

Technical Background Report: Regulating Short-term Rentals (STR's)
in the City of Charlottetown

Planning & Heritage Department

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1.0 Executive Summary

Short-term rentals (STRs) are temporary overnight accommodations that are rented by the property owner or tenants for a period of less than 28 consecutive days. Over the past few years, the STR industry has grown considerably due to the popularity of online platforms such as Airbnb and VRBO. In the spring of 2019, Charlottetown City Council directed the Planning & Heritage department to undertake research, obtain public feedback and provide options on regulating short-term rentals (STRs) within the municipality. Key information in this report that responds to council's request includes:

- the results of public engagement from a community survey, media submissions, and a public open house that highlighted concerns with the impacts of STR's on property prices, rental housing stock, nuisances and the importance of STRs as a source of income for hosts;
- data collection methods that were used to understand the local STR industry;
- the results of a jurisdictional scan that stresses the importance of establishing a STR registry, licensing process and enforcement strategy in conjunction with consistent STR oriented land use planning policies and regulations; and
- discussion on the impacts of STRs on the availability and affordability of housing, neighbourhood nuisances and building and fire code compliance.

While the COVID-19 pandemic has reduced the current number and offering of STR listings, it is unclear how severe or long these impacts will last. Given the possible post-pandemic pent up travel demand and the relative ease of relisting a property on STR online platforms, staff has been directed to develop an effective strategy to regulate the STR industry. Proposed regulations within this report are concerned with housing availability, housing affordability, tourist health, public safety, land use compatibility at the neighbourhood scale, and the economic and social well-being of the municipality. The proposed regulatory framework has been designed to provide opportunities for residents to benefit from the STR economy while establishing appropriate measures that minimize the negative consequences of STR activities on housing, nuisance generation and disrupt community harmony.

2.0 Introduction

Over the last couple of years, the sharing economy (Air B&B, Uber, Lyft etc.) has rapidly emerged in the field of urban planning. As Uber and Lyft have made dramatic changes to the personal transportation industry, short-term rentals (STRs) platforms have made similar changes to the tourism industry. A short-term rental (STR) is when an entire home or a portion thereof, that is temporarily rented for less than 28 consecutive days at a time. The issue of short-term rentals has several different implications for residents, homeowners, long-term renters, and the tourism industry. To date, the STR industry in Charlottetown has been left unmanaged and unchecked, causing a proliferation of STRs in the community. This has generated concerns from residents about the potential effects STRs have had on land use compatibility within neighbourhoods and on the housing/rental market in terms of availability and affordability. In response to these land use issues and resident concerns, the Planning & Heritage Department were directed to prepare a report with the following components:

- establishing context of the local STR industry, its activity and associated impacts;
- outlining data collection methodologies and providing information obtained through public engagement (i.e. survey, media and an open house);
- completing a jurisdictional scan; and
- providing options based on best practices to regulate and license the STR industry.

This report offers options to Council for consideration regarding the potential development of a regulatory framework for STRs. The following background sections outline the characteristics of the local STR industry in the City of Charlottetown.

3.0 Background: City of Charlottetown, STR Industry, and Provincial Requirements

3.1 Municipal Context & Issues

The City of Charlottetown has experienced considerable growth over the last half decade that has placed additional pressure on the local housing stock. Based on Statistics Canada estimates from 2016 to 2020, the municipality's population has grown by 12.3% (Statistics Canada, 2021). Population growth has increased demand for housing which has resulted in an increase in

housing prices over the average income. In Charlottetown, this ratio increased from 2.29 to 2.94 (28.4%) due to a surge in housing prices (Statistics Canada, 2021). Prince Edward Island emerged with a dramatic rise in housing prices, from 2019 to 2020 the average price increase was 22%, the highest of any province in the country (CREA, 2021). In the local rental market a key indicator is the vacancy rate. Due to the above-mentioned growth pressures the housing market tightened substantially in 2018 with the vacancy rate dropping to 0.2% with a slight recovery to 1.3% in 2019 increasing to 2.9% in 2020 (**Figure 1 & 1A**) (CMHC, 2021). With the drop-in vacancy rate and tightening supply of long-term rental accommodations there was a corresponding increase in rental prices. As an example, between 2018 and 2019, average rents for two-bedroom units in Charlottetown rose 2.9% and 2.7% respectively (CMHC, 2021). An STR provides greater potential for income generation, landlords may be incentivized to remove tenants to facilitate renovation, list property on STR platform or sell the property. Housing advocates have been vocal about what has been called a renoviction process, which displaces tenants for no other reason than the landlord's desire to capitalize on low vacancy rates.

