



ADMINISTRATIVE REPORT

Report Date: April 10, 2018
Contact: Kathryn Holm
Contact No.: 604.873.7545
RTS No.: 12320
VanRIMS No.: 08-2000-20
Meeting Date: April 18, 2018

TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager of Development, Buildings and Licensing
SUBJECT: Enactment and Implementation of Short-term Rental Regulations

RECOMMENDATIONS

THAT Council receive for information additional data on the number of short-term rental listings in the City, actions in response to motions passed by Council, and updates on the progress of implementing the City's short-term rental regulatory program.

REPORT SUMMARY

On November 14, 2017 Council approved amendments to the Zoning and Development By-law, Licence By-law, and Ticket Offences By-law that will allow short-term rentals (STR) in a principal residence, subject to STR operators¹ obtaining a business licence. The amendments will be brought forward for enactment on April 18, 2018, thereby supporting the launch of the STR regulatory program. Upon enactment of the new STR by-laws, Vancouver residents may begin applying online for a STR operator business licence, starting April 19, 2018.

Since November, staff have followed-up on the additional actions requested by Council and have been preparing the detailed processes, technology, and staffing requirements needed to implement the approved STR program. This report provides an update on those activities and is concurrent with the enactment of by-law changes needed to launch the program.

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 July 11, 2017, Council directed staff to prepare amendments to the Zoning and Development By-law, Zoning and Development Fees By-law, Licence By-law and Ticket Offences By-law to

¹ Note: A STR operator is defined in the Licence By-law as "a person who carries on the business of providing short-term rental Accommodation." STR platforms refer to any person or company in the business of facilitating or brokering bookings for short-term rentals via the internet.

implement the proposed STR regulatory framework, for consideration at Public Hearing, scheduled for October 24, 2017.

On October 24 and 26, 2017, Council heard from speakers and referred discussion and decision to the Regular Council meeting on November 14, 2017, as Unfinished Business.

On November 14, 2017, Council approved amendments to the Zoning and Development By-law and Licence By-law that allow STRs in principal residences, subject to obtaining a business licence. Council also approved amendments to the Ticket Offences By-law to strengthen offences for short-term rentals. Council directed the Director of Legal Services to bring forward for enactment the approved amendments to the Zoning and Development By-law, Licence By-law, and Ticket Offences By-law.

Additionally, on November 14, 2017, Council directed staff to:

- Include in the next report back on the matter, consideration of regulations that allow two listings for each STR business licence.
- Pursue all means possible to require all STR platforms operating in the city require that every Vancouver listings include the STR business licence number.
- Request that the Provincial Government expedite levying of taxes on short-term rentals to achieve a level playing field with hotels and bed and breakfasts in Vancouver and request that those tax revenues be remitted back to the City to be used for affordable housing.

Since Council approved STR regulations, Council approved the Housing Vancouver Strategy and 3-Year Action Plan on November 28, 2017. Implementing STR regulations and refining the approach to compliance and enforcement were identified as a high priority action item to address speculative investment and housing demand in the City.² The specific action items were:

- Advocating to the provincial government to review tax equity for hotels, bed and breakfasts and short-term rentals, including the Municipal Regional Development Tax.
- Exploring opportunities and develop a MoU with STR platforms on the implementation of a STR transaction fee of up to 3%, to be collected and remitted to the City.
- Monitoring and reporting back on implementation, compliance and impacts of the STR regulatory and licencing regime.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the General Manager of Development, Buildings and Licensing recommend acceptance of this report.

² Source: "Housing Vancouver Strategy (2018-2027) and 3-Year Action Plan (2018-2020)." - 12153

REPORT

Background/Context

Current State of Vancouver Short-term Rentals

Short-term rentals (STR) are defined as any property rental with duration of less than 30 days. Popularized by such platforms as Airbnb and VRBO, the City of Vancouver currently has approximately 6,700 units posted.³

Since the City began collecting data⁴ on the STR market in 2016, the number of units being rented has increased by 25% (Table 1). The majority of rentals continue to be ‘entire units’ and over 80% of the operators manage only one listing (Table 2). The number of operators managing more than one listing has increased and these multiple listings represent the approximate number of STRs that will remain illegal under the new STR regulatory framework.

