

# Tofino Ratepayers Association

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March 19, 2022

Hello Ratepayers

I am sending you a copy of a letter the Tofino Ratepayers Association directors have just sent to DOT, Mayor and Council. The subject Short-Term Rentals in Tofino. What is allowed. What isn't, and the impact on the community.

Some of you who are involved in Short Term Rentals will be concerned. We are not trying to shut all STR's down. We are most concerned about the STR's that are not based on a resident owner as operator, and the impacts that are affecting the local housing market and the availability of housing. Most of you will have your housing needs sorted out. It concerns us that Tofino is becoming a place where it is increasingly difficult to imagine kids that are born and raised here, being able to find a place to live going forward, where they can make Tofino their home as well.

Anyway, have a read and let us know what you think.

Cheers Jack Gillie

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## **To Mayor and Council:**

Re: Short-Term Rentals

March 19, 2022

We understand the council is asking staff to gather information, data, stats, on the issue of Vacation Rentals (VR) also known as Short-Term Rentals (STR) in Tofino. This is timely and much needed. Your interest in bringing this issue forward will no doubt spark controversy on all sides but is one of the most important issues the community faces and needs to be addressed. While we appreciate the value of a diversity of accommodation options for the tourist industry, the extent of this incursion into Tofino's residential housing stock is having a significant negative impact on long term residential opportunities.

I was disappointed that the issue was not a feature of the Housing Report recently submitted to Council. Surely, it is a significant factor in Housing issues in our community. If this is not currently understood, it must become so.

Imagine someone, living and working in Tofino and wanting to buy a home. The price of housing has been driven out of possibility for all but the rich. For sure, this is due to many factors. But the fact is that much of Tofino's housing stock has been commercialized. Its value is significantly influenced by its revenue generating potential. Your wage, income and what level of down payment and mortgage you can manage on a traditionally backed CMHC loan are largely irrelevant. You need to generate income like everyone else from the property you might want to purchase. You will have to compete for ownership against a slew of STR operations that

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can “expense” all of their costs, can maximize revenues and may operate in several locations about town. If you actually plan to live in this home, they can maximize revenue and can easily out bid you. Your ownership may necessitate turning out long term tenants in order to generate enough income to cover inflated mortgage expenses. The actual pool of available housing, rental suites, caretaker’s cottages, and the like, ultimately goes down. In many situations, from a housing point of view, we are trading a home with a suite and/or caretakers’ cottage, for a caretaker tenant. This is a net loss of housing units. The long-term housing stock that is available for housing is actually declining.

I recall during my term on council in the mid 90’s approving the changes that allowed a secondary suit in all residential zones. This dramatically increased the number of housing units.

Subsequently, for long-term lease, caretaker cottages were allowed on all acreages provided a main residence was present. These were mortgage helpers, for many, but you had to live there.

Then the bylaws changed. STR’s were allowed, in all of the above and the owner of the property need not actually reside on the property. I believe these changes to have been short sighted and the ramifications are now on full display. The person who needs to be present in lieu of the owner, as occupant, is frequently missing in action. I am informed of one situation where the person who acts as the “occupant” for a STR, does so for several other such operations. There is little enforcement and “I can usually leave a few articles of clothing at different locations to satisfy the Bylaw if they ever showed up”, is the solution.

Today, you can go online, and coaching is offered on how to start up a “Vacation Rental in Tofino”. How to navigate (Does that mean “work around”?) the local regulations is included. Here is the link: <https://www.liftylife.ca/vacation-rental-management-in-tofino/>

Today some vacation rental businesses own and operate multiple locations in Tofino. The idea that this Short-Term Rental is some form of “home occupation” seems ridiculous in many instances.

Just how a Numbered Company qualifies for a Home Occupation benefit is an interesting use of language.

This is commercial activity and has little or nothing to do with residential use or in-home business activity.

