



November 1, 2019

Dawn Schikowski
Manager Licensing & Parking Services
City of Regina
2476 Victoria Avenue PO Box 1790
Regina, SK. S4P 3C8

Dear Ms. Schikowski;

Re: Short Term Rentals

On behalf of Regina's hotel sector, thank you for the invitation and opportunity to provide input into the City of Regina's regulation review of short-term residential rentals of less than 30 days.

The Regina Hotel Association is requesting the City of Regina to consider the following:

1. Web-platform corporations, like Airbnb and HomeAway, be required to obtain a business license to operate in Regina and mandated to support City regulations and enforcement efforts.
2. Support true home-sharing in an owner's principal residence.
3. Operators renting their entire homes or multiple homes/condominiums that are not a principal residence should be treated as a commercial accommodation operation and taxed/regulated accordingly.

Regulation is occurring across Canada and we are pleased to share a jurisdictional scan of common reforms and municipal best practices. Please see the enclosed document, which contains our full response and recommendations.

Respectfully submitted;

Tracy Fahlman
President & CEO





Regina Leads the World in Airbnb Growth

With a 328% increase in short-term residential rentals this year, Airbnb has declared Regina the world's fastest growing market. As of October 31, 2019, there were approximately 327 short-term rentals listed online across two major homestay web-platforms with 224 (69%) operators offering entire homes. This accommodation supply equates to over 600 new guest rooms, the size of six (6) standard hotels entering the market.

The Regina Hotel Association (RHA) is not opposed to true home-sharing. We welcome innovation in the hospitality sector and recognize that it serves a unique and developing role in Regina. However, the City of Regina must take steps to address those who are operating a commercial business under the guise of home-sharing, whose activity is impacting communities and who are not currently subject to standard business laws and regulations. A consistent set of regulations, fairly enforced, is needed to support a safe and competitive short-term rental accommodation market.

In 2013, the City of Regina put regulations in place for Residential Homestays. Originally intended to facilitate the casual rental of an extra room from time to time, home-sharing has transformed into a sophisticated commercial operation taking advantage of gaps in these regulations.

In particular, multi-unit entire home rentals are the fastest growing segment on web-based platforms, like Airbnb, in terms of the number of hosts, listings and revenue generated. In Regina, commercial operators have converted one or more of their entire residential properties into ghost hotels generating \$2.3 million in revenues between January - September 2019. They are avoiding the normal costs of doing business and creating additional demands on municipal services such as waste removal, bylaw enforcement and policing. Taxpaying residents are subsidizing these businesses who pay residential property tax on their commercial enterprises.

It is our understanding that less than 1% of current operators have a valid City permit. The voluntary compliance mechanism and lack of enforcement have further led to an unfair playing field for hotels, and have created a risk to travelers and our neighbourhoods.

Overall, Regina's hotel market remains in a depressed state with 2019 expected to end the year at a 10-year historical low point. It is unlikely that Regina will see any new hotel builds over the next couple of years as revenue is expected to remain well below the historical peak in 2013, the point at which the last influx of new supply was being constructed and residential home-sharing entered the market.

Despite current market conditions, your city's hotels remain committed to the community we do business in. Through taxes, charitable support and growing the visitor economy, hotels in 2019 will contribute:

- \$4 million in municipal commercial property taxes;
- \$3 million in education and library taxes;
- \$2 million to help promote Regina, attract major events and build local event infrastructure;
- \$279,000 in direct funding to support Economic Development Regina;
- \$100,000 in levies to support our Downtown and Warehouse Business Improvement Districts;
- Over \$100,000 in donations to charities and community groups; and
- Employ almost 1,500 Regina residents in our hotels.

Commercial operators running multiple and entire homes on Airbnb and similar platforms are operating active businesses. We simply ask that everyone in the short-term accommodation business be treated fairly and subject to the same regulatory and tax obligations.

Recommendations

Regulation is already happening across Canada and based on a jurisdictional scan of reforms and best practices, the RHA is recommending the modernization of the Residential Homestay regulations and that enforcement be made a priority as follows:

- Web-platform corporations, like Airbnb and HomeAway, be required to obtain a business license to operate in Regina and mandated to support City regulations / enforcement efforts by deactivating illegal listings and submitting regular activity reports to assist City enforcement and police.
- Support true home-sharing in an owner's principal residence allowing them to occasionally rent out a room in their home by establishing a simple registration system with basic eligibility conditions including principal residence restriction and good neighbour practices (i.e. parking).
- Operators renting their entire homes or multiple homes/condominiums that are not a principal residence, should be treated as a commercial accommodation operation and taxed/regulated accordingly. The assessed value of these properties should be set using the same provincial percentage for commercial properties and taxed by the City at the same rate as hotels. Doing so will help the City recover lost revenue from hotels, whose assessed value will decline as our projected income decreases.

This proposal forms the basis of a modern short-term rental regime that allows for true home-sharing, ensures guest safety and fosters a fair and competitive commercial accommodation environment.

