

BACKGROUND INFORMATION FOR DELEGATION TO COUNCIL ON SEPTEMBER 17, 2019

Illegal Short Term Rentals in West Kelowna

AirBnBs are specifically prohibited in West Kelowna and yet a search on their site indicates there are over 300 listings. Illegal short term rentals are not a problem unique to West Kelowna, a quick search on the internet will indicate this, here are a few links:

- <https://www.vancouverisawesome.com/2019/09/06/violation-tickets-short-term-rentals-airbnb-vancouver-bc/>
- <https://www.cbc.ca/news/canada/newfoundland-labrador/bonavista-airbnb-taxes-1.5276285>
- <https://www.cbc.ca/news/business/biggest-airbnb-hosts-canada-corporations-1.5116103>
- <https://www.thetimes.co.uk/article/airbnb-is-a-monster-that-must-be-tamed-m0tjmxv65> (full article at bottom of this email)
- <https://www.cbc.ca/news/business/marketplace-airbnb-covert-listings-banned-units-1.5066673>
- <https://ottawa.ctvnews.ca/ottawa-s-byward-market-the-epicentre-of-airbnb-says-hotel-association-1.4512470>
- <https://ca.finance.yahoo.com/news/how-marriott-is-declaring-war-on-airbnb-151737523.html>
- <https://ottawacitizen.com/news/local-news/video-of-airbnb-homicide-victim-being-shot-multiple-times-circulating-on-snapchat>
- <https://thewalrus.ca/airbnb-versus-everyone/>
- <https://www.cbc.ca/news/canada/toronto/whitchurch-stouffville-fatal-shooting-bloomington-ninth-1.5121288>
- <https://www.cbc.ca/news/canada/toronto/bridle-path-shooting-life-threatening-injuries-man-police-1.5236065>
- <https://toronto.ctvnews.ca/gunpoint-arrests-made-outside-home-listed-on-airbnb-1.4544148>

Kelowna and Vancouver have recently updated their bylaws for short term rentals and much can be learned from their experiences. I have contacted the City of Kelowna and have been advised that a short term rental can be operated in any neighbourhood for 4 months from mid May to mid September without the occupier of the principal dwelling being present, in other words an unsupervised party house. There is a limitation to 6 adults however this could be very difficult for bylaw to enforce. Bylaw officers and local homeowners are extremely upset regarding the updated bylaws and the City of West Kelowna can learn from this. **I spoke recently to a Kelowna Bylaw Officer and her comment was "We have two party houses on our street and the Mayor of Kelowna needs two party houses on his street"**

Vancouver have worked extensively on their short term rental situation and are very transparent regarding their progress on enforcement. Their website updates statistics monthly: <https://vancouver.ca/doing-business/short-term-rentals.aspx> and as of August 30, 2019 there are the following:

- 5,866 active listings in Vancouver
- 4,025 business licences issued for 2019
- 3,373 case files opened
- 1027 licences flagged for investigations and audits
- 642 warning letters written
- 276 legal orders issued
- 660 violation tickets issued
- 203 units identified for inspection
- 116 listings referred to prosecution
- 117 business licences suspended

Cities with much bigger budgets have tried very hard to regulate short term rentals and the most effective tool is increased violation fees. **The ticket in West Kelowna is currently \$500**, below are examples of the violation fees for various cities:

**Kelowna Bylaw No. 11720 – Fines up to \$10,000**

<https://apps.kelowna.ca/CityPage/Docs/PDFs/Bylaws/Short%20Term%20Rental%20Accommodation%20Bylaw%20No.%2011720.pdf>

Penticton – up to \$10,000 <https://www.penticton.ca/EN/main/departments/building/vacation-rentals.html>

Victoria – up to \$10,000 <https://www.vicnews.com/news/short-term-rental-market-up-for-changes-april-1-in-victoria/>

Toronto - up to \$100,000 Section 28 a. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.LS23.1>

City of Ottawa Bylaw Fine – Up to \$25,000 <https://ottawa.ca/en/business/business-assistance-and-growth/permits-licences-and-permits-laws-and-garbage/laws-businesses/licensing-law-no-2002-189#offences-and-penalties>
<https://ottawasun.com/2016/08/12/landlord-licensing--enforce-existing-rules-first/wcm/55a69481-a4c7-491e-8e06-40d1a57f34a8>

Maui County up to \$20,000. [https://www.tripadvisor.ca/ShowTopic-g29220-i86-k12171839-](https://www.tripadvisor.ca/ShowTopic-g29220-i86-k12171839-Maui_cracks_down_on_illegal_rentals-Maui_Hawaii.html)