Table 1 – Key Market Trends

Vancouver’s STR Summary	June 2016	April 2017	March 2018
Online STR Units in the City of Vancouver	5,353	5,927	6,667
STR Operators Managing Online Units	4,471	4,948	5,522
Estimated Annual Market Growth (Active Units)	n/a	13%	12%

Table 2 – Types of Vancouver Short-term Rentals

Types of STR’s	June 2016	April 2017	March 2018
Percentage of STR Units Advertised as “Entire Units”	74%	72%	70%
Percentage of “Private Bedrooms” or “Shared Units”	26%	28%	30%
Percentage of STR Operators Managing Only One Listing	83%	85%	83%
Percentage of STR Operators Managing Two Listings	10%	10%	11%
Percentage of STR Operators Managing Three or More Listings	7%	5%	6%
Number of STR Operators Controlling More than Ten Listings	25	13	14

The number of platforms operating in the city has increased slightly, but the distribution across the market has not changed considerably, with Airbnb making up over 80% of the market and the Expedia Group holding the next largest share of the market (Table 3).

³ Source: Host Compliance LLC (March 2018).

⁴ STR Platforms do not make their data available so all cities must rely on third party vendors to collect and synthesize data. The City of Vancouver has worked with Host Compliance LLC to gather data on the since June 2016. All data presented here is from reports provided by Host Compliance in June 2016, April 2017, and March 2018.

Table 3 – Market Share of STR platforms in Vancouver:

STR Platform	Share of the STR market (%)		
	June 2016	April 2017	March 2018
Airbnb	85%	82%	88%
Expedia Group (i.e. VRBO, HomeAway)	8%	9%	8%
TripAdvisor (i.e. FlipKey)	4%	4%	3%
Craigslist	1%	4%	0%
Other	2%	2%	1%

Finally, it should be noted that once short-term rentals are legal in Vancouver, the total number of short-term rental listings in the city may increase since almost all residents may qualify to operate short-term rentals from their principal residence. In other words, a higher total number of STR listings recorded at the next data collection would not necessarily represent a negative trend (as has been the case to date, since all STRs have been illegal). Staff will continue to work with a vendor to collect and analyze trends in the STR marketplace to evaluate and evolve the city's STR program and enforcement protocols.

Vancouver's Short-term Rental Regulatory Framework

In the City of Vancouver, short-term rentals (i.e. fewer than 30 days) have only been allowed in licensed hotels and bed and breakfasts. Despite these rules, there has been rapid growth in nightly rentals offered in Vancouver on platforms like Airbnb and VRBO. Without specific by-law language that regulates the operation of STRs, oversight and enforcement has been challenging.

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.

Short-term rentals have been the subject of considerable debate in Vancouver. Proponents of short-term rentals have asked the City to amend zoning and licensing regulations so short-term rentals can occur lawfully, to help expand the tourism market, support local businesses in non-tourist neighborhoods, and help residents earn supplemental income. On the other hand, many stakeholders, who are concerned about the impacts of short-term rentals, have asked the City to curb tourist rental activity in residential neighbourhoods, particularly in units that could be rented long-term to Vancouver residents.

There is a strong financial incentive to convert long-term rental units to STR use because the latter may generate three times more income than the former.⁵ Peer-reviewed research in other jurisdictions indicated that an increase in STR listings caused increases in rents, house prices

⁵ Source: "Regulating Short-term Rentals in Vancouver" - 11705

and eviction rates, as well as a decrease in vacancy rates.⁶ In the context of a long-term rental market with 0.9 percent vacancy rate⁷, protecting the existing supply of affordable housing has been the key guiding principle shaping policy and program design.

Acknowledging the costs and benefits of STRs, Council approved for enactment amendments to the Zoning and Development and Licence By-laws that will allow residents to operate short-term rentals from their Principal Residence (i.e. the main dwelling unit where they live and conduct their day-to-day business), subject to obtaining a business licence. This approach enables individual residents to benefit from short-term rentals in a limited way and prohibits commercial or other illegal or nuisance uses, which have the most significant negative impact on housing and neighbourhoods.

The City took a balanced and consultative approach in approving STR regulations:

- 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.
- Enable STR of Principal Residence Units 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 laneways houses which are not Principal Residence Units (i.e. not the primary home of a long-term renter or owner).

Details of the complete Council-approved STR program can be found [here](#).

Strategic Analysis

This report supplements the enactment reports presented to Council by the Director of Legal Services to amend the Zoning and Development By-Law, the Licence By-Law, and the Ticket Offence By-Law to enable short-term rentals for residents in their principal residence. Enactment of these amendments will enable the launch of the short-term rental licensing program on April 19, 2018.

