supplement in BC were from the City of Vancouver. The maximum gross monthly household income to qualify for RAP is \$35,000 in Metro Vancouver.	<i>BC Housing, December 2016</i>
	*Core housing need	In 2011, 48,645 households (20% of all households) were in core housing need in the City of Vancouver, including 13,575 owner households and 35,075 renter households.	<i>Metro Vancouver Housing Data Book</i>
	*Core housing need - singles, couple family, and lone parent households spending at least half of their income on housing costs	In 2011, there were 11,910 one person households in core housing need and spending at least half of their income on housing costs in the City of Vancouver (the most of any household type), followed by 6,050 couple family households (3,280 of them with children) and 2,410 lone parent family households.	<i>Metro Vancouver Housing Data Book</i>
	*Core housing need - children and seniors (65+ years old) spending at least half of their income on housing costs	In 2011, there were 3,870 senior-led households in core housing need and spending at least half of their income on housing costs in the City of Vancouver.	<i>Metro Vancouver Housing Data Book</i>

**\*Note:**

- A household is said to be in core housing need if its housing falls below at least one of the adequacy, suitability, or affordability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three standards).
- The estimate of the number of households in Core Housing Need is calculated by CMHC based on private households captured in the 2011 National Household Survey. Single Room Occupancy (SRO) units and senior's homes were classified as collective dwellings in the 2011 Census and NHS. Since the 2011 NHS only includes privately occupied dwellings, it did not count SROs and senior's homes.
- Therefore the total number of Households in Core Housing Need in 2011 as calculated by CMHC is likely to underestimate total housing need in the City of Vancouver where there are approximately 4,400 SRO hotel units that were not counted by the 2011 NHS.
- A total of 13,310 people lived in collective households in 2011, and were included in the census, but not the NHS.



**OPERATOR REQUIREMENTS CHECKLIST**

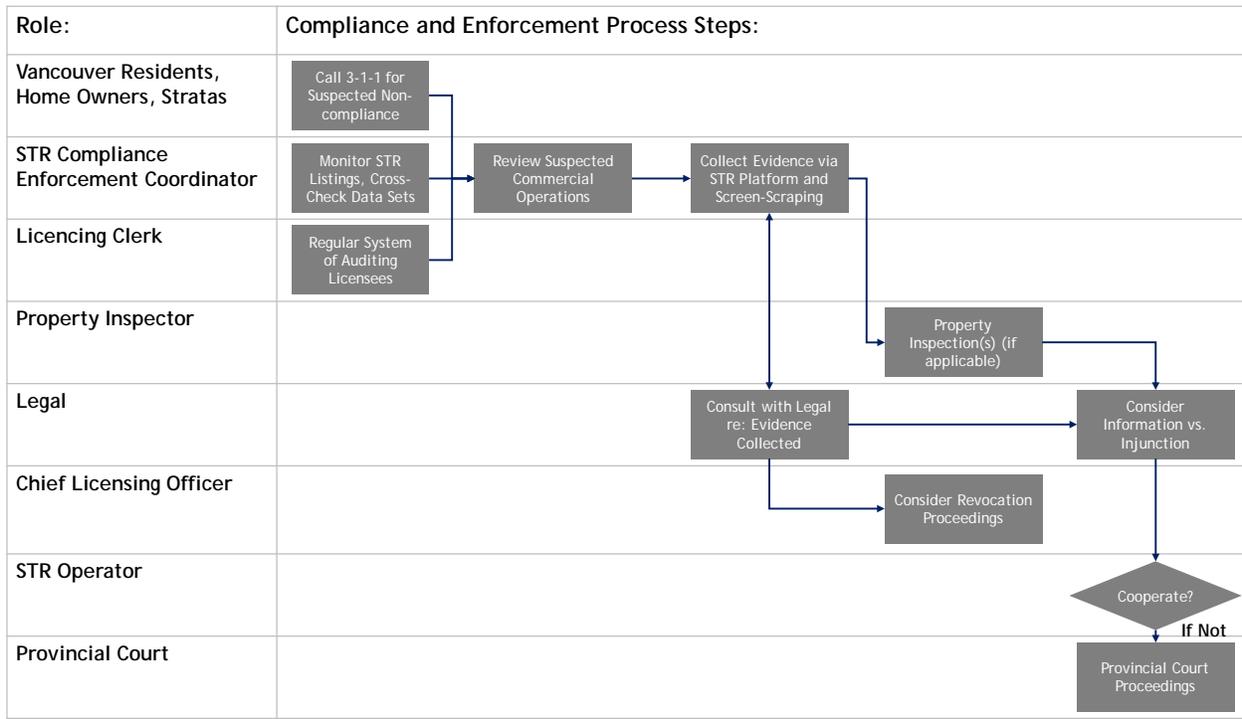
<p><b>Principal Residence Unit Requirement:</b></p>	<p><input type="checkbox"/> I declare that the STR unit is my Principal Residence Unit, or “the usual dwelling unit where I make my home, being the dwelling unit where I live and conduct my daily affairs, such as paying bills and receiving mail, and is generally the dwelling unit I use for government records”.</p>
<p><b>Building and Fire Safety Requirements:</b></p>	<p><input type="checkbox"/> My STR unit is a legal dwelling unit, as defined by the City's Zoning, Building, and Fire codes.</p> <p><input type="checkbox"/> I will provide a fire safety plan clearly posted by all entrance/exits (note: a template will be posted on <a href="http://www.vancouver.ca/short-term-rentals">www.vancouver.ca/short-term-rentals</a>).</p> <p><input type="checkbox"/> I will provide interconnected smoke alarms on every floor and in every bedroom.</p> <p><input type="checkbox"/> I will provide one working and accessible fire extinguisher on every floor.</p> <p><input type="checkbox"/> I will provide carbon monoxide detectors on every floor (if unit has gas appliance).</p> <p><input type="checkbox"/> I will ensure fire alarms are provided in buildings with more than three dwelling units, or in an STR unit with more than eleven occupants (note: multi-unit buildings already require this).</p> <p><input type="checkbox"/> If my STR unit is adjoined to other dwelling units, I will have either an automated sprinkler system or fire separation between units (45 min. or 1h standard depending on the unit) by January 1, 2023.</p> <p><input type="checkbox"/> I will ensure maximum occupancy of two adults per sleeping room.</p> <p><input type="checkbox"/> I will provide guests with contact information of a designated person associated with the property who could be reached 24 hours per day during the rental period.</p> <p><input type="checkbox"/> I will provide access for building and fire inspections of my unit within 14 days of being requested by the City.</p> <p><input type="checkbox"/> I agree to be subject to a regular system of audits and inspections.</p>
<p><b>Good Neighbour Requirements:</b></p>	<p><input type="checkbox"/> I am responsible for ensuring compliance with all City by-laws.</p> <p><input type="checkbox"/> I assume all liability for any costs or damages resulting from STR.</p> <p><input type="checkbox"/> I will ensure vehicle parking for STR tenants is restricted to the property and where on-street parking is permitted (note: STR tenants are not considered "residents of the block").</p> <p><input type="checkbox"/> Strata Council permission for STR activity has been provided (if applicable).</p> <p><input type="checkbox"/> Property owner permission for STR activity has been provided (if applicable).</p> <p><input type="checkbox"/> I will obtain an appropriate insurance policy covering all STR activity.</p>
<p><b>Advertising and Booking Requirements:</b></p>	<p><input type="checkbox"/> I will not advertise without a valid licence, regardless of whether the advertisement results in a booking.</p> <p><input type="checkbox"/> I will always provide my business licence number in all advertisements for the STR listing (i.e. either in a field created by the Platform, or in the unit description).</p> <p><input type="checkbox"/> I will only advertise one unit per licence (unless I have applied for an exception as an existing bed and breakfast).</p> <p><input type="checkbox"/> I will post a hard copy of my business licence in my STR unit.</p>

**STR BUSINESS LICENCE ELIGIBILITY SCENARIOS**

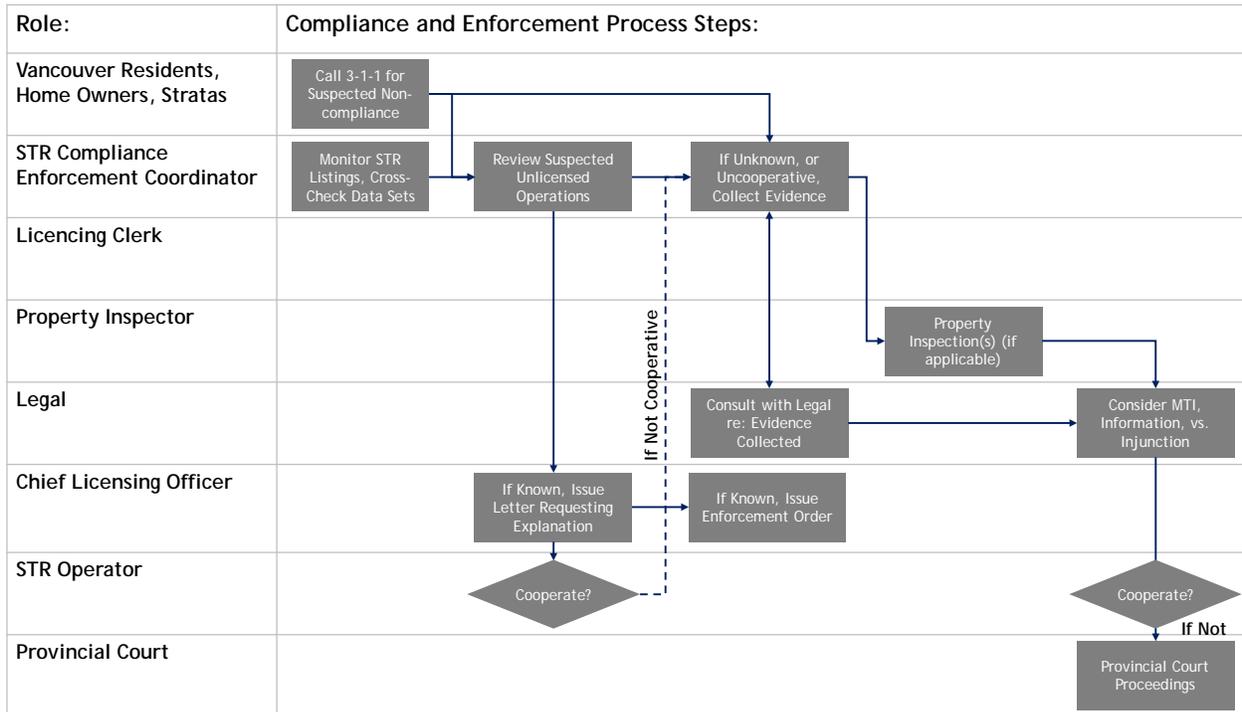
Scenario:	Eligible for Licence?
Owner or renter (with permission) wanting to STR a dwelling unit which is their Principal Residence Unit.	Yes - Principal Residences Units are eligible for STR by the owner or renter (with permission).
Owner wanting to STR a secondary suite or laneway house on the same property as their Principal Residence Unit (note: owner does not live in the secondary suite or laneway house).	No - Owners may not STR their secondary suite or laneway house unless it's a Principal Residence Unit.
Long-term renter wanting to STR a secondary suite which is their Principal Residence Unit, on the same property as their Landlord's main house and Principal Residence Unit which they also STR.	Yes - Principal Residences Units are eligible for STR by the long-term renter (with permission).
Owner wanting to STR a secondary suite which is their Principal Residence Unit on the same property as their main house which is not their Principal Residence Unit.	Yes - Principal Residences Units are eligible for STR, even for an owner in a secondary suite.
Owner living in a secondary suite which is their Principal Residence Unit wanting to STR their main house which is not their Principal Residence Unit.	No - Owners may not STR a unit which is not their Principal Residence Unit.
Owner wanting to STR a condo unit which is their Principal Residence Unit without their Strata Council's permission.	No - Owners may not STR their Principal Residence Unit without Strata permission.
Long-term renter wanting to STR a condo unit without the unit owner's permission AND the Strata Council's permission.	No - Renters may not STR without Owner AND Strata permission (if applicable).
Owner or renter wanting to STR a Principal Residence Unit, who is away on business from Monday to Thursday every week, year-round, staying in hotels in other cities.	Yes - Principal Residences are eligible for STR, for as many nights as the owner or renter chooses.
Owner or renter wanting to STR a Principal Residence Unit, who every year spends the winter in Arizona.	Yes - Principal Residences Units are eligible for STR, for as many nights as the owner or renter chooses.
Owner wanting to STR a secondary residence or investment property who has paid the Empty Homes Tax.	No - Owners may not STR their secondary residence even if the Empty Homes Tax is paid.

