

**Vaughan Accommodation & Tourism Industry:
New DMO and MAT
Industry Consultation – November 2018**



Market Context in Vaughan



2018 Hotel/Motel Market Context:

- 12 branded hotel properties: 1,709 rooms
- 4 independent motel properties: 136 rooms
- Total available room nights: 673,425
- Estimated Total Room Revenues: \$75 million+

2018 Short-Term Rentals (STR) Context:

- Active entire home properties: 231
- Total Properties: 509
- Revenues from entire home listings: \$2.8 million+

Corporate, Sports, VFR Markets (Demand Generators):

- 12,000+ businesses, largest concentration in York Region, 3rd in GTA
- \$21 Billion Real GDP in Vaughan (35% Goods Producing: 65% Service)
- Proximity to Toronto Pearson, TTC Subway Connections, 400 Series Highways & Downtown Toronto
- Weekend Sports Market Opportunity
- Attractions in Vaughan and GTA

Vaughan Economic Development Context

- Home to strong hotel brands and operators; Expertise and experience of hoteliers, and local/regional business and industry associations
- Positive economic impact of accommodation and food industry (\$295 million contribution to Vaughan's GDP in 2018)
- Competitive forces:
 - Excellent demand generators
 - Market growth
 - Tech disruption, i.e., Online Home Sharing Platforms (Short Term Rentals-STR)
 - Increased sales and marketing efforts within the GTA (Mississauga, Markham, Toronto, Oakville)
 - New Municipal Accommodation Tax (MAT) Legislation in Ontario
- Desire to support the industry, businesses, increase jobs and investment in Vaughan
- Work with accommodation industry to focus on tourism promotion and overnight stays (heads in beds) and re-invest in the overall competitiveness of the accommodation, hospitality, tourism marketplace in Vaughan

Background – Key Dates (MAT)

Provincial Context

- May 17, 2017 – the Province enacted Bill 127 – Stronger, Healthier Ontario Act (Budget Measures) 2017; Lower or single tier municipalities now have the authority to levy a Transient Accommodation Tax (referred to as a Municipal Accommodation Tax “MAT”)
- December 1, 2017 – Provincial Regulation on Transient Accommodation (435/17) sets out rules for sharing of MAT revenues with eligible not-for-profit tourism organizations, including revenue sharing

GTA Municipal Context

- April 2018 – City of Toronto Began Collecting MAT
- April 2018 – City of Mississauga Began Collecting MAT
- January 1, 2019 – City of Markham Begins Collecting MAT
- January 1, 2019 – Town of Oakville Begins Collecting MAT
- June 2018 - City of Vaughan Council Decides to Initiate Industry Consultation on MAT

Network of MAT Stakeholders Accommodation Industry



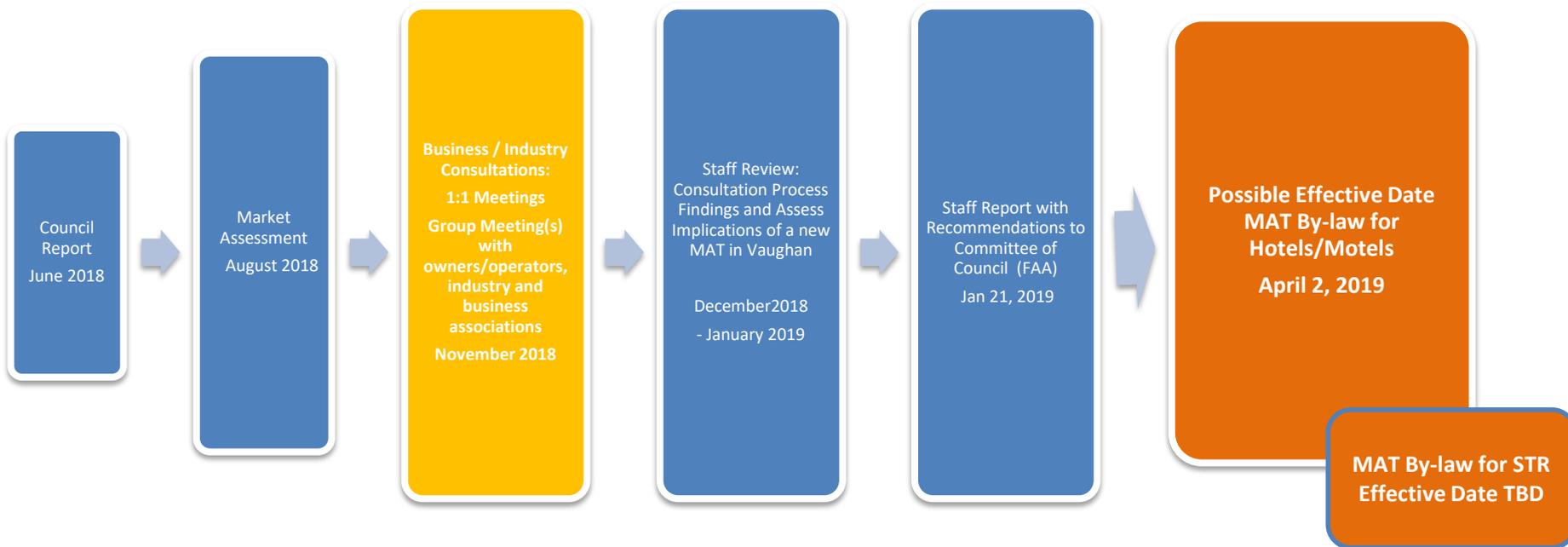
How does the MAT apply?

