

Appendix A.  
Response to Executive Committee Questions

Several questions arose during discussion of a proposed referral motion related to report EX19-39 regarding Residential Short Term Accommodations (STA). Below are the questions asked by the Committee and response by Administration.

**Law Enforcement**

***Q. What are the impacts of STA on parking in neighbourhoods?***

A. There is no known impact of STA on parking in Regina. In 2019 Parking Services received 10,628 service requests. No complaints were specific to short term rentals. When surveyed about perceptions of STAs, 31 per cent of Regina survey respondents indicated that they believed STAs contributed to traffic and noise in neighbourhoods.

Whether or not visitors to an STA will have more vehicles than a typical homeowner is not something that has been reliably studied. Each jurisdiction would experience a different impact depending on vehicle use/ownership in that community, availability of residential parking and the make-up of the local tourism economy. Factors such as method of travel, number of guests and whether or not someone, and how many people, ordinarily reside in the home will affect the number of vehicles at a home when used as an STA versus when resided in by its owners or a long term tenant.

To assist in compliance with existing parking bylaws, some cities have provided information bulletins to licenced STAs which are required to be provided to tenants. These bulletins can contain information on local bylaws, such as parking restrictions. Regina's proposed bylaw would require operators to share any information with tenants requested by the City.

***Q. How can safety concerns such as occupational health and safety and public health be addressed? What is the City's role in addressing these concerns?***

A. The City of Regina does not inspect or regulate occupational health and safety or matters of public health. However, enforcement agencies may request information from the City regarding licence holders which may assist in their investigations. If another enforcement agency identifies concerns with a licenced operator, this would be grounds to consider a suspension or cancellation of their City licence.

***Q. How does human trafficking intersect with residential short term accommodation and how can human trafficking be addressed?***

A. Administration has made further inquiries on how human trafficking is addressed in hotels and sought additional data and feedback from the Regina Police Service (RPS).

RPS is not able to provide statistics on their calls because whether or not a call is to a property that is an STA is generally unknown at the time of the call; however, the Vice unit has advised that they are seeing similar issues with suspected STAs and calls received

for/about hotels.

Both RPS and the Regina Hotel Association advise that there is not currently a formal program to address human trafficking in hotels and other short term accommodation. Hotel owners generally do not want illegal activities occurring in their property and therefore will work with police to prevent or address these issues. RPS has advised that the Vice unit does presentations to hotel staff and managers, with advice on what indicators to look for. RPS has indicated that the information that is currently shared with hotels regarding indicators of human trafficking could be shared with STA operators.

The RPS has suggested that a licensing system for STA would be of assistance to their enforcement because it will provide contact information for them for owners. RPS did not suggest any additional regulations to those currently proposed by Administration.

The licensing scheme proposed would assist in addressing human trafficking (and other criminal activity) in the following ways:

- provides a database allowing the City and RPS to identify a property as an STA
- provides contact information for the owner
- allows the City and RPS to distribute information to operators of STA
- provides for suspension or cancellation of the license in the event that criminal activity has occurred at the property.

## **Legislation**

### ***Q. Provide more information regarding the legislative restrictions on the City's authority regarding taxes and the raising of revenue through licensing and taxation.***

A. *The Cities Act* prescribes the types of taxes and fees that can be charged by the City. These requirements are set by the provincial government; a legislative amendment would need to be requested to change or add new taxes or to expand the City's ability to raise revenue from licence fees.

**Accommodation tax.** *The Cities Act* does not permit the City to charge an accommodation tax. An accommodation tax is not levied on hotel stays in Saskatchewan. Fees charged by hotels to their guests, such as a destination fee, are charges implemented by hotels and are not required to be collected by the City or paid to the City.

**Licence fees.** The City's ability to charge a fee for a licence, inspection, permit or approval is limited to the cost to the City of:

- (a) administering and regulating the activity; and
- (b) enforcing payment of the licence fee.

