

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

To: **"Direct to Mayor and Council - DL"**

Date: 2/21/2022 7:36:48 PM

Subject: Council Memo - RTS 14858 Update on Short-term Rental Program and Response to Council Motion "Short-term Landlords – Long Term Protections for Renters and Hotels"

Attachments: DBL - 2021 STR Memo.pdf

Dear Mayor and Council,

Please see the attached memo from Andrea Law, which provides a general update on the City's short-term rental (STR) program, as well as responds to Council Motion "Short-Term Landlords – Long Term Protections for Renters and Hotels" (RTS 14858).

- Council approved the Motion "Short-Term Landlords – Long Term Protections for Renters and Hotels" on June 10, 2020, which requested, among other directions to staff, a review of the City's short-term rental (STR) regulations in the context of COVID-19 and the city's overall long-term rental vacancies and hotel industry recovery;
- COVID-19 has caused an unprecedented decline in the global STR market, including in Vancouver;
- In parallel to the work related to the Motion, staff commissioned Dr. David Wachsmuth of McGill University's School of Urban Planning to quantify the impact of the City's STR regulations on the long-term rental market. His research shows that pre-COVID, the City's STR regulations have significantly and durably reduced the size of Vancouver's STR market and the domination of the market by illegal, non-principal residence STRs. The research further shows that COVID-19 has further accelerated the conversion of STRs into long-term rentals;
- Staff undertook a comprehensive review of the City's STR regulations and have concluded that the City's guiding principles for regulating STRs is still relevant in the City's current COVID-19 context and recommend that the current regulatory approach of only permitting STRs in a principal residence be maintained. As such, staff are not recommending any policy changes to the City's STR regulations and program; and
- The Memo also highlights other accomplishments of the City's STR program in 2020 and 2021, including the expansion of the Prohibited Buildings Registry, updates on stakeholder engagement and Provincial advocacy, and the program's recognition by the Institute of Public Administration of Canada (IPAC).

Should you have any questions, please contact Andrea Law, General Manager of DBL at Andrea.Law@vancouver.ca

Best,
Paul

Paul Mochrie (he/him)
City Manager
City of Vancouver
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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh) Nations.

MEMORANDUM

February 17, 2022

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Maria Pontikis, Director, Civic Engagement and Communications
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Theresa O'Donnell, General Manager, Planning, Urban Design and Sustainability
Saul Schwebs, Chief Building Official
Sarah Hicks, Chief Licence Inspector
Iain Dixon, Assistant Director, Legal Services

FROM: Andrea Law,
General Manager, Development, Buildings and Licensing

SUBJECT: Update on Short-term Rental Program and Response to Council Motion "Short-term Landlords – Long Term Protections for Renters and Hotels"

RTS #: 14858

The purpose of this memo is to provide Council with a general update on the City's short-term rental (STR) program, as well as respond to the Council Motion "Short-Term Landlords – Long Term Protections for Renters and Hotels" ("the Motion") approved on June 10, 2020. A copy of the Motion is attached in Appendix A. Staff are not recommending any changes to the City's STR regulations in response to the Motion.

1. STR Program Update

Previous Council updates to STR regulations

A STR accommodation is the rental of a home, or room within a home, for less than 30 consecutive days. On April 18, 2018, Council enacted regulations that required Vancouver residents to obtain a business licence to operate a STR accommodation in their principal

residence.¹ STR activity in a non-principal residence is strictly prohibited. The City's approach to developing and implementing STR regulations remains guided by seven Council-approved principles from 2017, with a focus on the first principle:

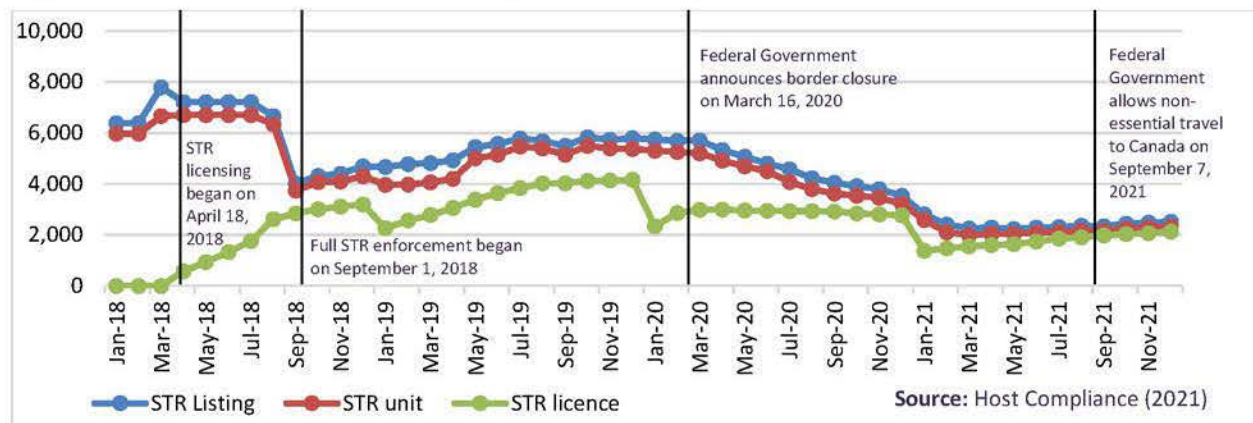
- a) Protect long-term rental supply;
- b) Ensure health and safety;
- c) Encourage neighbourhood fit;
- d) Promote tax and regulatory equity;
- e) Enable supplemental income;
- f) Support tourism industry; and
- g) Encourage compliance.

Staff's most recent update on the STR program was provided on November 6, 2019, in which Council approved and enacted amendments to the License By-law to regulate property managers, require STR licence holders to submit listing and booking information when requested, and increase the STR business licence fee to \$99, effective January 1, 2020.² On October 5, 2021, Council approved a 5% increase to all licensing fees, to take effect on January 1, 2022, which further raised the STR licence fee to \$104.

STR market

Vancouver, along with other global travel destinations, has experienced an unprecedented decline in the STR market as the COVID-19 pandemic and resulting travel restrictions reduced the demand for tourism accommodation. Screen-scraping data from Host Compliance illustrated in Figure 1 shows the number of active STR units and listings in Vancouver since 2018 when staff first began routinely monitoring the STR market.³ As of December 31, 2021, there were an estimated 2,325 active STR units, a considerable drop from the high of over 5,000 active STR units in December 2019, just before the first verified case of COVID-19 in the world.⁴

Figure 1: STR market in Vancouver (2018 to 2021)



¹ City of Vancouver (2018). "Enactment and Implementation of Short-term Rental Regulations." RTS 12320. Retrieved from:

https://council.vancouver.ca/documents/pspc7_000.pdf

² City of Vancouver (2019). "One-year Review of the Short-term Rental (STR) Program." RTS 13055. Retrieved from:

<https://council.vancouver.ca/20191106/documents/cfsc1.pdf>

³ STR listing refers to the online marketing of the short-term rental. STR unit refers to the physical space, such as a home, apartment or a room within, that is used and occupied as a short-term rental.

⁴ World Health Organization (2020). "AWHO Timeline – COVID-19." Retrieved from: <https://www.who.int/news/item/27-04-2020-who-timeline---covid-19>.

The contraction of Vancouver's STR market is also evident in the decrease in the number of STR business licences. The City issued 2,129 STR business licences in 2021, compared to 4,151 STR business licences in 2019. Notwithstanding the drop in STR business licences in 2021, the City has consistently managed to license an average of 70% of the known STR units in the City since STR licensing commenced on April 18, 2018.

There are four major STR platforms marketing STR units in Vancouver, as shown in Figure 2. Airbnb has consistently had the largest market share in Vancouver, with more than 80% of known STR units in the City. In April 2018, staff signed a first of its kind Memorandum of Understanding (MoU) with Airbnb, in which the STR platform agreed to provide data to the City on a quarterly basis and require all listings in Vancouver to display a STR licence number after August 31, 2018. In September 2020, Vancouver was also among 10 cities worldwide included in Airbnb's pilot City Portal program, which provided participating local governments with more frequent data submissions and additional data fields on STR operators listing with Airbnb.⁵

Figure 2: Annual Market share by STR unit of STR platforms in Vancouver



The partnership with Airbnb has been a pillar of the City's STR licensing and enforcement approach. To date, Airbnb is the only STR platform that has signed a voluntary compliance agreement with the City. Staff acknowledge that requiring STR platforms to remove non-compliant STR listings is the most expeditious means to compliance. However, local governments in BC have limited capacity to compel STR platforms to operate within municipal rules as these corporations are registered outside BC and do not have a physical presence (i.e. an office) within the local jurisdiction. Staff have attempted to overcome these limitations by negotiating more voluntary compliance measures from all platforms including Airbnb. In general, these platforms are only open to further cooperation on the condition the City amend its by-law to allow STRs in non-principal residences.

STR enforcement

The City continues to have a robust STR compliance program with dedicated staffing. Notwithstanding the continued contraction of Vancouver's STR market in 2021, staff received 337 STR-related complaints and opened 908 investigative casefiles in 2021. An illustration of the City's compliance pathway for STRs, including the types of enforcement actions is provided in Appendix B. Table 1 provides a breakdown of enforcement actions in 2021 (as of December 31, 2021) and cumulatively since regulations were first enacted in 2018.

The City's priorities for STR enforcement remains unchanged despite the ongoing COVID-

⁵ The Canadian Press (2020). "Airbnb says new portal will help cities like Vancouver monitor listings." *CBC News*. Retrieved from: <https://www.cbc.ca/news/canada/british-columbia/airbnb-says-new-portal-will-help-cities-like-vancouver-monitor-listings-1.5735966>.

19 pandemic. Staff continue to enforce on and inspect illegal and unlicensed STRs, STRs operated in unsafe properties, and non-compliant licensed STR operators operating in contravention of their licensing conditions (e.g. non-principal residence).

Table 1: STR-related enforcement actions (January 1 to December 31, 2021)

Enforcement stream	Enforcement actions	2021	Cumulative (since 2018)
Licensed	STR licences flagged for audits	246	2,034
	Audits initiated	209	1,887
	Licences suspended	131	869
	Voluntary closures of licences to comply	81	899
	Total number of licensed STRs ceased operating due to non-compliance	212	1,768
	Warning letters sent	289	1,440
	Inspection completed	151	610
Unlicensed	Licence Orders issued	101	724
	Tickets issued	198	1,596
	Listings referred for prosecution	8	47

2. Impact of STR regulations on the long-term rental market

In the last staff update on the STR program from November 2019, staff committed to exploring more systematic and objective methodologies to accurately track the number of STR units returned to the long-term rental (LTR)⁶ market due to STR regulations and enforcement. Note that the STR program supports the City's overall 10-Year Housing Strategy to protect the LTR stock. There are many methodological challenges with isolating the impact of the STR program from other factors that influence LTR demand and supply, including the concurrent impacts of other programs such as the Empty Homes Tax (EHT) and the Speculation and Vacancy Tax.

To support an enhanced understanding of this complex work, staff commissioned Dr. David Wachsmuth of McGill University's School of Urban Planning in September 2020 to undertake a review of the impacts of the City's STR regulations on the LTR market. Dr. Wachsmuth was selected due to his widely recognized expertise on the housing impacts of STRs, having authored numerous peer-reviewed articles on the subject and critical reports on the effectiveness of STR regulations in North America.⁷

The full research report from Dr. Wachsmuth and his researchers is attached in Appendix C. Analyzing daily Airbnb and VRBO listing data between January 2016 and September 2020, the authors concluded that the City's STR regulations have significantly and durably reduced the size of Vancouver's STR market and the domination of the market by illegal, non-principal residence STRs. Supporting highlights from the report are summarized below:

- STR regulations have resulted in 1,090 fewer active STR listings, a reduction of almost 25% compared to the counterfactual where no regulations were enacted;

⁶ A long-term rental is a rental of a residential property of 30 days or more.

⁷ For a sample of recent publications, see: Wachsmuth, D. (2021). "Short-term rentals in Los Angeles: Are the City's regulations working?" *Report prepared for Better Neighbors LA*. Retrieved from: <https://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2021/strs-in-los-angeles-2021.pdf>; Coombs, J., Kerrigan, D. and Wachsmuth, D. (2020). "Short-term Rentals in Canada: Uneven growth, uneven impacts." *Canadian Journal of Urban Research* 29.1: pp. 119-34; Wachsmuth D. et al. (2020); Wachsmuth, D. and Weisler, A. (2018). "Airbnb and the rent gap: Gentrification through the sharing economy." *Environment and Planning A: Economy and Space* 50.6: pp. 1147-70.

- By the end of 2019, City regulations had returned an estimated 510 housing units formerly used full-time as STR (i.e. illegal STRs) back to the long-term market. The plausible range was determined to be between 120 and 710 units, which through comparison with other jurisdictions, the authors determined the real impact to be around 510 units;
- Compared to Toronto, Montreal and other Metro Vancouver cities, STR regulations caused Vancouver's STR market to grow more slowly and in a less commercialized direction;
- Evidence suggests that illegal STRs in Vancouver have relocated to neighbouring Metro Vancouver cities due to laxer regulations or enforcement in those jurisdictions; and
- Regulations were effective in deterring possible illegal operators who list multiple non-principal resident properties, but considered less so for possible illegal operators with single, entire-home listings that are used full-time as a STR (also known as Frequently Rented Entire Home (FREH) listings).⁸

It is important to note that operators who list multiple non-principal resident properties or a single FREH listing are not necessarily in contravention of the City's STR regulations. The City licences and regulates third-party Property Managers who list and manage multiple STR properties on behalf of licenced STR operators, provided each STR unit is conducted in a principal residence. It is also possible for a principal resident to short-term rent their home for an extended period of time which meets the FREH definition. Examples discovered by staff through the course of regular enforcement included snowbirds who leave their Vancouver home for a period of time every year, and university faculty or students who take a sabbatical leave.

A secondary purpose of the study was to examine the impact of COVID-19 on Vancouver's STR market, especially with respect to the conversion of STRs into LTRs. The authors were able to match 823 unique Airbnb and VRBO listings to LTR listings on Craigslist or Kijiji. However, these listings on average had asking rents that were 26% higher than the city-wide average, due to the majority of them being furnished listings in the Downtown peninsula. Moreover, the authors reported that the majority of these listings were formerly suspect illegal STRs and that only 31% have fully transitioned to the LTR market (i.e. the rest continue to have an active or inactive presence on STR platforms). This suggests that the operators of these converted listings may plan to relist their property as STR once tourism demand recovers.

The study from Dr. Wachsmuth corroborates previous studies, notably by the CMHC that City regulations aimed at protecting LTR supply, including both STR regulations and the EHT, are very likely producing their intended outcomes.⁹ Nevertheless, the study points to areas of regulatory and enforcement improvement that staff will further elaborate on in the context of the Motion in Section 4 of this memo.

3. Other STR Program updates

Listed below are other achievements of the STR program since the last Council update in 2019. Detailed information on the undermentioned initiatives can be found in Appendix D.

⁸ The report defines a Frequently Rented Entire Home (FREH) listing as entire home listings which were available to be booked on Airbnb and VRBO for the majority of the year (at least 183 nights) and were booked for a minimum of 90 nights per year. For more information, see report in Appendix D.

⁹ For more information, see Canada Mortgage and Housing Corporation (2021). "Rental Market Report: Canada and Selected Markets." Retrieved from: <https://assets.cmhc-schl.gc.ca/sites/cmhc/data-research/publications-reports/rental-market-reports/2020/rental-market-report-69720-2020-en.pdf?rev=936ca622-a6c5-4cbc-b937-d29b1d63cc14>; Canada Mortgage and Housing Corporation (2020). "Rental Market Report: Vancouver CMA." Retrieved from: https://epdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/housing_markets/rentalmarketreportvancouver-abbotsford/rental-market-reports-vancouver-64467-2020-a01-en.pdf.

- Expanded the Prohibited Buildings Registry, which is a registry of strata buildings and purpose built rentals that prohibit STRs and for which the City will not issue a STR business licence, to around 490 buildings, including 52 strata plans comprising 9,267 strata lots;
- Convened a STR Community Working Group comprising of seven STR operators and seven non-operators to provide staff with ongoing insights on STRs;
- Participated in the Joint UBCM-Provincial Advisory Group on STRs, with staff input reflected in the final list of [recommendations](#) on how the Province can take leadership on STR regulations, particularly by licensing and regulating STR platforms, in a manner similar to ride-sharing companies, for platform accountability and information validation;
- Presented a Ministerial Briefing from Mayor and Staff to the Minister Responsible for Housing, David Eby, stressing the need for provincial intervention on platform accountability;
- Engaged strata organizations and the real estate industry to increase awareness of STR and property manager regulations; and
- The City's STR program was awarded the Bronze Prize for the Institute of Public Administration of Canada (IPAC)'s 2020 Public Service Leadership and Excellence Award.

4. Response to Council Motion

On June 10, 2020, Council referred the Motion "Short-term Landlords – Long-term Protections for Renters and Hotels" to staff which requested a review of the City's STR regulations and fees in the context of COVID-19, as well as other policy and program considerations. The following sub-sections of the memo will address the Council Motion.

Review of STR licensing and regulations in the context of COVID-19 and overall health of City rental vacancies and hotel industry recovery

The current STR regulations were developed in 2017 to balance seven guiding principles, including the protection of the city's LTR stock and regulatory equity between STRs and other tourism accommodation. In responding to Council's direction to review STR regulations in the context of COVID-19, staff took into consideration whether changes wrought by the pandemic, particularly in the LTR market and local tourism indicators, warrant a rebalancing or a re-evaluation of the current set of principles, which would necessitate a regulatory shift.

Staff also evaluated the regulatory approaches of 15 other cities, summarized in Appendix E. While most cities did not drastically alter their STR regulations in light of COVID-19 (with the exception of temporary bans on STRs that were imposed by overriding Provincial or State legislation), staff have identified best practices and distilled three regulatory pathways:

- A) RELAXATION OF REGULATIONS:** Relax the eligibility of STRs to include non-principal residences, which may include secondary suites or laneway homes when the primary home is occupied by a principal resident, or allowing investment properties, etc.; or
- B) CURRENT APPROACH:** Continue to implement and enforce the current regulations that restrict STRs to a principal residence, while improving the licensing and enforcement processes to better deter and identify non-compliant STR activity; or

- C) MORE PROHIBITIVE REGULATIONS:** Tighten STR regulations by instituting additional regulatory tools such as a “Night Cap,” which is a limit on the number of nights that an entire principal residence unit can be used as a STR, and/or instituting a licensing system for STR platforms to enhance their accountability for non-compliant STR operators and listings.