3.2 Short-Term Rentals (STRs) in Charlottetown

The rise of the sharing economy, in the rental housing market – the use of online platforms (i.e. Airbnb, VRBO, HomeAway) in a peer-to-peer format has provided the convenience and means for any property owner to rent their entire dwelling or a portion thereof, out to anyone for any length of time. These types of private residential listings have provided choice to people who might not want to stay at more traditional accommodations in the form of hotels, motels, and bed & breakfasts lodgings. However, the STR industry has moved beyond hosts renting their entire or only a portion of their primary residence but now includes commercial operations where a single owner rents multiple properties either year-round or during the peak tourist season (i.e. May to September). The rapid growth of the STR industry has impacted the City of Charlottetown, for example, rising housing prices and rents specifically the issue of rental eviction.

The following summarizes the pre-pandemic characteristics and growth of STRs in the municipality based on information collected from Granicus/Host Compliance, a third-party 'data

scrapping' or scanning service that collects information on STR activity from online sharing platforms such as Airbnb.

- the number of STR private home listings in Charlottetown increased approximately 7.9% from 584 listings in September 2018, to 635 listings in September 2019;
- the city had the highest variation of seasonal listings with 70% of reserved nights occurring between May and September, which reflects the strong connection between STRs and tourism (**Figure 2**);
- STR listings are primarily entire home listings which made up 77% of active listings and earned 89% of all host revenue;
- the 409 hosts with private listings collectively made \$8.5 million in revenue in 2019 with the top host earning more than \$430,000 in 2019 and the median host revenue was \$19,300;
- the top ten percent of hosts earned nearly 47% of all STR revenue, which indicates an increase in commercialization of STR activity (**Figure 3**);
- the majority of STR listings are offered on the online platform Airbnb;
- the distribution of STR activity is concentrated in the downtown, 3 of every 5 STR listings located in the urban core (**Figure 4**); and
- suburban neighbourhoods saw some of the highest year-to-year STR growth with one ward experiencing a 200% growth rate in listings;

Note: The above information is based on data collected from 2019 activity and does not reflect the impact of the COVID-19 pandemic. It is important to note that the impact from the pandemic will be either short-lived or fundamentally alter STR trends in the municipality.

3.3 Existing Policies and Regulations in the City of Charlottetown

Municipal regulations presently allow for various types of tourist's accommodations that are related to the STR market, this includes hotels, motels, bed & breakfast, lodging houses and private dwellings. While the city by-laws does not specifically mention STRs, the current zoning regulations permit a resident to use their private dwelling, or a portion thereof, for a tourist accommodation under the condition that they apply and be approved as a home occupation and

upgrade the residence to meet building and fire code requirements through the permitting process. As per the Zoning & Development By-law regulations only a single-detached dwelling with a maximum of 4 bedrooms can be used as a tourist accommodation and the proprietor of the home occupation is required to live in the dwelling (i.e. owner's principle residence). Under existing enforcement regulations, it is difficult to charge a non-compliant property operating as an illegal STR. To proceed with enforcement of STR regulations first-hand evidence will be required, such as screen shots of posting a property for rent, not registered as a STR property, witness statements from a person that stayed at the property, neighbours or admission from the property owner.

3.4 Tourism Industry & Provincial Legislation

The tourism industry plays an important part in the provincial economy. On PEI, tourism provides 8,782 full time jobs for islanders and accounts for 6.2% of the province's total GDP bringing in approximately \$486.5 million in economic activity annually (TIAPEI, 2021). The local tourism industry benefits from the availability of alternative accommodation offered by STRs as it provides additional capacity to accommodate more tourists, increased spending on local businesses, and additional sources of revenue from tourism tax and/or licensing fees. As such the PEI Tourism regulates and licenses tourist accommodations (i.e. hotels, motels, bed & breakfasts) and in September 2018 the *Tourism Industry Act* was amended to include and define private residences offered on STR platforms (i.e. Airbnb, VBRO) as a tourist home. However, utilizing the STR listing data obtained from the scanning software and cross referencing it with PEI Tourism's licensed registry database, municipal staff determined that only 265 of the total 635 STR listings were registered. This means that more than half, of the total STR listings in Charlottetown, 370, are non-compliant with provincial legislation. There is also a concern with the way PEI Tourism has issued tourism licenses to operators/hosts without confirming approval with the municipality. This has resulted in both confusion and proliferation of non-compliant STR situations for numerous local operators/hosts.

4.0 STR Problem Statement & Issues

The problem statement that staff is attempting to address is:

What is the most effective strategy to regulate short-term rentals in a tourism-based municipality, such as Charlottetown, with a low vacancy rate?

