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To: City of Winnipeg Executive Policy Committee

Date: February 14, 2023

Dear Council,

Thank you for meeting us today.

As an Airbnb Host and Chartered Professional accountant, I am welcoming a discussion about regulations and structure around new emerging industry in Winnipeg, the Short-Term Rentals.

Nevertheless, I am extremely concerned with the current wording of the Public Service Recommendations. We can clearly see the use of the selective reporting approach to survey results. This biased and unethical approach to survey results basically cherry picks the data from survey in support of their recommendations while rejecting or ignoring other results that are not supporting current recommendations.

The second concern is that recommendations seem to be strongly influenced by current regulations from the City of Toronto which is used as a benchmark. This is an unfair comparison. Winnipeg and Toronto are two entirely different cities due to their size, economy, climate, and even geography. Simply put, Toronto can't be used as a benchmark for Winnipeg regulations.

Why would Public Service analysts not use Calgary, Edmonton or Regina's as comparable. These cities already developed by-laws that regulate short term rentals. Those regulations were referenced in June 21st City of Winnipeg industry meeting but are completely ignored for some reason.

I am also wondering how Public Service had arrived at $500 license fee? How proposed $500 fee is justified?

The license cost for STR in Canada ranges from a couple of hundred dollars in Calgary or Regina to $54 in Toronto.

Based on Policy Analysis done by School of Public Policy at University of Calgary from January 14, 2022, called "Managing Airbnb: A Cross-Jurisdictional Review of Approaches for Regulating the Short-Term Rental Market"[1] with $500 license fee, Winnipeg will have the second highest licensing fees in all of Canada after Kelowna. How is this going to help our tourism goal to increase visitors here? (See Appendix A - STR Licensing and Registration Requirements in Canadian jurisdictions).

But, even if you use city Toronto regulations (which again, doesn't make any sense as Toronto has entirely different set of issues) – here are few facts.

[1] https://mpra.ub.uni-muenchen.de/111535/1/MPRA_paper_111535.pdf

The Definition of the STR in Toronto is "A short-term rental is all or part of a dwelling unit rented out for less than 28 day." Why would Winnipeg have 30 nights for STR definition? What about a month of February?

Based on the official city of Toronto website toronto.ca, the city of Toronto has over 10,000 active Airbnb registered listing after they started their regulations in 2020. (See Appendix B)

As of Feb 10, 2023, the generic search for entire Winnipeg for 2 days stay in June with flexible dates shows that we have 885 homes available on Airbnb. Out of those, only 44 properties are located in the downtown area. (See Appendix C)

Now, let's see what happens if you pass proposed recommendations 2-D,E,F,G

If you prohibit Short Term Rentals in R1/R2 zoning, let's assume very conservatively that 1/2 of the listing outside of downtown Winnipeg will be removed. This would leave 420 listings (885-44)/2.

Next, regulation will limit number of STRs to 1 secondary property and this will remove approx. ½ of the remaining listings. This is based on conservative estimate again, leaving probably around 200 listings. Most of the existing owners currently have more than one Airbnb listing, let's say 2 on average (which is low), and this would have only 200 listings left in Winnipeg.

Congratulations, now you successfully eradicated Short Term Rental market segment in Winnipeg in its entirety. Winnipeg will be left with approx. 250 active ST rentals. Obviously to say that those listings will not be able to fund even a single full time position in the newly created STR enforcement department with proposed 3 Full Time positions. So, based on anticipated licensing fee of $195K per year, and using $500 license fee per listing – seems like our city anticipates 390 units to be left from the current total of 1504 listings in Winnipeg (based on insideairbnb.com). It's worth to note that based on the same website, there are only 627 units which are actually currently or frequently booked.

My question is who is going to win from those restrictions outside of the Hotel industry? **No one!** Airbnb owners would lose their business, cleaners and property managers will lose their jobs. Tourists will lose the options where to stay in Winnipeg therefore they will have to pay more. Thus, making the city even less attractive destination than it is now. Finally, the City of Winnipeg will add to the existing deficit instead of generating more revenue.

