



Short-term Rentals (STR) One-year Review

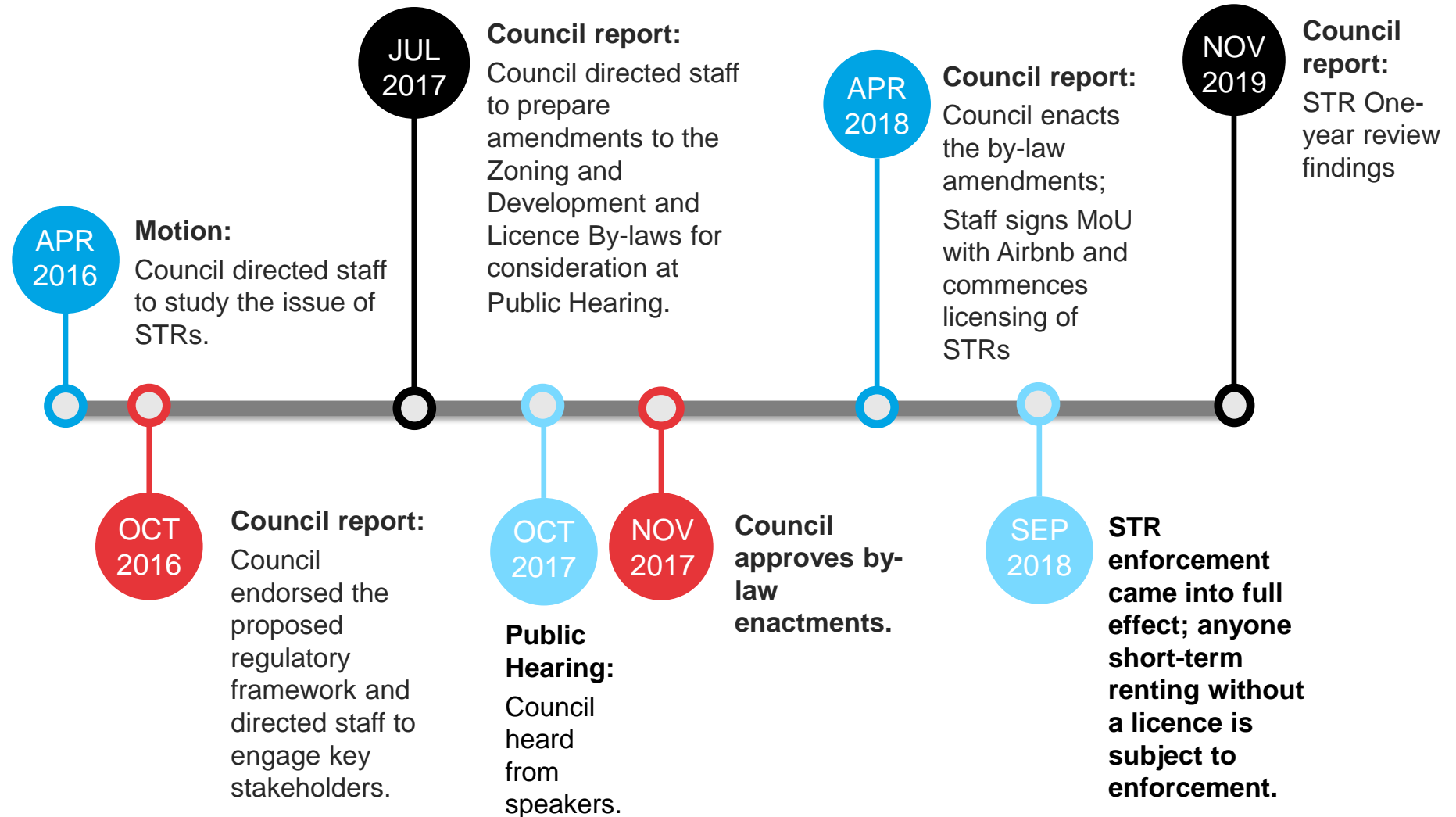
Presentation to Council - November 6, 2019



Agenda

1. Current State: STR Activity in Vancouver
2. STR enforcement: Process and outcomes
3. One Year Later: Key findings and Recommendations

Program timeline and Milestones





Guiding Principles

1. **Protect long-term rental supply**
2. **Ensure health and safety**
3. **Encourage neighbourhood fit**
4. **Enable supplemental income**
5. **Support the tourism industry**
6. **Promote regulatory equity**
7. **Encourage compliance**

How do Vancouver's STR regulations compare with other cities?



