

EX26.3.54

NetChoice *Promoting Convenience, Choice, and Commerce on The Net*

Carl Szabo, Policy Counsel
1401 K St NW, Suite 502
Washington, DC 20005
202-420-7485
www.netchoice.org



Executive Committee
10th floor, West Tower, City Hall
100 Queen Street West
Toronto, ON M5H 2N2

June 19, 2017

RE: For 2017.EX26.3 **Opposition to Draft Amendment to City-wide Zoning Bylaw, By-law 569- 2013**

Dear members of the Executive Committee:

We ask that you oppose or substantially amend the “*Draft Amendment to City-wide Zoning Bylaw, By-law 569-2013*” (Draft) on short-term rental properties (hereinafter STR) as it would:

- Suppress tax collection and compliance
- Hurt local businesses
- Encourage hotels to raise prices
- Send Toronto on the wrong path

We’ve seen high compliance rates when localities create reasonable registration and regulation for STRs. By achieving a high level of compliance, Toronto would enjoy a more reliable source of tax revenue from registered homeowners.

Unfortunately, the Draft makes compliance difficult. Moreover, it will send many STRs underground. This means less tax revenue for the city and less oversight of short-term rental activity.

Banning non-owner occupied STRs hurts Toronto families looking to engage in the sharing economy

Under the Draft, many Toronto families would be denied the ability to join the sharing economy as the Draft requires owners to be present during STR stays and allows for only owner-occupied homes.

Many families in Toronto fill all the rooms of their house with family members and don’t have an extra room to share – under the Draft these families can’t share their homes. The Draft also denies families travelling for a weekend the opportunity to earn additional income.

Furthermore, many homeowners throughout Toronto own homes that are not primary-residences. They own these homes, not as an “investment property,” but for many other reasons. Consider the house obtained because a family member died or became incapacitated, or a home purchased for extended-family vacations.

These families should be allowed to earn income on these properties to offset their property taxes and association fees so that they can keep their homes. The Draft should not limit STRs to only primary homes.

Finally, the background file fails to provide a real justification for banning non-owner occupied properties. The file suggest that Toronto's affordability problem will be lessened by banning non-owner occupied properties. This is not only untrue, but belittles an important conversation about housing affordability in Toronto.

In 2011, there were 1,047,780 homes,¹ the 3,350 non-owner occupied properties in the STR economy accounted for less than 0.033% of all available housing stock.

The concerns raised by the Background File are exaggerated

The Background File's findings should be clarified as they can be misinterpreted to suggest that STRs cause housing affordability problems, or generate a high level of complaints from neighbors.

STRs are **NOT** the cause of housing affordability problems in Toronto. Thus, precluding non-owner occupied STRs will not solve the housing affordability problems in Toronto.

- Non-owner occupied STR properties in Toronto account for less than 0.032% of all housing stock.
- According to the Background File, the "population of the city has grown (9.6% from 1996 to 2011), [yet] there has been little increase in the supply of rental housing in the past 10 years."
- The Background File could only find "anecdotal" evidence to suggest a connection between STRs and housing affordability.

STRs generated a **negligible number of complaints** in Toronto from citizens. While *non-STR related activities* generated 6,196 noise complaints in just the first six months of 2016, the Background File found that STR actives generated:

- Less than 0.6 noise complaints per month.
- Less than 0.17 garbage and waste complaints per month.

The Draft's restrictions on STRs hurt local Toronto businesses

It's not just the hosts that lose from the Draft, but also Toronto's local businesses. When travelers save on lodging, they have more to spend at Toronto's local restaurants, shops, and recreational activities. Moreover, short-term rentals encourage travelers to visit parts of Toronto not serviced by hotels.

In essence, short-term rentals mean more money for Toronto's smaller businesses.

In fact, a recent survey found that 64% of local voters believed having short-term rentals in the city brings benefits to local residents and the local economy.

The Draft's actions against STRs encourages hotels to raise prices

STRs have frustrated hotels as they create price competition that benefits home-owners and travelers alike.

Hotels excitedly exclaimed that a new law limiting STRs "should be a big boost in the arm for the business," "certainly in terms of the pricing." Another hotel operator said stated STR companies have frustrated his "ability to price at what maybe the customer would describe as sort of gouging rates."²

¹ Profile Toronto (2011) available at <http://www.toronto.ca/legdocs/mmis/2015/pg/bgrd/backgroundfile-84816.pdf>.

² Elizabeth Dwoskin, *Hotel CEO openly celebrates higher prices after anti-Airbnb law passes*, The Wash. Post (October 26, 2016).

While hotels are complaining about short-term rentals, they are enjoying record level profits and reservations.³

A better path for Toronto

Instead of moving forward with the proposed Draft, we instead suggest that you take a reasonable approach to STRs. Many localities are creating registration requirements for hosts, opportunities for platforms to collect and remit taxes, all while allowing local control for noise and other issues.

We ask that you not deny your constituents the right to earn extra money by sharing their homes. We hope that instead you look to create STR policies developed through an open and transparent dialogue among policymakers, industry stakeholders, property owners, and the public.

While we ask that you not adopt the Draft, we welcome the opportunity to work with you on reasonable regulations that allow all to prosper.

Sincerely,



Carl Szabo

Senior Policy Counsel, NetChoice

NetChoice is a trade association of e-Commerce and online businesses. www.netchoice.org

³ Hotel occupancy is on track to reach a record this year, with the national occupancy rate predicted to reach 65 percent in 2015, or the highest since hotel-data provider STR started tracking in 1987 (see [CBS Money Watch - Who is Airbnb really hurting?](#)).