

SHORT-TERM RENTAL REVIEW



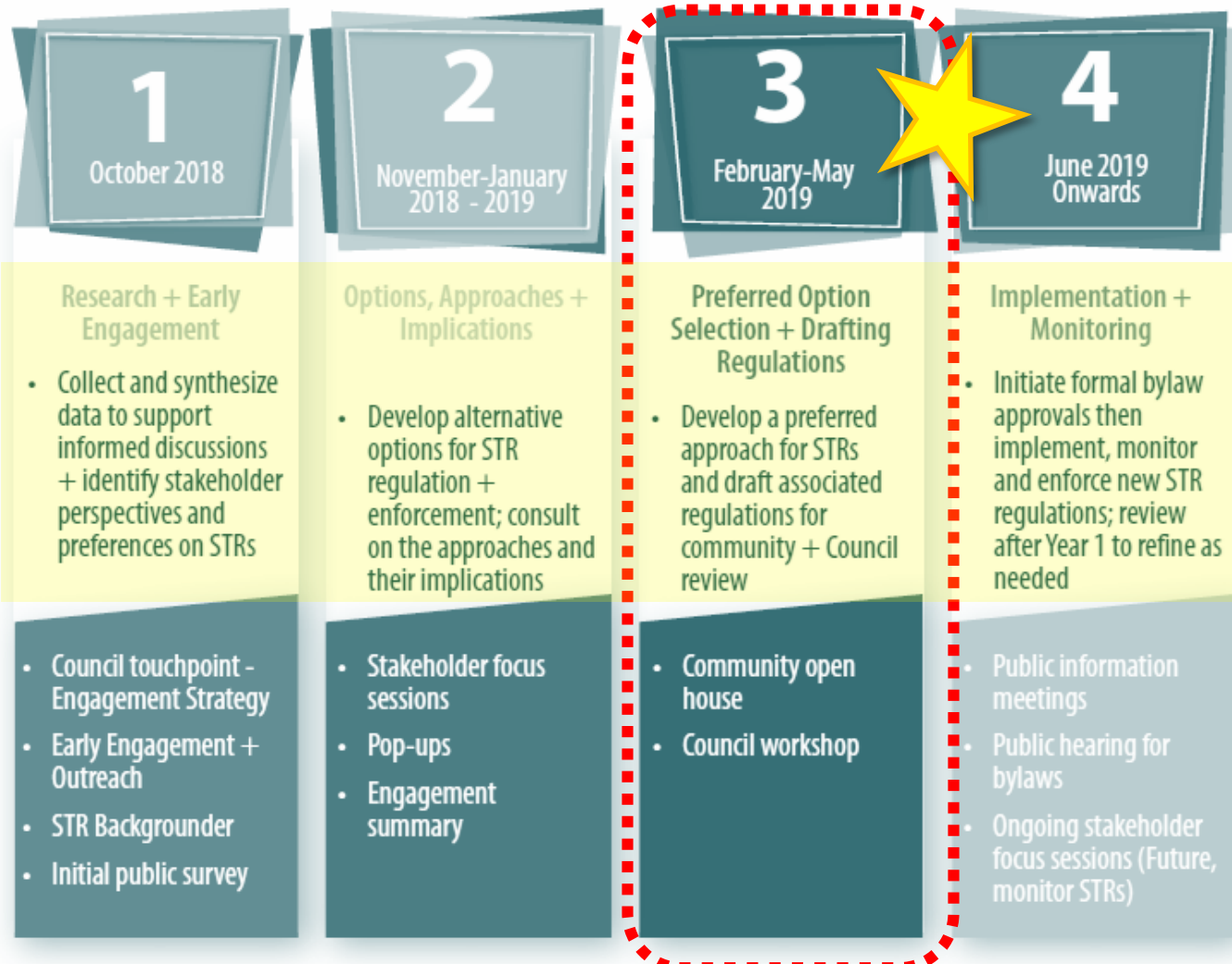
Phase 3 Draft STR Regulations

March 10 2020
Council Committee of the Whole



Project Work Plan – We Are Here

PROJECT STAGES + ONGOING ENGAGEMENT



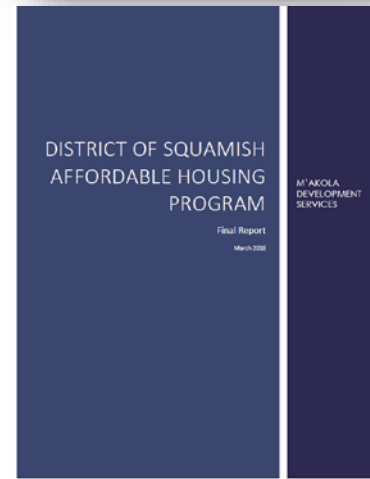
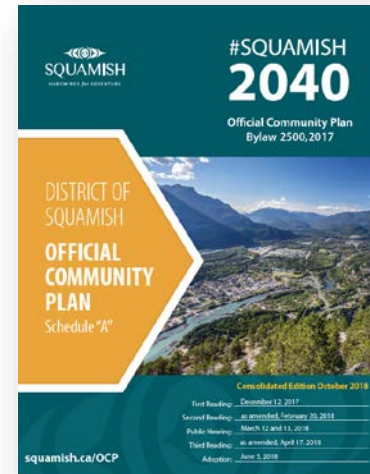
Agenda

1. Project Goals
2. Engagement Recap
3. Regulatory Option C
4. Analysis: Market Info + Impacts
5. Implementation Plan
6. Council Discussion/Direction
7. Next Steps



