

City of Victoria

November 23rd Council Meeting

RE: Legal Non-Conforming (LNC) Units

Lea Cathcart - Victoria Condos

My Ask...

“For the City of Victoria to make a formal request to the Province to exclude lawful non conforming units from the newly passed legislation”

Why Victoria should support this ask...

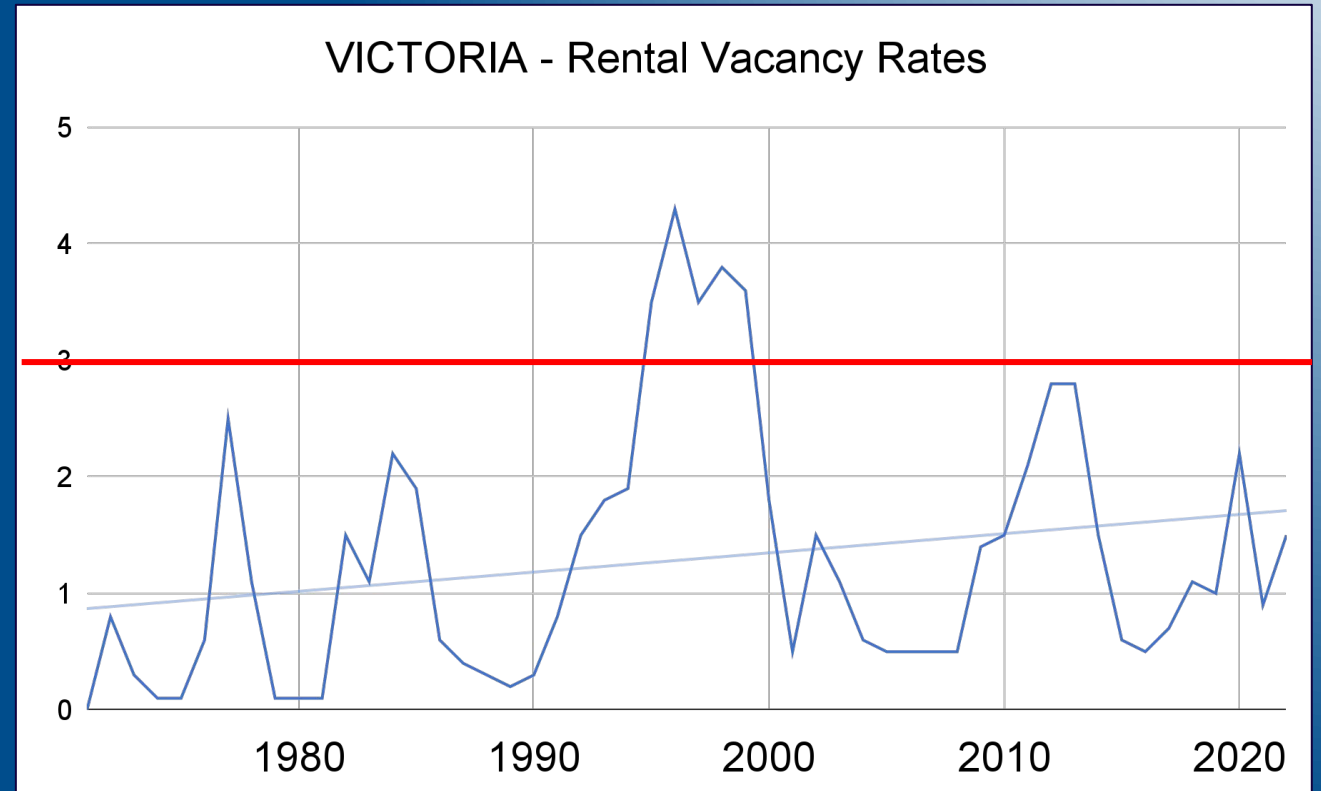
1. The City of Victoria **needs to focus on affordable housing**
2. **Victoria was a driving factor in the advocacy of S36 of Bill 35**, pertaining to legal non-conforming units.
3. The City of Victoria is facing a **shortage of tourism accommodation**
4. The shortage of tourist accommodation has **significant implications on tourism revenue & local businesses**

Affordability vs. Vacancy

Over the last 40 years, **vacancy rates in Victoria have actually been on the rise**

Vacancy rates in Victoria have eclipsed 3% in just 5 of the last 50 years.

