

City of Victoria
November 23rd Council Meeting
RE: Legal Non-Conforming (LNC) Units
Ryan Sawatzky

Immediate Deadline

January 15 2024
not
May 1 2024

Why?

Because licensing is set to increase to \$2,500

LNC vs Fairmont Empress License Fees

Given the changes, are LNC licence fees equitable at this time?

**Legal Non Conforming
License Fee: \$2,500**
1 bedroom

Per Room per month (4 mths)

\$625.00

**Fairmont Empress License Fee:
\$2,480**
431 rooms

Per Room per month (12 mths)

\$0.47

LNC vs Big Hotel?



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

B.C. short-term rental restrictions 'gold standard': hoteliers

Peter Mitham, Glacier Media Group

Nov 10, 2023 2:00 PM

[...]

Her comments echoed those of Ingrid Jarrett, president and CEO of the BC Hotel Association, which funded a study by the Urban Politics and Governance research group at McGill University into BC's short-term rental market.

"This was a huge win," Jarrett said.

"We spent a lot [on] research and then education, so Bill 35 is super-good news for all of us."

If Licensing Increases to \$2,500

Legal Non-Conforming short term rentals are regulated, responsible, and pay fees.



Tourism Businesses

Millions and Millions in
Lost Tourism Revenue

Tourism Revenue from LNC Units

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

If Licensing Increases to \$2,500

Legal Non-Conforming short term rentals are regulated, responsible, and pay fees.



Visitors

Increase Cost,
Reduced Availability



Hotels

Decrease Competition,
Increased Room Rates

Gap in Tourism Accommodation

**An estimated room shortage of
~1,027 rooms**

If Licensing Increases to \$2,500

Legal Non-Conforming short term rentals are regulated, responsible, and pay fees.