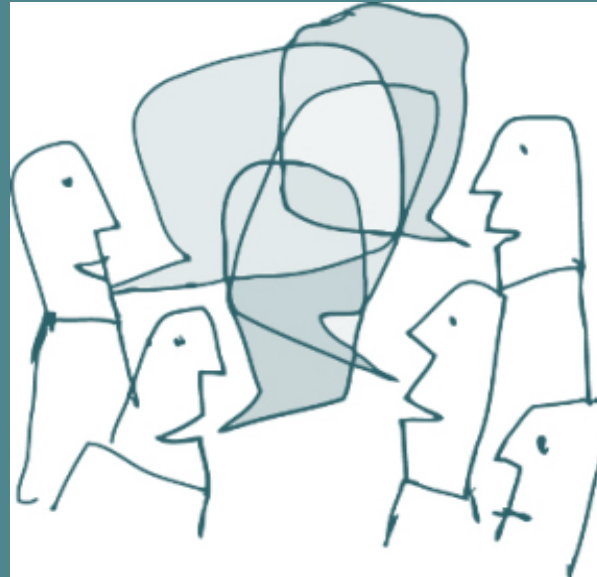
STR Project Directives + Goals

- Protect long-term rental housing supply + affordability
- Support residents' diverse housing needs and options
- Manage STRs impacts on neighbourhood livability
- Establish a balanced and fair approach
- Support tourism
- Actively monitor and re-evaluate regulations



Provide access to stable affordable housing to help citizens and businesses thrive.

- Establish an affordable housing governance structure in 2019 that will facilitate growth and management of affordable housing stock.
- Identify and facilitate securing land required to accommodate affordable housing needs to meet current and future projections in 2019.
- Ensure that an additional 125 affordable purpose built rental (at or below 80% of market rental rates) units are built by 2022.
- Increase the number of affordable housing form options (from cottages to detached homes to townhouses to apartments), size and the numbers of bedrooms within each form, year over year by 2022.
- Extend the affordable housing program by 2022 to provide affordable home ownership options.

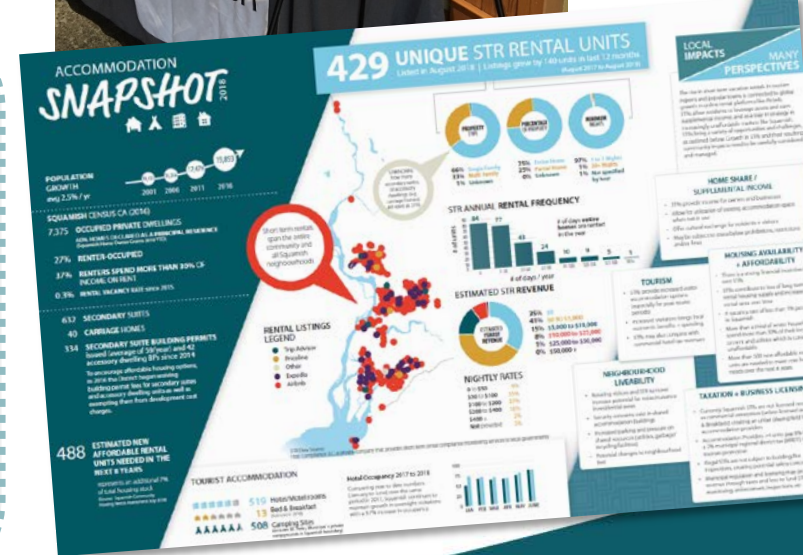
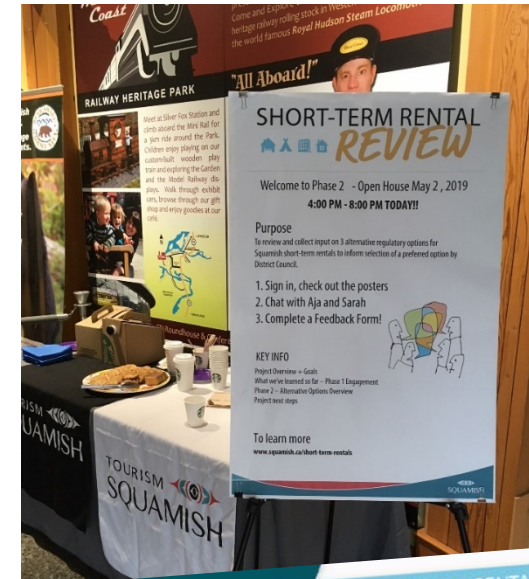