The problem statement seeks to grasp how STRs impact the local housing market in terms of property sale and housing rental prices but still allows for flexibility to support the local economy. There is a correlation between the profitability of the STR market and the demand in properties. As STR profitability increases, so too does property demand. In Charlottetown, this is apparent in the urban core where properties and STRs are closer to amenities. Likewise, previous rental properties that would have been used for long-term rental switch to the short-term market thus inflating rent prices by decreasing available rental options. STRs contribute to the local economy but seeks specificity on how much it supports the economy. If vacancy rates are low and property values are high, a lack of affordable options could deter new industries, businesses, and permanent or prospective residents away from the municipality with low vacancy rates and high property prices (Wieditz, 2017). One U.S. study shows that a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices (Barron & Edward, 2020). An unregulated STR industry can lead to various negative consequences on the local housing market because of long-term housing being renovated, commercialized and permanently removed from the housing supply and being offered up on the STR market. The type of STRs that pose the biggest threat to reducing long-term housing supply are commercialized STRs, commonly referred to as Frequently Rented Entire-Home (FREH) listings. FREH listings are defined as entire-home listings that are offered on STR platforms for much of the year. This mass transition through commercialization of long-term dwellings converted to short-term rentals has affected the availability and affordability in the form of gentrification of Charlottetown's housing supply. Data indicates that the highest concentration of non-principle residence STR listings is occurring in the downtown but this appears to be expanding to more suburban areas of Charlottetown (**Figure 5**). In fact Charlottetown's STR industry is becoming more commercialized, in 2017 principle residence listings were 66.4% of all listings and consisted of 49.6% of all bookings, in 2019 principle residence listings dropped to 59.6% and only accounted for 40.9% of bookings (Wachsmuth, Basalaev-Binder, Belot, Bolt, & Seltz, 2020).

Residents who live in neighbourhoods with STRs have also complained about nuisance issues such as a rise of parking on quiet streets, excessive garbage, noise, and safety concerns with transient guests. The way that a STR operates, either the entire dwelling (absentee owner) or a portion of the dwelling (owner present) correlates with associated nuisance impacts on the neighbourhood (Wachsmuth, Short-term Cities: Airbnb's impact on Canadian housing markets, 2017). There are also instances whereby dwelling units are renovated to increase capacity without proper permits or approvals (Lee, 2016). This has brought up building and fire code safety compliance issues. Often owners that increase the occupant load have certain costly building upgrade requirements required under applicable by-laws and codes, such as, fire rating, wired smoke detectors/alarm, sprinklers, second means of egress (Lee, 2016). However, since STR platforms do not require listings to obtain proper approvals and they obfuscate the location of STR listings, this provides the ability for hosts/operators to “fly under the radar” and avoid building upgrades to meet current building/fire code regulation requirements.

5.0 Public Engagement & STR Data Collection

The following three data collection methods were and should be continued to be used post-regulation implementation and in the enforcement phase to obtain public opinion and review factual data on the local STR industry:

- 1) **Interactive Data Collection, Community Survey and Media Engagement:** General community survey to obtain public opinion and experiences with STRs. Questions on the surveys collected quantitative data through rankings and ratings while obtaining qualitative data through open ended or opinion questions in order to understand the impacts that STRs had on residents.
- 2) **Interactive Data Collection, Public Open House:** Due to the divisive and technical nature of STRs and their varied impacts on a municipality, staff then followed up with an open house to engage a wide range of stakeholders and residents to elicit their feedback on the STR issue.
- 3) **Archival Data Collection, Industry Statistics & Third-Party Scanning Tools:** Industry statistics such as current and historical rental and property price data have been used to

measure the impacts of STRs on the local housing market. Fluctuations in property values contrasted against the concentration of STRs by municipal ward uncovered how some areas in the municipality are more prone to commercialized STR operations and price inflation. Software programs that perform “data scraping” and scanning of STR listings from online platforms (i.e. Airbnb, VRBO, HomeAway) have provided the activity and characteristics of the local STR market. This data has been useful when determining the impacts that STRs have on the local housing market (i.e., how many dwellings are removed from long-term housing market, are STR becoming highly commercialized vs. home-sharing) and preparing an effective regulatory framework.

5.1 Survey & Media Engagement

To obtain community-wide opinion the city released a public STR survey and a call for public submissions through print and social media occurred in the spring of 2019. There were a variety of participants that included STR platforms, hosts/operators, local/provincial governments, housing and tenant advocates, homeowners, and other residents. The results of the survey identified the following issues as priorities for the community:

1. concerns expressed by residents and community organizations about the quality and safety of private sector rental housing and how the City addresses these issues.
2. growth of requests for service regarding property standards.
3. the emergence of short-term accommodation rentals (using on-line platforms such as Airbnb or Expedia) and possible impacts for private market housing availability and affordability, as well as health and safety, community nuisance, property standards and maintenance, and consumer protection considerations.
4. the call for fair regulations to even the playing field that are currently in place for licensed and appropriately zoned hotels, motels and traditional bed and breakfasts.

It is noted that many of the survey responses, between 66% to 80% of respondents had a favorable disposition of allowing STRs in some type of form or another. The relatively low number of respondents and type of feedback received, suggests that residents who took the time to respond had an interest in STRs, this could result in biases if this data alone were to be used to inform policy options. The questions outlined in the survey contained technical language (i.e.

principle residence, attached units, full time listing, home occupation) and presumed that participants had some knowledge of the STR industry and zoning regulations.