**Property tax.** Property tax classifications are prescribed in *The Cities Regulations*. The *Regulations* set out each type of class, including residential and commercial. The City Assessor determines what class each property falls into by applying the *Regulations* based on the wording of the *Regulations* and case law interpreting those *Regulations*. Under the classification system, purpose built residential properties are assessed as residential when

being used for a residential purpose, long or short term (or when vacant). A house which is no longer used for a residential purpose, such as an art gallery or restaurant, is assessed as commercial. The City does not have legislative authority to change the classifications or pass bylaws to prescribe its own classification system or interpretation of the existing classification system. To prescribe that all short term residential rentals are to be taxed as commercial would require an amendment to *The Cities Regulations*.

**Q. How are commercial hotels regulated by the City and how does this differ from what is being proposed for residential short term accommodation?**

A. The City’s current regulation of hotels and STA is with respect to their location only (zoning). The City enforces some provincial laws that relate to hotels and STA such as the Fire and Building Code. The recommendation in the report would have the City licensing and regulating STA, but not hotels.

The Zoning Bylaw permits hotels and STAs in the same zones: mixed use and downtown. In addition to these zones STA is discretionary in residential zones.

Zoning Regulation for Hotels and Residential Short Term Accommodation					
	Residential	Mixed: Lowrise Highrise Large market	Mixed: Office	Industrial (all)	Downtown Direct Control District
Hotel	x	Permitted	x	x	Permitted
STA	Discretionary	Permitted	x	x	Permitted

\* The 7 other direct control districts are not captured in the above table.

The City does not licence commercial hotels or charge a business or accommodation tax to commercial hotels. The majority of the legislative requirements hotels follow on a day to day basis are imposed by provincial law such as:

- The Saskatchewan Employment Act*
- Occupational Health and Safety Regulations*
- The Hotel Keepers Act*
- The Fire Safety Act*
- The Uniform Building Code and Accessibility Standards Act*
- The Public Health Act, 1994*
- The Consumer Protection Act.*

Whether or not and how each of these provincial laws will apply to an STA depends on each piece of legislation and the enforcing authority’s interpretation of that legislation.

**Q. Provide more information about zoning, in particular, whether a commercial zone would be appropriate for this use and whether “house form commercial” could be used.**

A. Commercial zones are now called “mixed use zones”. Currently an STA is permitted in mixed use zones and discretionary in residential zones. The Report recommends continuing to permit Homestay in mixed use zones and to change Homestay use from discretionary to permitted in residential zones along with the creation of a licencing program. Essentially what the report is recommending is regulating Homestay through a licensing regime instead of the discretionary use process which has extremely low compliance.

To allow the Homestay use only in mixed use zones would be more restrictive than today’s regulations and would for the most part not allow residents to rent out homes on a short term basis because most homes are not located in mixed use zones.

House Form Commercial/Residential Building was a defined term in Zoning Bylaw 9250 that referred to a combination of a building form (houses built prior to 1984) and use type in *Zoning Bylaw No. 9250*. This building/use was included only in the transition area (the area bordered by Broad, College, Victoria and Albert streets. This term has been discontinued in *Zoning Bylaw, 2019* and building forms and uses are no longer combined. Each land use can have regulations attached to it so changing the name of the STA use from “Homestay” to “House Form Commercial” does not have any practical effect.

**Costs**

***Q. Provide further detail regarding the cost recovery analysis for the licensing fees.***

A. Estimated total program costs for licensing and enforcement of short term accommodations is \$75,000 when 500 licences are issued. The cost per licence issued is calculated at 75 per cent of the cost for processing a residential business licence due to few requirements and documentation review (ie: no ISC documents or review of tax filings). Enforcement occurs on 2 per cent of current residential business licences and it is estimated that the same level of enforcement will be required for these licences. Overhead costs are calculated at 22 per cent of licensing and enforcement costs. Annual costs to obtain access to AirDNA reports used to conduct enforcement are \$5,000.