The more pressing challenge facing Victoria is a lack of AFFORDABLE housing options, not just vacancy



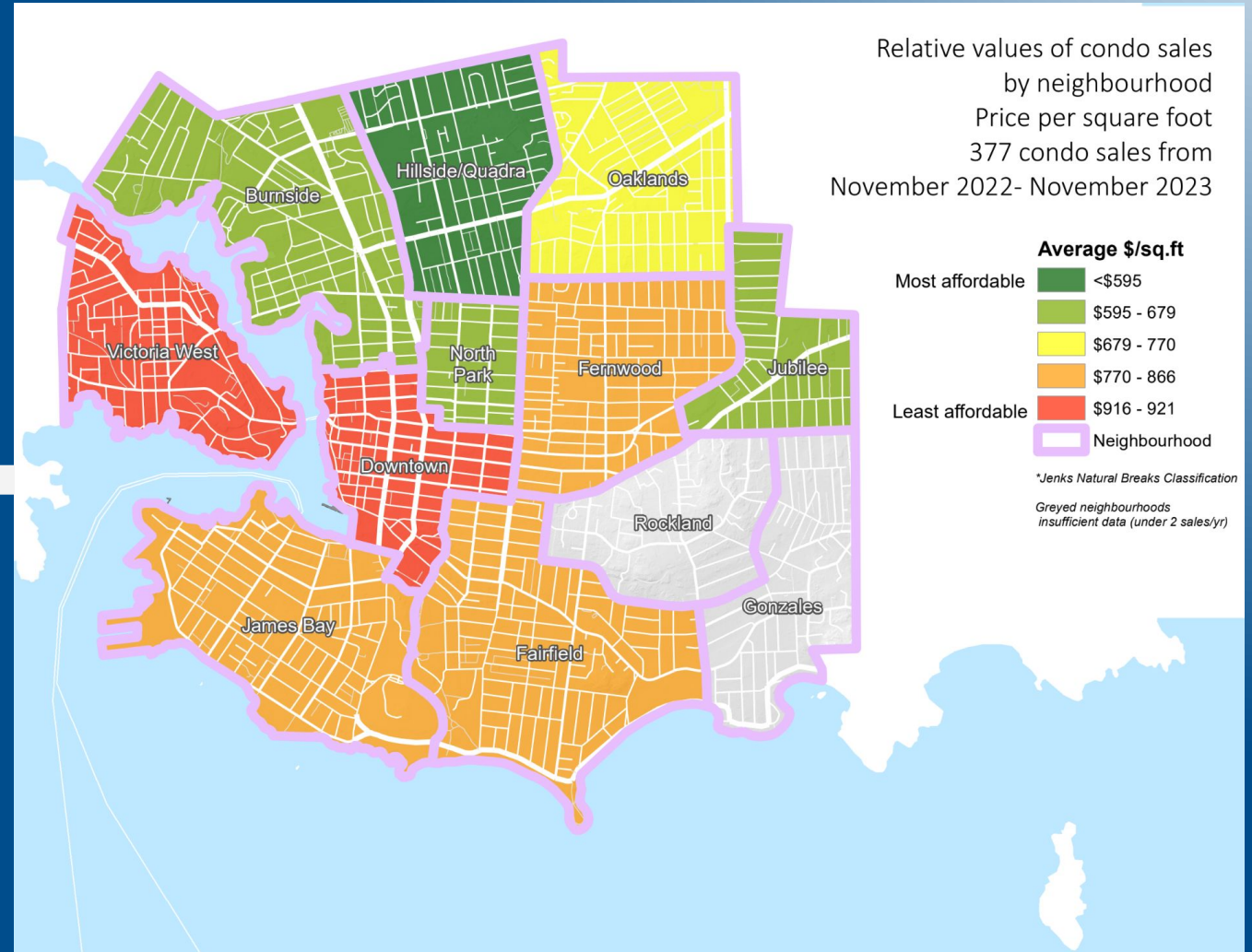
LNC units are not affordable housing stock.