Engagement Recap

Phases 1-3

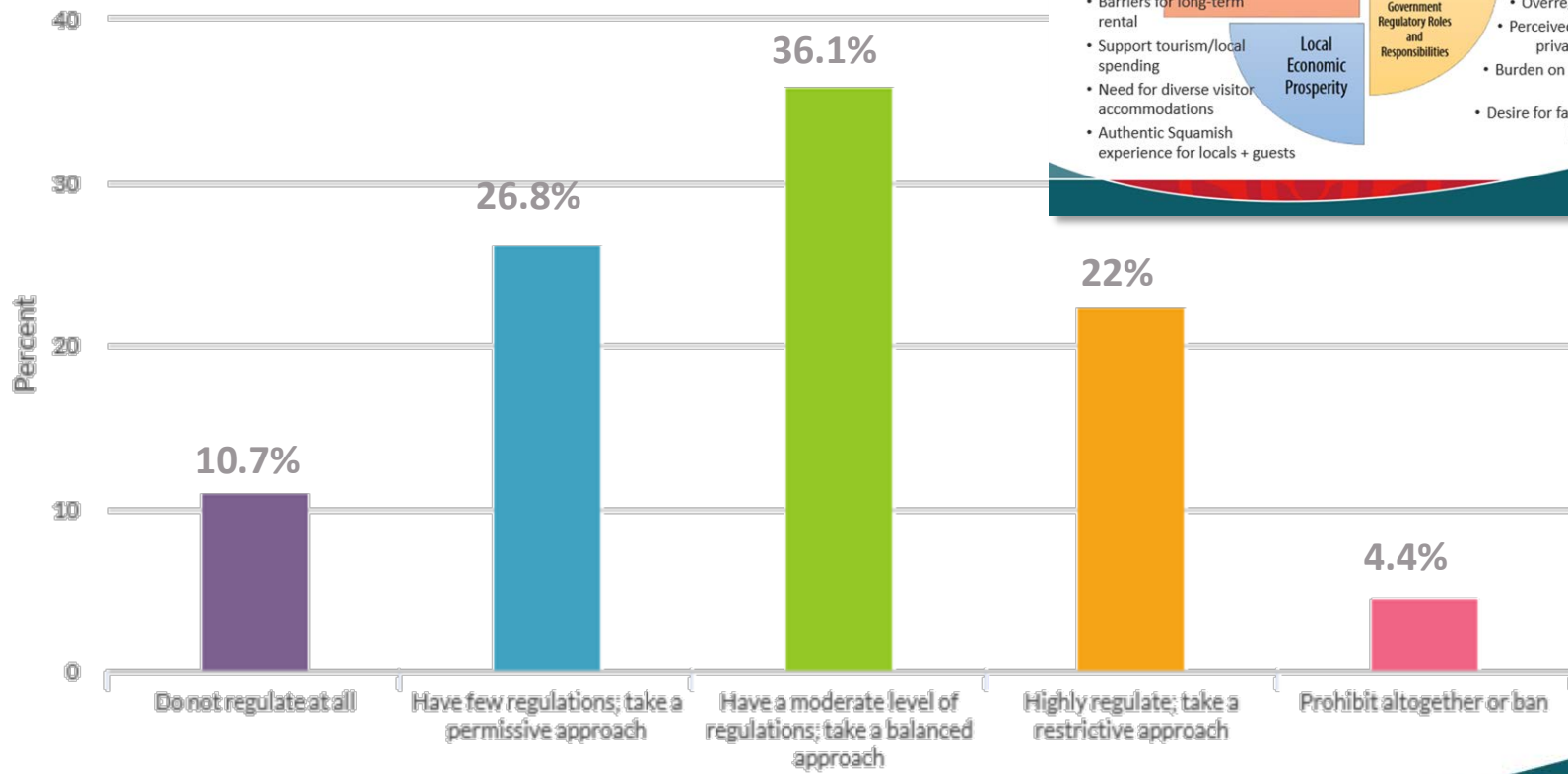
Activities + Key Stakeholders

- STR Backgrounder + Community-wide Survey (October 2018)
- Focus Group Sessions (February-May 2019)
- Community Open House May 2 2019
- Open public comment period (web/email)
- Ongoing stakeholder outreach (June-Feb 2020)
- External communities outreach (lessons learned)
- Internal cross-departmental consults (Building, Fire, Finance, Bylaw)



What we heard – Phases 1+2

- Perceptions of short-term rentals
- Benefits and challenges
- Policy priorities
- Regulatory tool preferences



STR Survey Themes

- Major area of concern
- High cost of living
- Low vacancy rate
- Long-term rental supply issues + property speculation
- Desire for supplemental income
- Barriers for long-term rental
- Support tourism/local spending
- Need for diverse visitor accommodations
- Authentic Squamish experience for locals + guests

Affordability,
Housing Options
+ Access

Community +
Neighbourhood
Livability

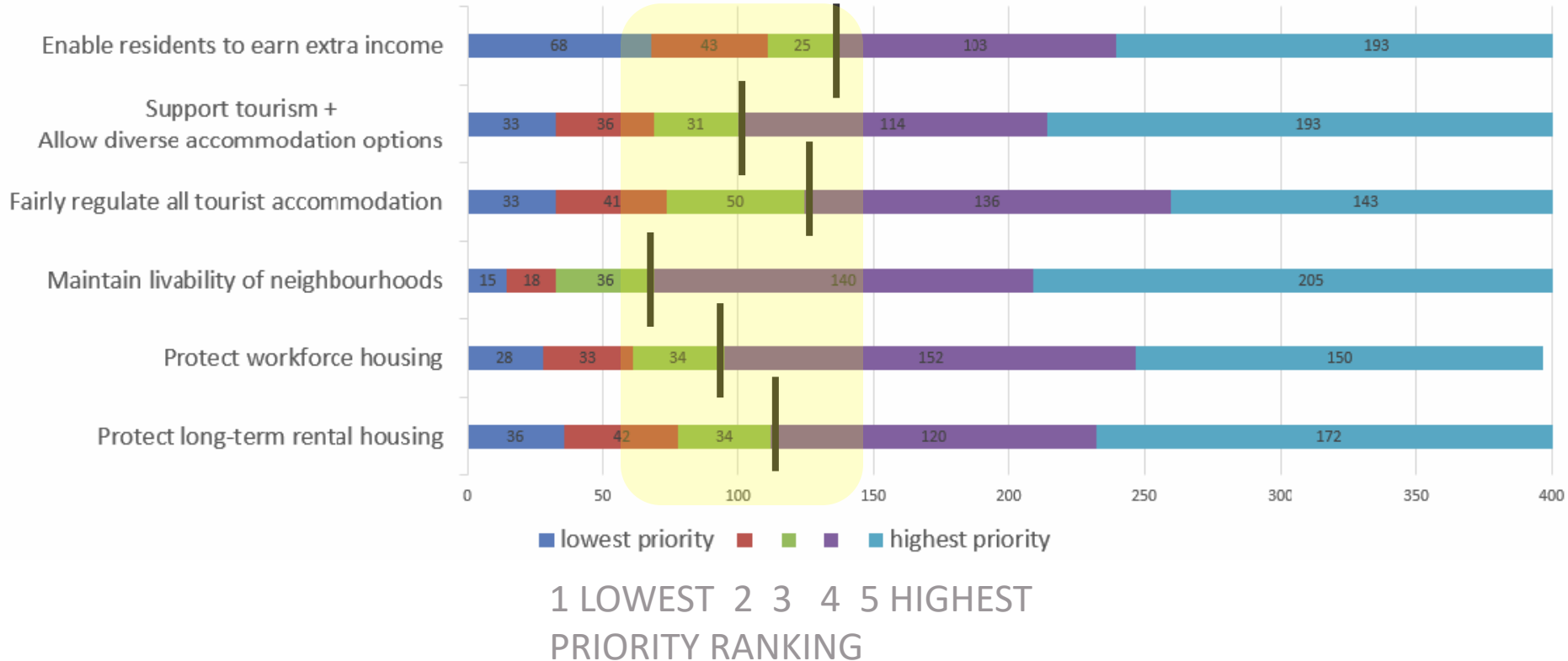
Government
Regulatory Roles
and
Responsibilities