The supplemental information contained in this report provides the following:

1. Updates per Council direction approved on November 14, including⁸:
 - 1.1. Analysis regarding consideration of allowing two listings per licence;
 - 1.2. Progress toward requiring platforms to include STR business licence numbers in all Vancouver listings; and
 - 1.3. Actions regarding Provincial taxes.
2. Overview of the new short-term rental licensing program launch and implementation.

⁶ Sources: Barron, K, Kung, E and Proserpio, D. (2017). "The Sharing Economy and Housing Affordability: Evidence from Airbnb." *NBER Working Paper*; Horen, K and Merante, M. (2017). "Is home sharing driving up rents? Evidence from Airbnb in Boston." *Journal of Housing Economics* 38; Lee, D. (2016). "How Airbnb Short-term Rentals exacerbate Los Angeles' Affordable Housing Crisis: Analysis and Policy Recommendations." *Harvard Law and Policy Review* 10; Schäfer, P. and Braun, N. (2016). "Misuse through short-term rentals on the Berlin housing market." *International Journal of Housing Markets and Analysis* 9.2.

⁷ Source: Canada Mortgage and Housing Corporation (October, 2017): https://www.cmhc-schl.gc.ca/odpub/esub/64467/64467_2017_A01.pdf?fr=1523293522971

⁸ The fourth motion passed by Council on November 14th, 2017 was for staff to report back to Council on whether to allow secondary suites as part of short-term rentals if the city-wide vacancy rate meets or exceeds 4%. Since the vacancy rate remains at .9% this report does not provide an update on this consideration.

1. Updates per November 14, 2017 Council Direction

1.1 *Consideration of Allowing Two Listings per Licence*

Following Council direction, staff evaluated the impact of allowing two listings for each STR business licence. In order to assess this, staff clarified the definitions of 'listing' versus 'booking' as well as what would be allowed under the approved STR regulations:

- 'Listing' represents a description of the rental offering with the dates that the unit is available, and posted on a short-term rental platform such as Airbnb or VRBO. 'Booking' represents a transaction between an operator and a guest, confirming the accommodation agreement terms.
- Currently, the program allows for multiple concurrent listings under one licence that may only result in one booking. Therefore, operators have the opportunity to advertise their offering on more than one platform, however the regulations do not allow operators to have multiple active bookings at the same time.
- As two listings are allowed under the new regulations, staff understood the intention of the motion for consideration as direction to evaluate the impact of allowing for multiple concurrent bookings (i.e. separate bookings for two spare bedrooms in a principal residence unit).

Staff recommend launching the STR licencing regulatory framework as designed (i.e. one concurrent booking for one licence) in order to enable initial success of this new program. The following points outline the key risks and concerns with allowing more than one booking per licence at this stage:

- *Community impacts* - Allowing only one booking at a time respects the intent of the Zoning and Development By-law amendments that were approved by Council to allow short-term rentals as an accessory use in a residential zone. Operating two concurrent STR bookings at a time may increase the potential for nuisance issues. Minimizing community impacts is the policy rationale for similar restrictions on multiple, concurrent STR bookings in Chicago, Denver, Los Angeles, Nashville and New Orleans.
- *Existing Bed and Breakfast regulations* – Licensed bed and breakfast operators are permitted to have two booking at a time, along with additional expectations on the operator to minimize community impacts and maintain building safety standards to handle a higher turnover of transient guests. Prospective bed and breakfast operators must allow for an inspection by City Inspectors, apply for and obtain Development and Building Permits to formally change the use of the building, and provide one additional parking space for guests. Should an operator be interested in having two bookings, it is recommended they explore the option to become a licensed Bed and Breakfast Operator.
- *Regulatory equity* - An underpinning intention of the approved STR regulations is to constrain short-term rentals to an operator's principal residence. As each operator can only have one principal residence, they may only have one booking at a time per licence. However, there may be cases where an STR operator has two or more individual rooms within the principal residence that could be rented out. The STR operator may still book those rooms as short-term rentals under one single booking (e.g. a party of four adults renting two rooms).

- *Complexity of implementation* - It is likely to be harder to enforce against operators if multiple bookings per licence are allowed. The current STR framework focuses on an individual's principal residence and does not distinguish between bedrooms, just dwelling units. Enabling two bookings per licence will create difficulty in knowing whether a second booking is for a room in someone's home, is a secondary or laneway home, or is a second home or investment property. The effort to distinguish, track compliance, and pursue enforcement against operators with different types of two bookings would be highly manual and complex.