5.2 Public Open House

The last engagement with the public was conducted on May 17, 2021, via a public open house. Staff presented the quantitative data of STR activity pre-pandemic during 2019 when the industry was at its peak and some associated impacts to the local housing and rental markets. The goals of the open house were to:

1. Identify the main issues, concerns, and impacts related to short-term rentals;
2. Prototype five potential regulations for short-term rentals; and
3. Obtain the feedback from residents.

The first portion of the open house provided the implications and the subsequent impact of an unregulated STR industry (housing availability/affordability, community cohesion, building and fire codes safety). In the second half of the open house participants were provided five regulatory scenarios, and data on how these scenario regulatory options impacted municipal issues (housing, property rights, taxation, regulation etc.). Each of these scenarios permitted STR activity, with the most restrictive requiring owners to only STR their principal residence and the least restrictive, being an unregulated market. Throughout the process the following five matters were identified as the most relevant to the STR issue:

1. Defining “sharing economy” and “short-term rental”
2. Commercial vs casual operator taxation
3. Alternative tourism accommodation
4. Long-term housing affordability & availability
5. Property rights

The recent public meeting suggested that there was a consensus in the community that STRs should be confined to an owner’s principal residence to curb the commercialization of residential units that would have an impact on housing affordability and availability. Operators/hosts and tourism stakeholders provided a financially motivated perspective in stark contrast against those of affordable housing and tenancy advocates who see STRs as a threat against long-term housing

affordability and availability. There were many participants that experienced consequences from the absence of regulations and the commercialization of the STR industry, especially those residents that spoke to housing/rental loss or price inflation in the housing market. The public open house provided an avenue for residents to provide their personal input and opinion and drew community attention to the STR issue after being placed on hold for over a year due to the COVID-19 pandemic restrictions.

5.3 STR Data Collection & Results: Industry Statistics & Third-Party Scanning Tools

Archival measures in the form of data ‘scrapping’ software service (i.e. Granicus/Host Compliance and AirDNA) was used to analyze the effects of the STR industry on the local housing market and confirm correlation to the tourism industry. These software scanning tools identify geolocations of STR listings linked to property identification numbers (Host Compliance, 2019). “Data scraping” is an unobtrusive method in which a computer program extracts data from human-readable output from another program, in terms of the research question the program would be collecting online STR listings from online STR platforms such as Airbnb (Host Compliance, 2019). These digital screening tools can produce valuable information such as the location, concentration and spread of STRs by municipal ward/district. This type of data provides STR characteristics such as the market distribution of home sharing vs. commercialization. This type of quantitative analysis provides useful empirical data that can strengthen the municipal position if it is decided to pursue regulating and licensing STRs. This data can identify FREH listings and prioritize non-compliant commercial STR operations that may operate without a license and negatively impact the long-term housing supply. This verifiable data can be useful when measuring the true socioeconomic impacts of STRs on local housing and property supply (Wachsmuth, Short-term Cities: Airbnb's impact on Canadian housing markets, 2017). Other archival data such as provincial historical property assessment values, historical vacancy rates and provincially licensed tourist accommodations. Engaging in a more quantitative content-analytic procedures with archival data provides tangible data sets that can be brought into evidence-based decision making for council. It also deepens an understanding into the nature of STRs in the local municipality such as: who operates STRs, how they operate (i.e., home sharing vs commercial), what revenue they bring to hosts and where they are concentrated.

6.0 Jurisdictional Scan: Canadian Case Studies

A jurisdictional scan was completed of three Canadian cities; Ottawa, Toronto, and Vancouver. All three municipalities used a variety of regulations to manage the impacts of their respective STR industries. A summary of the jurisdictional scan, see the appendices, highlights several approaches that were commonly adopted by the municipalities (**Figure 6**).

Zoning & Land Use: The majority of cities limit the location and intensity of STRs by only permitting them in certain neighbourhoods and subject to specific requirements (i.e. parking, owner occupied, max # rental nights and rooms) in order to mitigate land use conflicts.

Principle Residence Requirement: Many cities only permit a host to use their principle dwelling unit, either the entire space or portion thereof (i.e. rooms, secondary or garden suites) for an STR. This limits neighbourhood nuisances and negative impacts from STR commercialization that degrades the local long-term housing market.

Licensing & Tourist Tax: Jurisdictions that were reviewed had a standard requirement for an STR to either register or obtain a business licence to track and monitor hosts. Licensing was crucial to ensure compliance with other regulations (i.e. building/fire codes) and municipal/provincial requirements (i.e. zoning, tourism licensing). Annual licensing fees and a tourism tax were implemented for cost recovery purposes to administer and enforce the program.

