Residential Tenancy in BC

Residential Tenancy Act

- The Residential Tenancy Act deals with the contract between landlords and tenants – the tenancy agreement.
- It is designed to balance the rights and responsibilities of landlords and tenants
- It is administered by landlord and tenants though their tenancy relationship - Branch only gets involved in disputes
- Act focuses on the landlord/tenant relationship – not specific to the type of housing
- Some form of tenancy law has been in place since the 1970s.

The Act – What it includes:

- Tenancy Agreements – standard terms, deposits
- Responsibilities– paying rent, quiet enjoyment, privacy, rights around access, subletting, repairs and maintenance
- Ending tenancy - evictions, orders, return of deposits
- Allowable rent increases
- Dispute process - reviews of decisions, service of documents
- Enforcement of orders
- Administrative penalties

Rights and Responsibilities

Tenant	Landlord
Pay the Rent	Understand and respect the laws
Respect the privacy, security and quiet enjoyment of others	Maintain the unit
Take care of the property	Respect the privacy and quiet enjoyment of the tenant
Privacy, security and quiet enjoyment	Protect their investment
Secure, safe housing	Generate revenue

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Security of Tenure is Key Principle

Ending a Tenancy can only happen for specific reasons:

- Unpaid Rent or Utilities (10 day notice)
- Cause (1 months notice)
  - Damage, health and safety, illegal activity, repeatedly late rent, property at risk, broken a material term, unreasonable number of occupants, unpaid security deposit
- Landlord's Use of Property (2 months notice)
  - Move in or have a close family member live in the rental unit
  - Sell the property and the new owner, or a close family member of the new owner, will live in the rental unit
- Tenant no longer qualifies for a subsidized unit (2 month notice)
- Demolition, renovation or conversion of the unit to another use (4 month notice)
- Converting a manufactured home park to another use (12 months notice)

Rental Market in BC

- 1.5 million renters in British Columbia in approximately 600,000 households
- Long term rentals can provide a reliable source of income
- Majority of tenancies work well – only 20,000 disputes a year
- Significant changes in the rental market including low vacancy rates, insufficient supply and lack of access to affordable housing has exacerbated issues
- Complex challenge in balancing the needs of the tenants and the landlord

Rental Housing Task Force

- Government campaigned on a platform to provide “greater protections for renters in BC”
- The RHTF was created by government in 2018 to advise on how to improve security and fairness for renters and rental housing providers throughout the province
- Public consultation occurred through online engagement, community meetings and meetings with stakeholders in Summer 2018
- A report with 23 recommendations was presented to government in December 2018

Rental Housing Task Force

- The recommendations were to address gaps in safe and secure housing, the need for greater education, and strengthening enforcement, supply, and fair process.
- Two early recommendations were accepted by government to limit the annual rent increase to inflation only and to develop a process for a landlord to apply to the RTB for an additional rent increase.
- Staff analyzed the recommendations and are working through implementation

Rental Housing Task Force

	Recommendation	In Progress	Completed
1	Stop Renovictions		✓
2	Work with Local Governments to develop tenant compensation and relocation guidelines for demolition	✓	
3	Set a clear timeline for tenant's decision on right of first refusal	✓	
4	Implement a BC wide Rent Bank		✓
5	Strengthen enforcement of the law including a clear process for making, investigating and reporting administrative penalty complaints		✓
6	Strengthen penalties for breaking the law including refusal of service for outstanding penalties	✓	
7	Investigate ways to provide affordable access to bailiff services in smaller and more remote communities	✓	
8	Investigate other options to increase the repayment rate of orders by the RTB	✓	
9	Increase the availability of strata housing by eliminating rental bans	✓	
10	Maintain rent tied to the renter, not the owner		✓
11	Work with local governments to develop, implement and enforce short-term rental rules	✓	
12	Make the RTB more responsive, accessible and proactive with more public education for landlords and renters		✓
13	Improve fairness and consistency by recording all hearings	✓	
14	Improve procedural fairness by expanding review considerations		✓
15	Require landlords who are filing for eviction for cause to provide all evidence with the eviction notice		✓
16	Proactively reduce the rent of tenants when repairs need to be made and landlord is refusing		✓
17	Allow email as a form of notice of service between landlords and tenants	✓	
18	Speed up the return of security deposits by allowing tenants to make direct request where the landlord has not made a claim		✓
19	Work with insurance industry for improvements to insurance for landlords	✓	
20	Review regulations relating to landlords obligation to store abandoned personal property	✓	
21	Ensure it is clear where to get help for all forms of residential tenancy in BC	✓	
22	Address the specific needs of non-profit housing and supportive housing providers	✓	
23	Ensure Manufactured Home Park rules are clear and understandable. Clarify what happens when rules conflict with the tenancy agreement		✓

Compliance and Enforcement

- The authority for administrative penalties exists in the RTA and MHPTA.
- They are intended for serious, deliberate or repeated contraventions of the Act(s). – to encourage compliance
- Penalties can be up to $5,000 per day
- Recent changes add more “teeth” to promote greater compliance.
  - Compel documents
  - Publish administrative penalty decisions
  - Refuse to accept applications for disputes if an outstanding penalty is owed
  - Pursue prosecution of an offence where a penalty has been levied but not resulted in compliance.

Project Outline: STR Impacts and Options in BC

Updated: August 2, 2019

Overall Project Purpose

- To better understand the impacts of short-term rentals (STRs) on housing stock and affordability in B.C, including on long-term rentals;
- To facilitate discussions with local governments about the nature of STR impacts and tools for addressing them; and
- To identify options the Province could take to address STR impacts.
- To implement and communicate any provincial actions or other findings to local governments and other stakeholders.

Background

- In many areas of the province, STRs have increased significantly. Some local governments have developed policies to regulate STRs to address negative community impacts, while recognizing that STRs can also offer attractive benefits to hosts, guests and communities.
- UBCM's January 2018 housing strategy detailed the negative impact of STRs on the availability of affordable rental stock.
- The Rental Housing Taskforce recommended that the Province work with local governments, to develop, implement and enforce STR rules to better protect long-term rental stock (recommendation #11). In its May 2019 response to the Rental Housing Taskforce's recommendations, the Province agreed to address the STR recommendation in 2020 through further consultation with stakeholders and local governments.

MAH Accountabilities

Housing Policy Branch (ADM Greg Steves) to lead the overall project, with Local Government Division (ADM Tara Faganello) accountable for leading the consultations component with UBCM and local governments.

Key Deliverables

1. Summary of STR current and potential impacts on rental stock and economic implications of STRs in key BC communities (extent of STR listings in communities, impact on housing stock, including rentals, revenues earned, and impact on local accommodation sector)
2. Summary of local governments' approaches and views and emerging STR best practices to protect affordable housing stock.
3. Recommended options for potential provincial and local government actions, including measures to support those local governments interested in taking further actions to address STR impacts.

Project Team

- Project Sponsor: Greg Steves, ADM, Office of Housing and Construction Standards (OHCS)
- Project Lead: Gord Enemark, A/ED, Housing Policy Branch
- Project Manager: Veronica Barlee, Senior Policy Advisor, Housing Policy Branch, OHCS
- Andrew Lis, Senior Economist, Housing Policy Branch, OHCS
- Eric Nicholls, Manager, Planning and Land Use Management Branch, Local Government Division
- BC Stats representative

Activities and Timeline

Phase	Activity	Lead	Timeline
Information Collection & Analysis	Review existing STR policies jurisdictions outside BC	Housing Policy	Complete
	Review existing STR policies of BC LGs	PLUM	Complete
	Analysis of impacts on STR rentals in select BC LGs – Appendix C	BC Stats	Spring 2020
	Tracking STR policy developments and impacts in BC LGs and elsewhere	Housing Policy / PLUM	Ongoing
Engagement	UBCM Agreement on Workplan / Terms of Reference	PLUM	October 2019
	Individual interviews with selected local governments (as needed)	PLUM	Fall 2019
	Meetings with other ministries – *see Appendix B*	Housing Policy	Fall 2019
	Meetings with other stakeholders – *see Appendix B*	Housing Policy	Fall 2019
	Local government advisory group (3-5 meetings) – *see Appendix A*	PLUM / UBCM	Winter/Spring 2020
Options Analysis & Development	Analyze and develop options (based on information collection and engagement)	Housing Policy / PLUM	Spring 2020
	Refine options (based on Executive and stakeholder feedback)	Housing Policy / PLUM	Summer 2020
Recommendation	Make recommendation to Minister for provincial action (if any)	Housing Policy	September 2020
Communication	Communicate to LGs and others any guidance or decisions	Housing Policy / PLUM	Fall 2020
Implementation	Plan implementation of any options chosen	Housing Policy	2021

Appendix A – STR Advisory Group

Terms of Reference – August 2019

Purpose

The Short-Term Rentals Advisory Group (AG) will facilitate discussions with local governments about the impacts of STRs and tools for addressing them.

Specifically, members of the AG will provide input on:

- The nature and extent of community impacts from STRs;
- Existing local government approaches and tools to address STRs;
- Local government challenges with existing tools;
- Best practices and guidance for local governments; and
- Areas in which provincial action on STRs might be helpful in support of local governments, and potential policy options.

Information generated by the AG will help inform the Province's consideration of potential policy approaches to STRs.

Membership and Governance

The PLUM Branch will chair the AG and will work in collaboration with UBCM to finalize its membership from local governments (elected officials and/or staff) and meeting timeline and topics. Consideration has been given to inviting members who have knowledge and experience with:

- Communities of different types, sizes, circumstances and approaches to STRs; or
- Provincial priorities and policy considerations.

Potential membership in the AG would include representatives of:

- UBCM
- Planning and Land Use Management Branch
- Housing Policy Branch
- Local governments:
  - 2 regional districts with STR policies
    - e.g. Islands Trust, Squamish-Lillooet (in development), Columbia-Shuswap
  - 4 larger municipalities (more than 10,000 population) with STR policies
    - e.g. Vancouver, Kelowna, Victoria, Whistler, Nelson, Richmond, Lake Country
  - 3 smaller municipality (less than 10,000 population) with STR policies
    - e.g. Tofino, Fernie, Gibsons (under review), Cumberland, Golden
  - 2 local governments *without* STR policies
    - e.g. Cowichan Valley RD, Kamloops, Revelstoke, Fraser Valley RD

Timeframe

Once UBCM has agreed on the Workplan/Terms of Reference (expect this to occur by October), it is expected that the AG will meet approximately 3–5 times from to January to May 2020. Most members will likely participate in meetings remotely (to be organized by PLUM staff).

Potential Meeting Topics *(2 hours each)*

- **Meeting 1: General discussion on the** nature and extent of community impacts; why local governments chose to regulate (or not); what Province has learned (e.g. outcome of jurisdictional scans,), what local governments would like to get out of the process.
- **Meeting 2-3:** Existing local governments approaches and tools used, challenges with those tools; emerging best practices; how approaches/tools might complement each other.
- **Meeting 4:** Ideas for provincial and local government actions (e.g. addressing gaps in current framework; supports for LGs)
- **Meeting 5:** Summary of what we heard; potential next steps.

Proposed Guidelines for Participation

AG members are asked to observe the following guidelines for participation:

- Represent the interests of their organizations, keeping in mind the interests of all those affected;
- Work toward developing consensus recommendations with other AG members;
- Provide their professional and technical recommendations, analysis, and advice to support the development of provincial and local government approaches to STRs;
- Before meetings, review any background information or draft documents that are distributed;
- Members may participate in meetings remotely (to be organized by PLUM staff). If members are unable to participate in a scheduled meeting, it would be helpful if they could aim to meet with PLUM/HPB staff individually, in the days before or after;
- PLUM advises members to be aware that the work, decisions, reports, or other products of the AG are subject to freedom of information protocols; and
- Respect confidentiality of information shared by AG members.

Appendix B – Potential Stakeholders/Engagement Partners

Other Ministries:

- Ministry of Finance: speculation and vacancy tax; municipal and regional district tax (MRDT)
- JTT (BC Stats)
- Ministry of Tourism, Arts and Culture; tourism impacts including over-tourism and lack of accommodation for workers in the industry.
- Ministry of Forests, Lands and Natural Resource Operations and Rural Development: worker accommodation and business recruitment in many areas of the Province.

Local Governments

- Communities analysed in the earlier stage
- Planning, Bylaw enforcement, business licensing/economic development

Other Stakeholders:

- *STR Platforms:* Airbnb, VRBO, Sonders (new) etc. Ministry of Finance may already have established working relationships, especially with respect to Airbnb.
- *STR Data Scrapers:* Host Compliance, Airdna, etc.
- *Rental Housing (on advice of RTB):* tenants, landlords, Tenant Resource Advisory Centre (TRAC), Landlords BC, rental property managers, tenant groups like the Vancouver Tenants Union
- *Strata Housing*: owners, strata councils, CHOA (Condominium Home Owners Association), VISOA (Vancouver Island Strata Owners Association), strata lawyers, strata property managers
- *Co-op Housing:* Co-operative Housing Federation of BC (CHF BC)
- *Housing providers for vulnerable population:* BC Non-Profit Housing Association, Aboriginal Housing Management Association, Seniors Living Housing Association, Together Against Poverty (TAPS); Transition Housing of BC; Office of the Seniors Advocate
- *Enforcement:* Civil Resolution Tribunal, court decisions
- *Real Estate Sector:* developers, UDI (Urban Development Institute); realtors
- *Hotel and Traditional/Conventional Tourist Accommodation:* BC Hotel Association, Destination BC

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals - First Meeting

Executive Hotel; 7311 Westminster Hwy, Richmond, BC

Friday, February 7, 2020; 10:30am to 3:30pm

Agenda

ITEM	TIME	RESPONSIBILITY
1. Welcome	5 mins	**Co-Chairs** His Worship Jack Crompton, Resort Municipality of Whistler Gord Enemark, Executive Director - Housing, MAH
2. Introductions and roundtable • What are your interests in this process? • What would you like to get out of this process? • What is happening in your region/community?	90 mins	All
3. UBCM Housing Strategy and past resolutions	15 mins	UBCM representative
LUNCH	30 mins	
4. Review Terms of Reference (ToR)	45 mins	Co-Chairs
5. Research – Provincial Presentations		
a. Jurisdictional Scan	45 mins	Veronica Barlee, Senior Policy Advisor, MAH
b. Current Data and Challenges	45 mins	Gord Enemark, Executive Director, MAH Andrew Lis, Senior Economist, MAH
6. Discussion - Next Steps		
a. Review proposed topics for meeting #2. Discuss who we want to hear from over the course of our upcoming meetings.	20 mins	All
b. Next meeting – date, location	10 mins	All

DRAFT

Quantified Impacts of Short Term Rentals in Selected BC Communities: Preliminary Results DRAFT

Presentation for:

Short Term Rental Advisory Group

Jan. 16, 2020

Objectives

- To attempt to ensure that conclusions are driven by data and evidence to the greatest extent possible

- Break down data as much as possible by BC community
  - Communities separated into two groups: (1) those with both some STR by-laws and (2) those without (to the best of our knowledge)

- Want to better understand implications for long term rental markets, community income, and the community's accommodation sector

Data Sources

- AirBNB data from dozens of BC communities, from "AirDNA" work
  - Limiting analysis to "entire homes and apartments" in ~30 different geographies consisting of Municipalities and unincorporated areas of key Regional Districts
- CMHC vacancy/monthly rent data for purpose-built rental housing
- Secondary Rental Market Estimates – used 2016 Census data on total tenancies and subtracted CMHC Purpose Built Rental units
- Total Household Income in communities from 2016 Census
- MRDT sales tax revenue data for hotels/motels
- BC Stats organized the data, working with Housing Policy Branch

Table 1: Early Results – Communities with STR Regulations

Community	A: 2018 PBR Vacancy Rate: 1 bedr.	B: Avg. % Rise in LTR Rents: 2015-18	C: 2018 Est. STR Units Tot.*	D: 2018 Est. STR Units Booked > 30 Days*	E: 2018 Est. LTR Units -PBR +Secondary**	F: Ratio of STR Units to LTR Units	G: Ratio of STR Revenue to Household Inc.	H: Ratio of STR Revenue to Hotel/Motel Rev.
Vancouver City	0.8%	+21%	8,153	4,864	176,632	3%-5%	0.6%	**15.1%**
Richmond City	1%	+15%	836	531	22,891	2%- 4%	0.2%	5.9%
Victoria City	1.2%	+22%	1472	1035	31,320	3%- 5%	0.9%	**12.6%**
Nelson	0%	+18%	116	85	3,575	2%-3%	0.4%	No MRDT
Fernie	0.5%***	n/a	195	109	839	**13-23%**	1.5%	**15.2%**
Whistler DM	n/a	n/a	2718	1677	7695	**22%- 35%**	**21.8%**	**28.2%**
Pemberton V	n/a	n/a	60	33	264	**13%- 23%**	1.1%	No MRDT
Tofino DM	n/a	n/a	268	244	582	**42%- 46%**	**23.7%**	**22.7%**
Alberni-Clay RD	0.9%	n/a	470	407	5636	7%- 8%	2.3%	No MRDT
Pt. Alberni	0.9%	+11%	?	?	3408	?	n/a	No MRDT
Kelowna City	3.5%	+21%	1,435	955	25,400	4%- 6%	0.3%	**21.7%**
Penticton City	2.1%	+17%	289	212	7054	3%-4%	0.4%	**17.7%**
Okan-Simil. RD	2.1%	n/a	489	341	14,121	2%-4%	0.3%	No MRDT

*** Estimated "Entire Homes & Apartments" listed on AirBNB at least once/yr. and rented for at least 1 day/yr.; **Same, but rented at least 30 days/yr.; ***All bedroom sizes**

Observations from Table 1

- Communities where data is available seem to have low vacancy rates and/or rapidly increasing rents for Purpose Built Rentals – Kelowna vacancy rate an outlier, but the vacancy rate for all sizes was a fairly low 1.9% in Oct. 2018.
- Based on the data, it seems clear why there are STR regulations in these 13 communities:
  - The ratios of AirBNB "Entire Homes & Apartments" to the "Long Term Rental Stock" is in the 2%-8% range in most of these communities - still adds up to '000s of units not being rented long term.
  - There are 4 communities with ratios from ~13% to ~40%: Tofino, Whistler, Fernie, & Pemberton.
- The ratio of "EH&A" STR revenue to total community household income only seems to be significant in Whistler and Tofino.
- The ratio of "EH&A" STR revenue to total hotel/motel revenue is >15% in at least 6 of these communities.
- Note: Does not include listings on non-AirBNB websites.

Table 2: Early Results – Communities without STR Regulations

Community	A: 2018 PBR Vacancy Rate: 1 bedr.	B: Avg. % Rise in LTR Rents: 2015-18	C: 2018 Est. STR Units Tot.*	D: 2018 Est. STR Units Booked > 30 Days*	E: 2018 Est. LTR Units -PBR +Secondary**	F: Ratio of STR Units to LTR Units	G: Ratio of STR Revenue to Household Inc.	H: Ratio of STR Revenue to Hotel/Motel Rev.
Surrey	0.4%	+23%	643	395	60,205	~1%	0.1%	No MRDT
Burnaby	2.2%	+21%	831	536	41,059	1%-2%	0.2%	**17%**
Coquitlam	1.2%	+32%	171	84	17,548	0.5%-1%	0.1%	No MRDT
Squamish	0%	+25%	159	47	2,274	**2%-7%**	1%	**42%**
Squamish-L. RD	n/a	n/a	3,183	1,978	12,149	**16%-26%**	7%	No MRDT
Sunshine-C. RD	n/a	n/a	235	179	6,384	**3%-4%**	0.5%	**24%**
Revelstoke	0.4%***	n/a	90	21	1,079	**2%-8%**	2%	**14%**
Cranbrook	1.3%	+12.1%	5	5	2,724	~0.2%	0%	1%
Courtenay	0.3%	+9.3%	74	51	6,299	~1%	0%	5%
Terrace	4.0%	+4%	11	7	798	0.3%-2%	0%	No MRDT
Ft. St. John	15%	-16%	7	2	5,403	0.1%	0	1%
Prince George	5%	+11%	81	51	11,772	0.4%-0.7%	0	1%
Kamloops	1.2%	+13%	125	90	13,457	0.7%-1%	0	2%

*** Estimated "Entire Homes & Apartments" listed on AirBNB at least once/yr. and rented for at least 1 day/yr.; **Same, but rented at least 30 days/yr.: ***All bedroom sizes.**

Observations from Table 2

- These additional 13 communities were chosen based on 2 criteria:
  1) No STR regulations; and
  2) Generally sizeable communities, and representative of all BC's regions
- For most of these communities, the ratio of STR's to the rental stock is generally 1% or lower, so it is understandable why they would not have STR regulations
  - ➢ These communities tend not to be located in resort or destination areas
  - ➢ They may still want to closely monitor STR trends, however
- There are four communities (all near destination resort areas) where STRs beginning to have impacts on the LTR stock similar to those in Table 1.
  - ➢ These same communities are also characterized by a relatively high ratio of STR revenue to total hotel/motel revenue.

Table 3 – AirBNB "EH&A" Growth Rates 2016-18

Communities with STR By-laws (Table 1)	% Increase in EH&A Properties listed on AirBNB at least once: 2018 vs. 2016 (with By-laws)*		Communities without STR By-laws (Table 2)	% Increase in EH&A Properties listed on AirBNB at least once: 2018 vs. 2016 (no By-laws)*
Vancouver City	+2%		Surrey	+123%
Richmond City	+58%		Burnaby	+98%
Victoria City	+48%		Coquitlam	0% (check)
Nelson	+51%		Squamish	0% (check)
Fernie	+205%		Squamish-L. RD	+164%
Whistler DM	+167%		Sunshine-C. RD	+97%
Pemberton V	+140%		Revelstoke	0% (check)
Tofino DM	+87%		Cranbrook	+67% (<20 listings)
Alberni-Clay RD	+84%		Courtenay	+131%
Pt. Alberni			Terrace	+120% (<20 listings)
Kelowna City	+154%		Ft. St. John	0% (<20 listings)
Penticton City	+128%		Prince George	+238%
Okan-Simil. RD	+137%		Kamloops	+257%

***Estimated "Entire Homes & Apartments" listed on AirBNB at least once per year and rented for at least 1 day per year.**

Observations from Table 3

- Growth rates in Air BNB EH&A listings have recently been high in most communities, regardless if they currently have by-laws or not
- While some of the communities without By-laws still have low absolute numbers of EH&A units on AirBNB now, if these rates continue, they may cause issues for the Long Term Rental stock later
  - Monitoring is recommended, especially if the LTR stock begins to tighten
- Those communities with By-laws should also continue to monitor, as a check on the effectiveness of the regulations

Questions / Discussion

Province-Local Government Advisory Group on Short-Term Rentals
Co-Chairs Pre-Meeting Discussion

Attendees:
Mayor Jack Crompton, Resort Municipality of Whistler
Gord Enemark, Executive Director, Housing Policy, Ministry of Municipal Affairs and Housing (MAH)
Jessica Brooks, Executive Director, Planning and Land Use Management Brach, MAH
Virginia Holden, Director, Housing Policy, MAH (Facilitator)

Agenda

1) Discuss expectations and outcomes for the STR Advisory Group

2) Review agenda topics for all upcoming meetings as outlined in the Terms of Reference (ToR) (pages 2,3)

3) Review and/or amend agenda for the first meeting
    a. First Nations territorial acknowledgement
    b. Facilitation

4) Discuss expectations and outcomes for the first meeting

5) Confirm future meeting dates are as follows:
    i. #1 – January 16, Richmond
    ii. #2 – March 6 (TBD Victoria)
    iii. #3 – April 2
    iv. #4 – May 11
    v. #5 – June 26

6) Next steps:
    a. Meeting materials to Co-chairs for feedback – **January 10**
    b. Meeting materials to Advisory Group for distribution – **January 13**

UBCM – PROVINCE ADVISORY GROUP ON SHORT-TERM RENTALS

SPEAKING NOTES – GORD ENEMARK

Meeting Welcome

- Thank you all for coming together today.

- I want to acknowledge that we are gathered on the traditional, ancestral and unceded territory of the Coast Salish peoples – the Musqueam, Kwantlen, and Tsawwassen Nations.

- Short-term rentals are a product of evolving technological disruption to how travellers have booked accommodations for a long time – mainly hotels, and bed and breakfasts.

- While opening up tourism opportunities in many communities, they also have the unintended consequence of diverting housing units from the long-term housing supply.

- This is a complex situation with different impacts for different communities.

- The Rental Housing Task Force in 2018 recommended that the Province work with local governments to develop, implement and enforce STR rules to better protect long-term rental housing stock.

- We recognize that achieving that objective must balance with the economic and tourism objectives that communities juggle.

- Local governments have direct experience with both the positive and negative impacts of short-term rentals, and as local government representatives, you have seen those impacts in your own communities.

- You have unique perspectives as elected officials and local government staff on this issue. Some of you in this room have been called on as experts for several years on this topic.

- Our aim for this Advisory Group is to tap into those perspectives and your deep knowledge of both short-term rental impacts and the local government context.

- The Province is committed to this process and look forward to listening and gathering viable ideas to address STR impacts in the housing sphere.

- We also understand that each community's experience may be different and there may be "no one size fits all" solution.

- Through these five meetings, we will explore together the range of approaches and tools that governments have used in B.C. and beyond; possible gaps and challenges in addressing STRs, and ideas for the Province to review and analyze on as we determine next steps.

- It will be a joint learning and sharing journey.

- I look forward to working with you and learning from you today and in the months ahead.

BRITISH COLUMBIA | Ministry of Municipal Affairs and Housing

Review of Short-Term Rental Restrictions in Key North American Jurisdictions

OBJECTIVE:

This scan provides an overview of STR restrictions that have been implemented in ten key jurisdictions; three in Canada, and seven in the United States.

BACKGROUND:

Short-Term Rentals (STRs) are rentals of less than 30 days[1] that are facilitated by sharing economy accommodation platforms including Airbnb, HomeAway and FlipKey.

Concerns have been raised that STRs are contributing to a lack of affordable long-term rental housing in British Columbia by increasing the cost of homes and displacing long-term renters.[2] The Rental Housing Task Force recommended that the province work with local and regional governments to develop, implement and enforce STR rules to better protect long-term rental stock.[3]

In early May 2019, the Minister of Municipal Affairs and Housing announced that the province will form a collaborative working group with UBCM to explore location-appropriate solutions and best practices to support local government initiatives to regulate STRs.

DISCUSSION:

Scope of Jurisdiction Scan

The scan explores STR restrictions in ten key North American jurisdictions outside of British Columbia; three in Canada, and seven in the United States. The scope of the jurisdiction scan is subject to the following limitations:

- *The scan is not exhaustive.* Numerous North American and international jurisdictions have implemented or are exploring STR restrictions. This scan is only intended to provide an overview of STR policies in ten key jurisdictions within North America.
- *STR law is rapidly evolving.* STR policies are being introduced, explored and revised in jurisdictions across North America. Some restrictions are currently facing legal challenges (e.g., Toronto, New York). Other jurisdictions have introduced bills to create or revise STRs laws (e.g., Texas has introduced bills aimed at limiting the ability of local governments to restrict STRs).
- *These initiatives are in the early stages of implementation.* At this stage, there is limited information available on the long-term outcomes of STR policies.

[1] Some jurisdictions define STRs as rentals of less than or more than 30 days (e.g., Toronto's threshold is 28 days).
[2] British Columbia Rental Housing Task Force, "Rental Housing Review: Recommendations and Findings" (12 Dec 2018). Available at: https://engage.gov.bc.ca/app/uploads/sites/381/2018/12/RHTF-Recommendations-and-WWH-Report_Dec2018_FINAL.pdf.
[3] *Ibid.*

Draft for Discussion Purposes Only – January 2020

Key Policies and Restrictions

The scan (see Attachments) discusses the following policies that have been introduced to restrict STRs:

- *STR Bans:* STRs are prohibited in some jurisdictions (e.g., STRs were prohibited in Santa Monica until 2015 and are currently prohibited under Toronto zoning by-laws).
- *Registration and Licensing:* Many jurisdictions have fee-based registration and licensing regimes to identify and regulate STR operators (e.g., Quebec, Portland, San Francisco, etc.).
- *Business Licencing:* Some jurisdictions require business licenses in addition to the usual STR registration or licensing requirements.
- *Primary Residence Requirement:* Many jurisdictions limit STRs to the primary residence of the STR operator. This restriction is intended to prevent STRs from reducing long-term housing supply. This restriction seems to be emerging as the preferred STR regulation mechanism.
- *Density or Area Caps:* Some jurisdictions have implemented density caps to limit the number of STRs that operate in a certain geographic area (e.g., Austin has a density cap of 3% per census area). Others restrict STRs to certain geographic areas of the city (e.g., Montreal, New Orleans).
- *Night Caps:* Night caps limit the number of nights that a residence may be used as an STR. Nights caps are often used alongside (or in lieu of) primary residence restrictions.
- *General Tourism Taxes*: Many jurisdictions apply general tourism or hotel taxes to STRs. Local governments are increasingly entering into agreements with STR platforms to have them collect these taxes on behalf of STR operators.
- *Specific STR Taxes:* New Orleans has introduced a tax specifically targeted at STRs that is re-invested in a Housing Improvement Fund.

Key Enforcement Tools

STR operators and/or platforms that contravene the requirements or restrictions outlined above may be subject to penalties, including fines or criminal charges.

FINANCIAL IMPLICATIONS:

- None.

ATTACHMENTS:

1. Jurisdiction Scan - Overview
2. Jurisdiction Scan – Detailed Summary

Attachment 1: Jurisdiction Scan - Overview

Jurisdiction	Registration or Licensing	General Business Licensing	Primary Residence Requirement	Density or Area Cap	Night Cap	General Tourism Tax	Specific STR Tax
Canada							
Vancouver	X		X				
Quebec	X					X	
Montreal				X			
Toronto (not in force)	X		X		X		X
United States							
Austin	X			X		X	
Portland	X	X	X		X	X	
San Francisco	X	X	X		X	X	
Denver	X		X			X	
Santa Monica	X	X	X			X	
New York			X			X	
New Orleans	X		X	X	X	X	X

Attachment 2: Jurisdiction Scan – Detailed Summary

Canada

Jurisdiction	Tool(s)	Summary	Impact/Response

City of Vancouver	**Registration and Licensing**	• **Structure:** All STR operators in Vancouver must have a business licence and include their licence number in all online listings and advertising.
		• Additional requirements:
		  • Primary residence requirement (includes secondary or basement suites if the operator lives there full time).
		  • Not permitted in separate accessory dwelling units or homes that pay the Empty Homes Tax.
		  • Not permitted for property managers, businesses, societies or commercial operators.
		  • Safety and insurance requirements.
		  • Landlord or strata permission (if applicable).
		• **Fee:** $99 annually (for 2020).
		• **Penalty (individuals):** Up to $1000 daily.
		• **Penalty (commercial):** Up to $10,000 daily.
			• The City is tracking enforcement actions. As of December 5, 2019, city staff have opened 4056 case files (2532 are closed).
			• The impact of the STR registration system on the long-term rental market in Vancouver is unclear. For example, some media reports suggest that STR operators are still not complying with bylaws, while others suggest that the impact on the long-term rental market is nominal.

Quebec	**Registration and Licensing**[4]	• **Structure:** A person that advertises an accommodation for tourists for 30 days or less on a "regular basis" must obtain a permit. • **Fee(s):** $256 + $5.40 per accommodation.	• Reports suggested that a small portion of STRs have registered under this system.[5]

[4] *An Act Respecting Tourist Accommodation Establishments*, E-14.2. See also: Revenue Quebec, "Short-Term Accommodations (Accommodation Sharing)". Available at: https://www.revenuquebec.ca/en/citizens/your-situation/short-term-accommodations/.
[5] The Canadian Press, "Most Airbnb hosts not registered in Quebec, 1 year after law took effect", *CBC* (28 May 2017). Available at: https://www.cbc.ca/news/canada/montreal/quebec-airbnb-law-not-effective-2017-1.4135041.