Local
Economic
Prosperity

- Negative impacts (parking, nuisance, waste)
- Safety + security; strangers
 - Lack of enforcement (rentals, parking)
- Overregulation concerns
- Perceived infringement on private property rights
- Burden on residents to solve AH issues
- Desire for fairness in taxation, licensing and fees

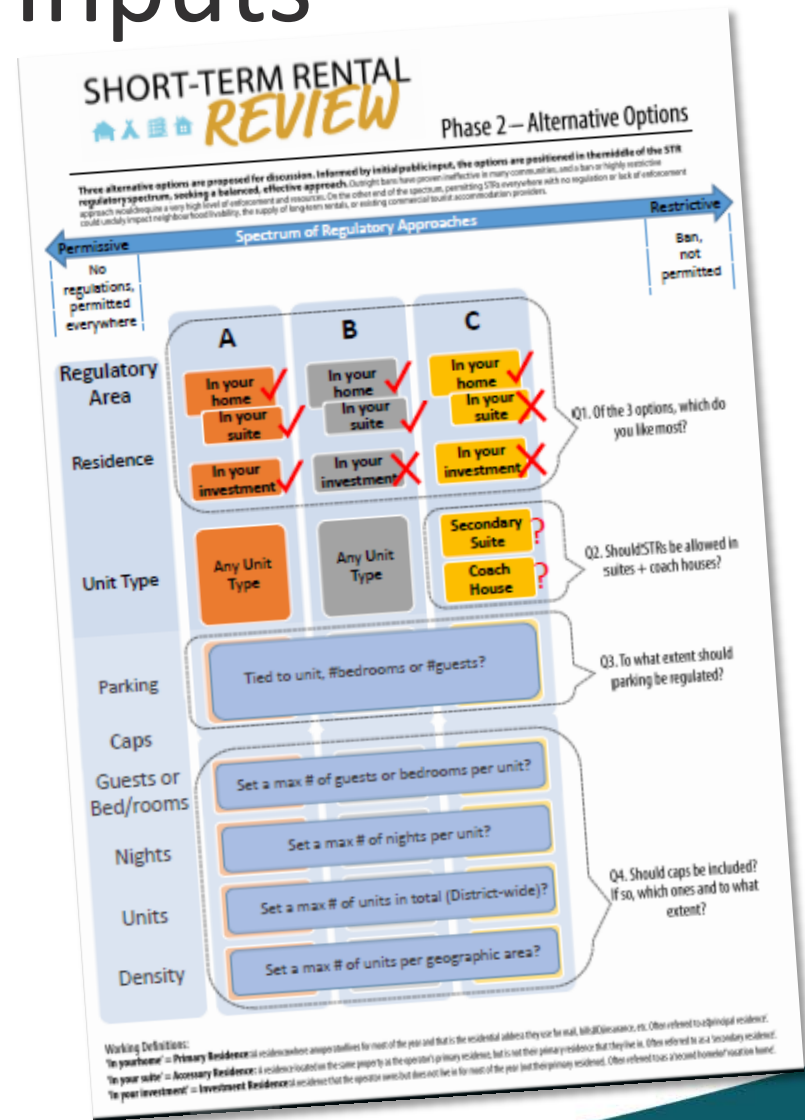
SQUAMISH

Divergent Views || Difficult Trade Offs



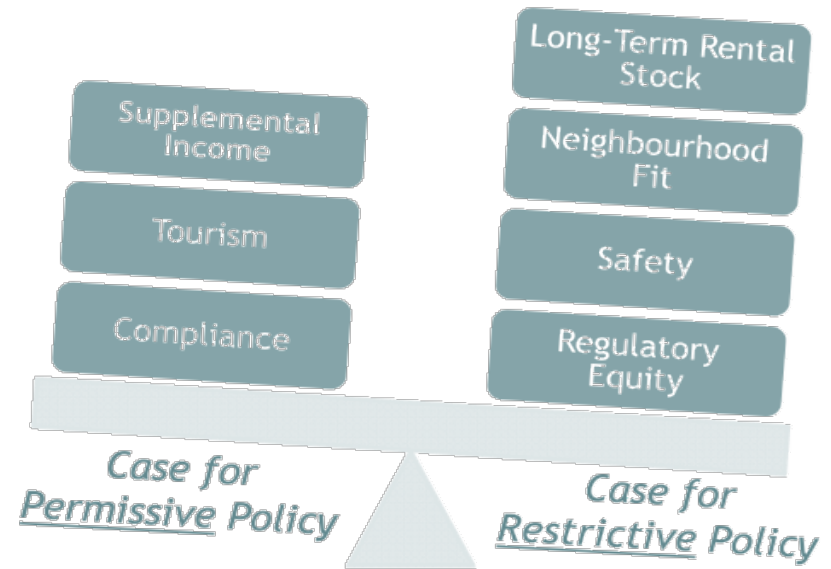
Phase 2 Options + Inputs

- 3 Alternative Options (A, B, C)
- Preference for most permissive approaches (Options A or B)
- Desire for flexibility and allowing STR of suites and coach houses
- General consensus business licence and safety requirements reasonable
- Priority for regulation: parking
- Desire for clear, easy to understand regulations
- Little support for caps of any kind (night caps, # of licenses)