7.0 Regulatory and Licensing Framework Option(s)

Based on the results of the data collection and best practices from a jurisdictional scan of other municipalities across Canada, staff would highlight some options for consideration:

1. **Establish a registry and require all STRs to register with the Municipality:** Like other jurisdictions a registration system is pivotal to not only confirm the number and type of STR listings but is the first step in establishing an effective regulatory framework. This registration system should be linked with the Provincial STR registry in order to ensure that both provincial and municipal regulations are being adhered to and can be a first step in a regulatory partnership and enforcement.
2. **Restrict residential STR activity to primary residences and exclude apartments:** It is clear that limiting STRs to principle residences will help reduce the negative consequences on

long-term housing, both ownership and rental, and mitigate land use conflict issues. The principle residence requirement is consistent with the existing home based business requirement contained in the Zoning & Development By-law and it will limit the number of nights the dwelling can be used as an STR since the owner resides in their dwelling most of the year. Based on public feedback, potential land use conflicts and the fact that apartment dwellings provide the majority of long-term rentals, apartments should be excluded, at least initially, from being used as an STR. Apartments could possibly be permitted after a post-regulatory assessment. In regards to secondary or garden suites, these forms of dwelling units could be utilized for an STR under the condition that it is located in the host's principle residence. This would encourage home-sharing and mitigate possible nuisances as the host would be present at the time of stay. Amendments to both the Official Plan recognizing STRs and the Zoning & Development By-law to establish specific STR regulations will need to be completed.

3. **Implement a Short-term Rental Licensing By-law:** To govern the activities of short-term rental platforms, agents and hosts, the city should implement a licensing requirement for STRs in its jurisdiction. Similar to the registry this licensing requirement should be integrated into the Provincial licensing system in order to create a seamless two-tiered licensing process for operators and hosts. The STR licensing program can also be used to address and mitigate additional concerns by incorporating the following:
 - a. Annual licensing fees for STR platforms, hosts and/or property managers with a grace period in the first year of implementation to provide a reasonable amount of time for operators to be educated on the adopted regulations and licensing requirements;
 - b. Requirement for hosts to obtain a building permit and be approved for occupancy to ensure the rental is safe for guests/occupants and the accommodation adheres to all applicable building and fire codes regulations;
 - c. Establish cost recovery by applying the Tourism Association Levy (TAL) for additional revenue to offset any costs associated with the operation of the

licensing program (i.e. third party data scrapping software, inspections, enforcement); and

- d. Provide specific exemptions from the proposed licensing requirements to allow for a hotel, motel, cottage and bed and breakfast to use the STR marketing platforms without obtaining a municipal STR license.
4. **Establish a Corporate By-law Enforcement framework and increase By-law Enforcement staff:** To ensure compliance with the adopted STR regulations and licensing requirements a separate enforcement strategy will need to be implemented. This strategy should involve the province since more than half of all STR listings is not compliant with applicable Provincial tourism regulations. Due to the number of potential STR listings and proportion of unlicensed listings the city will need to hire additional by-law enforcement staff.
 5. **Provide staff with the resources to hire a third-party STR scanning tool:** A ‘data scrapping’ software service is required to monitor STR activity and provide tools to staff to assist with enforcement of the regulatory and licensing framework adopted by Council.
 6. **Establish a post-regulatory monitoring program:** To monitor the effectiveness of the adopted regulations and licensing requirements and provide a follow up report on the status of the local STR industry to council no later than two years after the adoption of the proposed regulatory and licensing framework.

8.0 Monitoring Program Option: Post-regulation

Regardless of the STR regulatory option or framework that councils elect to adopt, staff recommends that a post-regulatory monitoring program be implemented. Due to the complex, technical and complicated nature of STRs the monitoring program should consist of a mixed method approach would be valuable since it would allow both qualitative and quantitative data to be used for continued analysis of the chosen regulatory framework.

The primary benefit associated with a mixed method approach and triangulation is that it applies multiple research methods that can compensate for each research method’s limitations (Vogt, 2020). In this case, staff would propose both a social survey and unobtrusive archival methods

described below that obtains public opinion, experience, housing, and tourism indicators. Data obtained through both the social surveys and archival methods described above can be used in triangulation to gain additional insight into the resident's experience and determine either the real or perceived effectiveness of the framework's implementation. While the archival data would present facts, the qualitative data obtained from the social surveys would present the narrative (experiences, opinions) to complete the picture and inform staff of any necessary changes that need to be made post-regulation.

The continuation of utilizing a 'data scraping' service such as Granicus or AirDNA can supply quantitative data such as address location, income generated, nights occupied which is key to monitoring STR activity and measuring the status of compliance with regulations. Quantitative data obtained from federal agencies (i.e. CMHC, Statistics Canada) can provide important housing indicators such as projected vacancy rates, property values, population growth and tourism data. This is complimented by provincial data sets on STR licensing, property assessment and value which helps contextualize the unique characteristics of the local STR industry in Charlottetown. These additional archival data sets can be useful to monitor the impact of the adopted STR regulatory framework on the long-term local housing and rental markets. These factual data sets would also strengthen and support the decision to make changes to the adopted community plan or zoning by-law regulations and/or amend the licensing framework.