If the city is concerned about housing affordability, there are other mechanisms to address those instead of banning STRs which actually contribute to more revenue.

From Public Engagement Results [Public Engagement Summary, p. 2][2], we can clearly show that there are 38% of participants who view STRs positively vs 16% who view STRs negatively. Interestingly to note, that over 38% of survey responders live in downtown while less than 5% of listings are actually located in Downtown. As per Public Engagement Survey "Appendix D – Map of City-wide Survey responders" –

[2] https://ehq-production-canada.s3.ca-central-1.amazonaws.com/e29c7e379b284ac7fc6d6788087e94a61eed3ff1/original/1675867269/3800808e001d169926cd6853f6dbf286_Regulating_Short-term_Rentals_-__Public_Engagement_Summary.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIA4KKNQAKIOR7VAOP4%2F20230213%2Fca-central-1%2Fs3%2Faws4_request&X-Amz-Date=20230213T050406Z&X-Amz-Expires=300&X-Amz-SignedHeaders=host&X-Amz-Signature=ccffdbc10cc9ec28e6938aab8b4bcc2c70bc613e0833bca6ed124d516ca8e046

majority of negative comments are also coming from the people living in multi-units buildings in the downtown area. If the majority of the negative comments came from apartment occupants who and I quote "feel like they live in hotel" – limit the number of units in those apartments for STR. In meanwhile, the Public Service recommendation is doing exactly opposite – they are eliminating single houses and duplexes while allowing apartments units and placed in Downtown area to stay as is. Why would this be the case?

It also clearly noted in survey that (and I quote): "a majority of online survey respondents felt that short-term rental accommodations should be allowed in all neighbourhoods (61 percent) and in all dwelling types (58 percent)." Why this feedback is completely disregarded by Public Service Recommendation? In fact, is doing something completely opposite and recommends restricting neighbourhoods and dwelling types?

The Public Engagement Survey respondents also support the need for licensing, accommodation tax, however maximum license limit received mixed responses. What question in the survey gave council an idea that respondents recommend or want to set limit to 1 STR per operator? What kind of maximum limit is that? Why don't we limit at 10 or 20 or a hundred for that matter? Why there should be a limit to begin with?

Again, based on analysis paper done by University of Calgary Table 1 (found in Appendix D): Short-Term Rental Classes and General Approaches across Canadian Regulations[3] shows that cities closely comparable to Winnipeg such as Calgary, Edmonton, Regina or Saskatoon do not have any principal residence requirements, zoning, dwelling or nights limitations. Winnipeg is not competing with Toronto or Vancouver for tourists but we are definitely competing with Edmonton or Regina.

Furthermore, all the reported negative potential impacts such as noise, property damage and sense of community are further reduced in a Single Detached dwellings vs Multi-unit dwellings. Yet, those single detached houses are proposed to be fully banned by the recommendations. How does it even make sense?

Potential negative impacts (again, they are only potential and hypothetical) are more than 2 times higher in Downtown area vs Outside of the downtown. However, recommendations support downtown area Airbnbs while restricting the ones that have way less negative perception Outside of the Downtown. Why does the Public Service recommend action that is completely opposite to it is own survey results?

In some cases, recommendations cannot be further removed from the survey responses. In fact, there are a number of them that seems to be doing exactly opposite to what the survey indicated.

As Airbnb host, I fully support reasonable regulations, licensing and safety requirements. I feel that it will make our community stronger and will support further Winnipeg economic development and job creation.

[3] https://mpra.ub.uni-muenchen.de/111535/1/MPRA_paper_111535.pdf?fbclid=IwAR1J3aSYyf6w7O-ILhvPKQkdz9eIHAk7LXzpEoSTOEjb_I89Y7SHnKokLqY

There is official research done and documented in Harvard Business review from Nov 17. 2021 called "Research: Restricting Airbnb Rentals Reduces Development"[4]

I would suggest everyone to read this research and I quote their conclusion:

"Our research highlights the importance of taking a nuanced approach to STR regulation. As with many fraught policy decisions, the main challenge that regulators face is to balance residents' shorter-term needs with the longer-term economic wellbeing of the community. There are no easy answers — but any effective solution will have to acknowledge the very real economic downsides of restricting what people can do on their property."