Balancing Competing Priorities

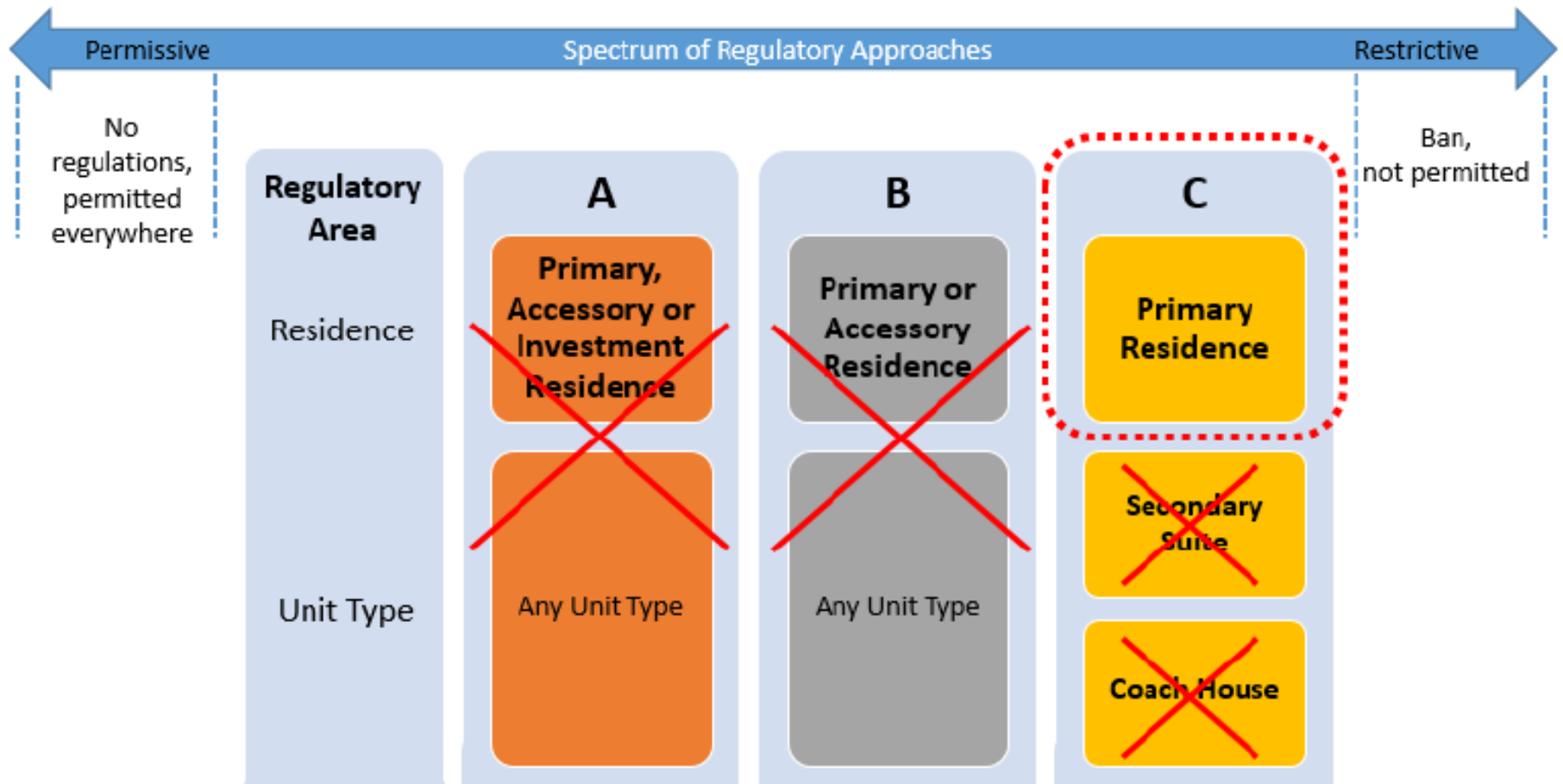
- Effect on Long-term Rental Supply
- Economic Impacts
- Neighbourhood Impacts
- Compliance + Enforcement
- Regulatory Fairness





Regulatory Option C

Option C Summary



Option C Summary

- Under Option C, residents may short-term rent any residential dwelling unit, provided:
 - It's their Principal Residence (where they live)
 - They obtain a business license, and meet:
 - ✓ Safety requirements
 - ✓ Good neighbour requirements
- Under Option C, short-term rental is not permitted:
 - In a secondary suite or coach house
 - In a second home, vacation home or investment unit
 - In a garage, camper, or any other structure that is not a dwelling unit

Option C Rationale

1. Precautionary Approach
2. Fulfills District Policies
3. Protects existing supply of secondary suites and coach houses
 - Over 750 secondary suites and coach houses
 - Strong pressures to short-term rent (financial, flexibility, avoid tenancy act)

Option C Business Licence

- Annual licence fee \$200
 - ☐ Principal Residency
 - ☐ 1 per property
- Safety requirements:
 - ☐ Fire safety plan
 - ☐ Smoke alarms
 - ☐ Fire extinguishers
 - ☐ Carbon monoxide detectors
- Good neighbour requirements:
 - ☐ Parking
 - ☐ Strata or landlord permission
 - ☐ 24/7 Emergency contact

Option C - STR Inventory Impacts

STR Category	Estimated number of units
Currently Operating	Average of 500 units (range from 426 to 552)
Eligible for a Business Licence (B/L)	Approximately 260 units (75 partial/shared homes + 185 entire homes rented less than 60 days) from current inventory Approximately 5,360 units eligible (principal residence)
<u>Not</u> eligible for a Business Licence (B/L)	Approximately 240 (500 total minus 260 eligible for B/L) from current inventory
Available for LTR	Estimate of 125 (range from 110 to 140)

