

# Editorial: Vancouver's short-term rental rules should be in public interest

Vancouver city council followed the lead of other major cities in the world this week in establishing a regulatory regime for short-term rentals, such as those advertised on Airbnb and other platforms.

The new rules effectively legitimize an activity that existed in a legal grey zone and eliminate uncertainty — a plus for both Airbnb, which is reportedly mulling an IPO, and Airbnb hosts, who no longer need to fear they are breaking the law.

But the prohibition on renting out secondary suites and laneway homes seems overly zealous and will undoubtedly lead to many flouting what they may regard as unreasonable restrictions. Secondary suites are often used to house family members — students or seniors — who leave the space vacant temporarily when they go to university or south for the winter. The city's estimate that these rules will "return" 1,000 units to the long-term market is wishful thinking. Many of these units were never in the long-term market and homeowners may well decide to leave them vacant — despite the city's unconscionable penalty for doing so — rather than incurring the cost, hassle and risk of becoming landlords.

The imposition of a \$49 annual licence fee and \$54 one-time activation charge are more annoyances than financial burdens, but a requirement to include a business licence number on the rental posting, allowing the city to determine who is licensed and who is not, could expose short-term rental hosts to unwelcome scrutiny by other levels of government since their anonymity, which Airbnb has faithfully protected, will be compromised. Anyone who fails to display on the platform proof of their business licence, or is caught renting without one, will be subject to a fine of up to \$1,000.

The new rules will be enforced by a new bureaucracy at City Hall comprised of a coordinator and an enforcement officer. The annual fee for hosts will inevitably rise as the cost of enforcement increases, as it most assuredly will. In a news release announcing the regulations, the city made clear that it will not go easy on offenders. "Establishing a legal licensing system allows us to have clear rules about what is and isn't allowed and offers a strengthened enforcement system so we can respond to complaints more quickly and with stronger fines and even legal action, if necessary," Kaye Krishna, general manager of Development, Buildings and Licensing, is quoted as saying.

Prosecution of the hosts seems wrong-headed. Would it not make sense to put the onus on Airbnb to ensure hosts comply with the requirement to include a business licence number on all posts, just as we expect other businesses to abide by the rules? That way, the city could penalize Airbnb if a non-compliant post appeared on the platform and the city's enforcement costs would be minimized.

In any case, the city's target should be hosts with multiple listings, those who are operating short-term rentals as unlicensed businesses. Yet a study of Airbnb in major Canadian cities by the School of Urban Planning at McGill University released earlier this year found that multi-listings represented just nine per cent of total listings (but one-third of total revenue) in the Vancouver market. The city has cast the net wide to catch a few sharks.

And speaking of unintended consequences, the ban on short-term rentals of secondary suites and laneway homes will make living in Vancouver more unaffordable for those who rely on rental income to help pay their mortgages, offsetting measures the city has introduced — as ineffective as they have been — to address the affordability crisis.

The new regime would appear to do little to increase long-term rental units, ostensibly the overarching goal of the regulations, while making life in Vancouver more difficult for homeowners. Moreover, tourists, especially those travelling with families, will find fewer suitable units in Vancouver offering privacy, kitchens and two or more bedrooms, and will spend their money in other destinations more accommodating to their needs.

When politicians and bureaucrats attempt to block disruptive technologies they stifle innovation. The success of Airbnb (and its competitors) and Uber (and its competitors) and Amazon (does it have any competitors?) prove that there is strong demand for the services these platforms provide. Government regulation of such innovations should be in the public interest rather than thwarting it.

### **TIABC Response to Vancouver Sun Editorial**

TIABC applauds Vancouver City Council for passing regulation on short-term vacation rentals (STVRs). While we recognize growing consumer demand for STVRs, we also believe regulation is both necessary and warranted.

For example, requiring homeowners to post a business license number not only provides guests with an extra measure of security and assurance of legitimate accommodation, it legalizes what today is essentially an underground business.

Your editorial suggests that secondary suite owners will likely leave them vacant instead of becoming landlords. Yet, you intimate that STVRs are needed to help pay mortgages. Notwithstanding STVRs constitute a landlord-tenant relationship, one could also assume that many homeowners will again opt for longer-term leases to supplement mortgage payments rather than forego rental income.

Regulating STVRs to encourage homeowners to return some inventory into the long-term rental pool is but one step in addressing the severe housing shortage in Vancouver.

Disruptive technologies have changed and challenged the tourism eco-system, in many cases for the better. But rather than operating in a legal grey zone and

avoiding responsibilities such as paying taxes, these foreign-owned companies and their local contractors might consider embracing the regulations and ultimately contribute back to the broader community from which they benefit.

Jim Humphrey

Chair, Tourism Industry Association of BC