	500 Licences
Cost of Licensing	46,875
Cost of Enforcement	11,125
Overhead Costs	12,000
Data Collection Fees	5,000
<b>Total Cost</b>	<b>\$ 75,000</b>

***Q. Is the cost of bylaw enforcement included in the licence fee?***

A. Yes, the cost recovery analysis for licensing fees includes anticipated costs of enforcement personnel in the Licensing, Bylaw Enforcement and Zoning departments.

**Q. Is the cost of garbage collection and utilities included in the licence fee?**

A. No, garbage collection is funded by the home-owner’s property taxes and utilities are billed to homeowners.

There was inquiry from Committee about the amount of waste that would be generated by an STA compared to another single family dwelling. The City has not studied STAs specifically but has studied waste composition of single-family residences. Given that the location of STAs is unknown to the City we cannot determine which homes are STA and which are not. We are not aware of any study of this nature.

Waste audits are conducted by collecting roll out carts from a sample of single family dwellings, sorting the contents by category and recording the volume by waste category. The City conducted waste audits over a period of three years (2016-2018) categorizing the waste into 86 material types. We can use this information to estimate the waste composition of a property when occupied by a temporary resident.

In looking at the percent of waste volume for various items, there are several items we would not expect to see in the waste of a person residing at a location for less than 30 days. This includes: phone books, shredded paper, computers, televisions, pet waste, tires, construction waste, yard waste, large items (ie. furniture), durable plastics (as opposed to disposable plastic items) and household hazardous wastes such as lightbulbs, paint and oil. These items make up 35 per cent of typical household waste (by weight).

With respect to other waste items we would still expect to see, these would include: paper, magazines, newspapers, packaging (cardboard, Styrofoam), food waste and packaging, hygiene items (including diapers) and textiles. If a household is smaller or larger than average then the waste generated would be expected to fluctuate accordingly. Given that the use and occupancy of STAs is variable in terms of vacancy rates, number of guests, and whether or not the rental is all or part of a home it would be very difficult to form a generalization about occupation density in a property that is used as an STA.

**Rental Market**

**Q. What is the effect of residential short term accommodation on the long term rental market?**

A. The vacancy rate in Regina has grown since 2011 and at the same time the popularity of STA also rose. CMHC indicates in their 2018 and 2019 reports for Regina, a continued increase in purpose built rental units accounting for rising vacancy rates. A Vancouver review found that only 15 per cent of the properties that were removed from STA for violation of their primary residence requirement were returned to the long term rental market.

CMHC Vacancy rates Regina primary rental market	
2014	3%

2015	5.4%
2016	5.5%
2017	7.0%
2018	7.7%
2019	7.8%

**Q. What if the rental vacancy rate goes back down?**

A. There are many policy responses cities can and do have to decreasing rental vacancy rates. Administration recommends that should the rental vacancy rate reach a very low number in the future, the City study the reason for the shortage and assess all options and their potential impact. At this time there is little evidence of the impact that STA has on the long term market compared to other measures such as incentivizing purpose built rentals. It is not recommended to create an automatic freeze on licenses according to a specific vacancy rate. There is no evidence that suspending STA licenses would have an impact on the vacancy rate without knowing the cause of increasing or decreasing vacancy rates.

**Best Practices**

**Q. What are the best practices for regulating STA?**

The regulation of the modern (internet/app-based) STA is relatively recent with Vancouver being one of the first Cities to regulate STAs in April 2018. Toronto’s regulations came into force in November 2019 and Calgary’s came into force on February 1, 2020. Some municipalities, like Regina, have regulations that apply to STA but predate the modern form and prevalence of the STA industry.

The regulatory schemes developed to date are aimed at overcoming challenges with identifying properties providing short term accommodation. This is necessary because listings do not provide complete addresses until a user books and it is not necessarily evident through observation that a property is being used as for short-term accommodations. To overcome this challenge, municipalities have focused on requiring licenses to be advertised in a listing. This means that homeowners are prosecuted for advertising without a licence, not for renting their home for less than 30 days.