Jurisdiction	Tool(s)	Summary	Impact/Response
		• **Penalty (individuals):** $2500-25,000 daily. • **Penalty (businesses):** $5000-50,000 daily.	• Renters groups in Montreal suggest that Quebec is issuing warnings instead of tickets.[6]
	Taxes	• **Tax on lodging:** Usually 3.5%. Quebec has an agreement with Airbnb where the platform automatically collects the 3.5% tax to fund regional tourism offices.[7] • **GST/QST:** If STR income exceeds $30,000 in a quarter, the operator must collect/remit these taxes.[8]	• If passed, Quebec's March 2019 budget bill would require all STR platforms to collect the tax on lodging on behalf of operators (generating approx. an extra $12 million in additional revenue in 2023/24).[9]
Montreal	**Density or Area Cap**	• **Structure:** certain parts of the city are not permitted to have STRs (e.g., Plateau Mont-Royal). In some areas, STRs cannot be within 150m of one another. • **Penalty/Enforcement:** Key lockboxes are not permitted on public property (reported lockboxes are cut off by municipal workers).	• Some officials suggest that these bylaws have reduced STRs by the thousands (but no specific figures are cited).[10] • A recent CBC article suggests that STR restrictions in Montreal have had limited success.[11]

[6] Jacob Serebrin, "Two Montreal Renters' Groups are Calling for a Ban on Airbnb", *Montreal Gazette* (7 Mar 2019). Available at: https://montrealgazette.com/news/local-news/two-montreal-renters-groups-are-calling-for-a-ban-on-airbnb.
[7] Revenue Quebec, "Registering for the Tax on Lodging – Short-Term Accommodations". Available at: https://www.revenuquebec.ca/en/citizens/your-situation/short-term-accommodations/registering-for-the-tax-on-lodging/.
[8] Revenue Quebec, "Registering for the GST and QST – Short-Term Accommodations". Available at: https://www.revenuquebec.ca/en/citizens/your-situation/short-term-accommodations/registering-for-the-gst-and-qst/.
[9] Steve Faguy, "Quebec Budget: Airbnb-style Rentals will be Forced to Collect Tourism Taxes" *Montreal Gazette* (21 Mar 2019). Available at: https://montrealgazette.com/news/local-news/two-montreal-renters-groups-are-calling-for-a-ban-on-airbnb.
[10] CBC News, "Montreal Cracking Down on Lockboxes Affixed to Public Property" (7 Jan 2019). Available at: https://www.cbc.ca/news/canada/montreal/montreal-cracks-down-on-lock-boxes-1.4967982.
[11] Farrah Merali, "How Toronto's Proposed Short-Term Rental Regulations Compare to Other Cuties" (4 May 2019). Available at: https://www.cbc.ca/news/canada/toronto/toronto-short-term-rental-regulations-versus-other-cities-1.5121557.

Jurisdiction	Tool(s)	Summary	Impact/Response
Toronto[12]	**Ban**	• **Structure**: STRs are currently prohibited under zoning by-laws.	• New bylaws were passed to address the STRs but they are not in force (see below).

	Registration and Licensing (not in force)	• **Structure:** bylaws were passed to create registration and licensing requirements for STRs, including:
		  • A primary residence requirement
		  • A night cap of 180 days
		• **Fee(s):** $50 fee for operators; $5000 + $1 for each night booking fee for platforms
		• **Penalty:** Up to $100,000 per offence; up to $10,000 per day if the offence continues; additional fines may be imposed by the court if deemed appropriate
			• Not yet in force; subject to outcome of legal challenge to be heard August 2019.

	Taxes (not in force)	• **Municipal tax:** 4% tax on STRs rented for under 28 days. Platforms may enter into agreement to pay on behalf of operators to collect the tax.	• Not yet in force; subject to outcome of legal challenge to be heard August 2019.

[12] City of Toronto, "Short-Term Rentals". Available at: https://www.toronto.ca/community-people/housing-shelter/rental-housing-standards/short-term-rentals/.

United States

Jurisdiction	Tool(s)	Summary	Impact/Response

Austin	**Registration and Licensing**[13]	• **Structure:** An annual license is required to operate STRs for less than 30 days. The system includes three license types: Type 1 (principle residence), Type 2 (not owner occupied, single family/duplex) or Type 3 (not owner occupied, multifamily).
		  ◦ The city imposed a density cap requirement (i.e., no more than 3% of homes in a census area for Type 2 properties).
		  ◦ Regulations were passed to phase out Type 2 (i.e., entire unit) rentals by 2022.
		  ◦ Liability insurance required.
		• **Fee(s):** $500 fee; $300 renewal.
		• **Penalty:** Up to $2000 per day for a violation.
			• The city received ongoing complaints about STRs after the density cap was imposed (which is likely why there was a move towards phasing out Type 2 rentals and implementing a permanent residency requirement).[14]
			• Texas recently introduced Senate bills aimed at limiting the ability of Austin and other municipalities to impose STR restrictions.[15]

	Taxes[16]	• **Municipal occupancy tax:** 9%. STRs operators must directly collect the tax. • **State occupancy tax:** 6%. Airbnb collects the tax on behalf of operators based on an agreement.	• Collection of the municipal occupancy tax directly from STR operators has been difficult to enforce.[17]

[13] Austin Code Department, "Short-Term Rental Licensing", City of Austin. Available at: http://www.austintexas.gov/department/short-term-rental-registration-program. See also *Austin Code Department*, "Short Term-Rental FAQ". Available at: https://austintexas.gov/sites/default/files/files/Code_Compliance/STR_FAQ_print.pdf.
[14] Sarah Griffiths, *Where Home Meets Hotel: Regulating Hotel Accommodations in the Age of Airbnb* (thesis defended 10 Mar 2017) at 23.
[15] Andrew Weber, "Here are 3 ways state lawmakers could disrupt (or shore up) short-term rentals in Texas this session", Austin Monitor (19 Mar 2019). Available at: https://www.austinmonitor.com/stories/2019/03/here-are-3-ways-state-lawmakers-could-disrupt-or-shore-up-short-term-rentals-in-texas-this-session/.
[16] Financial Services, "Hotel Occupancy Taxes", City of Austin. Available at: http://www.austintexas.gov/department/hotel-occupancy-taxes.
[17] *Ibid*.

Jurisdiction	Tool(s)	Summary	Impact/Response

Portland[18]	**Registration and Licensing**	• **Structure:** STRs permitted in permanent residences for a night cap of 95 days per year.
		  • Type A STRs permit required for 1-2 bedroom
		  • Type B STRs permit required for 3-5 bedroom
		• **Fee(s):** $100 to $178. $62 for annual renewal.
		• **Penalty:** $1000-$5000 fine if no permit.
		• **Business Registration:** required, but operators are tax exempt for STR income under $50,000.
			• A 2018 auditor's report suggests that 80% of Portland Airbnbs are operating illegally and enforcement action is limited. The city began to regulate the STR market in 2014 and the number of STRs has reportedly doubled since then.[19]

	Taxes	• **City/county transient lodging tax:** 11.5% combined. The city has an agreement with Airbnb to collect the tax. Operators on other platforms must pay or collect the tax directly. • **State transient lodging tax**: 1.8%. Airbnb collects the tax on behalf of operators.	• Revenue opportunity at various levels of government.

San Francisco[20] [21]	**Registration and Licensing**	• **Structure**: both a business license and an STR license are required. The STR license must be renewed biannually.
		• **Fee(s)**: $250.
		• Additional requirements:
		  • Primary residence requirement
		  • Night cap of 90 days per year
			• The $1000 penalty for platforms for unregistered hosts was initially challenged by Airbnb and HomeAway (but settled out of court in spring 2017). The parties reached an agreement to ensure compliance and enforcement with STR laws

[18] City of Portland, "Accessory Short-Term Rentals - FAQ". Available at: https://www.portlandoregon.gov/bds/66835.
[19] Mary Hill Caballero et al, "Short-Term Rental Regulation: Enforcement is Law and Effect on Housing is Unknown" Portland City Auditor (August 2018). Available at: https://www.portlandoregon.gov/bds/66835.
[20] Office of Short-Term Rentals, "How Do I Become a Certified Host?" San Francisco. Available at: https://shorttermrentals.sfgov.org/hosting/become-certified.
[21] *Administrative Code,* Ch 41A: http://library.amlegal.com/nxt/gateway.dll/California/administrative/chapter41aresidentialunitconversionandde?fn=document-frameset.htm&f=templates$uq=$up=1$force=7158$vid=amlegal:sanfrancisco_ca_m$anc=JD_Chapter41A.

Jurisdiction	Tool(s)	Summary	Impact/Response
San Francisco (cont'd)		• Submit a quarterly report on # of nights rented • Liability insurance required • **Penalty (individuals):** minimum of $484 per dwelling unit for STR law violations • **Penalty (platforms):** $1000 daily fine per listing and criminal penalties if booking is not registered. • **Business Registration:** also requires a $91 fee (can be refunded if certain criteria are met).	(including Airbnb creating an online registration system). When these changes went into effect in January 2018, half of the STRs in the city were pulled from Airbnb because they didn't have the proper registration. Other platforms (e.g., FlipKey) do not have these agreements and remain subject to the fine.[22] Airbnb claims that San Francisco STRs have continued to grow despite these changes.[23]
	Tax	• **Transient occupancy tax:** 14%. An agreement has been made for Airbnb to collect the tax directly.	• Revenue opportunity.
Denver	**Registration and Licensing**[24]	• **Structure:** an STR business license may be issued online (for permanent residences only). • **Fee(s):** $50 every 2 years for a Lodger's Tax ID; $25 for short-term rental license. • **Penalty:** Range from $150 to $999.[25]	• Denver has fewer barriers to registration compared with other jurisdictions. Some reports suggest that online registration may help to increase voluntary compliance and create a stronger working relationship with STR platforms.[26]

[22] Carolyn Said, "Airbnb Loses Thousands of Hosts I SF as Registration Rules Kick In" *San Francisco Chronicle* (14 Jan 2018). Available at: https://shorttermrentals.sfgov.org/hosting/become-certified.
[23] Airbnb Citizens, "An Update about Our Community in San Francisco" Airbnb (14 Feb 2019). Available at: https://www.airbnbcitizen.com/an-update-about-our-community-in-san-francisco/.
[24] Business Licensing Center, "Short-Term Rental License Overview", City of Denver. Available at: https://www.denvergov.org/content/denvergov/en/denver-business-licensing-center/business-licenses/short-term-rentals.html
[25] Business Licensing Center, "Short-Term Rental Citations", City of Denver. Available at: https://www.denvergov.org/content/denvergov/en/denver-business-licensing-center/business-licenses/short-term-rentals/short-term-rental-citations.html
[26] Griffiths *supra* note 14 at 34.

Jurisdiction	Tool(s)	Summary	Impact/Response
	Taxes	• **Municipal Lodgers:** 10.75% (collected by Airbnb). • **State Tax:** 2.9%	• Revenue opportunity.

Santa Monica	**Registration and Licensing**[27]	• **Structure:** a resident with a business license may run an STR for a period of less than 31 days.
		  • Both parties must be present in the home (i.e., there is a primary residency requirement).
		  • The platform must disclose operator information.
		  • STR vacation rentals (where the guest enjoys the exclusive private use of the unit) are prohibited.
		• **Fee:** No direct fee, but there is an annual $75 tax for the first $60,000 of gross receipts. Income above $60,000 is taxed at a rate of 0.3% for every $1000. Income under $40,000 is exempt.
		• **Penalty (operators):** Up to $500 per day (increased from an initial $75 fine); potential criminal charges. **Penalty (platforms):** Up to a $500 fine per rental per day and potential criminal penalties.
			• These rules were challenged by Airbnb and HomeAway but ultimately upheld by a 9th Circuit Court of Appeal in March 2019. Prior to the challenge, $42,630 in fines was collected from platforms. Fines totalling $81,000 were collected from operators and platforms from 2016-2018. In 2018, the number of illegal vacation rentals was down by 30%. It is unclear if this was a result of increased enforcement or new regulation amendments. [28] [29]
			• One study suggested that the ordinance reduced the number of entire home STRs by 61% but had no impact on the LTR market.[30]

[27] Planning and Community Development, "Overview of the Home-Sharing Ordinance", City of Santa Monica. Available at: https://www.smgov.net/Departments/PCD/Permits/Short-Term-Rental-Home-Share-Ordinance/.
[28] Denis Smith, "Information Note: Short-Term Rental Update", City of Santa Monica. Available at: file:///C:/Users/rdesouza/Downloads/Short%20Term%20Rental%20Two%20Year%20Analysis%20Feb%202018%20Final.pdf.
[29] Bloomberg, "Airbnb Loses Major Right over Santa Monica's Rental Law", *LA Times* (13 Mar 2019). Available at: https://www.latimes.com/business/la-fi-airbnb-santa-monica-short-term-rental-20190313-story.html. Airbnb also brought forward a legal challenge when Anaheim introduced a similar provision to penalize platforms. Upon review, Anaheim agreed not to enforce this provision and the case settled.
[30] Cayura Chaves Fonesca, "The Effects of Short-Term Rental Regulations: Evidence from the City of Santa Monica" (June 29, 2018). Aavailable at SSRN: https://ssrn.com/abstract=3328485

Jurisdiction	Tool(s)	Summary	Impact/Response
	Tax	• **Transient Occupancy Tax:** 14% municipal tax. Platforms are permitted to collect the tax on behalf of the operator (Airbnb has complied since 2015).	• Over $4.6 million was collected from both lawful and unlawful rentals from 2016-2018.
New York City	**Primary Residence**[31]	• **Structure:** no entire home rentals are permitted. A primary residence may be rented to a maximum of 2 people for less than 30 days in a common household (i.e., guests must have access to every room). • **Penalty (operators):** Fines for advertising multiple units range from $1000-$7500. • **Penalty (platforms):** A new law was passed to require platforms to disclose operator data (a failure to comply would result in a fines of $1500 per listing). This law was subject to a preliminary injunction in January 2019 and is now pending litigation.[32]	• Litigation on the new law New York passed that would require Airbnb and other platforms to provide data on hosts (with a non-compliance fine of $1500) is pending. • New York State recently introduced legislation on STRs on April 10, 2019 which would introduce a registration system and new regulations intended to balance the needs of STR proponents and opponents.[33]
	Taxes	• **City occupancy tax:** Varies • **New York tax:** 5.875% • **Hotel unit fee:** $1.50 per day per unit	• The proposed legislation would require platforms to collect state and local taxes directly.
New Orleans[34]	**Registration and Licensing**	• **Structure**: Since 2016, licenses have been required to operate different STR types. A night cap of 90 days applies to temporary STRs only. Since January 2019,	• The stricter regulations that came into force in January 2019 were in

[31] Office of Special Enforcement, "Rules and Regulations for Short-term Rentals", New York City. Available at: https://www1.nyc.gov/site/specialenforcement/enforcement/illegal-short-term-rentals.page.
[32] *Airbnb Inc v the City of New York; HomeAway.com Inc. v the City of New York United States District Court*, S.D.N.Y (3 Jan 2019), at 52. Available at: https://www.courthousenews.com/wp-content/uploads/2019/01/airbnb-nyc.pdf.
[33] David Kellar, "NY Lawmakers to Try Again wit New Rule for Airbnb", The Associated Press. Available at: https://www.apnews.com/70493947ef7d477a86cf4c93268faa72.
[34] City of New Orleans, "Short-Term Rental Administration". Available at: https://www.nola.gov/short-term-rentals/

Jurisdiction	Tool(s)	Summary	Impact/Response
New Orleans (cont'd)		the city has introduced some primary residence requirements and area caps. • **Fee(s):** $50-$500 depending on type of license. • **Penalties:** Fines, liens, revoked licenses, etc.	response to what many perceived to be lax STR regulations.[35]
	Taxes	• **Municipal tax:** 4% • **Hotel Occupancy Tax:** 0.5% per night • **Housing Improvement Fund**: $1 per night	• Revenue opportunity. • Reinvestment in housing.

[35] Kevin Litton, "Short Term Rental Rules in New Orleans Tightened" *NOLA.com*. Available at: https://www.nola.com/politics/2019/01/short-term-rental-rules-in-new-orleans-tightened.html.

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals - First Meeting

Executive Hotel; 7311 Westminster Hwy, Richmond, BC

Friday, February 7, 2020 ; 10:30am to 3:30pm

Agenda

ITEM	TIME	RESPONSIBILITY
1. Welcome	5 mins	**Co-Chairs** His Worship Jack Crompton, Resort Municipality of Whistler Gord Enemark, Executive Director - Housing, MAH
2. Introductions and roundtable • What are your interests in this process? • What would you like to get out of this process? • What is happening in your region/community?	90 mins	All
3. UBCM Housing Strategy and past resolutions	15 mins	UBCM representative
LUNCH	30 mins	
4. Review Terms of Reference (ToR)	45 mins	Co-Chairs
5. Research – Provincial Presentations		
a. Jurisdictional Scan	45 mins	Veronica Barlee, Senior Policy Advisor, MAH
b. Current Data and Challenges	45 mins	Gord Enemark, Executive Director, MAH Andrew Lis, Senior Economist, MAH
6. Discussion - Next Steps		
a. Review proposed topics for meeting #2. Discuss who we want to hear from over the course of our upcoming meetings.	20 mins	All
b. Next meeting – date, location	10 mins	All

Joint Short-Term Rental Advisory Group
Updated Feb 10, 2020

Co-chair: **Jack Crompton,** Mayor of Whistler

Lee-Ann Garnett, Assistant Director, Long Range Planning, Burnaby

Gail Given, Councillor, Kelowna

Kathryn Holm, Director, Licensing and Community Standards, Vancouver. **Claire Thompson,** Manager of Proactive Enforcement, City of Vancouver.

Peter Luckham, Chair, Islands Trust

Josie Osborne, Mayor, Tofino

Shannon Perkins, Manager, Bylaws & Licensing Services, City of Victoria. **Kim Ferris,** Business Licencing Officer, City of Victoria.

Regina Sadilkova, Director, Development Services, Thompson-Nicola Regional District

Alex Thumm, Development Services Planner, City of Nelson

Jared Wright, Director, Advocacy and Government Relations, UBCM

Josh van Loon, Senior Policy Analyst, UBCM

Co-Chair: **Gord Enemark**, Executive Director, Housing Policy Branch, Ministry of Municipal Affairs and Housing

Ginnie (Virginia) Holden, Director, Housing Policy Branch, Ministry of Municipal Affairs and Housing

Veronica Barlee, Senior Policy Advisor, Housing Policy Branch, Ministry of Municipal Affairs and Housing

Andrew Lis, Senior Economist, Housing Policy Branch, Ministry of Municipal Affairs and Housing

Susan Low, Senior Policy Analyst, Housing Policy Branch, Ministry of Municipal Affairs and Housing

Tara Faganello, Assistant Deputy Minister, Local Government Division, Ministry of Municipal Affairs and Housing

Jessica Brooks, Executive Director, Planning and Land Use Management Branch, Ministry of Municipal Affairs and Housing

Eric Nicholls, Manager, Planning and Land Use Planning and Land Use Management Branch, Ministry of Municipal Affairs and Housing

Tomoko Hagio, Senior Planning Analyst Planning and Land Use Management Branch, Ministry of Municipal Affairs and Housing

Summary of Feb 7, 2020 Short-Term Rental Advisory Group Meeting

Actions:

1. Heads up to Finance re: Mar 6 meeting in Victoria. The STR AG would like a briefing on tax fairness, MRDT and Canada Revenue Agency in collecting income taxes from STR hosts. **REACHED ON FEB 11, Ginnie and Gord.** SPEAKER BOOKED FOR MAR 6
2. Heads up to Property Assessment Services Branch re: March 6 meeting in Victoria. The STR AG would like a briefing on tax fairness and the issue of split classification. **GINNIE TO REACH OUT TO ROB FRASER FEB 12 (policy discussion paper may be helpful background)** SPEAKER BOOKED FOR MAR 6

   Note: may also like information on Strata Property Accommodation (i.e. strata hotels); sensitive issue.
3. Heads up to RTB, Policy and Enforcement re: Mar 6 meeting in Victoria. The STR AG would like to explore with RTB why some landlords find STR hosting easier and move away from long-term rentals. DONE: Feb 11, 2020 email from Ginnie to Tyann and Scott. Veronica also shared latest draft of STR policy discussion paper. SPEAKER BOOKED FOR MAR ^
4. Invite RECBC (Real Estate Council of B.C.) and/or Superintendent of Real Estate to April 2 meeting to discuss role of realtors and property managers. **VERONICA/GINNIE TO REACH OUT week of Feb 24.**
5. Invite Alex Dagg, Airbnb Policy Director and an Expedia representative to a later STR AG meeting (May 11?). **GINNIE/GORD TO REACH OUT**
6. Invite to April 2 meeting (?) a Tourist Destination Marketing organization: Whistler, Vancouver, Victoria. **GINNIE TO REACH OUT TO VINCENT at TAC.** SPEAKER BOOKED FOR APRIL 2
7. Jack Crompton: please invite futurist to a meeting. **UPDATE: Ginnie and Veronica have a Feb 12 meeting with a PSA futurist. GINNIE TO REACH OUT TO CHIEF DIGITAL OFFICER – JAIME BOYD. Also there may be someone from JTT's Emerging Economy Taskforce (Susan has emailed Feb12).** Awaiting Introduction to Kathy Kinloch (BCIT President), chair of the Emerging Economy Task Force. Other leads were followed – no appropriate speakers found.
8. Connect with Peter Lackham with info from meeting by Feb 14 2020. **Interim email from Susan Feb 11.** SUMMARY SENT
9. For Mar 6 meeting: "homework" for STR reps on STR resources, regulatory regime, key challenges and successes. (Should be out to LG reps by Feb 14?) **SUSAN TO COMPLETE AND SEND OUT by Feb 14** TEMPLATE SENT
10. Provide MRDT info to Lee-Anne Garrett. **By Feb 14: Veronica to ask Finance and TAC contacts for public facing briefing materials, first check web.**
11. Written meeting summary to DM and participants – **Veronica** DONE

Themes:

a. Jack Crompton: purpose of the STR AG. What is going to happen as a result of this group? Also downloading "hotel"/STR costs onto local governments.

b. Avoid reinventing the wheel, learn from each other on best practices and emerging evidence.
c. Tax fairness.
d. Emerging best practices:
    i. Proactive enforcement (Victoria, Nelson, Tofino, Vancouver)
    ii. Getting good documentation from STR hosts (Nelson, Vancouver).
    iii. Principal residences: Kelowna, Vancouver. Modified principal residence: Victoria. No principal residence: Tofino, Victoria, Whistler.
    iv. Extended public consultation: Tofino, Kelowna, Vancouver.
e. Need for data collection, data sharing with other levels of government (Nelson, Victoria) and cost of getting data (Tofino).
f. Cost of enforcement (Victoria, Vancouver, Tofino).
g. Working relationship with Airbnb and other STR platforms.
h. Appropriateness of looking to American jurisidictions.

Participation:
Eight of the nine local governments participated. The Islands Trust representative, Chair, Peter Luckham, could not participate because fog prevented him from flying.

Two local governments sent replacement representatives:

- For the City of Vancouver, Claier Thompson Manager of Proactive Enforcement participated on behalf of Kathryn Holm, Director, Licencing and Community Standards who was on vacation.
- For the City of Victoria, Kim Ferris, Business Licencing Officer participated on behalf of Shannon Perkins, Manager, Bylaws & Licensing Services. Kim leads a team of three on STR enforcement.

Josh van Loon, Senior Policy Analyst, represented UBCM. Jared Wright, Director, Advocacy and International Relations did not participate at this meeting.

Representation
Several of the local government representatives have multiple roles, involved with regional districts as well as tourism.

- Jack Crompton is also involved with the Regional District of (Squamish?)
- Gail Givens is also involved with Tourism Kelowna and the Regional District of Central Okanagan and Okanagan-Similkameen.
- Regina Sadilkova, is reaching out to other Regional Districts through their association (Association of Regional District Planning Managers).
- Josie Osborne and Claire Thompson (*and Alex Thumm*) have been asked by other local governments to provide information and expertise on STRs.
- The STR issue may be a relatively new one for Burnaby.

Provincial-Local Government Advisory Group on Short-Term Rentals
First Meeting – Friday February 7th, 2020
Richmond, BC

AGENDA

1. Introductions and Round Table
    a. Interests in this process?
    b. What would you like to get out of this process?
    c. What is happening in your region/community?
2. UBCM Housing Strategy and Past Resolutions
3. Review Terms of Reference
4. Research – Provincial Presentations
    a. Jurisdictional Scan
    b. Current Data and Challenges
5. Discussion: Next Steps
    a. Topics for meeting #2 (Mar 6) and speakers for upcoming meetings (Mar 6, April 2, May 11, June 26)

PARTICIPANTS

1. Co-chair: Jack Crompton, Mayor of Whistler
2. Lee-Ann Garnett, Assistant Director, Long Range Planning, City of Burnaby
3. Gail Given, Councillor, City of Kelowna
4. Claire Thompson, Manager of Proactive Enforcement, City of Vancouver for Kathryn Holm, Director, Licensing and Community Standards, City of Vancouver.
5. Josie Osborne, Mayor, District of Tofino
6. Kim Ferris, Business Licencing Officer, City of Victoria for Shannon Perkins, Manager, Bylaws & Licensing Services, City of Victoria.
7. Regina Sadilkova, Director, Development Services, Thompson-Nicola Regional District
8. Alex Thumm, Development Services Planner, City of Nelson (by phone)
9. Josh van Loon, Senior Policy Analyst, UBCM

Regrets:

Peter Luckham, Chair, Islands Trust

Jared Wright, Director, Advocacy and Government Relations, UBCM

Tara Faganello, ADM, Ministry of Municipal Affairs and Housing

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING STAFF

1. Gord Enemark, Executive Director, Housing Policy Branch, Ministry of Municipal Affairs and Housing (Co-Chair)
2. Jessica Brooks, Executive Director, Planning and Land Use Management Branch, Ministry of Municipal Affairs and Housing (Advisory Group member)
3. Ginnie (Virginia) Holden, Director, Housing Policy Branch, Ministry of Municipal Affairs and Housing (Project Director, Facilitator)
4. Veronica Barlee, Senior Policy Advisor, Housing Policy Branch, Ministry of Municipal Affairs and Housing (Presenter)
5. Andrew Lis, Senior Economist, Housing Policy Branch, Ministry of Municipal Affairs and Housing (Presenter)

MEETING MINUTES

As per the terms of reference, discussion is not directly attributed to communities and regions.

SUMMARY

1. The impetus for this group is responding to the Rental Housing Taskforce's recommendation #11 and mitigating the impact of short-term rentals (STRs) on long-term rental stock. Collaboration between the Province and local governments is key.
2. There are benefits from STRs including visitor accommodation and economic diversification.
3. STRs are a complex and evolving business.
4. Local governments want to learn about best practices. Given the diversity of the Province, a flexible tool kit is needed. Best practices may also need to be tailored by the size of the community/region: small, medium and large.
5. Local governments also expressed concerns about community housing issues related to low vacancy rates / availability of affordable long-term rental stock, enforcement resources at the local level, and conversion of secondary units (suites and condos) to short-term rentals.
6. Different local governments have had different experience with short-term rentals and have developed different regulatory approaches.
    a. Some communities used extended public consultation to inform their STR approaches.
    b. Some communities have chosen to regulate STRs by restricting to principal residences or using tourism specific zoning.
    c. Enforcement: several local governments are taking a pro-active enforcement approach using digital monitoring through STR platform scrapping companies like Host Compliance instead of more traditional bylaw enforcement approach of responding to complaints. Some local governments have specific staff assigned to STR enforcement.

Enforcement costs and the resources required can be significant and costs are a concern.

d. Given additional enforcement costs and other costs borne by local governments from the growth of STRs, tax fairness is a concern.

e. Local governments often use business licences to regulate STRs, some use Temporary Use Permits, and require documentation from STR hosts.

f. Currently regional districts do not have the power to issue business licences to monitor or track STRs. Some regional districts did mention that they wish not to take this approach due to lack of internal capacity to administer and enforce licenses.

g. Data collection and information sharing are challenges.

h. It was mentioned that sometimes secondary suite landlords prefer short-term rentals due to the perceived strong tenant provisions in the Residential Tenancy Act.

7. There was interest in what will be the provincial results of this STR Advisory Group.

8. What role can the Province play? Some preliminary suggestions were:

   a. Encouraging/negotiating STR platform compliance to local government by-laws;

   b. The province to develop a property assessment residential split classification to capture the residential and commercial nature of STRs. This was also proposed in UBCM's 2018 Housing Strategy. As well, members were open to investigating other avenues outside split classification to achieve tax fairness;

   c. Develop a best practice guide; and

   d. Assisting in sharing data and documentation.

ACTION ITEMS

1. Invite speakers to the next meeting on March 6, 2020:

   a. Ministry of Finance staff to discuss taxation issues;

   b. Property Assessment Services Branch, Ministry of Municipal Affairs and Housing, on property tax assessment policy and decision making including split classification;

   c. Residential Tenancy Branch and the impact of the Residential Tenancy Act especially for landlords with secondary suites;

   d. A provincial expert on digital futures and impacts on how home sharing could evolve (currently in touch with several work units with the Province).

   e. Give space at the March 6th meeting to discuss the potential feasibility of the province compelling the STR platforms to share data with communities to monitor and ensure STR compliance to local regulations.

2. Provide a template for "homework" assignments to local governments for the March 6, 2020 meeting on community/region's: STR resources, STR regulatory regime, key challenges and successes, reflections, future state.
3. Invite speakers for the April 2 meeting:
    a. RECBC (Real Estate Council of B.C.) and/or Superintendent of Real Estate to discuss the role of realtors and property managers;
    b. a Tourist Destination Marketing organization (e.g. Whistler, Vancouver, Victoria)
4. Invite to future meetings:
    a. Alex Dagg, Airbnb Policy Director and an Expedia representative;

Short Term Rentals – Community Experiences

Community Name:	
Population:	
# of Households:	
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	
How many short-term rental units are estimated to exist in your community? (to your best estimate)	
What are your community's priorities/objectives when it comes to short-term rentals?	
What measures are currently in place to regulate or govern short-term rentals?	
Why did your community choose those measures?	
What's working well? (What kinds of outcomes/results have been observed?)	
What's not working well? Why?	

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Commented [HVO2R2]: Sweet!

Commented [HVO3R2]: I am open to having two pages.

What other measures were considered in the past but not implemented? (and why, if you know)
What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?
What would you (or others in your community) like to see implemented or made possible? What gaps still exist?
Any other community-specific information or reflections about short-term rentals:

Commented [HVO4]: Is this trying to get at barriers? If yes, maybe reword. And if no, I think we should have a question about barriers. Thoughts?

Commented [LSO5R5]: The question above about "what's not working well" will surface current barriers/obstacles. This question will look at why certain other measures haven't worked out.

I find the words "barriers/obstacles" are a bit vague – we can access that sort of information with a more descriptive question.

Short Term Rentals – Community Experiences

Community Name:	City of Nelson
Population:	10,556 (year 2016 census)
# of Households:	Approx. 4,500
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	Late 2015: first few letters sent to Council
How many short-term rental units are estimated to exist in your community? (to your best estimate)	80 in residential zones

What are your community's priorities/objectives when it comes to short-term rentals?

1. Meeting the housing needs of long-term renters (who represent nearly 40% of our community)
2. Safe tourist accommodations (building code compliant, egress windows, fire extinguishers, etc.)
3. Ensuring a level playing field for accommodators

What measures are currently in place to regulate or govern short-term rentals? When were they implemented?

Our regulations were developed in 2016 and came into effect January 2017. Various types of licences, principal residency requirement, city-wide and per-block caps, triannual building inspection, local on-site contact person required whose contact info is publicly available online, low parking requirements. For single-family homes without a suite, even an "annual" licence entitles you to "advertise availability" for only 182 days per year. Full information at www.nelson.ca/str

Why did your community choose those measures?

We wanted to prevent non-resident investors from purchasing homes and evicting tenants in order to conduct full-time short-term rentals. Our regulations also ensure that no more than 2.5% of our housing stock will be used as a short-term rental, and that they will be somewhat evenly spread out thanks to the cap of three STRs per block. It was also very important to have enforceable regulations and cost-recovery.

What's working well? What kinds of outcomes/results have been observed?

We have 100% compliance with the licensing requirement: 100% of short-term rentals have a business licence. Fees for 31-day and 4-month licences are relatively low (31-day = $160), but fees for annual licences can be $800 or nearly $1,600. So far in 2020 we have brought in over $63,000 in revenue, thus fully covering our regular compliance checks, enforcement and address identification, and (the most time-consuming) individual inquiries and questions from prospective applicants. Anecdotally, several former Airbnb suites have returned to long-term housing and although new applications come in all the time, many people are discouraged by the process and opt to rent long-term.

What's not working well? Why? What barriers/obstacles are being faced?