Qualitative data obtained through a follow up survey can be administered to the entire community a year or two after the full implementation of a chosen regulatory framework. This survey data can be valuable to understand the thoughts, emotions, and personal impacts that the adopted regulatory framework has had on the community. Some of the resident's lived STR experiences provided through qualitative data methods such as online or mailed surveys, can add additional depth and context to the local STR issue. Drawing on the local resident's experience to collect quantitative data on potential land use issues experienced by STRs and qualitative data that could extract community opinion and experiences on STR activities. This data can then be used to identify potential issues with the STR regulatory framework. It would also provide the local municipal council with strong political basis and capital to amend the adopted planning

policies and licensing framework regulating STR activity, especially if local resident feedback presents legitimate land use concerns.

9.0 Regulatory Scenarios

The City commissioned a report that provided an analysis on the impacts that STRs has had on the local economy and housing market based on five (5) different regulatory scenarios:

Scenario 1: Principal residence only, no apartments.

Scenario 2: Principal residence only, apartments allowed.

Scenario 3: Principal residence only, no apartments, but commercial zones allowed.

Scenario 4: Principal residence, apartments allowed, and commercial zones allowed.

Scenario 5: Principal residence, apartments allowed, commercial and DMUN zones allowed.

Note: Each scenario has a different impact on the local housing market. Scenario 1 would ensure that most dwelling units and all non-principal-residence units are returned to the long-term housing market while scenarios 3 to 5 would result in less dwelling units returned to the long-term housing market. Scenarios 4 and 5 would result in the further commercialization of STRs that negatively impacts the availability and affordability of the long-term housing market.

10. Conclusion

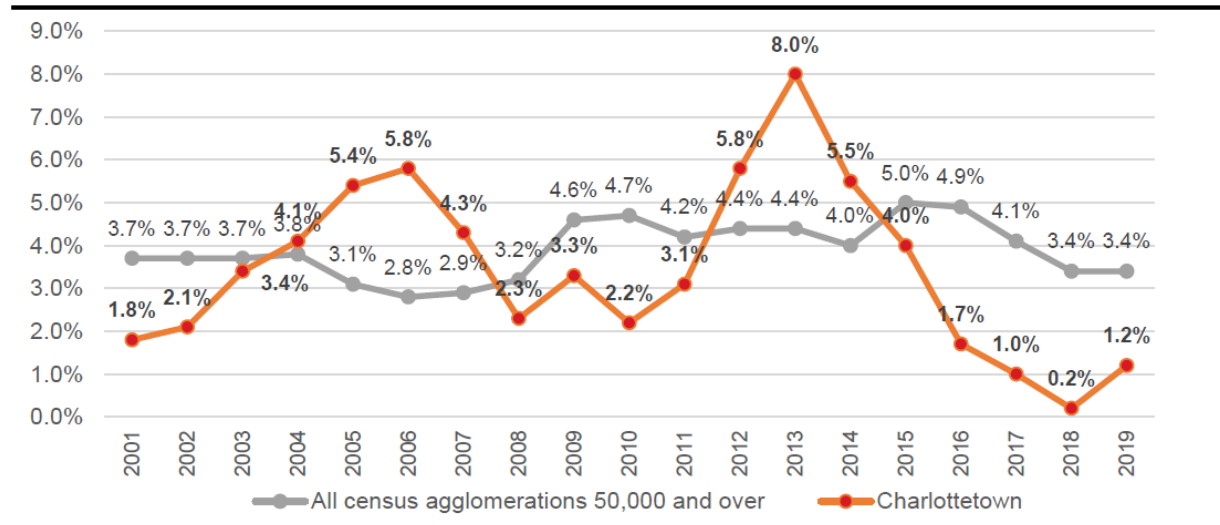
Despite the impact induced by COVID-19 on Charlottetown's STR industry and tourism overall, with increasing rates of vaccinations, pent up travel demand, and the relative ease of relisting a property on one of the many STR websites it is expected that tourist demand for these accommodations will return. Furthermore, in response to pandemic restrictions some STR listings have switched marketing tactics to provide residences as quarantine sites for essential workers, people travelling for work or visiting families. Therefore, staff advises that there needs to be a regulatory framework consisting of registration requirements to effectively manage the impacts of STRs. It is important that a partnership with the province is established to effectively address licensing requirements and issues of compliance with regulations. The proposed options are intended to support community participation in the larger sharing economy, ensure regulatory fairness in the tourism industry and mitigate any negative impacts to the local long-term housing market and established residential neighbourhoods.