**PROPOSED ENFORCEMENT PROCESSES<sup>56</sup>**

**Commercial Operators (Tier 1)**

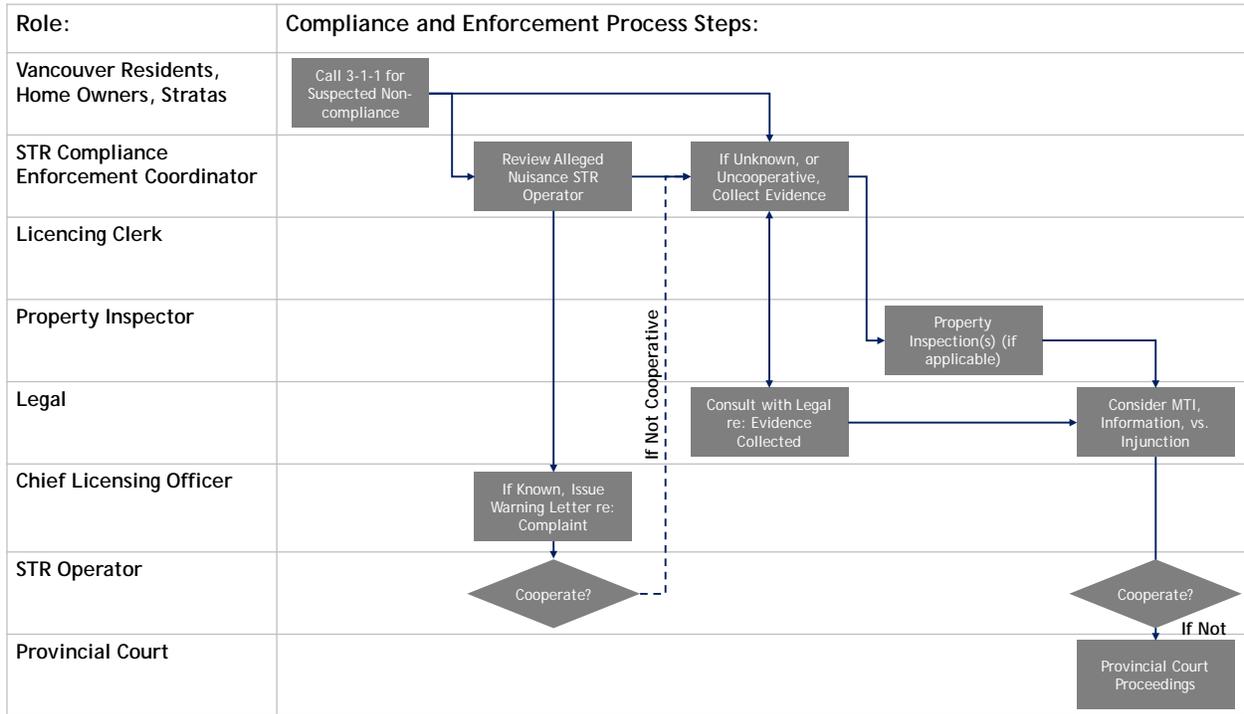


**Unlicensed Personal Operators (Tier 2)**



<sup>56</sup> Note: Working draft subject to ongoing review.

*Alleged Nuisance Operators (Tier 3)*



*HOST COMPLIANCE REPORT ON STR IN VANCOUVER*

1 City of Vancouver: Short-Term Rental Market Overview



# City of Vancouver: Short-Term Rental Market Overview

*April 2017 Update*

By Host Compliance, LLC



## Correction Notice

In connection with the work on this follow-up report to the August 2016 report titled *City of Vancouver: Short-Term Rental Market Overview* it was discovered that certain neighborhood level short-term rental counts were misstated in last year's report due to a transcription error between the analytics software and the report publication software. This error affected the following neighborhood level unique and active listings counts shown on page 10:

Kitsilano/Point Grey, Westside/Kerrisdale, Mt. Pleasant/Renfrew Heights, East Hastings and Southeast Vancouver. For three of these five neighborhoods, the error caused a discrepancy of less than +/- 10%. For Westside / Kerrisdale and Southeast Vancouver, the error caused a discrepancy of -27% and +38% respectively. While we obviously regret these errors, taken together, we do not believe that these discrepancies affect the overall conclusions of last year's report or should have any impact on policy. Specifically, the conclusion that Downtown, Mt. Pleasant/Renfrew Heights, Kitsilano/Point Grey and East Hastings were the neighborhoods with the most short-term rental units as of the summer of 2016 still stands.

This follow-up report naturally contains the corrected numbers. Please keep this in mind in case you need to compare this and last year's reports in detail.

Best regards,

A handwritten signature in black ink that reads "Ulrik Binzer".

Ulrik Binzer

President & CEO, Host Compliance LLC



## Contents

<b>1. EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>2. BACKGROUND &amp; METHODOLOGY .....</b>	<b>5</b>
2.1. Background.....	5
2.2. General Methodology.....	5
2.3. Data Used For This Report .....	6
2.4. Team .....	6
<b>3. MARKET OVERVIEW.....</b>	<b>8</b>
3.1 Global Context.....	8
3.2 Platforms Active in Vancouver .....	9
3.3 Listing Counts and Growth .....	10
3.3.1 Total vs. Active vs. Unique.....	10
3.4 Listing Types .....	13
3.4.1 Entire Units vs. Private/Shared Rooms .....	13
3.4.2 Number of Bedrooms.....	14
<b>3.5 LISTINGS/UNITS BY LOCATION.....</b>	<b>14</b>
ZONE 1: WEST END, STANLEY PARK.....	16
ZONE 2: ENGLISH BAY .....	17
ZONE 3: DOWNTOWN.....	18
ZONE 4: SOUTH GRANVILLE / OAK.....	19
ZONE 5: KITSILANO/POINT GREY .....	20
ZONE 6: WESTSIDE/KERRISDALE .....	21
ZONE 7: MARPOLE.....	22
ZONE 8: MT. PLEASANT / RENFREW.....	23
ZONE 9: EAST HASTINGS .....	24
ZONE 10: SOUTHEAST VANCOUVER .....	25
3.6 Listing Per Host .....	26



## 1. Executive Summary

In April 2016, the City of Vancouver began a review of the city's short-term rental regulations which currently only allow licensed hotels and bed and breakfasts to rent rooms for fewer than 30 days. To provide a fact-base for the review, the City engaged Host Compliance to provide a detailed analysis of the city's short-term rental market. In June 2016 the first assessment of the short-term rental market in Vancouver was made. The report was subsequently published in August 2016. The purpose of this report is to update these findings and provide an up-to-date overview of the short-term rental market in Vancouver as of mid-April 2017.

Vancouver's short-term rental market continues to grow. Since June of 2016 there has been a net growth of 4% in the number of total listings while there has been an 11% growth in the number of unique rental units actively marketed for rent on a short-term basis. While 11% net growth in less than a year is noteworthy, it is also worth noting that the growth has been significantly higher in Marpole, South East Vancouver, Westside/Kerrisdale and Mt. Pleasant/Renfrew Heights which experienced 42.4%, 38.4%, 37.7% and 29.0% growth respectively.

The Vancouver short-term rental market is extremely dynamic as short-term rental properties are constantly being listed and de-listed. In fact, 64% of Vancouver's current listings were not active in June of 2016. Likewise, 75% of the listings that were active in June 2016 are no longer to be found online. On an annualized basis, this implies that the turnover rate of the short-term rental market in Vancouver is ~93%. This annualized listing turnover rate is relatively high when compared to other major North American cities.

With 82% market share, Airbnb is still the biggest player in Vancouver's short-term rental market, followed by the listing websites owned by the Expedia group and TripAdvisor. In total there are 7 short-term rental platforms with 1% or larger market shares in the Vancouver market.

The distribution of short-term rentals in the different neighborhoods of Vancouver has remained relatively unchanged with a small relative decrease for Downtown and a small relative increase for Mt. Pleasant/Renfrew Heights. On a city-wide basis, no significant changes in the types and sizes of units offered for short-term rent have been found.

Like the number of unique rental units actively listed, the number of active Hosts has grown by 11% same over the past year. As was also the case a year ago, a large majority (85%) of hosts manage only one listing while, 10% manage 2 listings and 5% manage 3 or more listings.

The following sections provide a more detailed overview of the current state of the Vancouver short-term rental market, including in-depth analyses of the city's various neighborhoods.



## 2. Background & Methodology

### 2.1. Background

As a software, data and consulting services provider exclusively focused on helping local governments overcome the challenges associated with short-term vacation rentals, Host Compliance LLC has developed a set of proprietary data and analytics tools that can provide deep insights into the scale and scope of the short-term rental activity in any community. In this report, we will provide an update of our findings from reports commissioned by the City of Vancouver in the summer of 2016, with the hope that this updated fact-base will help inform the debate about how short-term rentals should be regulated in the city in the years to come.

### 2.2. General Methodology

Host Compliance's data is collected weekly and we currently collect, aggregate and de-duplicate all listing data, reviews, calendar info and photos across the world's 21 top short-term rental listing sites<sup>1</sup>. We estimate this represents ~94% of the total vacation rental universe in the City of Vancouver's jurisdiction.

In order to avoid overstating the scale of the short-term rental phenomena, Host Compliance de-duplicates its data to eliminate duplicate listings (units that are listed more than once on the same listing site or within the same "listing site family"<sup>2</sup>) and avoid double-counting cross-listed properties (i.e. units that are listed on more than one listing site).

To focus the analysis on properties that are actively being rented, data is segmented into active and passive listings. A listing is considered active if either: a) the listing has received a review in the past 12 months, or b) the listing description or calendar has been updated in the past 12 months.

Host Compliance's raw, de-duplicated and activity-based data can be segmented and analyzed by a number of parameters including:

- Listing site
- Location (as defined by a boundary box or polygon i.e. a neighborhood)
- Property type (e.g. apartment, house, condo)
- Room type (e.g. entire home, private room, shared room)
- Number of bedrooms and bathrooms
- Minimum number of nights available for rent
- Host Name/ID

---

<sup>1</sup> Airbnb.com, Flipkey.com, HolidayLettings.com, HouseTrip.com, Niumba.com, HomeAway.com, VRBO.com, VacationRentals.com, travelmob.com, BedandBreakfast.com, HomeAway.co.uk, OwnersDirect.co.uk, HomeAway.de, Abritel.fr, Homelidays.com, HomeAway.es, Toprural.es, AlugueTemporada.com.br, HomeAway.com.au, Stayz.com.au and Bookabach.co.nz

<sup>2</sup> By "listing site family", we refer to the fact that TripAdvisor and Expedia each own multiple listing websites.



- Number of reviews
- First review date
- Last review date
- Date the property was first active

The data contained in this report is believed to be accurate and representative of the scale and scope of the short-term rental activity in the City of Vancouver as of the date of this report.