Permissive

Restrictive



Operators don't need a licence

Partial zoning restrictions (e.g. no STRs in single or two-family dwelling)

STR is permitted in Principal Residence Unit if the resident obtains a licence

Cap or quota on nightly rentals

Total restriction

No Principal Residence requirement

Operator must be present during stay

London (UK)

Seattle

Nashville

New Orleans

VANCOUVER

Victoria (BC)

San Francisco

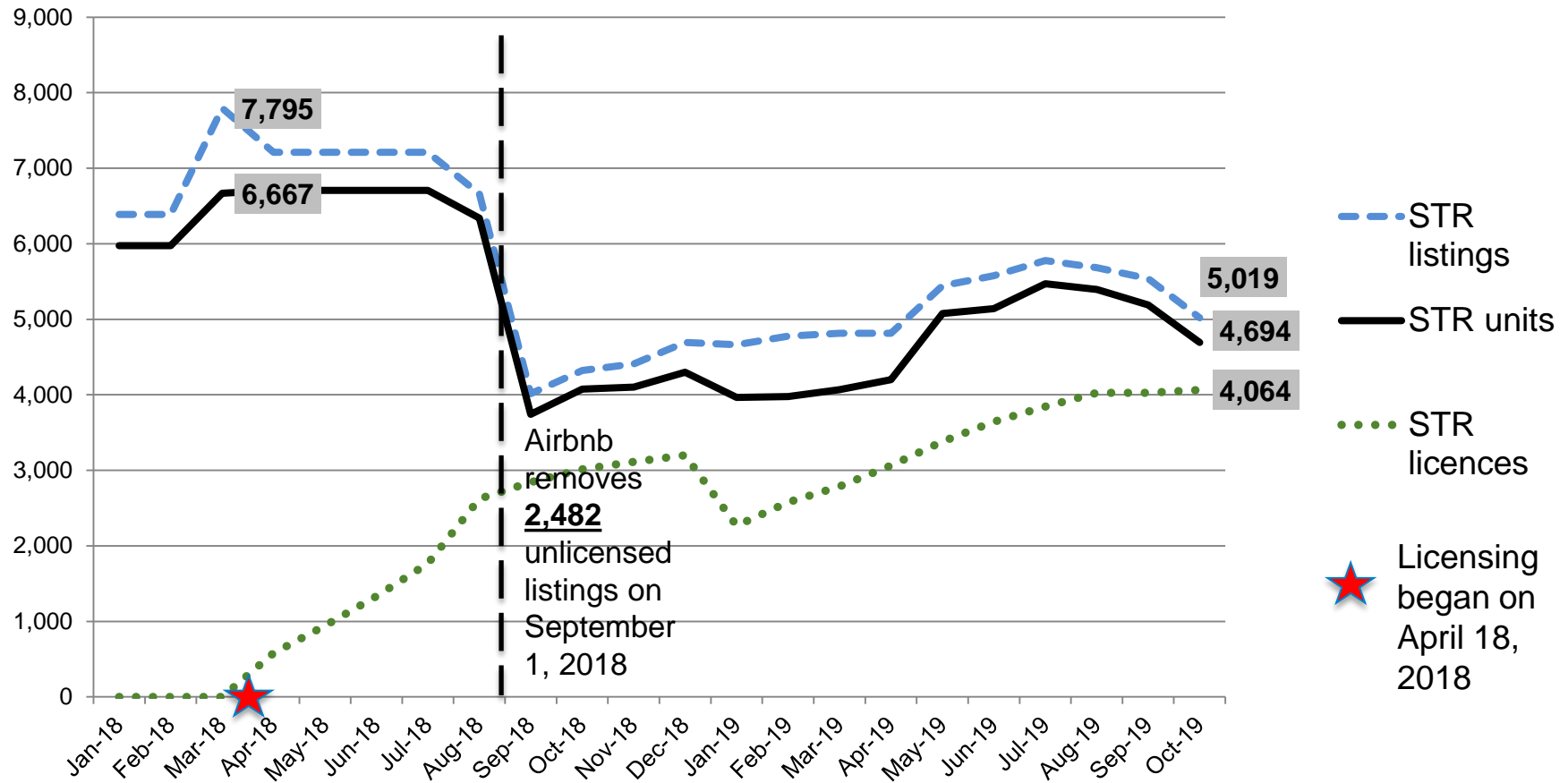
Toronto (proposed)