The median cost of ownership of a LNC unit is \$3,877 / mth. Affordable housing in Victoria, as defined by CMHC, is \$1,800... **a gap of \$2,076 / mth**

Condo Price / Sqft

By Victoria Neighborhoods

LNC Units are the most expensive condo stock in all of The Greater Victoria Area



Tourism Revenue from LNC Units

\$534.27 / Day

Average spending by two visitors to Victoria



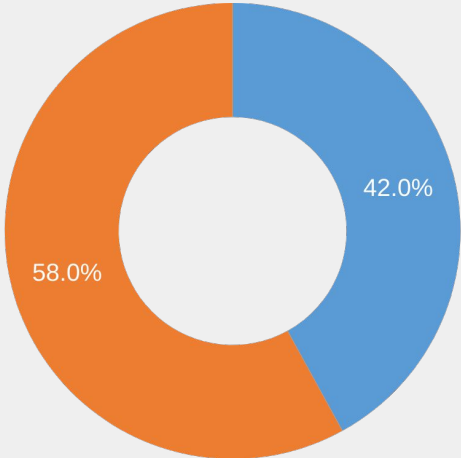
158,085 Annual LNC Nights Rented

627 LNC units at 69% occupancy



~\$84 million
in annual tourism revenue
(49 million in local business revenue)
(35 million in accommodation)

● Accommodation
● Small Business



Source: [Visitor Accommodation Data](#)

Gap in Tourism Accommodation

Destination Victoria estimates the City of Victoria needs

400-600 Hotel Rooms

in the next 18 months



Paul Nursey

CEO Destination Greater Victoria

“Downtown Victoria needs 400 to 600 new hotel rooms in the next 18 months to two years to stay competitive with other cities.”

This issue is exacerbated should LNC STR stock also be removed.

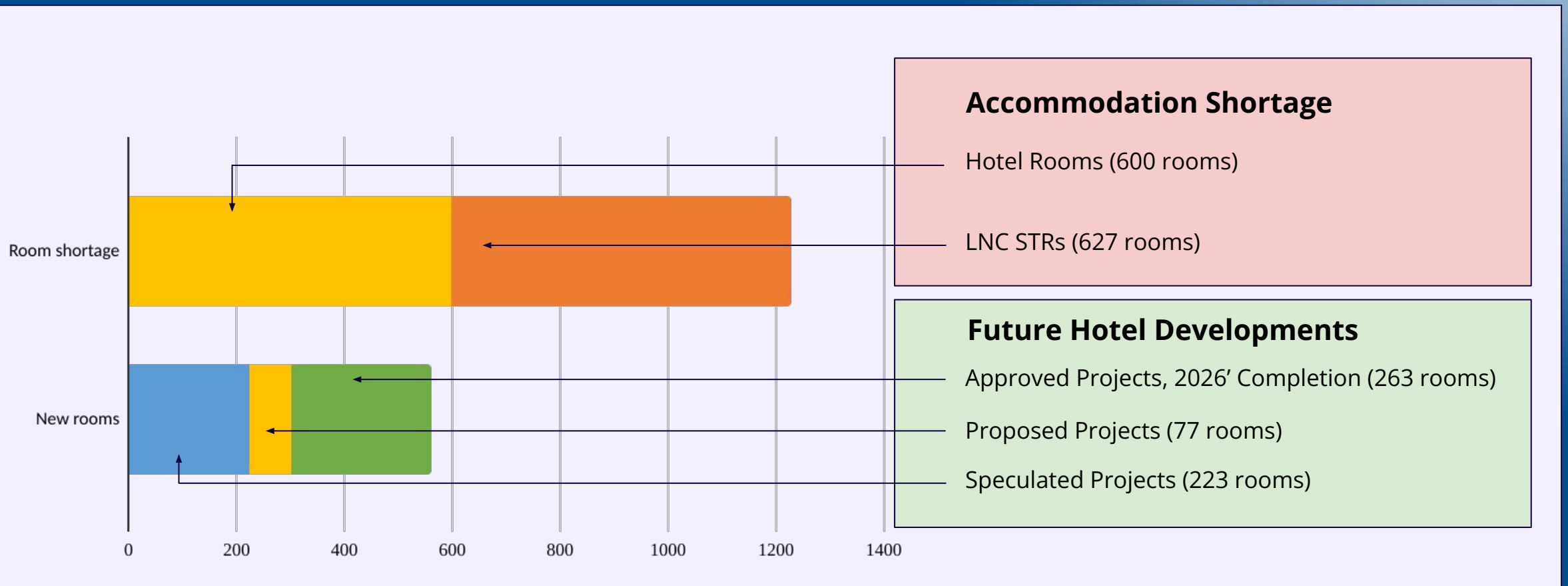
less 627 LNC STRs



equals a total shortage of ~1,027 rooms

Future Hotel Developments

Despite future hotel developments in various stages of approval, Victoria will have a significant gap in tourist accommodation.