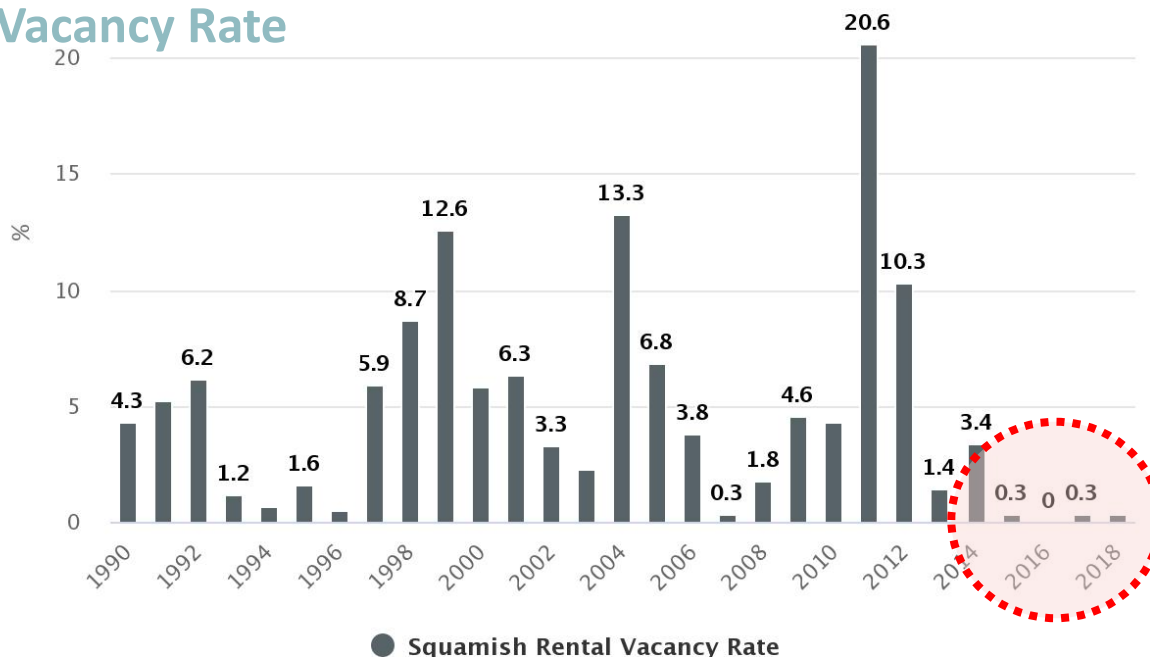


Analysis || Market Info + Impacts

Rental Housing Snapshot

Vacancy Rate	Renter households	# suites + coach houses	# Purpose-built rental stock	New affordable rental units needed
0.3% (2018 CMHC)	27% (2016 Census)	~740+ (2019 Utility Billing)	160 units (2019) +75 non-market rental +160 market 'in pipeline'	>488 (2018 Squamish Housing Needs Assessment)

Squamish Vacancy Rate



In the housing sector, a 3.4% vacancy rate is generally considered “healthy”.

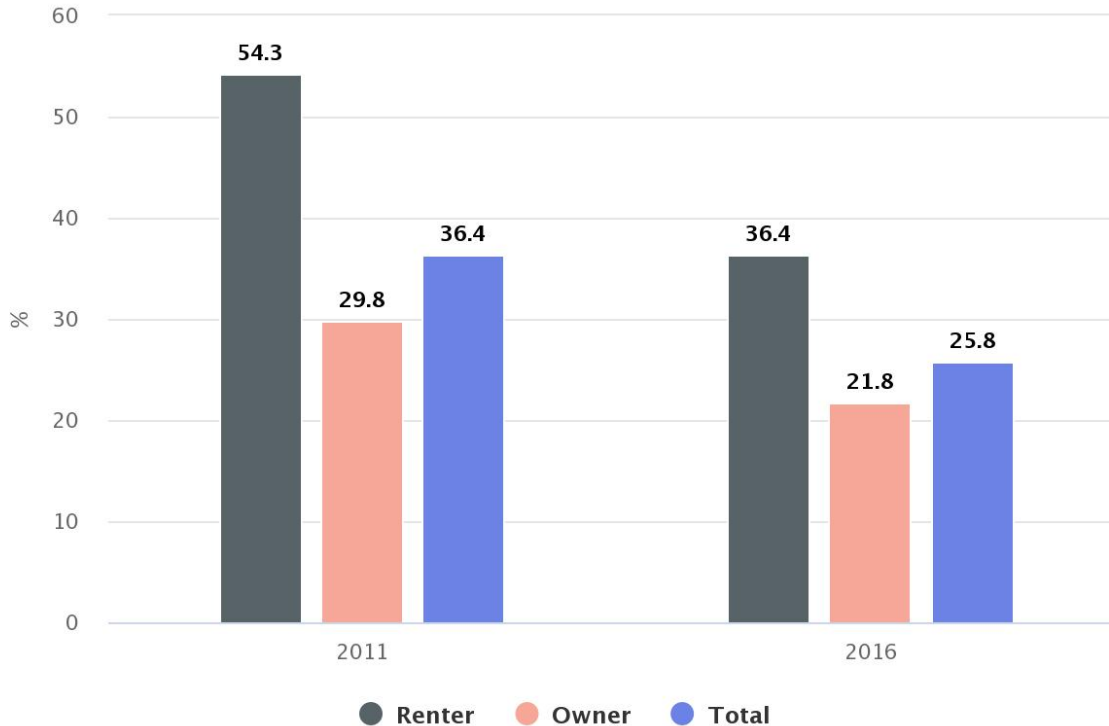
0.3 %

2019 Vacancy Rate

Source: Annual Rental Market Survey and the Condominium Apartment Survey Canada Mortgage and Housing Corporation (CMHC)

Rental Housing Snapshot

Squamish households spending 30% or more on shelter



Source: Statistics Canada, Census

A renter earning the median household income of \$42,832 can afford \$1,071/month.

Market Apartment Average Rents

Private Apartment Type	July 2018 (Market Scan)	% increase (April 2015 - October 2017)
Bachelor	\$900	67%
1 Bedroom	\$1,433	66%
2 Bedroom	\$2,080	47%
3 Bedroom +	\$2,854	52%

Source: 2018 Housing Needs Assessment

Rental Housing Impacts

- Over 100 dwelling units in existing STR market may be available for LTR (range from 108-151)
- Over 100 'guest suites' listed on Airbnb

Scenario	Host Compliance Entire Unit List >X days per year	Host Compliance Unique, Active, Entire Unit Listings	% from Host Compliance	STR Units that could be available for Long-term Rental
Less Conservative	X = 60	Jan: 326 March: 366	Jan: 43%	Jan: 141 March: 151
More Conservative	X = 90	Jan: 326 March: 366	Jan: 33%	Jan: 108 March: 123

Tourism Snapshot

- Core sector providing \$50M in GDP, \$35.5M employment income
- 788 local jobs (557 FTE) = 9% of 2018 workforce
- Tourism Economic Impact Study:
 - STR Visitors: 13% of overnight visitors/7% total (41,600 visitors)
 - STR Direct Spending: 24% of overnight visitors/19% total (\$18.2 million spent)
- Coefficients:
 - 1.3 jobs, \$57k of employment income supported by every 1,000 visitors to Squamish
 - 8.3 jobs supported per \$1 million direct visitor spending