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11.0 Appendices

Vacancy Rates, Charlottetown and Census Agglomerations with 50,000 or more Population, 2001-2019



Private Apartment Vacancy Rates (%)								
	Oct-17		Oct-18		Oct-19		Oct-20	
Bachelor	0.0	c	0.0	c	**		**	
1 Bedroom	1.2	a	0.2	b	1.5	c	4.0	d
2 Bedroom	0.8	a	0.2	b	1.1	a	2.4	b
3 Bedroom +	**		0.0	d	**		0.0	d
Total	0.9	a	0.2	a	1.3	a	2.9	b

Figures 1 & 1A. Vacancy Rates, Charlottetown and Census Agglomerations with 50,000 or more Population, 2001-201. Adapted from the Charlottetown Region Growth Study and Housing Needs Assessment, prepared by Stantec Consulting Ltd. Produced by the Canadian Mortgage and Housing Corporation (CMHC), 2019 and 2020.

Percentage of STR Reservations on a Monthly Basis in Charlottetown and other Canadian Cities, 2019

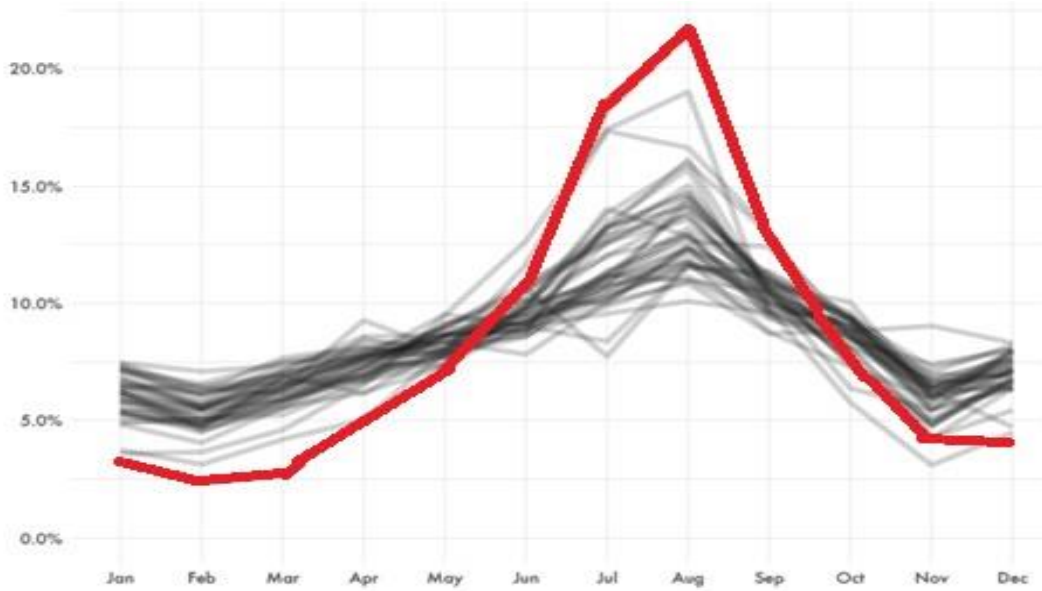


Figure 2. Percentage of growth adjusted STR reservations occurring each month in Charlottetown (highlighted) and other Canadian cities. The high seasonal variation confirms the strong correlation of STR activity and the tourism industry. Data obtained through Host Compliance. Produced by Host Compliance for the City of Charlottetown, 2019.

STR Host Revenue Distribution in the City of Charlottetown, 2019

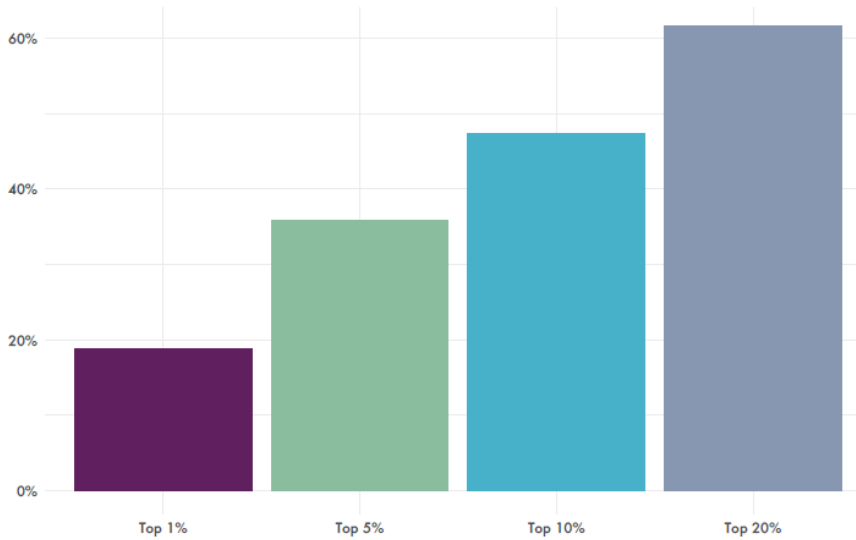


Figure 3. This graph shows the percentage and distribution of the total \$8.5 million in STR revenue for 2019. More than one third (35.9%) of all revenue last year was earned by just twenty hosts, the most successful ten percent of hosts earned nearly half (47.3%) of all STR listing revenue, while the top earning host earned \$440,000. These revenue distributions are concerning as they display a stark transition of the STR industry moving away from home sharing towards increasing commercialization (one host multiple properties). Data obtained through Granicus/Host Compliance and verified by AirDNA. Produced by Urban Politics and Governance research group, School of Urban Planning, McGill University (UPGO), 2019.