Richmond (BC)

STR market in Vancouver



STR licensing is the key measure of success



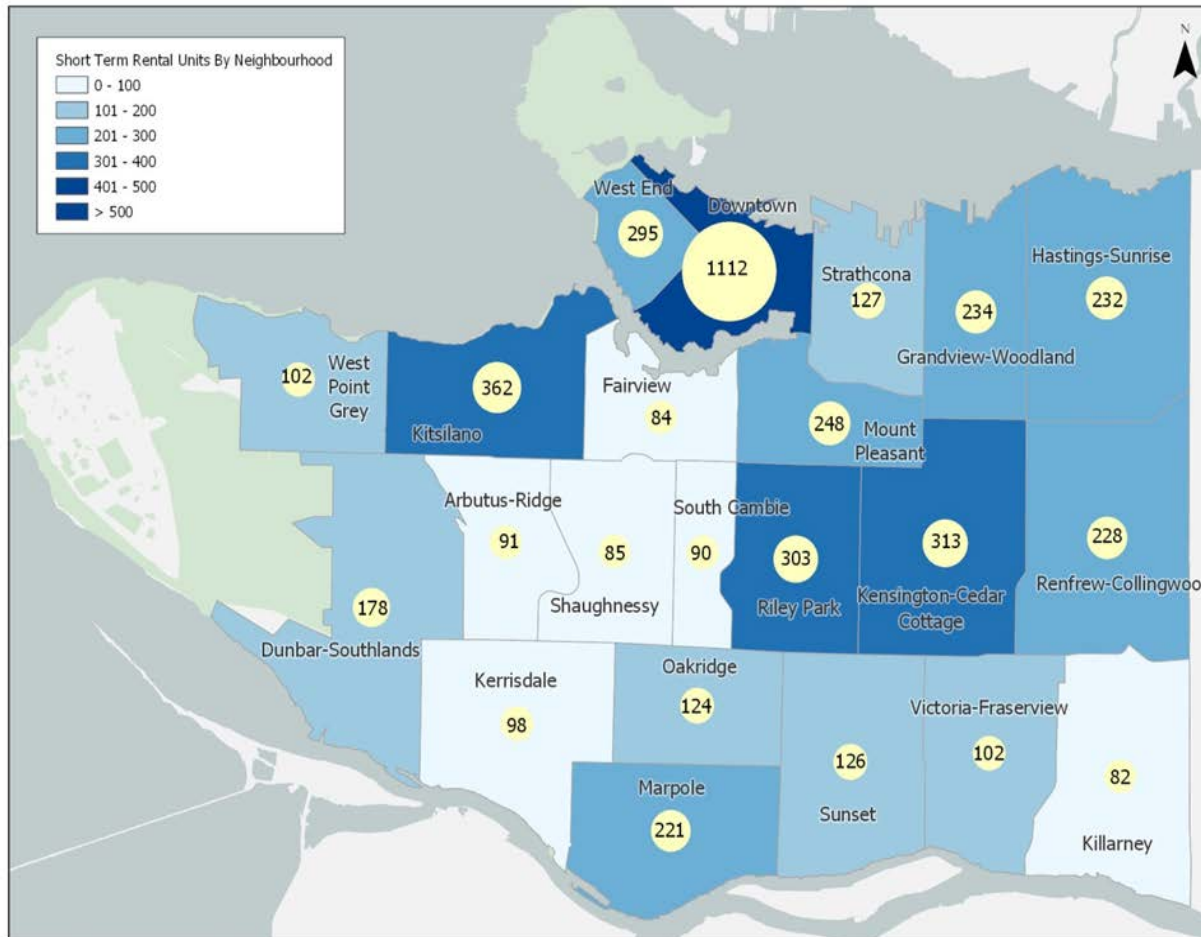
Source: Host Compliance

Location of STRs in Vancouver



STRs are located throughout Vancouver but are concentrated in certain areas of the City, especially the Downtown (1,112 STR units).