I strongly believe that our comments, concerns and suggestions today will be taken into consideration for revising and improving future Short Term Rentals by-laws that would add more jobs instead of cutting them. Our goal as Airbnb hosts to improve our emergent industry and make our city more prosperous and vibrant to live in and to visit.

Thank you!

Marianna Fradkov, CFP, CPA, CMA, MBA

[4] https://hbr.org/2021/11/research-restricting-airbnb-rentals-reduces-development

Appendix A – STR Licensing and Registration Requirements in Canadian jurisdictions.

Table 2 referenced in Policy Analysis done by School of Public Policy at University of Calgary from January 14, 2022, called "Managing Airbnb: A Cross-Jurisdictional Review of Approaches for Regulating the Short-Term Rental Market"

Jurisdiction	*Host*	*Property manager*	*Platform*
Calgary	Tiered STR Business Licence 1. 1-4 rooms – $100 ($100 renewal) 2. 5+ rooms – $172 ($131 renewal)	--	--
Edmonton	Business Licence for STR Accommodation $94 (annual) Dev. Permit: Major Home-based Business If PR, and >2 sleeping units rented – $327	--	--
Kelowna	Tiered STR Accommodation Licence 1. Minor (principal residence) – $345 (annual) 2. Major (non-principal) – $750 (annual) +$25 admin fee	--	--
Montréal	CITQ classification certificate (Québec)* 1. Principal Residence – $50 + $75 admin 2. Tourist Home – $256.28 + $5.40/unit (both annual) Borough Occupancy Permit (tourist home) e.g., Ville Marie – $250	--	--
Nova Scotia	Registration – Secondary Property STRs 1-4 bedrooms: $50 (annual) 5+ bedrooms: $150 (annual)	--	Provincial Platform Registration $500 fee (annual)
Ottawa	Host permit 1. STR in principal residence – $57 admin + $53 permit fee (two years) 2. Cottage rental – same	Property Manager Registration – $57 admin + $143 reg. fee (annual)	Platform Registration 1-100 listings: $1,000 101-500 listings: $2,500 500+ listings: $5,000 + $57 admin fee (three years)
PEI	Tourist Home Operator Licence 1-4 unit dwelling – $155 fee 5+ unit dwelling – $250 fee + $6.50/unit Both pay $180 fee for property inspection	--	--
Regina	Residential STR Licence Principal Residence Unit – $100 (annual) Secondary Property Unit – $300 (annual)	--	--
Saskatoon	Commercial Business Licence Homestay and STR property – $125 Renewal – $85	--	--
Toronto	STR Business Licence Short-Term Rental Operator – $50 (annual)	--	STR Business Licence Short-Term Rental Company – $5,000 application fee (annual) + $1.00 fee per night booked
Vancouver	STR Business Licence (operator) $99 (annual) + $60 application fee	STR Business Licence (Property manager) $155 (annual)	--
Victoria	STR Licence Principal Residence – $150 Rest (legally non-conforming unit) – $1,500	--	--
Whistler	Tourist Accommodation Business Licence Operators – $190 + $25/ property (annual) + $25 new application fee Covered under property manager's licence if owner does not undertake activity	Business Licence $190 + $25/ property (annual) + $25 new application fee	--

*Note that the licence categories and fees listed for Québec reflect those applicable under the previous framework. Regulations to accompany the new legislation have not yet been proposed.

