

From: [Lloyd Beazley](#)
To: [City Council](#)
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Date Sunday, January 26, 2020

To His Worship the Mayor and Members of City Council

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Name of the organization or agency you are representing (if applicable) Wee Vend Inc

Subject Short Term Rental Accommodation

Meeting (if known) Municipal Planning Commission

Comments

I would like to request to speak at the MPC meeting noon January 28th.

My apologies if this has been received. I received an error message that the first transmission was interrupted.

Attachments

[response_to_city.pdf](#)

The results of this submission may be viewed at:

<https://www.saskatoon.ca/node/398/submission/362386>

Response to:

City of Saskatoon

**Proposed Regulations for Short – Term Accommodations
Amendments to Bylaw No. 8770, Zoning Bylaw, 2009
and Bylaw No. 8075, Business License Bylaw, 2002,
regarding updating existing regulations for short-term
accommodations.**

**By: Lloyd W. Beazley & Norm Osback,
Rental Property Owners in Saskatoon**



Contents

- Executive Summary.....3
- 1. Our Background.....4
- 2. Changing Business Models.....4
- 3. Impetus for Review.....5
- 4. Proposed Amendments to Bylaw No. 8770, Zoning Bylaw.....5
 - 4.1 Bed and Breakfast Homes.....6
 - 4.2 Homestays.....6
 - 4.3 Short Term Rental Properties.....6
 - 4.4 Sign Regulations.....6
 - 4.5 Permitted and Discretionary Uses.....7/8/9
 - 4.6 Developments Not Requiring a Development Permit.....9
- 5. Proposed Amendments to Bylaw No. 8075, the Business License Bylaw.9
- 6. Our Request for Modification of the Proposed Bylaw Changes.....10

Executive Summary

We are concerned and engaged rental accommodation providers in the City of Saskatoon.

Competition for clients/guests is more intense than ever but so too the public's demand for choice. Regulating this new business environment is undoubtedly more complex than ever. We see and are experiencing your dilemma. We would like to believe the regulators, as they assess this changing environment, would weigh both the new entrants' desires and existing operators' status quo as they move forward with new regulations.

The hotel industry led the charge for change. Now that it is here it is obvious, in many markets, the hotel industry is not happy with the unintended consequences of its' own actions.

We believe the review has been a good effort on how to best accommodate the changes in the marketplace and to mitigate neighbourhood changes by enacting changes for new entrants to the accommodation sector.

We feel, however, it has missed the mark as it tries to manage new entrants as some of the changes may be unknowingly, to the administration, disadvantaging the City's existing operators who are presently conforming to the regulations.

We would like to point out currently short term accommodation requiring a discretionary use permit is accommodation of less than 7 days.

Small multi-unit complexes and permitted suites in houses are not and never will be equivalent accommodation to modern hotels. Simply put the smaller spaces while serving the short term rental market do not compete with the vast majority hotels. Same said for the Bed and Breakfasts. The clients in these smaller facilities either prefer the quaint ambience or the few frills and accompanying lesser price of these units provide all the while realizing they most likely will not have the high tech security, reward programs, and privacy of branded hotels. These guests have spoken loudly - they prefer not to be hotel guests – they don't want or need what is being offered.

While we dislike the increase in red tape and the associated fees we understand the City's desire to have better data and an increased awareness of business activity in residential areas. We support licensing.

What we propose is that existing properties that wish to remain active in the 7 to 29 day short term rental market be grandfathered under the current Bylaws. A property use change to the new definition of short term rental would require whatever a new Bylaw requires.

Another possibility, instead of a blanket grandfathering, is to use an opt in mechanism, where property owners would be permitted to request their properties be grandfathered to continue to

operate under the existing allowance of 7-29 days in Bylaws. This process could have a deadline, for example, the deadline to register for a Business License under the proposed Bylaw changes.

Should the Business Licensing of Short Term Rentals come into effect this could possibly be achieved and controlled simply by a different class or type of license.

Current owners and properties would have the status quo preserved and their investments would not be negatively affected by the changes. The properties and their owners, tenants, guests and neighbours would not be affected as in this scenario the property use has not changed. The City controls any expansion of short term rentals. No one loses and for everyone involved nothing changes except new rules moving forward for all new entrants or the conversion of use of existing properties to operate in the less than 7 day short term rental market plus the City gains a mechanism for monitoring all short term rental accommodation.

1. Our Background

We are concerned and engaged rental accommodation providers in the City of Saskatoon. Lloyd has multiple decades of experience in rental of both commercial and residential (condominium and multi-unit) properties operating as Wee Vend Inc. Norm, a licensed Realtor, has a number of houses with permitted suites. Lloyd's background also includes time as a hotel manager, car rental business owner and also self-storage operator.

We are not new to providing rental accommodation. We like the City see and are experiencing a changing world and we must adapt. However, we also require stability, as much as possible, in our revenue streams. The changes the City is proposing could significantly affect our current business model. A business model the City of Saskatoon has regulated and permitted for decades. We built our business model based on respect and adherence to the Bylaws as set forth by the City of Saskatoon. Our real estate holdings are our retirement pensions and an unexpected negative change in operations will potentially negatively affect our retirement.