After careful analysis, **staff determined that the original set of guiding principles are still relevant in the city’s current COVID-19 context and that the current regulatory approach (B above) should be maintained.** The following factors led to staff’s conclusion:

- **Vancouver remains in a housing crisis:** When STR regulations were first approved by Council in 2017, the City’s primary vacancy rate was at 0.9%, with Vancouver having the highest rents and lowest vacancy rate of any major city in Canada.¹⁰ In 2020, the City’s primary vacancy rate increased to 2.6%, the highest since 1999.¹¹ According to the CMHC, this increase is driven by lower rental demand due to COVID-19 impacts on international immigration, employment and post-secondary learning.¹²

While the higher vacancy rate may present an opportunity to expand the eligibility of STRs, staff caution against drawing this conclusion at this time. The vacancy rate of 2.6% in 2020 is still lower than what is generally considered to be a healthy rate of between 3% and 5%. The CMHC further notes that the demand shock from COVID-19 is likely to be temporary due to a combination of faster than expected economic recovery, higher immigration targets from the Federal Government, and the gradual return to in-person post-secondary education.¹³ Higher rental vacancies in Vancouver should also be tempered by the CMHC’s observation that the availability of affordable purpose-built rentals remains a challenge for lower and middle income households (i.e. under \$47,000 annual income).¹⁴

Staff are concerned that allowing STRs in non-principle residences, including secondary suites, will result in further shortages and increased unaffordability of the current LTR stock, especially when both LTR and STR demand returns to its pre-COVID levels. As such, staff advise that the protection of the city’s LTR stock remains the fundamental priority for the City’s STR regulations, and that this is best served by limiting STRs to principal residences.

- **Stricter STR regulations could be contemplated when there is greater recovery in the STR market. Additionally, Provincial regulations on STR platforms that hold them accountable for ensuring STR operators comply with municipal rules would support municipal efforts for stricter regulations:** There is apprehension that some of the LTR stock converted from STRs due to COVID-19 impacts may revert to STR once tourism demand recovers, leading to evictions. A potential regulatory response that could be explored to curtail this behavior is by dampening the economic incentive of STRs relative to long-term renting through a night cap, which is a limit on the number of nights in a calendar year that an entire residential unit can be booked as a STR (i.e. un-hosted rentals). Night

¹⁰ CMHC (2016). Cited in City of Vancouver (2017). RTS 11705: <https://council.vancouver.ca/20170711/documents/rr1.pdf>.

¹¹ CMHC (2021). “Rental Market Survey Data Tables.” Retrieved from: <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/rental-market/rental-market-report-data-tables>.

¹² CMHC (2021). “Rental Market Report: Canada and Selected Markets.” Retrieved from: <https://assets.cmhc-schl.gc.ca/sites/cmhc/data-research/publications-reports/rental-market-reports/2020/rental-market-report-69720-2020-en.pdf?rev=936ca622-a6c5-4cbc-b937-d29b1d63cc14>

¹³ For more information, see: CMHC (2021); Zussman, R. (2021). “B.C.’s economy bouncing back from COVID-19 more quickly than expected.” *Global News*. Retrieved from: <https://globalnews.ca/news/8186491/bc-quarterly-economic-update-covid/>; Government of Canada (2020). “Government of Canada announces plan to support economic recovery through immigration.” Retrieved from: <https://www.canada.ca/en/immigration-refugees-citizenship/news/2020/10/government-of-canada-announces-plan-to-support-economic-recovery-through-immigration.html>.

¹⁴ CMHC (2021).

caps in other cities range from 90 to 180 nights. They can also be beneficial from an enforcement standpoint as it would allow staff to more easily and accurately identify non-compliant STR operators, specifically those operating full-time in a non-principal residence. Note that a night cap would not ordinarily apply to “hosted” STRs where the STR operator is present during the stay and the guest is staying in a room within the home.

The City’s regulations currently require STR operators to provide information when requested, including the number of days the dwelling unit was used as a STR. While this information can be used to monitor and enforce STR operators’ compliance with a night cap, jurisdictional research shows that voluntary cooperation or regulatory compliance from STR platforms is needed for a night cap to work in practice.¹⁵ Staff have previously recounted the difficulties of negotiating more voluntary compliance from STR platforms in the absence of by-law relaxations. Likewise, local governments in BC have limited capacity to compel STR platforms to comply with municipal rules without Provincial intervention.

Implementing a night cap would also require staff to determine the appropriate threshold that would discourage future conversion or reversion of LTR into STR. This is an exercise that requires careful economic modelling and sensitivity. The prevailing uncertainty on the STR and LTR market due to COVID-19 makes this exercise difficult, and may result in a night cap that is not relevant to the city’s long-term, post-COVID-19 context.

Given these factors, staff recommends staying the course on amending the STR regulations until there is greater recovery in the STR market. Additionally, the efficacy of monitoring and enforcing a night cap can be improved with Provincial regulations on STR platforms, similar to those currently in place for ride-sharing platforms, which would hold them accountable for ensuring their STR operators comply with municipal rules. In the absence of a night cap, recent updates to the *Residential Tenancy Act* in July 2021 that require landlords to first apply to the Residential Tenancy Branch to end a tenancy for renovations or repairs, and to provide additional compensation for bad faith evictions, may be an effective deterrent against future evictions.

- **The need to support overall tourism sector recovery:** The tourism sector is a critical industry for the Vancouver region, contributing over \$14 billion in total revenue and supporting over 104,000 full-time equivalent jobs in 2019.¹⁶ Both hotels and STRs are a key enabler of that economic potential as the availability of visitor accommodation is one of the key factors that determine Vancouver’s appeal as a tourist destination.

COVID-19 has taken an unprecedented toll on Vancouver’s hotel industry. Whereas Vancouver had the highest hotel occupancy rates of any major Canadian city prior to the pandemic at close to 80%, this dropped to around 16% at around the start of 2021.¹⁷ In response, both the Provincial and Federal Governments have provided targeted rent and wage subsidy programs to hotel operators and other tourism businesses, many of which

¹⁵ Some examples from other jurisdictions include requiring platforms to remove non-compliant listings upon notice by the local jurisdiction, or platforms voluntarily capping the number of nights of bookings that an operator can accept which complies with the jurisdiction’s night cap.

¹⁶ Destination Vancouver (2022). “Tourism Industry Fast Facts: Value of Tourism In Vancouver and British Columbia.” Retrieved from: <https://www.destinationvancouver.com/media/corporate-communications/vancouvers-tourism-industry-fast-facts/>.

¹⁷ Destination BC (January 2021). “COVID-19 Research Roundup: January 18, 2021.” Retrieved from: https://www.destinationbc.ca/content/uploads/2021/01/DBC_COVID-Research-Roundup_Week-28_Jan-18.pdf; The Editors (2018). “Vancouver hotel occupancy tops other major Canadian markets: report.” *BC Business*. Retrieved from: <https://www.bcbusiness.ca/Vancouver-hotel-occupancy-tops-other-major-Canadian-markets-report>.

have eligibility rules that exclude STR operators. Notwithstanding the downturn, there are indicators of industry recovery with hotel occupancy rates in Vancouver reaching 60% at the end of November 2021, a near 40% year over year increase.¹⁸

Through past consultations with City staff and recent media statements from industry representatives, it is known that hotel industry in Vancouver is not opposed to STRs in principal residences, but are concerned about regulatory inequity, as well as the perceived lack of enforcement on non-compliant operators.¹⁹ Critical areas of regulatory inequity between STRs and hotels, including corporate income taxation, property tax assessment and insurance, are however beyond the jurisdiction of the City. The imposition of a night cap may further limit non-compliant STR operators, but as previously noted, the efficacy of monitoring and enforcing is improved with Provincial regulations on STR platforms.

More fundamentally, the question of further limiting STRs to enable hotel recovery needs to take into consideration the recovery of the entire tourism industry. Vancouver has had a shortage of hotel rooms with 1,105 rooms removed over the past decade, and a further 1,674 rooms at risk in the short and medium term for redevelopment, primarily to residential.²⁰ This shortage has also been exacerbated during COVID-19 with the purchase of hotels by various levels of government for use as shelters or social housing. Finally, with the STR market in Vancouver also experiencing a marked downturn due to COVID-19, it is advisable that the City maintain its current approach on STRs to sustain the already limited supply of visitor accommodation for when tourism demand returns to its pre-COVID levels.

Given these considerations, limiting STRs to principal residences continues to be a justifiable compromise between regulatory equity with the hotel industry and supporting the city's overall tourism industry. Furthermore, the hotel industry's concern with enforcement can be addressed through ongoing initiatives including the Prohibited Buildings Registry.

- **The ability to earn supplemental income through STR may have added importance:** With the economic disruptions caused by COVID-19, staff anticipate that there may be residents who are relying on a STR in their principal residence to make up for lost or reduced employment income. Staff recommend that that option be retained for all residents, both homeowners and renters, within the confines of the existing regulatory boundaries.

Review of STR business licence fees in the context of COVID-19

The cost of a STR business licence fee in 2022 is \$104. Council first approved a low licence fee of \$50 in 2017 on staff's advice to reduce the barriers to compliance. Council then approved an increase to \$99 in 2019 to increase STR program cost recovery. Since then, staff has applied the same rate of increase for all business licence fees to STR, including the most recent Council approved increase of 5% for all business licence fees (with the exception of cannabis retail) that

¹⁸ Destination BC (December, 2021). "COVID-19 Research Roundup: November 22, 2021." Retrieved from:

https://www.destinationbc.ca/content/uploads/2021/12/DBC_COVID-Research-Roundup_Week-62_November-22-003.pdf.

¹⁹ For more information, see: CBC News (2020). "Vancouver councillor calling for review of short-term rental regulations in wake of COVID-19."

Retrieved from: <https://www.cbc.ca/news/canada/british-columbia/vancouver-councillor-calling-for-review-of-short-term-rental-regulations-in-wake-of-covid-19-1.5595156>; City of Vancouver (2017). "Regulating Short-term Rentals in Vancouver." RTS 11705:

<https://council.vancouver.ca/20170711/documents/rr1.pdf>; British Columbia Hotel Association. "Short-term Rentals." Retrieved from: <https://www.bcha.com/short-term-rentals.html>.

²⁰ City of Vancouver (2019). "Interim Hotel Development Policy." Retrieved from: <https://vancouver.ca/files/cov/2019-05-23-interim-hotel-development-policy.pdf>.

took effect on January 1, 2022. Staff did not bring forward a separate increase for STR licence fees in 2021 for the following reasons:

- **Economic burden and compliance impacts:** In 2019, staff recommended the increase of STR licence fee to \$99 on the assumption that it would enable the City to recover approximately 60% of program costs given the baseline at that time of around 4,000 STR business licences. With the downturn of the STR market due to COVID-19, the number of STR business licences issued in 2021 has halved to around 2,000. Further recovering STR program costs on the basis of the reduced licensing volume would result in a drastic increase to STR licence fees, adding further financial burden on residents who rely on STR as supplemental income and potentially affecting compliance.
- **Continued uncertainty:** Given the continued uncertainty over tourism recovery with the emergence of new COVID-19 variants of concern and federal travel restrictions, it is difficult and premature at this time to project a post-COVID-19 licensing baseline with which to calculate a cost recovery licensing fee. Staff will investigate a feasible balance between the STR business licence fee and program cost recovery once the STR market has recovered.

Memo to STR business licence holders

The Motion instructed staff to circulate memos to all 2019 and 2020 STR licence holders advising that the condition of their STR licence limits rentals to less than 30 consecutive days at a time, and that a long-term rental business licence is required for rentals of 30 days or more. These communications were completed in August 2020 and previously reported to Council in a Memo from April 7, 2021, attached in Appendix F.

Fairness and flexibility of assessing and taxing STRs as Class 6 Business or Other

Council directed staff to report back on the feasibility and fairness of assessing and taxing STRs as Class 6 Business, rather than Class 1 Residential. The Motion further requested staff to distinguish between multiple STR listing owners or brokers, and single listing individual STR owners when considering the implications of the changes to tax assessment.

Property tax assessment is governed under the *Assessment Act* and undertaken by BC Assessment for property owners, municipal governments and the Province. Any changes to the classification regime for residential properties used as STR would require the Province to amend the Act. Two further points of clarification should also be emphasized:

- There is already split classification regime in place for strata plans consisting of 20 or more strata lots that are rented for overnight accommodation of less than 28 days for at least 20% of the 12-month period ending June 30, otherwise known as a strata accommodation property.²¹ This change was introduced by the Province in 2007 for fairer property tax treatment of strata hotels, particularly in resort municipalities, but would encompass any strata lot rented as STR that meets the definition of a strata accommodation property.

²¹ For more information, see: BC Assessment (2009). "Classifying strata accommodation property." Retrieved from: <https://info.bcasessment.ca/Services-products/property-classes-and-exemptions/classifying-strata-accommodation>.

- With respect to distinguishing between multiple and single STR “listing” owners, staff considered the fairness of assessing the owners of single and multiple STR “units” differently. An STR “listing” is the online marketing of a STR, whereas a STR “unit” refers to the physical space, such as a home or a room within that is used and occupied as a STR.

Current regulations do not prohibit a STR operator from having multiple STR listings, which can be listings for different rooms within the same STR unit, or listings for the same STR unit or room within the unit on different STR platforms. A STR operator cannot own and obtain licences for multiple STR units because a person may only have one principal residence. Brokering and managing multiple STR units on behalf of licensed STR operators is permissible with a Property Manager business licence, but the property taxes are usually paid by the owner of each individual STR unit. As such, consideration for a different classification regime for owners of multiple STR units is not required because this is already not permissible.

The issue of the fairness and flexibility of changing the assessment classification of all STRs (i.e. beyond strata accommodation property) is topical with the UBCM passing resolutions in 2017, 2019 and 2020 requesting the Province to consider split classification between Class 1 Residential and Class 6 Business for residential properties used as STR. However, the Province has not responded affirmatively, stating in its response to the 2020 UBCM resolution that while reclassification of STRs could improve tax fairness, it will have undesirable effects and be very costly to implement.²² Other implications highlighted by the Province include:

- The requirement for BC Assessment to identify and classify STRs as commercial units, either through inspection, self-declaration or a combination of the two, which would be very costly and time-consuming; and
- Work for the Province to develop criteria for residential properties that are only used occasionally as STR, amendments to the Assessment Act and regulations, and evaluation of the property tax implication on a provincial basis.

Advocacy to the Province for fairer property tax treatment of STRs continues to be a priority for local governments, as evidenced by its inclusion in the list of recommendations in the [Final Report](#) of the Joint UBCM-Province Advisory Group on STRs.

Mechanism for strata, building and property manager to request and receive access to the Open Data records of STR licences in their properties

Business licensing data is ordinarily published in the City’s Open Data records. Acting on advice from Legal and the City’s Privacy Office, staff removed address and operator name information for all STR licences because of the potential harm from disclosure, including fraud, harassment, break-ins and property damage. The *Freedom of Information and the Protection of Privacy Act* (FIPPA) accords public bodies various exceptions for refusing the disclosure of information, including those referenced in the following sections of the legislation:

- a) 15(1)(l): *harm to the security of any property or system;*

²² Ministry of Municipal Affairs, BC (2021). “Provincial Response to the Resolutions of the 2020 Union of British Columbia Municipalities.” Retrieved from: <https://www.ubcm.ca/sites/default/files/2021-07/2020%20Provincial%20Responses.pdf>.

- b) 15(1)(f): *endangering the life or physical safety of law enforcement officers or other persons;*
- c) 19(1): *threats to a person's safety or mental or physical health;* and
- d) 22(1): *unreasonable invasion of a third party's personal privacy.*

In 2019, the City received two separate Freedom of Information requests for the data provided by Airbnb to the City (address, operator name, and the listed business licence number) and the City's own licensing data on STR licences issued at that time (address and business licence number) for the period from November 2018 to March 2019. With respect to the latter, this request was not granted to the applicant by staff because of the potential harm from disclosure, citing the aforementioned sections of FIPPA. Staff also did not grant disclosure of the Airbnb data because Section 21(1) of FIPPA requires a public body to withhold information if its disclosure would harm the business interest of a third-party. These two decisions were then appealed by the applicant to the Office of the Information and Privacy Commissioner (OIPC).

On December 17, 2021, the OIPC adjudicator ruled that none of the exceptions in FIPPA relied on by the City applied to the City's own licensing data, with the exception of information relating to one licence holder who was a victim of online stalking. However, the OIPC adjudicator agreed that disclosure of the Airbnb data would reasonably be expected to harm Airbnb's commercial interests, and met the requirements for non-disclosure under Section 21(1) of FIPPA. Pursuant to that decision, the City was ordered by the OIPC to disclose the address and licence numbers for all STR business licences from the City's own licensing data for the period from November 2018 to March 2019, with the exception of the information relating to the victim of online stalking.²³ The City was also ordered to disclose the licence numbers from the information provided by Airbnb. This ruling does not obligate the City to release STR business information in Open Data.

Airbnb has since filed for a judicial review of the OIPC ruling. As the matter is currently with the Court, staff is unable to provide the information to the applicant that was ordered by the OIPC adjudicator. Staff are also holding off on considering any changes to the current practice of not disclosing the name and address information of STR business licences in Open Data until the resolution of the judicial review.

Staff understood the objective behind allowing strata, building and property managers to request and receive access to the Open Data records of STR licences is to enhance identification of and enforcement against unlawfully licensed STR operators in strata buildings that are not complying with both City and strata by-law. Note that the Prohibited Buildings Registry achieves the same objective by withholding issuance of a STR business licence to strata plans that prohibit STRs from the outset.

Safety and cleaning standards in STRs

There are multiple parts to Council's direction to staff on the safety and cleaning standards in STRs, as laid out below:

1. Work with stakeholders to amplify any cleaning protocols and public information campaigns developed by the hospitality accommodation industry, in consultation with the Provincial

²³ For more information, see: Office of the Information & Privacy Commissioner for British Columbia (2021). *Order F21-65: City of Vancouver*. 2021 BCIPC 76. Retrieved from: <https://www.oipc.bc.ca/orders/3619>.

