

District of Squamish
PO Box 310
Squamish, BC, V8B 0A3

March 5, 2020

Re: Short Term Rentals Review

Dear Mayor and Council,

The Squamish Chamber of Commerce is the oldest and largest business organization in the Squamish community, with members across various sectors, from manufacturing to technology. Around one in five Squamish Chamber members are directly part of the tourism sector (e.g. accommodation, activities, food & beverage). In addition, tourism touches many other members, such as cleaning firms, film & media, event producers, marketing and other professional services.

As the voice of business in Squamish, the Chamber represents our membership on a number of business and economic development issues. Reflecting the importance of the tourism sector to our membership and the local economy, the Squamish Chamber is concerned that the proposed Option C for short-term rental (STR) regulations will have a negative impact on local jobs. Option C, in its current proposal, will reduce the inventory of STRs in the hope of increasing long term rentals. The data suggests that the negative impact on the economy will be more significant than the potential positive impact on long term rentals. The Squamish Chamber would like to see alternative options explored that would not restrict tourism inventory, along with strategies to attract more commercial accommodation and other incentives to encourage LTR inventory.

The Value of Tourism

Tourism is a key sector for the Squamish economy and is identified as a “core / enabling sector” in the District of Squamish’s 2019 Data Analysis for Sector Recommendations. Core / enabling sectors are “foundational to our local economy, supporting significant local employment” and contributing to the value chain. A recent Tourism Impact Study (2020), conducted for the Squamish Chamber, Tourism Squamish and the District of Squamish, highlighted the importance of tourism to the Squamish economy, including 788 jobs (representing about 9% of the estimated total workforce in Squamish), \$35.5 million in employment income and \$95.2 million in visitor spending. This equates to 8.3 jobs for every million Canadian Dollar (CAD) of direct tourism spend. Overall, the tourism sector accounted for \$50.1M in Gross Domestic Product in Squamish in 2018.

Despite the importance of tourism to the Squamish economy, there is not an abundance of year-round inventory of traditional fixed-roof tourism accommodation, which is estimated at around 500 units. Traditional accommodation offerings are supplemented by short-term rentals, which increase inventory and provide diversity in accommodation style. Data from the Tourism Squamish summer visitor survey estimates that in 2018, over one in ten overnight visitors stayed in short-term rentals (13%), with the style of STR accommodation attracting high-yield destination visitors, who have greater than average spending in the Squamish economy (STR visitors represent 7% of total visitation, 13% of overnight visitation and 19% of total direct tourism spending). More specifically, some 41,600 visitors stayed in vacation rentals, spending \$18.2 million in Squamish. On the basis of 8.3 jobs per million CAD (\$) of direct tourism spend, short term rentals support approximately 150 jobs in Squamish.



It is estimated by the District of Squamish that there are about 500 short-term rental units and that Option C could potentially see the loss of 250 units (<50%). It is counterintuitive to identify the tourism sector as core and enabling, and have data to demonstrate the strong value of STR visitors to the Squamish economy, yet introduce regulation that creates a barrier to growth. Squamish does not have significant traditional accommodation inventory to attract overnight visitors. Further, visitors staying in short-term rentals are seeking a particular style of accommodation, and so it cannot be assumed that potential visitors will seek other types of accommodation as an alternative. It is possible that a decline in STR units will displace visitors to other destinations.

In estimating the impact of a 50% decrease on STR inventory, there are a number of factors to consider, from party size and length of trip, to the type of STR inventory lost (e.g. number of beds) and external factors, such as a recession or global health scare. However, it remains necessary to use the available data to make an estimate of the impact of proposed regulation. With this in mind, different scenarios have been explored, allowing a 50% in STR inventory loss to equate to a 50% reduction in STR visitors, and more conservative scenarios that estimates a 33% loss in STR visitors*.

Both options suggest that Option C will have significant negative impact on the tourism sector and the wider Squamish economy, including an estimated decrease in visitors between 14,000 and 21,000, and a decrease in visitor expenditure of \$6M to \$9M. Should jobs from short term rentals decrease in line with visitor expenditure (i.e. \$1M in spending = 8.3 jobs), Squamish could potentially see a loss of 50 to 75 jobs.

