



October 5, 2017

Mayor and Council
City of Victoria
1 Centennial Square
Victoria BC V8W 1P6

Re: Zoning Bylaw Review

Mayor and Council –

The Urban Development Institute (UDI) - Capital Region would like to thank the City of Victoria Staff for involving us in their review of the Zoning Bylaw (Downtown Districts). We collectively commend Staff on the extent of their engagement with UDI. UDI recognizes the efforts of Staff for taking on this review to simplify the zoning categories, creating more flexibility, as well as adding more definitions, resulting in a streamlined approach to seek increased density. Further, these changes reflect a more coordinated approach to conforming with the Downtown Area Plan. In addition, we appreciate the opportunity to offer further feedback on the review.

The proposed comprehensive Zoning Bylaw was, in general, well thought out. UDI appreciates that Staff listened to our concerns and implemented changes based on our comments. The revised Zoning Bylaw results in an overall reduction of zones with the current 42 zones in the Central Business District (CBD) and 29 zones in the Historic Commercial District (HCD) collectively taken down to 4 common zones. The revisions simplify and streamline the zoning process, which in the end will mean shorter timelines from submission to a final decision; a benefit to both local businesses and the City of Victoria. Site specific zoning, along with added definitions, will hopefully encourage greater density in the CBD and HCD areas.

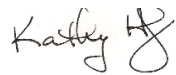
An area of concern for UDI was in the height and specifics of rooftop structures. We are pleased to see that Staff took our recommendations into consideration by increasing the allowable height of rooftop structures and allowing rooftop structures to be enclosed or not enclosed as long as the enclosed area is non-habitable. UDI also recognizes the change to make bike parking exempt from floor area calculations. Both of the afore mentioned changes will add to the total useable floor space to enable more residential units or commercial square footage.

However, removing Short Term Vacation Rental (Transient Zoning) as a permitted use from the CBD and HCD is of great concern to UDI. UDI does support licencing/regulation of Short Term Vacation Rentals but sees the removal of this permitted use as an overly broad and problematic approach to addressing this activity. Although grandfathering of the use may apply to those who currently use the Short Term Vacation Rental (Transient Zoning), it will leave many in a difficult situation. Developers who acquired recent rezonings (just prior to the zoning change), and

marketed their developments on that basis, will now have to advise pre-sale purchasers of this significant change and amend their disclosure statements accordingly. Pre-sale purchasers (and others contemplating entering the market) now have to reassess the nature of the product being offered and consider their options going forward. This creates uncertainty in the market for both Developers and consumers. . As well, people who relied on renting out their suite while they were away to help make ends meet will no longer have that financial help. We believe more discussion is needed around Short Term Vacation Rental (Transient Zoning) as UDI is concerned this may detrimentally affect the stability of the Victoria real estate market. We have attached our letter to council regarding Short Term Vacation Rentals dated September 18, 2017 and request further dialogue with council and staff on this matter.

We conclude our remarks by once again offering high praise for the work of the Zoning Bylaw review team. The draft is thorough, specific and, simultaneously, adaptable to change. We look forward to future collaboration and engagement on this and other issues.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Kathy H', with a stylized flourish at the end.

Kathy Hogan – Executive Director
(on behalf of the UDI Capital Region Board of Directors)



September 18, 2017

Mayor and Council
City of Victoria
1 Centennial Square
Victoria BC V8W 1P6

To Mayor and Council:

Re: Short Term Vacation Rentals

UDI Capital Region is writing this letter to share some of our thoughts and concerns about the Short Term Vacation Rental (STVR) discussion that is currently taking place in Victoria. We feel this issue is complex, and that any regulation requires substantial research and careful thought before any actions are taken. An ill-considered approach could have detrimental effects on the economic and social vibrancy of the City.

The Official Community Plan and Downtown Area Plan have been instrumental in encouraging the development of downtown residential rental units, condos and office/commercial space. The development community responded positively to staff and council's goal of building a more vibrant downtown core. The development of new residential, office/commercial and retail spaces has created a renewed energy, which in return brings increased tax revenue, a more vital retail scene and a safer urban core with more eyes on the street.

The presence of STVR units in the City and the tourists that they attract undoubtedly have a positive economic impact on many local businesses.

AirBNB and STVR are a world-wide phenomenon, and their presence in a city may open up the tourism market to groups such as families and long-term business travellers who would be less likely to visit the area if such accommodation were unavailable. Rental accommodation in private residences provides a more personal experience to tourists and is more accommodating lodging for families, and its presence likely has a positive economic impact on the communities and local businesses in which they are located. Moreover, STVR tend to attract travellers in search of a more "authentic" experience and STVR disperse tourist dollars into more diverse neighbourhoods and locally owned businesses across the City.

Like many other parts of Canada, Victoria is also home to many "snow birds", who maintain a primary residence in the City, but spend a large portion of the year in warmer climates. Some of those seasonally vacant properties may in turn be rented out as STVR, greatly benefitting restaurants and retailers and improving the tourism and business market.

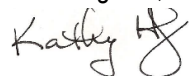
The relationship drawn between STVR and housing affordability is complex. Homeowners who rent rooms and basements suites as STVR use them as a flexible mechanism to supplement their incomes, improving housing affordability for the homeowners. It is uncertain whether these rooms and suites would return to the regular rental stock if STVR regulation was to change. Other homeowners rent out their home/condo in its entirety while on vacation, again as a method of supplementing their income. Although there has been a link drawn between STVR and housing affordability, data on the impact of regulation on housing affordability are lacking. The exact percentage of STVR in Victoria is unknown, and it is estimated that if they were put back in to the regular rental stock it may increase our very low vacancy rate slightly but would not have any significant impact on housing affordability, yet could be detrimental to the local economy.

UDI is aware council will be considering a bylaw change that will remove entire-unit short term rentals. It is our belief that the City and all involved would be best served if the regulations were left to the individual strata councils for multi-family dwellings. To resolve unfair STVR competition with purpose built transient accommodation, an alternative solutions could be to have Air BnB introduce a licencing fee or STVR pay the provincial hospitality tax. Another alternative solution could be to have the City look at possible incentives to encourage people to rent out entire units long-term by providing property tax grants.

Understanding the impact and finding the right regulations to implement for STVR is a complex issue. Further, the relationship between STVR and housing affordability is unclear. Housing affordability could be directly addressed by the City simply by making their process easier and creating incentives to build affordable housing. As well, densification of our urban cores and making the City owned land available for development in partnership and collaboration with the private sector could be added solutions. The development industry is ready and willing to do their part.

Policy on this issue requires a well thought out process to mitigate negative impacts on the City's social and economic fabric. UDI looks forward to further dialogue on this matter.

Kind Regards,



Kathy Hogan

(On Behalf of the Urban Development Institute – Capital Region Board of Directors)