### 2.3. Data Used For This Report

The data contained in this report was collected during the weekend of April 14<sup>th</sup>, 2017. Given that the Vancouver short-term rental market is extremely dynamic and listings come, go and change daily, the data in this report should be viewed as a “point in time snapshot” of the market and an update to the June 24, 2016 data published in August 2016. That said, given the large number of listings in the city, the patterns, themes and ratios outlined in this report are believed to be fully representative of the current state of the market.

*Unless noted otherwise, the analysis in this report is based on active listings de-duplicated within and across platforms. Due to rounding, some data tables may not sum up to 100%.*

### 2.4. Team

The analysis contained in the report was led by Host Compliance's team of data and short-term rental experts including:

#### **Jeffrey Goodman**

Jeffrey is an urban planner and considered one of North America's leading authorities on short-term rentals and how they impact communities. He has previously contracted with both the City of New Orleans and Airbnb, and advised researchers on short-term rentals in range of cities including San Francisco, Pasadena, Portland, New Orleans, and New York. Jeff has spoken about short-term rentals across North America, including at the APA's National Planning Conference. He graduated from Yale College and earned his Masters of Urban Planning from Harvard University. He is the author of a recent [featured article in Planning Magazine on the topic of STR regulation](#).

#### **David Marcus**

David is a Caltech Applied and Computational Math graduate working at the intersection of data science and geospatial information management with eight years of experience building well-architected, scalable software. Prior to Host Compliance, David founded Routefriend.com, a web-based application for planning trips on buses and trains, serving 1.5 million monthly users. David's most recent experience was at DwellAware where he served as the Lead Data Scientist for the data analytics company building products to quantify housing risks and costs for businesses and their customers in the residential real estate sector. Prior to DwellAware, David served in various technical roles at a number of software companies including aboutLife, UrbanMapping, AmericanTowns.com, Nielsen Analytic Consulting and Hewitt Associates. David earned his BS Degree in Applied & Computational Mathematics at California Institute of Technology and his MA in Anthropology from University of Kent.

7 City of Vancouver: Short-Term Rental Market Overview



**Ulrik Binzer**

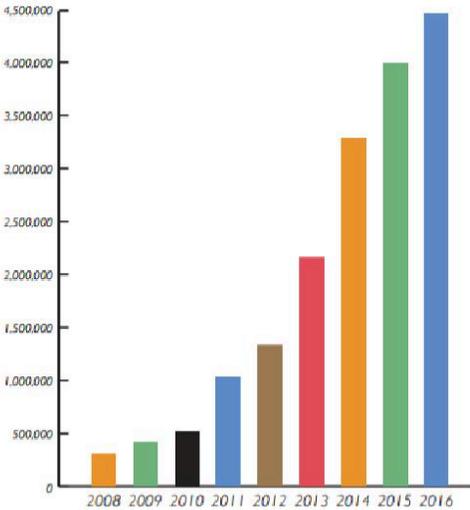
Ulrik is the Founder and CEO of Host Compliance, the industry leader in short-term rental monitoring and compliance solutions for local governments. A pioneer in the short-term rental enforcement solution space, Ulrik developed the first short-term rental compliance monitoring tools and now uses his expertise and insights to help local governments across North America implement, monitor and enforce short-term rental regulation. Ulrik previously served in a variety of leadership roles in management consulting, private equity, startups and the military and developed his strategic and analytical skill-set at McKinsey & Company and the Harvard Business School.



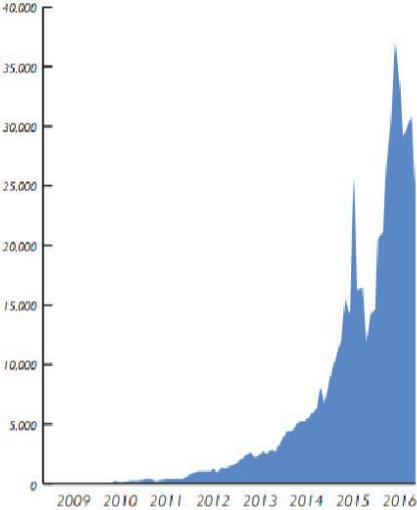
### 3. Market Overview

#### 3.1 Global Context

Global listings on top four platforms\* (2008 - 16)



Global listings created by month (Airbnb 2009 - 16)



\*Airbnb, VRBO, Flipkey, Homeaway

Though people have been renting spare rooms for centuries, the creation of Internet-based platforms have greatly expanded the availability of short-term rentals worldwide. Backed by large public companies or venture capitalists, sites like Airbnb.com, VRBO.com, HomeAway.com and Flipkey.com have expanded rapidly, from around 300,000 short-term rental listings worldwide in 2008 to over 4,500,000 in 2016. This pace of change - Airbnb added nearly 35,000 listings per month in 2016 - has turned a traditional local resort community industry into a global marketplace with active listings in more than 34,000 cities around the world. In North America, the growth has been equally astounding, and in the U.S. and Canada, there are now more than 2,700 cities with more than 50 active short-term rental listings.



### 3.2 Platforms Active in Vancouver



In June 2016, six of the 18 sites surveyed by Host Compliance were active in the City of Vancouver. In April 2017 we surveyed 21 sites in total and found that the same six sites were still active in Vancouver: Airbnb (82%), VRBO (7%), Flipkey (4%), HomeAway (2%), VacationRentals.com (< 1%) and Travelmob (< 1%). In addition, staff manually re-surveyed three additional short-term rental websites with listings in Vancouver i.e: Craigslist, Roomorama and Vancouver Dream Rentals. The three additional websites previously counted for 1% market-share each. As of April 2017, Craigslist now has 4% of the city's total listings, Roomorama holds less than 1% of all the listings and Vancouver Dream Rentals is still good for 1% of all short-term rental listings in the city.

These market-share figures and changes are consistent with the figures from most other large urban cities in North America. A comparison of the distribution of listings over the different platforms can be found on the next page.

10 City of Vancouver: Short-Term Rental Market Overview



Platform	% of Listings June 2016	% of Listings July 2017
Airbnb	~85%	~82%
Home Away Family (VRBO, Home Away, Vacation Rentals, travelmob)	~9%	~7%
Flipkey	~4%	~4%
Craigslist	~1%	~4%
Roomorama	~1%	~1%
Vancouver Dream Rentals	~1%	~1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\* Percentages do not add to 100% due to rounding

The 3 largest players in the Vancouver short-term rental market remain the same and are all multi-billion dollar companies backed by large investors. In the case of Airbnb, the company is currently valued at USD 30 Billion and backed by major private venture capital investors. The companies in the HomeAway family were recently acquired by the travel company Expedia (Nasdaq:EXPE) for close to USD 4 Billion, and FlipKey was sold to TripAdvisor (Nasdaq:TRIP) in 2008 for an undisclosed amount.

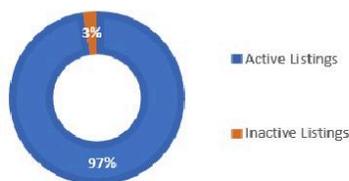
### 3.3 Listing Counts and Growth

#### 3.3.1 Total vs. Active vs. Unique

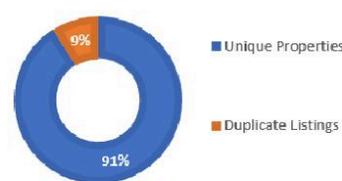
On April 14<sup>th</sup>, 2017 there were 6,518 online rental listings in the City of Vancouver on the 22 sites surveyed. This represents a 4% net increase over the 6,269 online listings identified in June 2016.

Because listings do not expire on many platforms, the raw number alone can give a false impression of activity, as orphaned and abandoned and unused listings still appear in searches. For this report, a listing was deemed active if the listing description or calendar was updated in the last 12 months, or if the listing received a review in the last 12 months. 97.5%, or 6,354 of the total identified listings in Vancouver were active in the last year.

ACTIVE LISTINGS



TOTAL & UNIQUE LISTINGS



11 City of Vancouver: Short-Term Rental Market Overview



From the listing data it is possible to refine this number further by filtering out duplications, either the same unit posted across multiple platforms or the same unit posted in different ways on the same platform. This analysis shows that there were 5,927 active and unique short-term rental units advertised in Vancouver at the time of data collection. This means approximately 9% of total listings were duplicates. In June 2016, the corresponding numbers were 5,353 and 13% respectively. This means there has been a 10.7% increase in the number of active and unique short-term rental units in the last 12 months. In the remainder of this report, we will focus our analysis on these 5,927 listings that represent active and unique rental units.

The growth in Vancouver's short-term rental market has not been universal, and has been concentrated in Marpole, Southeast Vancouver, Westside/Kerrisdale and Mt. Pleasant/Renfrew Heights which have all experienced ~30%+ growth in the last year. On the contrary, the number of active unique rental units has declined by 9% in South Granville/Oak and 22.7% in West End/St Stanley Park. In terms of absolute unit growth since last year, the largest increases were found in Mt. Pleasant/Renfrew Heights (+239), Southeast Vancouver (+133) and East Hastings (+107).

June 2016 – April 2017 Growth By Neighborhood

Neighbourhood	Active Unique Rental Units as of June 2016	Active Unique Rental Units as of April 2017	Active Unique Rental Units	% Change in Active Unique Rental Units
1. Marpole	59	84	+25	+42.4%
2. Southeast Vancouver	346	479	+133	+38.4%
3. Westside / Kerrisdale	251	343	+92	+37.7%
4. Mt. Pleasant / Renfrew Heights	824	1,063	+239	+29.0%
5. East Hastings	746	853	+107	+14.3%
6. Kitsilano / Point Grey	818	870	+52	+6.4%
7. Downtown	1,578	1,570	-8	-0.5%
8. English Bay	175	168	-7	-4.0%
9. South Granville / Oak	490	446	-44	-9.0%
10. West End / Stanley Park	66	51	-15	-22.7%
<b>TOTAL</b>	<b>5,353</b>	<b>5,927</b>	<b>+574</b>	<b>+ 10.7%</b>

While the overall 10.7% net growth rate of short-term rentals in the City of Vancouver might appear manageable, this net growth rate doesn't properly account for the very large amount of month-to-month and quarter-to-quarter turnover in the Vancouver's short-term rental market. Specifically, the 10.7% net growth rate doesn't show that a total of 4,703 listings have been

12 City of Vancouver: Short-Term Rental Market Overview



deactivated between June 24, 2016 and April 14, 2017 while a total of 4,182 new listings have been created and 774 previously inactive listings have been reactivated in Vancouver over the same time period. This implies that 64.2% of Vancouver's current listings are new within the last ~10 months. Equally important, 75% of the listings that were active last summer are now no longer active. Finally, over the ~10 month time-period covered by this report, a total of 11,225 listings were active in the Vancouver market. These are important facts to keep in mind as they paint a clearer picture of 1.) the transitory and seasonal nature of the market, and 2.) the importance of constantly monitoring the Vancouver STR market place for compliance if/when the new rules are adopted. Below, please find more details on this analysis.