Health Officer, health authorities and WorkSafe BC which might signal safe readiness to COVID-19 response and public health if and when tourism industry recovers; and

2. Consider and report back on methods for inspection or implementation of safety and cleaning standards in STRs and common areas as applicable.

The first part of Council's request has been fulfilled. Staff provided memos to all STR licence holders in August 2020 advising them to adhere to Provincial Health Orders (PHOs) on the capacity limits in STRs in force at that time, as well as industry safety and cleaning standards as directed by their own STR platforms.

Staff understood the second part of Council's request as consideration for new regulations on STRs licence holders that would require enhanced safety or cleaning standards, as well as an inspection regime from the City to ensure those standards are upheld. After reviewing the City's jurisdictional authority, experiences in other jurisdictions, and the City's capacity for further STR inspections, staff do not recommend this approach for the following reasons:

- **STR platforms already have robust safety and cleaning standards:** STR platforms that are active in Vancouver already require their operators to comply with enhanced cleaning and safety guidelines. Airbnb, which has more than 80% of the STR unit market share in Vancouver, requires its operators to wear a mask when interacting in-person with guests and to comply with the platform's Enhanced Cleaning Protocol.²⁴ Failure to comply can result in the operator's account being subject to warning, suspensions and removal from the Airbnb platform. Other platforms including VRBO and Booking.com have also created health and cleanliness guidelines, and incorporated the ability for prospective guests to search for STR listings with verified, enhanced cleaning practices.²⁵ With these measures, staff advise that there is already robust self-regulation in place.
- **Public health is already regulated at the Provincial level:** Public health in BC is the responsibility of the Province and delegated to regional health authorities. In the most recent Provincial Health Order (PHO) on gatherings and events dated January 27, 2022, any person who hosts an event in a private residence or vacation accommodation (including hotel rooms) may only allow up to 10 persons (including regular occupants or event staff), and provided all visitors are vaccinated or have a valid exemption.²⁶ The PHO does not prescribe any enhanced cleaning or safety standards, nor does it require STR or hotel guests to be vaccinated. At the time of writing, no known exposures to COVID-19 specifically through STRs in Vancouver have ever been reported by Vancouver Coastal Health (VCH).²⁷

Section 10(e) of the License By-law authorizes the Chief Licence Inspector to establish terms and conditions that must be met for holding a business licence, including conditions related to public health and safety of licensed premises. However, the City is not a scientific authority on public health. Staff strongly recommend that the City continue to defer to the

²⁴ For more information, see: Airbnb (2021). "Presenting: Airbnb Enhanced Clean." Retrieved from: <https://www.airbnb.ca/d/enhancedclean>.

²⁵ For more information, see: Booking.com (2021). "Keeping your property safe and clean." Retrieved from: <https://partner.booking.com/en-gb/help/guides/keeping-your-property-safe-and-clean>; VRBO (2021). "Guidelines for enhanced cleaning and disinfection of vacation rentals." Retrieved from: <https://host.expediagroup.com/vrbo/en-us/resources/property-management/clean-disinfect-guidelines>.

²⁶ Order of the Provincial Health Officer: Gatherings and Events." (January 27, 2022). Retrieved from: <https://www2.gov.bc.ca/assets/gov/health/about-bc-s-health-care-system/office-of-the-provincial-health-officer/covid-19/covid-19-pho-order-gatherings-events.pdf>.

²⁷ VCH (2021). "COVID-19 public exposures and business closures." Retrieved from: <http://www.vch.ca/covid-19/public-exposures>.

expertise of and align its approach with Provincial and regional health authorities, which have not deemed it necessary at this time to impose any enhanced cleaning or safety standards on STRs and other tourism accommodation.

- **The City have limited capacity for further inspections on STRs:** Life-safety inspections as well as compliance based inspections are already a routine component of the STR licensing audit. In 2021, staff inspected 151 properties used as STR. Staff advise that the City has no capacity at this time for additional inspections and enforcement on new safety and cleanliness standards for STRs. Should Council direct staff to impose additional conditions, amendments to the License By-law will be required, along with consultations with stakeholders, including the STR operators, platforms and Vancouver Coastal Health.

Identifying ways to support hotel recovery and work with the VEC Task Force on same

As previously referenced, a major issue impeding hotel industry recovery in Vancouver is the loss of rooms due to redevelopment, primarily to residential. On July 31, 2018, Council approved the Interim Hotel Development Policy to stem the loss of hotels rooms in the City. This included two zoning changes in the Downtown Core, a hotel conversion policy and planning policies that support future opportunities for hotel development.²⁸ Emerging actions from the Employment Lands and Economy Review in 2020 for the Vancouver Plan to support hotel recovery, which will commence in 2022, include:

1. Monitoring hotel market trends as well as development pipeline activity and metrics;
2. Assist in preserving existing hotel room supply, and ensure appropriate expansion of hotel accommodations over time;
3. Work with Business Improvement Associations to keep existing hotels and tourism businesses in operation;
4. Maintain engagement with industry and other stakeholders to understand the impact of the pandemic; and
5. Exploring land use tools for incentivizing hotels across a range of service and affordability levels, particularly in the Downtown West and Central Broadway area.

²⁸ For more information, please see the staff report: City of Vancouver (2018). "Interim Hotel Development Policy and Related Amendments to the Downtown Official Development Plan." RTS 12368. Retrieved from: <https://council.vancouver.ca/20180710/documents/p2.pdf>

5. CONCLUSION

The City continues to have balanced, robust and impactful STR regulations that are well-placed to meet the new challenges caused by the ongoing COVID-19 pandemic. Updates to the licensing and enforcement processes for STRs highlighted in this Memo will continue to have a positive impact on the community and deter non-compliant STR operations, including those that wilfully contravene strata by-laws and unfairly compete with the city's critical hotel industry. Staff will continue to monitor the impact of COVID-19 on the city's STR and LTR market, and support advocacy for Provincial leadership on STR regulations.

Should you have any questions on the Memo or the City's STR program, please contact Koji Miyaji, Deputy Chief Licence Inspector at koji.miyaji@vancouver.ca.



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APPENDIX A

Council Motion: “Short-term Landlords – Long Term Protections for Renters and Hotels”

FINAL MOTION AS APPROVED ON JUNE 10, 2020.

WHEREAS

1. Tourism in Vancouver has normally been a strong economic factor, driving:
 - a. Over 11 million overnight visitors annually;
 - b. \$4.8 million in direct spending to Metro Vancouver economy annually;
 - c. Over 70,000 full time jobs;
 - d. Over 12,000 hotel rooms in the Downtown Core²⁹; and
 - e. At least 5,0000 Short-term Rental (STR) listings in the City;
2. The COVID-19 Pandemic has had profound impacts on Vancouver’s tourism industries, and BC Public Health Officials suggests limited recovery for this sector may be later in the summer if at all;
3. The collapse of the global travel industry has seen demand for Short Term Rentals decline precipitously, with a sustained negative trajectory for future reservations. Analysts note urban markets face significantly higher risk and fluctuation than leisure destinations.³⁰ As a result, Short Term Rental property owners are reportedly seeking the stability of conventional long-term rentals over the uncertainty of short-term tourists apartments;³¹
4. Independent open date research portal Inside Airbnb documents 5,086 active STR listings in Vancouver, including links to numerous multiple listing property owners/managers on the Downtown Peninsula, verifiable on the Airbnb platform (for example, Bruce: 50 listings, Rami: 32 listings; Anne: 11 listings, Brad: 10 listings, Vida: 7 listings, Charlie: 7 listings)³²;
5. Short Term Rental data aggregator and market research portal AirDNA reports 5,180 active STR listings in the City of Vancouver, of which 73% are “entire home rentals” and 91% are listed with Airbnb (5% VRBO, 4% on both);³³
6. Recent data trends from both platforms show a number of the current Short Term Rental stock in Vancouver are newly listed for a minimum 30 day stay;
7. So far in 2020 the City has issued 2,972 STR licences, down from 4,201 in 2019;

²⁹ Tourism Vancouver Fast Facts <https://www.destinationvancouver.com/media/corporate-communications/vancouvers-tourism-industry-fast-facts/>

³⁰ <https://www.airdna.co/blog/coronavirus-impact-on-global-short-term-rental-markets>

³¹ The Guardian: Airbnb Slump means Europe’s cities can return to residents, says officials

<https://www.theguardian.com/technology/2020/may/09/airbnb-slump-europe-cities-residents-barcelona-dublin>

³² Inside Airbnb (retrieved May 10, 2020) <http://insideairbnb.com/vancouver/>

³³ AirDNA Market Minder (retrieved May 10, 2020) <https://www.airdna.co/vacation-rental-data/app/ca/british-columbia/vancouver/overview>

8. The City of Vancouver enables, regulates and licences Short-term Rentals through three separate by-laws. Goals of the STR licence and regulations include:
 - a. Protecting long-term rental housing;
 - b. Enforcing against commercial and illegal operators who are using long-term rentals as short-term rentals;
 - c. Providing safe and healthy accommodation options to support the tourism industry;
 - d. Ensuring STRs are operating with a valid business licence, in principal residences, and are allowed by landlord or strata as applicable; and
 - e. Helping the City to follow up on complaints and nuisance properties;
9. Despite the City's STR by-law stipulation that licensees require strata permission, some property and building managers report an inability to determine illegal STRs because the City's Open Data license portal redacts address information. Uncertainty about strangers and virus transmission from infected travellers are reportedly heightening anxiety among residents;
10. Despite the goal of STR regulations to provide safe and healthy accommodations to support our tourism industry, there is no appropriate oversight of safe standards in the context of COVID-19. Inconsistent cleaning and related mitigation efforts by STR operators may subject the City to further pandemic outbreaks and reputational damage;
11. Despite the reported trend toward longer-term rentals, the STR license stipulate that units must be rented for less than 30 consecutive days at a time, otherwise owners must apply for a Long Term Rental business licence and pay a separate fee;
12. Section 4 of BC's Residential Tenancy Act (RTA) establishes that vacation or travel accommodation are exempt from the RTA. However, in arbitration and legal precedent, the undertaking of any residential tenancy is protected. Further, a fixed term tenancy does not implicitly give cause for a landlord to end tenancy;
13. Short-term Rentals extending for Long Term Rentals may be engaged in an ad-hoc manner inconsistent with the City's STR bylaws or the RTA and may have potential to exacerbate further crisis in the rental vacancy market, if and when the tourism industry recovers;
14. Hotels are further distinct from STRs in so far as:
 - a. Hotels pay significantly higher property taxes as Class 6 (business, other) relative to STRs taxed at Class 1 (residential) at a rate of \$2.93 to \$6.73 per \$1000 taxable value;
 - b. Hotels and premises are subject to safety and health inspections by WorkSafe BC and the BC Hotel Association (BCHA, as well as standards set by the City of Vancouver and Vancouver Coastal Health;
 - c. Hotels employ a number of full- and part-time workers;
 - d. Hotels aren't a threat to the long-term rental market; and
 - e. Hotels are purpose built and zoned for that purpose.

THEREFORE BE IT RESOLVED

- A. THAT Council direct staff to review Short Term Rental licensing, fees, regulation and safety in the context of COVID-19 and overall health of City rental vacancies and hotel industry recovery.
- B. THAT Council direct staff to prepare and circulate memos to all 2019 and 2020 Short Term Rental licence holders advising:
 - a. That the condition of their short-term rental by-law limits rentals to less than 30 consecutive days at a time; and
 - b. That to rent a residential property for 30 days or more at a time, a rental property business licence is required.
- C. THAT Council direct staff to report back on the feasibility and fairness of assessing and taxing Short Term Rentals (STR) as Class 6 Business, other, rather than Class 1 Residential;

FURTHER THAT staff distinguish in this report any distinctions between multiple STR listing owners or brokers and single listing individual STR owners.

- D. THAT Council direct staff to create a mechanism whereby strata, building and property manager can request and receive access to the Open Data records of Short Term Rental licensees and locations in their properties.
- E. THAT Council direct staff to work with stakeholders to amplify any cleaning protocols and public information campaigns developed by the hospitality accommodation industry, in consultation with the Provincial Health Officer, health authorities and WorkSafe BC which might signal safe readiness to COVID-19 response and public health if and when tourism industry recovers;

FURTHER THAT staff consider and report back on methods for inspection or implementation of safety and cleaning standards in Short Term Rentals (STRs) and common areas as applicable;

AND FURTHER THAT staff report back on any reputational, legal or other liability the City might face as licensors and regulators of STRs (and common areas by extension and as applicable) should they be a source of a COVID-19 outbreak.

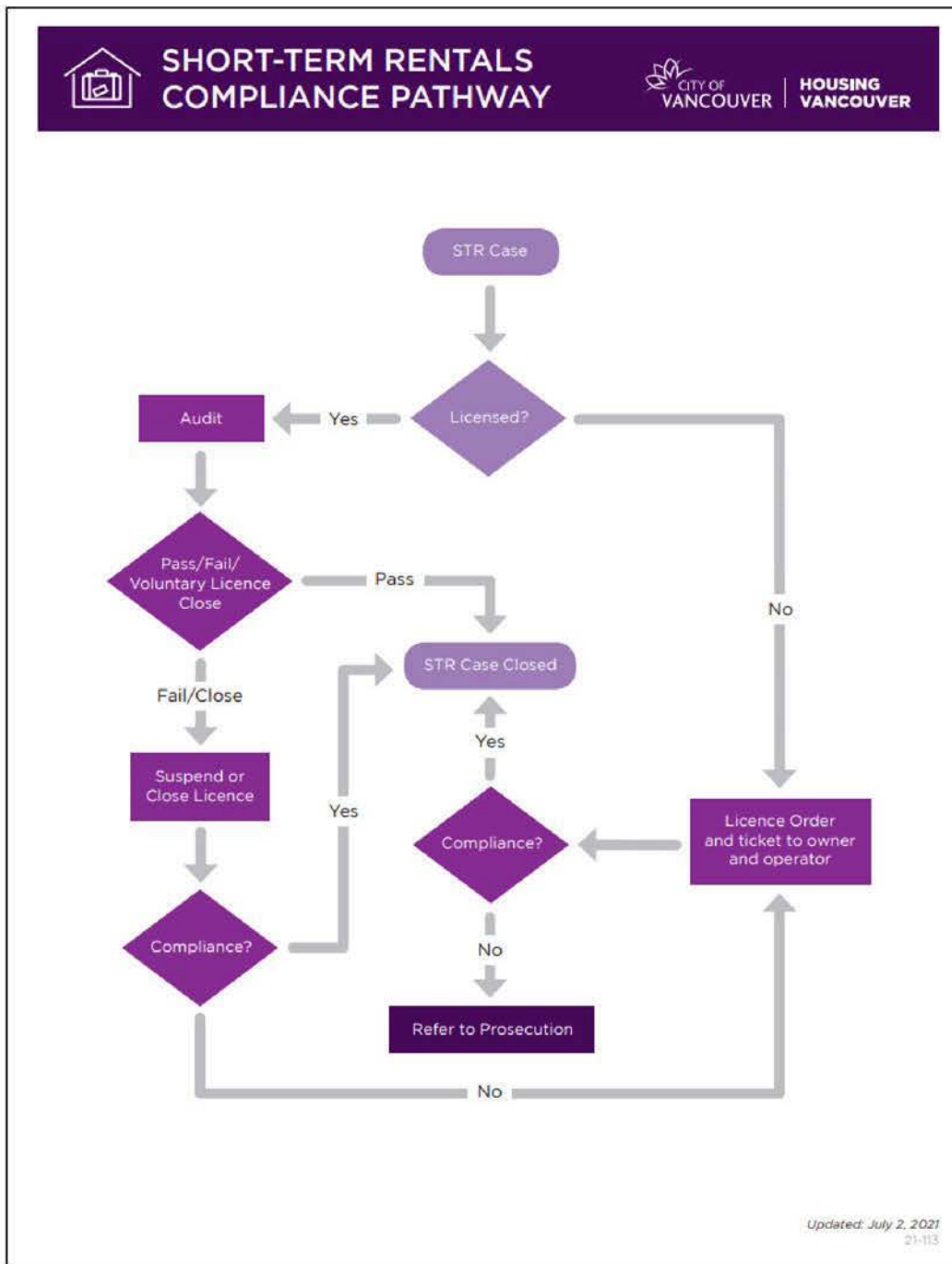
- F. THAT Council direct staff to identify ways to support Hotel recovery and work with the Vancouver Economic Commission Task Force on same.