Proving principal residency. In any cases where the applicant is the owner and has owned the property for over a year, we require them to have claimed the provincial homeowner grant on the property. Unfortunately, we do have a few people who clearly abuse this and falsely sign off on the property being their principal residence, or they'll argue about definitions. (For example, one person claims that it is his principal residence because he is on-site every day to take care of the garden.) Unfortunately, it's quite easy to get your documents all lined up. At the very least, though, our system prevents someone from having multiple STRs. You can lie, but you only get to do it for one property.

What other measures were considered in the past but not implemented? (and why, if you know)

For the first 1.5 years we followed Sechelt's and Sun Peaks' lead by requiring a $500 security deposit. This was extremely unpopular and proved unnecessary, so we repealed that. We chose to have a very low parking requirement, but a parking requirement nonetheless. Generally, as long as the property has just one space, often even if it's not within the property lines but technically on the ROW, it'll work, but Nelson has hundreds of properties without any off-street parking, and they are ineligible. The parking requirement is low so as to not be a barrier to applying, and since people don't hesitate to apply for a variance if they have to, we figured it's an unproductive use of staff time to go through potentially dozens of STR parking requirement variances.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

Host Compliance and staff time (myself, city planner, our front counter technician who processes applications, and our building inspector who visits each property). Our website provides a process for complaints about short-term rentals, but since 2017 we have only received a couple complaints about one-off parties. Otherwise, no complaints about the impact of STRs on the community.

What would you (or others in your community) like to see implemented or made possible? What gaps still exist?

1. Sites like Airbnb being required to display a valid permit # on each and every listing
2. Limit the number of days rented per year to 180 days
3. More robust and reliable ways to verify principal residency

Any other community-specific information or reflections about short-term rentals:

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals – Meeting 2

8th floor, 614 Humboldt St, Victoria, BC

Friday March 6, 2020 – 10:30am to 3:30pm

ITEM	TIME	RESPONSIBILITY
1. Welcome	5 mins	**Co-Chairs** His Worship Jack Crompton, Resort Municipality of Whistler Gord Enemark, Executive Director - Housing, MAH
2. Review and Reflect • Key action items from the last meeting	5 mins	Co-Chairs
3. **Topic Discussions**		
a. Residential Tenancy Act – Policy Intent	30 mins	Tyann Blewett, Director, Residential Tenancy, MAH
b. Tax Policy – Process and Decision Making	30 mins	Steve Hawkshaw and Shauna Sundher, Ministry of Finance
c. Property Tax Assessment	30 mins	Brian Currie, Property Assessment Branch, MAH
LUNCH	30 mins	
4. Summary – Scan of Current Local Government STR Regulatory Approaches in BC	15 mins	PLUM/MAH
5. Community Profiles Q&A – Ask & Answer questions on community profiles – 5 minutes per community	45 mins	All
6. Discussion Activity – Identify current state strengths, challenges, and gaps	75 mins	All
7. Discussion and Next Steps		
a. Review action items from today's meeting	10 mins	All
b. Next meeting – April 2nd, Burnaby	5 mins	All

Short Term Rentals – Community Experiences

Community Name:	City of Burnaby
Population:	232,755
# of Households:	92,205
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	2016
How many short-term rental units are estimated to exist in your community? **(to your best estimate)**	Units, unknown ~1500 listings

What are your community's priorities/objectives when it comes to short-term rentals?

- Protecting long term rental housing
- Maintain and improve neighbourhood livability and stability
- Support economic opportunities, including tourism in Burnaby and opportunities for property owners and local businesses
- Provide a regulatory program that is clear and inspires high levels of compliance

What measures are <u>currently in place</u> to regulate or govern short-term rentals? When were they implemented?

We do not have any regulations for Short Term Rental.

Currently, the Zoning bylaw defines a dwelling unit as "the permanent home for one family". This is a long standing definition.

Why did your community choose those measures?

n/a

What's working well? What kinds of outcomes/results have been observed?

We do not have regulations, and therefore it is difficult to respond to the question. We have approximately 1500 listings (Host Compliance data) and 850 Short Term Rentals as entire homes and apartments (Provincial data) and we think this is growing. Despite the lack of a regulatory framework, we do enforce our Zoning Bylaw on a complaint basis, and this is generally working.

What's not working well? Why? What barriers/obstacles are being faced?

- Lack of clear definitions and regulations in the Zoning Bylaw
- Lack of business licencing requirements
- Lack of understanding in the community about relevant regulations
- Lack of resources to undertake an active enforcement program
- No inventory of data (do not have our own inventory and have not hired a 3rd Party to provide data.

What other measures were considered in the past but not implemented? (and why, if you know)

- We had been asked to create regulations, but have not done so because of other urgent housing priorities.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

n/a

What would you (or others in your community) <u>like to see</u> implemented or made possible? What gaps still exist?

Staff will be proposing a full regulatory framework for short term rentals in the future that will include Zoning Bylaw amendments, Business Bylaw amendments and potentially Municipal Ticketing Bylaw provisions in order to undertake an active business licencing and enforcement program. A communications strategy for the new regulatory framework will also be proposed.

We would like a requirement for requiring business licences for the platform (Air Bnb, VRBO, etc.)

Any other community-specific information or reflections about short-term rentals:

- Enforcement is difficult – under section 16(5)(b) of the Community Charter, a municipality must give 24 hour notice of the entry and the reasons for it. If the occupier refuses to allow entry we have no other recourse except to get an entry warrant.
- Accessing high rise businesses if difficult
- Strata Councils won't restrict STRs, but then request the City to enforce regulations
- A Provincial approach to requiring provincial licences for platforms would be best for municipalities, just as was done with ride-share.
- Is there a role for the Province thorough its Tourism function through Destination BC to communicate with BC tourists what the regulations are?

Short Term Rentals – Community Experiences

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Community Name:	City of Kelowna
Population:	135,000
# of Households:	
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	2016
How many short-term rental units are estimated to exist in your community? (to your best estimate)	1253 approx.

What are your community's priorities/objectives when it comes to short-term rentals?

- Protecting long term affordable rental supply
- Level playing field with hotel/motel industry
- Ensuring minimum disruption to residential neighbourhoods

What measures are currently in place to regulate or govern short-term rentals? When were they implemented?

- New regulations approved and implemented in spring 2019
- Compliance monitoring started in fall 2019
- The rental must be located in your principal residence if in a residential or mixed-use commercial zone.
- Renting a non-principal residence is allowed in select commercial and tourist areas. Contact information for the designated person responsible for overseeing the unit must also be provided upon application and posted within the accommodation.
- Short-term rentals in residential, secondary use zones cannot be licenced with a corporation or society as an operator.
- Short-term rentals are not allowed in secondary suites or carriage houses.
- Obtain permission from your landlord, if applicable.
- Ensure your strata bylaws allow short-term rentals, if applicable.
- Parking must be available as per Section 8.1 of the Zoning Bylaw.
- Annually renew your short-term rental business licence.

Why did your community choose those measures?

Mainly to protect long term rental supply.

What's working well? What kinds of outcomes/results have been observed?

Compliance monitoring (3rd party) software and reporting has been going well. Achieving early success with compliance.

What's not working well? Why? What barriers/obstacles are being faced?

Business license fees set to achieve cost recovery. Those applying for licenses feel they are too expensive.

What other measures were considered in the past but not implemented? (and why, if you know)

- Leaving short term rentals un-regulated. Too much political pressure re: affordable rental housing options not to regulate in some way.
- Allowing short term rentals in secondary suites. Council considered allowing short term rentals in approved secondary suites but again pulled back because of concerns over impacting the long term rental supply.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

We use Host Compliance for monitoring. We are less than a year into our program with them but seeing good reporting and results.

What would you (or others in your community) like to see implemented or made possible? What gaps still exist?

Because of the seasonal nature of our economy with summer tourism and winter university students, there remains a desire to have some flexibility within the rules to allow property owners to do both long term and short term rentals depending on the season.

Any other community-specific information or reflections about short-term rentals:

Heavy social media campaign and political lobbying by AirB&B during our policy/regulatory review.
Very passionate STR community that are well connected.
Very little representation from neighbours who have been negatively impacted by short term rentals although we had been receiving a near doubling of annual complaints about noise and parking.

Short Term Rentals – Community Experiences

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Community Name:	Alberni-Clayoquot Regional District
Population:	Electoral Areas: 9,269
# of Households:	4,274 (total); 3,402 (usual residents);
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	2016 2017: policy developed
How many short-term rental units are estimated to exist in your community? (to your best estimate)	71 Identified STRs 13 Possible STRs

What are your community's priorities/objectives when it comes to short-term rentals?

The ACRD recognizes that the primary use of the property is residential. A Short Term Rental (STR) Temporary Use Permit (TUP) is a way to allow residents and residential property owners to participate in the tourism ~~econo~~economy. During the policy development process for managing STRs, a survey was conducted which identified a desire to regulate and allow STRs rather than a continuing to prohibit STRs in the Zoning Bylaw. 64% of survey respondents preferred to regulate STRs with a TUP while only 25% respondents preferred to continue to not permit STRs. At community consultation events, stakeholders identified the following benefits of STRs:

- Provide accommodations;
- Diversify accommodation types;
- Supplement income; and
- Bring tourism and provide economic benefits.~~my.~~

What measures are currently in place to regulate or govern short-term rentals? When were they implemented?

In 2017, the ACRD undertook a series of public consultation initiatives to explore stakeholder input and insights on the local issues related to STRs, learn from other communities' experiences, and determine how to move forward in managing these types of rentals in the ACRD. **The Short Term Vacation Rentals Consultation Summary and Recommendations Report** outlined the public consultation and research undertaken. The preferred option from stakeholders for managing STRs in the ACRD was to permit them with a Temporary Use Permit (TUP). Based on this, ACRD staff prepared a **Short Term Vacation Rentals Temporary Use Permit Policy**, which was adopted by the Regional Board on January 24, 2018.

Why did your community choose those measures?

The number of STRs on residential properties continues to increase within the ACRD. The majority of rentals are concentrated within Sproat Lake, Bamfield, and Long Beach and are mainly located on properties with zoning that does not support STRs. ACRD staff are continuing to receive complaints regarding STRs on residential properties. Complaints include the properties being overcrowded, noisy, issues with vehicle and boat parking, public intoxication, traffic and inadequately designed sewage disposal systems.

Most vacation rentals currently do not comply within regulations set out in the Zoning Bylaw. Many properties on Sproat Lake, and in Bamfield and Long Beach, are zoned Acreage Residential (RA1 & RA2) District or similar rural residential zoning districts. These zones permit uses such as a single family dwelling and an accessory dwelling unit (secondary suite, carriage home, cabin, cottage, garden suite, etc.), provided the lot is 1 acre or greater. An accessory dwelling unit is intended to be occupied as a permanent home, and not on a temporary/short term (less than a month) basis. These zones also allow B&Bs where bedrooms within the home are rented to not more than four people at a time, and are not intended to be rented as a separate unit.

To reiterate, the Board of Directors chose these measures, i.e. the STR Policy, to mitigate issues including: bylaw complaints, health and safety concerns regarding spaces unsuitable for human habitation, and zoning infractions. In response, the ACRD Board of Directors directed staff to investigate options for dealing with STRs. After public consultation the ACRD adopted an STR Temporary Use Permit Policy.

What's working well? What kinds of outcomes/results have been observed?

To date, the ACRD has received 18 STR TUP applications and issued 8 permits. Staff have notified all identified STR operators of the Board's direction for managing STRs and the ACRD has begun to see a greater influx of applications. Most people who are operating STRs were not aware that they were in contravention of the ACRD Zoning Bylaw and have been willing to work with the ACRD to legalize their operations.

The permitting process requires a site visit. During these visits staff have identified numerous health and safety concerns and have since worked with the applicants to ensure that their rentals are safe for use or operation cease. Mitigating (potential) harm has been a positive outcome of this process. Caretaker availability has also been a focal point through the STR permitting process. Requiring that an owner or caretaker reside on the property, or at least make themselves available by residing within 20 minutes of the property, has been the most effective tool to mitigate nuisance issues.

What's not working well? Why? What barriers/obstacles are being faced?

While the ACRD has received 18 applications, staff have notified over 70 operators. Non-compliance with the policy and with zoning has been a significant obstacle. To legalize STRs the ACRD must focus more time and resources into enforcement. The Board has directed staff to develop a Bylaw Notice Enforcement Bylaw. Upon adoption, Bylaw Enforcement will have another tool to ensure compliance.

It is difficult to identify STRs. Staff have conducted online research, yet it is time-consuming to identify properties of various vacation rental site and then find names and addresses for these properties. Once they are identified, it is difficult to get people to apply for an STR. Finally, once the permit is issued, it is difficult to determine if the applicants are operating their STR in conformance with their respective permits.

One aspect that has been particularly challenging for operators is providing confirmation that their existing on-site sewage disposal systems are capable of accommodating the STR use. This is a requirement prior to issuing the TUP and many of the applications on hold are a result of missing information about sewage disposal. This can be viewed as a benefit to the ACRD as we are ensuring that health standards are met prior to issuing a permit.

While the ACRD has not conducted a Housing Needs Assessment, in some districts, including Sproat Lake and Long Beach, residents have voiced their concerns regarding the need for long-term rental units. Based on the number of identified STRs, it is likely that some of these properties would better serve the community if they were available for long-term rentals for locals.

What other measures were considered in the past but not implemented? (and why, if you know)

The ACRD considered the following options for STRs:

- Permit STRs by rezoning the property;
- Continue to not permit STRs and enhance enforcement; and
- Regulate STRs through business licencing.

All property owners have the option to rezone to a District that allows for STRs. The ACRD Board determined that permitting in conjunction with enhanced enforcement would be more effective than enhanced enforcement only.

Regional Districts do not have the ability to issue business licences under Provincial legislation. This limits the STR regulation to land use and regulatory bylaws, and a complaint process for bylaw enforcement.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

The Bylaw Enforcement Officer manually monitors a number of online rental portals (AirBnB, VRBO, etc.) to identify STRs. This is a time-consuming process with no civic addresses included in the listings. Time is spent on comparing owner names with our property database information and utilizing Google Maps and Street View to pinpoint properties. Letters are sent to operators to advise them of the TUP application process. Once the Bylaw Notice Enforcement process is in place, letters will be sent to operators with a specific timeline in place to apply for a TUP before the ACRD engages in a ticketing process for non-compliance with the ACRD Zoning Bylaw.

Once a TUP has been issued, the Bylaw Enforcement Officer and planning staff monitor permitted operations to ensure compliance with the provisions of the TUP. The ACRD Board has provided additional staff time funding to help manage STRs and administer the regulations.

What would you (or others in your community) like to see implemented or made possible? What gaps still exist?

The ACRD engaged in a public consultation exercise in September and October 2017. Results of this exercise are contained in the **Short Term Vacation Rentals Consultation Summary and Recommendations Report**.

The biggest gap that remains is the slow adoption of the benefits of the TUP application process to operators. There is a perceived lack of understanding that the application process helps existing operators by providing a framework to legalize their rentals. The ACRD has been generally supportive of applications that ensure that neighbourhood nuisance issues and building health and safety aspects are considered. The ACRD would like to see more operators come forward with applications for rentals that are well received in the neighbourhood.

The enforcement gap that exists is the lack of financial incentive to comply with the Zoning Bylaw. The Bylaw Notice Enforcement strategy will allow the ACRD to levy fines upon operators who are not in compliance. The ability to utilize this tool will likely result in more applications to the ACRD and a greater endorsement of the legal framework put in place by the Board policy.

Any other community-specific information or reflections about short-term rentals:

More information on the work the ACRD has put into managing short term rentals can be found on the ACRD website: https://www.acrd.bc.ca/str

Short Term Rentals – Community Experiences

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Community Name:	District of Tofino
Population:	Census 2016: 1,932 BC Population Statistics 2019: 2,434
# of Households:	1,037 with 755 occupied by "usual residents' according to Census 2016
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	2004 First regs: 2005
How many short-term rental units are estimated to exist in your community? (to your best estimate)	STRs: 218 B&B: 48

What are your community's priorities/objectives when it comes to short-term rentals?

We are trying to regulate based on these five principles

- Residential properties are used for homes first and foremost.
- Local residents are able to participate in the tourism economy
- Minimize and mitigate conflict and unwanted impacts in residential neighbourhoods
- Speculation and rising property prices are minimized
- Accommodation providers are treated equally and pay their "fair share."

~~my.~~

What measures are currently in place to regulate or govern short-term rentals? When were they implemented? Why did your community choose those measures?

Since 2005, STR has been permitted in certain zones in Tofino, with a business licence. More specifically, STRs are permitted as a secondary use in all single family residential property zones (SFDs) that are zoned for secondary dwellings (i.e., secondary suites or caretaker cabins; this is the majority of Tofino's residential zones). STR can only occur in one of the two dwellings, cannot operate on the same property as a B&B, and must have a resident on-site (i.e., in the other dwelling). The resident does not need to be the caretaker or the operator. STRs are limited to three bedrooms and up to 6 guests. Since 2018, new STRs cannot occur in homes with more than three bedrooms and all STRs must list their business licence number on Online Accommodation Platform listings.

STRs are prohibited from multi-family zones, duplexes, and from single family residential zones where the second dwelling is not (yet) built. All STRs must have business licences and are limited to up to six people and up to three bedrooms.

A second form of short-term rentals, called Temporary Accommodation, is permitted in two specific multi-family properties. TAs do not require a permanent resident. In this case, a resident can live on-site and STR the property while away, or the owner can live elsewhere and STR the unit 365 days a year. These are limited to 2 bedrooms, 4 guests, and also require a business licence.

What's working well? What kinds of outcomes/results have been observed?

Since 2016, proactive enforcement has been key to successfully regulating STRs. This included a very strong education and outreach campaign in the nine months leading up to 100% enforcement which began Jan 1, 2017, which garnered wide community support as well as strong support from most STR operators and management companies. The goal was to change the culture from "I can get away with something" to "We all need to play by the rules."

What works well is:

- In 2017, business licence fees were raised to cover the incremental costs of 100% enforcement
- All new applicants are inspected; annual renewals are "spot-checked" throughout the year (repeat offenders tend to be late in renewing, which instigates a new application requirement hence an inspection – this works well)

- The internal business licencing process is very clear and smooth (timing adjustments are required now)
- Local realtors are educated and supportive, they communicate clearly to prospective home buyers
- Some management companies are also excellent (some are less-than-excellent).
- From 2017-2018, proactive enforcement began with bylaw notices on business licencing infractions (e.g., advertising without a business licence) – this was relatively easy. 2019-2020 has seen zoning infractions contemplated which will require MTIs and more costs)
- Since 2017, most operators havecome in to compliance; a number of illiegal STRs have ceased, resulting in some return to the long-term rental market. Some operators who were out of compliance have built secondary suites in order to comply, also increasing long-term rental opportunities.

What's not working well? Why? What barriers/obstacles are being faced?

s.15; s.16

What other measures were considered in the past but not implemented? (and why, if you know)

s.15; s.16

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

- 100% proactive enforcement by a dedicated business licence officer
- Use of Host Compliance (which is become increasingly expensive)
- Inspections (see above)

What would you (or others in your community) like to see implemented or made possible? What gaps still exist? • Uncertaintly about the 30 day rental is a gap • Would prefer to apply larger fines (e.g., $1000 MTI for zoning infraction) but costs of burden of proof are high (paying a private investigator), and court costs are very high for a small municipality that is located far away from courts. .
Any other community-specific information or reflections about short-term rentals: Please see our website at www.tofino.ca/short-term-rentals

Facilitation Guide

Provincial – Local Government Advisory Group on Short Term Rentals - Meeting 2

8th floor, 614 Humboldt St, Victoria, BC

Friday March 6 2020 – 10:30am to 3:30pm

Item	Time	Lead	Facilitation Notes
1. Welcome	10:30 5 mins	Co-Chairs	Territorial acknowledgement: We are on the traditional lands of the Lekwungen peoples, today known as the Songhees and Esquimalt First Nations. Logistics: Washrooms are accessed via the stairwell – a building pass is required to re-enter the boardroom. Emergency exit for the 8th floor is down the stairs to the left (same as for the washrooms) and the muster station is across the street in front of the Union Club. Gord/Ginnie – Session framing
2. Review and Reflect • Key action items from the last meeting. Anything missing?	10:35 5 mins	Co-Chairs	Upcoming speakers: April 2nd Nancy Small : Chair, BC Destination Marketing Organization/Tourism Richmond March 18th Paul Nursey, Destination Greater Victoria May 11th Alex Dagg, Airbnb

Item	Time	Lead	Facilitation Notes
3. Invited Guests			
a. Residential Tenancy Act – Policy Intent	10:40 30 mins	Tyann Blewett	Topics: balance of landlord/tenant rights and responsibilities; principles behind having a single legislative framework for residential tenancies; challenges inherent in differentiating between housing forms/types. Facilitation: Susan
b. Tax Policy – Process and Decision Making	11:10 30 mins	Steve Hawkshaw Shauna Sundher	MRDT; platform negotiations; tax policies and processes for decision making Facilitation: Susan
c. Property Tax Assessment Branch	11:40 30 mins	Brian Currie	Processes/principles of classifying properties Case study: Strata Accommodation Properties Facilitation: Ginnie
LUNCH	12:15 30 mins		
4. Summary – Scan of Current Local Government STR Regulatory Approaches in BC	12:45 15 mins	PLUM/MAH	Presentation by Tomoko – 10 mins Questions – 5 mins
5. The Hot Seat – Speak to your community STR experiences profiles	1:00 45 mins	All	Facilitation: Susan Each community will be "in the hot seat" for five minutes. The goal of this is to ensure everyone has a good grasp of what's going on in different types/sizes of community. This is not a presentation by the community rep – it's a chance for others to ask questions to clarify what they read in the Community Experiences profile that was circulated.
6. Workshop – Identify current state gaps and strengths	1:45 75 mins	All	Divide up community representatives into two groups: larger/smaller communities.

Item	Time	Lead	Facilitation Notes
	1:55		Large Communities: - Turret room - Facilitator/Ginnie - Note taker/Tomoko - Co-chair/Gord - LGD/Tara Small Communities: - Facilitator/Susan - Note taker/Veronica - Co-chair/Jack - PLUM/Eric/Jennifer One group move to the Turret room (likely the group without teleconference participants). (10 mins to redistribute/move including a short stretch break) In each group ask three questions. An assigned facilitator will record responses on flip chart paper: • Successes: What ingredients (assets, tools, processes, etc) have contributed to success in responding to STRs in B.C. communities? (7 minutes) • Challenges: What has happened to make it harder to respond? (7 minutes) • Gaps: What's missing from the toolkit for communities? (7 minutes)
	2:15		Create speaking notes to report back to broader group. Appoint speaker. (7 minutes) - What are the three things (in each category) we want to highlight to the other group? - 750 words MAX

Item	Time	Lead	Facilitation Notes
	2:25		Reconvene in the main meeting room (5 minutes). Bring the flip chart paper.
	2:30		Group representative reports back using speaking notes (5mins/each)
	2:40		As a whole group, ask these questions: (approx. 5 min each). Facilitator: Ginnie • What success factors are common for different community types? • What challenges are common? • What gaps stand out as most significant? • What do we need to work on more?
7. Discussion and Next Steps			
a. Review action items from today's meeting	3:15 10 mins	All	Review any action items noted.
b. Next meeting – April 2nd, Burnaby	3:25 5 mins	All	Announce speakers? Generation Squeeze update Virtual meetings/COVID-19

Rural Short Term Rentals:

Regional District Survey

In January of 2020, a detailed survey asking how STRs affect their rural communities was emailed via the ARDPM membership to regional districts (RDs) across the Province. The Thompson-Nicola Regional District complied the 20 responses and prepared this summary.

The responses included separate emails with commentary/ explanations as well as completed surveys. We also received RD policies as adopted by staff in practice or more formally by board resolution. Overall we heard from 20 RDs with most but not all completing the entire survey. Note: the far north and central to north coastal regions of the Province are not represented in this summary.

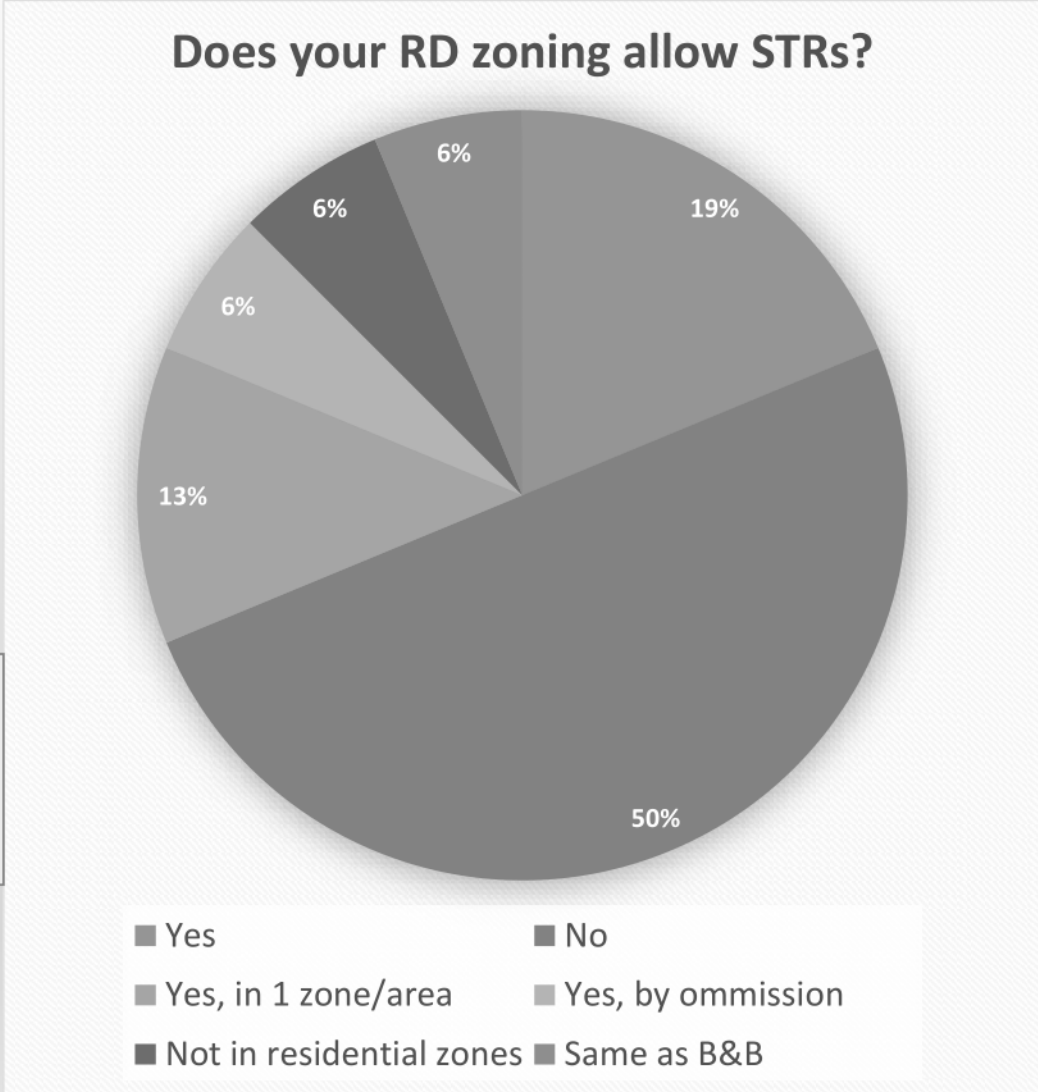
We asked:

Are all lands in your RD zoned?
Are STRs differentiated in your bylaw?

All respondent RDs had zoning in effect, covering all or most of the lands within their jurisdiction (one had approx. half of their lands are zoned).

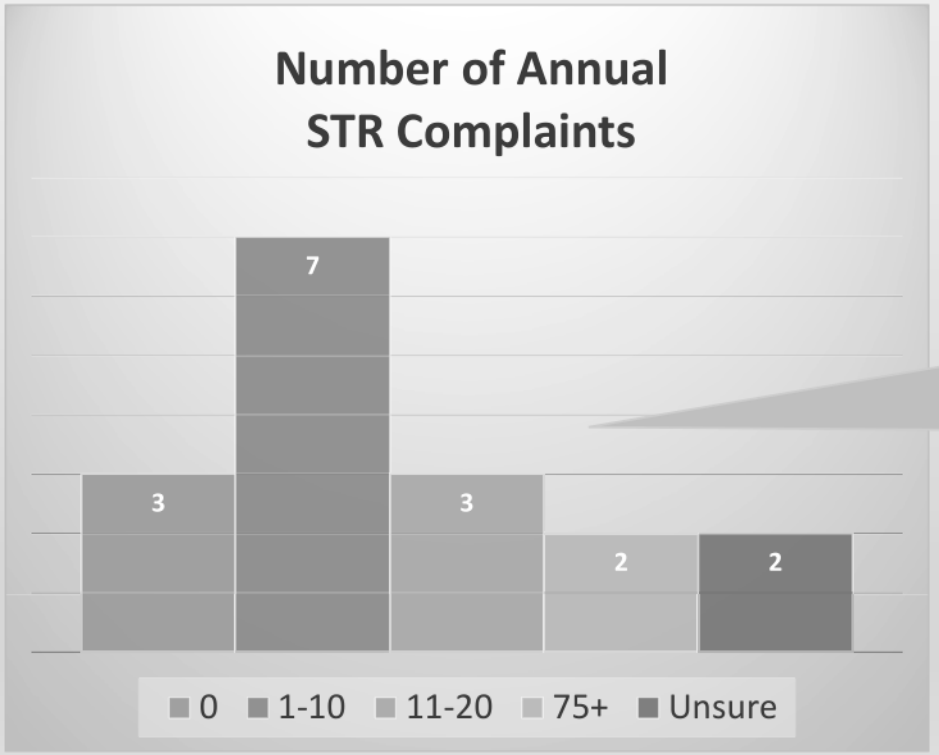
STRs are *specifically* prohibited in over half the RDs whereby some allow STRs in a few zones or enable them by omission (i.e. enforcement may not be tested).

We also asked "Do you allow traditional B&Bs?"
All responding RDs allowed traditional B&Bs with most bylaws differentiating between traditional B&Bs vs. STRs.



We asked how many STR complaints RDs receive annually.

Extent of complaints across BC varies



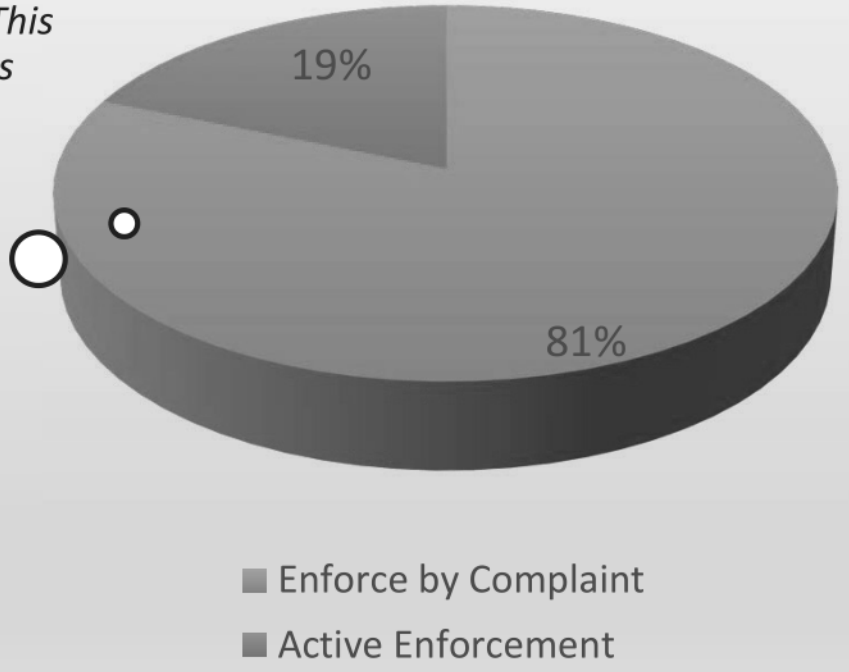
RDs that have tourist attractions/resorts (e.g. ski hills, surfing) report the most complaints - generally near such amenities.

We asked: if your RD enforces STR proactively or in response to complaints

Almost all RDs enforce only upon receiving a complaint, citing:

Active enforcement requires extra resources and time. This proactive approach requires monitoring online listings throughout the RD.

RD comments:
Bylaw enforcement in rural areas is challenging, especially for STRs.
Only 5 RDs said that it is viable to enforce STR in rural areas.