	Current Total	Current STR	<33% in STR visitors		<50% in STR visitors	
			Decrease #	+/- %	Decrease #	+/- %
Visitation	615,000	41,600	-13,728	-2%	-20,800	-3%
Visitor Expenditure	\$95.2M	\$18.2M	-\$6M	-6%	-\$9.1M	-10%
Average spend per visitor	\$155	\$438				
Jobs	788	150	-50	-6%	-75	-10%
GDP in Squamish	\$50.1M	\$3.4M	-\$1.1M	-2%	-\$1.7M	-3%

It can be estimated that GDP will decline between \$1.1M and \$1.7M. We also note there will be a loss in Municipal Regional District Tax (MRDT), which will further negatively impact the tourism sector, jobs and the wider Squamish economy.

Employee Accommodation

Labour remains a key challenge for businesses in Squamish, which is fed by a lack of affordable housing. The Squamish Chamber supports initiatives that improve access to affordable housing for employees (e.g. purpose-built rentals), stimulate housing inventory and reduce barriers to development and ownership. It is recognized that a key goal of the STR regulation is to help address housing, by creating an environment where short term rental inventory is redirected back into the long-term rental inventory. While it is not suggested by anyone that STR will singularly solve Squamish’s housing issues, there is lack of data to ensure confidence that Option C will sufficiently return enough units to LTR to create a net economic benefit to the Squamish community.

* Source: *Tourism Squamish Visitor Survey (2018)*. *Economic Impact of Squamish Tourism Sector (2019)*. Coefficients were determined by Crane Management Consultants. 1,000 visitors = \$81,500 in GDP. \$1M tourism expenditure = 8.3 jobs.



It is our understanding that the District has estimated Option C will potentially deliver a return of approximately 125 units to the long-term rental inventory. This is based on current inventory of 500 STR units x 50% ineligible for STR under Option C x 50% return to LTR.

Based on feedback at workshops, comments and survey input, we believe the potential return of 125 LTR units may be overestimated. Owners have various reasons for not considering LTR, many of which were shared via the community engagement sessions. The City of Vancouver recently reported that more than 2,000 unauthorized units were taken offline. Research recently conducted by McGill University's School of Urban Planning estimated that more than 300 (of the 2,000) have been returned to the long-term market. Should Squamish experience similar return, Squamish could potentially see a return of less than 40 units. The risk of losing 75 jobs and \$9 million in visitor spending, outweighs the potential gain of 40 units.

An Alternative

The subject of short-term rentals is complex and evolving, with a vast range of perspectives from different stakeholders. We recognize there are many factors to consider, from parking to affordability. The Squamish Chamber supports the need for some form of regulation to ensure the safety of visitors, the collection of applicable taxes and management of neighbourhood impact. However, the endorsed Short Term Rental Regulatory Option C – one which does not include the short-term rental of secondary suites or accessory dwellings – is too restrictive, creating red-tape that restricts the growth of the tourism industry, and the many affiliated businesses, ultimately placing jobs at risk. The potential return of LTR units is not sufficient to justify the risk to the Squamish economy.

It has been suggested that initially restrictive legislation allows for greater flexibility and the ability to adjust or relax regulations in the future. However, this approach creates uncertainty for property and business owners. Owners may need to invest in their properties in order to become eligible for STR under Option C, knowing that the conditions may change again in the future. While Option C would make additional properties eligible for STR, it remains unknown whether additional owners have the ability or inclination to create and operate a STR business.

To conclude, the Squamish Chamber supports some form of regulation for short-term rentals, along with the requirement for business licenses and safety checks for those operating businesses. While the goal of protecting LTR housing is important, overly restrictive regulations on STR do not guarantee that units will be returned to the LTR inventory. Meanwhile, the data suggests that there will likely be a negative impact on the tourism sector, jobs and the Squamish economy. Option C could result in a negative net impact on the Squamish economy. The Squamish Chamber would like to see further exploration of regulatory options that can meet the needs of both the Squamish economy and our residents.

Yours faithfully,

A handwritten signature in black ink that reads "Louise Walker".

Louise Walker,
Executive Director, Squamish Chamber of Commerce