REFERRAL MOVED by Councillor Dominato

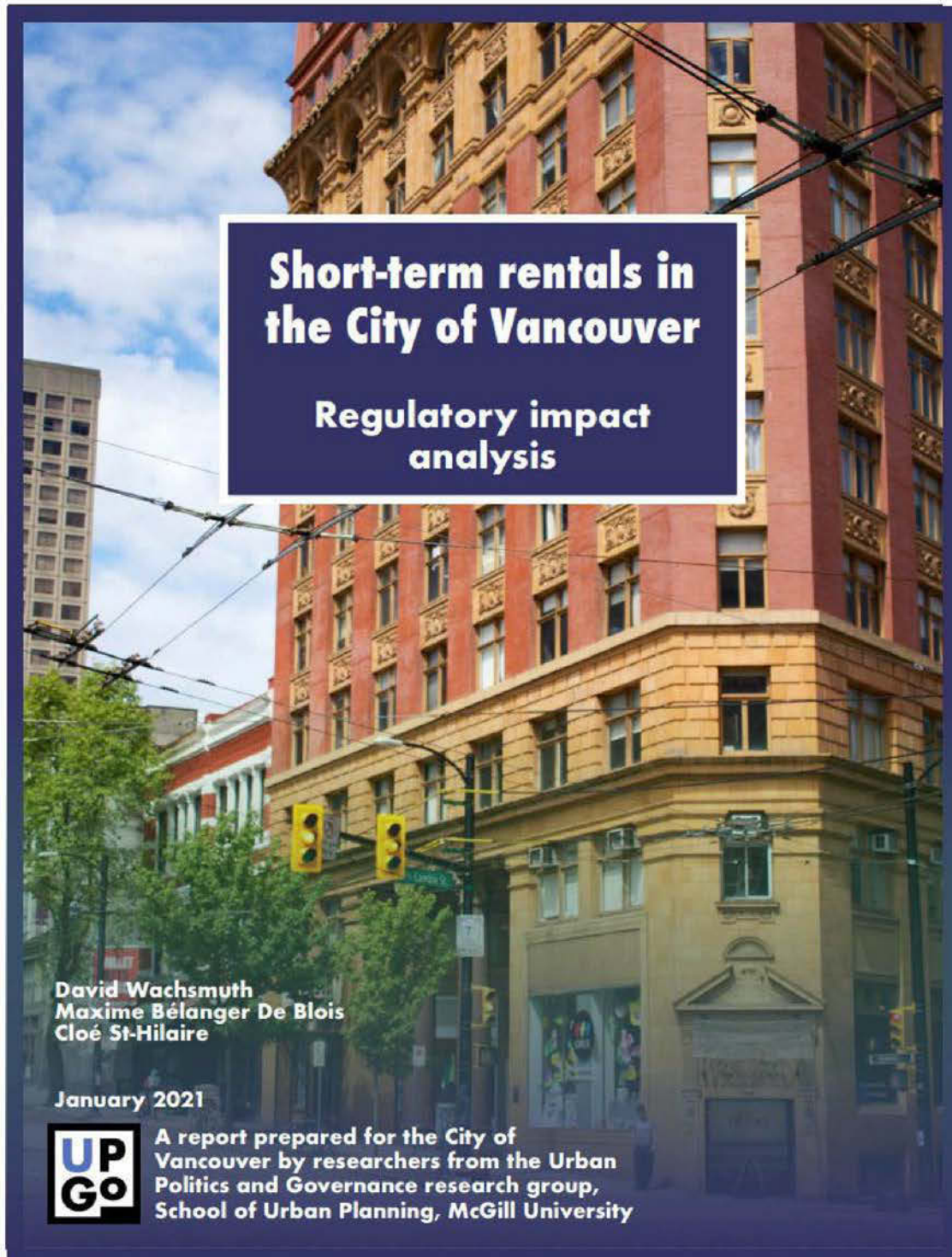
THAT Council refer the motion entitled "Short Term Landlords – Long Term Protections for Renters and Hotels" to City staff to consider as part of their regular work on Short Term Rentals, with specific attention given to addressing COVID-19 related items in the short-term.

CARRIED.

APPENDIX B: Short-term Rental Compliance Pathway



APPENDIX C:
“Short-term rentals in the City of Vancouver: Regulatory impact analysis”



Executive summary

This report analyzes the effect of the City of Vancouver's short-term rental (STR) regulations, with specific reference to their initial 2018 implementation and to the 2020 Covid-19 pandemic. We assess the impact of the City's STR regulations on the size and character of the STR market, and compares Vancouver's performance with peer cities and with the rest of Metro Vancouver. We also provide an analysis of STR units that have returned to the longer-term rental market during the pandemic, describing their spatial distribution, asking rents, the extent to which they are commercial operations, and whether they are likely to return to the STR market when conditions improve.

SHORT-TERM RENTALS IN VANCOUVER: REGULATORY IMPACTS

- **The City of Vancouver's STR licensing system has significantly and durably reduced the size of Vancouver's STR market and the domination of the market by dedicated commercial operators.** Vancouver now fares substantially better on these metrics than either its peer cities Montreal and Toronto or the rest of the Metro Vancouver region.
- **The 2018 implementation of the City's regulations created a one-time negative shock in the number of listings** displayed on STR platforms in Vancouver, which dropped by 2,510, or 38.7% of the total displayed listings. This decline was disproportionately concentrated among listings present on STR platforms but not actively being rented; active listings dropped by 770, or 21.7%.
- Over the longer-term, we estimate **the regulations have reduced active STR listings by 1,090 listings.** As of the second half of 2019 this is a 24.7% reduction in active listings compared to the counterfactual scenario where the regulations were not in place. The plausible range is 690 to 1,700, and comparisons with other jurisdictions uniformly suggest that the real impact is at the higher end of this range.
- We estimate that **the City's regulations have returned 510 housing units to the long-term market** compared to the counterfactual scenario where the regulations were not in place. As of the second half of 2019 this is a 23.5% reduction in the number of dedicated entire-home STRs taking housing off the Vancouver market. The plausible range for housing units returned to the market by the City's regulations is quite large—from 120 to 710—but again, comparison with other jurisdictions suggests that the real impact is at the higher end of this range.
- Before the onset of the Covid-19 pandemic there were still upward of 1,500 housing units operating as dedicated STRs in Vancouver.



COVID-19: STRS RETURNING TO THE LONG-TERM MARKET

- Due to the combination of the City of Vancouver's ongoing STR regulations and the collapse in tourism demand during the COVID-19 pandemic, **the number of STRs operating in a fashion consistent with being dedicated, full-time operations in Vancouver is the lowest it has been since at least 2016.** Because of the collapse of STR demand during the COVID-19 pandemic, the number of housing units being operated as dedicated STRs in Vancouver dropped from 1,880 in January 2020 to just 630 in August 2020.
- Using image recognition techniques, **we identified 823 unique Airbnb and Vrbo listings which were posted as long-term rentals (LTRs) on Craigslist or Kijiji between March and September 2020.**
- These former STRs have asking rents on average 23.2% higher than other LTR listings, but are correlated with **a 13.5% decrease in overall asking rents in Vancouver.**
- The evidence suggests that **the overwhelming majority of STR listings transferred to LTR platforms are commercial operations.**
- Of the 823 Airbnb listings we matched to LTR listings, we estimate that **40.7% have fully transitioned back to the long-term market, 22.0% have been temporarily blocked on Airbnb and may return to being STRs in the future, and 37.3% failed to be rented on LTR platforms** and instead remain active on Airbnb.

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1. Introduction

In September 2020, researchers from the Urban Politics and Governance research group (UPGo) were commissioned by the City of Vancouver to conduct market research and analysis on the impact of the City's April 2018 regulations on short-term rentals as well as the impact of the COVID-19 pandemic on the short-term rental market in the City of Vancouver. The group also investigated the possibility that short-term rentals are returning to the long-term market because of the pandemic. This report will shed light on the following topics:

1. The impact of the City of Vancouver's STR registration system on the operation of short-term rentals in the City.
2. Information about STRs returning to the LTR market during the COVID-19 pandemic, including the number of listings that have returned; their spatial distribution, size and asking rents; the extent to which they are commercial operations or casual home sharing operations; and whether they are likely to return to the STR market when conditions improve.

Data and methodology are discussed in the Appendix, and all the code used to generate the analysis in the report is available online at <https://github.com/UPGo-McGill/vancouver-analysis>.



2. Short-term rentals in Vancouver: Regulatory impacts



The City of Vancouver's STR licensing system has significantly and durably reduced the size of Vancouver's STR market and the domination of the market by dedicated commercial operators. Vancouver now fares substantially better on these metrics than either its peer cities Montreal and Toronto or the rest of the Metro Vancouver region. The 2018 implementation of the City's regulations created a one-time negative shock in the number of listings displayed on STR platforms in Vancouver, which dropped by 2,510, or 38.7% of the total displayed listings. This decline was disproportionately concentrated among listings which were present on STR platforms but not actively being rented; active listings dropped by 770, or 21.7%. Over the longer-term, we estimate that the regulations have reduced active STR listings by 1,090—a 24.7% decrease as of the second half of 2019. We estimate that the City's regulations have returned 510 housing units to the long-term market, compared to the counter-factual scenario where the regulations were not in place. As of the second half of 2019 this is a 23.5% decrease in the average number of dedicated entire-home STRs taking housing off the Vancouver market. Before the onset of the Covid-19 pandemic there were still upward of 1,500 housing units operating as dedicated STRs in Vancouver.

THE CITY OF VANCOUVER'S STR REGULATIONS

In April 2018, the City of Vancouver enacted regulations on the operations of short-term rentals in the City, defined as rentals offered for fewer than thirty consecutive days (City of Vancouver, 2020a). Under these regulations, each STR operator is required to obtain a license for their rental unit and display the license number on all STR listings; only STRs operated out of a host's principal residence are eligible for these licenses, which are valid for a single calendar year. Licensed listings can be either or both of the entire principal residence and individual rooms within the residence. Although the regulations apply to STRs listed on any platform, Airbnb is the only STR platform that agreed to require hosts in Vancouver to fill out a license field in their online listing, to engage in data sharing, and to undertake operator education (City of Vancouver, 2020b). In August 2018, shortly before the City's announced start date for enforcement of the registration

system, Airbnb removed approximately 2,400 listings which had not posted licenses.

In what follows we assemble evidence about the impact of the City's regulations on the STR market. Given the significant restraints which the regulations impose on the market, their impacts should be highly visible if the regulations have been effective. If, by contrast, few impacts can be discerned, that implies that the regulations have not been effective. We carry out this task by analyzing the trajectory of STR activity in the City of Vancouver over time, and by comparing the City with a set of peer jurisdictions. This analysis collectively demonstrates that the City's STR regulations have been effective at reducing STR activity and growth in Vancouver, and that this reduction has come about in part because incoming visits have shifted to other municipalities within Metro Vancouver.

THE TRAJECTORY OF POST-REGULATION STR ACTIVITY IN VANCOUVER

The impact of the City's regulations can be directly measured in two ways: changes in the total number of listings on STR platforms in Vancouver, and changes in commercial listings which are highly likely to be non-compliant. Because all Vancouver STR listings are required to be licensed whether or not they are active, in Figure 1 we show the total number of listings displayed each day on Airbnb and Vrbo alongside our standard metric of active daily listings. In both cases we distinguish between short-term rentals ("STRs", which have minimum reservations of 29 days or fewer, and are subject to the City's STR regulations) and long-term rentals ("LTRs", which have minimum reservations of 30 days or more, and are not subject to the City's rules). Displayed listings comprise active listings (which are either reserved or available for reservation) and inactive (blocked) listings which are visible on Airbnb or VRBO.

Two patterns are clear from Figure 1. First, the number of LTR listings on Airbnb and Vrbo (the dashed lines in Figure 1) increased steadily in the run-up to the implementation of the City's STR regulations, possibly reflecting hosts converting non-compliant STRs into LTR listings which are not subject to the regulations. Since mid-2019, there have consistently been just under 2,000 LTR listings displayed on Airbnb and Vrbo. In all the analysis which follows, these LTR listings are excluded, since they do not meet the City's definition of short-term rentals. Second, among STR listings (the solid lines in Figure 1), both indicators show a sharp drop following Airbnb's mass removal of non-licensed listings in August 2018, but the decline is proportionally twice as large for displayed listings, which decreased 2,510 (38.7%) from August 20 to September 7, as it is for active listings, which decreased 770

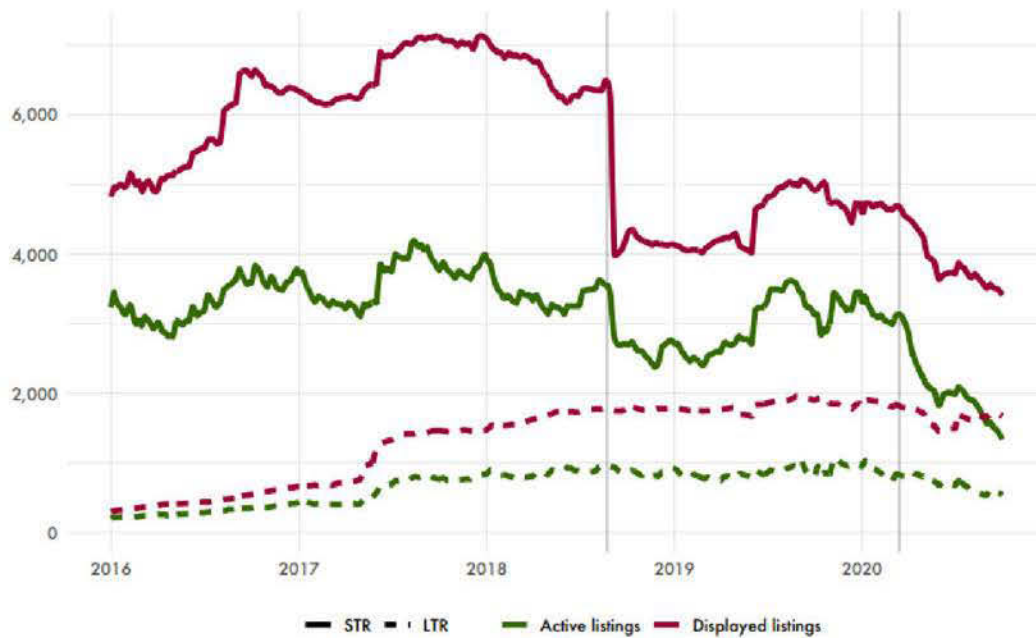


Figure 1: Displayed and active listings in the City of Vancouver (7-day average)

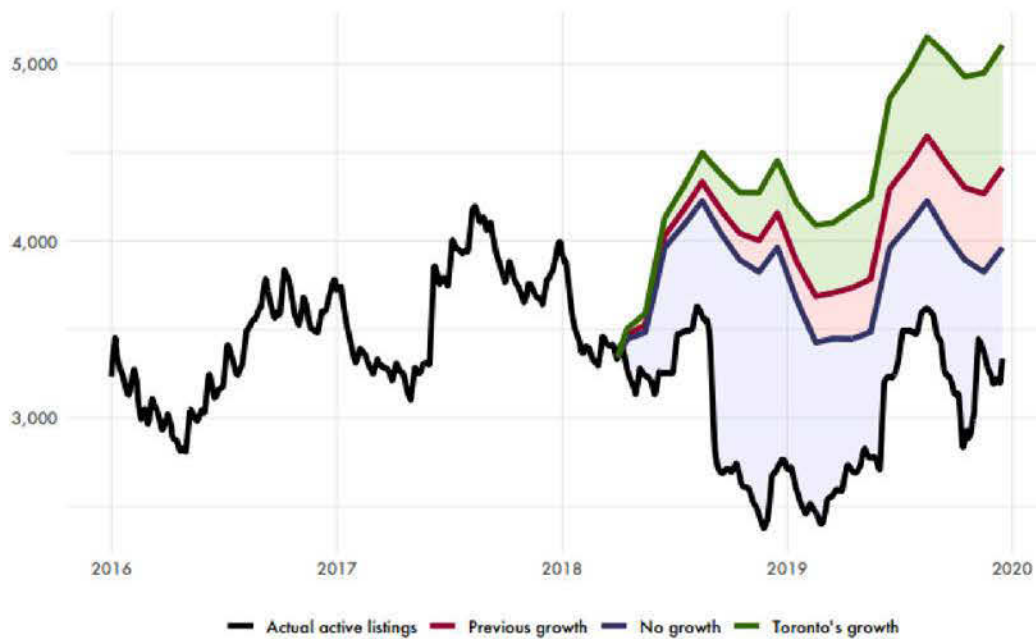


Figure 2: Actual and expected active listings after implementation of regulations

(21.7%) over the same date range. Furthermore, displayed listings have never come close to regaining their pre-regulation numbers in Vancouver, while active listings had mostly recovered by the summer of 2019, a year after Airbnb's mass removal. Put differently, a disproportionate share of the large decline in STRs which followed Airbnb's mass removal was listings which were not actually in use on the platform anymore.

Trend analysis allows for a more precise estimate of the impact of regulation on active listings. Figure 2 compares the actual number of active listings with two scenarios for the listings which would have been expected based on pre-August-2018 trends. The red line is a scenario where the growth rate of active listings from the previous two years continued into 2019. This is the most plausible "business as usual" scenario for what "natural" STR listing growth in Vancouver might have looked like in the absence of regulations. The lower, blue line is a scenario where aggregate growth in active listings stops, although seasonal variation continues. This latter scenario represents a lower bound on what the STR market might have looked like in the absence of regulations. The higher, green line is a scenario where Vancouver's STR market followed the trend of Toronto's market from mid-2018 onward. This represents an upper bound on a non-regulation STR market in Vancouver. (As we discuss below, the no-growth scenario is similar to Montreal's STR market trajectory.)

COMMERCIAL STR OPERATIONS

Since the 2018 regulations do not prohibit short-term rentals but merely limit them to hosts' principal residences, the fact that active listings in Vancouver have been significantly reduced by the regulations is not on its own decisive evidence of the effectiveness of the regulations. A harder to measure—but arguably more important—metric is the number of commercial STRs operating in

What Figure 2 demonstrates is that, under any scenario, the City's regulations have had two different impacts on the number of active listings in Vancouver. The first is a one-time negative shock corresponding to Airbnb's mass listing removal, which has proven to be at least partially temporary. As of mid-2019, active listings were closer to their post-shock level than in the early days of the registration system in 2018. (The shaded areas of the graph show the difference between each of the scenarios and the actual number of active listings at any point in time, and the size of the shaded area is largest in late 2018 and early 2019.)

The second impact is a more durable shift downward in the STR listing growth curve. In the second half of 2019, the average difference between actual active listings and the two no-regulation counterfactuals was 1,090 under the continued-growth scenario, 690 under the no-growth scenario, and 1,700 under the Toronto-growth scenario. Based on the inter-jurisdictional comparisons performed below, we believe that the continued-growth scenario is the most plausible. Our conclusion is therefore that the City's STR regulations have, in the long-term, likely resulted in 1,090 fewer active listings in Vancouver's STR market each day, which is a 24.7% reduction in listings over the second half of 2019. The plausible lower and upper bounds, meanwhile, are 690 - 1,700, corresponding to a 17.2% - 33.9% reduction in listing numbers.

Vancouver, given that they are necessarily non-compliant with the City's regulations.