[Maui cracks down on illegal rentals-Maui Hawaii.html](https://www.tripadvisor.ca/ShowTopic-g29220-i86-k12171839-Maui_cracks_down_on_illegal_rentals-Maui_Hawaii.html)

Honolulu – up to \$10,000 <https://www.hawaiinewsnow.com/2019/06/18/city-council-poised-approve-tough-new-regulations-vacation-rentals/>

Miami Beach – up to \$100,000. <https://www.facebook.com/miamiherald/videos/302141620470985/>

Larger cities have demand for short term rentals 12 months of the year, in West Kelowna most of the demand is for four months from mid May until mid September. This causes additional complications to compliance and violators know that there is only a short window for bylaw to catch them.

Regulating short term rentals is a time consuming and expensive task and it is a bit like playing whack-a-mole. As soon as one is shut down another one shows up and once the city attempts to regulate short term rentals the operator figures out a way around the regulation. West Kelowna does have regulations for Bed & Breakfasts and anyone wanting to earn income from short term rentals has the opportunity to comply with the regulations and open a B&B.

A disturbing trend in West Kelowna is the increase in the number of houses purchased specifically to be operated as ‘party houses.’ Party houses accommodate 8 to 16 occupants, are unsupervised and often include a pool or hot tub and. **Buying party houses specifically for illegal short term rentals has more than doubled the inventory of these houses in the past 3 years alone. These houses are creating havoc all summer long in many neighbourhoods with loud parties, excessive garbage and parking issues.** Rental rates for these types of houses can be \$2,000 a night and more when taxes and fees are added and as the operator is not on site, the number of renters often exceeds the listing occupancy as it reduces the cost per person. These renters typically come from out of town for their stag and bachelorette parties with total disregard for the neighbours.

This house rents for \$2,000/night and was purchased for \$1,320,000 on March 15, 2018.

https://www.airbnb.ca/rooms/22614539?location=West%20Kelowna%2C%20British%20Columbia%2C%20Canada&adults=16&source_impression_id=p3_1564531086_ksuhgY88AXaLU7m9&guests=16&sl_alternate_dates_exclusion=true&check_in=2020-07-10&check_out=2020-07-14

This house rents out for \$1,300/ night and was purchased for \$2,000,000 on January 11, 2017

https://www.airbnb.ca/rooms/18930335?location=West%20Kelowna%2C%20British%20Columbia%2C%20Canada&adults=10&source_impression_id=p3_1565028794_pW06hqKw4YSdx%2B4E&guests=10&sl_alternate_dates_exclusion=true&check_in=2020-07-14&check_out=2020-07-17

When to Bylaw Dept. receives a complaint regarding an illegal short term rental and attempts to issue tickets to the operator, many times the operator has coached renters to lie and tell bylaw that they are friends and staying for free. Operators will use every trick in the book to avoid paying violations fees. **Kelowna and Vancouver have added the advertising of illegal short term rentals as violations and can issue tickets without the requirement of attending the house and verifying renters are in occupation.**

Does the City check Bed & Breakfasts annually to ensure they are compliant with the bylaws? It appears many B&Bs that are licensed are offering accommodations for more than 8 people not in a principal residence and no supervision on site. There are B&B listings on the City Directory that it appears do not have a license. AirBnB have 306 listings in West Kelowna and Homes-To-Go have 667 which include multiple listing sites like VRBO, HomeAway, Expedia, Tripadvisor and it is possible some listings may be duplicated. **From research done so far comparing addresses provided by your licensing dept. to actual addresses found on line, it appears that the vast majority of short term rentals are operating illegally.** As the current policy is for bylaw to respond to complaints it is obvious that there are hundreds of illegal short term rentals flying under the wire knowing that the likelihood of getting caught is very small. As these illegal short term rentals are not playing by the rules, it makes it more difficult for those operators that are licensed and complying to compete.

The topic of illegal short term rentals was discussed at a council meeting on September 5, 2017 and it was agreed that the problem needed to be addressed. Has council been able to make any progress in the past 2 years? A recent Castanet article mentioned that the Bylaw Dept. opened files on 62 illegal short term vacation rentals in 2018, can we get an update on the progress they are making in enforcing the bylaws and obtaining compliance with any of these files?

