



PRESENTATION TO CITY COUNCIL
October 28, 2020

Your Worship and Members of City Council.

The Regina Hotel Association (RHA) supports the proposed regulatory and licencing regime for the residential short-term accommodation sector and respectfully requests Council to approve these regulations with an implementation date of January 1, 2021.

STATE OF REGINA'S HOTEL INDUSTRY

Today, the hotel industry is facing a truly uncertain future.

Hotel owners have suffered devastating revenue losses during the COVID-19 pandemic and they are now dealing with overwhelming fixed costs. On average, a full-service hotel has fixed costs of more than \$250,000 per month (includes commercial property tax).

Now, more than ever, we need competitive fairness within the short-term accommodation industry. While hotels welcome competition, it must be on a level playing field and this is where regulatory changes to the residential sector of the industry will make a remarkable difference.

THE RHA SUPPORTS THE PROPOSED REGULATORY & LICENCING REGIME

To be clear, the RHA is not opposed to true home-sharing where a homeowner rents out a room occasionally in their *Principal Residence* to generate extra income. We believe that City Administration has proposed a fair and reasonable licensing regime for this segment.

However, what started as true home sharing has shifted to entire homes operating as commercial accommodation businesses in our neighbourhoods. Our data shows that 72% of the 257 active Regina listings on popular on-line platforms (like Airbnb) are entire home rentals and only a handful are permitted by the City. That's almost 200 accommodation businesses that have disregarded the current discretionary use process and are operating illegally.

The short-term residential accommodation sector should not be exempt from the rules and regulations designed to build strong local economies and successful communities.

As such, the regulations proposed for commercial operations, as defined in the report as *Secondary Properties*, is a welcome first step to creating fairness within the industry.

We fully support Administration's recommendations to also require on-line platforms to comply with City regulations and the amendments that were presented by Executive Committee at its' September 16, 2020 meeting.

REQUEST FOR 12 MONTH REVIEW

The regulation and implications of the growing short-term residential rental sector is relatively new to every city in Canada. We expect that once this licensing regime is in place, the City will have the data it needs to better assess impact and risk in our community. As such, we appreciate Executive Committee's recent support to our request for a 12-month review from implementation. At this review, we ask that additional regulatory mechanisms are considered.

Specifically, *Secondary Properties* should not be afforded tax preferences that give them an unfair competitive advantage to hotels and should be subject to commercial assessment. We understand that this would require amendments to provincial legislation and encourage the City to pursue this option.

IN CLOSING...

The RHA extends its appreciation to both City Council and Administration for engaging our industry over the past two (2) years. We respectfully request City Council to approve these regulations and that they take effect on the original proposed date of January 1, 2021.



STATE OF REGINA'S HOTEL INDUSTRY

COVID-19 Pandemic Impact At September 30, 2020

Almost 60% of hotels in Regina are owned by Saskatchewan residents that operate branded franchises and independent hotels. Many are first or second-generation family-run businesses that employ well over 1,500 Regina residents.

- Almost **700 Regina citizens** employed in our hotel industry remain laid off.
- City-wide occupancy was 32% in September 2020 and is projected to fall to **25%** in October 2020.
- Total projected loss in revenue due to cancellations is reported in **excess of \$52.9 million**.
- We are a **regulated professional industry that is deeply committed to health and safety** measures. Enhanced safety protocols and systems have been implemented in hotels across Regina to keep both guests and employees safe.

Hotel Industry Recovery Projections

The hotel industry is projected to experience a lengthy recovery.

- Projections for the hotel industry is that it will remain in survival mode for the next 12-18 months.
- Temporary closures are forecasted to occur again this fall/winter as the industry continues to weather this pandemic.
- Hotels are not expected to be in a financial position to meet fixed cost obligations (like property taxes, insurance, mortgages) until late 2021/early 2022.
- Financial recovery to 2019 levels is currently forecasted for 2024.