Appendix B - City of Toronto STR Program data (https://www.toronto.ca/community-people/housing-shelter/short-term-rentals/short-term-rental-operators-hosts/)

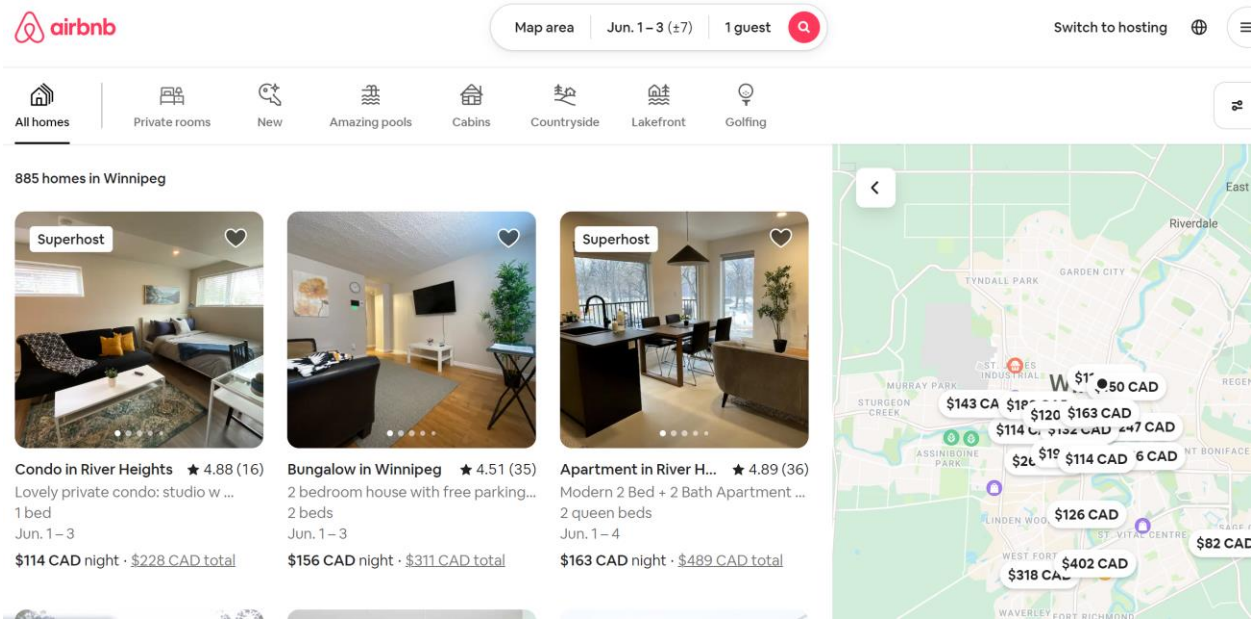


Operator registration and registration renewal	Year to Date (January 1, 2022 – December 31, 2022)	Total to Date August 31, 2020 – January 3, 2023)
Registration applications received	5,379	10,828
Registration applications approved	3,783	6,121
Registration applications created in error, cancelled by operator or cancelled for non-payment of renewal.	2,095	2,667
Registration applications denied	424	769
Registration revoked	187	215
Registration renewal applications processed	2,217	3,175
Registration renewal applications refused	50	81
Registration and registration renewal applications under review	517	941