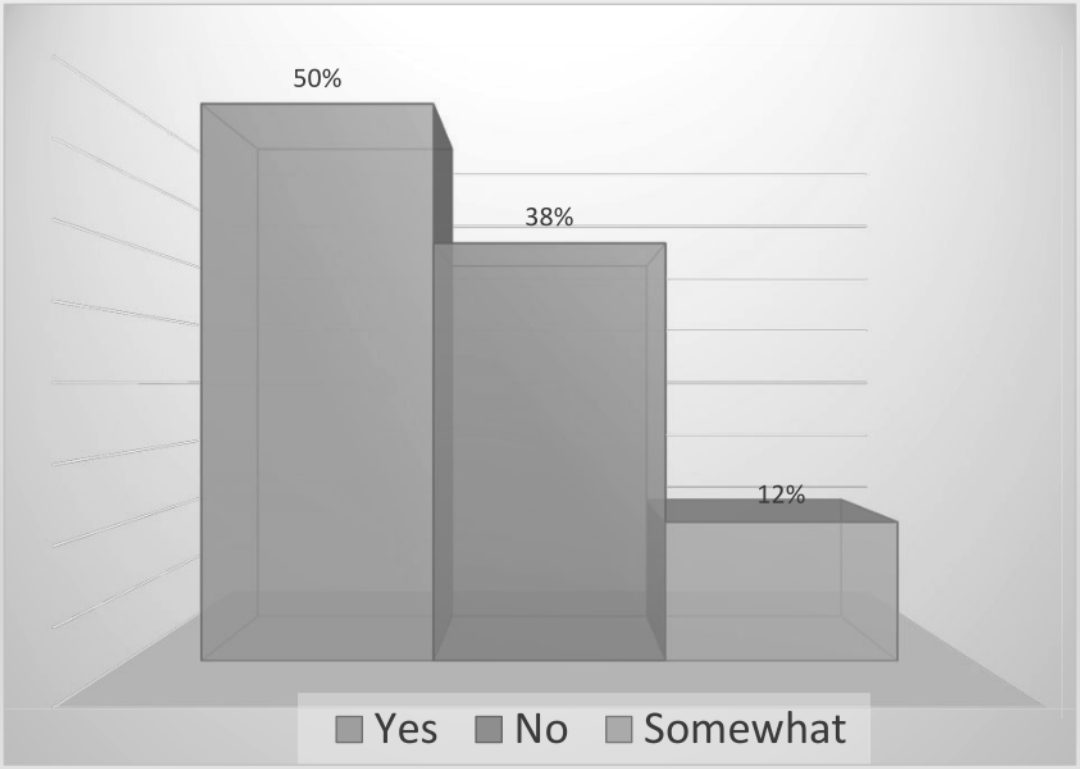


We asked: are STRs of concern for your Board?

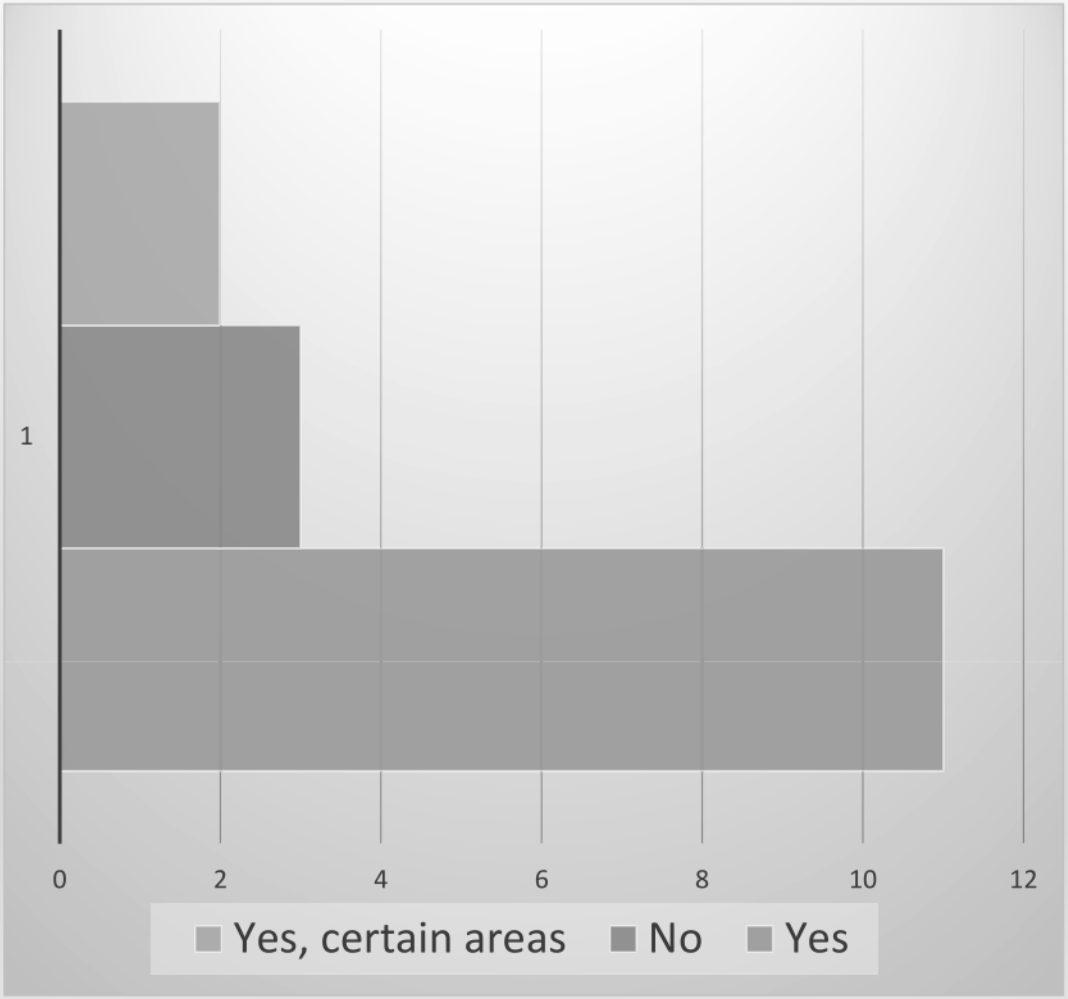
Staff were asked to rate on a scale 1 to 5 (*5 being major*), how much of a concern STRs were for their RD. The average was 3.5 however only a couple of RD were in the middle. Most RDs rated STRs at 1 or 5 or near the ends of the spectrum.

> *"Our Board believes the Province must lead on dealing with the tax equity issue and provide better and more effective tools for RDs to use."*

RD Boards consider STRs to be a concern but for most, the issue <u>not</u> at the top of the list.



We asked: do you support enabling business licencing in RDs?



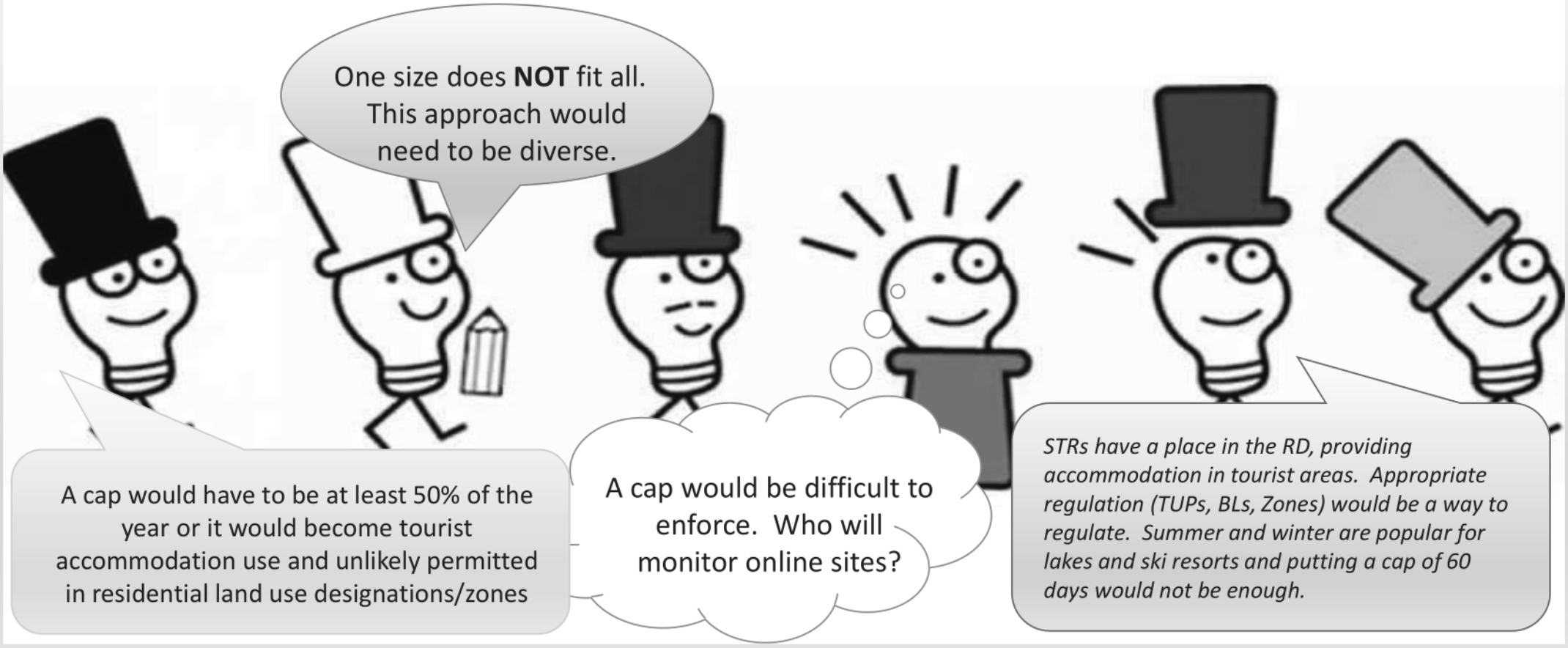
Most responding RDs <u>want</u> business licencing authority. A minority believe BLs are too difficult and complex to administer and enforce across rural areas.

Some offered that business licencing is a good tool to differential btwn STRs and traditional B&Bs.

One RD suggested that:
"*Business licencing is a tool that is missing in regulating STRs; however, implementing them comes at a significant impact to staff resources and increased budgets. If the Province and BC Assessment taxed and assessed STRs for the commercial operators they are, then maybe such additional revenue could be used to manage STRs and BLs.*"

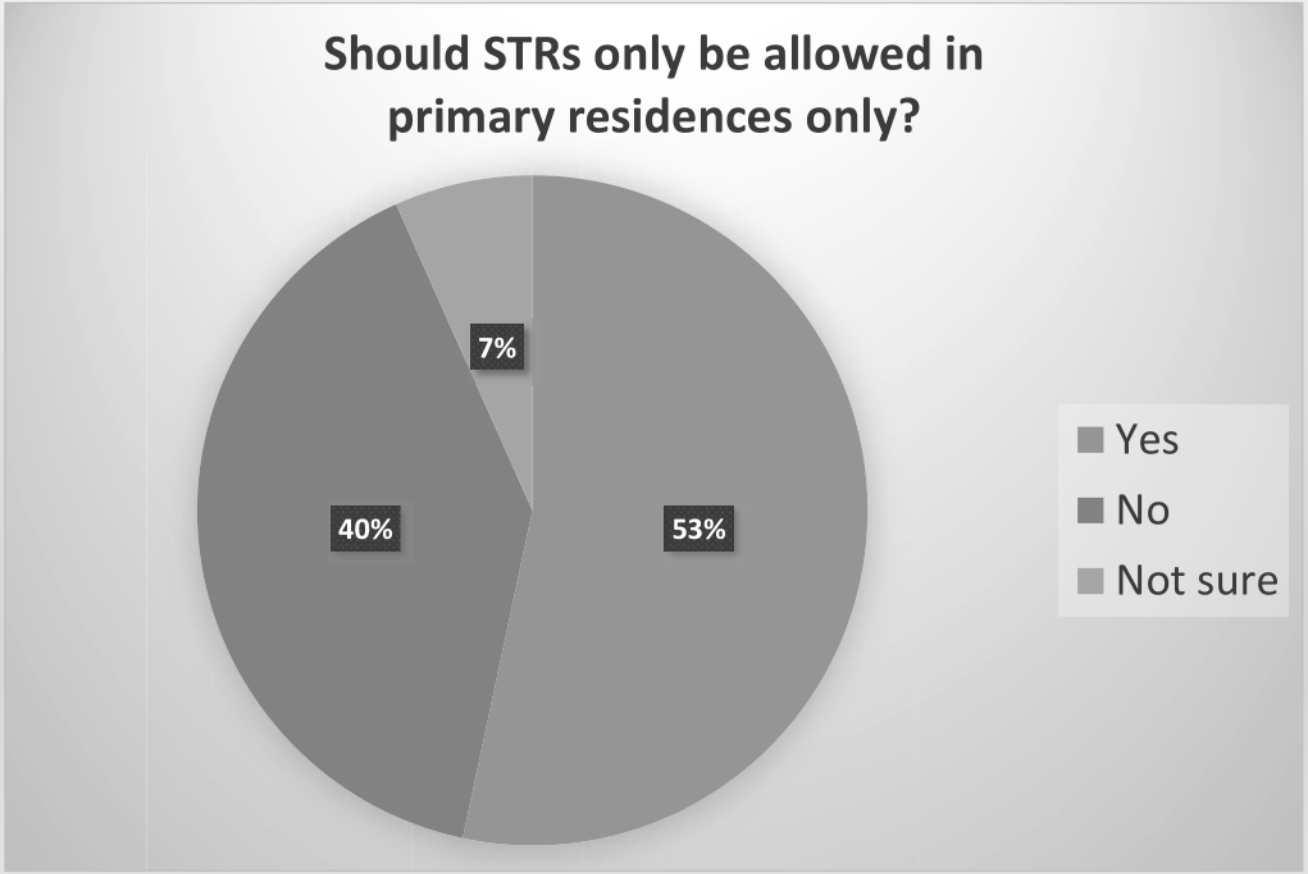
We asked: will putting an annual "cap" on STRs help RDs?

This question caused some confusion. 64% of RDs would support a nightly cap on STRs. Some feel it would reduce issues and help with nuisance complaints and perhaps, encourage owners to shift back to long term rentals.



We asked about long term rental shortages in RDs?

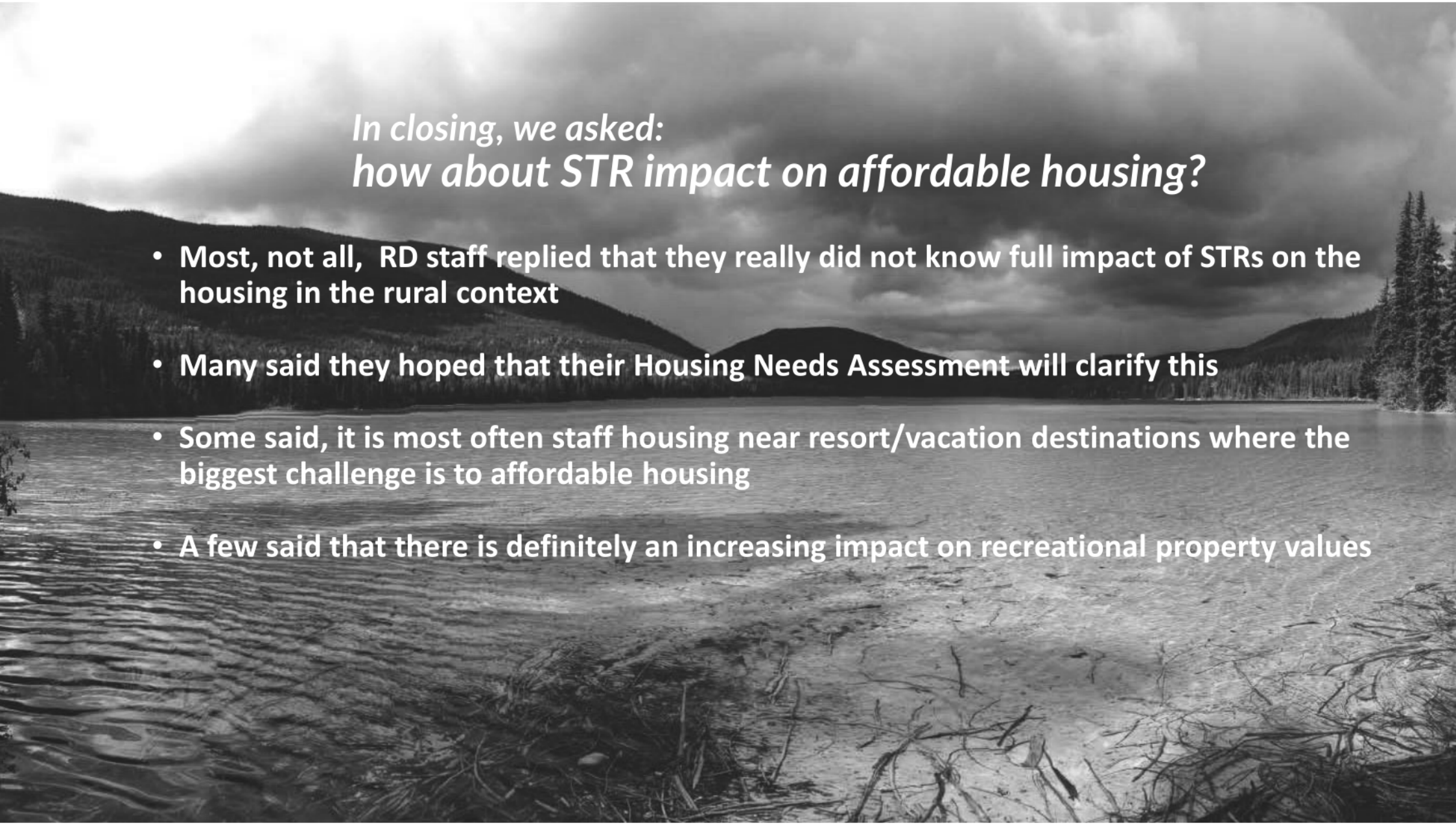
Most respondents report that they are experiencing rental challenges but really cannot be sure if or how STRs play a role housing issues shortage - *outside of resort areas*.



As per the approach other jurisdictions, the possibility that STR be allowed *only* if part of the primary residence of the owner or operator was forwarded. The response (adjacent) was mixed and not all RDs were clear on how this could be administered.

RDs general input:

- We allow secondary suites in all areas, this would help with the rental shortage
- Zoning must be clear and state where and how STRs are allowed.
- Allowing STRs only in primary residences would have to depend on OCP and input from residents
- Having owners or live-in manager on site would be beneficial to reduce issues



In closing, we asked:
how about STR impact on affordable housing?

- **Most, not all, RD staff replied that they really did not know full impact of STRs on the housing in the rural context**
- **Many said they hoped that their Housing Needs Assessment will clarify this**
- **Some said, it is most often staff housing near resort/vacation destinations where the biggest challenge is to affordable housing**
- **A few said that there is definitely an increasing impact on recreational property values**

Short Term Rentals – Community Experiences

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Community Name:	Resort Municipality of Whistler
Population:	Permanent population: 11, 935
# of Households:	Total private dwellings: 10, 507
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	1980
How many short-term rental units are estimated to exist in your community? (to your best estimate)	8,000

What are your community's priorities/objectives when it comes to short-term rentals?

- Tourist accommodation is regulated in Whistler to protect the viability of Whistler's tourist accommodation sector, the visitor experience, housing supply for residents and neighbourhood character.

What measures are currently in place to regulate or govern short-term rentals? When were they implemented?

- Whistler was zoned over 30 to 40 years ago from its early days to manage tourism accommodation. Whistler's visitor accommodation mix and inventory now includes a diverse offering of commercial accommodations such as hotels, inns and lodges, as well as accommodations that may be used for either residential use or visitor use.
- In 2017, Council adopted the Tourist Accommodation Regulation Bylaw and endorsed a related Council Policy following an extensive review of policies and regulations related to rental of Whistler's tourist accommodations to complement the existing zoning bylaws.
- In Whistler, a business licence is required for property owners to **market and provide paid accommodation to tourists.** Any property that is being marketed as tourist accommodation without a business licence is considered an illegal short term rental, and fines are applicable. In order to receive a business licence, a property must be zoned to allow tourist accommodation.
- Under the Business Licence and Regulation Bylaw every holder of a *licence* for a *tourist accommodation business* shall post their *licence* number in a conspicuous place on any *marketing* for the business.

Why did your community choose those measures?

- The rationale for the mix of accommodation units (both tourist accommodation and residential) is because:
  - Whistler's long-term success as a vibrant resort community is contingent upon retaining a stable resident workforce which relies on a range of housing options;
  - The mix is important to provide diversity of offerings to meet visitor needs; and
  - Helping to ensure: an adequate supply; a mix of types in appropriate locations; and their active use.
  - 'Warm beds (i.e. occupied beds)' has been a long standing priority to ensure a vibrant village centre atmosphere, ensure visitors are located proximate to key tourism amenities, and provide demand for the Village commercial centre.

What's working well? What kinds of outcomes/results have been observed?

- **Tourist accommodation**: In recent years, Whistler's commercial accommodation sector has been experiencing stronger economic performance than before: higher occupancy rates, higher average daily room rates (ADR), and positive Returns on Investment (ROI) for unit owners including:
  - Paid occupancy continues to increase for both summer and winter seasons, and the number of days over 85% occupancy is increasing substantively. At 60-65% occupancy, properties are making a good ROI and are able to reinvest/renovate.
  - Visitor satisfaction is high for all accommodation types.
  - Spending in the visitor accommodation sector has grown (Economic Partnership Initiative 2016 report)

- **Residential only accommodation:** An estimated 77% of the Whistler workforce reported living within Whistler in 2019. This value is a slight decrease from the 2017 results but remains above the defined performance target of housing a minimum of 75% of the Whistler workforce locally.

What's not working well? Why? What barriers/obstacles are being faced?

- There are a small number of property owners using short term rental platforms in residential areas without tourist accommodation zoning. The barriers are gaining compliance when home owners ignore bylaw notices ($500 is an insufficient disincentive). The next level of enforcement (injunction) is costly.
- A small number of property owners are renting their properties contrary to employee housing covenants.
- It is time consuming to enforce and short term rental platforms do not communicate with local governments when requested to remove illegal listings.

What other measures were considered in the past but not implemented? (and why, if you know)

- We considered using software platforms to identify illegal short term rental units advertised on short term rental websites. The software platforms are cost prohibitive and cannot isolate a list of illegally zoned vs legally zoned properties. We already have compliance for licencing in the Tourist Accommodation zones.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

- Residential zones: Measure complaints, tickets issued and compliance. Monitor listings on online booking platforms. Enforce against non-compliant properties operating contrary to their zoning. Enforcement is primarily through the Bylaw Adjudication program. Court injunctions sought for properties that continue to operate illegally.
- Tourist accommodation zones: Measure total room nights, annual occupancy rate. Require business licences for legally zoned properties offering short term accommodation rentals.

What would you (or others in your community) <u>like to see</u> implemented or made possible? What gaps still exist?

- Short term rental platforms should be provincially regulated like ride hailing legislation. Here are some suggestions to consider:
  - Provincial regulations to support municipal residential zoning.
  - Provincial regulations to only allow online platforms to advertise businesses with licences and require a similar agreement/portal that Vancouver has entered with Airbnb.
  - Provincial regulations to require all short term rental platforms to display RMOW/municipal business licences on any listings.
  - Short term rental platforms must verify that any tourist accommodation unit offered for short term rental is lawfully registered with the RMOW before the platform may provide or collect a fee for booking services for that unit.

- Short term rental platforms must submit a quarterly statutory declaration to the RMOW affirming that they have exercised reasonable care to verify that hosts utilizing their service are lawfully registered with the RMOW.
- Short term rental platforms must maintain business records for no less than the prior three years for each of their hosts and short term rental transactions and must provide this information to the RMOW upon request.
- Municipalities should be granted the power to add outstanding tickets for illegal short term rentals to municipal property taxes.
- Portion of Provincial taxation related to short term rental platforms should go to affordable housing initiatives.
- Larger maximum fines within the Bylaw Notice system (~$1,500-$2,000 per offence)

http://collab.whistler.ca/sites/Bylaw/Shared/Correspondance/Vancouver's Home Sharing Registration Process:

Any other community-specific information or reflections about short-term rentals:

- Overall, the range of zoning offerings is working in our community.

Terms of Reference

Provincial – Local Government Advisory Group on Short-Term Rentals

Overview

The advent and popularity of Airbnb and other online or app-based accommodation providers has completely disrupted the travel accommodation market and has also impacted housing markets across the world.

In many areas of the province, Short-Term Rentals (STRs) have increased significantly. As detailed in in UBCM's January 2018 housing strategy, STRs have had a range of negative impacts in different communities, including on the availability of affordable rental stock and by contributing towards demand pressures on housing prices by making investment in residential real estate more desirable. In recent years, STRs have been the focus of UBCM resolutions, and UBCM identifies STR platform accountability as a priority issue in its current annual report.

Some local governments have developed policies to regulate STRs to address such impacts, while recognizing that STRs can also offer attractive benefits to hosts, guests and communities.

The Rental Housing Taskforce recommended that the Province work with local governments to develop, implement and enforce STR rules to better protect long-term rental stock (recommendation #11). In the Province's May 2019 response to the Taskforce recommendations, the Province agreed to address the STR recommendation in 2020 through further consultation with stakeholders and local governments.

The Province recognizes that local governments have a critical role to play in addressing the impacts of STRs and will seek to survey the various strategies put forward by local governments to address STRs, gathering perspectives on what is working and where there are remaining challenges. The Province will also work to understand local governments' perspectives and interests in potential provincial policy responses.

In light of the above, the Province and UBCM have established the Advisory Group on STRs.

Purpose

The Advisory Group will facilitate discussions with local governments about the impacts of STRs and tools for addressing them. Information generated by the Advisory Group will help inform the Province's consideration of potential policy approaches to STRs, including possible measures to support local governments interested in taking further actions to address STR impacts.

Functions

The Advisory Group's functions include providing input on:

- The nature and extent of impacts from STRs, with consideration given to different impacts in different types of communities;
- Existing local government approaches and tools to address STRs;
- Local government challenges with existing tools;
- Best practices and guidance for local governments;

- Topics about which further information and analysis is required; and
- Areas in which provincial action on STRs might be helpful in support of local governments, and recommended potential policy options.

Membership

The Advisory Group shall be comprised of representatives from UBCM and the Province.

The UBCM representatives shall consist of six to eight local government representatives to be appointed by the UBCM Executive under the following categories:

- Elected officials; and
- Senior staff members.

Additionally, one staff member from the Union of BC Municipalities shall sit on the Advisory Group. When making appointments, consideration will be given to providing regional and urban/rural diversity within the Advisory Group, and communities with different experiences with, and approaches to, STRs.

The representatives of the Province shall consist of:

- The Executive Director of the Planning and Land Use Management Branch;
- The Executive Director of the Housing Policy Branch; and
- Up to two additional members of the Ministry of Municipal Affairs and Housing.

Representation on the Advisory Group may be assessed by the Advisory Group and/or either UBCM and the Province from time to time, and modifications recommended to the UBCM Executive and the Assistant Deputy Ministers, Office of Housing and Construction Standards and Local Government Division, Ministry of Municipal Affairs, as appropriate.

The Advisory Group chairs may invite representatives of the Province, local government or stakeholders to attend meetings as required, and/or Advisory Group representatives may schedule meetings with the appropriate provincial staff to discuss issues raised and report back to the Advisory Group.

UBCM and Provincial staff will jointly provide secretariat support to the Advisory Group.

Advisory Group Chairs

The Advisory Group will be co-chaired by one representative from UBCM and one from the Province.

Meetings

It is expected that the Advisory Group will meet approximately 3–5 times from November 2019 to April 2020. The Advisory Group will meet in-person and/or via teleconference approximately once per month.

Potential meeting topics include:

- **Meeting 1:** Overview of the genesis and purpose of the Advisory Group; general discussion on the nature and extent of community impacts of STRs (including the impact on different types of communities); what the Province has learned (e.g. outcome of jurisdictional scans); what participants would like to get out of the process.
- **Meeting 2:** Existing local government's approaches and tools for managing STRs; why local governments chose to regulate STRs (or not); nuances between different type of communities

and the issues of STRs; challenges with approaches/tools pursued to date; reflections on what they might do differently and/or have learned through the process.

- **Meeting 3:** Emerging best practices and ideas from across BC and other jurisdictions for local government and provincial approaches to STRs; how existing and new approaches/tools might complement each other; perceived gaps and remaining issues in contending with the challenges of STRs.
- **Meeting 4:** Ideas for new actions on STRs (e.g. addressing gaps in current framework; engagement with STR platforms, provincial actions, LG actions, supports for LGs).
- **Meeting 5:** Summary of what was heard; considerations and ideas for the Province; potential next steps.

Accountability

The Advisory Group or its representatives will report to the UBCM Executive, the Assistant Deputy Ministers, Office of Housing and Construction Standards, and Local Government Division, Ministry of Municipal Affairs and Housing.

Outcomes/Deliverables

The Advisory Group will prepare a report summarizing what it heard during its meetings and outline key considerations and ideas for the Province and local governments for potential STR-related policy options to support short term rental strategies. This information will be provided to the UBCM Executive and the Minister and Deputy Minister of Municipal Affairs and Housing.

The Advisory Group may also provide updates to UBCM Executive and the Province, at the determination of the Advisory Group, or at the request of either of those parties.

Confidentiality

Advisory Group members are expected to be open and candid in discussions. For this reason, it is important to maintain confidentiality. Members are committed to respecting the personal privacy of participants and agree not disclose personal information or views expressed during meetings.

The background documents, minutes, or other products of the Advisory Group are subject to freedom of information protocols.

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Withheld pursuant to/removed as

s.13 ; s.16

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals – Meeting 2

8th floor, 614 Humboldt St, Victoria, BC

Friday March 6, 2020 – 10:30am to 3:30pm

ITEM	TIME	RESPONSIBILITY
1. Welcome	5 mins	**Co-Chairs** His Worship Jack Crompton, Resort Municipality of Whistler Gord Enemark, Executive Director - Housing, MAH
2. Review and Reflect • Key action items from the last meeting	5 mins	Co-Chairs
3. **Topic Discussions**		
a. Residential Tenancy Act – Policy Intent	30 mins	Tyann Blewett, Director, Residential Tenancy, MAH
b. Tax Policy – Process and Decision Making	30 mins	Steve Hawkshaw and Shauna Sundher, Ministry of Finance
c. Property Tax Assessment	30 mins	Brian Currie, Property Assessment Branch, MAH
LUNCH	30 mins	
4. Summary – Scan of Current Local Government STR Regulatory Approaches in BC	15 mins	PLUM/MAH
5. Community Profiles Q&A – Ask & Answer questions on community profiles – 5 minutes per community	45 mins	All
6. Discussion Activity – Identify current state strengths, challenges, and gaps	75 mins	All
7. Discussion and Next Steps		
a. Review action items from today's meeting	10 mins	All
b. Next meeting – April 2nd, Burnaby	5 mins	All

Short Term Rentals – Community Experiences

Community Name:	TNRD
Population:	130,000
# of Households:	
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	TNRD as a whole 2016 Sun Peaks, since 2008
How many short-term rental units are estimated to exist in your community? (to your best estimate)	>100 in TNRD

What are your community's priorities/objectives when it comes to short-term rentals?

To keep the peace in residential neighbourhoods. The Board of Directors' Policy is that we are REACTIVE – i.e. BE only respond to STR complaints if there are related nuisance, safety, or environmental issues. Staff do not act on mere complaints about the existence of a given STR. Even the Resort Municipality of Sun Peaks strives to strike a balance and enables STR via a site specific Temporary Use Permit (TUP) process – case by case.

What measures are <u>currently in place</u> to regulate or govern short-term rentals? When were they implemented?

All TNRD Electoral Areas and municipalities have historically had zoning in place. That zoning generally differentiates between STR (as in traveller accommodation use), traditional bed and breakfast use, and residential use.
The TNRD has a Board of Directors Policy re enforcement of STR (summarized above).

Sun Peaks is the only municipality that has extended STR considerations – for obvious reasons. Sun Peaks has a STR Policy limiting the number of STRs on any single street or neighbourhood (20% max) and outlines enforcement methods (Policy adopted ~2018). Sun Peaks also has business licensing.

Why did your community choose those measures?

TNRD Board of Directors has tried to balance entrepreneurial spirit with good neighbour policies/bylaws.

Sun Peaks has tried to strike a balance between respecting residential use and maintaining a tourism focus important to a ski resort.

What's working well? What kinds of outcomes/results have been observed?

