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Subject: [External Email] June 5th Meeting of Halifax and West Community Council
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Greetings,

I am writing on behalf of our neighbourhood group. We reside in the north end. I am wondering if you would have space at the June 5th meeting for a brief presentation by our group concerning the issue of Short-term rental policy.

Bill Stewart

For Neighbours Speak Up

www.neighboursspeakup.com

NEIGHBOURS SPEAK UP



“Short-term rentals run by absentee hosts are essentially hotels in residential zones. Their owners market the ambiance of a setting that is “just like home” while destroying that very quality for the people who live next door. Sure we want people to visit the city, but we also want people to make their homes here, don't we? “ Sharon Batt, Hennessey Place, *The Coast*, March 21/19

Thank you for the opportunity of speaking with you this evening on short-term rental regulation. I am here as a member and with the support of **Neighbours Speak Up**. We began six months ago as a small group of residents from the Hydrostone area of Halifax's north end who were being impacted by short-term rentals on our streets. Our group now includes supporters throughout HRM. Through our website, **neighboursspeakup.com**, local media, newsletters, town halls and presentations, we have heard concerns and recommendations from those who live in apartments, condominiums as well as town houses and detached homes.

The Province has told us they will consult with municipalities, the accommodation industry and public regarding the formulation of regulations that will accompany the implementation of Bill 101, the Accommodations Registration Act and the supporting Bill 99, The Assessment Act. In our view, these Acts were formulated without consideration of the impact on neighbourhoods. Councillor Smith has advised that HRM will study the regulatory approaches of other communities, survey residents and engage the short-term rental industry. We urge you to bring an appreciation of the needs and concerns of neighbourhoods to your consultations and decisions.

We want to tell you about our experience on short-term rentals, the potential impact and scope of short-term rental growth and an approach to regulation that will respect neighbourhoods and help protect needed housing for long-term residency.

A Neighbourhood Perspective on Short-term Rentals

Our main concern is the growth of short-term rental operations where the owner is not a primary resident of the rented property. This means the owner resides elsewhere and rents a secondary property for short-term rentals. This approach is very different from the original idea of a primary resident renting out a spare apartment or their house for short periods. These types of rental operations have proved to be problematic not only in our community but nationally and internationally. Short-term rentals go by many names - ghost hotels, dark houses, shadow hotels. Their impact is evident in the following ways:

1. **Disruption of Neighbourhoods:** These operations are often un-managed, short-term accommodation, usually in residential neighbourhoods. Because there is no owner or “manager” present, neighbours end up managing safety and security matters, guest behaviour, noise, party houses, even crime. The rental on our street has seen a number of police visits and even an arrest and we have heard similar stories from other neighbourhoods over the last few months..
2. **Hollowing-out Neighbourhoods:** Whether your neighbourhood is on a street or down the hall a sense of security is lost when you know fewer and fewer of your neighbours. The tremendous revenue potential of short-term rental properties makes streets, apartments and condos vulnerable for this type of property acquisition. According to Statistics Canada, short-term rentals in Nova Scotia in 2015 saw revenue of \$1.1 Million. In 2018 that figure had moved to \$70.8 Million. One apartment resident said his building is a “revolving door” of tenants using common facilities and then moving on. We have heard stories of evictions and fear of eviction as property owners convert to short-term rentals. Condo owners have also shared stories of frustration as they try to limit the use of units for short-term rentals. We have been contacted by landlords who said they were approached by people marketing the use of short-term rentals and recommending themselves as property managers. The owner of the short-term rental in our neighbourhood attempted to buy the adjacent property for that purpose. We have properties in the Hydrostone area that have been purpose-built for short-term rentals only.

When the revenue incentive associated with this business is so great the value of long-term residency and neighbourhood is threatened. You can't have a neighbourhood of visitors.

3. **Depletion of Housing Stock:** Perhaps the most fundamental impact on neighbourhoods is the loss of housing. Some landlords in Halifax have told us they have had over 200 people applying for apartments and rental housing. According to CMHC, the Vacancy Rate, as of 2018, was 1.6%, the lowest in 20 years. While short-term rentals may not be the prime reason for the low rate, we need to consider the lack of flexibility in the market for housing “visitors” instead of residents. In town halls residents talk about the Centre Plan and whether the new buildings will have affordable housing and if short-term rentals may play into these new developments. As one resident said, “What's to stop a developer from renting out two floors of the building for short-term rentals?”