**Modern regulatory schemes include:**

1. A requirement to register or obtain a licence for *anyone offering a room or property for rent for less than 30 days*; there is no exemption or threshold on the number of nights.

Although municipalities may only be concerned with those who rent their home more than a couple of weekends a year, exempting certain persons makes the licensing scheme difficult to apply and enforce.

2. A requirement to list your license/registration number in all advertisements.

This allows municipalities to audit advertisements for compliance and prosecute homeowners who list without a licence. Some online companies, such as Airbnb, have created a license field in their listings which do not allow a listing to be posted without a licence number.

3. A focus on voluntary compliance.

Licenses/registration is a simple and low-cost process. This approach accomplishes two goals: to provide good customer service and to lower enforcement costs to the City because the process leads to increased compliance rates.

4. Licenses can be reviewed, revoked or suspended if complaints warrant.

The establishment of a license database provides municipalities with a way to address complaints of other bylaw infractions at these locations. Most municipalities do not place a lot of unique requirements on STAs; they are simply required to follow existing municipal bylaws such as those pertaining to noise and nuisance. The STA license is another enforcement tool for these existing bylaw requirements.

The regulatory scheme recommended by the Administration includes all of the above features. The body of the report further details other requirements recommended by Administration, such as inspection of the home and a requirement to provide certain information to renters as requested by the City (ex. information on local parking and noise bylaws).

There are other regulatory requirements that some Cities have added, which the Administration has not recommended. These items are as follows:

1. Prohibiting the rental of a property in which the owner does not reside (ie. secondary property).

Some cities, such as Vancouver and Toronto, have limited STAs to only a primary residence. The reason cited in making this policy decision is an attempt to add stock to the struggling long-term rental market in these cities. Some question how effective this policy decision will be to support the long-term rental market given that STA are not generally purpose-built rentals. A November 2019 review found that 300 of the 2000 units (15 per cent) that were required to shut down in Vancouver were added to the long term rental market.

A limit on secondary properties is addressed in Option 2 in the Report: to have STA in secondary properties in residential zones remain as a discretionary use. A question was also asked at the December Executive Committee meeting regarding limiting number of secondary properties. It does not appear that other Canadian Cities limit the number of Licenses to a set number. Saskatoon has set a limit of no more than 35 per cent of any one multi-unit building.

2. Limits on number of guests, bookings, or frequency of rental

Number of Guests. Limits on the number of guests per property have been imposed

in some Cities. The platform does ask for a number of guests and therefore can reject visitors that exceed the limit. How many guests actually arrive at the location would be difficult to monitor and enforce.

Number of Bookings. Some cities limit to one booking at a time. This appears to be more of a consumer protection measure; however, it would also limit the number of guests. This would prevent booking more than one room in your home at a time which may have some impact on bed and breakfasts (which are also a form of STA). Former Zoning Bylaw 9250 did limit the number of bookings for a bed and breakfast to 4 bedrooms; however this was not carried over into Zoning Bylaw, 2019.

Administration has not recommended limits on numbers of bookings, persons or rooms for several reasons:

- (a) There is no evidence that the limit is needed; the number of people in a home will vary regardless if it is an STA or a long term residence.
- (b) Different houses can accommodate different numbers of persons.
- (c) limits on the number of persons could unintentionally discriminate against large families
- (d) limits on the number of bookings or rooms is not consistent with the existing bed and breakfast market, which can have several rooms booked by different individuals at one time;
- (e) Limits on the number of rooms was removed from *The Zoning Bylaw* upon adoption of the 2019 Bylaw
- (f) Consideration was given to challenges and costs that would arise from regulation of items that are more difficult and costly to enforce.

Should Council wish to regulate the number of persons, bookings or rooms, we would suggest considering the re-introduction of the limit on the number of rooms from Zoning Bylaw 9250 or limiting the number of bookings per home at one at a time. Regulating the number of persons is difficult to achieve in a way that accommodates families without discrimination.