



Toronto City Hall- Executive City Council Oct 26th

Accommodation Sharing Economy

Good morning. I'm Tony Elenis, President & CEO of the Ontario Restaurant Hotel & Motel Association, representing the hospitality industry across the Province of Ontario.

Competition should be encouraged. We welcome it. This is how growth occurs in every aspect of the business and how we find new opportunities. The hotel industry is a highly competitive business that respects standards and government rules. We expect all those competing to play by these rules.

The Accommodation Sharing Economy is an innovative and emerging model but when it remains to operate without any rules, it belongs to the professional underground economy.

It is a threat to a municipality's housing environment with plenty of material to support this view but I'm here today to discuss the threat to the hotels under the current un-level playing field in the market place.

How can governments allow such a business model to operate in prohibited city zones when hotels cannot be build there?

.....and how can short term rentals not observe health and safety rules while an extremely regulated hotel industry embraces health and safety for employees and guests as a top priority through rigorous staff education and training? To us it is about the fundamental aspects of providing service and security for our guests.

Furthermore with the City of Toronto facing upcoming decisions on additional revenue options why is the accommodation sharing economy escaping paying taxes?

We are not referring here about typical ma and pa, renting for pocket money on occasions nor about a true sharing model where the room is shared by the occupant. *This is about commercialization and operating multiple properties as a business.* According to the Canadian Centre for Policy Alternatives “Shared accommodation represents the minority of Airbnb rentals in Toronto” with “83 per cent of which were for entire homes with 35 per cent being rented by hosts with multiple properties”

The word “sharing” in the term “sharing economy “ is misleading, According to the Ontario Mars report “ *Fundamentally, home sharing is about sharing your own home, your primary residence. If it is a secondary residence or a commercial property being rented, it is no longer considered home sharing. Related to this is the maximum number of nights per year that a space is rented out*”

Even Airbnb reports support this theory by continually boosting that “*The vast majority of Airbnb’s Ontario hosts share their primary residences.*” Regretfully this theory is not the practice.

This is direct competition. Independent studies in the USA by CBRE have concluded that short term rentals are affecting hotel brand investment decisions while the most recent demand analysis in Toronto has shown a 6% revenue impact against the downtown hotels.

This does influence hotel business investment. GTA hotels are currently experiencing growth but history has shown us the hotel industry is vulnerable to the unrelenting downturns of economic cycles. The next down cycle (hopefully is far away) will be the first experienced with a thriving sharing economy in existence, harming hotel business, its huge supply chain and impacting jobs in unprecedented fashion.

Your worship and Executive Council members we accept the accommodation sharing economy model as competition but that it operates within a far playing field...simply stated “*when a sharing unit acts like a hotel then it should be treated like a hotel.*”

The Sharing Economy must have government obligations to uphold to, as listed in the attached Terms and References which includes accountability for rental unit owners, host distribution channel owners and government on enforcement.

Thank you,

A handwritten signature in black ink, appearing to read 'Elenis', enclosed within a large, sweeping, horizontal oval stroke.

Tony Elenis

President and CEO

Ontario Restaurant Hotel Motel Association

Accommodation Sharing Economy - Terms of Reference

Ownership of rental unit listings

- The rental unit must be the principal residence.
- The owners must be sharing and residing in the rental unit.
- There must be only one listing per rental unit owner. No multi rental units allowed.
- The cap on maximum number of rooms sold annually must be defined.
- Rental unit owners must register and obtain a licence and other applicable transient or vocation rental permits.

Zoning issues

- Similar to other business a requirement to meet zoning, noise, parking and other bylaws of a municipality.

Taxation

- All taxes to be paid
- Municipalities to review the opportunity to apply commercial property assessment

Safety and security

- Requirements of the fire code must be met, specifically fire alarm detectors, carbon monoxide detectors, exit routes etc.
- Insurance requirements must be met, specifically insurance that covers the rental of the facility

Platform accountability

- Distribution channel host responsible of indicating that all provincial and municipal licenses, permits and regulations are being fulfilled, all taxes paid, zoning laws are followed, insurance paid and room limits adhered to.
- Distribution channel host accountable for listing only one rental listing from each unit owner on the channel sites.
- Distribution channel host accountable for owners of listings adhering to regulations.
- Distribution channel host accountable for collecting the taxes from owners of listings.

Enforcement

- Enforcement department to be set up to drive compliance
- Condominium Act, Travel Industry Council of Ontario (TICO), the Residential Tenancy Act
- Penalties brought against the person/entity committing the violation, instead of just being assessed on the building owner