We measure commercial STRs in two ways. First, we measure the number of frequently-rented STR units, which are the simplest way to estimate STR-induced housing loss. If a STR is available for reservations the majority of the year and receives

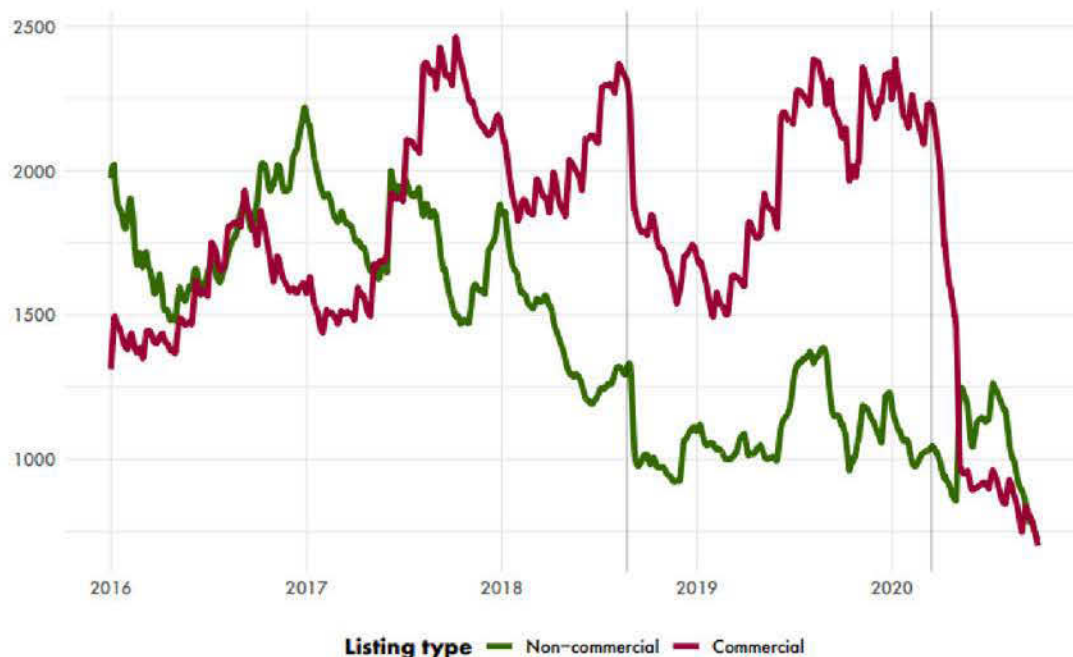


Figure 3: Non-commercial and commercial active daily listings in Vancouver (7-day average)

many bookings, it is reasonable to assume that it is not serving as an individual's principal residence at the same time. Along these lines, we define frequently rented entire-home (FREH) listings as entire-home listings which were available on Airbnb or VRBO the majority of the year (at least 183 nights) and were booked a minimum of 90 nights. We then apply a statistical model (described in the appendix) to the FREH data in order to generate an estimate of FREH activity based on three months of listing activity. This allows us to detect listings which are operating in a full-time manner but have not yet been listed for an entire year, and allows us to account for relatively short-term changes in market conditions.

Secondly, we identify "multilistings"—STR listings operated by hosts which are simultaneously operating other listings. Some hosts operate

multiple STR units, which can be an indication of a commercial operator rather than a casual home sharer. To take the simplest case, a host with two or more entire-home listings active on the same day cannot be operating both listings out of their principal residence, regardless of the frequency they are rented throughout the year. This means that, unless these operators are property managers managing others' listings, they are not respecting the by-law, which prevents a person from operating a STR outside their principal residence. We consider entire-homes to be multilistings if they are operated by hosts who are simultaneously operating other entire-home listings. We define private-room multilistings as cases where a host has three or more private-room listings operating on the same day. Since 93.8% of entire-home listings have three or fewer bedrooms, there will be extremely few cases where a host operating three private-room STR listings in

a dwelling unit has not converted the entire unit into a dedicated STR. Intuitively, multilistings that are still operating since the City's STR regulations were enacted in April 2018 are almost certainly non-compliant.

Figure 3 decomposes the trajectory of active listings shown above (in Figure 1) into commercial and non-commercial listings. The former are all listings which are either frequently rented entire-home (FREH) listings or multilistings. The graph shows that non-commercial listings experienced a noticeable drop when Airbnb carried out its August 2018 mass listing removal, but that the number of these listings was already in decline. The quantity of commercial listings, meanwhile, experienced a much sharper drop in August 2018 (27.2% of all commercial listings were removed by Airbnb) and continued to decline for the rest of 2018. Commercial operations recovered throughout 2019, however,

and reached 2,410—close to the pre-regulation record—by the end of the year.

Narrowing in on frequently rented entire-home (FREH) listings, Figure 4 offers a closer look at how the actual number of FREH listings compares with three scenarios where the mid-2018 regulations are not enacted: a growth-as-usual scenario where the FREH growth trend from the previous two years continues, a no-growth scenario where FREH growth had stopped by the time that the City's regulations were enacted, and a Toronto trend where FREH growth post-regulation followed the same growth rate as Toronto. Unlike the trend analysis of all active listings, above, where under all scenarios the regulations are likely to have substantially reduced the number of daily active listings, the effect of the City's regulations on commercial listings is sensitive to the scenario chosen. In the second half of 2019, the average

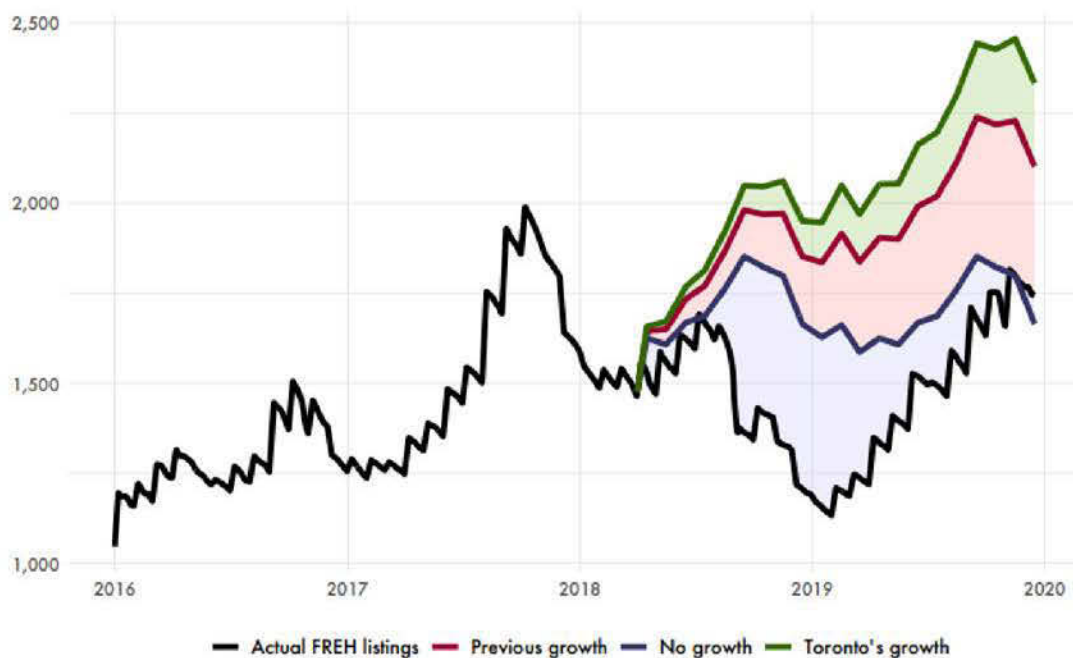


Figure 4: Actual and expected FREH listings after implementation of regulations

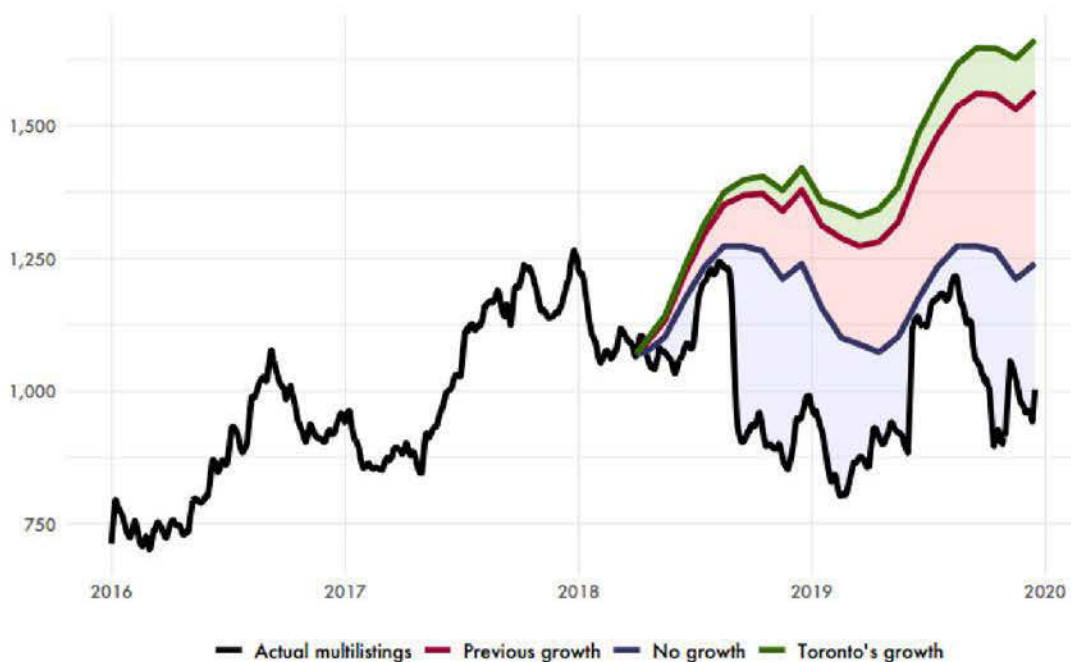


Figure 5: Actual and expected multilistings after implementation of regulations

difference between actual commercial listings and the two no-regulation counterfactuals was 510 under the continued-growth scenario, 120 under the no-growth scenario, and 710 under the Toronto-growth scenario. This is a six-fold difference. As with active listings, we consider it likely that FREH listing growth would have continued on its pre-regulation trend, and thus that the City's regulations have returned 510 housing units to the long-term market—a reduction of 23.5% as of the second half of 2019. But the actual number could plausibly be within the range 120 - 710, which corresponds to a 6.8% - 40.0% decrease in FREH listings.

Applying the same modelling to multilistings, we estimate that the City's regulations have reduced commercial STR operations by 470—a 30.8% reduction over the second half of 2019. This corresponds to the continued-growth scenario,

while the no-growth and Toronto-growth scenarios are 190 and 560. To be clear, however, in a scenario where the City's regulations were perfectly enforced, the value for the "actual FREH listings" and "actual multilistings" lines in Figure 4 and Figure 5 would be closer to zero than to 1,000, given that all non-principal-residence STRs are forbidden under the rules. To be clear, there are some scenarios where FREH listings could still be compliant with the City's rules—for example a tenant who operates their primary residence as an STR and stays with their non-cohabitating romantic partner when they receive a reservation. Likewise, some multilisting operators may be property managers controlling multiple listings, each of which is one of their clients' principal residences. But even allowing for these exceptions, our judgment is that at the end of 2019 there were likely 1,500 or more listings operating in violation of the City's principal residence rules.

THE CITY OF VANCOUVER IN COMPARISON WITH MONTREAL AND TORONTO

The preceding analysis varies significantly with the underlying assumptions made about the growth of Vancouver's STR market prior to the introduction of regulations. If we assume that growth would have continued along its previous trajectory, then the regulations have had a major impact on listings, and in particular on the number of commercial operations. But if growth were already levelling off prior to the introduction of the regulations, then it is likely that the regulations have reduced the number of active listings, but have been less effective at targeting the commercial operations which are not permitted under the rules.

There is no way to determine with certainty which of these scenarios would have occurred, but a

promising strategy is to compare Vancouver with similar jurisdictions which did not regulate their STR markets in mid-2018. Above we included Toronto's STR activity as an additional point of comparison for Vancouver, and in what follows we do this more systematically and at multiple scales. We begin with the other two largest STR markets in the country: Toronto and Montreal. The City of Toronto has recently implemented mandatory host registration and a principal-residence requirement which are very similar to Vancouver's rules, but these were not active during the study period. The City of Montreal has rules which vary across the city, but in the key central-city boroughs commercial short-term rentals are largely forbidden. However, with no registration system in place during the study period, it has been

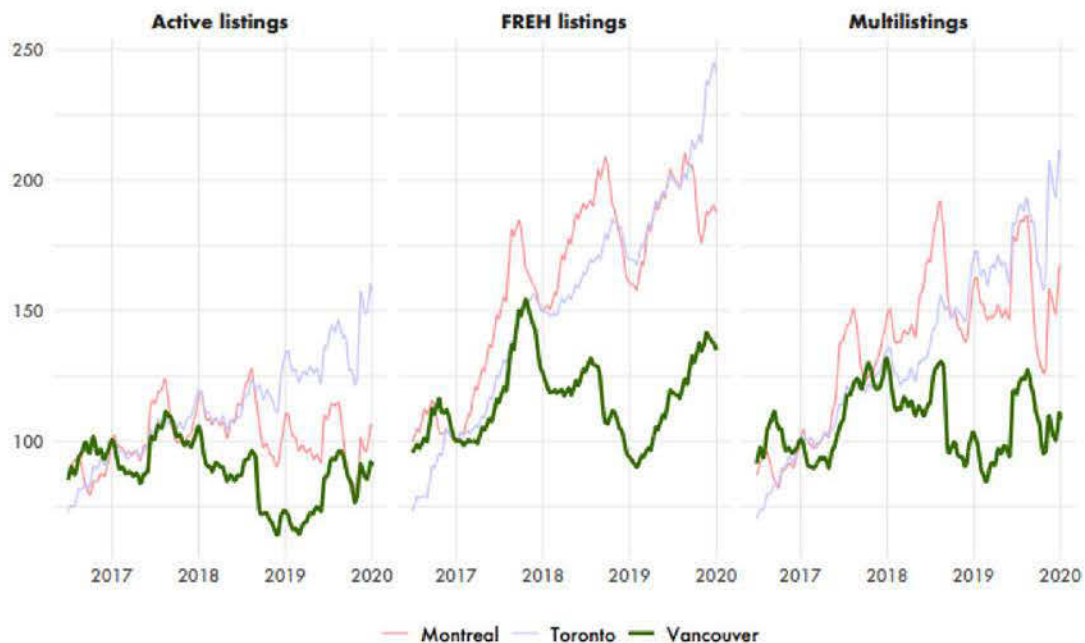


Figure 6: Active listings (L), FREH listings (C), and multilistings (R) in Montreal, Toronto and Vancouver (2017-01-01 = 100)

widely understood that Montreal's enforcement mechanisms have not significantly affected the operation of commercial STRs. Toronto and Montreal thus represent zero- or low-regulation cases with which to compare Vancouver.

Figure 6 compares the active listing (left), FREH listing (middle), and multilisting (right) trajectories in Montreal, Toronto and Vancouver. (Commercial listings are disaggregated into FREH listings and multilistings in order to clarify the patterns.) The figure lends weight to the conclusion that Vancouver's regulations have significantly reduced the commercial portion of the STR market. The left panel demonstrates that, prior to 2018, the growth trajectory of active listings in Vancouver was on a similar trajectory to Montreal and Toronto. In 2018 the three cities diverged, with listings in Vancouver plummeting in response to the new registration system, listings in Toronto continuing to grow quickly, and listings in Montreal beginning a long period of stagnation and decline. By the end of 2019, Vancouver's active listings had mostly caught up to Montreal's in relative terms, but were far behind Toronto's, which grew by more than 50% from 2017 through 2019.

Montreal was the first Canadian city to have a large STR market, driven by a combination of

strong tourism and cheap housing (which incentivized conversions to STRs), and it has followed a trajectory comparable to other large tourist destinations: early growth then stagnation. Toronto and Vancouver began their periods of growth somewhat later, probably due in part to much higher housing prices reducing the financial incentives to operate STRs. Toronto thus represents the most likely counterfactual for how Vancouver's STR market would have evolved in the absence of regulations. Over the second half of 2019, Toronto had on average 59.3% more active listings than Vancouver, relative to each city's market size on January 1, 2017. In 2017, by contrast, the difference was only 5.9%. If the 2017 relationship between the two cities had remained consistent through 2019, Vancouver would have had 4,990 active listings at the end of the year—compared to the 3,320 listings it actually did. This establishes a plausible upper-bound estimate for the impact of the City of Vancouver's regulations on the number of active STR listings, and lends support to our 24.7% estimate for the impact of Vancouver's regulations on active STR listings.

The divergence between Vancouver and Montreal and Toronto is even more significant with respect to commercial listings, which were prohibited by Vancouver's regulations but were

City	Time period	Active listing growth (relative to Vancouver)	FREH listing growth (relative to Vancouver)	Multilisting growth (relative to Vancouver)
Vancouver	2017	100.0%	100.0%	100.0%
	2019 (2H)	100.0%	100.0%	100.0%
Montreal	2017	107.2%	118.8%	111.7%
	2019 (2H)	111.2%	151.0%	140.4%
Toronto	2017	105.9%	104.3%	105.3%
	2019 (2H)	159.3%	166.3%	167.2%

Table 1: Listing growth trajectories in Montreal, Vancouver and Toronto (values are the growth rates relative to Vancouver's growth rates in the same time period)

either de jure (Toronto) or de facto (Montreal) permitted in the other cases. The centre and right panels of Figure 6 show, respectively, the trajectory of FREH listings and multilistings in the three cities. In both cases the three cities were on highly similar growth trajectories through 2017. Montreal's FREH listings were growing at a 18.8% higher rate than Vancouver, while Toronto's FREH growth rate was just 4.3% higher than Vancouver's. Montreal's multilistings were growing at a 11.7% higher rate than Vancouver, while Toronto's were growing 5.3% faster. In the second half of 2019, by which point the temporary impacts of Airbnb's mass listing removal in Vancouver would have subsided, the commercial side of Vancouver's market looked dramatically different from either Montreal or Toronto. Montreal's FREH listings had grown 51.0% faster than Vancouver's, while Toronto's

had grown an incredible 66.3% faster. The numbers are similar for multilistings: Montreal outpaced Vancouver by 40.4%, and Toronto outpaced Vancouver by 67.2%.

These differences are summarized in Table 1. Commercial listings (both FREH and multilistings) were on similar growth trajectories in Montreal, Toronto and Vancouver in 2017. But by the second half of 2019, Montreal and Toronto had pulled far ahead of Vancouver. These facts support the conclusion that the City of Vancouver's regulations have durably reduced the commercial part of Vancouver's STR market. Our "growth-as-usual" counterfactual had suggested that the regulations have reduced FREH listings by 23.5% and multilistings by 30.8%. Comparison with Montreal and Toronto adds additional evidence suggesting that this estimate is plausible.