SHORT TERM RENTAL UNITS BY NEIGHBOURHOOD



Source: Host Compliance

STR platform market share and voluntary compliance



Booking.com



STR listing market share (October 2019)*	81%	11%	6%	2%
Mandatory business licence field	✓	x (voluntary)	x (voluntary)	x
Data sharing	✓ (quarterly)	x	x	x
Host education	✓	✓	✓	✓
Removal of unsafe listings upon request	✓	x	x	x
Additional voluntary supports	<ul style="list-style-type: none"> • Licence renewals • STR listing geo-fencing • Ongoing engagement 	<ul style="list-style-type: none"> • Ongoing engagement 	<ul style="list-style-type: none"> • Recent engagement 	-

* Source: Host Compliance

STR Compliance and Enforcement



- STR enforcement represents a significant shift in the way the City has traditionally enforced By-laws:

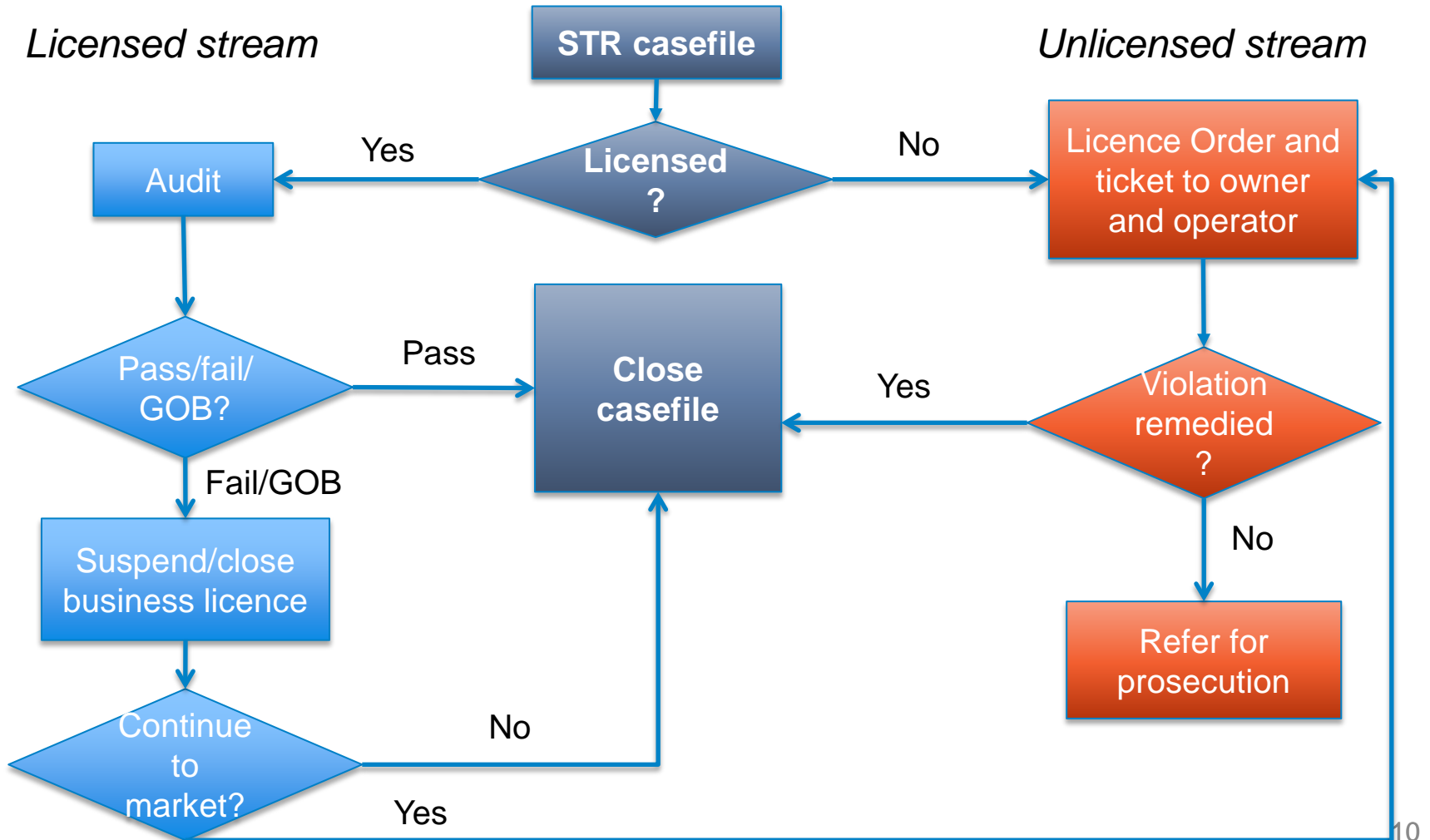
Traditional enforcement	STR enforcement
<ul style="list-style-type: none">• Field enforcement officers, 'boots on the ground'• Reactive, complaint driven	<ul style="list-style-type: none">• Digital, online enforcement• Proactive, data driven AND reactive, complaint-driven