Jurisdictional Scan of Municipal Best Practices Web-Based Platforms

Airbnb is a \$30 million corporation and has shown an ability to accommodate bylaw requirements in other jurisdictions. Their model, like other disruptive technologies, has been to establish operations in new markets, challenge the regulatory model, and wait for local governments to react. The RHA believes this is an appropriate time to treat all web-based platforms (Airbnb, HomeAway, VBRO, etc.) doing business in Regina, the same as any other accommodation business.

Here's what we found happening in other jurisdictions:

Web-Based Platforms

Any accommodation business operating within Regina's hospitality industry is subject to the same rules and regulations

FEES:

- Application fee + annual permit/business license

REGULATIONS:

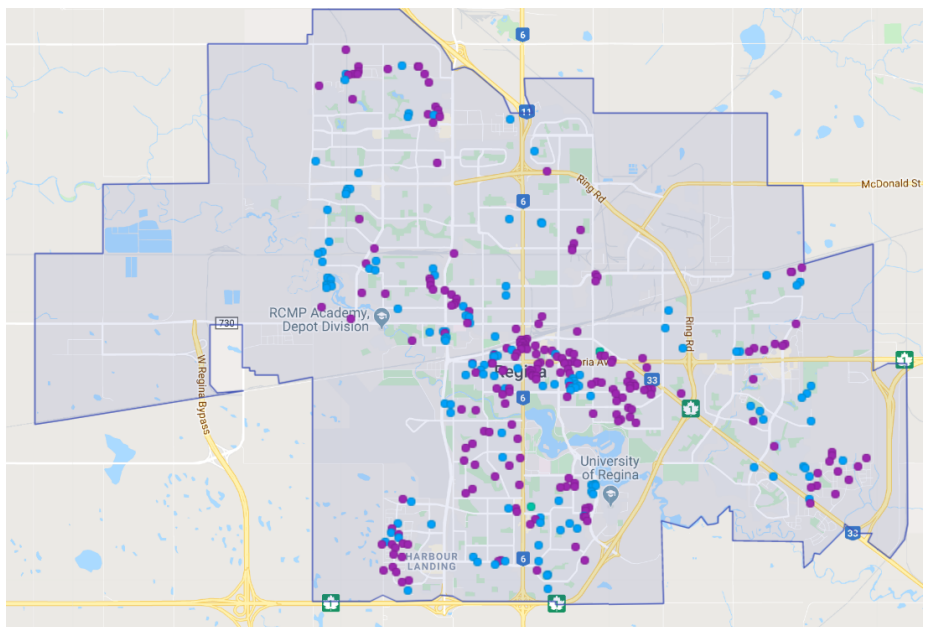
Enforcement Support:

- Mandatory fields on websites for license/registration numbers, as part of any listing
- A requirement for platforms to send a regular database to City enforcement containing all listings and pertinent information such as addresses
- A requirement for platforms to deactivate ineligible/illegal listings, following receipt of notification from City enforcement
- Fines for non-compliance

COMMUNITY:

- Contribute annual membership fees to Business Improvement Districts
- Financial contribution to support the ongoing work to attract events to cities and grow the Visitor Economy

Locations of Airbnb & HomeAway Operations in Regina



source: airdna.co



Jurisdictional Scan of Municipal Best Practices Short Term Residential Rental Operators

Cities have zoning application and bylaws in place to protect neighborhoods. People want to feel safe and know who their neighbours are. Limiting the establishment and operation of commercial accommodation businesses in the middle of neighbourhoods, helps minimize community disruptions and further ensures safety and security for everyone.

Here's what we found happening in other jurisdictions:

Private Room

Operators who occasionally rent out a room in their principal residence

FEES:

- Application fee & annual registration fee

REGULATIONS:

- Principal residence restriction (verifiable with valid government issued identification, such as a driver's license)
- Submission certifying appropriate insurance coverage

COMMUNITY:

- Self-declared good neighbor proclamation in place (parking, noise, waste management, etc.) on application and;
- If a condominium, certify that the Condominium Corporation bylaws and/or rules allow short term rentals

Commercial Operator

Operators who rent out one or more entire residential homes

FEES:

- Application fee & annual permit/business license
- Business Improvement District (BID) levy placed on property tax bill in BID zones
- Home inspection/fire inspection at cost to operator
- Commercial property taxation (shift from residential taxation)

REGULATIONS:

- Licensing: implement a mandatory short-term rental operator residential business license regime including:
 - Submission certifying insurance coverage
 - Documented permission from neighbours to operate
- Enforcement: fines issued for operators offering unlicensed listings
- Rental night cap to protect long-term housing availability

COMMUNITY:

- Limit the number of short-term rentals in neighbourhood
- Security & safety compliance at time of operator registration (submit an affidavit certifying compliances such as smoke alarms, fire extinguishers, etc.) to protect neighbouring homes
- Parking restrictions