Vancouver's Listings Turnover Rate	
<b>Total Listings as of June 24, 2016</b>	<b>6,269</b>
Less: Repositioned listings	-4
Plus: New listings added since June 24, 2016	+4,182
Plus: Listings re-activated since June 24, 2016	+774
Less: Listings that became inactive between June 24, 2016 and April 14, 2017	-4,703
<b>Total Listings as of April 14, 2017</b>	<b>6,518</b>
<b>Total # of Listings active between June 24, 2016 and April 14, 2017</b>	<b>11,225</b>

To compare the rate of change in the Vancouver short-term rental market to the rate of change in other comparable markets, one needs a standard measure. One such metric is what we refer to as the Annualized Listing Turnover Rate. Akin to the Annualized Employee Turnover Rate metric used by human resources departments to describe change in employee populations, we define the Annualized Listing Turnover Rate as the annualized ratio of the total number of listings that have become inactive over a certain time-period to the average number of total listings over that same time-period:

# of Listings that became inactive between June 24, 2016 and April 14, 2017	4,703
Divided by: The average number of Total Listings	6,393.5
= Listing Turnover Rate between June 24 <sup>th</sup> , 2016 and April 14 <sup>th</sup> , 2017	73.6%
<b># of days between June 24<sup>th</sup>, 2016 and April 14<sup>th</sup>, 2017</b>	<b>294</b>
<b>Annualized Listing Turnover Rate i.e. 73.6% *365 / 294</b>	<b>91.3%</b>

Comparing Vancouver's Annualized Listing Turnover Rate to that of other comparable cities, Vancouver ranks between Toronto and Los Angeles, which have experienced turnover rates at 82.9% and 99.4% respectively. Also noteworthy, at 91.3% Vancouver's Annualized Listing Turnover Rate is significantly higher than cities such as Edmonton, Seattle and Nashville which have experience annualized listing turnover of between 40% and 55%

City	Annualized Listing Turnover Rate
Nashville	41.9%
Seattle	43.7%
Edmonton	54.9%
Toronto	82.9%

13 City of Vancouver: Short-Term Rental Market Overview



<b>Vancouver</b>	<b>91.3%</b>
Los Angeles	99.4%

Analyzing this same data for hosts, it shows an Annualized Unique Host Turnover rate of 58.1%. Said differently, 2,736 of hosts that were active on June 24, 2016 are not actively listing any short-term rental properties as of April 14, 2017 while 2,718 new hosts have entered the market and 495 hosts that were dormant on June 24, 2016, have since re-listed at least one rental unit.

**Vancouver's Annualized Host Turnover Rate**

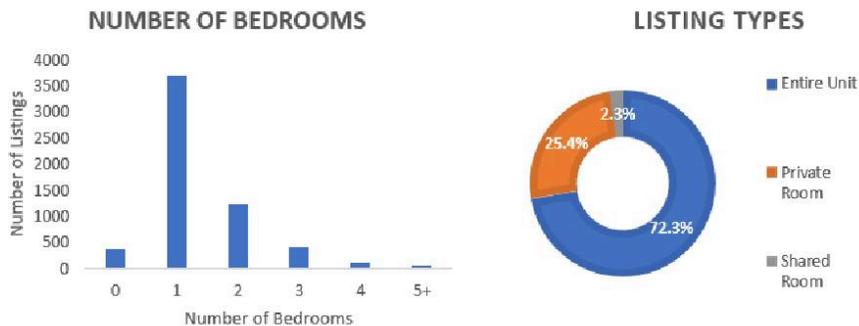
<b>Unique Hosts on June 24, 2016</b>	<b>4,471</b>
Plus: New Unique Hosts since June, 24 2016	+2,718
Plus: Hosts re-activated since June 24, 2016	+495
Less: Unique Hosts that have become inactive since June 24, 2016	-2,736
<b>Unique Hosts as of April 14, 2017</b>	<b>4,948</b>
 Annualized Unique Hosts Turnover	 72.1%

**3.4 Listing Types**

**3.4.1 Entire Units vs. Private/Shared Rooms**

Most platforms allow hosts to label their units as different kinds of spaces: entire unit, which could be whole apartments, condos, or houses; private room, a bedroom within a larger unit; or a shared room, such as a bed in a bedroom or a couch in a living room.

Of the 5,927 unique short-term rental units currently being advertised, 4,288 or 72.3% were for entire units - The other 27.6% of listings were for either private bedrooms (25.4%) or listings or shared rooms (2.3%). This is similar to the data from June 2016.

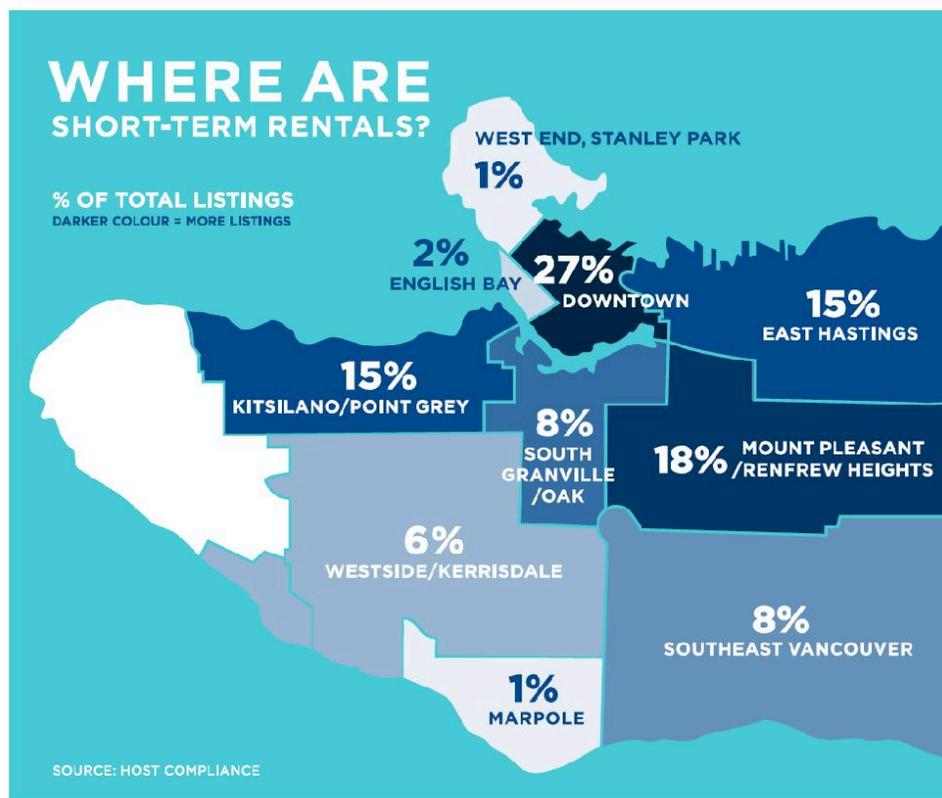




### 3.4.2 Number of Bedrooms

The number of advertised bedrooms still varies considerably. A large majority of the unique rental units have either one bedroom (62.4%) or two bedrooms (21%). Of the remaining, nearly four hundred listings are for small studio sized units whereas almost a hundred listings have five or more bedrooms, with one listing offering an eight bedroom unit. Similar results were found in June 2016. For a small number of listings (<.1%), the number of bedrooms are unknown.

## 3.5 Listings/Units by Location



Three quarters of Vancouver's unique short-term rental units are located in four neighborhoods: Downtown (27%), Mt. Pleasant/Renfrew Heights (18%), East Hastings (15%) and Kitsilano/Point Grey (15%). This represents relatively minor changes in the distribution since June 2016. Downtown shows a slight relative decrease (minus 4 percentage points). The biggest relative growth is found in Mt. Pleasant/Renfrew Heights (plus 3 percentage points).

The geographic distribution remains largely the same when the data is segmented by entire units vs. private/shared rooms, although the analysis reveals fewer private/shared room listings



in Downtown and more of such units in Mt. Pleasant/Renfrew Heights. The tables on the following page show this neighborhood-level analysis in more detail. The '% of Total' refers to the totals within each table.

**Active Unique Rental Units By Neighborhood**

Neighbourhood	Active Unique Rental Units	% of Total
1 - West End, Stanley Park	51	0.9%
2 - English Bay	168	2.8%
3 - Downtown	1,570	26.5%
4 - South Granville / Oak	446	7.5%
5 - Kitsilano / Point Grey	870	14.6%
6 - Westside / Kerrisdale	343	5.8%
7 - Marpole	84	1.4%
8 - Mt. Pleasant / Renfrew Heights	1,063	17.9%
9 - East Hastings	853	14.4%
10 - Southeast Vancouver	479	8.2%
<b>TOTAL</b>	<b>5,927</b>	<b>100.0%</b>

**Active Unique Entire Unit Rental Units By Neighborhood**

Neighbourhood	Active Unique Rental Units	% of Total
1 - West End, Stanley Park	38	0.9%
2 - English Bay	138	3.3%
3 - Downtown	1,278	30.6%
4 - South Granville / Oak	316	7.6%
5 - Kitsilano / Point Grey	625	15%
6 - Westside / Kerrisdale	191	4.6%
7 - Marpole	34	0.8%
8 - Mt. Pleasant / Renfrew Heights	708	16.9%
9 - East Hastings	634	15.2%
10 - Southeast Vancouver	213	5.1%
<b>TOTAL</b>	<b>4,175</b>	<b>100%</b>

**Active Unique Private Room or Shared Room Rental Units By Neighbourhood**

Neighbourhood	Active Unique Rental Units	% of Total
1 - West End, Stanley Park	13	0.7%
2 - English Bay	30	1.7%
3 - Downtown	292	16.7%
4 - South Granville / Oak	130	7.4%
5 - Kitsilano / Point Grey	245	13.9%
6 - Westside / Kerrisdale	152	8.7%
7 - Marpole	50	2.8%
8 - Mt. Pleasant / Renfrew Heights	355	20.3%
9 - East Hastings	219	12.6%
10 - Southeast Vancouver	266	15.2%
<b>TOTAL</b>	<b>1,752</b>	<b>100%</b>



**ZONE 1: WEST END, STANLEY PARK**

At the time of data collection there were 51 unique short-term rental units in West End, Stanley Park (represented by 52 active listings). This represents 1% of Vancouver’s total unique short-term rental units and makes this neighborhood, together with Marpole, the neighborhood with the least short-term rental units in the City. Zone 1 also shows the biggest relative decrease in units on the neighborhood level. Specifically, since June 2016 there has been a decrease of 22.7% in the number of short-term rental units (15 units in total). Currently, 38 listings (81%) are for entire units. This is similar to the unit profile from last year where 79% of the total were for entire units.

**Listings and Active Unique Rental Units by Listing Type**

	Active Unique Rental Units	Listings
Entire Units	38	39
Shared Units	13	13
<b>TOTAL</b>	<b>51</b>	<b>52</b>

**Active Unique Rental Units by # of Bedrooms**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
5	42	3	0	0	1
9.8%	82.3%	5.9%	0.0%	0.0%	2.0%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 1: West End, Stanley Park STR Listings**





**ZONE 2: ENGLISH BAY**

At the time of data collection there were 168 unique short-term rental units in English Bay (represented by 171 active listings). This represents around 3% of Vancouver’s total unique short-term rental units. Since June 2016 there has been a decrease of 7 short-term rentals in Zone 2 which equals a 4% decrease within the neighborhood. Currently, 138 listings or 82% are for entire units, and the majority of units (69.6%) offers one bedroom. This is a small relative increase from June 2016 where 75% of the rental units in this neighborhood were for entire units.

**Listings and Active Unique Rental Units by Listing Type**

	Active Unique Rental Units	Listings
Entire Units	138	141
Shared Units	30	30
<b>TOTAL</b>	<b>168</b>	<b>171</b>

**Active Unique Rental Units by # of Bedrooms**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
37	117	12	2	0	0
22.0%	69.6%	7.1%	1.2%	0.0%	0.0%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 2: English Bay STR Listings**





**ZONE 3: DOWNTOWN**

At the time of data collection there were 1,570 unique short-term rental units in Downtown Vancouver (represented by 1,755 active listings). This represents 26.5% of Vancouver’s total unique short-term rental units, and making it the neighborhood with the most short-term rental units in City. In terms of distribution and growth there are no significant changes for Zone 3. Since June 2016 there has been a minor decrease of short-term rentals in Zone 3 of 0.5% (minus eight units in total). 81% of the listings in this neighborhood are currently for entire units compared to 84% in June 2016. The majority of units (63.8%) offers one bedroom.