FULL ARTICLE FROM THE TIMES BELOW

<https://www.thetimes.co.uk/article/airbnb-is-a-monster-that-must-be-tamed-m0tjmxv65>

Airbnb is a monster that must be tamed: Libby Purves

The offer of an airbed and breakfast has grown into a \$31bn beast that threatens to damage local communities

It was born 11 years ago in a San Francisco loft and grew to be worth \$31 billion. Its soft tentacles cover the world, invigorating or choking. It isn't the showiest of digital revolutions but a stealthily significant one, challenging the most intimate domestic sphere. Now, from Edinburgh to Oahu and Boston to Bath, communities are waking up and wondering how to control it. It is Airbnb.

An old idea was turbocharged by the IT age, when in 2007 young Brian Chesky and Joe Gebbia needed help with their rent, put an airbed in the living room and offered bed and breakfast. We've all done it, usually without charging. But another friend, Nathan Blecharczyk, was a tech wizard. Fancying "a few bucks" extra, they set up a website linking spare-room owners with business or holiday travellers who couldn't find a hotel or needed something cheaper. They branded and professionalised the idea of being a stranger's guest: the sharing economy was born.

Fed by bright venture capitalists Airbnb went global. Within three years more than a million nights were booked, rocketing to ten million a year later. Now it has offices in 11 world cities and plans more.

Airbnb is basically a harmless, friendly, sensible and economical idea, and savvy business because when it comes to sleeping, people are wary of relating to total strangers — foreign ones at that — but comfortable dealing with a company and a safe payment system. The website still sells itself on basic internationalist mateyness: François of Paris who met a Finnish interior decorator, Silvia and Mateo of London who enjoy guests who "often bring gifts from their country. . . sometimes they invite us to their home town". It is fashionably "woke" about non discrimination and a person's gender being whatever they identify as. But when a sweet little idea collides with a capitalist economy things tend to harden.

Despite the company's considerable commission, hosting is a good earner. The second "b" for breakfast soon eroded as people realised they didn't have to be there or feed anyone, but could use lets to pay for their holiday, with the first £1,000 a year tax free because UK law rightly encourages lodgers. Now a vast number of Airbnb properties are "entire House/cottage/apartment" rather than a room with a family. It becomes a self-catering let without paying a hotel's business rate (unless you exceed 140 nights a year and get found out). Crucially it is free from the stringent fire, electrical and safety regulations laid on real hotels and B&Bs.

Next, entrepreneurs realised that it needn't be your home at all, just a buy-to-let without the hassle of tenancy agreements. Some "hosts" are actually companies listing multiple properties, raising concern about the hollowing-out of desirable neighbourhoods. From Barcelona to Bath, concern rises about profit-seekers distorting the local housing market, dumping long-term tenants and disrupting the lives of those who stay.

In Bath last week councillors complained of their powerlessness against it. From across the world, alongside friendly, happy tales you hear neighbours appalled at suddenly living next to a "party house" where instead of the tolerable racket of occasional festivities perpetrated by familiar neighbours whose names they know, there are months of nonstop loud music, screaming rows, double parking, drug and barbecue smoke. Often small apartments are let to large groups, though Airbnb officially bans it. Some examples are preposterous and rare: one US let advertised as "The Love Shack" seemed to be housing porn shoots.

Others are just intensely annoying. One long-term bedsit tenant found that his absentee landlord had cavalierly put the rest of the house on Airbnb, listing personal property like the tenant's washer-dryer and fridge as "amenities". He was unwillingly sharing facilities with a series of messy strangers who let his cat escape and used his towels.

A parliamentary committee discussed Airbnb last year; the formal hospitality industry obviously hates it, since in London, Brighton and Bristol it has already swallowed over a quarter of the market in rooms. But there are wider reasons. Gordon Marsden, the chairman, observed: "There is an image that this is a lot of happy, jolly people with a spare room trying to make some pin money . . . That's true, but it's also true that there seem to be systematic attempts to do block booking on blocks of flats." Some are tall blocks. The risks are obvious.

Slowly authorities wake up and try to tame the beast. The mayor of Honolulu signed a bill to limit even rentals where the owner lives on site. From San Francisco to Edinburgh research shows that a local increase in Airbnb raises the neighbourhood's rents and house prices. New York has put limits on it, while Japan, Singapore and parts of Spain restrict or ban it. In Greater London you may only do 90 nights without planning permission. Even 90 nights can wreck a neighbour's peace.

As the committee said, the UK government is slow to take it seriously. Politicians love to boast about Britain's vibrant attractions, but maybe also it reflects the sentimental unease of an owner-occupier nation, reluctant to tell an Englishman what he can do with his castle. Apart from price inflation and nuisance there is something unhealthy in the idea that, just because a pleasant little scheme grew monstrously profitable, we accept that transients are more valuable than rooted residents. It's not how to build communities.