

# REVELSTOKE.

## TOURISM TALKS

### THE ECONOMICS OF VACATION RENTALS

Short Term Vacation Rentals (“STVRs”), or Airbnbs and other private rentals, are an increasingly important consideration in the tourism industry. On one hand, they offer visitors a great opportunity to get a unit with a kitchen and to have at-home amenities. They also offer property owners a chance to profit from their investment. On the other hand, STVRs are difficult to regulate, occupy potential resident housing, and are often unlicensed, leading to decreased tax revenues for the City of Revelstoke.

Revelstoke has seen an increase in the popularity of private vacation rentals, followed by an effort by the City of Revelstoke to ensure that these vacation rentals carried commercial licenses and were paying into both city and provincial taxes. Unfortunately, there are still many illegal STVRs operating in the City as the City works to develop a new bylaw.

In a world stricken by COVID-19, it’s understandable that many visitors are seeking out private accommodations. However, STVRs are not regulated like hotels are, and private owners do not need to ensure that provincial guidelines are being followed, for example, restrictions on gatherings. STVRs are popular with travelers and have the potential to contribute to our tourism economy in a positive way; however, with limited enforcement and regulation, it is more difficult to conceive of STVRs as contributing rather than adding a burden to our already cramped housing market. STVRs occupy potential rental housing so that property owners can benefit from the more lucrative tourism market.

As a community that collects the MRDT, or the hotel tax as it is commonly known, to a limited extent the City of Revelstoke is able to decide where the revenue from Online Accommodation Platforms goes. Revelstoke’s share of the revenues from Online Accommodation Platforms goes into a fund for affordable housing. This is collected on both legal and illegal vacation rentals, as it is remitted directly through the platform. However, illegal vacation rentals fly under the radar with respect to paying commercial taxes to the City. Additionally, STVRs do not face the same regulations and controls as the hotel industry, so visitor safety is a potential issue.



The number of active listings for STVRs in Revelstoke is gradually increasing (AirDNA.co)

According to AirDNA, a website that provides analytics on vacation rentals, there are 248 operational vacation rentals as of January, 2021. STVRs are increasing their market share in Revelstoke. In December 2020, STVRs averaged an Occupancy Rate of 48% with an Average Daily Room Rate (ADR) revenue of \$299. In comparison, hotels in Revelstoke were operating at 23.5% occupancy, with an ADR of \$139. Now that STVRs are taking on a greater market share of accommodation revenues, it’s more important than ever that we seek avenues to enforce compliance.

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