The taxpayers have put millions in cash, exemptions and property into the support of “affordable” rental accommodations, meanwhile the activities of non-resident commercial STR operations have directly reduced the number of residential units available, pay no commercial taxes, but get the benefit of lower residential taxes. A developer of housing units would be expected to pay a significant amenity to the community and pay a DCC fee for each unit created. A STR operator can eliminate residential units at no cost whatsoever. I have to say, this seems crazy. We are incentivizing the loss of housing units to serve the tourist market.

# Tofino Ratepayers Association

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We understand some of the difficulties, legal and otherwise, of dealing with entrenched zoning rights and patterns of use, but where do you draw the line? On the big picture issues of housing security for the community Tofino Bylaw needs to be more proactive.

We have sympathies for neighbours living beside “party houses” where there is no onsite management or supervision. Everything can not be left to a “complaint driven system” where major violations may be occurring.

We have sympathies for actual homeowners who reside on site, who live in the community and use STR as a source of revenue that enables them to stay in the community.

There are many aspects to these issues, and we do not have a magic wand. We offer the following ideas be included in your (deliberations) examination of ideas.

- Significantly increased business license fees for STR operations where there is no resident owner (or more definitively...)
- (Consider restricting business licenses permitting access to the STR market to primary residences occupied by owners only as several other jurisdictions have done)
- Create a new property class for property taxation purposes. Call it “Vacation Rental” and tax operations that do not have a resident owner on site. What, in reality, are commercial uses need to be taxed on a commercial basis.
- Lobby the provincial government for new options for municipalities, the option to significantly increase existing property taxes on 2nd or 3rd homes used for STR purposes.
- Offer a tax break to existing Single-family homes that choose to offer a long-term rental suite.
- Support new private residential housing with the offer of a tax break to homes that provide a long-term rental suite and prohibit Vacation rentals.
- Strict enforcement of bylaws on unlicensed operations and those operating outside accepted definitions must take place.
- Examine what other communities may be doing to address these problems such as Victoria and other locations. Take advantage of Municipal Affairs recent invitation to explore and develop new taxing tools for Municipal governments.
- Examining using the “Legally Non-Conforming” designation as a way to freeze the current situation and more forward with new requirements that better protect housing.
- Creation of Amenity or DCC like fees for all new licensing of STR’s where the owner is non resident. Moneys to go to affordable housing.

# Tofino Ratepayers Association

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- Some residents with permanent tenants site difficulties with the Landlord and Tenant Act as incentive to switch to STRs. This is an ongoing problem. Again, the provincial gov't needs to address the situation of small-time landlords.
- Consider applying to STRs the 49% of square footage rule that applies to other in-home business activity

We also want to put on the record our concerns about the increasing number of “staff houses” that are springing up. We understand why this is happening as many businesses need a place for their seasonal and year long staff. However, there need to be alternate solutions that are supported by businesses needing such accommodations. Again, this is a long-term housing issue. We question how a staff house complies with current bylaws for residential use as compared to a “Boarding House” which requires a zoning amendment. We understand there is a problem of housing staff, but the loss of existing residential units cannot be the solution.

A growing number of properties have been acquired for this purpose and contribute to the further commercialization of the Tofino Housing stock. Again, being able to deduct expenses, sales prices are achieved that would prohibit the use of the property as a residence for all but the wealthiest of prospective purchasers.

We are told 268 Short Term Rental Licences are in existence. Some operations are very likely to go unlicensed, so we know the number of housing units involved is greater than 268. Some licences cover home and suite and/or caretaker cottage and involve multiple units of what was or could be housing. Again, we know the number of housing units must therefore be greater than 268. We have no definitive answer to this question. Could council find out? Previously it has been thought that the total number of residential units in Tofino was approximately 1100. What then is the actual number of residential units of all types, lost to STR activity. Is it 25 to 30%, which seems likely or more? Only with real facts will we know what has been lost.

Can the community sustain another ten years of conversion of housing units into commercial STR activity? Can we sustain 50% which seems inevitable unless changes are made.

In the long term, with a diminished base of resident owners, the changes we see happening to the Tofino housing stock will have many negative social and community consequences. A result which seems obvious, yet unforeseen and underappreciated.

We remain supportive of all efforts to address this situation.

On behalf of the Directors

Thanks for your attention, Jack Gillie

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