2018 Visitation by Visitor Type (# and share (%) of visitors)

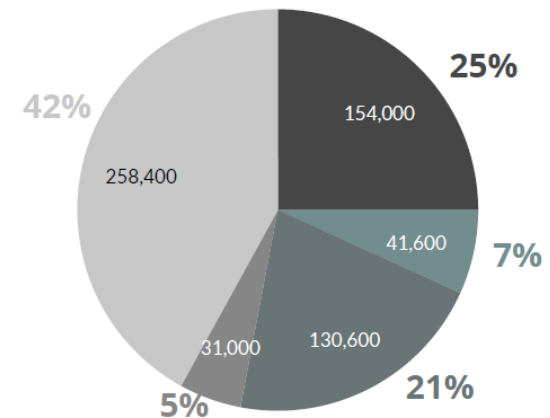
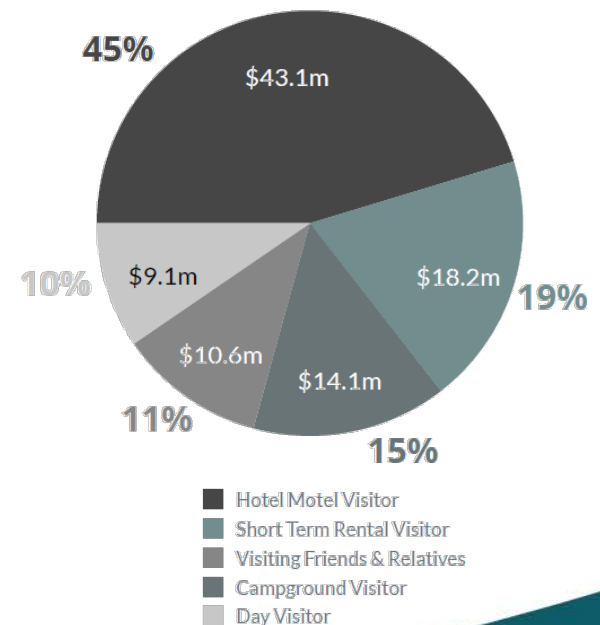


Fig 3: Visitor Spend by Visitor Type (\$ and share (%) of spend)



Tourism Accommodation Supply

- Traditional Fixed Roof supply 975 units – static for last decade
- Average annual occupancy rate 69% (2018); 63% (2019)
- STR accommodation supply 500 units = growth of 300% over 3-years (2016Q3 – 2019Q3)
 - 34% of fixed roof accommodation supply (1,475 total units)
- Vacation rentals have helped fill gap between fixed roof accommodation supply and visitation demand

Accommodation Segment	# of units	% of inventory
Hotel-Motel	515	23%
Other fixed roof facilities	460	21%
STR	500	22%
Campground	750	34%
Total	2,225	100%

Tourism Impacts

- Magnitude of impacts unknown
 - Decrease in STR inventory ?
 - Protection of LTR inventory ?
- Monitor inventory (3rd party data, tax data, surveying)
- Evaluation and course-correction

Tourism Impact Scenario

if STR visitors halved (20,800 visitors) or spending halved (\$9.1 million)

	By visitors	By visitor spending	Total across Squamish
Jobs	(27 jobs)	(69 direct jobs) (76 total jobs) or (53 FTE jobs)	8,400 Jobs <i>*Source Crane Report, based on 2016 Census+growth estimates</i>
Employment Income and Gross Domestic Product	(\$1.2 million) and (\$1.7 million)		Unknown





Implementation Plan

Implementation Plan

- Initial Phased Approach:
Precautionary
 - Business licence + licence conditions
 - Safety self-inspections
 - Random audit model
 - Proactive enforcement
 - Fees to support cost recovery (~80%)
- Monitoring and Evaluation
 - Annual reporting
 - Course-correction opportunities



Implementation Plan – Resourcing

Area	Resources	Roles	Cost
Business Licensing	Community Planning Assistant	Business licence processing	Existing budget, capacity within current staffing level
Bylaw Enforcement	1 FTE Bylaw Enforcement Officer and 3 rd party monitor	Compliance enforcement, business licence audits, enforcement file tracking	\$84,000 for Enforcement Officer (\$42,000 each from Planning and Solid Waste)
Safety Inspection	Building Inspectors and Firefighters	Safety inspections on a complaint and audit basis	Inspections and audits based on existing capacity at current staffing levels
Administration and Monitoring	Planner and 3 rd party monitor	Program management, monitoring, reporting back	~\$16,000 for 3 rd party monitoring

Implementation Plan – Financials

- Additional 1 FTE Bylaw Enforcement Officer: \$84,000 (1/2 Planning, 1/2 Solid Waste)
 - ~80% cost recovery from licence fees for Planning 1/2 (\$200 fee, 2/3rd's compliance = ~170 licences)
- Fines/tickets will be tracked and reported
 - City of Vancouver collected \$113,000 in STR fines across 802 tickets issued between Sept 2018 - Oct 2019
- Legal support for compliance: \$20,000 in 2020 and \$10,000 in 2021 budgets for legal action

Implementation Plan – Enforcement

- Enforcement prioritization
 - commercial operators
 - unlicensed operators
 - Licensed but alleged unsafe operators
 - Licensed but alleged nuisance operators
- Clear enforcement path



Implementation Plan – Monitoring

- Continued third party monitoring of online accommodation providers
- Annual reporting (Fall 2021 first report) for periodic regulatory review
- Draft Metrics: market, licensing, enforcement, and visitor data
- +Ongoing OCP performance indicators (rental housing availability, rental housing starts, vacancy rate etc)

