

Highlights from the Bermuda Tourism Authority's  
**BERMUDA VACATION RENTALS DISCUSSION PAPER**  
Submitted to Government 29 April, 2015

## **Vision**

*For Bermuda to be recognised as a destination which embraces our Vacation Rental Market and positions it as a competitive advantage, resulting in the island's reemergence as a favoured and frequently visited destination for an expanded market of travellers. (As per the National Tourism Plan (NTP))*

## **Introduction**

In Bermuda there are approximately 273 vacation rental units with roughly 437 bedrooms, the equivalent of 11% of Bermuda's licensed accommodation room count. This sector is largely self-regulating and currently operates with complete autonomy. There is no description of these vacation rental properties in Bermuda's legislative or regulatory framework: while a Vacation Rental Property (VRP) is often portrayed as a personal relationship between the VRP owner and visitor, it is undisputedly a commercial relationship. Annual revenues generated by this industry sector, based on 70% occupancy, are estimated to be \$20 million.

As identified in the NTP accommodations are an integral part of Tourism Value Chain. Whereas some hold the view that VRPs augment the current lack of licenced hotel beds, and therefore compete in the same arena, this sector has a number of key market differentiators that demonstrate separation from licensed properties.

## **The Process**

The Bermuda Tourism Authority undertook a review of the VRP market in relation to the island's challenges and opportunities as identified in the NTP, seeking to align the sector with the NTP's eight strategic objectives. This discussion paper will document the results of the review and propose a framework by which the VRP market will play a clearly defined and integral part in meeting five of those objectives:

1. Build unique and create competitive positioning
2. Increase visitor spending
3. Improve quality throughout the Tourism Value Chain
4. Build pride and create jobs
5. Create economic and social sustainability

## **Objectives**

1. Develop a 'light-touch' regulatory framework specific to VRP in Bermuda that enables visitors choosing a VRP for their on-Island stay to do so with confidence.
2. Ensure Bermuda's VRP sector positively reflects on the overall product and experience that Bermuda markets and provides to our visitors.
3. Create a voluntary registry of Bermuda's VRPs to market and promote alongside traditional guest accommodations.

## Recommendations

Having reviewed Bermuda's VRP market history, current status and future potential; studied international trends, and sought counsel and input from a wide range of stakeholders, the BTA proposes the following:

VRP PROPOSED	MANDATORY	OPTIONAL
Vacation Rental Description Legislated	X	
2.5% Tourism Fee	X	
Safety Standards Compliance	X	
BTA VRP Registry		X

### Bermuda's Vacation Rental Sector Defined

Current lodging regulations are based on sleeping. With regards to VRP, it is proposed that the sleep capacity be exchanged for a unit cap.

The following criteria is BTA's recommended definition of a VPR:

1. Must be a residential property;
2. The use of the unit is the same as if it were a long term rental;
3. The entire property must be (a) rented as one single unit or (b) the number of bedrooms rented separately within the property, to an individual renter(s), does not exceed two; in each case (a) and (b) are considered one unit;
4. A maximum of three units may exist on the property, as defined by any combination of (a) or (b) above, excluding any unit exclusively occupied either by the owner or by a long-term lease holder;
5. Each individual property rental period must not exceed ninety days;
6. Management of the property does not require full time employment.

### Proposed Mandatory Safety Requirements

1. VRP must comply with Bermuda's relevant fire safety standards. Fire inspectors recommend using the fire safety standards in the 2014 Bermuda Residential Building Code (2014 Code) as a guideline to vacation rental homeowners. Fire safety standards are found in Section 18 of the 2014 Code. (For more details, see appendix A);
2. VRP owner must ensure there is working telephone within the unit (mobile or land-line);
3. VRP owner must provide written safety information and a property guide with emergency contact details to include contact information on the person responsible for providing guest access to the unit as well as explain any house rules.

### Voluntary Standards for VRP Registration

1. Proof of compliance with mandatory standards
2. Proof of insurance (Appendix D)
3. A plan to provide access to transportation if the property is more than ten minutes walking distance from the main road
4. A manager who is readily available to respond to visitors needs within a reasonable period
5. Provide additional guest information on transportation options, and information on the area and Bermuda in general
6. Clear explanation of house rules and surrounding neighborhood

Details, including rationale and benefits, on all recommendations proposed can be found in the formal discussion document submitted.