

Subject:

FW: Email - Request to Speak - Jim Bence - Short Term Rental - File CK 4350-71

Attachments:

From: Web NoReply

Sent: August 31, 2020 6:41 AM

To: City Council <City.Council@Saskatoon.ca>

Subject: Email - Request to Speak - Jim Bence - Short Term Rental - File CK 4350-71

--- Replies to this email will go to jim@skhha.com ---

Submitted on Monday, August 31, 2020 - 06:40

Submitted by user: Anonymous

Submitted values are:

Date Monday, August 31, 2020

To His Worship the Mayor and Members of City Council

First Name Jim

Last Name Bence

Phone Number (306) [REDACTED]

Email jim@skhha.com

Address 302-2080 Broad St.

City Regina

Province Saskatchewan

Postal Code S4P 1Y3

Name of the organization or agency you are representing (if applicable) SHHA

Subject Short Term Rental

Meeting (if known)

Comments I am making a request to speak Monday Aug 31st 2020.

Attachments

[f](#)

The results of this submission may be viewed at:

City of Saskatoon Hotel Industry Update
Short-Term Rental Regulation Recommendations
Saskatchewan Hotel and Hospitality Association

The Covid-19 Pandemic has had a catastrophic effect on the tourism sector across the globe and Saskatoon Hotels have not been spared from the devastating fallout.

The City of Saskatoon Mayor, council and administration must take immediate action to mitigate the overwhelming financial pressure on this essential industry.

With a fraction of the revenues generated in 2019, hotel owners (most locally owned, family operations) are trying to manage crushing fixed costs and looming expense increases in 2020.

The average full-service hotel incurs fixed costs of an average \$250,000 - \$300,000 per month, including paying property taxes of \$500,000+ per year. With next to no revenues, owners are finding these costs unmanageable with some considering temporary or permanent closure in the coming months.

Covid-19 has layered on a number of unexpected cost increases that could prove terminal to operators in Saskatoon.

Insurance Crisis: August of 2020 saw a “correction” occur as hundreds of policy holders (**F&B Class**) were informed by brokers that their policies were not going to be “renewed”. Finding insurance for this group proved extremely difficult and for those that were fortunate enough to secure a quote, most saw increases of 100-200% in premiums.

In discussions with insurance brokers and underwriters, (of which Lloyds of London and Aviva have now walked away from writing hotel policies in Canada), there is an expectation that the same criteria for new policies will be applied to the **Hotel Class**. Meaning that 30% of policy holders may not be renewed starting December 1st, 2020.

Any property that is over 60 years old and has had over \$100,000 in claims in the last 2 years may have extreme difficulty in finding a quote. For those that are able to secure insurance, premiums could see a spike similar to that in the F&B Class. As an example, one hotel in Saskatoons downtown core currently spends \$190,000 yearly in premiums. There is every reason to believe that in 2021, “IF” their policy is renewed, premiums costs could increase by at least 100%. Nearly \$400,000 in insurance payments will mean they may need to suspend operations. The spin-off implications to this closure, temporary or permanent, are almost unfathomable.

Pay In Lieu of Notice:

Two weeks after the Saskatchewan Emergency and Medical Order is lifted, employers will be required to permanently lay off all employees they are unable to return to work and pay all monies as required by law.

In the case of the hotel mentioned above, that cost will be in excess of \$390,000. Again, with almost zero revenues, this cost, although one-time, will simply be unmanageable.

End of Deferrals and Wage Subsidy Program:

Without the deferrals from the Federal and Provincial governments, most businesses would not have survived thus far. Unfortunately, these deferrals and programs have an expiration date and at which time the full weight of a properties fixed costs will have a crushing effect on operations. Again, another layer of extreme anxiety is washing over the entire hotel sector of our community.

RECOMMENDATIONS:

Council and Administration must act quickly and decisively if there is any hope to salvage these operations that generate millions in tax dollars and employ hundreds upon hundreds of people. There are a number of ways that the City of Saskatoon leadership can take action and one is managing the crippling impact of the Short-Term Rental market in Saskatoon.

#1. Council must immediately place a moratorium on the rental of "Whole Home" operations. These AirBnb "Commercial Operations", in May June and July of 2020, earned revenues of \$978,500, with an occupancy of rate of 97%. STR's employ almost zero staff and contribute zero in commercial taxes. Hotels in the city employ hundreds of people (of which over 1,000 are still unemployed) and contribute millions to municipal coffers.

#2. Acknowledging the administrations considerable work on the recommendations currently before council, the radical changes brought on by the pandemic, demand the defeat these motions and council must direct the administration to start the public consultation process over.

These are incredibly grave times for the hotel industry in Saskatoon and it is not hyperbolic to suggest that if the city does not act on this, and a number of other recommendations, (to be raised in another forum), we will see a devastating, tectonic shift in the Saskatoon economy, employment (youth employment in particular as 7 out of 10 kids get their very first job in tourism) and the supply chain that depends on these critical economic drivers.

Yours in hospitality,

Jim Bence
President and CEO
Saskatchewan Hotel and Hospitality Association
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