- Staff utilize data analytics tool and various datasets, including Airbnb, screen-scrape, complaint and internal datasets to identify by-law violations.
- Site visits are used when STR units are suspected to be unsafe.

Enforcement process



There are two separate streams of enforcement:



Enforcement case example



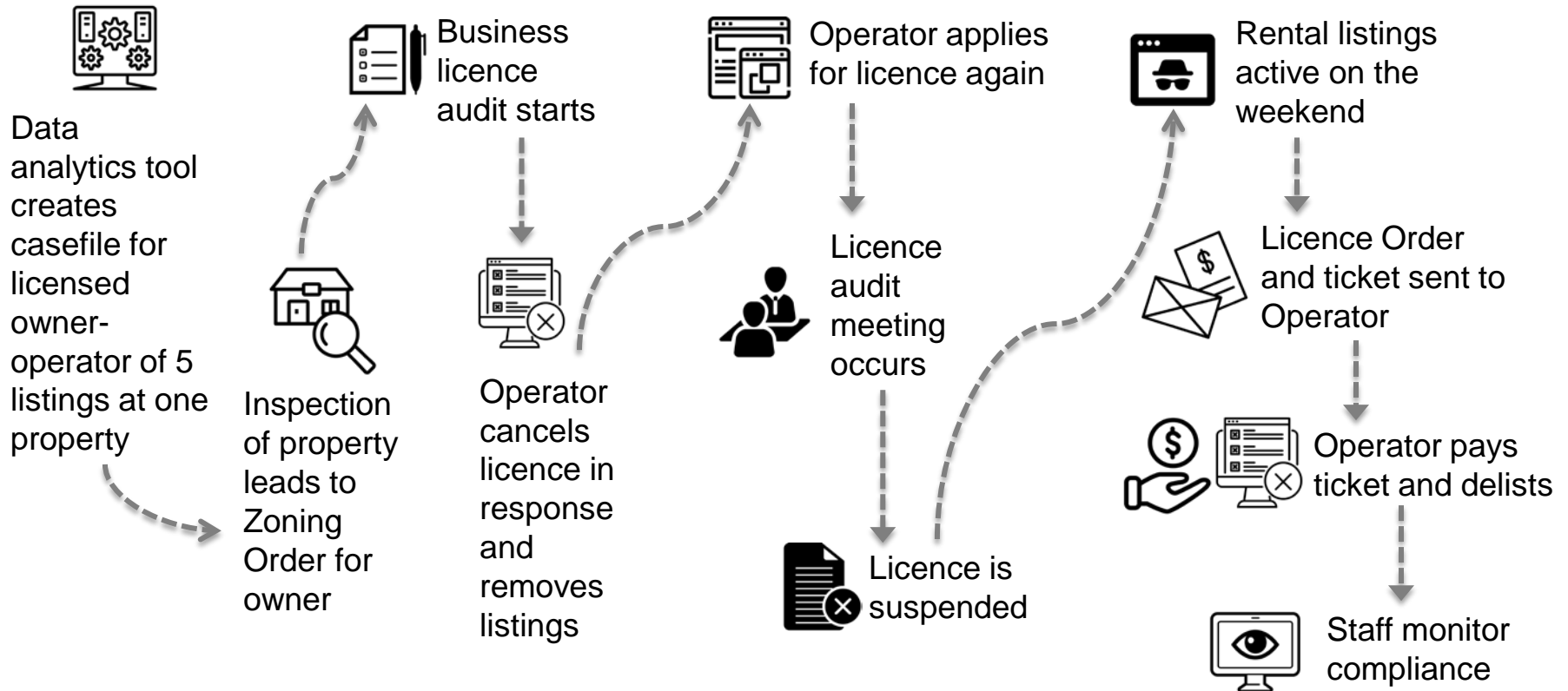
2018

Fall

2019

Winter

Summer



Enforcement outputs and outcomes



OUTPUTS

Stream	Enforcement action	Number (Sept. 2018 to Oct. 2019)
<i>Licensed</i>	# of audits initiated	625
	# of licences suspended	204
	# of licences voluntarily closed	223
<i>Unlicensed</i>	# of Licence Orders	334
	# of tickets	802
	# of warning letters	674
	# of listings referred for prosecution	120
<i>Zoning By-law violations</i>	# of inspections	157
	# of Zoning Orders	71
	# of STR units referred for prosecution	9

OUTCOMES



\$113,000 collected to-date from violation tickets



Six convictions in Provincial Court, resulting in additional **\$62,000** of Court-accessed fines



148 illegal operators came into compliance by acquiring a STR business licence

Impact on long-term rental (LTR) market



POSITIVE INDICATORS

- A. The STR market in Vancouver has not returned to pre-regulation levels – **2,000** fewer active units;
- B. Independent research by Coombs, Kerrigan and Wachsmuth (2019) estimates that **300** STR units were likely returned to the LTR market in first 4 months of enforcement;
- C. Through enforcement efforts, **624** have delisted and/or converted to +30 day rentals; and
- D. **+2,000** additional LTR business licences issued since STR regulations enacted, nearly 80% for individual condo units.

FUTURE WORK

- Partner with housing academics;
- CMHC vacancy rate data release in late 2019; and
- Continue to monitor other jurisdictions.

Summary of One-Year Review



KEY FINDINGS

1. Licensing compliance rate at 73%
2. Data driven approach to STR enforcement is necessary
3. Cooperation with STR platforms, including access to data for enforcement purposes, is effective
4. STR enforcement is increasingly complex
5. Prosecution remains the City's strongest enforcement tool but it is a lengthy and resource intensive process
6. Platform accountability is the fastest way to compliance, however City lacks the legal means to regulate online platforms