Measure	Interval/Method
STR MARKET DATA	
<ul style="list-style-type: none"> • STR Listings by type (entire home, shared room(s)) • STR rental frequency (# days) 	Ongoing web-based review by Third Party
ACCOMMODATION DATA	
<ul style="list-style-type: none"> • Residential Inventory by type (dwelling units, secondary suites via utility principal residences proxy through HOG) • Visitor Accommodation Inventory by type (traditional fixed roof, vacation rentals, campgrounds/RV) • Provincial Municipal and Regional District Tax (MRDT) Revenue from online accommodation platforms (OAPs) 	Annual
VISITOR DATA *in partnership with Tourism Squamish	
<ul style="list-style-type: none"> • Total Visitation by Visitor type (day vs overnight and by accommodation type) • Visitor spending (direct) by visitor type 	Annual, <i>Tourism Squamish Intercept Survey</i>
STR BUSINESS LICENCE DATA	
<ul style="list-style-type: none"> • # STR Municipal Licenses issued by type and location/distribution • STR Licence revenue and cost recovery 	Annual; Seasonal
STR ENFORCEMENT METRICS	
<ul style="list-style-type: none"> • STR Inspections (flagged; completed) • STR Audits (flagged; completed) • STR Infractions (#, penalty type) <ul style="list-style-type: none"> ○ Warning Letters issued ○ Violation Tickets Issued ○ # Licences suspended ○ #Legal Orders • STR Complaints (by type) 	Annual; Seasonal

Next Steps – Phase 4

Action	Timing
Formal STR bylaw readings	Spring 2020
Compliance enforcement for non-qualified operators	Launch directly after STR bylaws enacted
STR Business licensing	Launch directly after STR bylaws enacted
Audits and Inspections	Begin after business licensing launched
Compliance enforcement for qualified operators	Four months after STR bylaws enacted (4 month 'grace' period)
Monitoring and evaluation	Ongoing; Annual review (First evaluation 1 year after STR bylaws enacted)



Council Discussion/Direction

- **THAT** the District of Squamish receive the March 10, 2020 report from Community Planning on Short-term Rentals – Draft Regulations and Implementation Plan, and provide feedback as follows:
 -
- **THAT** Council direct staff to bring forward draft short-term rentals bylaw amendments for consideration of formal readings, which incorporate Council's feedback.
- **THAT** Council direct staff to review Permissive Tax Exemption options to support Affordable Housing for the 2021 tax year.
- **AND THAT** Council direct staff to conduct a phased review of Utility Rate options as proposed in the March 10, 2020 report from Community Planning on Short-term Rentals – Draft Regulations and Implementation Plan, to support Affordable Housing and long-term rentals.



SQUAMISH

HARDWIRED *for* ADVENTURE

squamish.ca/short-term-rentals

Background Slides

Business Licence Fees + Fines Comparison

Location	B/L Fee Amount (\$)	Fine Amount (\$)
City of Vancouver	\$99	\$1,000
City of Victoria	\$150	\$100-\$10,000
City of Kelowna	\$345	\$500
Resort Municipality of Whistler	\$165	\$1,000
District of Tofino	\$450	\$500
Village of Pemberton	\$300	
Nelson	\$500	\$500
Revelstoke	\$200	\$1,000
Fernie	\$100	\$750

Bed & Breakfast Change Comparison

Area	Current Regulation	Proposed Regulation
Shared area requirement	Must include common areas and dining room	No requirement
Number of bedrooms	2 bedrooms max	No limit
Number of nights	Unlimited	Unlimited
Parking	1 space for each bedroom	1 space in total
Business licence	\$50 per bedroom	\$200 flat rate
Water and Sewer Utilities	No change	No change



Option C - Zoning

- **Zoning Bylaw No. 2200, 2011**
- **Definition changes**
- **Key Bylaw Provisions:**
 - Permitted in all zones where residential dwelling uses are permitted (STR is accessory to residential use)
 - STR must be the Principal Residence of the operator
 - STR is not permitted in a Secondary Suite, Accessory Dwelling Unit or any other structure that is not a dwelling unit (RV, vehicle, tent, boat, etc.)
 - Maximum 2 adults per bedroom
 - 1 additional parking space for single-family, no additional space for multi-family

Option C - Licensing

- **Business Licence Bylaw No. 2455, 2016**
- Key Bylaw Provisions:
 - A Business Licence is required to operate an STR
 - One STR licence per Operator
 - One STR licence per dwelling unit
 - Strata authorization required and must meet strata bylaws
 - Owner authorization required if operator is a tenant
 - Operator must post emergency contact info, be available 24/7, and must attend STR in <3 hrs if need be
 - Safety requirements: Self-evaluation checklist, fire safety plan
 - Documentation requirements: principal residence, marketing web address

Option C - Enforcement

- **Bylaw Notice Enforcement Bylaw No. 2418, 2015**
- **Municipal Ticket Information Bylaw No. 1832, 2004**
- All contraventions set a \$500 penalty rate per penalty.
- **Key Bylaw Provisions:**

Carry on STR business or operate without a Licence

STR Marketing without a Licence or display of Licence number in listing

Fail to display emergency contact information

Fail to attend premises within required time period

Fail to designate individual if absent from Principal Residence overnight

Fail to display fire safety plan

Fail to provide safety or other related records

Principal Residence Definition

PRINCIPAL RESIDENCE means the dwelling unit where an individual ordinarily lives for a minimum of five months in a calendar year and conducts their daily affairs.

Proof of principal residence is typically provided through:

- **Control of the dwelling unit** provided through a copy of title or tax assessment for owners, or a signed tenancy agreement for renters.
- **Proof of regular personal business** at the address of the STR provided through a piece of valid government ID with photo showing the same address, and a recent utility bill or piece of government correspondence (tax notice, MSP invoice, etc.).

Operator Requirements

- Installing required safety items:
 - ☐ Smoke alarms on each floor and in each bedroom
 - ☐ Fire extinguisher on each floor
 - ☐ Carbon monoxide detectors on each floor (if unit contains gas appliances)
- Gathering documentation to prove:
 - ☐ Principal residency
 - ☐ Strata authorization, if STR is in a strata
 - ☐ Owner or landlord authorization, if STR is a long-term rental
- Completing forms and plans:
 - ☐ Self-evaluation safety audit form
 - ☐ Fire safety plan
 - ☐ Parking plan