In Sun Peaks, the 20% limit per street has been effective in preventing entire neighbourhoods from becoming STRs. Some neighbourhoods are now a balanced mixed of STR and year-round residential use.

What's not working well? Why? What barriers/obstacles are being faced?
Collecting evidence in a vast rural context is very expensive and time consuming.

Limiting the percentage of STRs per street has caused some equality challenges as some owners have received TUPs while others are now on a waitlist hoping to get an opportunity in the future.
Enforcement is a challenge – both for legal STRs that are not following regulations (e.g. noise complaints, etc.) as well as properties without a TUP. Maintaining affordable housing (e.g. ensuring secondary suites remain for monthly residential rental) has been a challenge – more profitable to rent nightly/weekly than monthly.

What other measures were considered in the past but not implemented? (and why, if you know)

The TNRD policy is to direct those who wish to lawfully operate STR to TUP application and not rezoning simple because so much depends on the operator and how it is run.

Sun Peaks previously considered site-specific rezoning applications for STR but now only considers TUPs. TUPs were seen as a better option as they are less permanent than zoning and can be revoked when conditions are not met.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

TNRD and most other munis in TNRD is on the basis of complaint.

Complaint based. Sun Peaks also monitors adverting.

What would you (or others in your community) like to see implemented or made possible? What gaps still exist?

The Province needs to set policy that is rational in the realm of all the other regulations in place. For example the BC Assessment legislation and system of property classification. Our regime of local government land use regulation, prop taxation, mortgaging/insuring, BC Bldg Codes, etc all assume that there is a difference between a residential home and a commercial undertaking. A clear enforceable line needs to be drawn.

Any other community-specific information or reflections about short-term rentals:

Short Term Rentals – Community Experiences

Community Name:	City of Victoria
Population:	85792
# of Households:	Approx. 45760 (2016)
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	2016
How many short-term rental units are estimated to exist in your community? (to your best estimate)	1100

What are your community's priorities/objectives when it comes to short-term rentals?
2017 Council directed staff to proceed with 4 main strategies to manage short term rentals:

1. Development of comprehensive business regulations
2. Proactive enforcement strategy
3. Advocating for fair taxation
4. Zoning amendments

What measures are currently in place to regulate or govern short-term rentals?

1. Third party monitoring service to proactively identify short term rental addresses and identify non-compliant.
2. New staff to process applications and oversee the program.
3. Staff to pursue punitive action on all non-compliant operators.
4. Complete property inspections to confirm operators are in compliance.

Why did your community choose those measures?
1. Victoria wanted to balance objectives regulating STR in community
2. To allow individuals to rent out their homes in ways that do not materially impact the long-term rental housing market, subject to obtaining a business licence and adhering to operating requirements.
3. Investment properties, commercial operations, and housing including apartments, secondary and garden suites that are not principally occupied by a long-term resident are prohibited from STR to ensure greatest retention of long-term stock for residents.
4. Level the playing field between STR operators and traditional accommodations providers.

What's not working well? Why?

1. Short term rentals applications in single family dwellings can alert the City to "work without permit" and how does the City want to deal with building code issues.
2. The Short term rental bylaw and zoning regulations can be confusing to operators.

Commented [LSO1]: This table is set up so that it will NOT expand to fit more text. You can change font sizes, but the aim is to keep these profiles to one page or less

Commented [HVO2]: Sweet!

Commented [HVO3]: I am open to having two pages.

What other measures were considered in the past but not implemented? (and why, if you know)

1. Fees were originally presented as $200.00 for home share and $2500 for non-principal type rental. The current cost adopted in the fee schedule was $150.00 for home share and $1500.00 for non-principal short term rental licence.

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?

1. Third party monitoring service is being used.
2. Designated staff to research and identify addresses and non-compliant operators.
3. Internal reports from data collected since Bylaw adoption of March 2018.

What would you (or others in your community) like to see implemented or made possible? What gaps still exist?

1. Amendments to current Short Term Rental Bylaw to make it clearer for operators to understand
2. A user-friendly guide for operators

Any other community-specific information or reflections about short-term rentals:

1. Communicate widely-proactive and widespread communication can generate high rates of voluntary compliance.
2. Establish relationships with Host platforms.

Commented [HVO4]: Is this trying to get at barriers? If yes, maybe reword. And if no, I think we should have a question about barriers. Thoughts?

Commented [LSO5]: The question above about "what's not working well" will surface current barriers/obstacles. This question will look at why certain other measures haven't worked out.

I find the words "barriers/obstacles" are a bit vague – we can access that sort of information with a more descriptive question.

Short Term Rentals – Community Experiences

Community Name:	Islands Trust
Population:	25,000
# of Households:	
When did short-term rentals become a topic of concern and discussion in your community? (to your best recollection; this may be through Council reports or planning department discussions)	10+ years ago
How many short-term rental units are estimated to exist in your community? (to your best estimate)	Hundreds

What are your community's priorities/objectives when it comes to short-term rentals?

1- Economic opportunities, tourism, less regulation more opportunity.
2- Impact of neighbourhoods, environmental impact, capacity, more regulation
3- Provide long term stable housing vs tourism
4-

What measures are currently in place to regulate or govern short-term rentals?
Zoning, Temporary use permits, standing resolutions.

Why did your community choose those measures?
Balance needs of community Economic opportunity vs community values

What's working well? (What kinds of outcomes/results have been observed?)
Depends on who you ask. Temporary permits work well to provide effected neighbour input and cumulative impacts.

What's not working well? Why?
Enforcement, time consuming, slow, costly

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What other measures were considered in the past but not implemented? (and why, if you know)

What tools or methods are used to monitor and ensure compliance of short-term rentals and their effect on the community?
Monitor internet web sites, complaints. It's difficult to prove infractions.

What would you (or others in your community) like to see implemented or made possible? What gaps still exist?

Any other community-specific information or reflections about short-term rentals:

Revenue properties contribute to a lack of affordability.
STVR not an level playing field with commercial operators
Tourism create seasonal local employment at what cost
Some will not rent out homes full time due to lack of ability to deal with bad renters.

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Joint Short-Term Rental Advisory Group
Friday Mar 6, 2020

Co-chair: **Jack Crompton,** Mayor of Whistler

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Kathryn Holm, Director, Licensing and Community Standards, City of Vancouver.

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Ryan Smith, Divisional Director of Planning & Development Services City of Kelowna (**Gail Given**, Councillor, Kelowna away)

By phone: Alex Thumm, Development Services Planner, City of Nelson

Jared Wright, Director, Advocacy and Government Relations, UBCM

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Susan Low, Senior Policy Analyst, Housing Policy Branch, Ministry of Municipal Affairs and Housing

Tara Faganello, Assistant Deputy Minister, Local Government Division, Ministry of Municipal Affairs and Housing

Eric Nicholls, Manager, Planning and Land Use Planning and Land Use Management Branch, Ministry of Municipal Affairs and Housing

Tomoko Hagio, Senior Planning Analyst Planning and Land Use Management Branch, Ministry of Municipal Affairs and Housing

Guests:

Tyann Blewett, Director of Policy, MAH - Residential Tenancy Branch

Steve Hawkshaw, A/Senior Director, Tax Policy, FIN - Tax Policy and Intergovernmental Fiscal Relations Branch

Shauna Sundher, A/Director, Housing FIN - Tax Policy and Intergovernmental Fiscal Relations Branch

Brian Currie, Manager, Property Assessment Services, MAH - Community & Legislative Services Division, Property Assessment Services

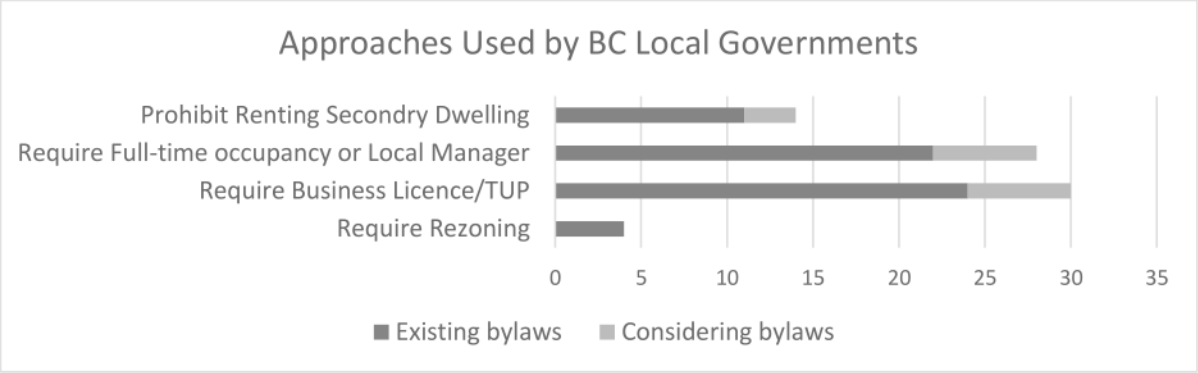
B.C. Local Government Approaches to STR

UBCM-MAH Advisory Group Meeting, March 6, 2020

*This is based on information collected through desktop research/monitoring of 65 local governments, and not a result of exhaustive/comprehensive survey.

Overview

- 33 LGs (24 Municipalities, 5 Regional Districts and 4 Local Trust Areas) regulate STRs.
- 18 LGs (12 Municipalities, 4 Regional Districts and 2 Local Trust Areas) are developing/updating policies or bylaws.



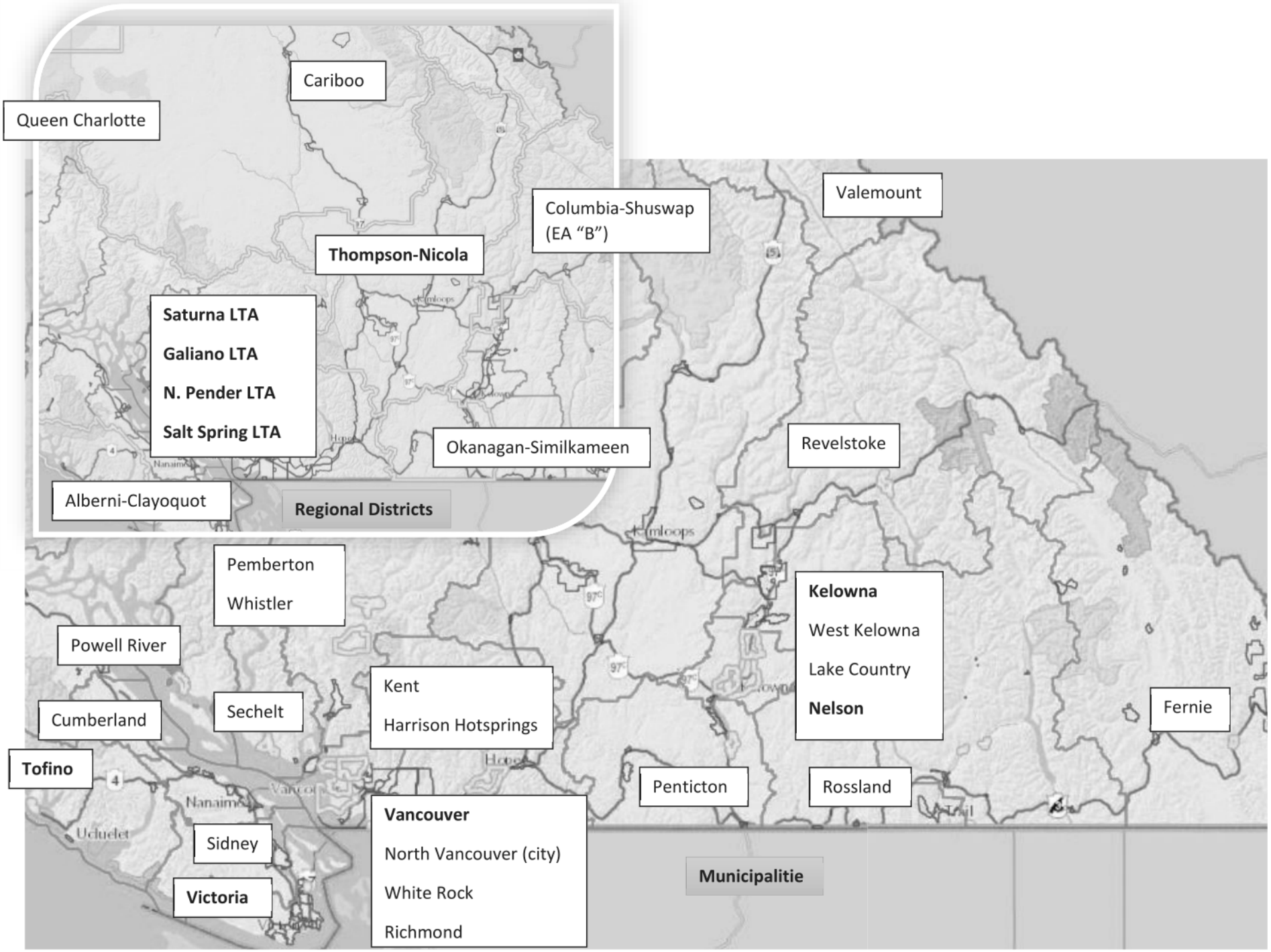
- Most bylaws are developed or revised/amended in 2016 onwards.

How STRs are regulated

- Most use both zoning bylaw and business licensing or TUP (for RDs).
- Many business licences and most TUPs require very high fees
- Some LGs use existing zoning to regulate/prohibit STRs.
- Typical Business Licence conditions:
    - Fees and deposit
    - Fines for violation
    - Local contact/caretaker
- Typical Zoning/Use Specific conditions:
    - Require STR as a part of principal/full time residence
    - Limiting the use of Secondary Suite & Accessory Dwellings
    - Distinguishes STR from B&B and Home Occupation/Home Based Business
    - Set limits for nights/year or Bedroom/lot limit
- A few require rezoning to a STR-specific zone.

Observations

- Wide variation in approaches.
- Most STR policies and bylaws are developed with thorough public consultation.
    - ➢ Reflect challenges in balancing competing community interests: housing, tourism & economic development, neighbourhood impacts, etc. Community Experience from local governments offer deeper look into these challenges.



BC Local Governments with STR regulations (outlined)

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals – Meeting 3

Zoom Online, Burnaby, BC

Thursday April 2, 2020 – 10:30am to 3:30pm

ITEM	TIME	RESPONSIBILITY
1. Welcome	5 mins	**Co-Chairs** His Worship Jack Crompton, Resort Municipality of Whistler Gord Enemark, Executive Director - Housing, MAH
2. Review and Reflect • Key action items from the last meeting • Overview of where we are heading – this meeting, subsequent meetings	5 mins 10 mins	Co-Chairs
3. **Topic Discussions**		
a. Tourism Context and Perspective	30 mins	Nancy Small, BC Destination Marketing Organization
b. Real Estate Perspective and Opportunities	30 mins	Norma Miller, BC Real Estate Association
LUNCH	45 mins	
c. Hearing from the STR platforms - Airbnb - Expedia	60 mins	Alex Dagg, Airbnb Richard de Sam Lazaro, Expedia
4. Exploring Main Themes and Possibilities	50 mins	All
5. Discussion and Next Steps		
a. Review action items from today's meeting	10 mins	All
b. Next meeting – May 11th, Burnaby	5 mins	All

Provincial-Local Government Advisory Group on Short-Term Rentals
Second Meeting – Friday Mar 6th, 2020
Victoria, BC

AGENDA

1. Welcome by Co-Chairs
    a. Key action items from the last meeting
2. Topic Discussions
    a. Residential Tenancy Act – Residential Tenancy Policy Intent: Tyann Blewett, Director, Residential Tenancy, MAH
    b. Tax Policy – Process and Decision Making: Steve Hawkshaw, Acting Executive Director, Tax Policy and Shauna Sundher, Acting Director, Housing, Tax Policy, Ministry of Finance
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LUNCH

3. Overview of Current Local Government STR Regulatory Approaches, Tomoko Hagio, Senior Planning Analyst, Planning and Land Use Management Branch, MAH
4. Community Profiles Q&A: Question & Answer session on community profiles for each of the nine participating local governments
5. Discussion Activity – identify current strengths, challenges, and gaps by large and small communities.
6. Discussion and Next Steps
    a. Review action items from today's meeting
    b. Next meeting – April 2nd, Burnaby

PARTICIPANTS

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9. Alex Thumm, Development Services Planner, City of Nelson (by phone)
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Regrets:

Jared Wright, Director, Advocacy and Government Relations, UBCM

Tara Faganello, ADM, Ministry of Municipal Affairs and Housing

MEETING MINUTES

As per the terms of reference, discussion is not directly attributed to communities and regions.

SUMMARY

1. Education may be helpful in supporting landlords to continue with long-term rentals and secondary suites versus short-term rentals. This could include information to clarify whether a vacation rental longer than 30 days constitutes a tenancy regulated under the Residential Tenancy Act, which was an area of uncertainty in discussion. Residential Tenancy Branch (RTB) can do presentations in Capital Regional District (CRD) and Metro Vancouver and will be offering webinars. TRAC (Tenant Resource and Advisory Committee) and Landlord BC are also doing more education including landlords of secondary suites.
2. Following a presentation by Brian Currie of the MAH Property Assessment Branch, good discussion around taxation, split classification, strata accommodation properties, and best window (May) for flagging local government taxation issues to Province's annual budget. Commercial property is assessed on highest and best-use but residential property is assessed on market value.
3. There are a wide range of approaches used by local jurisdictions however business licencing may be more effective than Temporary Use Permits (TUPs) at regulating STRs and "zoning is forever". TUPs require the regional district board to vote at a board meeting, and require districts to advertise in local papers, which presents an expense (up to $2500 in some cases). Seventeen Regional Districts were supportive of having business licences to manage STRs. Cannon Beach Oregon has a cap: STRs are granted for five years and then reassigned by lottery; may remove the speculative element.
4. In some areas, a self-contained suite (kitchen, bathroom, separate entrance) cannot be STR'ed; sometimes a host will then remove the stove; but the criteria are if it could be self-contained suite.

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6. Challenges of a changing provincial economy, going from resources jobs to tourism-based jobs.
7. Zoning, Assessment and Taxes didn't contemplate STRs, especially commercial STRs. For a commercial STR, which is not complying with a local government bylaw, an annual $10,000 tax bill may not be a deterrent.
8. Several jurisdictions have dedicated staff for STR enforcement.
9. STR market can include: purpose-built STR houses with 6 bedrooms and multiple bathrooms, STR houses that overwhelm septic capacity and rooming houses becoming STR'ed. Some STR properties have fire and safety issues. Some hosts are interested in student housing Sept through April and then STR accommodation from May through August. Some farm worker accommodation has been repurposed as STRs.
10. MTI: Municipal Ticketing Information System[1] is an easier enforcement approach.

ACTION ITEMS

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2. Airbnb and Expedia will be invited to the May 11 Advisory Group meeting.
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4. Ministry will send out an electronic meeting invite for a Mar 23rd a presentation from the Victoria Tourism Office on STRs.
5. If necessary, the April 2, 2020 STR AG meeting will be held on a virtual platform.
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Provincial-Local Government Advisory Group on Short-Term Rentals
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Discussion Activity Notes: Community Perspectives

Big Communities

What strengths or assets have helped in responding to STRs?	What challenges have been faced?	Gaps
• Level the playing field between hotels and STRs (Victoria) • Good relationships with tourism/hotels/investors • Business licensing power • HostCompliance relationship (Kelowna) • Low barriers to initially comply with new bylaws (Vancouver – low fees and easy online process to get people on board) • Custom-built data compliance/enforcement tool is great but expensive! (Vancouver) • Platform partnership (Vancouver)	• Lobbying from platforms through hosts • Data sharing to support compliance/enforcement • Resources/capacity for compliance/enforcement	• Province to play role to work with platforms to regulate/comply with local governments • Not all platforms are on a level playing field • Revenue sharing between the province and local governments on PST • Definition of "principal residence" • Data – difficulty evaluating impact of regulations and enforcement. Would be great to share data with the province • Incentives for property owners to rent long-term vs short term • SFU/community data group research: could quantify STR/LTRs • Good neighbour agreements

Small Communities

What strengths or assets have helped in responding to STRs?	What challenges have been faced?	Gaps
• Open, transparent dialogue with public in communities • Long experience in tourism • Having realistic time frames between adopting policies and having them come into force – giving time to get people	• Lack of data: who's running STRs? HostCompliance may put their rates up; this data is in the control of the private market. • Much of what we do is reactive – how can we get proactive?	• Temporary use permits: more flexibility re length of term, delegation of authority; evolve this policy tool for newer uses (it was intended for industrial use of commercial zoned lands). Only good for two 3-year terms. Then what?

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Plenary

Top Success Factors	Gaps	What Do We Need to Work On?
• Flexibility of policy tools to meet local needs/demands	• Quality, reliability & availability of data and sharing agreements with platforms- "can't enforce without good data". • Resources &/or political will for regulation and enforcement. • Understanding and defining "when does something become a commercial use of	• Who pays for enforcement? (Where does the tax revenue come from?) • Could there be a *provincial* policy framework for short-term rental activity, like Residential Tenancy Act for long-term housing rental?

	property?" and tools to manage blurry lines between residential/commercial in zoning, licensing, taxation.	• Need to understand consumer patterns around the use of STRs for tourism – now and in the future – what are the PESTLE factors affecting the industry, consumers, and communities: (PESTLE stands for Political, Economic, Social/Demographic, Technological, Legal, Environmental). • Revenue sharing with the province on PST

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UBCM-Province Joint Advisory Group on Short-Term Rentals
2021 Work Plan

Participants

- (Co-Chair) Jack Crompton, Mayor, Resort Municipality of Whistler
- (Co-Chair) John Thomson, Executive Director, Housing Policy Branch (AG)
- Kim Ferris, Licensing Officer – Bylaw and Licensing Services, City of Victoria
- Lee-Ann Garnett, Assistant Director Long-Range Planning, City of Burnaby
- Gail Given, Councillor, City of Kelowna (and Chair, Regional District of Central Okanagan)
- Kathryn Holm, Director Licensing and Community Standards, City of Vancouver
- Peter Luckham, Chair, Islands Trust
- Regina Sadilkova, Director – Development Services, Thompson-Nicola Regional District
- Alex Thumm, Development Services Planner, City of Nelson
- *Former member: Josie Osborne, Mayor, Village of Tofino*
- Jared Wright, Director – Advocacy and Government Relations, UBCM
- Jessica Brooks, Executive Director, Planning and Land Use Management Branch (MUNI)

Timeline

Week of March 22

- Send an email of introduction for new co-chair and request a co-chairs meeting with Mayor Jack Crompton, Resort Municipality of Whistler
- Initiate procurement for report writer (tbd)

Week of March 29

- Co-chairs meeting, to discuss shared priorities for what to cover in three online meetings (which guest speakers/topics of discussion, identify any pre-work or consultation with group members).
- Prepare preliminary meeting agendas (we suggest two meetings that include guest speakers followed by discussion, and a third meeting to look at a draft report to the Province highlighting the priorities and suggestions for action)

Week of April 5

- Send out announcement to Advisory Group members, introducing new co-chair and providing a snapshot of the preliminary meeting agendas, along with any pre-work identified
- Request group members' and speakers' availability to schedule meetings

Week of April 19

- Meeting 1

Week of May 3

- Meeting 2

Week of May 10-28

- Write draft of report

Week of May 31

- Meeting 3 - Present first draft of report to AG members for review and discussion

Week of June 7

- Report revisions, submitted to UBCM for internal review

Week of June 14

- Report revisions, ADM review at OHCS and MUNI

Week of June 21

- Report submitted to the Ministers (MDE, MJO)

Resources

- UBCM will allow us to use their Zoom account to host the meetings, as Zoom is more universally accessible and comes with better meeting features for break-out groups and collaboration.
- The previous project plan included hiring a report writer – if we are going to do this, we should likely begin an EOI or RFP process quite soon. We'll want to have the writer attend the first two meetings. If we do it in-house, we'll need to consider workload/resources.

Staff Resources:

- HPB: Cimarron Corpe (replacing Virginia Holden), Susan Low, Veronica Barlee, Andrew Lis
- PLUM: Tomoko Hagio was supporting the group but is no longer with PLUM.
- UBCM: Josh van Loon

Guest Speakers

Prior to the COVID-19 hiatus, the Advisory Group was scheduled to hear from the following speakers who could be re-invited:

- BC Real Estate Association
- CEO, Destination Greater Victoria and CEO, BC Destination Marketing Organizations Association (Nancy Small)
- We were seeking a "futurist" who might be able to speak on the likely future directions of Airbnb/tourism
- Presentation of analysis completed to try and assess the impacts of COVID on STR and LTR and any relationship between the two. (Andrew Lis)

Short-term Rentals Advisory Group: Email Feedback August 2020

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics (see attached ToR)?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
Kelowna (Gail / Ryan)	Demand has remained relatively steady although there was a temporary reduction in listing during April and May.	Additional regulations were put in place in spring 2019 but not enforced in a meaningful way until June/July 2020. Too early to tell if additional regulations have had a positive impact on the long term rental market. It will probably be difficult to measure longer term because of how many other factors impact long term rental availability. We have seen a very strong real estate market in Kelowna since mid-June and it is reportedly being fuelled by relocations from larger urban centres (and work from home trends amongst larger employers).	a. Short term rental industry (all platforms) should be responsible for providing reliable data to the Province of BC and local governments relating to short term rentals. This should include types of rentals, duration, locations by neighbourhood) etc. They should also be required to help support local housing/rental availability studies. Lots of local governments don't have the data to be able to make good decisions in this area. b. Provide a best and worst practices guide for managing short term rentals in BC from parking regulations to noise/nuisance control recommendations.	MOF speaker was really interesting. Would be great to hear from US jurisdictions that are further ahead of us to see what has worked well elsewhere.	Would like to see/understand more clearly the results that are expected to come out of the committee and what they may be used for.
Victoria (Kim)	There has been little international demand due to travel restrictions, but we are back to normal domestic rentals with the exception of principal resident operators who do not receive guests in their home.	Our enforcement efforts have increased the availability from approximately 240 long term rentals to over 500 (according to HOST data) due to City's rejections and enforcement efforts.	Discussion with regards to future Bylaw amendments.	Discussion about the pros & cons of HOST and other third party companies.	Not at this time.
Burnaby (Lee-Ann) ** adopted framework for short-term rentals in July	We are under the assumption that demand for Short Term Rental accommodation has decreased. We do not have regulations in place yet, but monitor complaints as an indicator of STR activity in our community. In 2019, we had 75 complaints (to September 2019); in 2020, we had 49 complaints (to August 20, 2020).	We do not have data to know what the impacts may be.	The work identified in the Terms of Reference is still relevant.	GenSqueeze has produced a draft of its "Tool Kit". Once finalized, I would welcome a speaker from GenSqueeze attending our meeting to present the Tool kit. I am interested in a presentation on how others are implementing enforcement. We had general discussions, but a presentation or a written summary from those who are successful would be useful. I would also like to better understand agreements that municipalities may have with either the online platforms, or the third party data monitoring firms – what information is being shared, how does it help municipalities?	I think the TOR does not need amendments.
Thompson-Nicola Regional District (Regina)	We have had increase complaints (all round) as more folks are home for a lot more time. Issues irritate them – esp. if there are relatively large groups of non-residents crashing at an AirBnB for a week	Not so much as we are rural RD and most short term rentals are vacation properties. It has driven up the purchase costs of desirable vacation properties.	STR are not going away. Pick a sound defensible, rational way to regulate them that protects longer term rentals (e.g. tax them at a much higher commercial rate)		The focus in the T of R is more on local government and STRs and how to support local government in their regulation, etc. While this clearly need to be a part of it, it remains that the hosting platforms such as

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	or a weekend. They are not social distancing and may import Covid.		and then actually DO it – meaning enforce it.		Air BNB will NOT deal with local government – rather, it is only at the provincial level that there will be any hope of buy-in as to whatever should change (e.g. allowing STR in owner occupier dwellings or limit the number of days per year etc). I believe that we are charged with recommending to the Province (from a local government perspective) what can reasonably and should effectively or practically be changed so that long term rentals, housing stock, affordable housing, and the commercial traveller accommodation business base can all be protected . . . while find a place for STR in all of this.
Nelson (Alex)	1. In March-May, demand plummeted, but now most hosts are saying it is very busy and near business as usual. This includes all price categories: the cheap ones through to the $400 a night ones. What has changed for us is that there are no new applications for STR licences and no new STRs going online w/o a licence. Those who are in are doing well enough it seems, but new people aren't jumping in. We are starting to get inquiries from people thinking about a licence for a new STR starting in the fall. a. The only action we did take: on March 20th, I emailed all holders of a year-long STR licence with an offer: "The bylaw does not allow for licence refunds and being a few months into the year, we presume that you have made use of your licence already over the busy winter ski months. The option that we can offer is to downgrade your existing annual licence to a four-month licence valid from January 1st 2020 to April 30th 2020 and to refund the difference". Depending on the type/size of STR, this resulted in a refund ranging from $90 to $1,164.	2. No data, but anecdotally at least 6% of STRs have been converted into LTRs at least for the rest of 2020. Also anecdotally, others who were about to apply for an STR licence got spooked, were thankful that they hadn't had paid for a licence, and then went to long-term renting. Again, tourism is very busy in Nelson right now. Everyone is commenting on how packed our downtown is, the same or more as previous summers. Hotels are busy, restaurant patios have doubled in size and are full, etc. The only difference is that there are zero US licence plates, fewer Albertans (although still tons), and a lot more tourism from Vancouver and elsewhere in BC.	3. No comment from our department. We don't see the post-COVID world changing much for STR policy.	4. The only idea that comes to mind is considering the merits of caps on licences. It seems like one of the most valuable tools if the objective is to strike a balance, but it's too easy to set an all-too-arbitrary cap. Consideration of how a local government should go about setting caps could be interesting.	5. None

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	b. 20% of our annual licence holders, or 14 licensees, downgraded: that is, 14 licensees who took up the offer of downgrading their annual licence to a Jan-April licence due to COVID. One person who did that downgrade re-upgraded to an annual licence in May already. c. The lesson that we got out of this is to make it easier for STR licence holders to get out of STRing. If the licence fee is not at all refundable, it serves as a disincentive to switch to LTR if someone is considering it.				
Whistler (Jack)	The regulation/demand for short term rentals was not an issue during Phase 1 and 2 of the pandemic. In Phase 3, we are seeing an increase in demand and need for regulation for properties not zoned for nightly rentals as historical issues are returning. The demand for legally zoned short term rentals is significantly reduced since the pandemic and we are expecting a further decrease in the fall...	There are homes being listed for short term rentals that are only zoned for residential use. We have 13 properties we are investigating as illegal nightly that could be added to the rental housing market. Anecdotally, many properties owners choose to sell their properties or use for personal use after our enforcement efforts.	Regulation of the short term rental industry to show business licence numbers for each listing on each platform similar to what City of Vancouver has done with Airbnb. Data transparency requirements on strs from the province... shared with municipalities.	Increasing the fine limit for bylaw notice system and enhanced enforcement tools to deal with those that do not comply after notices/tickets are issued.	None from us.
Vancouver (Kathryn)	**1.** Screen-scrape data indicates there is a **reduction in the demand for and supply of short-term rentals** in Vancouver. This is not unexpected due to the changes in travel patterns since March, and the reluctance of operators to have guests in their homes (Vancouver has a principal residence requirement to operate a STR). **2. Low rental vacancy of under 1%,** Vancouver continues to be in a housing crisis that has likely been exacerbated by COVID-19 due to job losses and a business slowdown. There continues to be a need to protect the City's vulnerable rental stock by limiting short-term rentals to principal residences. **3.** In response to COVID-19, the City initially paused all non-essential enforcement, including non-life safety	1. There is anecdotal evidence which suggest an increased in the number of furnished long-term rental listings, that may have previously been advertised as STRs on STR platform websites such as Airbnb and Homeaway. However, at this point, the City does not have concrete data which suggests an increase in the number of long-term rentals due to conversion from short-term rentals. 2. To address this data gap, the City will be commissioning a Canadian academic who has written extensively on the impact of STRs on the Canadian housing market to study the impact of the City's short-term rental regulations on the long-term rental housing market, as well as any impacts from COVID-19 on the relationship between STRs and long-term rentals in the City.	1. Split assessment of residential dwellings used as short-term rentals – since jurisdiction lies with BC Assessment, what is the Province's perspective on the feasibility, fairness and usage of the potential additional property tax revenue (e.g. sharing with municipalities for affordable housing projects?); 2. Platform accountability – on August 10, 2020, it was reported that Brian Chesky, CEO of Airbnb, wants the platform to "go back to basics" by prioritizing on small-scale operators and lesser-known travel destinations, away from more large-scale, commercial operations. How can the Province capitalize on this transition from Airbnb to ensure the platform is held accountable for ensuring their listings/operators comply with local and provincial regulations?	1. Impact of COVID-19 on the STR industry; 2. Tourism Vancouver has a economic recovery taskforce that includes representatives from both the hotel industry and Airbnb (i.e. Nathan Rotman) – perhaps a representative from Tourism Vancouver can be a guest speaker to provide an update on the outcome/recommendations from that working group and how provincial and local regulations on STRs can assist with economic recovery in the hospitality sector? Or alternatively a BC-wide tourism representative. 3. Continue with the planned discussions with platforms (Airbnb and Expedia, specifically) to understand how their business is evolving in the wake of COVID-19	1. None

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	issues in STRs. Regular enforcement of all City STR related by-laws resumed as of June 2020. Enforcement continues, focused on unlicensed STR's with a combined proactive and traditional complaints based approach, full inspections of properties for life-safety concerns, business licence audits of licence holders now held virtually, and licence suspensions as necessary. We continue to report our monthly enforcement metrics on our website https://vancouver.ca/doing-business/short-term-rentals.aspx **4.** Also as a result of the ongoing COVID-19 pandemic, Vancouver City Council has directed staff to consider and report back on new policy and operational considerations for STRs, including: **1.** Re-evaluation of STR regulations, fees and cleaning standards in the context of COVID-19, the City's rental vacancy rate and hotel recovery; **2.** The feasibility and fairness of assessing and taxing STRs as Class Business; **3.** Information sharing with strata, building and property managers; and **4.** Consultation with the Provincial Health Officer, health authorities and WorkSafe BC on safety and cleaning standards in STRs and common areas. Staff have added these elements to our work plan, and do not currently have a timeline for report back.		3. Cleaning and social distancing standards for STRs in BC – how can we make people feel more confident about staying in STR accommodations in light of COVID-19? 4. **STRs as a regional issue** – there is some anecdotal evidence that commercial operators have responded to Vancouver's STR regulations by shifting their operations/listings to neighbouring municipalities with no specific STR regulations. Recognizing that housing unaffordability is a regional issue, there could also potentially be regional solutions to the issue of STRs.		

