

From: "Mochrie, Paul" <Paul.Mochrie@vancouver.ca>

To: "Direct to Mayor and Council - DL"

CC: "City Manager's Correspondence Group - DL"
"Holm, Kathryn" <Kathryn.Holm@vancouver.ca>

Date: 2/21/2019 4:21:13 PM

Subject: Memo - short-term rentals

Attachments: STR enforcement update Memo to Council - February 20 2019 (3).pdf

Good afternoon Mayor and Council,

Further to the memo we provided in November 2018 regarding the above topic, please find attached an update on our recent short term rental (STR) enforcement actions.

In response to various media reports over the past few days, the memo also includes some clarification of the City's STR policies and operational procedures.

I hope you find this update useful. Please feel free to contact me or Kathryn Holm, Chief Licence Inspector, if you have additional questions.

Best,
Paul

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.

MEMORANDUM

February 21, 2019

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Katrina Leckovic, City Clerk
Neil Monckton, Chief of Staff, Mayor's Office
Anita Zaenker, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Rena Kendall-Craden, Civic Engagement and Communications Director
Iain Dixon, Assistant Director, Legal Services

FROM: Kathryn Holm, Chief Licence Inspector, Development, Buildings and Licensing

SUBJECT: Short-term Rental Enforcement update – February 2019

Introduction

The purpose of this memo is to update Council of the City of Vancouver's short-term rental (STR) enforcement actions by staff. Further background information about the STR regulations and market were provided in a November 2018 memo to Council.

As of September 1, 2018, all STR operators in Vancouver were required to hold a STR business licence to operate, and to include the valid business licence number in all online listings. STR enforcement actions are driven by responding to complaints and proactively identifying potential illegal operators through data analysis. City enforcement actions include:

- warning letters where non-compliance is suspected;
- site inspections to confirm safety and compliance;
- pro-active audits of licensed operators suspected of non-compliance;
- by-law violation tickets for \$1,000;
- legal orders to comply with the by-laws;
- licence suspension or recommendation to revoke;
- injunctions and
- referrals to the City's prosecutor's office.

A key component of the City's enforcement strategy is STR platform collaboration, specifically with Airbnb, which represents over 80% of the Vancouver STR market. In April 2018, the City signed a Memorandum of Understanding (MoU) with Airbnb and the City continues to work toward collaboration with additional platforms. Currently on-line platforms do not restrict

operators from inputting the same business licence number on multiple different addresses and/or listings.

There is continued conversation in the community and media regarding the STR policies and how the regulations are being enforced. Staff would like to confirm council's awareness and understanding of the following:

- When an operator obtains a short-term rentals business licence, they are eligible to rent all or part of their principal residence. However, operators are only permitted to have one active booking at any given time, regardless of whether all or a part of the home is rented out. Under a single licence for their principal residence, the operator may list on different platforms and may list rooms of the same home separately.
- We have the necessary innovative technology for our staff to actively monitor and analyze data to use for enforcement. This includes a sophisticated data analytics tool that identifies non-compliant operators by examining data from many sources, including business licence data, Airbnb data, screen scrape data, and 311 complaints. When developing these new regulations, we solicited feedback from external sources, such as software companies and other cities, on how to build and improve our systems. As with any new program that the City implements, staff will continue to develop and improve these systems over time.
- Airbnb creates options for operators to be "exempt" from the mandatory licence field requirement, because they are not a short term rental; rather they are a hotel, B&B, or long term rental. These operators are not required to post their COV business licence in their listing per our by-law or per our agreement with Airbnb. We are actively investigating and pursuing enforcement actions against those operators who claim an exemption but do not hold the appropriate business licence.
- The City is responsible for pursuing enforcement against the operators who are not following the new short-term rental rules on Airbnb or other platforms, which includes using false or duplicate business numbers in online listings. Our landmark agreement with Airbnb is the first of its kind in Canada, a key step towards promoting compliance with our new short-term rental program. Airbnb provides the City with data on a quarterly basis to support enforcement efforts. Airbnb also deactivated nearly 2500 Vancouver-based listings that did not include a business licence when regulations went into full effect last year.

STR enforcement priorities continue to be focused on commercial operators and unsafe units. These include illegal rooming houses with work without permits that create safety concerns for Vancouver residents and visitors alike.

The City is also committed to transparent communication of our enforcement efforts and has reported monthly enforcement metrics on the City's website since December 2018 (link: <https://vancouver.ca/doing-business/short-term-rentals.aspx>)

Current state of Short-term Rental Market and Enforcement in Vancouver

STR Market and Business Licences in Vancouver

As of February 7, 2019, there were approximately 4,624 active listings. With regards to business licensing, staff have issued 2,406 2019 STR business licences, which is lower than the total 3,247 STR business licences issued in 2018. This is due primarily to overdue renewals of previously issued 2018 STR business licence. A communications social media campaign is planned next week (last week of February 2019) to provide a final push for licence renewals, and those who do not renew but continue to list and operate will be subject to enforcement.

The City anticipates a continued increase in new STR licence issuance as the tourist season approaches, and more operators are interested in short term renting their principal residence.

Enforcement since September 1, 2018

Since September 1, 2018, staff have opened 1,873 investigation casefiles, 967 of which are now closed. A closed casefile refers to STR units that have been found to be in compliance with the City's regulations, or casefiles with insufficient material proof to initiate further enforcement actions, or duplicate casefiles.

Staff have pursued the following enforcement actions on these cases:

- Wrote 329 warning letters against property owners and operators of suspected non-compliant STR units;
- Referred 89 STR units for inspection by City Inspectors;
- Flagged 479 licensed STR units for audit;
- Issued 236 tickets against property owners and operators of non-compliant STR units;
- Issued 123 Licence Orders to property owners of unlicensed STR units; and
- 89 listings referred to the prosecutor's office
- 16 STR licences suspended

The short-term rental team also works in close conjunction with other City departments including Property Use Inspections and Building Inspections. Through STR investigations, and a collaborative enforcement approach, numerous of these operators have been identified for escalated enforcement including referrals to prosecution for non-compliance with other By-laws, including work without permit or fire safety issues.

Staff are encouraged by the results during these initial months of program implementation.

Staff will conduct a one-year program evaluation and follow up with any recommended program improvements.

Staff will push for increased compliance with the licensing requirements and to enforce against unauthorized STR activity. Utilizing our own data as well as external sources, we continue to identify issues to develop strong enforcement paths for unlicensed and non-compliant licenced short-term rental operators.

Staff will continue to advance the partnership discussions with Airbnb, and to pursue similar agreements with other STR platforms. In addition, staff are developing strategies to engage regulatory and advocacy bodies in the real estate, landlord, strata and tourism industries to identify and evaluate potential partnership agreements. Staff have been in conversations with the Province to understand and share challenges at a municipal and provincial level.

Please do not hesitate to contact me if you have any questions or concerns.

A handwritten signature in black ink, appearing to read 'Kathryn Holm', followed by a long horizontal flourish.

Kathryn Holm, Chief Licence Inspector, Development, Buildings and Licensing
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