THE CITY OF VANCOUVER IN COMPARISON WITH THE REST OF THE VANCOUVER REGION

Another point of comparison for assessing the impact of the City's STR regulations is the rest of Metro Vancouver. While many visitors to Vancouver will be determined to stay within the City itself regardless of price or availability, others will be more flexible. So if the City's regulations have reduced the prevalence of commercial STRs, we should expect to see some redistribution of STR activity to neighbouring municipalities. We test this possibility by comparing the City of Vancouver with the remainder of the Vancouver Census Metropolitan Area (CMA), which is roughly coterminous with Metro Vancouver (Figure 7).

STR activity in the outlying municipalities of the Vancouver CMA is mostly concentrated in the cities of Richmond, Burnaby and Surrey, and there are noticeable differences between the STR markets of the City of Vancouver and these outlying municipalities. For example, the median listing in

the City of Vancouver earned \$6,600 in 2019, while the median listing in the rest of the CMA earned \$5,800. However, examining the relative trajectories of listing growth since 2017, as was done above with Toronto and Montreal, provides additional context for the drop in active and commercial listings experienced in the City of Vancouver since mid-2018.

Figure 8 shows the relative trajectories of active listings, FREH listings, and multilistings for the City of Vancouver and the rest of the Vancouver CMA since 2017. It demonstrates dramatic and widening divergences between the two geographies. While throughout 2017 active listings were already growing 13.1% faster in the rest of the CMA than in Vancouver, by the second half of 2019 the difference was 103.3%. FREH listings and multilistings reveal similar divergences, from 17.0% to 140.3% for FREH listings and from 2.9% to 93.6% for multilistings.



Figure 7: The Vancouver Census Metropolitan Area (CMA)



Figure 8: Active listings (L), FREH listings (C), and multilistings (R) in the City of Vancouver and the rest of the Vancouver CMA (2017-01-01 = 100)

How much of this divergence can be explained by Vancouver's STR regulations? At least some of the divergence was already underway by the time the City implemented its new rules, and in particular by the time that Airbnb undertook its mass removal of listings in August 2018. However, the divergence between Vancouver and the rest of the region widened significantly after August 2018—from 47.6% to 106.4% for active listings, from 62.2% to 121.5% for FREH listings, and from 25.4% to 81.2% for multilistings (Table 2). This suggests that the regulations were the most important (although not only) force shifting STR activity from the City of Vancouver to outlying municipalities.

Another way to examine the relationship between the City of Vancouver and the rest of the CMA is to compare the proportion of total regional active listings, FREH listings and multilistings located in the central city with the same proportion in the Montreal and Toronto regions. Figure 9 shows this comparison, and makes clear that Vancouver's STR market has long had an atypical relationship with that of its surrounding municipalities. In

Montreal and Vancouver, the central city dominates the regional STR market in terms of total active listings, and on top of that has disproportionately high shares of FREH listings and multilistings. While in both cases outlying municipalities are slowly increasing their share of the regional market, as of the end of 2019 the central cities still had between 75% and 90% of the regional share of the various listing types. Vancouver had both a substantially lower share of its regional STR market in 2016 (where the graph begins) and a much sharper decrease in regional share across all listing categories.

The fact that more STR activity is located in outer municipalities of the Vancouver region than in Montreal or Toronto is not surprising, given that the City of Vancouver makes up a much smaller part of its CMA than the other two cities. Vancouver's declining share of regional STR activity began well before the City's regulations were put into place. At the same time, the City's share of regional STR activity dropped noticeably in 2018, and the drop has proven to be durable. These facts suggest that the City's 2018

Location	Time period	Active listings	FREH listings	Multilistings
Vancouver	2017	100.0%	100.0%	100.0%
	2018 before listing takedown	100.0%	100.0%	100.0%
	2018 after listing takedown	100.0%	100.0%	100.0%
	2019 (2H)	100.0%	100.0%	100.0%
Rest of CMA	2017	113.1%	117.0%	102.9%
	2018 before listing takedown	147.6%	162.2%	125.4%
	2018 after listing takedown	206.4%	221.5%	181.2%
	2019 (2H)	203.3%	240.3%	193.6%

Table 2: Vancouver CMA listing growth trajectories in comparison with the City of Vancouver (values are the difference in growth rates relative to the City of Vancouver's growth rates in the same time period)

regulations accelerated a shift of STR activity from Vancouver to the neighbouring municipalities that was already underway. It is also notable that Vancouver now has a much smaller share of the region's multilistings than it does of active listings as a whole, but that it has a *larger* share of FREH listings than it does of active listings as a whole.

This pattern indicates that Vancouver's registration system has discouraged hosts from operating multiple listings simultaneously—a *prima facie* violation of the principal residence requirement—but that the system has not proven as effective at deterring full-time operation of a single listing, which is equally prohibited under the rules but arguably harder to detect.



Figure 9: The share of active listings, FREH listings and multilistings in the central city of the Montreal, Toronto and Vancouver CMAs

THE EASTERN EDGE OF THE CITY OF VANCOUVER IN COMPARISON WITH THE WESTERN EDGE OF THE CITY OF BURNABY

We conducted a final comparison at a smaller scale designed to directly assess the impact of the City's regulations on STR growth trajectories, by examining listings lying within one kilometre of the Vancouver-Burnaby border, in both

Vancouver and Burnaby. Listings located in the study zone on either side of the Vancouver-Burnaby will be highly comparable from a visitor's perspective. The only significant difference between these listings is that some are



Figure 10: Study area for comparison: a 1-km strip on either side of the Vancouver-Burnaby border

located in the City of Vancouver, and are subject to its regulations, while some are located in the City of Burnaby, and are not. (We conducted an additional analysis of listings within walking distance of SkyTrain stations on both sides of the Vancouver border to reduce non-regulatory variations between listings even more, but the results were very similar to this analysis, so we have not presented them.) If listings in the study zone on the Vancouver side of the border display growth trajectories similar to their counterparts on the Burnaby side, this implies that the City's regulations are not meaningfully constraining STR operators in Vancouver. By contrast, if listings in the study zone on the Vancouver side of the border display growth trajectories dissimilar to their counterparts on the Burnaby side but similar to the rest of the City of Vancouver, this implies that the City's regulations are having a significant impact.

The results of the comparison, shown in Figure 11 are highly illuminating. Listings located in Vancouver but near the border with Burnaby have been on a growth trajectory which resembles nearby listings in Burnaby in some respects, and which resembles the rest of the City of Vancouver in others. First of all, growth trajectories across all listing types have been lower in the Vancouver border listings than the Burnaby border listings since the implementation of the City's STR regulations in 2018. This provides clear and compelling evidence that the regulations have reduced STR activity. However, there is a substantial difference between the patterns with respect to FREH listings (dedicated STRs which have removed housing from the long-term market) and multilistings (listings operated by a host who is simultaneously operating other listings). Multilistings in the Vancouver border area have grown far less quickly since 2018 than



Figure 11: Active listings (L), FREH listings (C), and multilistings (R) along the Vancouver-Burnaby border (2017-01-01 = 100)

their counterparts in Burnaby, and nearly identically to multilistings elsewhere in Vancouver. But FREH listings in the Vancouver border area have grown extremely rapidly—not quite as quickly their counterparts in Burnaby, but more than twice as quickly as the rest of Vancouver. Both of these categories of listings will be in

violation of the City's principal residence requirement, but multilistings have evidently been much more significantly restrained by the regulations than FREH listings have been. This is the same pattern that the comparison of the City of Vancouver with the rest of the Vancouver CMA revealed.

CONCLUSIONS

This chapter has presented a variety of comparisons designed to isolate the impact of the City of Vancouver's 2018 STR regulations on Vancouver's STR market. Across the different comparisons, the following findings emerged:

- The initial implementation of the City's licensing system and Airbnb's subsequent

mass removal of non-licensed listings created a one-time negative shock in the number of STR listings in Vancouver in mid-2018. But this shock was disproportionately concentrated among listings which were present on STR platforms but not actively being rented, and active listings grew more quickly in 2019 to partially counteract the effects of this shock.

- Trend analysis suggests that the City's regulations have reduced active STR listings in Vancouver by 1,090, or 24.7% of total active listings as of the second half of 2019, within a plausible range of 690 - 1,700. We estimate that the regulations have returned 510 housing units to the long-term market, within a plausible range of 120 - 710.
- Comparisons with other jurisdictions uniformly suggest that the real impact of the City's STR regulations is at the higher end of the trend analysis scenarios. Since 2018, Vancouver's STR market has developed more slowly and in a less commercialized direction than Montreal or Toronto, while a substantial amount of commercial STR activity has relocated to nearby municipalities in Metro Vancouver.
- Comparisons with nearby municipalities suggest that, among commercial STR operations, multilistings have been particularly constrained by the City's regulations, while dedicated FREH listings have grown less than they otherwise would have, but at something closer to the rate expected in the absence of regulations. This pattern is consistent with a scenario where the City's licensing system has been extremely successful at discouraging hosts from licensing multiple listings, but has been less successful at discouraging hosts from operating single listings in a full-time fashion, despite the fact that both these categories of use are likely to be non-compliant with the City's principal residence requirement.



3. COVID-19: STRs returning to the long-term market



Due to the combination of the City of Vancouver's ongoing STR regulations and the collapse in tourism demand during the COVID-19 pandemic, the number of STRs operating in a fashion consistent with being dedicated, full-time operations in Vancouver is the lowest it has been since at least 2016. Because of the collapse of STR demand during the COVID-19 pandemic, the number of housing units being operated as dedicated STRs in Vancouver dropped from 1,880 in January 2020 to just 630 in August 2020. Using image recognition techniques, we identified 823 unique Airbnb and Vrbo STR listings which were posted as long-term rentals (LTRs) on Craigslist or Kijiji between March and September 2020. These former STRs have asking rents on average 23.2% higher than other LTR listings, but are correlated with a 13.5% decrease in overall asking rents in Vancouver. The evidence suggests that the overwhelming majority of STR listings transferred to LTR platforms are commercial operations. We estimate that 40.7% have fully transitioned back to the long-term market, 22.0% have been temporarily blocked on Airbnb and may return to being STRs in the future, and 37.3% failed to be rented on LTR platforms and instead remain active on Airbnb.

THE DRAMATIC DECREASE IN FULL-TIME STRS DURING THE PANDEMIC

As the previous chapter discussed, by the end of 2019 Vancouver's STR regulations had probably reduced the number of housing units converted to dedicated STRs by 510. The onset of the COVID-19 pandemic has reduced the number of dedicated STRs even further. Figure 12 shows that, as of the summer of 2020 there were fewer STRs operating year-round than at any point since at least 2016. The number of housing units being operated as dedicated STRs in Vancouver dropped from 1,880 in January 2020 to just 630 in August 2020. Some of this decline has come through listings remaining active but operating at dramatically lower

capacity because of the collapse in tourism demand, and some is a result of listings permanently exiting the STR market.

The COVID-19 pandemic has caused an unprecedented decline in STR activity in Vancouver. Under these circumstances, it would be reasonable to imagine that some STR hosts—particularly commercial operators who had come to expect large income streams from their properties—may have decided to return their listings to the long-term housing market, either temporarily or permanently. In what follows we analyze this possibility.



Figure 12: Housing units converted to dedicated STRs in the City of Vancouver (monthly average)

A. Airbnb

"Beautiful modern renovated 2 bedroom"

**B. Craigslist**

"Luxury 2 BR Suite Modern Style and Private Patio - apts/housing for..."

**C. Airbnb**

"Steps from The Drive"

**D. Craigslist**

"Steps from the Drive - fully furnished, modern studio"



Figure 13: Examples of listings matched between STR and LTR platforms. The first pair of images (A & B) is matched despite the images being tinted differently. The second pair of images (C&D) is matched despite the first image being digitally altered.

HOW MANY STR LISTINGS HAVE RETURNED TO THE LONG-TERM MARKET?

We collected listing images from all properties posted to Craigslist and Kijiji in Vancouver between March and September 2020, and used image recognition analysis to match STR listings on Airbnb and Vrbo to long-term LTR listings on Craigslist and Kijiji. These latter two platforms represent only a portion of the LTR market, but provide useful insight into how STR hosts have responded to the collapse in accommodation demand during the COVID-19 pandemic. If the exact same photo of an apartment's living room was uploaded to Airbnb in August 2019 and then to Craigslist in April 2020, this provides nearly definitive proof that the property in question has moved from the STR market to the LTR market. The image recognition software we developed is able to identify matches between

images which are identical, but also images which the host has modified slightly, and thus allows us to reliably identify every match which exists between STR and LTR platforms (Figure 13). We further refine matches using geolocation, since Airbnb and Craigslist obfuscate the real location of listings when they report latitude and longitude. If the reported locations of two matched listings are further than 500 m (Airbnb to Kijiji) or 1000 m (Airbnb to Craigslist) from each other, they cannot actually be the same real location, so we discard the match.

Our image matching algorithm recognized 1,148 unique Airbnb/Vrbo listings which matched with 2,326 different Craigslist/Kijiji listings (as some units are posted multiple times) in the city of Vancouver.

823 (71.7%) of the Airbnb/Vrbo listings qualify as short-term rentals according to the City's rules—i.e. they allow bookings of fewer than 30 nights—and in what follows we analyze this subset.

The matching LTR listings were mainly found on Craigslist (1,365 listings, or 92.5%), with a small portion posted on Kijiji (111 listings, or 7.5%). Of the 823 matching Airbnb listings, 48.1% (396 listings) were created or still active in 2020. We suspect that many or most of the remaining properties were also still active under a different listing ID and with a different photo, since commercial STRs are delisted and relisted quite frequently, and we thus consider the 823 Airbnb/Vrbo listings which we matched to

Craigslist and Kijiji to be a lower bound for the number of listings that underwent this conversion due to the COVID-19 pandemic. (Each listing which we matched is guaranteed to have been listed first on Airbnb or Vrbo and then on Kijiji or Craigslist, but there are certain to be additional listings which we did not match because they did not reuse the same photographs.) All of the Craigslist listings we matched were listed as long-term rentals. Out of the 74 Airbnb/Vrbo listings which we matched to Kijiji, 68.9% were identified by their hosts as “long-term rentals” and 31.1% were identified as “short-term rentals”. Among matched Kijiji listings, 32% specified lease lengths of one year, 35% specified month-to-month, and 32% did not specify.

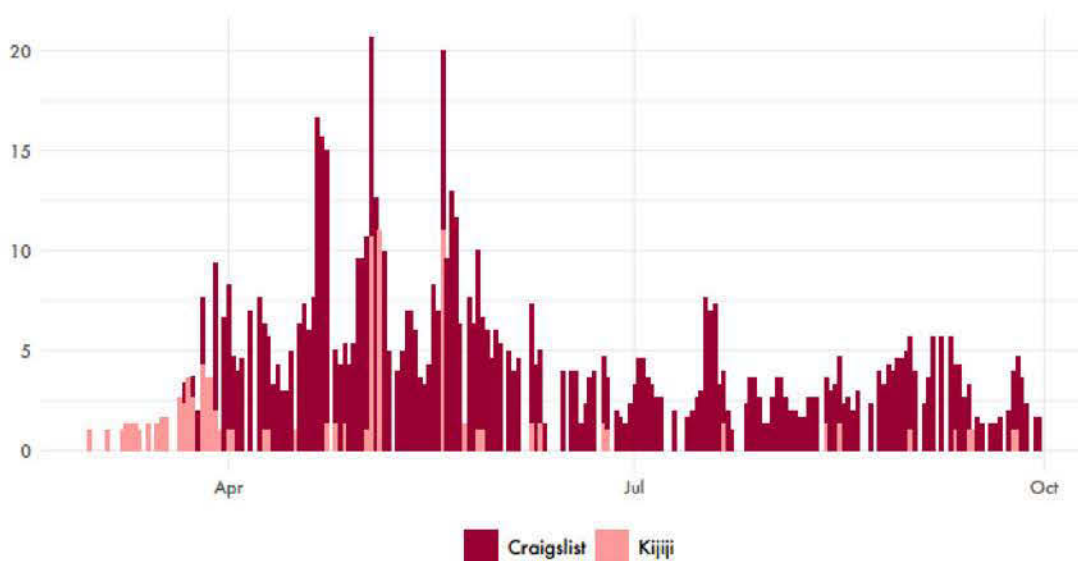


Figure 14: The date on which matched Airbnb listings were first detected on Craigslist or Kijiji in the City of Vancouver (3-day average)

WHEN DID STR LISTINGS MOVE TO THE LONG-TERM MARKET?

The first COVID-19 case in Vancouver was confirmed on January 28, 2020, but the pandemic did not fully erupt until the second week of March 2020, when public facilities and private businesses

began to close, culminating in a Provincial declaration of public emergency on March 12. Consistent with this timeline, what was in early March a trickle of Airbnb/Vrbo listings moving to

Craigslist or Kijiji began to accelerate in the middle of the month (Figure 14). By the end of the March, the number of daily transfers reached 14 listings. Daily numbers remained high through April and

May (an average of 6.1 listings transferred per day), but even from June through September an average of 2.9 new Airbnb/Vrbo listings were transferred to Craigslist or Kijiji each day.

SPATIAL DISTRIBUTION OF MATCHED LISTINGS

Out of the 823 unique Airbnb/Vrbo listings matched to Craigslist/Kijiji listings in the City of Vancouver, nearly half (49.7%) were located in the Downtown area, with the remaining matches more evenly split between the other areas. 10.7% of matches were in West End, following by 7.5% in Kitsilano and 4.4% in Mount Pleasant. This distribution is distorted compared to general distribution of Airbnb/Vrbo listings in the city: Downtown is highly over-represented in these matches. When controlling for the density

of Airbnb/Vrbo listings, Downtown is still slightly over-represented with respect to the number of these listings being relisted on long-term rental platforms. However, other areas have a listing density close to Downtown's (Figure 15). The number of Airbnb/Vrbo listings matched to Craigslist/Kijiji listings in Downtown is equivalent to two thirds (67.5%) of all the STR listings active in the area on March 1, 2020, and 40.2% of all the listings active in the neighbourhood in 2020.