Province-UBCM Joint Advisory Group on Short-Term Rentals - Process

	April 21, 11-12:30	**May 5, 11-12:30**	**May 12, 11-12:30**	**May 17-28**	**June 2 11-12:00pm**	**June 2-11**	**June 16 11:00-12:30pm**	**June 30**
Purpose	Reconvene group	Guest Speakers (Zoom Calls)	Identify Priorities / Items for Report to Province	Write Report	Review Draft Report	Report Revisions	Final Report Presentation	Co-chairs present report to Ministers & UBCM
Guests	Andrew Lis (Housing Policy)	Ted Lee, CFO Destination Vancouver Mike Luca, Harvard School of Business (Future of STRs) (to be confirmed)					AirBnB / Expedia Government Relations MAH & OHCS ADMs (Faganello/May)	Ministers UBCM President
Key Agenda Items	Presentation on STR statistical analysis Local COVID impacts/changes Review process to complete work BC Real Estate Association submission	Presentations by guest speakers Quick look at Generation Squeeze toolkit Short group discussion of any major new points	Discussion and ranking of Priorities to include in report		Group feedback and discussion of draft report		Presentation of report Response from AirBNB/Expedia Response from ADMs In-camera with Advisory Group on report revisions	Final report submitted in written form Briefing meeting with co-chairs, UBCM and Ministers
Duration	1.5hrs	1.5 hr	1.5 hr		1 hr		2hr	1 hr
Timelines:								
Agenda Approval	April 14	April 23	May 4		May 24		June 7	June 21
Meeting Pkg sent	April 15	April 26	May 5		May 25		June 9	June 23

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals
Meeting 3

Zoom Link: (to be provided by UBCM)
Wednesday, April 21, 2021 – 11:00am to 12:30pm

ITEM	TIME	RESPONSIBILITY
1. **Welcome & Introductions**	15 mins	Co-chairs Round table introductions
2. **Discussion of Group Process** • Planned presentations/guests • Report drafting & revisions process for report to Ministers/UBCM	5 mins	John / Susan
3. **Community Check-in** Review of Email Feedback, Previous Meeting Summaries Major Themes	20 mins	Jack
4. **Short-Term Rentals and the BC Rental Market: COVID-19 and Implications Presentation & Discussion**	45 mins	Presentation: Andrew Lis – HPB
5. **Conclusion & Next Steps**	5 mins	Co-Chairs

Commented [LSO1]: Welcome by Jack (3-4 mins)
Territorial acknowledgement
Acknowledgement of COVID's impacts on lives, communities
STRs remain a concern for many communities in different ways, and as the vaccine roll-out is completed and travel resumes, these impacts will return or accelerate.

Welcome by John (3-4 mins)
New Ministry, new faces at OHCS
Minister's interest in STRs impacts on housing
Acknowledge partnership with MUNI – Jessica Brooks, Eric Nicholls, Liberty Brears

Introductions (roundtable) (6-9 mins)
We have three new members (John, Dan, Celine) and Alex (from Nelson) is handing the reins to a new planner. A round-table will let people get re-acquainted.
Jack/John model introductions to keep things brief – name, role, community

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Preview the meeting trajectory and our proposed approach to drafting a report to UBCM/Ministers

Commented [LSO3]: Agenda package will include the updated email feedback from participants with info on how COVID has affected their communities.
The feedback has been analyzed to identify some major themes recurring across communities.
Agenda package will also include the summaries from Meetings 1 & 2.
Check in with communities – are these the major themes that seem to jump out at you?
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Check - do we have the guest speakers / access to information that we need to formulate our major points for the report?

One of the major themes we've already identified is data sharing / capacity to analyze data. Segue to Andrew's presentation!

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STR Advisory Group Agenda

From:	Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
To:	Thomson, John OHCS:EX <John.Thomson@gov.bc.ca>, Jack Crompton <jcrompton@whistler.ca>
Cc:	Corpe, Cimarron OHCS:EX <Cimarron.Corpe@gov.bc.ca>
Sent:	April 15, 2021 4:37:52 PM PDT
Attachments:	ANNOTATED Agenda_STR Advisory Group_Meeting3_April21_2021.docx

Hi there!
I'm sending you this "annotated" version of the agenda – in comments I have added some notes about things to say, how things will roll, etc.
Feel free to touch base with me next week if we want to go over this in more detail but I'm pretty sure you two co-chairs can handle this. I'll be there as backup. Josh is going to open the meeting 15 minutes in advance so if we need to we can smooth out any wrinkles.
s.22 but can respond on Monday to any needs.

Susan Low
Pronouns: she/her
Senior Policy Analyst, Housing Policy Division
Office of Housing and Construction Standards
Ministry of Attorney General and Minister Responsible for Housing
Phone: 778 698-1690
My home and workplace are on the unceded territories of the Lkwungen people (Songhees and Esquimalt First Nations). I am grateful for their stewardship of these lands and waters and the opportunity to live and work here as a settler.

Agenda

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RE: Short-term rentals

From:	Norma Miller <nmiller@bcrea.bc.ca>
To:	Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Cc:	Mark Sakai <msakai@bcrea.bc.ca>
Sent:	April 19, 2021 3:15:10 PM PDT
Attachments:	image003.png, image007.png, image011.png, twitter_24x20_43e7cd15-f40a-4d6e-a697-e0af9cc16940.png, bcrea_GPTW_073f1b7a-9372-42e4-8902-a5c478133969.png, 2021-04-19 from BCREA, short-term rentals.pdf, youtube_27x20_18dc9ef8-2295-4b83-ab9f-a3929f30ee56.png, instagram_20x20_7ccfe780-ba9c-4e3c-b9e8-ed5bb5846143.png, linkedin_20x20_0e3df1c8-8735-43c0-87f7-3215ac32c0ab.png, facebook_20x20_403660fc-745c-4cb9-bd21-353b599e1064.png, image009.png, image010.png, image008.png, image005.png, image006.png, image004.png, image002.png, image001.png

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Susan,

We managed to get this done today! To be honest, we don't have a lot of feedback to offer on this issue. Please have a look at the letter – if you think there could be value in someone from BCREA attending your May 5 meeting (would have to be in the afternoon), then we can do so.

Regards,
Norma

Norma Miller
Senior Policy Analyst
Direct: 604.742.2789
Mobile: 778.773.1400
Suite 1425, 1075 West Georgia Street
Vancouver, BC V6E 3C9

BCrea
British Columbia Real Estate Association

Best Workplaces
Great Place To Work.
CANADA 2021

Pronouns: *she, her*

bcrea.bc.ca

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From: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Sent: April 19, 2021 11:26 AM
To: Norma Miller <nmiller@bcrea.bc.ca>
Cc: Mark Sakai <msakai@bcrea.bc.ca>
Subject: RE: Short-term rentals

Not a problem! It looks like we will probably schedule our next meeting for May 5. I'm happy to have you come to that meeting (virtually) for a brief appearance if you'd like to talk to the group and hear the discussions. I think our membership is interested in BCREA's perspective on this.

Susan

From: Norma Miller <nmiller@bcrea.bc.ca>
Sent: April 19, 2021 11:13 AM
To: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Cc: Mark Sakai <msakai@bcrea.bc.ca>
Subject: RE: Short-term rentals

[EXTERNAL] This email came from an external source. Only open attachments or links that you are expecting from a known sender.

Hi, Susan!

My apologies for not sending a submission, yet. We should be able to have it to you tomorrow (April 20).

Regards,
Norma

Norma Miller
Senior Policy Analyst
Direct: 604.742.2789
Mobile: 778.773.1400
Suite 1425, 1075 West Georgia Street
Vancouver, BC V6E 3C9

BCrea
British Columbia Real Estate Association

Best Workplaces
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CANADA 2021

Pronouns: *she, her*

bcrea.bc.ca

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From: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Sent: April 9, 2021 11:51 AM
To: Norma Miller <nmiller@bcrea.bc.ca>
Cc: Mark Sakai <msakai@bcrea.bc.ca>
Subject: RE: Short-term rentals

Hi Norma,
Thanks for looking into this! I think a written submission would be great, because we're already looking at how we're going to manage to schedule so many guest speakers that my head spins! We can bring the feedback to them at our April 21 meeting (the package will go out on the 15th, I expect) or sometime in early May, depending on when it works for you to get it to us.
Thanks so much!

Susan Low

Pronouns: she/her
Senior Policy Analyst, Housing Policy Division
Office of Housing and Construction Standards
Ministry of Attorney General and Minister Responsible for Housing
Phone: 778 698-1690
My home and workplace are on the unceded territories of the Lkwungen people (Songhees and Esquimalt First Nations). I am grateful for their stewardship of these lands and waters and the opportunity to live and work here as a settler.

From: Norma Miller <nmiller@bcrea.bc.ca>
Sent: April 8, 2021 4:37 PM
To: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Cc: Mark Sakai <msakai@bcrea.bc.ca>
Subject: RE: Short-term rentals

[EXTERNAL] This email came from an external source. Only open attachments or links that you are expecting from a known sender.

Sorry I haven't gotten back to you on this, Susan. After a very brief review of the feedback we'd gotten last year, we have only a small amount of input to provide, which I had estimated would take about five minutes to deliver. We can easily provide that to your advisory group in writing, if you prefer. Or, I could articulate it in writing to you next week and then you could determine the best way to deliver it?

Regards,
Norma

Norma Miller
Senior Policy Analyst
Direct: 604.742.2789
Mobile: 778.773.1400
Suite 1425, 1075 West Georgia Street
Vancouver, BC V6E 3C9

Pronouns: *she, her*

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From: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Sent: March 31, 2021 3:59 PM
To: Norma Miller <nmiller@bcrea.bc.ca>
Subject: RE: Short-term rentals

Sounds good! Have a wonderful long weekend!
Susan

From: Norma Miller <nmiller@bcrea.bc.ca>
Sent: March 31, 2021 3:30 PM
To: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Subject: Short-term rentals

[EXTERNAL] This email came from an external source. Only open attachments or links that you are expecting from a known sender.

Susan,

Thanks so much for your call this afternoon! I'll have to respond to you next week, s.22
s.22 . I'll be able to get back to you early next week about a possible presentation to the advisory group in early May.

Regards,
Norma

Norma Miller
Senior Policy Analyst
Direct: 604.742.2789
Mobile: 778.773.1400
Suite 1425, 1075 West Georgia Street
Vancouver, BC V6E 3C9

BCrea
British Columbia Real Estate Association

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Pronouns: *she, her*

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April 19, 2021

Susan Low
Senior Policy Analyst
Housing Policy Division
Office of Housing and Construction Standards
Ministry of Attorney General and Minister Responsible for Housing
PO Box 9844 Stn Prov Govt
Victoria BC V8W 9T2
Submitted by email: susan.low@gov.bc.ca

Dear Susan,

RE: Short-term rentals

Thank you for the opportunity for the British Columbia Real Estate Association (BCREA) to provide input to the Advisory Group on Short-Term Rentals (STRs).

In March 2020, we sought feedback from BC's ten regional real estate boards about how REALTORS® interact with their clients about STRs. While we did not receive many responses, we believe we can provide some value to the advisory group.

BC's 23,000 Realtors are obliged to comply with all applicable laws and bylaws, and so that is the framework within which they speak with potential buyers about the potential to use homes or parts of homes for STRs. Real estate professionals constantly work to stay current with local government bylaws on a variety of issues, so they can meet their compliance obligation and best serve their clients.

Given the significant role of local governments in STRs, neither BCREA nor the Real Estate Council of British Columbia (which regulates real estate licensees) has created guidelines for real estate professionals.

Finally, we learned that short-term rentals provide an important option for local residents, in

addition to tourists. People renovating their homes and experiencing significant problems such as floods or other emergencies turn to short-term rentals for temporary housing.

BCREA has not analyzed the impact of STRs on the housing ecosystem or the supply of long-term rental housing.

As the advisory group continues its work, please contact me directly if you think we can assist further.

BCREA is the professional association for about 23,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's ten real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help Realtors provide value for their clients.

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that encourage economic vitality, provide housing opportunities, respect the environment and build communities with good schools and safe neighbourhoods.

Sincerely,

Norma Miller
Senior Policy Analyst

Short-Term Rentals: Community Updates from April 2021

From:	Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
To:	Alex Thumm (Nelson) <AThumm@nelson.ca>, Barlee, Veronica OHCS:EX <Veronica.Barlee@gov.bc.ca>, Brears, Liberty MUNI:EX <Liberty.Brears@gov.bc.ca>, Brooks, Jessica MUNI:EX <Jessica.Brooks@gov.bc.ca>, Corpe, Cimarron OHCS:EX <Cimarron.Corpe@gov.bc.ca>, Dan Rogers (Islands Trust) <drogers@islandstrust.bc.ca>, Faganello, Tara MUNI:EX <Tara.Faganello@gov.bc.ca>, Gail Given (Kelowna) <ggiven@kelowna.ca>, Jack Crompton <jcrompton@whistler.ca>, Josh van Loon (UBCM) <jvanloon@ubcm.ca>, Kathryn Holm (Vancouver) <kathryn.holm@vancouver.ca>, Lee-Ann.Garnett@burnaby.ca, Nicholls, Eric MUNI:EX <Eric.Nicholls@gov.bc.ca>, Regina Sadilkova (TNRD) <rsadilkova@tnrd.ca>, Thomson, John OHCS:EX <John.Thomson@gov.bc.ca>, Celine Kobenter <ckobenter@victoria.ca>, Kristy McConnel <kmcconnel@nelson.ca>
Sent:	April 20, 2021 3:18:04 PM PDT
Attachments:	STR AG Email Feedback APRIL 2021 UPDATE.docx

Hi all,
Thank you to each of our local government representatives for providing an update on how COVID has impacted short-term rentals in their community, and some interesting trends or findings around the province. You'll find these all gathered up into a table (attached) – my apologies for the somewhat unwieldy format, but there was so much of value to share in one document!

I'm looking forward to our discussion tomorrow. If something should go amiss as you're trying to log in, you can send me an email and I will try to assist. Josh van Loon is our Zoom host tomorrow so he may also be able to help.

Best wishes,

Susan Low
Pronouns: she/her
Senior Policy Analyst, Housing Policy Division
Office of Housing and Construction Standards
Ministry of Attorney General and Minister Responsible for Housing
Phone: 778 698-1690
My home and workplace are on the unceded territories of the Lkwungen people (Songhees and Esquimalt First Nations). I am grateful for their stewardship of these lands and waters and the opportunity to live and work here as a settler.

Short-Term Rentals Advisory Group – August 2020 and April 2021 Community Updates

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
Kelowna (Gail / Ryan) August 2020 Update	Demand has remained relatively steady although there was a temporary reduction in listing during April and May.	Additional regulations were put in place in spring 2019 but not enforced in a meaningful way until June/July 2020. Too early to tell if additional regulations have had a positive impact on the long term rental market. It will probably be difficult to measure longer term because of how many other factors impact long term rental availability. We have seen a very strong real estate market in Kelowna since mid-June and it is reportedly being fuelled by relocations from larger urban centres (and work from home trends amongst larger employers).	a. Short term rental industry (all platforms) should be responsible for providing reliable data to the Province of BC and local governments relating to short term rentals. This should include types of rentals, duration, locations by neighbourhood) etc. They should also be required to help support local housing/rental availability studies. Lots of local governments don't have the data to be able to make good decisions in this area. b. Provide a best and worst practices guide for managing short term rentals in BC from parking regulations to noise/nuisance control recommendations.	MOF speaker was really interesting. Would be great to hear from US jurisdictions that are further ahead of us to see what has worked well elsewhere.	Would like to see/understand more clearly the results that are expected to come out of the committee and what they may be used for.
Kelowna - April 2021 Update	• At the end of 2019 we had issued 450 STR business licenses; we are now at 613 • There have been 54 bylaw investigations on non-compliant properties • complaints include noise, parking, litter, disruption to neighborhood, increased vehicular traffic late at night/early morning • while we are active in our licensing and investigations, rental vacancy rate decreased from 2.7% to 2.1% (the majority of which are bachelor suites) One-, two- and three-bedroom units are all closer to 1.5%. These rates are despite the addition of 625 purpose-built rentals in 2020 on top of a record number of units added in 2019. • OAP MRDT data shows a drop of approximately 20% in $s received in 2020 while the hotel remittance dropped over 40%. It is clear the travelling public was choosing STR's where restrictions were less likely to be enforced. (This was also true at Big White which is outside of our DMO) • 100% of OAP MRDT in Kelowna is directed to a city Affordable Housing Reserve (none is remitted to our DMO)		One of our greatest challenges to recovery will be attraction of talent to an area where housing is scarce, and prices are high. This is both for market and rental housing. • If STR's are going to take up housing inventory for a commercial purpose they need to be paying commercial tax rates. While OAP companies characterize their clients as small mom and pop operators this is not necessarily the case (often with large companies owning many units -looking more like a scattered site hotel). This will level the playing field between all accommodation providers and show support for a hard hit hotel industry) • It would be helpful if there were province wide regulations restricting STR's to principal residence and not allowing in Secondary suites. Putting these types of regulation in place on a community-by-community basis is very difficult as councils come up against the full weight of large corporations like Airbnb who are very effective in their lobbying and mobilizing campaigns. (Challenge - this	• not at this time	• not at this time

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
			may not be the opinion of all communities)		
Victoria (Celine) Updated April 2021	Demand- Significant decrease at first, and there remains little international demand due to travel restrictions, but we were back to normal domestic rentals by summer 2020, with the exception of principal resident operators who do not receive guests in their home. Regulation- With a decrease in business licence applications in the spring of 2020, we were able to better assess each application, which included inspections and closer review of listings. It was also more manageable to identify new listings as they came online in phases.	By late summer 2020, our enforcement efforts had increased the availability from approximately 240 long term rentals to over 500 (according to HOST data). This data, however, relies only on listing information from Airbnb and VRBO, and our total count of short-term licences and new long-term rental licences issued to condos.	Discussion with regards to future Bylaw amendments. Tools to work with platforms (Airbnb, licence numbers required for listing, access to data, etc).	~~Discussion about the pros & cons of HOST and other third party companies.~~ We no longer use HOST To hear about effective enforcement techniques that have worked for other jurisdictions.	Not at this time.
Burnaby (Lee-Ann) Updated April 2021 ** adopted framework for short-term rentals in July '20	We are under the assumption that demand for Short Term Rental accommodation has decreased. Data from Airdna.co indicates that there has been a 35% decrease in the number of listings between Q1 2020 and Q1 2021. We do not have regulations in place yet, but monitor complaints as an indicator of STR activity in our community. In 2019, we had 75 complaints (to September 2019); in 2020, we had 49 complaints (to August 20, 2020).	We do not have data to know what the impacts may be.	The work identified in the Terms of Reference is still relevant.	GenSqueeze has produced a "Tool Kit" and I would welcome a speaker from GenSqueeze attending our meeting to present the Tool kit. I am interested in a presentation on how others are implementing enforcement. We had general discussions, but a presentation or a written summary from those who are successful would be useful. I would also like to better understand agreements that municipalities may have with either the online platforms, or the third party data monitoring firms – what information is being shared, how does it help municipalities?	I think the TOR does not need amendments.
Thompson-Nicola Regional District (Regina)	We have had increase complaints (all round) as more folks are home for a lot more time. Issues irritate them – esp. if there are relatively large groups of non-residents crashing at an AirBnB for a week or a weekend. They are not social distancing and may import Covid.	Not so much as we are rural RD and most short term rentals are vacation properties. It has driven up the purchase costs of desirable vacation properties.	STR are not going away. Pick a sound defensible, rational way to regulate them that protects longer term rentals (e.g. tax them at a much higher commercial rate) and then actually DO it – meaning enforce it.		The focus in the T of R is more on local government and STRs and how to support local government in their regulation, etc. While this clearly need to be a part of it, it remains that the hosting platforms such as Air BNB will NOT deal with local government – rather, it is only at the provincial level that there will be any hope of buy-in as to whatever should change (e.g. allowing STR in owner occupier dwellings or limit the number of days per year etc).

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
					I believe that we are charged with recommending to the Province (from a local government perspective) what can reasonably and should effectively or practically be changed so that long term rentals, housing stock, affordable housing, and the commercial traveller accommodation business base can all be protected . . . while find a place for STR in all of this.
Nelson (Alex)	1. In March-May, demand plummeted, but now most hosts are saying it is very busy and near business as usual. This includes all price categories: the cheap ones through to the $400 a night ones. What has changed for us is that there are no new applications for STR licences and no new STRs going online w/o a licence. Those who are in are doing well enough it seems, but new people aren't jumping in. We are starting to get inquiries from people thinking about a licence for a new STR starting in the fall. a. The only action we did take: on March 20th, I emailed all holders of a year-long STR licence with an offer: "The bylaw does not allow for licence refunds and being a few months into the year, we presume that you have made use of your licence already over the busy winter ski months. The option that we can offer is to downgrade your existing annual licence to a four-month licence valid from January 1st 2020 to April 30th 2020 and to refund the difference". Depending on the type/size of STR, this resulted in a refund ranging from $90 to $1,164. b. 20% of our annual licence holders, or 14 licensees, downgraded: that is, 14 licensees who took up the offer of downgrading their annual licence to a Jan-April licence due to COVID. One person who did that downgrade re-upgraded to an annual licence in May already.	2. No data, but anecdotally at least 6% of STRs have been converted into LTRs at least for the rest of 2020. Also anecdotally, others who were about to apply for an STR licence got spooked, were thankful that they hadn't had paid for a licence, and then went to long-term renting. Again, tourism is very busy in Nelson right now. Everyone is commenting on how packed our downtown is, the same or more as previous summers. Hotels are busy, restaurant patios have doubled in size and are full, etc. The only difference is that there are zero US licence plates, fewer Albertans (although still tons), and a lot more tourism from Vancouver and elsewhere in BC.	3. No comment from our department. We don't see the post-COVID world changing much for STR policy.	4. The only idea that comes to mind is considering the merits of caps on licences. It seems like one of the most valuable tools if the objective is to strike a balance, but it's too easy to set an all-too-arbitrary cap. Consideration of how a local government should go about setting caps could be interesting.	5. None

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
	c. The lesson that we got out of this is to make it easier for STR licence holders to get out of STRing. If the licence fee is not at all refundable, it serves as a disincentive to switch to LTR if someone is considering it.				
Whistler (Jack)	The regulation/demand for short term rentals was not an issue during Phase 1 and 2 of the pandemic. In Phase 3, we are seeing an increase in demand and need for regulation for properties not zoned for nightly rentals as historical issues are returning. The demand for legally zoned short term rentals is significantly reduced since the pandemic and we are expecting a further decrease in the fall...	There are homes being listed for short term rentals that are only zoned for residential use. We have 13 properties we are investigating as illegal nightly that could be added to the rental housing market. Anecdotally, many properties owners choose to sell their properties or use for personal use after our enforcement efforts.	Regulation of the short term rental industry to show business licence numbers for each listing on each platform similar to what City of Vancouver has done with Airbnb. Data transparency requirements on strs from the province... shared with municipalities.	Increasing the fine limit for bylaw notice system and enhanced enforcement tools to deal with those that do not comply after notices/tickets are issued.	None from us.
Whistler April 2021	Overall, the RMOW had a moderate reduction in complaints in 2020 related to illegal tourist accommodation. The enforcement measures of ticketing with the Bylaw Notice remained the similar for each complaint. In 2020, staff recorded a total of 44 complaints for illegal tourist accommodation (14 less complaints than 2019). In 2021, the total number of complaints are 7. In an upcoming bylaw adjudication hearing, we have 6 bylaw notices being disputed (3 were written in 2020 and 3 were written in 2021). For the second time over the last 5 years, the Resort Municipality of Whistler (RMOW) has filed a notice of civil claim against a homeowner over short-term rentals in a residential neighbourhood. The claim, filed in the Supreme Court of British Columbia on Nov. 4 2020, alleged the owner uses a variety of websites to market and rent a residential property to tourists and other guests "for non-residential stays, including temporary stays of less than four weeks, in exchange for payment.				

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
	Anecdotally, many properties owners choose to sell their properties or use for personal use after our enforcement efforts. RMOW staff are also seeing some property owners pivot their existing nightly rental businesses to longer term accommodation.				
Vancouver (Kathryn) Updated April 2021	**1.** Screen-scrape data indicates there has been **reduction in the demand for and supply of short-term rentals** in Vancouver. This is not unexpected due to the changes in travel patterns since March, and the reluctance of operators to have guests in their homes (Vancouver has a principal residence requirement to operate a STR). 2. As of April 1 2021, 1,572 STR licences had been issued and there were 2,244 active listings. At same time in 2020 there were 2,980 licences and 5,611 active listings. 3. A survey sent to all 2020 licence holders in August 2020 indicated that: *36 percent of respondents indicated that they were going to continue to operate a short-term rental throughout 2020; *39 percent stated that due to COVID-19 they would stop operating a short-term rental in 2020; *25 percent were unsure if they would continue to operate **4.** In response to COVID-19, the City initially paused all non-essential enforcement in March 2020, including non-life safety issues in STRs. Regular enforcement of all City STR related by-laws resumed as of June 2020. Enforcement continues, focused on unlicensed STR's with a combined proactive and traditional complaints based approach, full inspections of properties for life-safety concerns, business licence audits of licence	The City commissioned Dr. Waschmuth to study the impact of the City's short-term rental regulations on the long-term rental housing market, as well as any impacts from COVID-19 on the relationship between STRs and long-term rentals in the City. Report and findings expected to be finalized in Q2 of 2021. A CMHC Housing Observer article released in November 2020, noted a continued increase in the supply of condominiums used as long-term rentals in Vancouver in 2019. The CMHC article specifically attributed the City's short-term rental program as one of the potential contributing factors for this increase.	Split assessment of residential dwellings used as short-term rentals – since jurisdiction lies with BC Assessment. Opportunity for potential additional property tax revenue, to be shared with municipalities for affordable housing projects. Platform accountability – legislative support from the province to ensure platforms hold shared accountability or ensuring their listings/operators comply with local and provincial regulations. Add a layer of provincial enforcement against non-compliant platforms. Sharing of the provincial tax revenue collected with the municipalities that enable its generation, through their STR regulatory frameworks. Data sharing among the province and municipalities, to create a composite file on a property (EHT, S&VT, STR) to identify inconsistencies. Provincial support for program administration at the municipal level. For example, data scraping – each muni is paying a significant amount for an annual service. Establishment of provincial cleaning/safety standards for STR, to encourage tourists to return and support economic recovery.	Projected bounce back of the tourism industry post COVID-19, and how municipalities can prepare for the anticipated surge of STR activity. Would be helpful to hear from tourism agencies such as Tourism Vancouver, and the outcomes of their economic recovery taskforce. Continue with the planned discussions with platforms (Airbnb and Expedia, specifically) to understand how their business has evolved in the wake of COVID-19 and specifically their experience and response to other municipal licensing regimes (i.e. Toronto is licensing platforms)	None

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
	holders now held virtually, and licence suspensions as necessary. We continue to report our monthly enforcement metrics on our website https://vancouver.ca/doing-business/short-term-rentals.aspx 5. As a result of the ongoing COVID-19 pandemic, Vancouver City Council directed staff to consider and report back on new policy and operational considerations for STRs, including: 1. Re-evaluation of STR regulations, fees and cleaning standards in the context of COVID-19, the City's rental vacancy rate and hotel recovery; 2. The feasibility and fairness of assessing and taxing STRs as Class Business; 3. Information sharing with strata, building and property managers; and 4. Consultation with the Provincial Health Officer, health authorities and WorkSafe BC on safety and cleaning standards in STRs and common areas. Progress to date: - Communications were sent to 2019 and 2020 STR licence holders in outlining the requirements for short-term rental and long-term rental licences. - Staff advised all current STR licence holders of the Provincial Health Officer (PHO) Order regarding short-term rentals, specifying that only five occupants are allowed in a rental. Additionally, STR licence holders were advised to adhere to industry safety and cleaning standards as directed by the short-term rental platforms. Information regarding the PHO orders was also posted on the City's STR website.		Provincial support in addressing emerging data privacy concerns related to operator data		

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
	Staff do not currently have a timeline for report back for the additional Motion elements.				
Islands Trust (Dan) April 2021	Islands Trust is actually a number of different communities. While the Trust as a whole is a federation that oversees the budget and broad policies of all the communities, each Local Trust Area has a different experience to some extent. For example, Hornby Island has a very busy tourist economy with a number of STR options while Denman has very little. The demand for and regulation of short term rentals was increasing in most local trust areas before COVID. Many new buyers were hoping to rent out part of the time and in some cases all of the time to maximize the investment value. This has accelerated as the real estate prices on all of the islands has increased, in some cases quite dramatically. Some Islands (like North Pender) have remained relatively stable as there has been active enforcement on the island for some time. Almost all local trust areas have seen an increase in short term rentals since COVID. Each Local Trust Committee "regulates" short term rentals in its own way. Some simply don't allow them but rather only allow commercial operations such as inns, resorts and bed and breakfasts. Some allow short term rentals as a "home based business" i.e. a separate cottage or suite on a resident owner's property. Some regulate them through Temporary Use Permits. Each local trust area is attempting to find its own "balance". The issue is more pronounced on some of the more popular islands (i.e. Galiano, Salt Spring, Hornby) than it is on other smaller islands like Saturna. However each island has its own challenges.	Most of the information we have is anecdotal but there are many reports of homes that used to be available for long term rental being moved into the short term rental market because it is far more lucrative. Most larger island communities (i.e. Salt Spring, Galiano, North Pender, Gabriola, etc.) are experiencing rental housing shortages that have been exacerbated in recent years at the same time that the more short term rentals are on the market. While many operators state they would not rent their houses full time for a number of reasons, including wanting access themselves and the perception that full tenants can be a problem, it is generally agreed that vacation rentals have reduced the overall pool of long term rental accommodation through both direct and indirect effects Home owners also report that residential tenancies are not protective of the land owner. The local supply of rental housing on some islands (i.e. Salt Spring) is almost non-existent. Island employers are reporting difficulty in recruiting and retaining employees as a direct result of the lack of workforce housing.	With the exception of Bowen Island Municipality, there are no business license services provided by any regional district in the Islands Trust area. Business license programs have proven effective in managing the number and type of STVRs within a community. We need assistance in advocating for this service. Consider research into the effectiveness of the Speculation and Vacancy tax and benefits of possible extension to some rural islands. Also consider researching the feasibility of directing proceeds from the tax to local governments for the benefit affordable housing. If the goal is to increase the supply of affordable housing generally, the Province could follow the example of California and require local governments to allow attached and detached secondary suites in all single-family residential zones.		