Concentration of STR Activity by Municipal Ward, City of Charlottetown

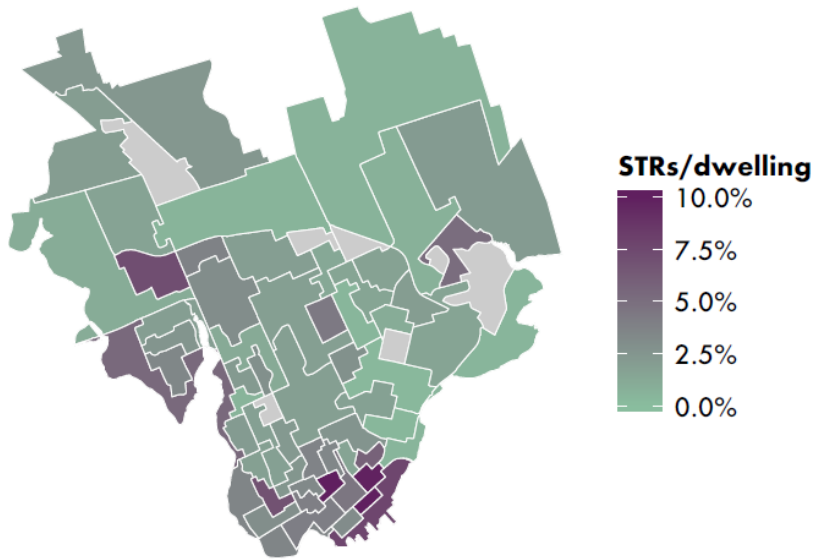


Figure 4. Active STRs as a share of all dwelling units in Charlottetown, by ward and dissemination area. Data obtained through Granicus/Host Compliance and verified by AirDNA. Produced by Urban Politics and Governance research group, School of Urban Planning, McGill University (UPGO), 2019.

Location of Charlottetown STRs by Principal Residence Status



Figure 5. Data collected on STR listings would suggest that the most active STR listings in Charlottetown are being operated out of the host's principle residence, while commercial STRs are likely being booked more frequent. Over the past couple of years there has been a decline in principle residence listings and an uptake in commercial STRs and higher turnover in these listings indicating that the local STR market is increasingly becoming commercialized. Produced by Urban Politics and Governance research group, 2019.

Short Term Rental Jurisdictional Review: Ottawa, Toronto, and Vancouver

	Restrict STR through Zoning & Land Use	Limit the # of rooms or guests	Principle Resident Requirement	Principle Resident required to live on property	Require License	Other Information
Ottawa	ZBL currently restricts STRs to any dwelling unit type in all residential zones.	Up to a max of 4 sleeping rooms with only two guests per room	Owners permit to rent out primary dwelling. Owners of a cottage in the rural areas may also use STR as a secondary property.	Yes, except for rural areas in relation to cottages	Hosts must register with the city and provide details on the listing. Required to pay \$100 permit that is valid for two years.	City uses revenues from license/registration, permit fees, and municipal accommodation tax to enforce the regulations.
Toronto	Permitted in all housing types in both residential and mixed use zones.	Up to a max of 3 sleeping rooms. Entire home can be rented if owner is away and up to a max of 180 days	Yes, both owners and tenants may STR their primary dwelling.	Yes the principle resident needs to reside at the property full-time but not at time of stay.	Host must register and pay \$50 fee. STR platforms (Airbnb, VRBO) must pay a one-time license fee of \$5,000 plus \$1 for each night booked through the company.	Permitted in secondary and laneway suites under the condition that the suite is the host's primary residence. Owner or strata for a condo must sign a consent form. A fire and safety plan must be submitted for approval and posted in the STR.
Vancouver	Permitted in residential zones and any dwelling type.	No max room but only 2 persons per sleeping room.	Must be a principle residence.	STRs are permitted in secondary or garden suites if the host is present during the stay	Business license required plus an annual fee of \$99.	Owner or condo strata must consent to a STR unit. Hosts sign statutory declaration of compliance with fire/safety regulations. Must list license # on hosting platform and in the unit. Hosts must keep a record of guests. Not permitted in Rental 100 buildings or homes that pay Empty Homes Tax.

Figure 6. A summary of STR requirements in the cities of Ottawa, Toronto, and Vancouver.