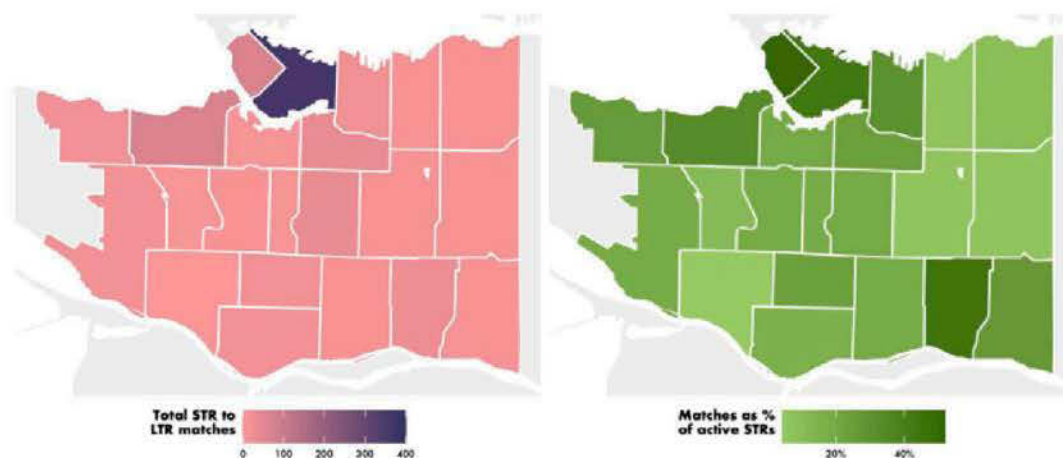


Figure 15: Total number of STR listings matched to LTR listings (L), and matched STR listings as a percentage of daily active listings on 2020-03-01 (R), by local area

ASKING RENTS

The left panel of Figure 16 shows the average asking rents of listings posted to Craigslist and Kijiji between March and July 2020. (We do

not have complete asking rent data for August and September, so those months are excluded.) The asking rents have remained dramatically

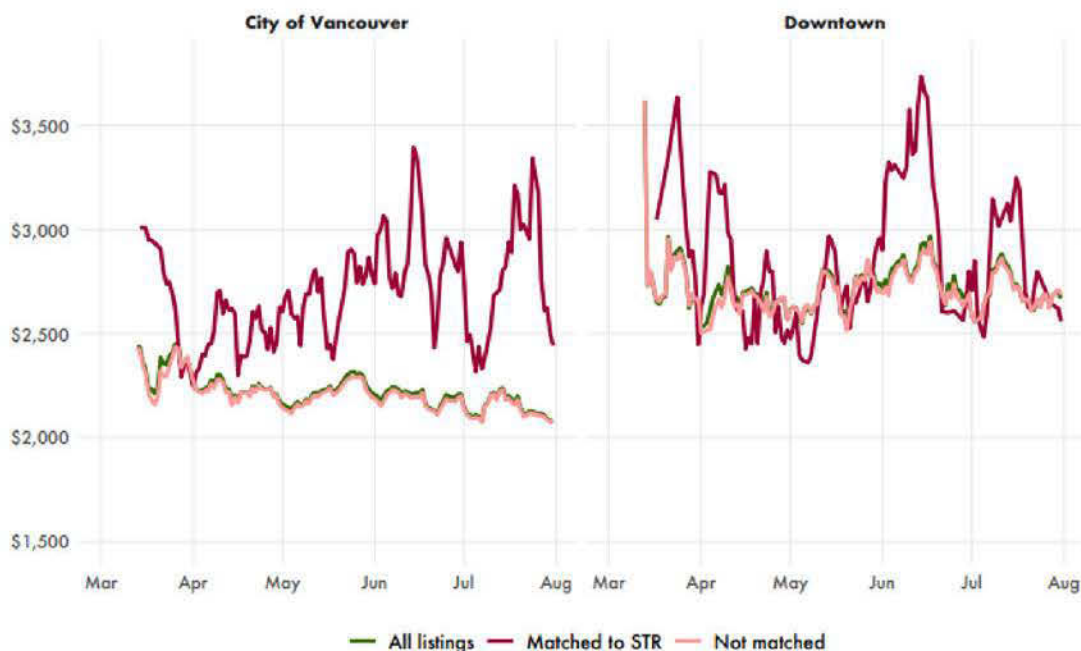


Figure 16: Average asking rents on Craigslist and Kijiji in the City of Vancouver (L) and Downtown (R) (7-day average)

higher than non-matched LTR listings. On March 13, when the average asking rent on LTR platforms in the City of Vancouver was \$2,235, the average asking rent among listings which we matched to Airbnb was \$2,949—32.0% higher. Over the course of March, average asking rents for LTR listings matched to Airbnb/Vrbo declined sharply, before increasing gradually for the next few months. At the end of July, the average asking rent was \$2,082 for all Craigslist and Kijiji listings and \$2,443 for the matches. Overall, from April to July, asking rents for properties matched to Airbnb/Vrbo listings were 23.2% higher than the city-wide average.

The right panel of Figure 16 shows asking rents only in Downtown. A large portion of the divergence in asking rents between Craigslist and

Kijiji listings matched to Airbnb/Vrbo and listings not matched is a compositional effect of the much greater frequency of a Downtown location (which commands higher prices than the rest of the city) among matched listings. Even in Downtown, however, asking rents from LTR listings matched to Airbnb/Vrbo have been on average 5.7% higher than asking rents from listings not matched.

Overall, STRs returning to the long-term market are correlated with a substantial decline in asking rents. It is not feasible to disentangle the causal impact of a shrinking STR market on housing prices from the broader housing-market impacts of the COVID-19 pandemic, but the average city-wide asking rent on Craigslist and Kijiji declined a startling 13.5% from \$2,386 in late March 2020 to \$2,102 in late July 2020.

ARE MATCHED LISTINGS COMMERCIAL OPERATIONS?

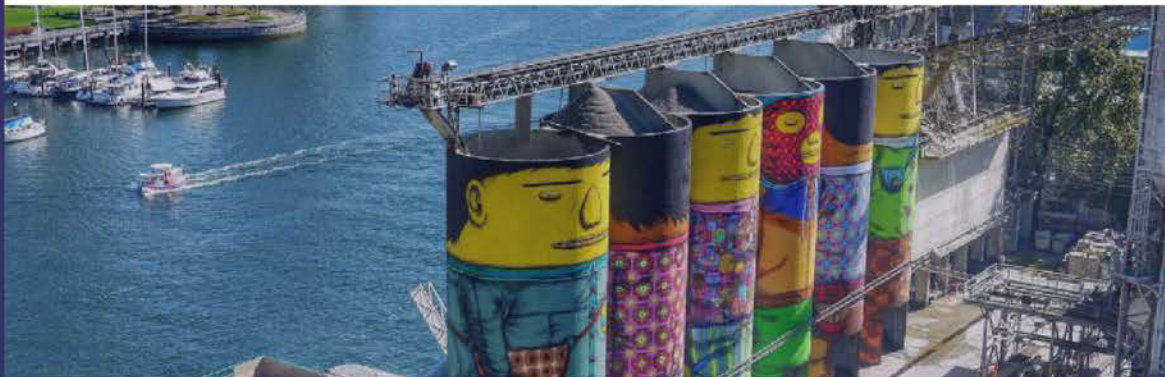
Nearly all of the STR listings which we matched to LTR listings on Craigslist or Kijiji are likely to have been dedicated, commercial STRs. This is because it is highly unlikely that a casual home sharer operating a STR out of their principal residence would decide to vacate their home, list it on Craigslist or Kijiji, and reuse the photo they had used to advertise the short-term rental. It is therefore also likely that the STR listings found on LTR platform were non-compliant with the City's STR regulations, since the fact that they were commercial operators makes it extremely difficult to also have the listing be operated out of a principal residence. We can test this intuition by examining the characteristics of the STR listings which we matched to an LTR platform.

Of the 823 unique STR listings that matched with the LTR market, 656 (79.7%) are entire-home listings and 166 (20.2%) are private-room listings. Examining the entire-home listings, 54.3% of them were identified as frequently rented entire-home (FREH) listings at some point, which means they were almost certainly operated commercially. Moreover, 41.0% of entire-home STR listings which matched to LTR listings were multilistings at some point, which means they were operated by hosts controlling multiple listings simultaneously. In total, two thirds (70.1%) of matched entire-home listings had one of these two strong indicators of commercial activity.

The 166 private-room listings require some further analysis, because each of these listings matched to

a Craigslist or Kijiji listing advertised as an entire housing unit. Some are miscategorizations; three (1.8%) of the matched listings had titles such as "1 fully furnished bedroom", which suggests that these listings were rooms located in the host's principal residence, and that their appearance on LTR platforms does not constitute entire housing units being returned to the market. The second category of private-room Airbnb listings matched to entire-home LTR listings is clusters of private-room listings which may appear as a series of "spare bedrooms" on Airbnb or Vrbo but are in fact one or more housing units converted to a dedicated STR. 104 (62.7%) of the 166 private-room listings which matched to Craigslist or Kijiji belong to these clusters in Vancouver. The remaining 59 private-room Airbnb listings which matched to Craigslist or Kijiji are likely to be clusters of private-room listings which our algorithms failed to identify, or smaller housing units similarly subdivided into private rooms. (Our procedure for identifying entire-unit clusters of private-room listings only considers clusters of three or more private rooms, but two-bedrooms apartments can also be listed as pairs of private rooms.) On balance, the likelihood is that these listings also represent commercial STRs returning to the long-term market.

Focusing on the unambiguous case of the entire-home listings which matched between STR and LTR platforms, 21.6% of the commercial listings active at any point in 2020 have been transferred to



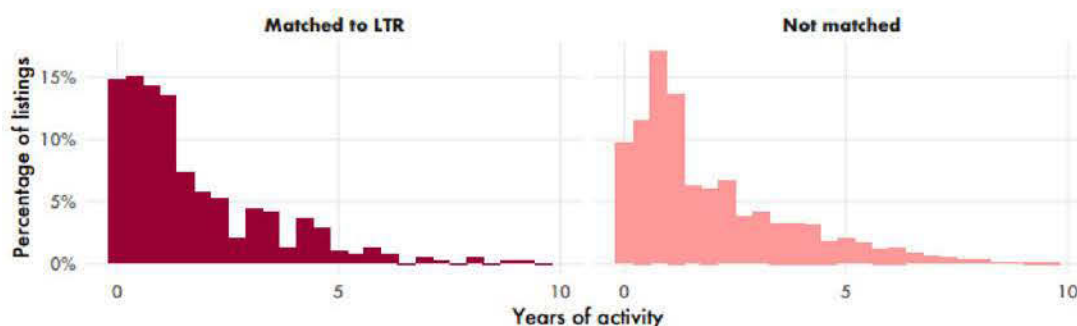


Figure 17: STR listing age distributions for listings matched to LTR listings (L) and not matched (R)

Craigslist or Kijiji since March. But, given the rapidity with which individual listings are posted and removed, this significantly understates the scope of listings moving from Airbnb to the long-term market. Expressed as a percentage of the commercial listings active on March 1, 2020, at the onset of the pandemic, the matches represent 35.6% of these listings. In other words, something between a fifth and a third of Vancouver's commercial short-term rentals may have shifted to the long-term rental market between March and September.

Figure 17 shows the age in years of STR listings which matched a LTR platform (left panel) and which did not match (right panel). The age distribution of matched listings is skewed to the left, which means that a large proportion of matched listings are less than a year old. By contrast, STR listings which did not match tend to be older. This pattern suggests that newer commercial STR listings may have been in a weaker financial position at the onset of the pandemic, prompting their hosts to change strategies more rapidly than established hosts.

WHICH STR HOSTS TRANSFERRED THEIR LISTINGS TO CRAIGSLIST AND KIJJI?

In Vancouver, 521 unique Airbnb and Vrbo host IDs were linked to the 823 STR listings which we matched to LTR listings. 94 of these hosts posted more than one of their STR units on Craigslist or Kijiji. Almost two-thirds (64.2%) of the active properties of these 94 hosts were found on either Kijiji, Craigslist, or both. The fact that only a portion of the hosts' listings were found on LTR platforms suggests that the matches we have identified might be an underestimate of the total quantity of STRs that were posted on LTR platforms since the COVID-19 pandemic began. It would be intuitive to assume that a host who decides to post several of

its listings on a LTR platform would post all or most of them. There are several factors which were likely at work here: some listings may have been posted, rented, and removed in between our weekly scrapes so we did not detect them; hosts may have not posted their higher-performing STR listings; and hosts may have used updated photographs for some of their listings, making it impossible to detect matches through our image matching algorithm.

STR hosts that transferred listings to the long-term rental market had substantially higher STR revenue in 2019 than hosts that did not transfer listings. The

median listing revenue was \$10,100 in the entire City of Vancouver in 2019. The annual median revenue of hosts who transferred listings to the LTR market was \$23,900, while the median revenue of hosts who did not transfer listings was somewhat less at \$17,900. Moreover, many of Vancouver's highest earning STR hosts turned to LTR platforms during the COVID-19 pandemic. For example, 10 of the 18 hosts that made more than \$250,000 in the past

year listed at least one of their STR units on an LTR platform. On average these top earning hosts listed 5.5 units on LTR platforms, compared to 1.5 units for all other hosts. Figure 18 compares the 2019 annual revenue distribution of STR hosts that shifted listings to the long-term market and hosts that did not. Hosts whose STR listings matched to LTR listings have a revenue distribution shifted substantially to the right, indicating that they earned more money.

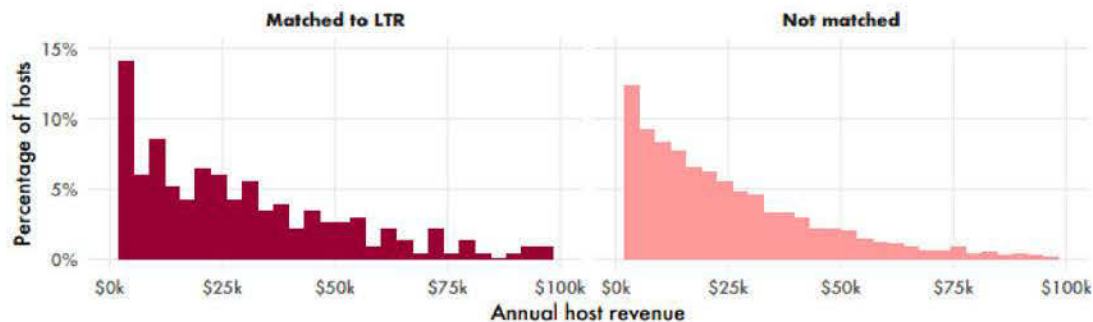


Figure 18: STR host revenue distributions for hosts whose listings matched to LTR listings (L) and did not match (R)

ARE MATCHED LISTINGS SUCCESSFULLY RENTED, OR STILL ACTIVE ON AIRBNB?

The mere presence of current or former STR listings on LTR platforms is no guarantee that the actual housing units have shifted back onto the long-term market. In particular, these listings might have been posted but not successfully rented. It is not possible to determine with certainty whether a given listing was rented and therefore permanently transferred from the short-term to the long-term market, but we can use two indicators to estimate this: the length of time the listing was posted on an LTR platform, and the current activity status of the listing on the STR market.

On average, the STR matches found on LTR platforms stayed longer than the non-matches: 22.4 days for the latter and 17.2 days for the former. Listings coming from the STR market were

both significantly more expensive than other listings and much more likely to be furnished, both of which factors may have decreased their viability in the rental market. (Of the 61,393 LTR listings we analyzed, 25.0% were listed as furnished, while 70.2% of listings which matched with STRs were furnished.) Figure 19 shows the distribution of the length of stay for both matches and non-matches. The figure reveals quantitatively and qualitatively different patterns among matched and non-matched listings. Most non-matched listings were present for less than a week on Craigslist or Kijiji before being removed (and presumably rented), and the number of listings still present declines relatively smoothly as the length of time increases. By contrast, most matched listings were not rented after a week, and in fact the proportion which took

a month or more to be taken down is higher than the proportion which were taken down after several weeks. Our conclusion is that STR units listed on LTR platforms have been relatively unsuccessful at transitioning back to long-term rentals.

Further evidence about the extent to which STR hosts are successfully transferring their listings to the long-term market can be found by examining the activity of the STR listings themselves. Are hosts planning on renting on the long-term only temporarily, leaving the STR listing running for future bookings? Or have they deactivated the STR listing? Out of the total 823 STR listings which we identified on LTR platforms, 413 (36.0%) were present on Airbnb or Vrbo at the beginning of 2020. Out of this number, 196 (47.5%) were still present on September 30, while the other 217 (52.5%) had been deactivated. Extrapolating this proportion across the entire set of matched listings we identified, we estimate that 603 matched listings have been deactivated from Airbnb or Vrbo during the pandemic, while 545 remain on the platforms. Listings removed from STR platforms are likely to have been durably shifted to the long-term market. However, 71.9% of these listings were rented as furnished rentals on Craigslist or Kijiji. These listings should therefore be considered at relatively high risk of returning to the STR market if demand recovers.

Listings which remain on Airbnb and Vrbo can nevertheless be inactive. If a host successfully rents their listing on Craigslist for several months, they can choose to block their calendar on their STR platform to make sure no new reservations occur, while keeping the listing intact for when the STR market recovers. Of the 196 matched listings present on Airbnb or Vrbo at the beginning of 2020 and still present by the end of Sep, 82 (41.8%) were blocked for the entirety of the month of September. This suggests that these listings are not active on the STR market and therefore have been rented on the LTR market, but the fact that the STR listings have not been taken down suggests that the hosts may plan to reactivate their units once STR demand recovers.

In total, taking into account the matched listings which have continued to see activity on Airbnb or Vrbo, we estimate that, of the total 823 STR listings which were advertised on Craigslist or Kijiji, 335 (40.7%) have been deactivated from Airbnb/Vrbo and have likely transitioned back to long-term housing (albeit often as furnished rentals which could be reconverted to STRs), 181 (22.0%) have been temporarily blocked on the STR platforms and have likely been rented in the long-term market but may return to being STRs in the future, and 307 (37.3%) failed to be rented on LTR platforms and instead remain active as STRs.

