Submission to the Executive Policy Committee
May 18, 2021
Re: Agenda Item #6: Review of Accommodation Tax By-Law 70/2008 to Include Short Term Rentals

Dear Members of the Executive Policy Committee:

I'm writing today as a resident of Daniel McIntyre in support of the motion to request that the Winnipeg Public Service be directed to review the Accommodation Tax By-Law No. 70/2008 and report back.

With regard to the motion, while I support any amendments required in order to include short-term rental properties in the collection and remittance of the Accommodations Tax, the by-law needs to go further and address liveability issues for residents in multi-unit residential buildings where short term rentals exist, otherwise it risks legitimizing short term rentals by having them pay the accommodations tax without dealing with the issues they cause. While short term rentals are a relatively new phenomenon in Winnipeg, now is the time to put regulations on them before the city is overrun with them. I support any regulation of the industry, but do not support any recognition of the importance of the short-term rental market as stated in the motion. Stating that we need to recognize "the importance and increasing popularity of the short-term rental market and its ability to attract visitors to Winnipeg through an expansive marketing network" completely diminishes the neighbourhood liveability issues that short term rentals create when they are part of multi-unit residential buildings that people live in. You know what else has an expansive marketing network? Hotels. If we want more short term rentals the city should authorize the development of more hotels so that people who live in multi-unit residential buildings do not have to deal with the frustration of living beside units that are treated as a hotel room. I ultimately believe short term rentals are bad for cities and have a tremendous impact on neighbourhood liveability.

I live in a condo building downtown that is part of the Daniel McIntyre ward. According to media reports, the developer of our building, Urban Capital, received a grant of $4.5 million through the city/provincial Live Downtown Rental Development Program, which I believe no longer exists. Since the building opened in 2016, over a quarter of the units have been converted to short term rentals. I don't think this is what the city and province would have had in mind when they gave $4.5 million to the developer of our building. I believe the funding was meant to encourage people to live downtown, not to facilitate the development of ghost hotels. I would encourage the city and province to conduct more due diligence when entering similar agreements in the future to ensure these buildings are being created for people to live in, because this investment by the city and province has been a boondoggle in the case of our building.

Presently in our building, to the best of our knowledge, only about a quarter of the units are owner occupied, while the rest are a mix of short and long term rentals. The developer still owns a number of unsold units in our building. Between the owners who rent out their units and the developer who has unsold units, they can form a voting block and block any proposed condo

by-law changes for our building. When the condo board recently tried to impose restrictions on short term renters, these owners that rent their units out and the developer strongly opposed them. The developer opposed them because many of their recent sales have been to investors who are interested in converting the units to short term rentals. And the other owners who rent out their units are obviously opposed to any restrictions that will impact their ability to commodify their unit. So our current situation is that the owners who actually live in the building are outnumbered by the developer and owners who rent out their units, and it is impossible to change our condo by-laws to put any restrictions on short term rentals. So that's why it's so important for the city to put these restrictions in place.

The short term rentals have had a negative impact on our building. I'm on the condo board so I have a front-row seat to many of the issues in our building. During the current pandemic we're all living under, the short term rentals have still been very active. The owners of these units have shown no interest in monitoring their units for parties that would be in violation of current public health orders. In many cases, units are being rented to host parties where people from multiple households are coming together in these units which is clearly a violation of current public health orders. We also frequently see people coming into the building with suitcases with luggage tags, and by looking at the tags we know where they're coming from. Many are coming from places that would require a self-quarantine, but we know that's not happening. Additionally, many people staying in the short term rentals can't even be bothered to respect the residents of our building by doing the basics like adhering to mask wearing. The short term rentals have been a huge source of concern during the pandemic for the residents who live in the building. We don't feel safe in our own homes, and it seems like there's very little recourse to go after the short term rental owners who clearly don't care what's happening in their units.

But short term renters not complying with public health orders during the pandemic is merely a symptom of larger livability issues that have played out in the building as a result of short term rentals. As mentioned, the condo board has attempted to put restrictions on owners who operate their units as short term rentals, and have met with a lot of pushback from these owners. They have promised to keep a closer eye on what's going on in their units, but so far there is little evidence they have followed through.

The livability issues in our building range from out of control parties in the short term rentals to more sinister activities. Known sex traffickers have been seen bringing young girls into the building. Sex traffickers know they can rent these units without much scrutiny. From discussions I've had with someone in the hotel industry, they have told me that sex trafficking has moved away from hotels and into short term rentals because of that lack of scrutiny. An example they gave me is that easier to bring someone into our building to be sex trafficked rather than bring them through a hotel lobby where staff are trained to look out for signs that person is being trafficked.

Aside from the many out of control parties in short term rentals that are happening in our building that the police are called to break up, the police are frequently at the building investigating issues like drug trafficking out of the short term rentals. There have been police

raids in the short term rentals. As part of the public administration's research if this motion passes, it would be interesting to pull call statistics from the Winnipeg Police Service to see how many times police have been called to our building, and how many times the Guns and Gangs Unit has conducted investigations in our building, as they are seen in our building occasionally.

I earn a modest income and saved all my money to be able to afford a place in a building that I have loved living in. But I can't tell you how frustrating it is to see what this building has become. If I would have known that our building would essentially turn into a ghost hotel I would have never bought a unit here. I want to live in a building where we can build community, and that will never happen in a building where many units are treated like hotel rooms with different people constantly coming and going.

I would like to make the following recommendations to the City of Winnipeg as they contemplate regulation of short term rentals:

- Ban short term rentals unless it is someone's primary residence. That's what other jurisdictions like Toronto and Ottawa have done. I think it's a fair compromise and prevents the shift from housing that is intended for people to live in to something that is commodified as a short term rental, as has happened in our building.
- Ban any form of rent arbitrage in the City of Winnipeg. Rent arbitrage is when someone rents out property, whether it's an apartment or condo unit, and re-rents it on short term rental platforms like Airbnb. This takes permanent housing and rental units out of the housing market. This is something that is already happening in Winnipeg.
- Implement heavy fines to hold short term rental operators accountable for violations of the by-law. This will discourage violations of the by-law in the first place and help the city keep its enforcement costs down. Toronto and Ottawa have taken this approach.
- Ensure that any proposed regulation in Winnipeg addresses liveability issues. In Ottawa, they have recently passed rules that call for short term rental hosts to have their permits revoked for violations such as criminal activity, unpaid fees, overcrowding or behaviour that endangers public health or safety.
- Have proper enforcement. Ottawa is hiring six full-time bylaw officers to enforce their rules. They are planning to cover enforcement costs through permit and registration fees as well as their existing municipal accommodations tax fund that hotel guests and short term rental guests have been required to pay into since 2018.
- Make owners of short term rental units register with the City of Winnipeg.
- Designate a point of contact within the City of Winnipeg for residents in surrounding units to report violations, and ensure that this is widely advertised.
- Hold platforms such as Airbnb and VRBO accountable and ensure that they are complying with any by-law Winnipeg will put in place. It is just as important to hold these platforms accountable as it is to ensure compliance from individual hosts. Toronto is looking at doing that in a motion they are voting on this week. Requirements like this will lead to greater accountability and enforcement of any by-law.

In closing, I just want to re-state that I think it is really important that city council takes this issue seriously from a neighbourhood liveability perspective and to come up with a strong regulatory framework before the situation with short term rentals in Winnipeg gets worse.

Sincerely,

Allen Mankewich
Daniel McIntyre resident