While it is not possible to get data from Airbnb regarding short-term rentals, we were able to get statistics from AirDNA, which is an industry rental tracking site, often used in CBC reporting.

At the present time there are 1,861 active short-term rentals properties in Halifax. Of these, 1,321 properties are categorized as “entire home” rentals. This means the primary resident does not reside in the property during the rental. More significantly, 577 of these properties are considered “full time” meaning the owner never resides in the property. In other words, they are not primary residents of the property.

The property or unit is essentially a hotel in a residential building or street. Most importantly, from our perspective, they take away potential housing from long-term residents, replace residents with visitors and challenge the peace and security of the remaining residents.

An added irritant to this picture is the fact that most of these short-term rentals are paying a Residential tax rate despite operating what amounts to a commercial enterprise. This contributes to the financial incentive to convert to short-term rentals from long-term rentals.

What Can Be Done?

Short-term rental properties, without a primary resident, are un-licensed hotels with no place in a residential neighbourhood, including apartments and condominiums. Many communities in Canada, the USA and Europe have developed regulations that allow short-term rentals by primary residents only. The principle is simple – one owner, one property for rent. This insures the owner is the primary resident of the property and all licensing requirements centre on that criteria. Limits can be placed on the number of rooms, guests and even days per year that the property can be rented. All of this goes to protecting housing stock and sustaining neighbourhoods. While there are many examples of regulatory approaches, Vancouver and Victoria provide good models that are clearly described on their websites. Links for these sites are provided at the end of the document. Additional information regarding the national and international experience of short-term rentals can be accessed on our website.

In Nova Scotia, the Province has brought in Bills 101 and 99. Together they lay out a framework for regulation but much detail is left to define. While the Province recognizes the role of “primary residents” in the short-term rental market it exempts them from registration unlike other communities. All others, presumably rental properties where there is not a primary resident, will be required to register. However, we do not know if these will be considered businesses and taxed at a commercial rate. We understand that aspect will be a point of discussion for the consultations.

Recommendations for HRM

In line with our goals of sustaining neighbourhoods and maintaining housing access for long-term rental and residency and given the experience of other communities we recommend the following approach for HRM.

1. All short-term rentals, where the owner is not the primary resident, should be designated as “businesses” taxed on a “commercial” basis and not permitted in Residential zones. These measures will be a disincentive for “ghost” hotels but still allow short-term rentals by primary residents.
2. Apartment buildings and Condominiums should be considered Residential zones for the purposes of short-term rentals. These neighbourhoods, also have the same issues of safety, security and housing access. Again, short-term rentals by primary residents would be permitted.

3. Short-term rentals by primary residents should be limited to 30 days per year recognizing the high demand for housing in HRM but still allowing for some income for owners and visitor accommodation.
4. Short-term rentals by primary residents should be limited to two rooms with a maximum of two persons per room for a shared apartment or house. There should be a maximum of six persons for an entire house. Limiting numbers may offset neighbourhood disruption issues, health and safety and security concerns.
5. Enforcement: If HRM By-law Officers are to enforce the regulations, additional resources will be required. Present By-law complaints regarding short-term rental “businesses” in Residential zones face long wait times. Hopefully, clearer definition of short-term rental regulation will facilitate enforcement.
6. Registration of Primary Resident Short-term Rentals: We recommend that primary resident rentals be registered. This would provide data for tourism planning, accountability and enforcement of standards. Primary residents could still retain Residential tax status as long as they met the conditions in numbers 3 and 4 noted above. HRM has already approved a rental registration program that could include a short-term rental category.

It is our hope that our information and suggestions help formulate HRM's approach and provide a basis for discussion with the Province, industry and the public.

Thank you for your consideration of our perspective on short-term rental policy.

William Stewart

Links: <https://vancouver.ca/doing-business/short-term-rentals-check-if-you-can-rent.aspx>
<https://www.victoria.ca/EN/main/business/permits-licences/term-rentals.html>