Room Shortage Impact on Tourism Revenue

Room shortages will result in a substantial loss in tourism revenue, totaling **~\$736 million** between now and 2030



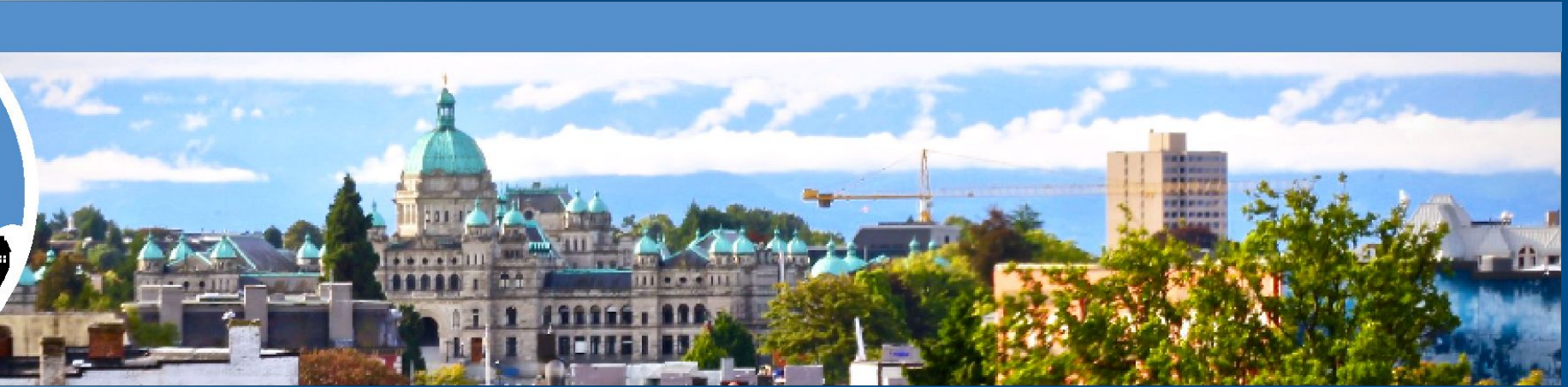
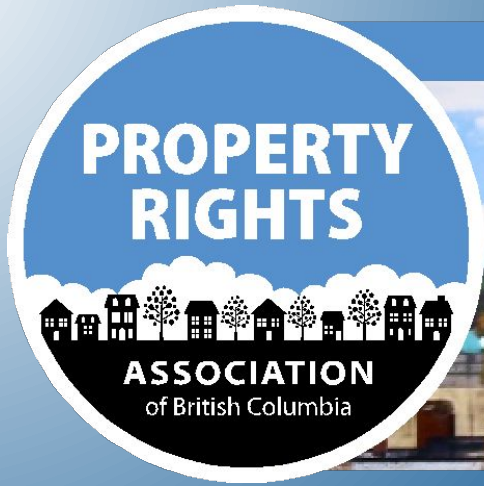
By CoV requesting the province remove S36 of Bill 35, room shortage tourism losses are only ~\$188 million between now and 2030

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Why Victoria should support this ask...

1. The City of Victoria **needs to focus on affordable housing**
2. **Victoria was a driving factor in the advocacy of S36 of Bill 35**, pertaining to legal non-conforming units.
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Appendix

Appendix 1: Personal Cost of LTR Conversion

613 Herald Street: Lea Cathcart

Bill 35 (s36) has presented me with two options, to either A) sell my unit, or B) convert my unit to a long term rental:

A) Cost to Sell = \$66,571.17

If a sale price of \$500,000 could be achieved

Real Estate Fees - \$18,900

Legal Fees - \$1,800

GST Payment - \$25,000

Mortgage Breakage Penalty - \$5,506.65

Rental Vacancy (4 months) - \$13,864.52

Moving Furnishings - \$1,500

If it would sell, and be sold within 3 months of listing

*This is unlikely give the market manipulation from the new legislation

B) Cost of Renting Long Term

1. Upfront GST Payment of **~\$25,000**

Monthly Rental Income = + \$2,000/mth

Mortgage Mortgage = -\$2,248.13/mth

Strata Fees = -\$340.27/mth

Insurance = -\$85.00/mth

Property Taxes = -\$180.67/mth

2. Loss of \$854.07/mth (\$10,248 / year)

Year 1 Total Loss = \$35,248.84

Appendix 2: City of Victoria Council advocated for removal of LNC units

Based on biased and misapplied data

Biased Source Report



X



The McGill report presented to council was funded entirely by the BC Hotel Association, who have an interest in reducing STRs

Incorrectly Leveraged Data

1 STR = \$49 increase
across 100 LTRS

The STR Bylaw Team incorrectly applied the above McGill equation across all **existing STR units**; instead, this equation is meant to apply to each **new STR unit** entering a market.