	How has the COVID-19 pandemic affected the demand for and regulation of short-term rentals in your community?	Have changes in the short-term rental industry affected the rental housing market in your community, and what data or indicators do you have of this effect?	As the province moves into recovery and we reconvene the Advisory Group, what themes or ideas do you think we could explore as ways to "build back better" relating to short-term rentals?	Are there specific topics, questions, or speakers that you would like to see us build into the agenda(s) for future meetings of the Advisory Group that are not currently addressed in the outline of meeting topics?	Aside from the topics and timings of meetings, are there any other changes you think are needed to the Terms of Reference for the Advisory Group?
	The pandemic has appeared to shift visitor preference to self-catering units. This is adding strain to commercial hotel operators who are pressuring local trust committees to improve regulation and enforcement of STVR use. There is also a proliferation of "glamping", which is a term being used to describe a wide range of accommodations from tent platforms, tents, trailers, to accessory buildings. This should be defined and better regulated Many Local Trust Committees have chosen proactive enforcement for short term rentals (as opposed to complaint based enforcement). This has led to an increased file load for bylaw enforcement and short term rental enforcement now makes up the largest portfolio of cases for enforcement. The Trust has recently added a new bylaw enforcement position in a large part to respond to the increased demand for enforcement of "illegal" short term rental situations on islands. A number of Local Trust Committees (South Pender, Galiano, Hornby) have reviewed or are reviewing their bylaws and processes for short term rentals with a view to either more effectively regulating them or restricting them. The Trust is not able to institute business licenses thus that is not a tool we have to regulate short term rentals Since COVID there has been a significant increase in part time owners spending more time on the islands which may have created the perception of increased STR use.				

Agenda
Provincial – Local Government Advisory Group on Short Term Rentals
Meeting 4

Zoom Link: (to be provided by UBCM)
Wednesday, May 5, 2021 – 11:00am to 1:00pm

ITEM	TIME	RESPONSIBILITY
1. Welcome & Introductions	5 mins	Co-chairs Round table introductions
2. The Future for Short-term Rentals Presentation & Discussion	30 mins	Presentation: Mike Luca, Harvard Business School
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4. STRs & the Hotel Industry Presentation & Discussion	30 mins	Presentation: Ingrid Jarrett, CEO, BC Hotel Association
5. Group Discussion – Key Priorities / Themes Where are we at? Anything new?	20 mins	Group Discussion Facilitated by Jack
6. Conclusion & Next Steps	5 mins	Co-Chairs

Themes in Discussion:

As you are listening to today's guest speakers, please consider taking notes on how what you hear fits into these themes (or uncovers new things to explore).

- Data: access to data from online booking platforms for research or enforcement of regulations
- Understanding Housing Impacts: obtaining good data to better understand what types of housing impacts STRs are having
- Post-pandemic levels of STR use: impacts on housing, communities, other accommodation providers
- Local government capacity limitations to enforce policies/licensing
- Fairness in taxation between STRs and other accommodation providers
- Platform accountability to support compliance with local government regulations/licensing
- Challenges for local governments in introducing policies and dealing with opposition from STR hosts organized by platforms for lobbying (is there a larger role for the Province?)
- Sharing best practices among local governments for what policy tools or options can be used and their effectiveness/costs (** Recommend looking at the Generation Squeeze Toolkit for Regulating Short-Term Rentals as this covers many different tools)

Proposed agenda for May 5 Short-term Rentals Advisory Group meeting

From:	Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
To:	Jack Crompton <jcrompton@whistler.ca>, Josh van Loon (UBCM) <jvanloon@ubcm.ca>, Thomson, John OHCS:EX <John.Thomson@gov.bc.ca>
Cc:	Corpe, Cimarron OHCS:EX <Cimarron.Corpe@gov.bc.ca>
Sent:	April 27, 2021 4:59:09 PM PDT
Attachments:	2021-04-19 from BCREA, short-term rentals.pdf, Agenda_STR Advisory Group_Meeting4_May5-2021.docx

Hi there,
Please check out the attached agenda for the May 5 meeting and provide any feedback you have. A few points of note:

- Order of speakers – I am not glued to this, feel free to suggest a change for any reason.
- Homework questions – I drafted some questions for people to consider after the May 5 meeting, but these might also be things to bring up during the group discussion at the end of this meeting and so we could reframe them as such. Interested in your thoughts.
- Written input from BC Real Estate Association is attached. I'll be sending that out with the agenda.
- Generation Squeeze's toolkit on regulating short term rentals – I'll be sending this link with the agenda as well. How do we want to tie this into our discussions?

Action items:

- Josh – please send me the Zoom info to include in the meeting invite.
- Jack – could you send me Mike's contact details so I can add him to the meeting invite and send him the logistical info?

s.22 , I'm hoping to send this agenda out on Thursday afternoon. It would be awesome to get **feedback by lunchtime on Thursday**, if you're able. Thanks!

Susan Low
Pronouns: she/her
Senior Policy Analyst, Housing Policy Division
Office of Housing and Construction Standards
Ministry of Attorney General and Minister Responsible for Housing
Phone: 778 698-1690
My home and workplace are on the unceded territories of the Lkwungen people (Songhees and Esquimalt First Nations). I am grateful for their stewardship of these lands and waters and the opportunity to live and work here as a settler.

Agenda
Provincial – Local Government Advisory Group on Short Term Rentals
Meeting 4

Zoom Link: (to be provided by UBCM)
Wednesday, May 5, 2021 – 11:00am to 1:00pm

ITEM	TIME	RESPONSIBILITY
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3. **Tourism Marketing & STRs Presentation & Discussion**	30 mins	Presentation: Ted Lee, CFO, Tourism Vancouver
4. **STRs & the Hotel Industry Presentation & Discussion**	30 mins	Presentation: Ingrid Jarrett, CEO, BC Hotel Association
5. **Group Discussion – Key Priorities / Themes** Where are we at? Anything new?	20 mins	Group Discussion Facilitated by Jack
6. **Conclusion & Next Steps**	5 mins	Co-Chairs

Homework before Meeting #5

Considering what you've heard through the presentations and discussions in this group, take some time to write down notes on the following questions. These will be discussed as a group activity during our meeting on May 12. You don't need to submit your notes in advance (but you can if you want to); this is simply a heads-up so you can prepare for the meeting.

- What effects or impacts of short-term rentals cause you significant concern?
- What tools (legislation, policy, resources) are local governments lacking when it comes to responding to short-term rentals in their jurisdictions? Be as specific as possible.
- What things could the Province do that would help local governments address the impacts of short-term rentals?
- What things should the Province be CAUTIOUS of, or try to AVOID doing?

Short-term rental presentation

From:	Ingrid Jarrett <ingrid@bcha.com>
To:	susan.low@gov.bc.ca, Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Cc:	Karissa Bourgeault <karissa@bcha.com>, Ingrid Jarrett <ingrid@bcha.com>
Sent:	May 4, 2021 2:24:17 PM PDT
Attachments:	Fairbnb_Report-on-Secondary-Suites_final.pdf, Fairbnb-Update-Report-Ottawa_final-1.pdf, STR Framework-1pager (HAC).pdf, Top 5 Best Practices for Successful Enforcement - revised.pdf, UBCM Short Term Rental Advisory Group.pptx, Short-Term Rental Framework for Canadian Regulators - Final Aug 2018.pdf, Final_Fairbnb-Update-Report_Jan_9_2019 (1).pdf, nanos_FINAL(ENG) 1 pager.pdf, image004.png

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Good afternoon Susan,

Thank you very much for the opportunity to present regarding short-term rental impact.

I have attached the following documents and hope they are helpful for the committee to review. I am please to answer any questions following my presentation.

1. PowerPoint presentation
2. Fairbnb Update Report Ottawa
3. Fairbnb Update Report
4. Fairbnb Report on Secondary Suites
5. Nanos Final Report
6. HAC Top 5 best practices
7. HAC STR Framework
8. HAC STR Framework for Canadian regulators

The following links for Fairbnb is for background information and pre-read. I have also included the opposing organizations mission statements regarding short-term rentals and they are linked directly to their websites for ease of read. We have been engaged internationally for several years due to the significant negative impact on communities and cities and will provide any additional information as requested by your committee should it be helpful.
Thank you.
Ingrid Jarrett

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"Advocate and spokesperson for the interests of the Hotel Industry throughout British Columbia since 1917"

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Could Airbnb Turn Toronto's Most Affordable Rental Housing Stock Into Ghost Hotel Suites?

Allowing the short-term rental platform access to the city's secondary suites impacts tens of thousands of low and moderate income renters

Thorben Wieditz, FAIRBNB.CA Coalition[1]

fairbnb.ca
FAIR RULES FOR SHORT-TERM RENTALS

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ASSOCIATION DES HÔTELS DU CANADA

DEVELOPING A MODERN APPROACH TO SHORT-TERM RENTALS IN A DIGITAL ECONOMY

A Framework for Canadian Regulators

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UBCM Short Term Rental Advisory Group

BC Hotel Association

May 5, 2021

Presented by: Ingrid Jarrett, President & CE

BRITISH COLUMBIA
HOTEL ASSOCIATION

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Thank you

Stay Safe and Healthy

Ingrid Jarrett – ceo@bcha.com

BRITISH COLUMBIA
HOTEL ASSOCIATION

HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

DEVELOPING A MODERN APPROACH TO SHORT-TERM RENTALS IN A DIGITAL ECONOMY

A Framework for Canadian Regulators

JULY **2018**

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HOTELASSOCIATION.CA
INFO@HOTELASSOCIATION.CA
613.237.7149

Addressing Toronto's Housing Crisis?

If Toronto's Short-Term Rental Rules Were Enforced Today, Airbnb Would Have to Remove 8,241 Non-Compliant Listings; Up to 6,500 Entire Homes Could Be Added to Toronto's Long-Term Housing Supply

Thorben Wieditz, FAIRBNB.CA Coalition

fairbnb.ca
FAIR RULES FOR SHORT-TERM RENTALS

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Canadians Concerned about Airbnb's Impact on Their Communities

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The study was conducted by Nanos Research between August 25th to 27th, and was a hybrid telephone and online random survey of 1,000 Canadians 18 years of age or older. The margin of error is +/-3.1 percentage points, 19 times out of 20.

The full report is posted online at http://bit.ly/HACNanos.

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FW: BC Hotel Association: Short-term rental presentation materials

From:	Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
To:	Barlee, Veronica OHCS:EX <Veronica.Barlee@gov.bc.ca>, Brears, Liberty MUNI:EX <Liberty.Brears@gov.bc.ca>, Brooks, Jessica MUNI:EX <Jessica.Brooks@gov.bc.ca>, Celine Kobenter <ckobenter@victoria.ca>, Corpe, Cimarron OHCS:EX <Cimarron.Corpe@gov.bc.ca>, Dan Rogers (Islands Trust) <drogers@islandstrust.bc.ca>, Faganello, Tara MUNI:EX <Tara.Faganello@gov.bc.ca>, Gail Given (Kelowna) <ggiven@kelowna.ca>, Jack Crompton <jcrompton@whistler.ca>, Josh van Loon (UBCM) <jvanloon@ubcm.ca>, Kristy McConnel (Nelson) <kmcconnel@nelson.ca>, Lee-Ann.Garnett@burnaby.ca, Nicholls, Eric MUNI:EX <Eric.Nicholls@gov.bc.ca>, Regina Sadilkova (TNRD) <rsadilkova@tnrd.ca>, Shannon Perkins (Victoria) <sperkins@victoria.ca>, Thomson, John OHCS:EX <John.Thomson@gov.bc.ca>, Hicks, Sarah (Vancouver) <Sarah.Hicks@vancouver.ca>, Miyaji, Koji (Vancouver) <Koji.Miyaji@vancouver.ca>
Sent:	May 4, 2021 3:33:48 PM PDT
Attachments:	Fairbnb_Report-on-Secondary-Suites_final.pdf, Top 5 Best Practices for Successful Enforcement - revised.pdf, STR Framework-1pager (HAC).pdf, image001.png, UBCM Short Term Rental Advisory Group.pptx, Short-Term Rental Framework for Canadian Regulators - Final Aug 2018.pdf, Fairbnb-Update-Report-Ottawa_final-1.pdf, nanos_FINAL(ENG) 1 pager.pdf, Final_Fairbnb-Update-Report_Jan_9_2019 (1).pdf

Hi all,
BC Hotel Association has shared some materials in advance of their presentation tomorrow. I look forward to seeing you all on the call at 11!

Susan Low
Housing Policy Branch

From: Ingrid Jarrett <ingrid@bcha.com>
Sent: Tuesday, May 4, 2021 2:24 PM
To: Low, Susan OHCS:EX <Susan.Low@gov.bc.ca>
Cc: Karissa Bourgeault <karissa@bcha.com>; Ingrid Jarrett <ingrid@bcha.com>
Subject: Short-term rental presentation

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Ingrid Jarrett

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Meeting Notes

- Be aware of data sources – Craigslist is not used in Kelowna for rentals
- New members – Sarah Hicks – business licensing for CoV, Koji Miyaji, deputy director/asst director of Community Standards – proactive enforcement, looks after STR activities. Also Deputy Chief Licence Inspector.

Future of travel – presentation by Jack after Mike Luca

- Accommodation is a very quickly-shifting industry – increasingly "crowd-based capitalism"
- Can Airbnbs "decentralize the ownership of capital" from global hotel chains?
- Can we see the STR platforms as a partner in whatever regulatory system we consider for the future of this capital shift?
- Industry changes to consider –
    - Experiences (skiing, cooking, hiking tours)
    - Accommodation generally – crossover of ownership and bookings between hotels and online platforms
    - Professionalization – growing number of hosts with multiple properties
    - Verification – understanding who hosts are, verifying they are who they say they are
    - Airbnb City portal – data, connection, enforcement – saying it'll give better access to data, to them, to help enforce.
    - Covid – contactless bookings, longer stays, rural over urban – 29% of people were visiting rural areas, expectation for 2021 is 60% of rural travel happening.
    - STR platforms want to expand into air travel, multiple currencies or transaction platforms
    - Verification is empowered by "blockchain"
    - AI – the future of travel will be informed and empowered by machine learning and artificial intelligence.
- How do we make our regulatory choices "future-proofed" – the industry is changing and we want to get out ahead of it.
- Tourism Vancouver saw a 79% decline in online accommodation provider MRDT whereas Airbnb reported a 20% decline worldwide.
- Rural/urban – government messaging has been to "go outside" and get "wide open spaces" – driving tourism out of the cities, but our infrastructure like conference centres, hotels etc. is in urban places.

- Shift away from business travel – is this a permanent shift or to what extent is this permanent?
- Loss of hotel revenue reflects a decline in business travel.
- Group travel, conference travel, tour groups, cruises, etc – cut off of international markets and travel. 70-90% of travel in B.C. used to be group travel demand.
- Gail – Okanagan OAP MRDT dropped about 20%, hoteliers MRDT dropped 40%. Number of units is different between those groups of course. More hoteliers are joining OA platforms as a marketing strategy.

Tourism Vancouver

- The ground for STR regulation is well covered, with the Gen Squeeze toolkit covering off housing issues quite well.
- Tourism is another patient – alongside housing.

Q – how does wage cost affect tourism businesses?

- How do we rebuild tourism and how does STR play in?
- We don't really have a coherent tourism management system. Do we start to put something together now?
- Tourism visitors in 2019 was about 12M, dropped to 3M in 2020.
- Majority of Metro Vancouver tourism is Canadian origin
- Conference bookings need hotel rooms that can be booked several years in advance, STRs are only one-year out.
- If we're prioritizing tourism in our recovery, how do we consider regulating that?
- Tourism 2030 Report – what demand and supply side drivers could foster the growth/decline of tourism in Vancouver in the next 10-15 years?
    - Potential international travellers with the money to travel is growing
    - Increases in seniors as travellers
    - Connectivity – major new airport construction and more point-to-point routes
    - Tourism infrastructure – limited supply of hotel rooms in Vancouver is leading to higher occupancies and making Vancouver more expensive to visit – do STRs provide a less-expensive alternative for travellers. Vancouver hotel supply is already struggling to keep up with demand, trying not to lose rooms. Conversion of hotels to residential because of demand for condos.
    - Investment in tourism – dollars for attractions and activities
    - Visitor public transportation
- How much will tourism's rebound come from local, domestic tourism – purchase of vacation properties?

    - Urban tourism saw a huge rise before COVID; likely to subside. Not sure yet whether the shift to rural will be a long-term pattern or just a COVID response. Too early to say. Safety, convenience, centrality – urban destinations offer these. Response is "stay tuned".
    - BC Hotel association – more rural areas are seeing a demand. This includes demand for purchasing homes which is translating to housing prices increases. Growth of tourism in areas which were previously quiet except for seasonal peaks.
    - Demographic of STR travel vs other types of travel – youthfulness of STR travel, comfort of staying in STRs and not knowing what to expect before they get there.
    - Communities need to know the trends for travel demand as they're doing their community planning. Demand stats in the last two years – anticipating the recovery for each sector and subsector of travel is needed.
- Tourism Vancouver has an MOU with Airbnb to get demographic data on who searches for what types of travel experiences (confidential).
- STR is an international benchmarking/research company that provides economic data for DMOs, operators, etc, Province. Most short-term rentals don't contribute to this data source.
- BC travel is 50% brand and 50% independent, and they don't report.
- Wage demand – average wage is $54,000 in BC. This is higher than any other provincial average. Affordable housing is single biggest challenge for this industry because we're seasonal. Hire more new Canadians, women, youth, etc employed than others industry. Tourism is an entry industry for the labour force. Any tourism community that has seasonal demand – the single biggest problem is housing. This is amplified by the impact of short-term rentals because LTRs are no longer on the market.

BC Hotel Association

- Tax fairness: business licensing fees, safety (Worksafe), MRDT, PST, GST, DMO memberships
- Laid out objectives (five):
    - Minimize displacement of housing
- Regulatory tools – scan of regulatory approaches taken in communities around the world: 8 elements:
    - Host registration and fees – require registration with local governments, facilitated by the platform, along with collection of annual fees.

- Platform registration and fees – registration of rental platform communities along with fees for each booking. Platforms must not list any property that is not properly registered.
- Principal residence registration – limits home-renting to principal residences only; prevents ghost hotels and/or large-scale commercial enterprises operating under the veil of home sharing.
- Cap on usage – number of days that homes can be rented through home-sharing platforms. Growth in "limited service properties" e.g. time-shares and stratified vacation properties – needs to be some support for condo boards and a relationship with municipal bylaws.
- Health and safety standards – certain standards for safety, cleaning. Worksafe cannot go into a STR and inspect the safety of things for guests or hosts. STR hosts at Big White welcomed people from outside the province, there was no oversight of who was coming and what they were doing when they stayed here. Lack of regulation had an impact on public health.
- Reporting – requirement that platform and host report to government on home-renting activity, including on rental income (for tax fairness).
- Taxation/Levies – provisions at the platform level to collect and remit taxes.

- Numerous stats on public opinion
- Numerous communities reaching out to BC Hotel Association for help with STR policies.

Questions/discussions:

Koji(Vancouver) – what was the sample size for the neighbourhood impact info? (Research done by Fairbnb across Canada, by Ipsos Reid and Nanos)

Jessica – recommendations on policy recommendations – did any of the research touch on the enforcement framework, extent to which enforcement was required.

Answer: slides had detailed recommendations for enforcement. Other than commercial operators (which is a significant part of the market, and should have licenses etc)… for independent hosts: if they have a business license, insurance, contribute my taxes, etc. There might be a threshold of business $$ per year ($20,000 revenue?). How are munciipalities "kept whole" if they have to pay for bylaw officers, enforcement etc. BC Hotel Assn has some details on enforcement frameworks where that can happen.

Federal government is putting GST/HST on short-term rentals. (announcement in Budget 2021). Being paid to municipalities? (Check budget announcement)

Stratified vacation rentals (e.g. timeshares/partial ownership) – when units are put onto STR platforms instead of through the management company.

Principal residence – how to enforce? (Question from City of Victoria, answered by CoV – that CoVan goes out with enforcement officers and inspects sites on STR license applications.

Discussion:
What do we want to keep as key priorities/themes?

Gail: compliance side of things is the biggest challenge for municipalities. Clear that many properties are on AirDNA that aren't compliant. We need the support of the online platforms – until we get addresses, locations, operator information, operators of multiple properties: those are commercial operations and need to be taxed as such. Need to get info out of the platforms and that won't happen muni-by-muni. Gen Squeeze info was very valuable and contained stuff to consider.

John: What are the tools we need to put in place to create the communities they want and regulate those? (Framing for report). STRs not necessarily good or bad. Need to discuss what we want and where we want them – what tools do we need to achieve that? (Munis need money somehow). Question of tax fairness also seems to be important.

Regina – we're looking at the province but I've just done my federal taxes and let's look at what I get taxed for and what's a taxable benefit. Multiple-property operators are COMPANIES and there is tax leakage happening there. How is Class 1 residential property supported? TNRD does planning for Sun Peaks. BC Assessment – 7 days of residential use classifies a property as Residential under Prescribed Classes Regulation.

Lee-Ann – great discovery of information. Key themes: compliance and enforcement. Good if we have common tools – getting that coordinated across munis will be helpful. So much anecdotal evidence and not a lot of data on this conversation. Talking with the platforms and having provincial standards for what has to be provided for platforms to operate in our province. If platforms are going to operate here then they have to cooperate with the municipalities. Agree on levelling the playing field on taxation.

Josh – a lot of what we've heard from Gail and Lee-Ann is what's been heard more broadly through UBCM resolutions process. Key asks: platform accountability and tax fairness.

Jack – convo about Airbnb City Portal – want to know more about City of Van's experience with this – is there an ability for that relationship to be driven further around the province. Chasing around an organization like Airbnb is not fair for tiny communities.

Whistler – future of tourism event in the meeting chat. s.15; s.17

s.15; s.17

My question is: what legislative tools/authorities are missing for local governments to get what communities need?

For the next conversation, should we use the categories Ingrid laid out to prioritize areas for action and frame conversation about the actions of what we might recommend under each category?

Agenda

Provincial – Local Government Advisory Group on Short Term Rentals

Meeting 5

Zoom Link: [s.15; s.17

Wednesday, May 12, 2021 – 11:00am to 1:00pm

ITEM	TIME	DETAILS
1. Check-in	10 mins	Opportunity to provide community updates or share reflections on previous material shared/presented
Collaborative Activity Visit this Google Slides deck in your browser (real-time collaboration during meeting) https://docs.google.com/presentation/d/1W99dBaIOU41MHsefB3rmcPAp81LtkchzOmHSzHDTPwY/edit?usp=sharing		
2. Report Overview (Slide 2)	5 mins	Overall shape of the report
3. Principles & Outcomes	10 mins	Whole-group discussion of what principles are at the heart of these priorities/suggestions
4. Priority Areas – Whole Group	5 mins	Confirm the main topic headings.
5. Priority Areas – Breakout Groups	30 mins	Participants divided into groups in breakout rooms in Zoom. Instructions to be provided. May be two rounds of 10-12 minutes each.
6. Priority Areas – Whole Group Review	15 mins	Walk through all the slides as a group for further comment
7. What Else Haven't We Considered or Talked About?	10 mins	Opportunity to add "outlier" material
8. Wrap-up / Next Steps	5 mins	

PRIORITIES FOR ACTION ON SHORT-TERM RENTALS

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FIRST DRAFT

Report of the Joint UBCM-Province Advisory Group on Short-Term Rentals

Insert appropriate publication detail here

May 26, 2021

Background ~~and Purpose~~

Short-term rentals are the rental of a home, or room within a home, for a temporary stay (usually fewer than 30 consecutive nights). While vacation rentals and in-home bed-and-breakfasts have been a part of tourism accommodation for decades, the short-term rental industry saw significant growth with the advent of online platforms such as Airbnb and VRBO.

The broad access and ease of transactions provided by these platforms led to a shift in the frequency of use and types of accommodation being listed for short-term use, with units not previously considered "tourism-oriented" being made available to travellers. The online accommodation bookings industry continues to evolve and grow despite the COVID-19 pandemic reducing worldwide travel, and hosts are now able to offer broader "experiences" and adjacent services via these platforms.

This shifting landscape in the accommodations industry has affected communities differently throughout the province. Impacts causing concern include:

~~. These effects include:~~

- **Housing Availability:** ~~In many communities the~~ The use of housing units for travellers has ~~raised concerns that it is reducing~~ reduced long-term rental housing capacity at a time when housing availability and costs are already under pressure. As 70% of B.C.'s renter households rely on secondary rental market housing, which is highly diverse and poorly inventoried, it has been challenging to develop statistical analyses which measure the impact of short-term rentals on long-term housing availability, but the lack of data does not prove a lack of impact.
- **Housing Affordability:** The potential for earning revenue from short-term rental use of properties (whole or in part) often supports higher property prices than local incomes can support.
- Land Use: In some cases, previously residential-use properties have been converted to commercial use despite local land use policies.
- **Public Impacts:** Increasing transient use of properties without oversight by hosts has contributed to noise, parking, garbage, safety, and disruption complaints. ~~, and i~~In some cases, short-term rental activity has been linked to public health risks via out-of-region visitors contributing to COVID-19 outbreaks.
- **Local Government Capacity:** Between the staff and Council time required to consult, evaluate options, and adopt short-term rental policies, and the licensing and enforcement staff time required to monitor listings and properties, regulating short-term rentals represents a significant (and new) imposition on local government capacity.

Short-term rentals also offer some benefits to communities and travellers:

- Interim Worker Housing: Employees arriving in a community for new employment, or for a temporary assignment, may use short-term rental housing while arranging for a permanent

Commented [LSO1]: Jack: Is this strong enough? It would be fair to say there IS an impact, not just "some people are concerned about it."
Dan: hard to quantify, but we have so much an indication that it's occurring – housing is being impacted in OUR area (Islands Trust). It's true whether you can statistically prove.
Koji: this is our primary driver for regulating this industry. Difficult to prove, even in big municipality.
Gail: Kelowna as well. How many units become unavailable 9 months of the year and come out of a rental pool for permanent long-term housing. Summer season causes the unit to leave the rental market.
Jack – the stronger we can be, the more useful this document becomes to the Minister.

Commented [LSO2]: Parking, garbage and safety

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residence or to avoid occupying a rental unit only for a short period, freeing that unit up for a long-term residential tenant.

- Tourism: Short-term rentals provide some benefits to communities that are seeking to expand their tourism economies as a diversification strategy:
    - ~~Tourism:~~Short-term rentals ~~Short-term rentals provide some benefits to communities that are seeking to expand their tourism economies as a diversification strategy by providing non-traditional accommodation capacity~~expand the accommodation capacity~~, though not without impacts on traditional lodging businesses~~, particularly in places with emerging tourism sectors where traditional lodging businesses have not yet established sufficient capacity.~~.~~
    - Family travel: short-term rental units may be larger and provide more facilities that support families with children or specific accommodation needs, compared to hotels/motels. This opens up tourism in a community to different demographic segments.
    - Sports/group travel: teams or groups wishing to travel together may find an entire home with several bedrooms a more affordable way to travel for tournaments or events compared to the cost of booking multiple hotel rooms. Kamloops and Burnaby are two examples of communities with significant special event facilities where attendance may exceed local hotel capacity.

The challenge for the Province and local governments is to find a balance in regulating short-term rental activity to enhance the benefits and opportunities presented by the industry while reducing the detrimental effects on housing and neighbourhood livability.

An increasing number of local governments in B.C. have developed policies, or are in the process of doing so, to respond to the new opportunities, challenges, and impacts that short-term rentals bring to their communities. The Union of BC Municipalities (UBCM) identified short-term rentals as an ongoing issue of concern for local governments in 2016. Workshops and resolution discussions on the topic were featured at UBCM conventions in 2016, 2017, and 2018. The UBCM Special Committee included a series of recommendations to address short-term rental regulation and taxation in the January 2018 report *"A Home for Everyone: A Housing Strategy for British Columbians"*.

The Province's Rental Housing Task Force recommended in December 2018 that the Province work with local governments to develop, implement, and enforce short-term rental rules to better protect long-term rental stock (Recommendation #11). In the May 2019 response to the Task Force recommendations, the Province agreed to address this recommendation in 2020 through further consultation with stakeholders and local governments.

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Purpose

In light of the emerging industry trends and recommendations identified by both UBCM and the Rental Housing Task Force, in fall 2019 the Province and UBCM established a Joint Advisory Group on Short-Term Rentals. The purpose of this group was established as follows:

> The Advisory Group will facilitate discussions with local governments about the impacts of STRs and tools for addressing them. Information generated by the Advisory Group will help **inform the Province's consideration of potential policy approaches to STRs**, including possible measures to support local governments interested in taking further actions to address STR impacts.

This Report represents the work done by the Advisory Group to understand the impacts of short-term rentals and suggest priorities and ideas to inform the Province's future work in this area. This report does not indicate formal endorsement by UBCM or the Province of these proposals.

Participating Organizations

The Advisory Group formed in January 2020 with representatives of nine local governments and participants from UBCM and the Ministry of Municipal Affairs and Housing (as it was then), and now also includes the Ministry of Attorney General and Minister responsible for Housing. Communities represented on the group were (in alphabetical order):

- City of Burnaby
- Islands Trust
- City of Kelowna
- City of Nelson
- Regional District of Thompson-Nicola
- Village of Tofino
- City of Vancouver
- City of Victoria
- Resort Municipality of Whistler

Process

The Advisory Group held in-person meetings in February and early March 2020, including presentations and discussions to inform the group's members about community objectives, housing impacts as measured by available data, and legislative context. The group heard presentations from:

- Housing Policy Branch (Ministry of Municipal Affairs and Housing)
- Residential Tenancy Branch (Ministry of Municipal Affairs and Housing)

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- Property Tax and Assessment Branch (Ministry of Municipal Affairs and Housing)
- Tax Policy (Ministry of Finance)

The onset of the COVID-19 pandemic put the Advisory Group's process on hold during the spring and summer of 2020. Group members shared, via email, updates on the impacts of the pandemic on their communities and observations about how the short-term rental activity in their community changed (or not) while travel was affected by public health orders. Following the fall 2020 election, housing policy moved under the mandate of the Ministry of Attorney General and Minister responsible for Housing. The Advisory Group reconvened in April 2021.

Virtual meetings comprised the second stage of the Advisory Group's deliberations. In addition to local government representatives sharing the expertise and experiences from their own communities, the Advisory Group received presentations and written submissions from:

- Housing Policy Branch (Ministry of Attorney General and Minister responsible for Housing)
- Tourism Vancouver
- BC Hotel Association
- BC Real Estate Association
- Harvard Business School (on the evolution of short-term rentals and online accommodation platforms)

The Advisory Group participated in a virtual collaboration session on May 12 which captured and delved into numerous themes that had emerged from the presentation and discussions held throughout this process. A draft of this report will be provided to government relations personnel from Airbnb and Expedia (owner of the VRBO platform) for comment and feedback to the panel. A final report will be delivered to UBCM, the Minister responsible for Housing and the Minister of Municipal Affairs at the end of June 2021.

Principles

The Advisory Group identified five principles that inform the outcomes and priorities presented in this report.

- **Recognition of Regional Differences:** Economic and housing conditions vary among regions and communities. Any proposed outcomes or actions need to recognize and allow for these differences, including the need to balance needs within a community (e.g. tourism, economic development, housing).

- **Subsidiarity:** Law-making and implementation are often best achieved at a level of government that is most effective and closest to the issues affected. The federal, provincial, and local governments have different but overlapping roles in housing policy and land use planning.

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Subsidiarity as a guiding principle encourages complementary legislation while accommodating local circumstances.

- **Fairness:** As much as possible and where feasible, all businesses operating in an industry within a given market should be subject to the same restrictions and requirements under the law. Similarly, residents in a community should be subject to the same expectations and have access to the same types of protections or benefits.

- **Future-Proof:** The travel industry was evolving prior to the COVID-19 pandemic, which caused an abrupt and dramatic change to how and why people seek and use accommodation. The online accommodation booking industry is dynamic and any legislation or programs implemented in 2021 or 2022 need to consider the rapid changes and market reach of this platform-based industry. Relying only on local governments to adopt bylaws and pursue enforcement of this industry has already produced a fragmented regulatory landscape.~~be adaptable to future developments.~~

- **Evidence Based Policy balanced by Precaution:** Outcomes and priorities should be informed by multiple types of evidence, including quantitative data, qualitative research, observations, and experiences of governments in B.C., Canada, and elsewhere. Where the available data or evidence falls short of the reliability necessary for conclusive analysis, governments should exercise caution but also act to prevent likely harms.