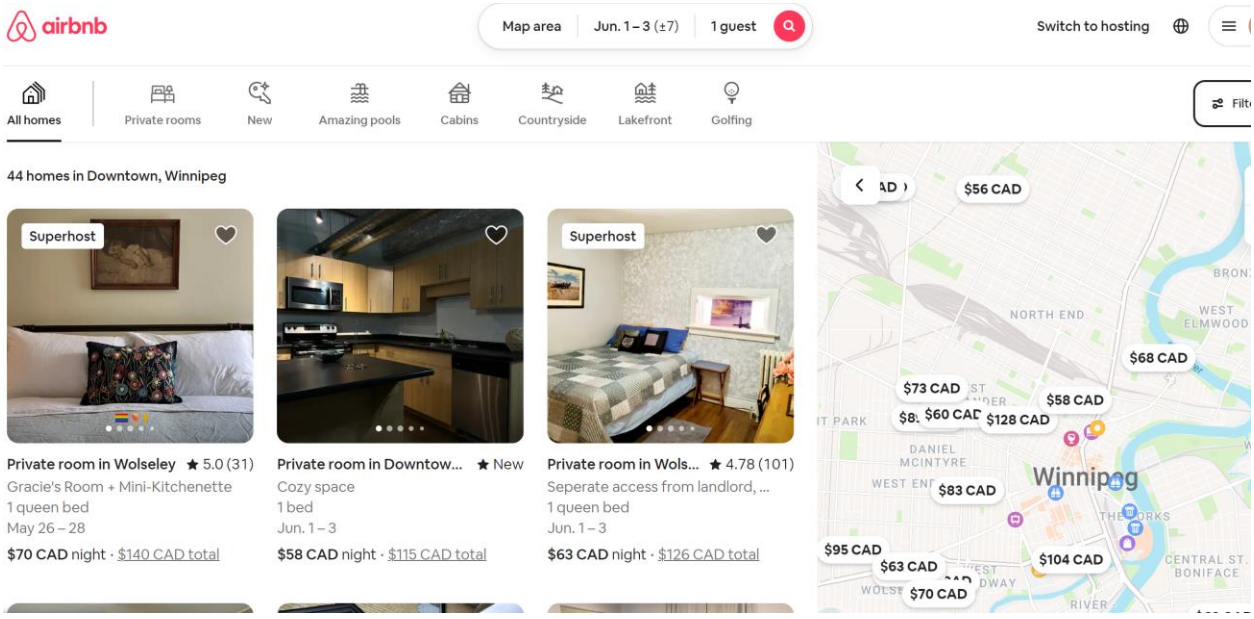
Note: The Total to Date for registration is effective August 31, 2020. Also, the number of registration applications received will not be equal to the sum of all the application statuses in the Year to Date column, as applications may have come in during a different time period. For example, the number of registration applications approved in January 2023 might include registration applications that were received in December 2022.

Appendix C – Feb 10th active listing search for June STR for 2 days stay with flexible dates.

Screen Print 1 shows 885 total homes in Winnipeg available. Home includes Private and Shared Rooms.



Print Screen 2 shows that out of those 885 listings there are 44 located in Winnipeg, representing only 5% of the active listings.



Appendix D

Table 1 referenced in Policy Analysis done by School of Public Policy at University of Calgary from January 14, 2022, called "Managing Airbnb: A Cross-Jurisdictional Review of Approaches for Regulating the Short-Term Rental Market"

Table 1: Short-Term Rental Classes and General Approaches across Canadian Regulations

jurisdiction	*STR classes*	*principal residence requirement*	*dwelling type*	*night limit*
Calgary	Short-Term Rental tier 1: 1-4 rooms tier 2: 5+ rooms	no	no limitations	no
Edmonton	Short-Term Rental Accommodation	no	no limitations	no
Kelowna	STR Accommodation -primary use (major) -secondary use (minor)	no—though primary use STRs are permissible in set tourist commercial and health districts	not permitted in a secondary suite, carriage house	no
Montréal	Québec legislation* Tourist accommodation establishment Principal residence	In Ville Marie, Plateau-Mont-Royal, Rosemont-La-Petite-Patrie, non-principal residence STRs are only permitted in select commercial areas**	furnished apartment, house, cottage	no
Ottawa	Short-term rental includes cottage, bed & breakfast, dedicated STR (grandfathered)	yes (unless in cottage)—exception for dedicated STRs (grandfathered)	not permitted in accessory buildings, vehicles, trailers, community housing	no
Regina	Residential short term accommodation -principal residence unit -secondary property	no	no limitations	no
Saskatoon	Short-term accommodation -homestay -STR property	no	no limitations	no
Toronto	Short-term rental -entire-unit rental -partial-unit rental	yes	permitted in bed-sit, secondary/laneway suite; not permitted in vehicle	180 nights/year (entire-unit)
Vancouver	Short-term rental accommodation	yes	permitted in secondary/ laneway suite; not permitted in accessory bldg., vehicle	no
Victoria	Short-term rental -principal residence -legally non-conforming use	yes—units may qualify (legally non-conforming) if in areas previously zoned for transient accommodation	permitted in secondary suites and garden suites if the primary residence	no
Whistler	Tourist accommodation business	no	not permitted in employee housing	no