7. Partnerships with stratas and property management companies are an effective way to further regulate STR activity

RECOMMENDATION

- The City's approach to STR licensing and enforcement has been effective. With Vancouver remaining in a housing crisis, staff recommend:
 - **Continue to only permit STRs in a principal residence unit, with a business licence;**
 - Amendments to the Licence By-law No. 4450 to strengthen the current policy approach.

Proposed amendments to the Licence By-law No. 4450



	Summary of amendment	Council Motion-directed
1.	A person may only have one principal residence in Vancouver	
2.	Licence applicants may not knowingly provide false information in the application (will result in enforcement)	
3.	New licence conditions requiring STR business licence holders to provide marketing and operating information upon request of the City	Yes – Motion B.11 (July 10, 2019)
4.	License and regulate STR property managers	
5.	Increase STR business licence fee to \$99	Yes – Motion B.11 (July 10, 2019)

STR Platforms: Advocacy recommendations



REGULATORY LIMITATIONS

The City has insufficient authority to regulate online platforms; reliant on voluntary participation including:

- Voluntary data sharing for enforcement purposes
- Voluntary administration of transaction fees, and tax collection/remittance

Results in a lack of consequences for online platforms, using municipal enforcement tools

RECOMMENDATION

THAT Council request the Mayor to:

- a) Advocate to the Provincial Government to:
 - Regulate platforms
 - Collect taxes (PST and MRDT) from all STR operators
 - Share Provincial Sales Tax (PST) revenue collected from STRs in Vancouver to fund affordable housing
- b) Appeal to non-Airbnb platforms (Expedia, Booking.com and TripAdvisor) to take additional steps towards compliance with STR regulations.

2020 Work plan Priorities



- A. Expand STR Prohibited Building List to strata buildings with strata by-laws that prohibit STRs
- B. Establish a STR community working group comprising of key stakeholders to gather community interest ideas
- C. Engage with real estate industry and regulators
- D. Systematic review of City's technology and metrics supports for STR
- E. Continue efforts to estimate the impact of STR units and City regulations on the LTR stock



THANK YOU!

Questions and answers

Appendix 1: STR licence fee by City in 2019