**Listings and Active Unique Rental Units by Listing Type**

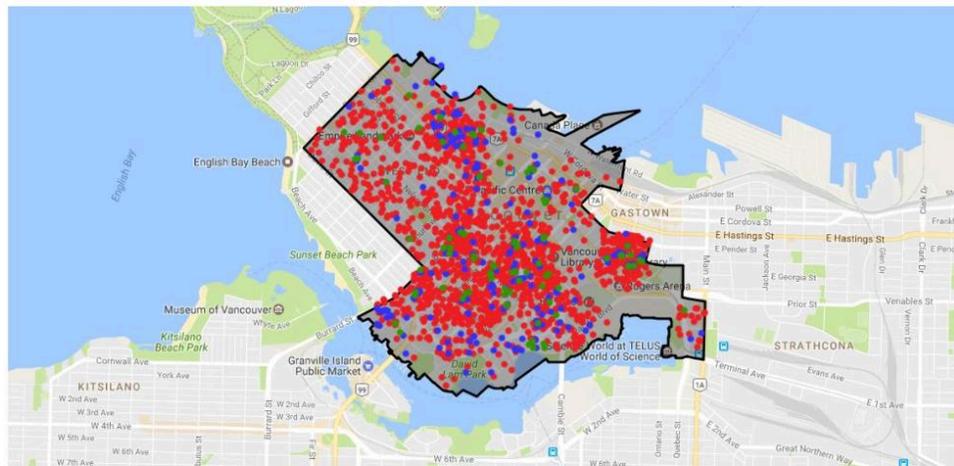
	Active Unique Rental Units	Listings
Entire Units	1,278	1,462
Shared Units	292	293
<b>TOTAL</b>	<b>1,570</b>	<b>1,755</b>

**Active Unique Rental Units by # of Bedrooms**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
135	1,001	370	55	4	2
8.6%	63.8%	23.6%	3.5%	0.3%	0.2%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 3: Downtown STR Listings**





**ZONE 4: SOUTH GRANVILLE / OAK**

At the time of data collection there were 446 unique short-term rental units in South Granville / Oak (represented by 474 active listings). This represents around 7.5% of Vancouver's total number of unique short-term rental units. Since June 2016 there has been a decrease of 44 short-term rentals. This equals a 9% decrease within this neighborhood. Currently, 316 listings or 71% are for entire units and the majority of units (68.8%) offers one bedroom. As a comparison, in June 2016, 365 listings, or 74.5% of the total were for entire units.

**Listings and Active Unique Rental Units by Listing Type**

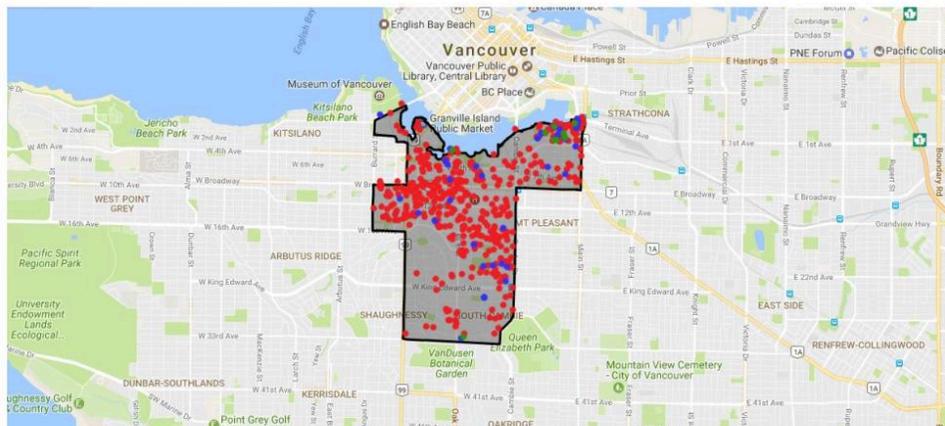
	Active Unique Rental Units	Listings
Entire Units	316	344
Shared Units	130	130
<b>TOTAL</b>	<b>446</b>	<b>474</b>

**Active Unique Rental Units by # of Bedrooms**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
33	307	84	14	5	3
7.3%	68.8%	18.9%	3.1%	1.1%	0.7%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 4: South Granville / Oak STR Listings**





**ZONE 5: KITSILANO/POINT GREY**

At the time of data collection there were 870 unique short-term rental units (represented by 918 active listings). This is 14.6% of Vancouver’s total number of unique short-term rental units, and the third most units of any neighborhood (on par with East Hastings). Since June 2016, the total growth in the number of short-term rentals in Zone 5 has been 6.4% (i.e. 52 units in total). 72% of this neighborhood’s listings are for entire units. This is similar to the findings in June 2016 when 74% of the listings were for entire units. A large majority of units offer either one or two bedrooms (80.1%) although there are several units with 4+ bedrooms available.

**Listings and Active Unique Rental Units by Listing Type**

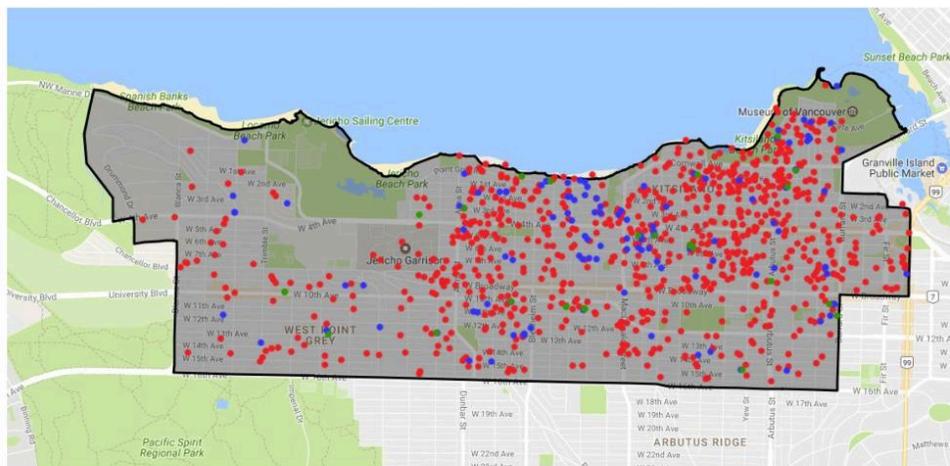
	Active Unique Units	Listings
Entire Units	625	673
Shared Units	245	245
<b>TOTAL</b>	<b>870</b>	<b>918</b>

**Active Unique Rental Units by Bedroom**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
47	504	192	87	30	9
5.4%	58.0%	22.1%	10.0%	3.5%	1.0%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 5: Point Grey/Kitsilano STR Listings**





**ZONE 6: WESTSIDE/KERRISDALE**

At the time of data collection there were 343 unique short-term rental units (represented by 360 active listings). This is 6% of Vancouver’s total number of unique short-term rental units. Since June 2016 the total growth in the number of short-term rentals in Zone 6 has been 37.7%, making it the Vancouver neighborhood with the third largest annual growth rate. 55.7% of the listings in Westside/Kerrisdale are for entire units. In June 2016 the comparable number was 69.3%. A majority of the rental units currently on the market offers one bedroom (58%), but with a total of 24.5% of the listings advertising +3BR homes, there are also a relatively large amount of larger homes on the market in this part of the City.

**Listings and Active Unique Rental Units by Listing Type**

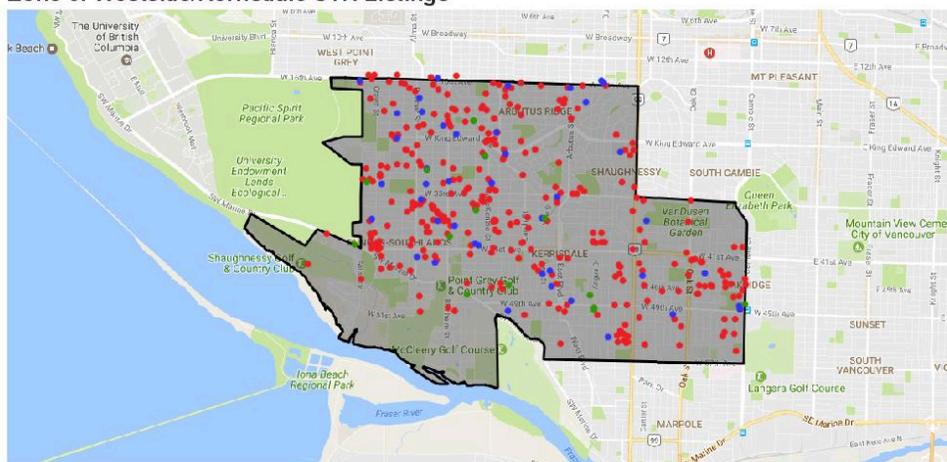
	Active Unique Units	Listings
Entire Units	191	208
Shared Units	152	152
<b>TOTAL</b>	<b>343</b>	<b>360</b>

**Active Unique Rental Units by Bedroom**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
12	199	47	38	26	20
3.5%	58.0%	13.7%	11.1%	7.6%	5.8%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 6: Westside/Kerrisdale STR Listings**





**ZONE 7: MARPOLE**

At the time of data collection there were 84 unique short-term rental units (represented by 90 active listings). This is 1.4% of Vancouver’s total unique short-term rental units and one of the city’s neighborhoods least affected by short-term rental units (together with West End and Stanley Park). Even though it has relatively few short-term rental units, it did show the largest growth rate of any neighborhood in the City (42.4% or 25 units in total). Around 40.5% of this neighborhood’s listings are for entire units, which is lower than in most neighborhoods. This is also a 10 percentage point decrease since June 2016 where approximately half of Marpole’s listings were for entire units. 71.4% of the rental units currently advertised have one bedroom.

**Listings and Active Unique Rental Units by Listing Type**

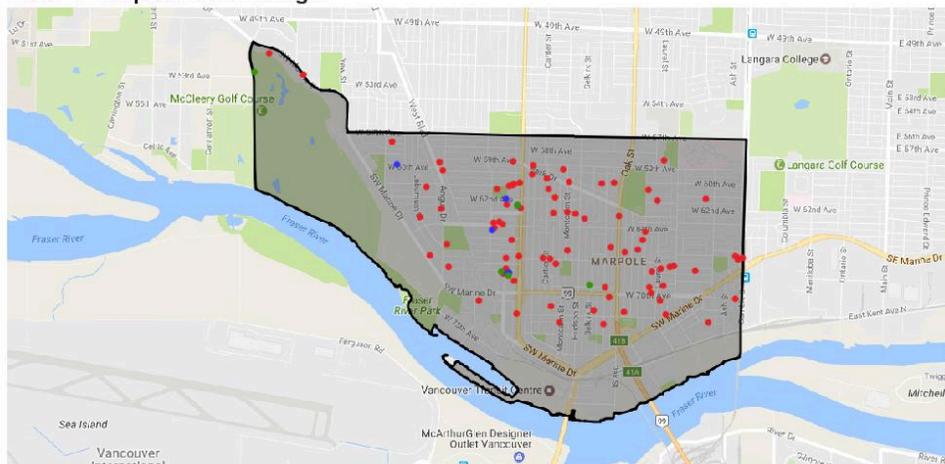
	Active Unique Units	Listings
Entire Units	34	40
Shared Units	50	50
<b>TOTAL</b>	<b>84</b>	<b>90</b>

**Active Unique Rental Units by Bedroom**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
0	60	12	6	2	2
0.0%	71.4%	14.3%	7.1%	2.4%	2.4%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 7: Marpole STR Listings**





**ZONE 8: MT. PLEASANT / RENFREW**

At the time of data collection there were 1,063 unique short-term rental units (represented by 1,119 active listings). This is 17.9% of Vancouver’s total number of unique short-term rental units, and the second highest number of available units of any neighborhood. The total growth in short-term rentals in Zone 8 since June 2016 is 29% (an increase of 239 units in total), making it the neighborhood with the fourth highest growth rate. As was the case last year, 72% of this neighborhood's listings were for entire units. The vast majority of rental units have only a few bedrooms with 65.9% offering one bedroom and 17.5% offering 2 bedrooms.

