HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

Sent Via Email To: WINNIPEG CITY CLERK, MARC LEMOINE

April 12, 2022

Re: City of Winnipeg's efforts related to regulations for short-term rentals (STRs).

Dear Mr. Bowman:

The Hotel Association of Canada (HAC) represents more than 8,200 hotels, motels and resorts and 300,000 employees. Most of our employees belong to Canada's most vulnerable populations; women, immigrants and youth. We welcome the opportunity to support the City of Winnipeg's motion to regulate short term accommodations.

Short-term rentals are an ongoing concern for communities across Canada. We have attached a best-practice guideline for municipal regulators that has become the basis for many local bylaws. Our goal is not to thwart home sharing but to regulate the practice, so that home-sharing platforms are not abused by business operators.

Five key principles have governed our basic approach:
1. Minimize community nuisance and protect public safety
2. Minimize the displacement of affordable and accessible housing
3. Level playing field for commercial operators
4. Minimize the administrative burden
5. Enable effective compliance

These parameters were conceived with a view to modernizing the regulatory framework so that the benefits of true home-sharing can be realized. For homeowners that's a little extra cash. For communities, it's access to accommodations at peak periods. For guests, it's perhaps an opportunity to save a little money and to make connections with someone who can enhance a visit.

Commercial short-term rental operators – those renting entire homes, often multiple homes, to tourists rather than long term tenants - are acting like hotels without the having same responsibilities for taxation, health and safety standards, business licenses, and insurance. Unlike "ghost hotels," our members employ hundreds of staff, paying fair wages and benefits and contributing to city and provincial coffers and our facilities are sited in appropriately zoned areas

The Facts

In 2017, HAC released a study in partnership with its Provincial and City Associations, which spotlighted 11 key markets across Canada and examined the short-term rental market in comparison to Canada's hotel sector. Specifically, the study had a key focus on Airbnb as the most widely used digital home-sharing platform in Canada.

Results demonstrated that commercial operators are growing exponentially, far outpacing principal residence home sharing activity. Approximately 7-in-every-10 units on the Airbnb distribution platform are entire-home rentals, with guests having complete and sole access of the entire unit during their stay. From 2015-2017, the commercial side of Airbnb's business – those renting multi-unit entire homes – grew by 108%. Entire home rentals as a whole, including multi-listing hosts, generated 83% of Airbnb's revenues. Multi-unit hosts account for over 30% of all revenue generated on Airbnb in Canada. The impact is felt by employees as well. For every 185 Full-time Equivalent (FTE) job in the hotel sector, there is an estimated 1 FTE job within the Airbnb sharing platform.

Winnipeg

One of the key markets the study examined was Winnipeg. The study found that 69% of Winnipeg's Airbnb revenue is generated by entire home rentals. The research is clear. True home-sharing has become increasingly rare. Today, there is a short-term rental industry that operates with limited regulation, creating a host of problems for governments, communities and homeowners.

Hotel room sales in Winnipeg are subject to a 5% Hotel Room Tax, as well as 8% PST and 5% GST. It is estimated that hotel room sales generate $39 million in consumer taxes and fees. Applying the same rates to Winnipeg's Airbnb sector has the potential to generate an estimated $410,000 in consumer taxes and fees.

To help home-sharing reach its true potential and to address many of the unintended consequences and downsides, governments at the municipal and provincial levels have been using our toolkit that includes eight elements:

1. Cap on usage: Limits the number of days that a home can be rented through a home sharing platform. This helps to prevent a deterioration of the housing stock and the nuisance factors associated with the conversion of ordinary residences into commercial operations
2. Principal Residence: Limits home sharing to a principal residence only that prohibits the operations of ghost hotels and large commercial operators from hiding under the veil of home sharing.
3. Registration: Requires that any property that is offered for home sharing be registered with a municipal government. Registration may also come with a fee. This enables the monitoring of home sharing activity.

4. Health and safety standards: Regulations that require certain minimum standards for safety (e.g. smoke detectors). This provides some minimal level of protection for hosts.
5. Reporting: A requirement at the platform and host level to report to government on home sharing activity. This helps to ensure tax and regulatory compliance.
6. Taxation/Levies: Special provisions at the platform level to collect and remit various taxes and tourism levies on behalf of hosts. This creates a more level playing field with commercial operators and provides revenue to government.
7. Enforcement/penalties: Mechanisms to ensure established regulations are applied and enforced. This helps to ensure the system is operating as intended.

By limiting short term rentals to principal residences, Winnipeg would preserve true home-sharing, avoid the negative impacts that often attend commercial short term rental activities, and protect its regulated accommodations sector – and the hundreds of people it employs.

HAC strongly supports a regulatory framework, which includes a licensing system that allows for reporting and monitoring, zoning by-laws that mirror hotel development standards and proper taxation that levels the playing field with the hotel industry.

To be clear, we are not opposed to an individual using a home-sharing platform to rent out a room in his or her principal residence to help make ends meet. However, the City of Winnipeg must take steps to address those who are operating a commercial business, under the guise of home sharing, whose activity is negatively impacting communities and who are not currently subject to standard business laws and regulations such as health and safety, insurance, and taxation.

More and more jurisdictions across Canada are implementing principal residence requirements for short-term rentals to ensure tourism operations benefit rather than undermine local communities – from large urban centres like Victoria, Vancouver, Toronto and Ottawa, to a host of smaller municipalities such as Regina, Brampton and Mississauga. We urge you to join them.

Thank you for the opportunity to provide input into the City of Winnipeg examination into regulating short-term rentals.

Sincerely,
Susie Grynol,
President and CEO,
Hotel Association of Canada.