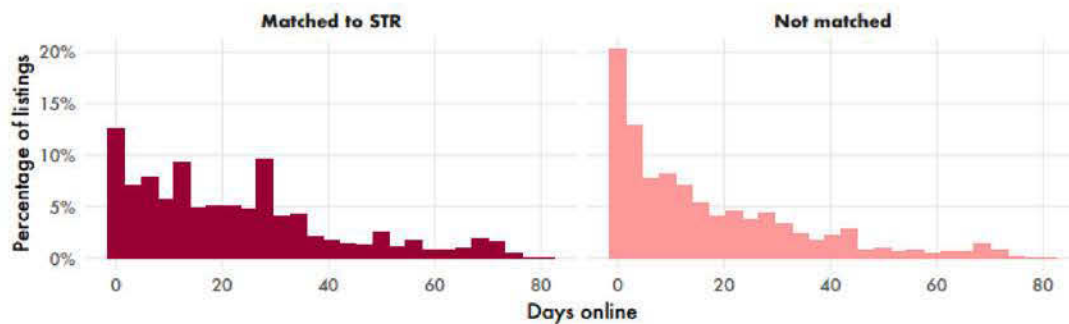


Figure 19: LTR listing posting length distributions for listings matched to STR listings (L) and not matched (R)

Appendix. Data and methodology



The analysis in this report is based on a combination of private and public data sources. The key sources are the following:

- **Listing and activity data about Airbnb and Vrbo short-term rental listings gathered by the consulting firm AirDNA.** This data includes canonical information about every short-term rental (STR) listing on the Airbnb and VRBO (including HomeAway) platforms which was active in the City of Vancouver between January 1, 2016 and September 31, 2020. The data includes “structural” information such as the listing type (entire home, private room, shared room or hotel room), the number of bedrooms, and the approximate location of the listing. AirDNA collects this information through frequent web scrapes of the public Airbnb and VRBO websites. The data also includes estimates of listing activity (was the listing reserved, available, or blocked, and what was the nightly price?), which AirDNA produces by applying a machine-learning model to the publicly available calendar information of each listing. We use this data for our core analysis of the STR market, including our counts of active listings, our breakdown of different listing types, our estimates of STR-induced housing loss, and our estimates of listings which are commercial operations.
- **Additional data about Airbnb listings collected by UPGo researchers.** This includes information to verify activity and location, and listing photographs which were obtained through web scrapes.
- **Data about long-term rental listings on Kijiji and Craigslist.** This data includes the geographic location of listings advertised, the asking rent, the number of bedrooms, the number of bathrooms, the title, and the

photographs attached to the posting. This data was collected by UPGo through web scrapes conducted each Monday from March 30 to October 12, 2020. We use this data to analyze the long-term rental market in Vancouver, and to identify STR listings which have been transferred to the long-term market.

- **Data from Statistics Canada and the Canada Mortgage and Housing Corporation (CMHC).** We use this data to analyze population and dwelling counts, average rents, and rental vacancy rates.
- **Short-term rental registration data from the City of Vancouver's Business Licenses open data set.** We use this data to analyze regulatory compliance, in order to determine the impact and effectiveness of Vancouver's STR by-laws.

This report analyzes the City of Vancouver, and, unless otherwise specified, "Vancouver" refers to the city. When other cities are compared to Vancouver, we are likewise referring to the municipalities (e.g. "Montreal" refers to the City of Montreal).

Data cleaning: We process the raw STR data we receive from AirDNA through an extensive data cleaning pipeline, using our **strr** software package (Wachsmuth, 2021b), the code for which is available at <https://github.com/UPGo-McGill/strr>. With the Craigslist and Kijiji data we scraped, we cleaned the dataset using techniques such as string distance, duplicate removal, and outlier filtering, following similar approaches used with comparable datasets, such as Boeing and Waddell (2017) and RCLALQ (2020).

Image matching: We used our own image recognition algorithm to match listings posted both to Airbnb and to either Craigslist or Kijiji. The algorithm converts the sequence of pixels in an image into a string of numbers representing the

average brightness of regions of the image, which serves as a distinctive "signature" of the image, similar to a fingerprint. We compare these signatures to each other using the Pearson correlation coefficient. When the correlation is sufficiently high, we repeat the procedure using separate signatures for the images' red, blue and green colour channels. All potential matches are then individually verified by human observation. The software package we developed to conduct this image matching is called **matchr** (Wachsmuth, 2021a) and is available at <https://github.com/UPGo-McGill/matchr>.

FREH modelling: We define "frequently rented entire-home listings" as entire-home STR listings which are available for a majority of the year (so 183 days or more in a 365-day period), and which are reserved at least 90 days of that year. This is a consistent and conservative way to estimate listings operated sufficiently often that they are unlikely to be their host's principal residence. But this indicator is slow to adapt to sudden shocks in STR activity, since it incorporates the past 12 months of a listing's activity. Given that both the introduction of the City's regulations and the onset of the COVID-19 pandemic caused STR activity to drop substantially, we wanted to capture the associated changes at shorter timescales than the one year which our FREH concept allows us to. So we developed a linear regression model which predicts FREH status based on three months of listing activity instead of a full year, and which is calibrated both to routine seasonal variation and to a given market's specific dynamics. All of the FREH results reported here are the results of this model rather than the raw FREH calculations themselves.

In order to facilitate public understanding and scrutiny of our work, complete methodological details, along with all the code used to produce this analysis, are freely available under an MIT license on the UPGo GitHub page at <https://github.com/UPGo-McGill/vancouver-analysis>.

Glossary



Active daily listings: listings which were displayed on the Airbnb.ca or Vrbo.ca website on a given day, and were either reserved or available for a reservation. It is the clearest means of determining the overall size of the short-term rental market in a location, particularly with respect to change over time.

FREH (frequently rented entire-home listings): Entire-home listings which were available on Airbnb or Vrbo a majority of the year (at least 183 nights) and were booked a minimum of 90 nights. Alongside ghost hostels, used as a proxy for long-term housing loss. For buildings that contain multiple FREH listings, see ghost hotel. For clusters of private rooms, see ghost hostel.

Listing type: One of "entire home or apartment", "private room", "shared room", or "hotel room", which an STR host chooses on Airbnb or Vrbo to characterize their listing. Entire-home listings are the most common listing type in Vancouver, and they include any STR unit that is available entirely to the guests, which could be a

single-family home, a townhouse, a condominium unit, or a secondary suite.

LTR (long-term rental): In this report, a long-term rental is a housing unit available for rent for extended periods of time (generally a year, but at least a month), in contrast to a short-term rental. It can include monthly or yearly rental arrangements. In this report, data from the online classified ad sites Kijiji and Craigslist were used to analyze the LTR market.

Multilisting: A listing operated by a host who is simultaneously operating other listings in such a manner that the listings cannot all be located at the host's principal residence. If one host has two or more entire-home listings or three or more private-room listings active on the same day, those are multilistings.

STR (short-term rental): A housing unit available for rent for 29 days or fewer, typical of vacation rental platforms. In this report, we use STR to refer to a rental advertised on Airbnb or Vrbo with a minimum stay of 29 or fewer nights.

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APPENDIX D: STR Program Achievements in 2020 and 2021

Prohibited Buildings Registry

The Prohibited Buildings Registry is a landmark initiative reported in the 2019 Council update to strengthen the City's automated licensing process for STRs. While the automated licensing process has a number of benefits including supporting ease of compliance, it resulted in approximately one-quarter of all STR business licences in 2019 being flagged for audit as potentially non-compliant with licence conditions, especially compliance with strata by-laws.

To address the issue, staff implemented the Prohibited Buildings Registry in 2019 which automatically withholds issuance of a STR business licence to any residential unit within buildings on the Registry. These buildings can include strata condos and purpose-built rentals (including Rental 100 and Single Room Occupancy (SRO) buildings) with by-laws or Housing Agreements on title that prohibit STR activity. Buildings enrolled in the Registry can also receive communication and education materials from the City to share with building residents on how to prevent and be vigilant for illegal STRs. To be included in the Registry, a strata council or property manager must first notify the City.

Since its launch in 2019, the Registry has expanded to around 490 buildings, including 52 strata plans comprising of 9,267 strata units. Staff have also noticed a considerable decrease in the proportion of STR business licences flagged for audits, with only eight percent of licences issued in 2021 compared to a high of 25% in 2019. Another added benefit is the decline in the amount of time that staff has spent on strata by-law related audits. Staff will continue to expand the Registry with the goal of covering all strata condos that prohibit STRs.

Update on advocacy to the Province

The City of Vancouver was among nine municipalities that participated in the Joint UBCM-Province Advisory Group on STRs. The purpose of the Advisory Group is to facilitate discussions with local governments in BC about the impacts of STRs and the tools for addressing them, with the goal of informing the Province's considerations of potential policy approaches to STRs.

Staff participated in a number of in-person and virtual sessions in 2020 and 2021. Drawing on the City's experiences with regulating STRs, staff shared suggestions on how the Province can take leadership on STR regulations that respected local government subsidiarity while ensuring province-wide fairness and accountability. A [final report](#) was released on June 30, 2021, that reflected participating local governments' shared priorities for Provincial action, including:

- Introducing a provincial regulatory and licensing regime for STR platforms, similar to ride-hailing and other provincially regulated industries, that holds platforms accountable for ensuring their operators are in compliance with local government regulations;
- Requiring all STR platforms to share data and to validate local government business licence information prior to posting a STR listing;

- Investigating changes to the Municipal and Regional District Tax (MRDT), which Vancouver is currently not a recipient of, to ensure equal opportunity for all local municipalities to use tax revenue to offset the impact of STRs on local housing; and
- Exploring options to expand split classification of residential properties used as STR.

Staff strongly support the above referenced Provincial interventions, especially those pertaining to STR platforms. These recommendations were also reiterated in ministerial briefing from Mayor and staff to Attorney General and Minister Responsible for Housing, David Eby on May 14, 2021.

Update on community advocacy and consultation

In addition to advocacy with the Province, staff also committed in the 2019 Council update to form a STR Community Working Group and to engage the real estate industry in order to educate realtors and develop a strategy to deter realtors from short-term renting non-principal residence units listed for sale on MLS listings or providing misinformation to potential investors.

The purpose of the STR Community Working Group was to gather a broad variety of community voices to provide staff with ongoing insights on STRs and the evolution of the City's STR regulations in line with seven Council approved guiding principles. On October 2020, staff issued a Call for Applications for membership in the Working Group. A total of 14 community members were selected, comprising of an equal amount of licensed STR operators and non-operators, as well as representation of long-term renters, homeowners, neighbours of STR units, sitting members of strata councils, and a housing or renter advocate. The Working Group, which met five times (with an additional three smaller, themed breakout meetings) between November 2020 and September 2021, discussed a broad variety of topics, including:

1. General feedback on STR regulations and enforcement;
2. The City's rollout of the Prohibited Buildings Registry and other strata-related issues;
3. Feedback on a potential "Night Cap" which limits the number of nights that an entire dwelling unit can be used as a STR; and
4. Metrics and how to measure the success of the City's STR program.

The feedback obtained from the Working Group has been extremely useful in providing an "on the ground" assessment of the effectiveness of the City's STR regulations. This has been incorporated into staff's improvements to the City's licensing and enforcement processes for STR, including the Prohibited Buildings Registry, as well as considerations for the STR regulatory review requested by Council in the Motion. Additional information on the Working Group's Terms of Reference, membership, and summaries for each meeting can be found on the City's *Shape Your City* engagement [website](#).

Throughout 2020 and 2021, staff also engaged with real estate industry stakeholders, namely the Real Estate Board of Greater Vancouver (REBGV) and the Condominium Home Owners Association (CHOA). Specific activities include the delivery of a training session on the City's STR and Property Manager regulations at a REBGV webinar in November 2020; a joint presentation to REBGV with CHOA and legal representative on strata bylaws specific to STR;

and authoring an article on the Prohibited Buildings Registry in the CHOA Journal.³⁴ Staff will continue to pursue engagement and partnership opportunities with real estate industry stakeholders.

Institute of Public Administration of Canada (IPAC) Award

In 2020, the City's STR program was awarded the Bronze prize for IPAC's Public Sector Leadership and Excellence Award. The Award program recognizes public sector organizations that have demonstrated outstanding leadership by taking bold steps to improve public services, support government priorities, or have had significant impact on public policy and improving Canada through advancements in public administration and management.

Award recipient for the 2020 Award were announced during IPAC's Annual Leadership Conference on March 2020 in Toronto. The City's Chief Licence Inspector and Manager of Proactive Enforcement in Development, Buildings and Licensing (DBL) was there in person to receive the reward on behalf of the City. Other recipients of the 2020 Award were the Government of Saskatchewan (Silver) and the Government of Manitoba (Gold). More information on the Award, including criteria and past winners can be found on IPAC's [website](#).

³⁴ For more information, see: Holm, K, and Thompson, C. (2021). "Prohibited Buildings Program helps protect Vancouver strata corporations from unauthorized short-term rentals." *CHOA Journal*. Spring 2021: p. 9. Retrieved from: https://www.choa.bc.ca/wp-content/uploads/J135597T-CHOA-Spring-2021_WEB.pdf.

APPENDIX E:
Jurisdictional scan of STR regulations
 (Information current as of December 6, 2021)

Jurisdiction	Principal residence only	Whole unit STR permitted	STR permitted in secondary suite or laneway home	Night cap	STR licensing / registration required	STR licensing / registration fee (2021)	COVID-19 safety or cleaning standards	STR platform regulations and/or licensing	STR platform agreement / settlement
Vancouver	✓	✓	✓ Only if occupied as a principal residence	X	✓	\$99	X	X	✓ Airbnb
Richmond (BC)	✓	X	X	N/A	✓	\$143	X	X	X
Burnaby (proposed)	✓	✓	X	✓ 90 nights	✓	\$250	X	X	X
Squamish	✓	✓	X	X	✓	\$900 for entire dwelling	X	X	X
Victoria	X Non-principal residence STR only allowed as non-conforming use in limited zones	✓	✓ Only if occupied as a principal residence	X	✓	STRs in a principal residence; \$150 Non-principal residence STR: \$,500	X	X	X
Kelowna	X Non-principal residence STR only allowed in limited zones	✓	X	X	✓	STRs in a principal residence; \$345 \$750 for non-principal residence STR	X	X	X
Edmonton	X Non-principal residence STR allowed in all residential uses	✓	✓	X	✓	\$94	X	X	X
Calgary	X Non-principal residence STR allowed in all residential uses	✓	✓	X	✓	STR with 1-4 rooms: \$100 STR with 5 or more rooms: \$276	X	X	✓ Airbnb
Toronto	✓	✓	✓ Only if occupied as a principal residence	✓ 180 nights	✓	\$50	X	✓	X

Jurisdiction	Principal residence only	Whole unit STR permitted	STR permitted in secondary suite or laneway home	Night cap	STR licensing / registration required	STR licensing / registration fee (2021)	COVID-19 safety or cleaning standards	STR platform regulations and/or licensing	STR platform agreement / settlement
Mississauga	✓	✓	✓ Only if occupied as a principal residence	✓ 180 nights	✓	\$250	X	X	x
Ottawa	✓	✓	✓ Only if occupied as a principal residence	X	✓	\$110 for a 2-year licence	X	✓	x
Charlottetown (proposed)	✓	✓	✓ Only if the principal dwelling unit is occupied as a principal residence	X	✓	N/A Fees to be set to cost recovery	X	✓	X
San Francisco	✓	✓	X Prohibited in all Accessory Dwelling Units (ADUs)	✓ 90 nights	✓	US\$250 for 2-year registration	X Previous Health Officer Directive that applied to all temporary lodging (including STR) rescinded on June 11, 2021	✓	✓ Airbnb, VRBO
Seattle	X Multiple non-principal residence STR units depending on location	✓	✓	X	✓	US\$75 for each STR unit	X	✓	✓ Airbnb
Denver	✓	✓	✓ Only if occupied as a principal residence	X	✓	US\$100	✓	✓	X
Boston	✓	✓	✓	X	✓	Depending on licence type: US\$25 to US\$200	X	✓	✓ Airbnb

APPENDIX F:

April 7, 2021 Council Memo on short-term rental program accomplishments in 2019



DEVELOPMENT, BUILDINGS & LICENSING
General Manager's Office

MEMORANDUM

April 7, 2021

TO: Mayor and Council

CC: Paul Mochrie, Acting City Manager
Karen Levitt, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Maria Pontikis, Director, Civic Engagement and Communications
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Kathryn Holm, Chief Licence Inspector

FROM: Jessie Adcock
General Manager, Development, Buildings and Licensing

SUBJECT: Annual report highlighting Short Term Rental program accomplishments in 2020

Please find attached a copy of the 2020 annual report, highlighting the accomplishments and outcomes of the Short Term Rental (STR) program in 2020.

The annual report provides an overview of the short-term rental market in Vancouver from January to December 2020, including the significant impact of COVID-19 on the short-term rental market. Program expansion and partnerships highlighted include the expansion of the Prohibited Buildings Registry, work with the real estate industry to better understand the regulations, and the launch of the Community Working Group. Progress towards regulatory compliance by operators is also addressed and various enforcement outputs and outcomes are summarized.

Further, the report highlights the program's recognition by the Institute of Public Administration (IPAC) with a bronze medal win for Public Service Leadership & Excellence.

In addition to the 2020 annual report, the memo highlights staff's work to implement council direction as provided in the Council Motion: *Short-term Landlords- Long Term Protection for Rentals and Hotels*, approved June 10, 2020, as summarized below:

City of Vancouver, Development, Buildings & Licensing
515 West 10th Avenue, Vancouver, BC V5Z 4A8 Canada
vancouver.ca



- Through communications sent to 2019 and 2020 STR licence holders in August of 2020, staff outlined the requirements for short-term rental and long-term rental licences.
- Staff advised all current STR licence holders of the Provincial Health Order (PHO) regarding short-term rentals, specifying that only five occupants are allowed in a rental. Additionally, STR licence holders were advised to adhere to industry safety and cleaning standards as directed by the short-term rental platforms. Information regarding the PHO was also posted on the City's STR website.
- Staff worked with strata property managers to expand the prohibited buildings registry. Any resident of the strata or rental building on the registry is prevented the issuance of a City STR licence.

Staff will continue to work with the community, the STR licence holders, and various internal and external stakeholders to address the additional items remaining in the Motion.

If you have any questions, please contact Kathryn Holm, Chief Licence Inspector, at kathryn.holm@vancouver.ca



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