The STR program processes and tools were designed and built based on the one licence = one booking model. The existing and new technology systems enable a 1:1 relationship between licence and booking and changing them to a many:1 relationship would have required a much more significant effort and may have delayed an April launch. Also, enforcement tools and processes were designed to track compliance of one licence to one booking.

Furthermore, STR regulations and the corresponding enforcement approach are new to the City. It would be beneficial to simplify the regulations at the outset of the program so that processes can be refined, optimized, and potentially expanded in the future.

- *Public Consultation* – Extensive consultation and feedback from the public hearing was centered around the proposed one licence = one booking model. Changes to this model would warrant further public consultation to assess the demand for and impact from allowing or restricting operator use scenarios such as concurrent STR bookings under one licence. A wider evaluation and public review of STR regulations, post-implementation, will allow for data gathering to inform the effect that regulatory changes would have on all aspects of the policy's guiding principles.

Overall, it is estimated that the current STR regulatory framework will meet over 80% of the current market that short-term rent only one listing and about 70% who rent full units. Staff recommend launching the program to serve this large group of residents and re-evaluating the option of allowing more than one booking per licence once the approved STR program has been established.

1.2 Platform Cooperation & Progress

One of the primary challenges in regulating short-term rentals is that most, if not all, companies are registered outside of British Columbia and there are few government tools that can obligate the internet-based companies to operate within existing Provincial and Municipal rules. Governments at all levels are struggling with this across the globe to implement mandatory regulations that apply to all platforms (e.g. platform licences). As a result, many cities, including Vancouver, have sought to engage and negotiate with the individual STR platforms. City staff have attempted to engage in discussions with the numerous short-term rental platforms operating in the city since early 2016. Until Council passed the new STR regulatory framework, only Airbnb had fully engaged with the City and Expedia and TripAdvisor engaged in initial discussions.

Since November 2017, staff have made significant progress with platform cooperation, particularly with Airbnb:

- This month, Airbnb signed a Memorandum of Understanding (MoU) with the City of Vancouver, agreeing to require all Vancouver operators to complete a mandatory

Business Licence field in their online listing. Starting April 19, 2018, all new operators creating a listing on AirBnB will be required to add a licence number before they can complete their listing. Existing AirBnB operators will have until August 31, 2018 to add a business licence number to their listing, otherwise they will be removed from Airbnb's website.

Further, to help ensure compliance with the City's new short-term rental regulations, Airbnb will provide a list of all Vancouver licences and associated addresses that are operating short-term rentals via their platform to the City on a quarterly basis. The City's enforcement team will then cross-reference it with their licensing records to identify any illegal operators. Existing and new Airbnb hosts will be required to grant permission for Airbnb to share information with the City before they can list their rental.

- In addition to Airbnb, Expedia Group (which includes VRBO and Home Away) has provided written agreement to educate operators on the City's regulations and the requirement for a business licence. TripAdvisor has also indicated interest in negotiating an agreement. Discussion is ongoing with both of these platforms and staff hope to secure similar agreements with both of them.

Overall, the agreement with Airbnb captures over 80% of the STR market in Vancouver and greater commitments from Expedia Group and TripAdvisor will secure over 90% of the market. This platform cooperation ensures operators have acquired business licences and post them in the associated listings and significantly bolsters the City's ability to ensure compliance and enforce against illegal operators.

Staff have contacted other STR platforms that have not replied to the City's request to discuss the new regulations. Staff will continue to reach out to these platforms and the platforms will also be the subject of direct enforcement activity. Even if platforms do not require a business licence, all operators in Vancouver will need to include the business licence in their listings on all platforms, or the individual operator will face fines of up to a \$1,000 a day an/or further legal action.

1.3 Achieving Provincial Tax Equity

Following Council direction, the City Clerk sent a formal letter to the Minister of Finance on November 17, 2017 requesting tax equity for short-term rentals and that the STR-specific revenues generated from the Municipal Regional Development Tax (MDRT) be reverted back to the City for use toward affordable housing initiatives. Further, staff met with various Provincial staff through the fall to recommend these changes and the Mayor included these requests in a legislative priorities letter to the Premier dated February 5, 2018.