Enforcement

< 10% LNC Intend to Renew

Compliant and Legal

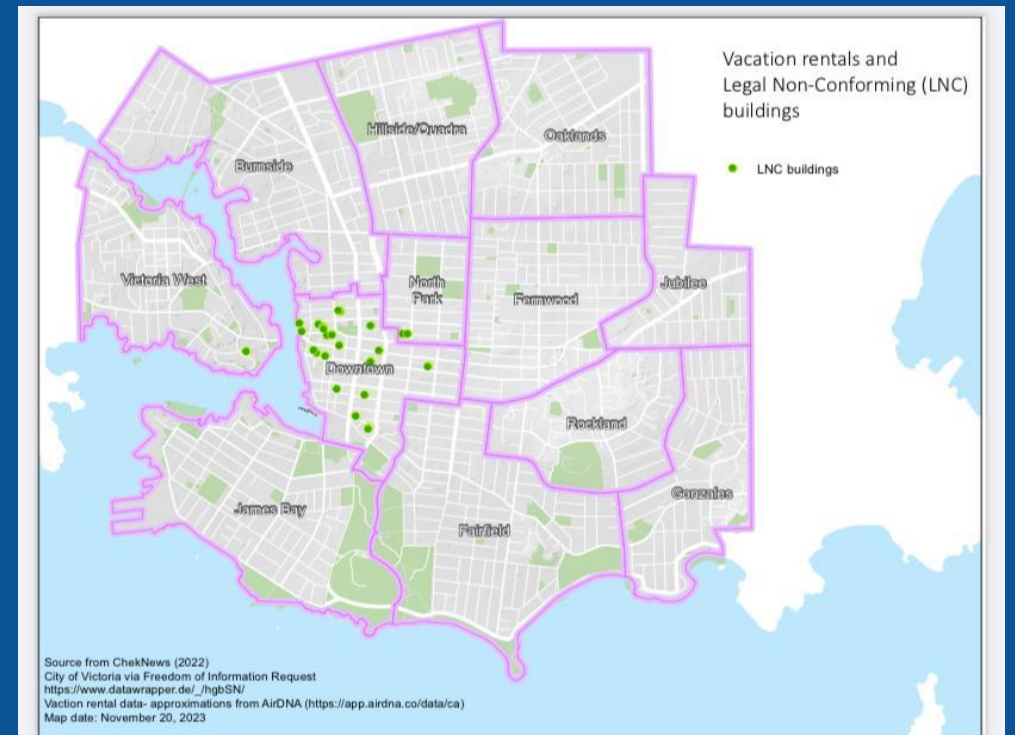
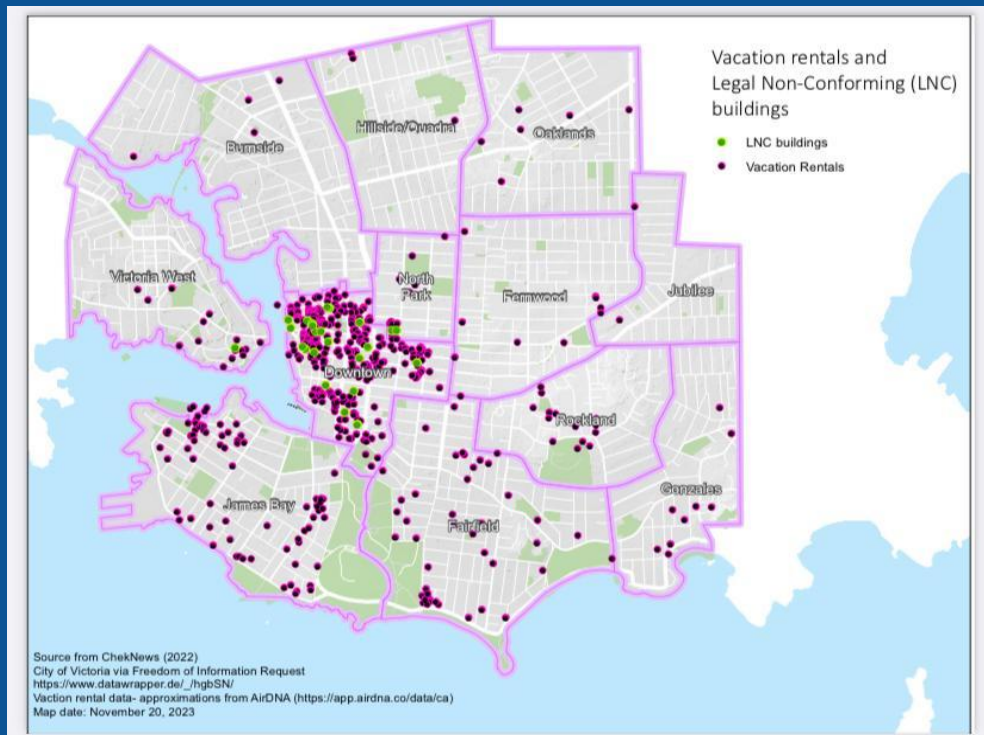
Legal Non-Conforming short term rentals are regulated, responsible, and pay fees.



Other STRs:
2% of Fee Revenue
70% of Compliance Costs



LNC LICENSEES:
98% of Fee Revenue
30% of Compliance Costs



If Licensing Increases to \$2,500

Legal Non-Conforming short term rentals are regulated, responsible, and pay fees.



Hosts & Employees

Industry Layoffs
& Job Loss

Direct Job Loss

-157

Cleaners

-58

**Support
Staff**

-16

**Owner
Operators**

Min. estimate 231 people will be out of work

Data gathered from 8 STR management companies in the Victoria area, who provided services for 401 LNC units. Data was triangulated to the 634 legal non-conforming units operating in the city to estimate the direct job loss associated with s36 of Bill 35.

If Licensing Increases to \$2,500

Legal Non-Conforming short term rentals are regulated, responsible, and pay fees.



Residents

Perhaps a marginal increase
In availability

Summary: If Licensing Increases to \$2,500



Tourism Economy

~84 million in LNC tourism revenue lost



Visitors

Shortage of ~1,027 Rooms



Enforcement

2% of Fee Revenue
70% of Compliance Costs



Hosts

Mass Layoffs
Job Loss



Residents

Perhaps a marginal decrease in rent

Our Ask...

Prorate
the annual
non-
principal
license fee.

Why Victoria should support this ask...



Tourism Economy

~\$84 million in tourism rev.



Visitors

Adequate rooms to keep
Victoria a tourist destination



Enforcement

Adequate funding for
the bylaw team to properly
enforce primary resident STRs



Residents

LNC units will help
provide tax contributions
to drive affordable housing
initiatives



Hosts

231 Victorians will
Have a few more
months to figure out a
soft landing.

Time is of the Essence

Families / Taxpayers Deserve Some Clear Direction to the City's Intent Regarding the Proposed Increase. Thank You.