**Listings and Active Unique Rental Units by Listing Type**

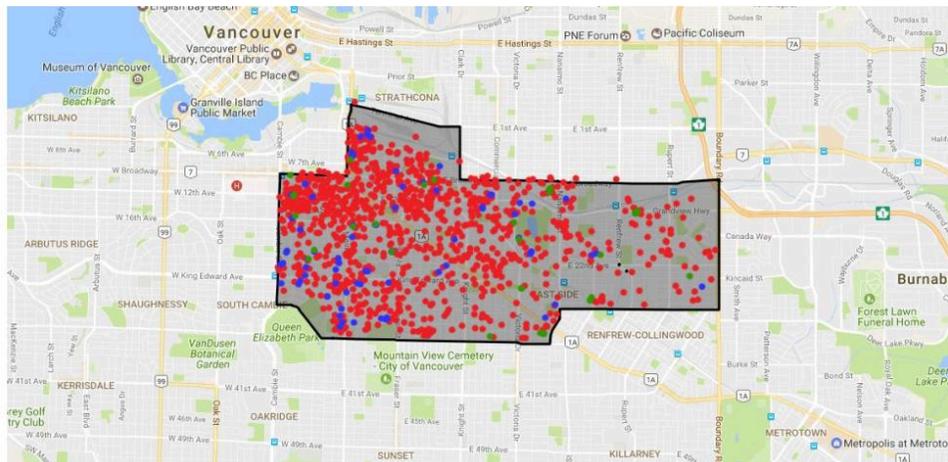
	Active Unique Rental Units	Listings
Entire Units	708	762
Shared Units	355	357
<b>TOTAL</b>	<b>1,063</b>	<b>1,119</b>

**Active Unique Rental Units by Bedroom**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
58	700	187	86	24	7
5.5%	65.9%	17.5%	8.1%	2.3%	0.7%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 8: Mt. Pleasant/Renfrew STR Listings**



24 City of Vancouver: Short-Term Rental Market Overview



**ZONE 9: EAST HASTINGS**

At the time of data collection there were 853 unique short-term rental units (represented by 911 active listings). This is 14.4% of Vancouver's total unique short-term rental units, and the third most units of any neighborhood (on par with Kitsilano/Point Grey). The total growth in short-term rentals in Zone 9 since June 2016 was 14.3%, which represents 107 net new units in total. With this number East Hastings ranks fifth in terms of relative growth rate. Around 72% of East Hastings listings are for entire units. In June 2016 this number was similar (75%). Similarly to Mt. Pleasant/Renfrew, about two thirds of all rental units in Zone 9 are for one bedroom apartments, while another 18.3% of listings are for two bedroom units.

**Listings and Active Unique Rental Units by Listing Type**

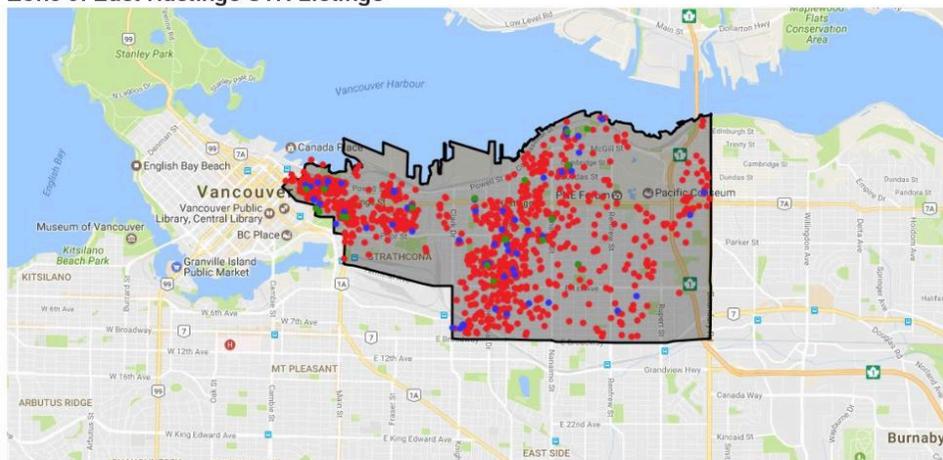
	Active Unique Rental Units	Listings
Entire Units	634	692
Shared Units	219	219
<b>TOTAL</b>	<b>853</b>	<b>911</b>

**Active Unique Rental Units by Bedroom**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
69	557	156	45	16	8
8.1%	65.4%	18.3%	5.3%	1.9%	1.0%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 9: East Hastings STR Listings**





**ZONE 10: SOUTHEAST VANCOUVER**

At the time of data collection there were 479 unique short-term rental units (represented by 504 active listings). This is 8% of Vancouver’s total number of unique short-term rental units. The total growth in the number of short-term rentals in Southeast Vancouver since June 2016 has been 38.4% (a 133 net increase), making it the neighborhood that shows the second largest growth rate in the City. 44.5% of Southeast Vancouver’s listings are for entire units, which is a lower proportion than in most other Vancouver neighborhoods. For comparison, in June 2016 over half of the listings (55%) were for entire units. The vast majority of rental units currently being advertised offer either one bedroom (69.1%) or two bedrooms (16.7%).

**Listings and Active Unique Rental Units by Listing Type**

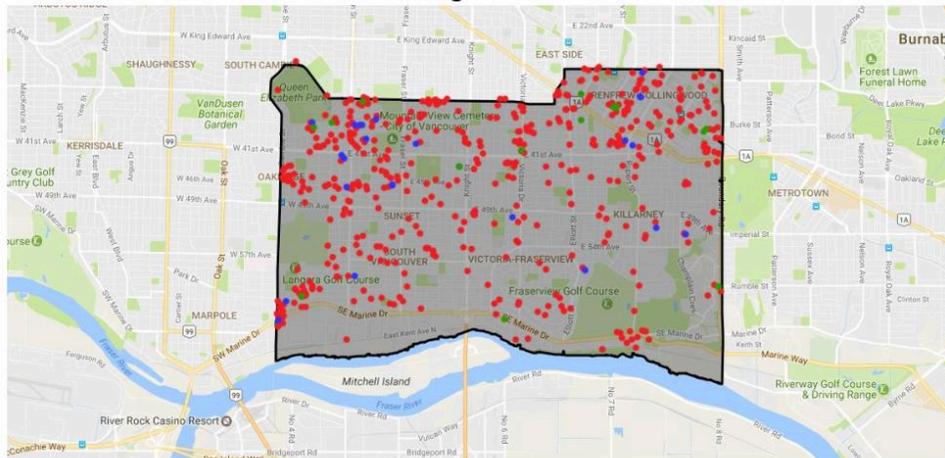
	Active Unique Units	Listings
Entire Units	213	236
Shared Units	260	268
<b>TOTAL</b>	<b>479</b>	<b>504</b>

**Active Unique Rental Units by Bedroom**

0 bedrooms	1 bedrooms	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
9	331	80	39	11	8
1.9%	69.1%	16.7%	8.1%	2.3%	1.7%

- For a small number of listings the number of bedrooms are unknown thus numbers might not add up to 100%

**Zone 10: Southeast Vancouver STR Listings**

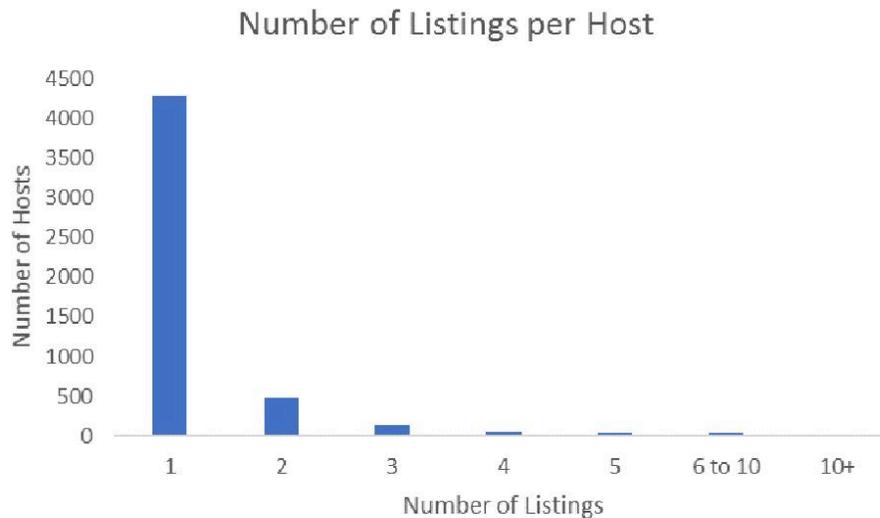




### 3.6 Listing Per Host

Using both published names of hosts in online profiles and the unique id numbers given to hosts on certain platforms, it is possible to get a sense of how many listings each hosts is managing. These numbers are not perfect for a number of reasons - hosts posting under multiple names on one platform or across several, for example - but do give a general sense of the shape of the marketplace.

At the time of data gathering, 4,948 hosts were found in Vancouver. This is a net increase of 10.7% compared to June 2016<sup>3</sup>. Of these hosts, 97% or 4,793 hosts are active. As was also the case in June 2016, a large majority (85%) of hosts manage only one listing. Another 10% operate two listings, and the remaining 5% of hosts have three or more listings. A small number of hosts (13) control more than 10 listings each. The largest number of listings by one host is 35. The average number of listings per host was 1.3 in April 2017 compared to 1.4 in June 2016.