On February 7, 2018, the Provincial Government announced that it reached a first-in-kind agreement with Airbnb for the STR platform to collect and remit the 8% Provincial Sales Tax (PST) and 3% Municipal and Regional District Hotel Tax (MRDT) on behalf of STR operators.⁹ The Provincial Government is aiming to move forward with similar agreements with other STR platforms.

⁹ Sources: Government of British Columbia (2018): <https://news.gov.bc.ca/releases/2018FIN0003-000174>

On February 20, 2018, the Provincial Government released the 2018 budget, which indicated that STR MDRT revenue can be used to fund affordable housing initiatives.¹⁰ According to the budget, there are 18,500 Airbnb STR operators in B.C. and they estimate Airbnb will remit \$16 million through the PST and \$5 million through the MRDT.¹¹ It remains unclear what portion of the locally collected MRDT revenue will be provided to the City of Vancouver.

The tax changes enabled by the Province directly align with Council's request and are a positive step toward achieving tax equity between short-term rentals and other like businesses. These new tax policies warrant further work on behalf of the Province with regard to implementation (e.g. tracking, remittance, municipal sharing rules) and staff look forward to the opportunity to work through implementation with the Ministry. Once staff learn more about the policies, they will return to Council with an update.

2. Overview of STR Program Launch and Implementation

STR Program Launch

If City Council enacts the necessary amendments to the three by-laws, all residents in Vancouver will be able to apply for a short-term rental business licence starting April 19, 2018. Residents can apply for a short-term rental business licence online and will be able to obtain their licence number and print their licence upon completing the form – which should take about 5 minutes.

There are steps that operators will need to take to ensure their home (i.e. principal residence) is ready for short-term rentals before they can obtain a business licence. These steps have been put in place to ensure that short-term rental accommodations are safe for visitors and minimize negative impact to the neighbourhood. The specific requirements were laid out in the Council-approved program and can be found on the City website (<http://vancouver.ca/doing-business/be-a-responsible-host>). The annual STR business licence fee for 2018 is \$49, and will be prorated based on the issue date. A one-time licence application fee of \$56 will apply to all applicants

Anyone wishing to operate a short-term rental from their home should review and complete these requirements before they begin the process of applying for a business licence. Staff encourage online enrolment and expect the majority of prospective STR operators will utilize the online system to apply for and obtain a business licence, particularly given the online nature of short-term rentals. However, it will continue to be possible for prospective licensees to apply in-person at the City's Development and Buildings Services Centre at 515 West 10th Avenue.

STR Communications Strategy

Staff have been implementing a comprehensive communications plan in anticipation of Council's enactment of the STR by-laws. The goals of the communication strategy include:

- Consistently and regularly notifying owners and tenants about the new regulations;
- Educating and providing support for property owners and tenants who wish to rent their principal residence for less than 30 days about the process to obtain a business license and requirements to prepare their space;

¹⁰ Source: Government of British Columbia (2018): http://bcbudget.gov.bc.ca/2018/homesbc/2018_Homes_For_BC.pdf.

¹¹ Sources: Government of British Columbia (2018): <https://news.gov.bc.ca/releases/2018FIN0003-000174>

- Providing a channel for owners and tenants to connect with a City resource that can explain the program.

Anyone with questions about the new STR program can find more information at the City's short-term rental website or call 311.

STR Implementation Summary

Since November 2017, staff have been preparing for the launch and implementation of the new short-term rental licencing program. These efforts have included defining the specific processes, technology solutions, staffing, and other elements required to administer, enforce, and track this new program. The key elements of the program implementation approach are summarized below.

New Business Licence Process and Technology

A Business Licence application system has been developed to accept online applications and generate licences for STR operators. This is the first time the City has made available the technology to create a new online business licence (only renewals can currently happen online). For all applicants who are not flagged for further review, licences will be automatically issued, immediately providing the applicant with a new licence number and the ability to print the business licence. While this represents a potential risk that licences may be issued to non-compliant operators, it encourages operator licensing activation by eliminating wait times and simplifying administration. All licensees will be subject to audits and inspections to mitigate these risks.

Enhanced Enforcement Model

Tracking and enforcing against short-term rentals is complex and requires new and enhanced tools beyond traditional municipal enforcement tools. Staff developed a STR Compliance and Enforcement framework to manage the monitoring, audit, inspection, and enforcement activities related to short-term rental operations.