- Transient Accommodation (Hotels, Short-Term Rentals)
- MAT is a sales tax paid by the guest and charged as a percentage of the purchase price of transient accommodation.
- MAT is payable on the purchase price for the room portion of rental accommodations for stays of four hours or more, and less than 30 days in duration.
- Other services including meeting room rentals, food and beverage, room services, internet services, valet parking, laundry, etc. are exempt from the tax provided that they are itemized separately on the bill.
- HST is payable on MAT remittances.
- 15 Communities in Ontario have a MAT; 4% Tax Rate consistently applied in Ontario

Market Assessment of Municipal Accommodation Tax

	Scenario 1: Baseline Revenues Current Hotel/Motel Properties plus Super 8 expansion No additional hotel developments or Airbnb units	Scenario 2: Further Supply Development Current Hotel/Motel Properties plus Super 8 expansion Further hotel and Airbnb supply at reasonable rate (2020 - 2023)
2019	\$3.23 - \$3.35 million	\$3.23 - \$3.35 million
2020	\$3.29 - \$3.41 million	\$3.39 - \$3.52 million
2021	\$3.36 - \$3.48 million	\$3.67 - \$3.81 million
2022	\$3.43 - \$3.55 million	\$3.97 - \$4.12 million
2023	\$3.49 - \$3.62 million	\$4.29 - \$4.45 million

Timelines / Next Steps



Discussion Items

1. Competition (Neighbours are stepping-up their sales efforts, Online Home Sharing Platforms, Market Growth)
2. Focus on business: Develop co-operative Vaughan-based sales marketing strategy to increase overnight stays (heads in beds priority)
3. Seat at the table: Voice of accommodation industry in decision-making (DMO)
4. MAT Rate (4%) – Consensus; 50:50 Allocation Regulation
5. Collection/Remittances (If approved, effective April 2, 2019)
6. Status of zoning and licensing (online platforms)
7. Timing

Additional Resources

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Proposed Hotel Developments

1. Avid Hotel (by IHD) – 6800 Hwy. 7
2. Hilton Garden Inn / Hampton Inn – 616 Applewood Cres.
3. Holiday Inn Express & Candlewood Suites – Cityview Blvd.
4. Hilton Garden Inn Redevelopment – 3201 Hwy. 7
5. Importanne – 7242 Hwy. 27
6. Hyatt @ Canada's Wonderland – Rutherford Rd.
7. Marriott Courtyard / Townplace Suites @ Chateau LeJardin – 8440 Hwy. 27
8. Liberty Development @ Promenade Mall – 1 Promenade Circle
9. Super 8 Motel Vaughan Addition – 3400 Steeles Ave. W.

*Note the Market Assessment of MAT Revenues is based on submitted/approved site plans with the City as of August 1, 2018.