

ON TABLE ITEM

Date: December 16, 2019
Meeting: Public Hearing
Item: Item #7

Schedule 6 to the Minutes of the
Public Hearing meeting of
Richmond City Council held on
Monday, December 16, 2019.

Mayor and Councillors

From: niti sharma <niti.tana@gmail.com>
Sent: Sunday, 15 December 2019 03:34
To: Mayor and Councillors; Brodie, Malcolm; Harold Steves; Carol Day; Kelly Greene; Au, Chak; Michael Wolfe; McPhail, Linda; McNulty, Bill; Loo, Alexa
Cc: City Clerk
Subject: Boarding and lodging bylaw changes : December 16th, 2019 Public Hearing.

Honorable Mayor and Councillors,

The proposed bylaws around licensing boarding and lodging will lead to licensing and regularizing a second mechanism for doing STR's in the city. It will allow many more STR's to operate in every neighborhood and dwelling type and make Richmond's housing market even less affordable.

This has been the case in every big city in North America where STR's abound. In New York, the STR market is supposed to have taken off as many as 10% listings out of long-term rental markets.

Closer home, a McGill study says that air B&B has removed 2% of the entire housing stock from the rental market. If we add 2% to our current vacancy rate, it will become 2.7%, much closer to the healthier rate of 3%. Instead of working as a mechanism for converting empty properties into long term rentals these new STR regulations will put the long renters in a more precarious position with no security of tenure and rising rents.

Richmond's vacancy rate has been consistently low and was 0.7% in 2018. Average market rents in Richmond increased 7% from 2017-2018 much more than the rate of inflation over the same period of time. According to the 2018 affordability update (page 5) average market rental rates in Richmond have increased by 25% over the last five years (2013-2018).

In this rental context the Renters have little bargaining power.

Instead of lowering the bar for long-term renters, the proposed regulation will raise the bar because now in addition to living and working in the city you will also need to run a boarding and lodging operation to afford your rental home. A renter unwilling or unable to do this will likely not be able to secure this rental opportunity.

In cities facing affordability and housing scarcity challenges, STR's have been shown to increase rents in high interest neighborhoods and increase the price of housing in the long run.

Right now a landlord of multiple properties in Richmond has two choices, either rent out the property long term or leave it vacant and pay the provincial speculation tax. However, under this regulatory framework the landlord can rent out the property to a renter for six months of the year and ask the renter to run a boarding and lodging operation and share revenue with the landlord. However, renting for six months of the year does not provide any security of tenure to the renter even though it will allow the landlord to avoid the speculation tax and continue to charge excessive market rents.

So the one host one listing system can be exploited as a mechanism that allows the landlord to avoid their speculation tax liabilities and reap lucrative financial returns from multiple properties without providing the renters a stable long term housing choice.

Vancouver allows renters to do STRs and their experience with regulating STR's has insights for our city.

According to a city of Vancouver report on market rental trends the vacancy rates for rented condos decreased in 2018 by 0.3% to 0.3%. This is surprising because there is a glut of empty condos in Vancouver and one would expect the

policy disincentives such as empty homes and speculation tax and regulating STR's would help bring more condos into the long-term rental pool. The report also said that in 2018 the average rent of condominiums was 39% higher than purpose-built rentals.

So if Richmond wants to help build rental affordability, building more purpose built rentals and maintaining and renovating the older purpose built stock is a much more effective way than allowing renters to do STRs.

I think that Richmond is facing a shortfall of affordable housing choices rather than a shortfall for short term rentals.

In context of a housing affordability crisis it is deeply problematic if the city grants its regulatory approval to a second mechanism for STR's whose maximum benefits are to housing speculators and to tourists at the cost of full time residents.

Allowing short term rentals in every dwelling type and neighborhood also has the capacity to distort our expectations from housing as a moneymaking venture first rather than a place to call home.

I am not really sure we need a second mechanism for STR's but if the city thinks it offers people a break on living costs this "return" should be small and well distributed among operators.

Some suggestions for more constraints to reduce the impact of boarding and lodging on neighborhoods, on community and on affordability in the city:

- Similar to B&B operations in the city, Boarding and lodging should be owner operated and allowed only in principal residences for less than 30 days in a year.
- No whole dwelling rentals should be allowed.
- Monitor long term rental trends in high interest neighborhoods and consider removing a planning area/neighborhood from doing STR's if
- Three tickets from the city for non-compliance should result in loss of license and a prohibition to operate in the city.
- Corporations and businesses should not be allowed to do STR's as housing stock should not be primarily used to generate income.

- I think apartments and condos should not be allowed to do STR's as this diverts density from long term rentals and makes them more attractive for speculation. Our current housing context warrants this restriction.

Thank you,
Niti Sharma

Sources of information for this letter:

City of Richmond affordability update

2018: https://www.richmond.ca/_shared/assets/Affordable_Housing_Strategy_2018_Update54956.pdf

City of Vancouver summary of the rental market in the city (Fall 2018): <https://vancouver.ca/files/cov/2018-11-30-cmhrc-rental-market-report-fall-2018-release.pdf>