2. Changing Business Models

When Lloyd was a hotel manager in the 1970's the variety of hotel product was limited. So too was a property's ability to attract guests. Over time the industry has morphed, in part because more people demanded and were willing to pay for more variety. And too, because operators of new forms of accommodation found they were able to access potential clients in ways never before possible. Fast forward to today where the Internet, Apps, sharing economy and globalization all have significantly changed business models. Competition for clients/guests is more intense than ever but so too the public's demand for choice. Regulating this new business environment is undoubtedly more complex than ever. We see and are experiencing your dilemma. We would like to believe the regulators, as they assess this

changing environment, would weigh both the new entrants' desires and existing operators' status quo as they move forward with new regulations. We welcome new entrants to the accommodation sector.

3. Impetus for Review

We understand that initially it was the Bed and Breakfast operators were concerned about the growth of Homestays and the lack of "oversight" by the City. We also understand that the Hotel Association also has concerns about "ghost hotels". These are legitimate concerns. We see their concerns and they are real. But the accommodation industry is undergoing change and new entities will continue to come on stream and evolve. Competition is good. Just follow what happened in the hotel sector. Marriott and similar companies have a brand for every conceivable niche. Hotels were the leaders in internet sales. They took rate optimization to new heights with a different price for the same product depending upon which website you visited or the value they placed on "your" business, an extension of their long standing practice of treating walk ins to a "deal or no deal" depending upon how they measured the walk ins value. The hotel industry actively competed to add amenities, all the while building in huge overhead costs. And as we have seen, costs escalated to the point average people sought out alternatives as they found they never used the plethora of amenities and were no longer willing to pay for them. The hotel industry led the charge for change. Now that it is here it is obvious, in many markets, the hotel industry is not happy with the unintended consequences of its' own actions. Change has come and will keep coming.

4. Proposed Amendments to Bylaw No. 8770, Zoning Bylaw

We believe the review has been a good effort on how to best accommodate the changes in the marketplace and to mitigate neighbourhood changes by enacting changes for new entrants to the accommodation sector.

We applaud the Administration for separating Homestays and Short Term Rental Properties as they are indeed different entities each with its' own unique clientele.

We feel, however, it has missed the mark as it tries to manage new entrants as some of the changes may be unknowingly, to the administration, disadvantaging the City's existing operators who are presently conforming to the regulations.

On topics where we agree we will not include the proposed Bylaw wording. We will include any section where we have detailed comments so the reader has the convenience of immediate reference to the particular point we are addressing. The proposed Bylaw wording will be displayed in green, "like this".

4.1 Bed and Breakfast Homes

We support these changes.

4.2 Homestays

We support these changes.

4.3 Short Term Rental Properties

“4) Other than in the B6, MX2, DCD1, and M4 Zoning Districts, one paved off-street parking space shall be required for guests. Additional off-street parking spaces may be required where, in the opinion of the Development Officer, due to the nature of the site, the provision of parking is necessary to maintain the residential character of the area. The siting and screening of all required parking spaces shall be undertaken to the satisfaction of the Development Officer.”

We find it difficult to understand the logic in excluding the B6, MX2, DCD1, and M4 Zoning Districts in the parking requirements. If there is a true concern about “ghost hotels” why would zones that permit large multi-unit residential structures not require some parking for guests? Hotels are not exempt from parking requirements, neither are the majority of short term accommodation providers.

4.4 Sign Regulations

We support these amendments.

4.5 Permitted and Discretionary Uses

“2) Short-term rental property is a permitted use in the following zoning districts: RM5, M1, M2, M3, M4, MX1, MX2, B1B, B2, B4A, B4MX, B5, B5B, B5C, B6, DCD1, DCD7, and DCD8.

i. In the MX1 and MX2 district, short-term rental property is a permitted use provided that discretionary use approval for a dwelling has been granted.”

While these are busier and more commercialized areas it appears, to us, that there is little or no concern that permitting short term rentals in these zones is at all problematic. Currently, as we understand it, these properties are restricted to rentals of 7 days or longer. Under the current proposal by the administration these will be not only allowed to continue with the current arrangements but also permitted to expand operations to include rentals of 7 days or less. Simply put this makes rental accommodation in these zones more flexible under the new regulations and in all likelihood more profitable.

While the next point is out of sequence (it is found in the Business Bylaw section), we feel it bears mentioning here.

“4) No more than 40% of the dwellings units in a multiple-unit dwelling or townhouse shall be granted a business license for a short-term rental property.”

We were interested to read in the Appendix 6 – engagement Summary.docx the SHA is concerned about “ghost hotels”. We feel 40% of a large or high rise complex is more likely to become a “ghost hotel” as they have the economies of scale to efficiently operate as a hotel. Small multi-unit complexes and permitted suites in houses are not and never will be equivalent accommodation to modern hotels. Simply put the smaller spaces while serving the short term rental market do not compete with the vast majority hotels. Same said for the Bed and Breakfasts. The clients in these smaller facilities either prefer the quaint ambience or the few frills and accompanying lesser price of these units provide all the while realizing they most likely will not have the high tech security, reward programs, and privacy of branded hotels. These guests have spoken loudly - they prefer not to be hotel guests – they don’t want or need what is being offered.