<sup>3</sup> In the August 2016 version of this report we estimated that there were at least 4,393 hosts in Vancouver. That said, our more advanced host de-duplication algorithms has allowed us to refine this June 2016 estimate to 4,471

TALK VANCOUVER SURVEY RESULTS

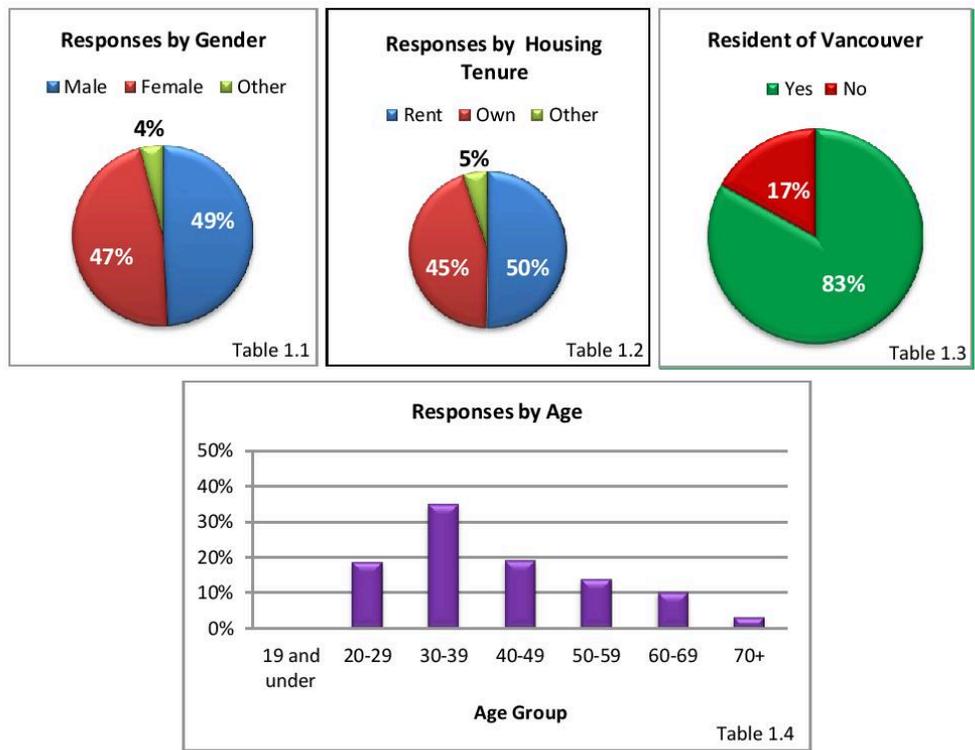
Short-Term Rentals  
Talk Vancouver Survey  
July 20th 2016 - August 3rd 2016

**SUMMARY OF SURVEY RESULTS**

1. Who We Heard From

**6475 participants**

Responses were even distribution across age, gender, and the tenure of their housing. Additionally, 83% participants were Vancouver residents

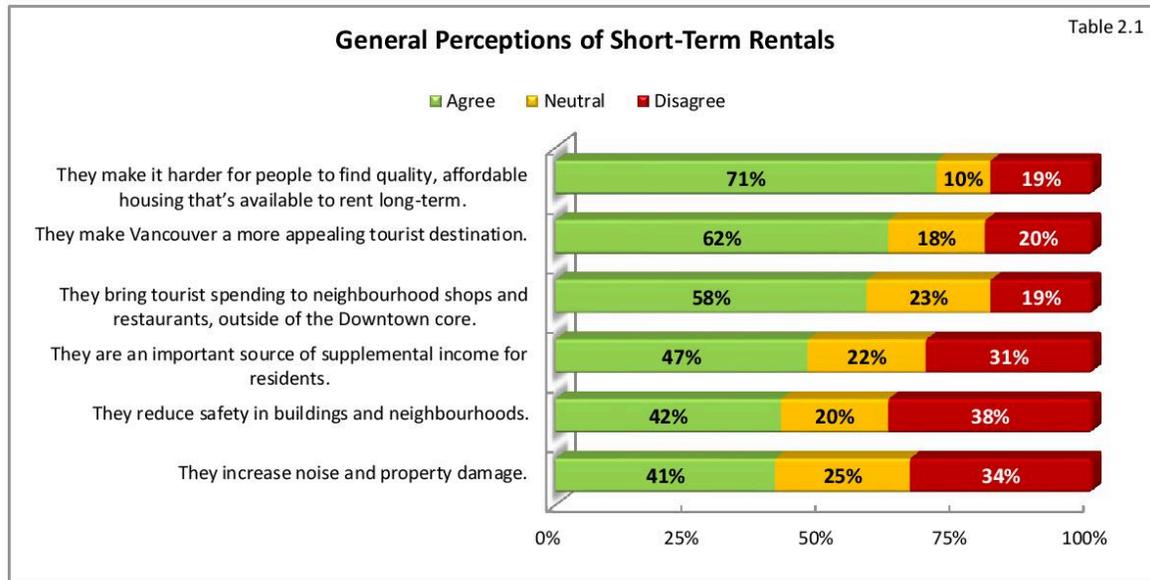


2. Public Opinion

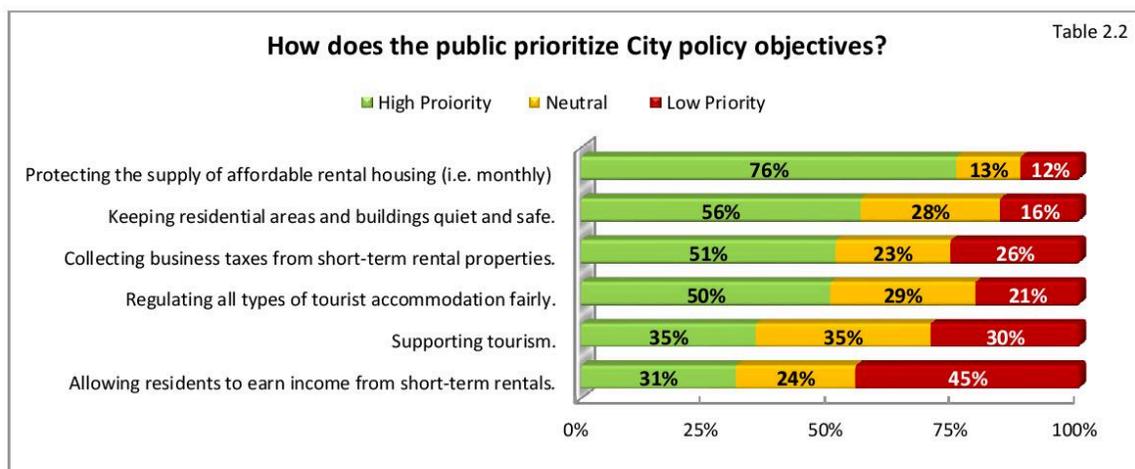
**We Must Protect Affordable Rental Housing**

Nearly two thirds of the participants believe that short-term rentals make it **harder for people to find quality, affordable long-term rental housing** (Table 2.1). At the same time the participants believe that short-term rentals are good for the tourism industry, but this a low priority for them as seen in Table 2.2.

Short-Term Rentals  
Talk Vancouver Survey  
July 20th 2016 - August 3rd 2016



**Protecting the supply of affordable rental housing** was seen as the top priority with more than three quarters of respondents agreeing. Meanwhile almost half of respondents cited allowing residents to earn income from short-term rentals as the lowest priority. Additionally, the second most important objective was to ensure that residential areas and buildings are kept quiet and safe. However the perceptions above in Table 2.1 noted that safety and property damages are not seen as a major detriment of short-term rentals

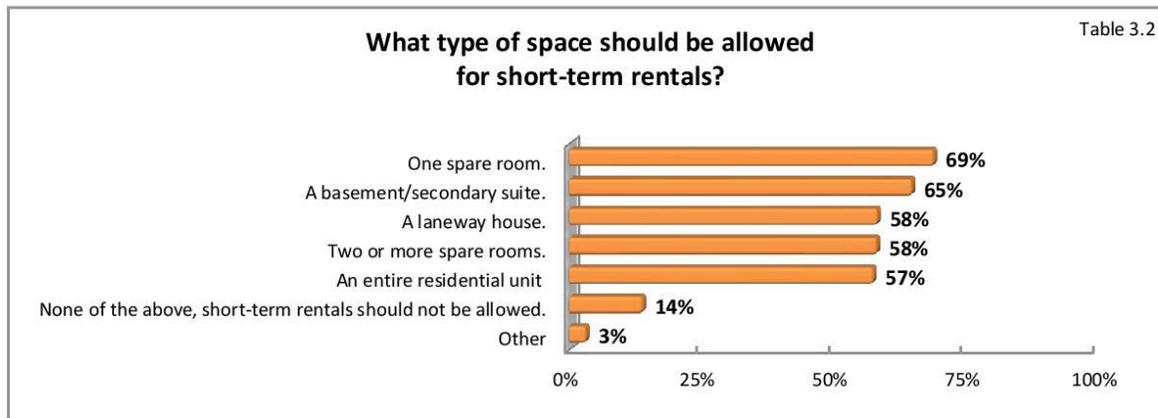
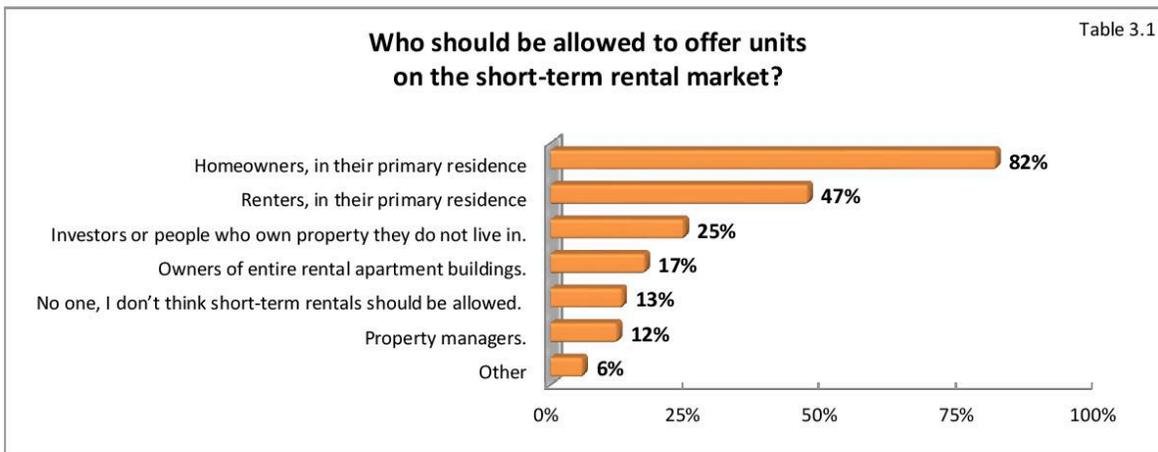


Short-Term Rentals  
Talk Vancouver Survey  
July 20th 2016 - August 3rd 2016

3. Policy Options

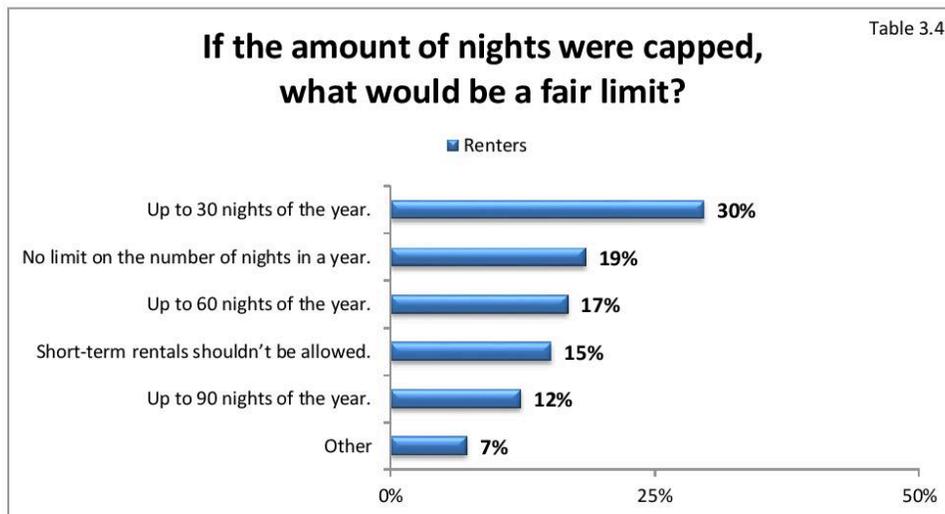
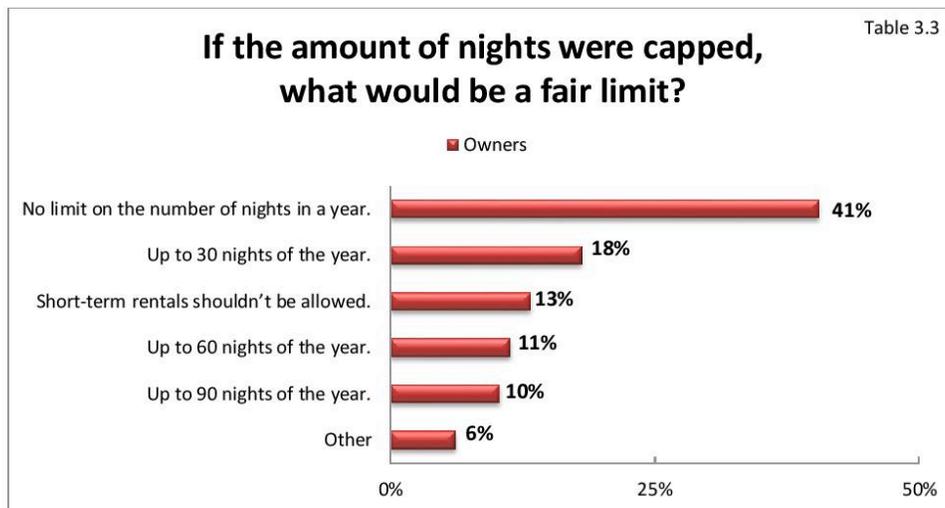
**Restricting to Primary Residence is the Key**

Participants felt strongly that short-term rentals should only take place in the **primary residence** of the operator. Almost everyone agreed that homeowners would be allowed to join to short-term rental market at will, while nearly half also believed renters should be able to participate as well (Table 3.1). As long as the space was the primary residence of the operator, every type of space was deemed supportable by the participants (Table 3.2).