The Bylaw Team stated STRs attributed to rental increases of \$1151.56 / yr, which is not accurate

Alternative Studies Find No Correlation

The Conference Board of Canada

Alternative studies, such as The Conference Board of Canada's report, found "**Airbnb Generates No Meaningful Increase in Rent Across Canada**"

While it is true Airbnb partially funded this report, it is no less valid than that of McGill Report, which the city used for decision making

Appendix 3: victoria Council can Make a Difference

November 20, 2023 Report Commissioned from [Citified](#) (Victoria database of development)

The City of Victoria could APPROVE more purpose built rentals and housing.

Proposed = Total of 7,055 units

Proposed **Purpose Built Rental units = 6,090**

Proposed **Condominium Strata units = 965**

*This does not include Reliance's Capital Iron Lands Project (an additional 750-1,000 units)

*These projects are actively going through Victoria planning and are waiting on approval.

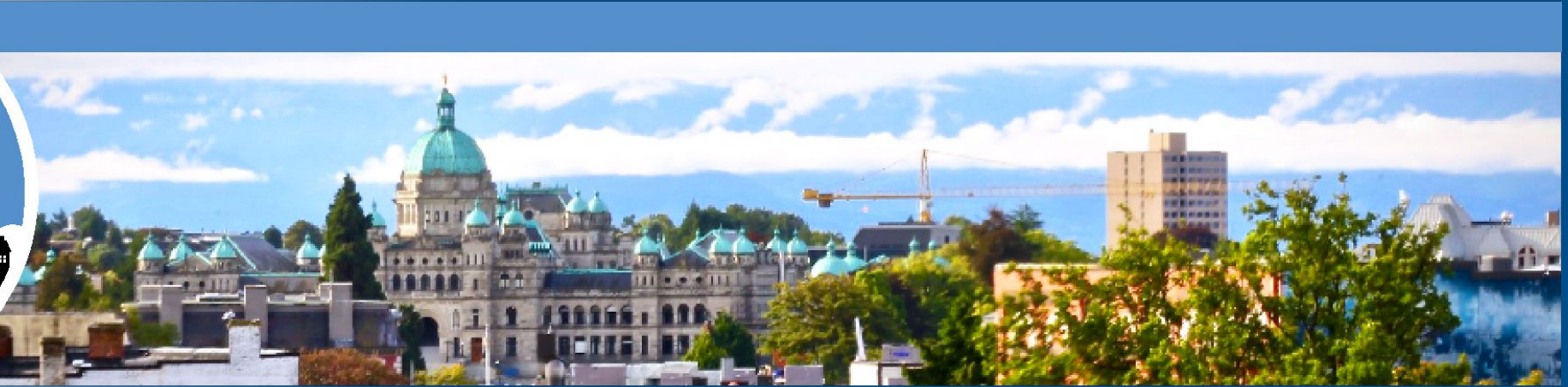
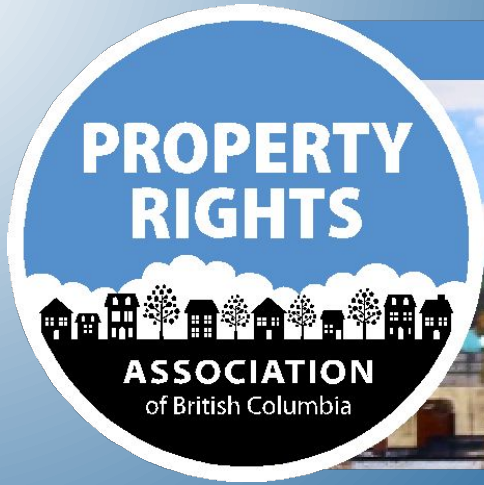
***Approving these would have a 10X-12X impact on available and purpose built rental units versus eliminating the 627 licensed LNC units**

What Will Happen

1. Devastation to Victoria small businesses by not removing s36.
2. Developers will pivot future projects from purpose built rentals to hotels resulting in a net loss of our future rental stock

The Opportunity

1. This council can **SAVE local businesses**
2. Focus on approvals and be **10 times more impactful in providing rental stock vs eliminating Lawful Non-Conforming Units**



Appendix 4: We Can WORK TOGETHER

Allow us attend a Committee of the Whole

- 3 minutes is not enough.
- We have so much data to share
- We have many alternative and better solutions