The key elements of the new enforcement model include the following:

- *New offence for online advertising*
The new STR program enables the City to enforce against advertising online without a valid business licence, up to \$1,000 per night of the listing. Until now, the burden of proof was much higher and the City had to rely on various types of evidence that are difficult to collect and prove.
- *New data analytics*
Staff have developed new processes and tools to gather and consolidate information from a variety of sources in order to monitor operator compliance. The different datasets will be cross-referenced to identify unlicensed operators, commercial operators, unsafe dwelling units and operators having a significant negative impact on their community.

Available platform data and operator licence information should make a large proportion of operator addresses accessible for the City to deliver messaging to encourage or enforce compliance. The 311 and VanConnect systems will continue to serve as the primary source for all citizen complaints and will feed into the centralized STR data management tool.

- *Tiered enforcement priorities*
The city will prioritize commercial, unsafe, and repeat nuisance STR operators with an escalated enforcement path that results in fines and legal action. Those operators who would otherwise qualify for the STR program but have not yet obtained a business licence or do not meet all of the licence requirements, will be provided a warning letter and information on the necessary steps to comply with the licence conditions, and a deadline. Confirmation of compliance will be required. Non-compliance by the deadline may result in escalation of fines, licence revocation, or legal action.
- *Proactive audits and inspections*
Given that the online licence application will include a self-declaration of compliance, STR operators are required to agree, as part of the application process, to a regular system of audits and inspections. Audits and inspections may be initiated through a random selection of existing STR licensed operators, or based on a targeted selection that will be informed by the data gathered through the monitoring process. If selected for an audit or inspection, the City will require the STR operator to provide evidence to substantiate the declaration's accuracy. Should staff determine that a business licence was issued under false pretense, they will proceed with enforcement action.

Once Council enacts the amendments to the Zoning and Development By-law, Licence By-law, and Ticket Offences By-law, this new enforcement model will be launched. Operators who would otherwise comply with the new by-laws will have until August 31, 2018 to meet all of the STR licence requirements and will be subject to enforcement starting September 1, 2018. Operators who will not qualify for the new STR program will be subject to these new enforcement standards starting April 19, 2018.

Enhanced Staffing Model

As outlined in the July 2017 policy document, a new staffing model is being implemented to meet the unique needs of the STR program and was designed based on best practices observed in other jurisdictions. Compliance efforts will be led by a new position entitled 'Enforcement Coordinator,' who will actively collect and review data, evaluate priorities and issues, and direct other staff (such as inspectors or legal staff) to take action based on findings. The Enforcement Coordinator will also be responsible for overall STR program management and metrics.

Implications/Related Issues/Risk (if applicable)

Financial

The STR program funding approach was approved by Council in mid-November of 2017 and the budget to support the program was passed in mid-December. At that time, staff estimates for program funding indicated that revenues from licence fees would not cover the cost of operating the program for several years. This was based on a number of factors, including:

- Other cities have observed very low compliance rates, and compliance (i.e. registering for a licence) drives revenues, therefore to be conservative, staff estimated a low level of revenues for the program;
- As of mid-November, no platforms had agreed to require business licences on their listings, which meant that ensuring and tracking compliance would be significantly more difficult;

- A key goal of the program was to reduce barriers to compliance, so staff established a low-cost business licence fee, which meant that revenues would remain modest.

Some factors in the initial program funding approach have changed, particularly platforms requiring a licence. As the program is launched, staff will evaluate the staffing demands and licence revenues and will rely on that assessment in developing recommendations for the 2019 operating budget. For 2018, there are no incremental budget implications.

Human Resources/Labour Relations

There are no human resource implications additional to the resourcing plan previously approved by Council.

Legal

As reported to Council on July 2017, staff expect a consistent need for legal support for ongoing compliance and enforcement measures. As a result, a full-time lawyer will be hired per the resourcing plan.

CONCLUSION

Council approved amendments to the Zoning and Development By-law, Licence By-law, and Ticket Offence By-Law on November 14, 2017 that allow Vancouver residents to operate short-term rentals from their principal residence, subject to obtaining a business licence. Council also directed staff to follow-up on three key items: achieving tax equity with the Province, exploring whether operators could have two listings per licence, and seeking ways to require platforms to require business licences in online STR listings.

This report provides an update on the activities staff pursued to support the direction from Council and to implement the STR program. This report is concurrent with the enactment to the municipal by-laws that will be brought forward by the Director of Legal Services.

Should Council enact the approved by-laws, Vancouver residents who wish to operate short-term rentals from their principal residence may begin to apply for a business licence on April 19, 2018.

* * * * *