Short-Term Rentals  
Talk Vancouver Survey  
July 20th 2016 - August 3rd 2016

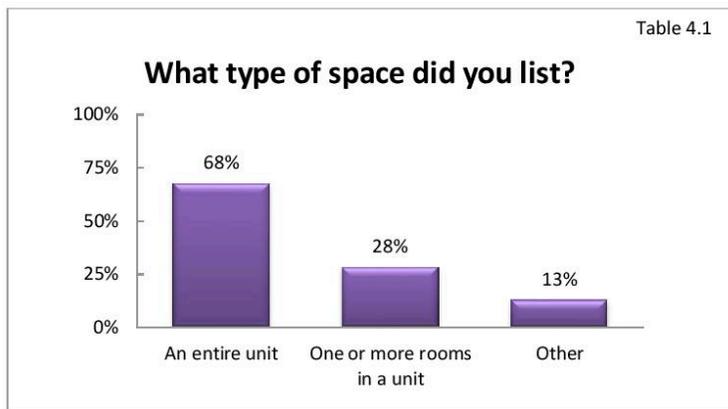
In general renters and owners shared very similar opinions, however when asked about a potential night-cap their opinions diverged. Nearly a third of renters believe nights should be capped at a maximum of 30-nights per year for each short-term rental. On the other hand over a third of home owners believe the number of nights a unit could be listed as a short-term rental should be unlimited (Table 3.3 and 3.4). A possible reason for this variance could stem from the reality of how renters and owners currently utilize their space on the short-term rental market, shown in Table 4.2 and 4.3.



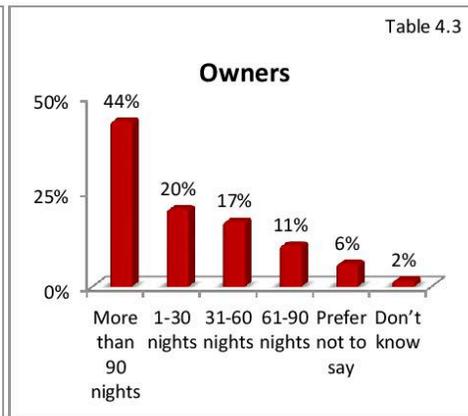
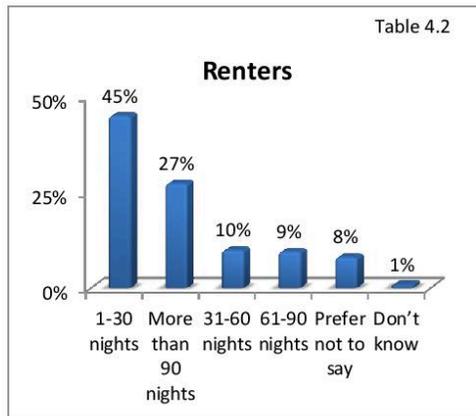
4. Host Profile

**Vancouver Hosts are benefiting from the Short-Term Rental Market**

At the end of the Talk Vancouver Survey, a section was dedicated to those who have hosted a short-term rental in the last twelve months. The results showed 10% of the total 6745 survey respondents, 676 people, had listed a space on the short term rental market. The most common option for a host was to have rented an entire unit, rather than a private or shared room (Table 4.1).



The survey results demonstrated that the total number of nights these hosts rented varied significantly. Renters were most commonly renting their space for less than 30 nights per year (Table 4.2), while owners were most likely to rent their space out for 90 days or more annually (Table 4.3).



**JURISDICTIONAL REVIEW**

Jurisdiction	Operator Licence or Registration	Operator Fees	Company Licence	Principal Res. Only	Night Cap	Safety Provisions	Nuisance Provisions	Hotel Tax Applied to STRs	STR Specific Tax
City of Vancouver (Proposed)	✓ Short-Term Rental Operator Licence	✓ \$49 annual business licence fee plus \$54 one-time application fee	✗	✓ Principal Residence Units Only	✗	✓ Requirements detailed in Appendix B	✓ Emergency contact that is reachable while operator is away	✗	Currently under review
City of Toronto (Proposed)	✓ Operator registry	✓ Fee estimate: \$40 - \$150 annually	✓ Fee estimate: \$5,000 - \$20,000, plus fee per night or listing	✓	✗	✓ Emergency information (911, fire escape route) to guests + Comply with all laws, including Fire Code	✓ Emergency contact that is reachable while operator is away	✗	Currently under review
Province of Quebec	✓ Classification Certificate	✓ \$247.78 annually + \$5.22 per unit annually	✗	✗	✗	✗	✗	✓ 3.5% Lodging Tax	✗
Austin	✓ Short-Term Rental Licence 1. Owner occupied 2. Not owner occupied 3. Multifamily / commercial	✓ \$443 for initial application \$236 renewal fee	✗	✗ 3% cap on non-principal res. rentals by census tract	✗	✓ Property standards/ building reqs.	✓ Regulations regarding noise Cap on number of adults in unit	✓ 9% Municipal Hotel Occupancy Tax 6% State Hotel Occupancy Tax	✗

Jurisdiction	Operator Licence or Registration	Operator Fees	Company Licence	Principal Res. Only	Night Cap	Safety Provisions	Nuisance Provisions	Hotel Tax Applied to STRs	STR Specific Tax
Chicago	✓ Vacation Rental Licence	✓ \$250 every 2 years	✓ \$10,000 + \$60 per unit listed	✗	✗	✓ Fire and property standards/ building reqs.	✓ Provide guest with contact information; renters must have landlord permission; occupancy limits; no hourly rentals	✓ 4.5% Municipal Hotel Tax 1% State Hotel Operators' Occupancy Tax	✓ 4% Shared Housing Surcharge (not applied to shared space within the unit of a permanent resident)
Denver	✓ Short-Term Rental Business Licence	✓ \$50 every 2 years for a Lodger's Tax ID + \$25 annually for the Short-Term Rental Business Licence	✗	✓	✗	✗	✗	✓ 10.75% Municipal Lodger's Tax 2.9% State Lodger's Tax	✗
Los Angeles (Proposed)	✓ Transient Occupancy Registration Certificate	✗ None yet stipulated	✗	✓	✓ 180 nights	✓ Fire and property standards/ building reqs.	✓ The host shall be responsible for any nuisance violations	✓ 14% Municipal Transient Occupancy Tax	✗
Nashville	✓ Short-Term Rental Property Use Permit: 1. Owner Occupied 2. Not Owner Occupied 3. Not Owner Occupied Multifamily	✓ \$50 annual fee	✗	✗ Only 3% of single detached and two-family units may be short-term rentals within each census tract	✗	✓ Fire and property standards/ building reqs.	✓ Abide by noise restrictions and regulations regarding the public peace and welfare	✓ 6% Municipal Hotel Tax \$2.50 per night/unit fee (municipal)	✗

Jurisdiction	Operator Licence or Registration	Operator Fees	Company Licence	Principal Res. Only	Night Cap	Safety Provisions	Nuisance Provisions	Hotel Tax Applied to STRs	STR Specific Tax
New Orleans	✓ Short-Term Rental Licence: 1. Temporary 2. Accessory (secondary suite or room) 3. Commercial (change of use)	✓ 1. Temporary: \$50 for principal residents, \$150 without 2. Accessory: \$200 3. Commercial: \$500	✗	✗ Principal residents pay lower fee	✓ 90 days for temp. licence	✓ Fire and property standards/ building reqs.	✓ Notify neighbours; occupancy limits; noise; odours, glare; vibrations, etc.	✓ 4% Municipal Hotel/Motel Sales Tax \$0.50 Hotel Occupancy Tax per night/unit	✓ \$1 per night fee for Housing Improvement Fund
New York City	✗ Short-term rentals are illegal except when owner occupied (Class A multiple dwellings)	✗ No fee	✗	✓	✗	✓ Fire and property standards/ building reqs.	✗	✓ 5.875% Municipal Hotel Room Occupancy Tax \$2 Municipal charge per day/room (charge graded based on room rental price) \$1.50 State fee per day/unit	✗
Philadelphia	✓ 1. Limited Lodging, Short Term: Primary resident, fewer than 91 nights rented annually 2. Limited Lodging, Home: Primary resident, 91 to 180 days 3. Visitor Accommodation Permit: 180+ nights per year	✓ 1. Limited Lodging, Short Term: no fee 2. Limited Lodging, Home: \$125 annually 3. Visitor Accommodation Permit: \$150 annually	✗	✓ Limited Lodging licences only for primary residents	✓ 90 days for Short Term, 180 days for Home Licence	✓ Fire reqs.	✓ May not disturb neighbours; guests of lodgers only permitted between 8am and 12pm	✓ 8.5% Municipal Hotel Room Rental Tax 6.39% Municipal Business Income Tax	✗

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Portland	✓ Accessory Short-Term Rental Permit: Type A: No more than 2 bedrooms rented to guests Type B: 3 or more bedrooms rented to guests	✓ For permits in 1 or 2 dwelling structures: \$178.08 fee and \$62 renewal annually For permits in multidwelling structures, \$100 fee and \$62 renewal annually	✗	✓	✓ Principal resident must occupy dwelling for 270 days annually	✓ Fire and property standards/ building reqs.	✗	✓ 11.5% City of Portland and Multnomah County Transient Lodging Tax 1.8% State Lodging Tax	✗
San Francisco	✓ Business Registration Certificate	✓ \$50 annually + Business Registration Certificate ranging from \$91 to \$251 annually based on income	✗	✓	✓ Principal resident must occupy dwelling for 275 days annually	✓ Fire and property standards/ building reqs.	✗	✓ 14% Transient Occupancy Tax	✗
Santa Monica	✓ City Business Licence	✓ \$76 annually	✗	✓	✗	✓ Fire and property standards/ building reqs.	✓ Resident must take responsibility for and prevent any nuisance activities	✓ 14% Municipal Transient Occupancy Tax	✗

Jurisdiction	Operator Licence or Registration	Operator Fees	Company Licence	Principal Res. Only	Night Cap	Safety Provisions	Nuisance Provisions	Hotel Tax Applied to STRs	STR Specific Tax
Seattle (Proposed)	✓ Short-Term Rental Operator Licence	✓ \$55 to \$110 for a Business Licence Tax Certificate based on income (under \$500,000 revenue)	✓ Short Term Rental Platform Licence	✗	✗ Only one short-term rental unit permitted	✓ Fire and property standards/ building reqs.	✗	✓ 0.215% Retail Business Licence Tax	✗ <sup>57</sup>

<sup>57</sup> Source: City of Toronto, Jurisdictional Scan of Short-Term Rental Regulations (June 2017). Updated with proposed City of Vancouver STR regulations.