“3) Short-Term Rental Property is a discretionary use in the following zoning districts: R1, R1A, R1B, R2, R2A, RMHL, RMTN, RMTN1, RM1, RM2, RM3, and RM4.”

“4) Amend the Zoning Bylaw to include short-term rental property as a Standard Discretionary Use application, delegated to the Administration.”

“ 5) The evaluation criteria for a discretionary use application for a short-term rental property are:

- i. ensure the proposed use is suitable for a specific location;**
- ii. establish a mechanism to limit concentration of short-term rental properties, which could impact the residential character of the neighbourhood and if applicable, limit the availability of rental housing; and**
- iii. Evaluate the cumulative impact of other discretionary uses on the residential characteristics of an area.”**

We point out that currently short term accommodation requiring a discretionary use permit is accommodation of less than 7 days. As we understand the present situation, this has been the case for decades and precedes Lloyd’s purchasing a multi-unit residential building almost twenty years ago and both Lloyd and Norm’s purchase of rental properties since. The bylaw proposal, as advanced, changes two long standing items: 1) the definition of short term rental from less than 7 days to 29 days or less. And 2) the requirement that all short term rentals, under the expanded definition of short term rentals, will require a Standard Discretionary Use Application, regardless of the fact that these properties have been conforming to the current bylaws for decades. And also regardless of the fact the owners do not wish to do rentals of less than 7 days but want to continue to have the ability to conduct our rental accommodation as we have done since our entry into rental accommodation. This we strongly believe, will devalue our properties immediately and dramatically reduce our flexibility to operate in a high vacancy market. The neighbourhoods we operate in are by in large established neighbourhoods. Our properties have been there for decades and we have successfully operated in such a manner that our multi-unit tenants, short and long term, are happy and so too our neighbours. In fact, Lloyd has done very significant improvements to building and grounds and the neighbours, tenants and guests are very happy with the results.

For us and for many small real estate investors our properties are our pension plans. Changes like the ones proposed will not only cost us up front but also long term if we are forced to change the way we operate, not due to market forces, but due to civic legislation changes. We liken these changes to an employees' conversion from a defined benefit pension to a defined contribution pension. What is proposed will definitely negatively affect us, yet we propose to do nothing – absolutely nothing – we haven't done before, all within the confines of zoning bylaws and business licenses. We have done this all without complaints by either the City or our neighbours. Our suggestions and requests are outlined at the end of our response, in section 6.

4.6 Developments Not Requiring a Development Permit

We support these changes.

5. Proposed Amendments to Bylaw No. 8075, the Business License Bylaw

While we dislike the increase in red tape and the associated fees we understand the City's desire to have better data and an increased awareness of business activity in residential areas. We support these changes.

6. Our Request for Modification of the Proposed Bylaw Changes

We note, that in the material provided to us from the City, Saskatoon and Regina are the only Municipalities requiring discretionary use approval. Calgary, Edmonton, Toronto and Vancouver have no such requirement. Further in our investigations we have not identified any other jurisdictions that have this requirement either. When large cities where the demand for short term rental far exceeds Saskatoon's we question why such an onerous and expensive application process is necessary here for anyone. We also note in the City's material that as of October 2019 short term accommodation listings "equal approximately 0.05% of the housing stock in Saskatoon."

It begs the question, why put existing Bylaw compliant properties through an expensive and onerous approval process when only a minuscule portion of the housing stock is impacted by short term rental and Saskatoon is one of a very very few municipalities that engage in this process?

What we propose is that existing properties that wish to remain active in the 7 to 29 day short term rental market be grandfathered under the current Bylaws. A property use change to the new definition of short term rental would require whatever a new Bylaw requires.

We believe this could be accomplished by a blanket grandfathering. We know there have been many such grandfathering precedents as was the case for secondary suites in 1999. Also for many building code provisions where buildings only need to meet new requirements if they wish changes in structure etc. In secondary suites instance existing suites were permitted to continue as is but all new suites needed to comply to the new Bylaws.

Another possibility is to use an opt in mechanism, where property owners would be permitted to request their properties be grandfathered to continue to operate under the existing definition and Bylaws. This process could have a deadline, for example, the deadline to register for a Business License under the proposed Bylaw changes.

Should the Business Licensing of Short Term Rentals come into effect this could possibly be achieved and controlled simply by a different class or type of license.

Current owners and properties would have the status quo preserved and their investments would not be negatively affected by the changes. The properties and their owners, tenants, guests and neighbours would not be affected as in this scenario the property use has not changed. The City controls any expansion of short term rentals. No one loses and for everyone involved nothing changes except the City has new rules moving forward for new entrants or conversion of use of existing properties plus a mechanism for monitoring all short term rental accommodation.