Outcomes

Drawing from the perspectives and experience of local government representatives from a diverse range of communities, the Advisory Group identified a series of important outcomes of potential legislation or programs for various stakeholders. These outcomes will be achieved by complementary and collaborative work across orders of government. ~~While each community in B.C. has unique economic, social, and geographic conditions that inform their local priorities, the Advisory Group agreed these outcomes would serve all communities and British Columbians well.~~

- B.C. households seeking rental housing are not excluded from finding (and affording) housing that meets their needs as a result of suitable units being repurposed for short-term rentals instead of long-term tenancies.

- Local governments are able to set and enforce land use policies that designate residential property primarily for the purpose of providing long-term residences, while allowing ancillary uses that are aligned with community objectives.

Commented [LSO3]: Any legislation that is delivered considers that this is a platform-based economy that is changing very quickly.

Commented [LSO4R4]: The change in multi-national platform companies happens so fast and has so much power; any legislation that is implemented should consider that future. That's one of the reasons we need the Provincial government's help so much – piecemealing it doesn't really work.

Commented [LSO5]: Municipalities will X
Platforms will Y
Travellers will Q

Give slightly more flavour as to how different stakeholders experience the future state

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- Local governments have sufficient and timely access to short-term rentals data, and capacity, to enforce the land use policies and regulatory schemes set in their jurisdiction.

- All operators within the industry are subject to Aa clear and consistent regulatory structure, with the same level of accountability ~~for online accommodation services so all operators within the industry have the same accountability~~ to B.C. communities.

- Businesses operating accommodation services via online platforms are held accountable for the same safety, labour practices, neighbourhood impacts, and taxes as accommodation providers operating in more traditional business models (e.g. hotels, motels, B&Bs, campgrounds, etc).

- Hosts, travellers, and neighbours are kept safe and have enjoyable experiences (or fewer negative experiences) resulting from Sshort-term rental accommodations. ~~provide safe, enjoyable experiences for hosts, travellers, and neighbours.~~

- Local governments and the Province have improved capability, through data sources and analysis, to understand the interaction between short-term rentals and the housing market.

- The Province continues to monitor and report on trends and impacts from the short-term rental industry to inform and support local governments.

Priorities

The Advisory Group considered input and reviewed research and analysis about the impact of short-term rentals on B.C. communities and the types of policies or rules applied in other jurisdictions. The following needs and ideas emerged during the Group's process as the most likely actions to lead to the desired Outcomes, while being informed by and respectful of the Principles described above.

The Advisory Group acknowledges these ideas and priorities will likely require further analysis and collaboration to determine feasibility. Actions to address the impact of short-term rentals on housing affordability may carry some risk to the industry, but this needs to be balanced against the significant pressures on rental housing in many communities.

Platform Accountability and Regulation at a Provincial Level

Priority: Where local governments have enacted regulatory tools, such as requiring business licenses for the operation of a short-term rental, these policies are only as strong as the capacity of the local government to enforce them. The Province has greater capacity to use legislative authority ~~and could introduce a provincial regulatory framework to~~ to regulate all online accommodation platforms offering services within the province. This framework ~~would~~ could

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echo the provincial regulation of other travel or real-estate related industries such as travel agencies, home inspectors, and ride-hailing (e.g. Lyft, Uber, etc.). With a provincial framework in place, commercial operators (hosts with numerous short-term rental properties possibly listed across platforms) could be required to register as businesses through the B.C. Corporate Registries.

While some platforms provide a field where hosts can display their business license or permit information, this should become a mandatory inclusion for all listings in B.C. where local governments have permit or license requirements. There needs to be validation of this information so that hosts are not providing false data simply to get their listing online. The Province could hold platforms accountable through provincial regulation to validate this information with local governments.

Rationale: Regulation of an industry at the provincial level, to the extent where common objectives exist, provides for greater clarity for the industry and efficiency for enforcement. A provincial regulatory framework is more future-proofed than relying on individual local governments to keep abreast of advances in the technology and business models of online accommodation platforms and then update bylaws or policies in a patchwork form across the province.

Provincial regulation of other industries, such as ride-sharing, travel agencies, payday loans, and home inspections among others, provide standards that are intended to protect all British Columbians from safety and financial hazards that could be common if business activities are left unregulated. This applies to the customers in an industry as well as labour practices within an industry.

Request:

1. Introduce a provincial regulatory framework for online accommodation platforms to establish industry criteria and requirements and for hosts.

Data Sharing

Priority: Local governments need data on short-term rentals that allows them to understand STR activity in their community, develop bylaws or policies to support community objectives, and enforce those bylaws or policies. The Province needs data on short-term rentals to understand trends across the province, monitor impacts on the housing market, and enforce tax policy.

Types of data that are needed include property information (address, ownership, unit type, legal tenure), host details (including multiple-property hosts), bookings (frequency of use and income), licensing information (if any), and information on complaints relating to public safety or neighbourhood impacts such as noise or standards of property maintenance.

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~~In establishing access to this information for the purpose of compliance and enforcement, the~~In addressing this priority, governments need ~~Province needs~~ to consider appropriate protection for the personal privacy of short-term rental hosts ~~that would be accessed by local governments for enforcement on business licensing~~, as ~~such data~~data collected for a business purpose may not be redacted under FOIPPA as personal information. As short-term rental activity indicates potential vacancy of properties, it presents a security and safety threat to hosts if their property information or demographic details are released through a Freedom of Information Request.

Rationale: Current practices require governments to contract with third-party data providers or assign staff to manually scan online accommodation platforms, which are costly and inefficient approaches that may not always yield accurate and complete data. Requiring all participants in the online accommodation industry to adhere to common standards of data-sharing provides fairness in the industry and reduces the burden of tracking property listings across multiple platforms.

Requests:

2. Require all online accommodation platforms to make data available through a provincial interface from which local governments can pull information on property listings, hosts, bookings, and complaints in their community.

3. Require online accommodation platforms to validate business license or permit information with local governments to avoid false information in listings.

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~~Taxation Revenue~~Taxation ~~Remittance at Point of Booking~~

Priorities: Undertaking a business activity, regardless of locale, should be subject to consistent taxation according to the law. Taxation provides revenue to governments to financially support (in part) the infrastructure and programs that create tourism opportunities and offset the potential negative impacts of the business activity, such as the pressures placed on local housing markets by short-term rentals. The collection and remittance of taxes does not prevent ~~short-term rentals from having~~ negative impacts on housing affordability and availability, but is part of a coherent and aligned regulatory framework..

Tax Collection and Remittance

~~Undertaking a business activity, regardless of locale, should be subject to consistent taxation according to the law.~~ The Province regulates ~~this process to ensure that~~that the process by which Provincial Sales Tax (PST) and Municipal and Regional District Tax (MRDT) are collected and ~~distributed~~ remitted ~~from existing accommodation providers~~as applicable on sales of short-term accommodation provided in B.C., including all accommodation listed on an online accommodation platform. Short-term rental hosts are required to register for the PST and

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MRDT (if applicable) unless they only list their accommodation on a platform that is registered to collect MST and MRDT.~~, but online booking platforms obscure the link between the business activity and the person responsible for remitting taxes.~~

The Province has negotiated with one online accommodation ~~provider~~platform (Airbnb) to collect and remit taxes on behalf of hosts, but there are numerous other platforms not participating in these agreements, and current legislation does not allow the Province to require platforms to collect PST and MRDT (only to register voluntarily). All platforms operating in this industry should be subject to the same requirements for short-term rental bookings in the province. Saskatchewan has recently introduced legislation to implement this.

Using Tax Revenues to Address Short-term Rental Impacts

Areas that have the MRDT in place can opt to direct tax revenues from online accommodation providers to housing purposes in their community, but not to the compliance and enforcement of short-term rental policies. Non-MRDT communities have more limited means to raise revenues to offset compliance and enforcement costs. Options to direct PST revenues from short-term rentals to the originating communities would support compliance and enforcement efforts. Revisions to the MRDT could also yield tax revenue from short-term rentals that could support local communities to offset neighbourhood impacts by enabling more personnel to be allocated towards enforcement.

Commented [LSO7]: Input from Keith Preston (FIN): Authorization of different uses for MRDT funds requires legislative change. There was already push-back on expanding the allowable uses to include affordable housing. Consult with Destination BC to discuss this as they may wish to express a position (Peter Harrison is a good contact there).

Addressing Commercial Use of Residential Property in Taxation

UBCM has previously endorsed a members' resolution calling for the Province to amend legislation so that properties used for short-term rental accommodation may be eligible for split classification between Class 1 and Class 6 under the Assessment Act. This would be consistent with the split classification of strata accommodation properties and "bed and breakfast" residential properties. The Advisory Group acknowledges the challenges involved in applying classification to short-term rental listings, and in keeping with the principle of fairness, supports a wider use of split classification so that commercial accommodation activities are taxed fairly. Higher property tax rates for commercial properties raise revenue directly for local governments to apply to the regulation and enforcement of the industry.

Rationale: Applying a consistent expectation across the industry to collect tax at the point of booking provides for tax fairness among all accommodation hosts (short-term rentals, traditional B&Bs, hotels, ~~campgrounds,~~ etc). This promotes accurate and complete collection of tax revenues which may be applied towards compliance and enforcement efforts.

Commented [LSO8]: Input from Keith Preston (FIN): Campgrounds are not subject to PST.

~~The collection and remittance of taxes does not prevent short-term rentals from having negative impacts on housing affordability and availability.~~

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Requests:

4. Introduce legislation to make tax collection at the point of booking a requirement for online accommodation platforms.

5. Share PST revenues from short-term rentals with the local governments affected by the taxed business activity.

6. Investigate further changes to the MRDT to increase consistency across the province and expand the uses of tax revenue to offset impacts to housing and neighbourhoods.

7. Explore options to expand split classification of properties so that commercial use of property for short-term rental accommodation is reflected in property tax assessments.

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Regulatory Tools for Local Governments

Priority: Local governments have a variety of objectives that inform their policies on short-term rentals and need a flexible yet comprehensive suite of regulatory tools to help achieve those objectives. One of the most effective tools for addressing the impact of short-term rentals on housing availability and affordability is to prohibit listings that aren't within a host's principal residence. Additional conditions are used by local governments in response to specific community concerns, including having on-site or on-call property oversight, limiting the number of nights per year, and requiring off-street parking. The resource "Regulating Short-Term Rentals" published by Generation Squeeze provides an excellent reference for local governments seeking to identify options for their jurisdictions.

Some of the regulatory tools in use to implement this requirement include business licensing, temporary use permits, zoning bylaw definitions, and ticketing/fines. Yet not all local governments have access to the same tools, or some of these tools could be improved:

- Regional districts (with the exception of the Regional District of Central Okanagan) are not empowered by the Local Government Act to issue business licenses. Enabling this authority would allow regional districts to adopt business licensing bylaws by choice, as a tool to manage short-term rentals and other industries as identified by the regional district. ~~would potentially place other burdens on regional districts to regulate or license business in more than just the short-term rental industry~~.
- Increasing the allowable fines that can be levied through the Municipal Ticket Information system or Bylaw Enforcement System will enable local governments to

Commented [LSO10]: Gail - Enabling the authority – allows the regional districts to CHOOSE if they wish to accept this responsibility.
Regina – regional districts vary according to the STR survey she did. Some RDs want the authority, others do not. Allow the choice.

apply deterrents to illegal short-term rental activity. Strata corporations are able to levy fines of up to $1,000 *per day* for contraventions of strata bylaw prohibiting short-term rentals. This is a high fine in the context of a strata corporation, though it may be insufficient in other environments; some jurisdictions outside Canada are levying fines of $1,000 for a first offence, $5,000 for a second offence, and $10,000 for a third offence *per day*.

Rationale: Enabling local governments to use regulatory tools that fit their community's objectives acknowledges regional differences between communities and supports the principle of subsidiarity (placing regulations at the point closest to the resident/business that allows for efficient implementation).

Requests:

8. Amend the Local Government Act to allow regional districts to implement business licensing, by approval of the regional district board, as a tool to regulate short-term rentals.

9. Increase the allowable fines that local governments can levy against short-term rental hosts operating out of compliance.

Capacity Supports for Local Governments

Priority: Local governments vary widely in their objectives for regulating short-term rentals and the extent or impact of short-term rental activity in their communities. They also vary in size, and organizational capacity to develop, consult on, implement and enforce policies relating to short-term rentals. Building on past collaboration and outreach, the Province and UBCM can continue to jointly support all local governments in learning about, implementing and enforcing short-term rental policies by providing opportunities for knowledge sharing and community-to-community peer support.

A useful model for this is the BC Ideas Exchange, which focuses on local economic development practices and knowledge-sharing activities such as web-based toolkits, webinars and conference workshops. The Generation Squeeze "Regulating Short Term Rentals" Toolkit ~~(included in the Additional Resources section of this report)~~ is an example of the type of content that can be shared with local governments.

Local governments have indicated the value of having knowledgeable people available to consult directly in addition to the plethora of written and online resources. Direct outreach to local governments helps bridge the capacity gap; this model is demonstrated by the Regional Economic Development Managers that support local governments through the Ministry of Forests, Lands, Natural Resource Operations and Rural Development.

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Rationale: Capacity for policy development and implementation is a major constraint facing local governments. Simply having the legislative authority to pass bylaws and implement licensing does not mean a local government (especially a small one) has the staff time or expertise to carry out research and consultation prior to policy implementation, to respond to public pressure from short-term rental hosts opposed to policies that limit their business opportunities, or to enforce policies that are passed by Council. The Province and UBCM can act jointly to support capacity development.

Requests:

10. Allocate Provincial resources to collaborate with UBCM on an outreach program to support local governments in identifying and implementing policy options that address housing priorities and needs, including short-term rental regulation and enforcement.

Improve Availability of Data on Short-Term Rentals and the Rental Market

Priority: Local governments and the Province need better data on both the availability and cost of housing in the rental market. Rental market data from CMHC pertains predominantly to the primary (purpose-built rental) market, and is only available at an annual frequency, which poses serious challenges and limitations to understanding the impacts of ~~STRs~~ short-term rentalss on the rental market. Data on the secondary rental market (i.e. basement suites, rental houses, etc.) is largely non-existent, thus measuring the impacts of ~~STRs~~ short-term rentals ~~on the rental market~~ more broadly remains an impossible task. Even where data exists, a further challenge comes in distinguishing rental units that could potentially form permanent housing from properties that are unlikely to be used as permanent housing, even if removed from short-term rental use (e.g. temporary listings, remote vacation properties or residences located in designated tourist accommodation zones).

The Advisory Group is aware of the challenge of establishing data sources on the secondary rental market and raises this as a priority for the Province to work on with ~~Canada Mortgage and Housing Corporation~~ CMHC and using municipal data where available.

In addition to improving data on the secondary rental market, the Advisory Group noted that data on short-term rentals are not incorporated into the Housing Needs Reports required for all communities. If data-sharing becomes a requirement for online accommodations providers, this information can be included in Housing Needs Reports to help Councils recognize trends or challenges and adapt policies according to local needs.

Rationale: Through the Advisory Group process it became evident that gaps in data on the rental market made it difficult to measure and compare the impacts of short-term rentals on rental housing availability and cost in communities. Existing rental housing data from Canada Mortgage and Housing Corporation (CMHC) varies in coverage among communities, with

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data coverage of up to 55% in some larger metropolitan areas, but as little as 10% coverage in smaller communities. By contrast, it is known from Census data that roughly 70% of all renter households in British Columbia occupy rented dwellings in the secondary rental market, yet there are very few reliable data sources available to understand this very large segment of the rental market.

These data gaps confound meaningful discussions of what policies are really needed to address housing affordability across the spectrum of housing. The gaps also increase the risk that local government policies targeting ~~STRs~~ short-term rentals will fail to respond to emerging trends in housing (or developing industries) or provide the necessary housing to meet future demands.

Requests:

11. Allocate Provincial resources and collaborate with the federal government (Statistics Canada and CMHC) and local governments to improve the collection and analysis of data on secondary rental housing, particularly as relates to short-term rental impacts.

12. Expand the Housing Needs Reports data requirements to include showing data on short-term rental listings and usage, utilizing platform data collected through a provincial regulatory framework.

~~Additional Resources~~

~~Generation Squeeze Toolkit~~

~~BC Ideas Exchange~~

~~Others?~~

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PRIORITIES FOR ACTION ON SHORT-TERM RENTALS

Report of the Joint UBCM-Province Advisory Group on Short-Term Rentals

DRAFT 3.0
June 22, 2021

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Supported by

Housing Policy Branch
Office of Housing and Construction Standards
Ministry of Attorney General and Minister responsible for Housing

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The Province's Rental Housing Task Force recommended in December 2018 that the Province work with local governments to develop, implement, and enforce short-term rental rules to better protect long-term rental stock (Recommendation #11). In the May 2019 response to the Task Force recommendations, the Province agreed to address this recommendation in 2020 through further consultation with stakeholders and local governments. In fall 2019 the Province and UBCM established a Joint Advisory Group on Short-Term Rentals. The purpose of this group was established as follows:

> The Advisory Group will facilitate discussions with local governments about the impacts of STRs and tools for addressing them. Information generated by the Advisory Group will help **inform the Province's consideration of potential policy approaches to STRs**, including possible measures to support local governments interested in taking further actions to address STR impacts.

The Advisory Group considered input from experts in various aspects of provincial legislation, research on short-term rental activity and broader rental housing data, and a series of stakeholder organizations. Through the Advisory Group's discovery and discussion process, a series of principles and outcomes were articulated that guided the identification of possible measures for the Province to consider. These principles were: recognition of regional differences, subsidiarity, fairness, future-proofing, and evidence-based policy balanced by precaution. The outcomes address various stakeholder viewpoints and seek to recognize both the opportunities and drawbacks presented by short-term rental platforms.

The Advisory Group is particularly concerned about impacts of short-term rentals on long-term rental housing, despite the lack of appropriate data sources to measure these impacts. The absence of data does not indicate the absence of a significant problem affecting housing in many communities, and the Advisory Group's work is informed by the need to take sensible precautionary steps to avoid negative outcomes for British Columbians.

Housing affordability and availability are topics of utmost concern for all levels of government in British Columbia. The priorities and requests to the Province in this report are intended to spark further discussion and exploration of potential policy approaches in the areas of platform accountability or regulation, data sharing, taxation, local government regulatory tools, capacity, and broader efforts to improve data sources and analysis on rental housing.

This Report represents the work done by the Advisory Group to understand the impacts of short-term rentals and suggest priorities and ideas to inform the Province's future work in this area. This report does not indicate formal endorsement by UBCM or the Province of these proposals.

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Short-term rentals are the rental of a home, or room within a home, for a temporary stay (usually fewer than 30 consecutive nights). While vacation rentals and in-home bed-and-breakfasts have been a part of tourism accommodation for decades, the short-term rental industry saw significant growth with the advent of online platforms such as Airbnb and HomeAway (now VRBO).

The broad access and ease of transactions provided by these platforms led to a shift in the frequency of use and types of accommodation being listed for short-term use, with units not previously considered "tourism-oriented" being made available to travellers. The online accommodation bookings industry continues to evolve and grow despite the COVID-19 pandemic reducing worldwide travel, and hosts are now able to offer broader "experiences" and adjacent services via these platforms.

This shifting landscape in the accommodations industry has affected communities differently throughout the province. Impacts causing concern include:

- **Housing Availability:** The use of housing units for travellers has reduced long-term rental housing capacity at a time when housing availability and costs are already under pressure. While many short-term rental hosts use part of their primary residences for hosting, other types of spaces such as basement suites or accessory dwelling units also appear frequently on the platforms. Existing data on vacancy in the primary rental market shows little correlation with short-term rental listings or bookings activity, but the true impact of short-term rentals is in the secondary market, which is more fluid and difficult to measure. Short-term rental units may or may not have been available or used for permanent dwellings in lieu of short-term rental use. The lack of consistent definition of what constitutes a "permanent dwelling" and limited capacity of local governments to monitor listings makes it nearly impossible to determine the actual scale of diversion from rental housing stock in a statistical sense, but observations by local governments indicate there is a significant unmeasured threat to long-term housing. As 70% of B.C.'s renter households rely on secondary rental market housing, and in some communities up to 100% of rental housing is in the secondary market, there is a strong case for responding to the potential impacts of short-term rentals even in lieu of appropriate data sources.
- **Housing Affordability:** The potential for earning revenue from short-term rental use of properties (whole or in part) often supports higher property prices than local incomes can support. This impacts housing cost in the rental market due to price competition and may be driving up the purchase price of homes in the resale market, as buyers are willing to pay a premium for units (especially condos) with potential for short-term rental use. Data to isolate and attribute this impact is not readily available, but anecdotal evidence appears in numerous B.C. communities.
- **Land Use:** In some cases, previously residential-use properties have been converted to commercial use despite local land use policies. Where short-term rentals represent a full-time business model, these properties are no longer serving their intended purpose as dwellings for local residents. In other communities (especially remote areas), the ease of promoting vacation rentals of properties

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has attracted tourism for which local governments are not equipped to regulate or support with infrastructure.

- **Public Impacts:** Increasing transient use of properties without oversight by hosts has contributed to noise, parking, garbage, safety, and disruption complaints. In some cases, short-term rental activity has been linked to public health risks via out-of-region visitors contributing to COVID-19 outbreaks.
- **Local Government Capacity:** Between the staff and Council time required to consult, evaluate options, and adopt short-term rental policies, and the licensing and enforcement staff time required to monitor listings and properties, regulating short-term rentals represents a significant (and new) imposition on local government capacity.

Short-term rentals also offer some benefits to communities and travellers:

- **Interim Worker Housing**: Employees arriving in a community for new employment, or for a temporary assignment, may use short-term rental housing while arranging for a permanent residence or to avoid occupying a rental unit only for a short period, freeing that unit up for a long-term residential tenant.
- **Tourism:** Short-term rentals provide some benefits to communities that are seeking to expand their tourism economies as a diversification strategy:
    - Short-term rentals expand tourist accommodation capacity, particularly in places with emerging tourism sectors where traditional lodging businesses have not yet established sufficient capacity.
    - Family travel: short-term rental units may be larger and provide more facilities that support families with children or specific accommodation needs, compared to hotels/motels. This opens up tourism in a community to different demographic segments.
    - Sports/group travel: teams or groups wishing to travel together may find an entire home with several bedrooms a more affordable way to travel for tournaments or events compared to the cost of booking multiple hotel rooms. Kamloops and Burnaby are two examples of communities with significant special event facilities where attendance may exceed local hotel capacity.
- **Economic Activity:** Hosts earn additional income on their short-term rentals (which may or may not be reported on tax returns) and visitors contribute in other ways to local economies through hospitality and experiences in the host community.

The challenge for the Province and local governments is to find a balance in regulating short-term rental activity to enhance the benefits and opportunities presented by the industry while reducing the detrimental effects on housing and neighbourhood livability.

An increasing number of local governments in B.C. have developed policies, or are in the process of doing so, to respond to the new opportunities, challenges, and impacts that short-term rentals bring to their communities. The Union of BC Municipalities (UBCM) identified short-term rentals as an ongoing issue of concern for local governments in 2016. Workshops and resolution discussions on the topic were featured

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at UBCM conventions in 2016, 2017, and 2018. A UBCM Special Committee on Housing included a series of recommendations to address short-term rental regulation and taxation in the January 2018 report "*A Home for Everyone: A Housing Strategy for British Columbians"*.

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The Advisory Group formed in January 2020 with representatives of nine local governments and participants from UBCM and the Ministry of Municipal Affairs and Housing (as it was then), and now also includes the Ministry of Attorney General and Minister responsible for Housing. Communities represented on the group were (in alphabetical order):

- City of Burnaby
- Islands Trust
- City of Kelowna
- City of Nelson
- Regional District of Thompson-Nicola
- Village of Tofino
- City of Vancouver
- City of Victoria
- Resort Municipality of Whistler

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The Advisory Group held in-person meetings in February and early March 2020, including presentations and discussions to inform the group's members about community objectives, housing impacts as measured by available data, and legislative context. The group heard presentations from:

- Housing Policy Branch (Ministry of Municipal Affairs and Housing)
- Residential Tenancy Branch (Ministry of Municipal Affairs and Housing)
- Property Tax and Assessment Branch (Ministry of Municipal Affairs and Housing)
- Tax Policy (Ministry of Finance)

The onset of the COVID-19 pandemic put the Advisory Group's process on hold during the spring and summer of 2020. Group members shared, via email, updates on the impacts of the pandemic on their communities and observations about how the short-term rental activity in their community changed (or not) while travel was affected by public health orders. Following the fall 2020 election, housing policy moved under the mandate of the Ministry of Attorney General and Minister responsible for Housing. The Advisory Group reconvened in April 2021.

Virtual meetings comprised the second stage of the Advisory Group's deliberations. In addition to local government representatives sharing the expertise and experiences from their own communities, the Advisory Group received presentations and written submissions from:

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- Housing Policy Branch (Ministry of Attorney General and Minister responsible for Housing)
- Tourism Vancouver
- BC Hotel Association
- BC Real Estate Association
- Harvard Business School (on the evolution of short-term rentals and online accommodation platforms)

The Advisory Group participated in a virtual collaboration session on May 12 which captured and delved into numerous themes that had emerged from the presentation and discussions held throughout this process. A draft of this report was provided to government relations personnel from Airbnb and Expedia (owner of the VRBO platform) for comment and feedback to the panel prior to this report being finalized.

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The Advisory Group identified five principles that inform the outcomes and priorities presented in this report.

- **Recognition of Regional Differences:** Economic and housing conditions vary among regions and communities. Any proposed outcomes or actions need to recognize and allow for these differences, including the need to balance needs within a community (e.g. tourism, economic development, housing).

- **Subsidiarity:** Law-making and implementation are often best achieved at a level of government that is most effective and closest to the issues affected. The federal, provincial, and local governments have different but overlapping roles in housing policy and land use planning. Subsidiarity as a guiding principle encourages complementary legislation while accommodating local circumstances.

- **Fairness:** As much as possible and where feasible, all businesses operating in an industry within a given market should be subject to the same restrictions and requirements under the law. Similarly, residents in a community should be subject to the same expectations and have access to the same types of protections or benefits.

- **Future-Proof:** The travel industry was evolving prior to the COVID-19 pandemic, which caused an abrupt and dramatic change to how and why people seek and use accommodation. The online accommodation booking industry is dynamic and any legislation or programs implemented in 2021 or 2022 need to consider the rapid changes and market reach of this platform-based industry. Relying only on local governments to adopt bylaws and pursue enforcement of this industry has already produced a fragmented regulatory landscape.

- **Evidence Based Policy balanced by Precaution:** Outcomes and priorities should be informed by multiple types of evidence, including quantitative data, qualitative research, observations, and experiences of governments in B.C., Canada, and elsewhere. Where the available data or evidence falls short of the reliability necessary for conclusive analysis, governments should exercise caution but also act to prevent likely harms.

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Drawing from the perspectives and experience of local government representatives from a diverse range of communities, the Advisory Group identified a series of important outcomes of potential legislation or programs for various stakeholders. These outcomes will be achieved by complementary and collaborative work across orders of government.

- B.C. households seeking rental housing are not excluded from finding and affording housing that meets their needs as a result of suitable units being repurposed or developed specifically for short-term rentals instead of long-term tenancies.

- Local governments are able to set and enforce land use policies that designate residential property primarily for the purpose of providing long-term residences, while allowing ancillary uses that are aligned with community objectives.

- Local governments have sufficient and timely access to short-term rentals data, and capacity to enforce the land use policies and regulatory schemes set in their jurisdiction.

- All operators within the industry are subject to a clear and consistent regulatory structure, with the same level of accountability to B.C. communities.

- Businesses operating accommodation services via online platforms are held accountable for the same safety, labour practices, neighbourhood impacts, and taxes as accommodation providers operating in more traditional business models (e.g. hotels, motels, B&Bs, campgrounds, etc).

- Hosts, travellers, and neighbours are kept safe and have enjoyable experiences (or fewer negative experiences) resulting from short-term rental accommodations.

- Local governments and the Province have improved capability, through data sources and analysis, to understand the interaction between short-term rentals and the housing market.

- The Province continues to monitor and report on trends and impacts from the short-term rental industry to inform and support local governments.

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The following needs and ideas emerged during the Group's process as the most likely actions to lead to the desired Outcomes, while being informed by and respectful of the Principles described above. The Advisory Group acknowledges these ideas and priorities will likely require further analysis and collaboration to determine feasibility. Numerous other jurisdictions have introduced more stringent legislation and requirements for the short-term rental industry. Actions to address the impact of short-term rentals in British Columbia may carry some risk, but this needs to be balanced against the significant pressures facing rental housing in many communities.

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Priority: Where local governments have enacted regulatory tools, such as requiring business licenses for the operation of a short-term rental, these policies are only as strong as the capacity of the local government to enforce them. Platforms have a direct business relationship with their hosts which provides a greater opportunity to detect and deter non-compliant activity.

The Province has greater capacity to use legislative authority to regulate all online accommodation platforms offering services within the province. This framework could echo the provincial regulation of other travel or real-estate related industries such as travel agencies, home inspectors, and ride-hailing (e.g. Lyft, Uber, etc.). The parameters of a provincial framework need to be explored further, but the Advisory Group considers there to be many potential inclusions that would significantly address negative impacts of the short-term rental industry:

- Commercial operators (hosts with numerous short-term rental properties possibly listed across platforms and across communities) could be required to register as businesses through the B.C. Corporate Registries.
- While some platforms provide a field where hosts can display their business license or permit information, this could become a mandatory inclusion for all listings in B.C. where local governments have permit or license requirements. There needs to be validation of this information so that hosts are not providing false data simply to get their listing online. The Province could hold platforms accountable through provincial regulation to validate this information with local governments.
- Hosts could be asked to commit to a statutory declaration to the Province, via their platform, that their listing is compliant with provincial and local government requirements.
- Hosts could be held accountable to the province for standards regarding safety/hygiene, insurance, and consumer protection.

Rationale: Regulation of an industry at the provincial level, to the extent where common objectives exist, provides for greater clarity for the industry and efficiency for enforcement. A provincial regulatory framework is more future-proofed than relying on individual local governments to

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keep abreast of advances in the technology and business models of online accommodation platforms and then update bylaws or policies in a patchwork form across the province.

Provincial regulation of other industries, such as ride-sharing, travel agencies, payday loans, and home inspections among others, provide standards that are intended to protect all British Columbians from safety and financial hazards that could be common if business activities are left unregulated. This applies to the customers in an industry as well as labour practices.

Request:

1. Introduce a provincial regulatory framework, similar to those in place for ride-sharing and other regulated industries, for platform accountability and information validation for online accommodation platforms and short-term rental hosts.

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Priority: Local governments need data on short-term rentals that allows them to understand STR activity in their community, develop bylaws or policies to support community objectives, and enforce those bylaws or policies. The Province needs data on short-term rentals to understand trends across the province, monitor impacts on the housing market, and enforce tax policy.

Types of data that are needed include property information (address, ownership, unit type, legal tenure), host details (including multiple-property hosts), bookings (frequency of use and income), licensing information (if any), and information on complaints relating to public safety or neighbourhood impacts such as noise or standards of property maintenance.

In addressing this priority, governments need to consider appropriate protection for the personal privacy of short-term rental hosts, as data collected for a business purpose may not be redacted under FOIPPA as personal information. As short-term rental activity indicates potential vacancy of properties, it presents a security and safety threat to hosts if their property information or demographic details are released through a Freedom of Information Request.

Rationale: Current practices require governments to contract with third-party data providers or assign staff to manually scan online accommodation platforms, which are costly and inefficient approaches that may not always yield accurate and complete data. Requiring all participants in the online accommodation industry to adhere to common standards of data-sharing provides fairness in the industry and reduces the burden of tracking property listings across multiple platforms.

Requests:

2. Require all online accommodation platforms to make data available through a provincial interface from which local governments can pull information on property listings, hosts, bookings, and complaints in their community.

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3. Require online accommodation platforms to validate business license or permit information with local governments to avoid false information in listings.

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Priorities: Undertaking a business activity, regardless of locale, should be subject to consistent taxation according to the law. Taxation provides revenue to governments to financially support (in part) the infrastructure and programs that create tourism opportunities and offset the potential negative impacts of the business activity, such as the pressures placed on local housing markets by short-term rentals. The collection and remittance of taxes does not prevent negative impacts on housing affordability and availability but is part of a coherent and aligned regulatory framework.

Tax Collection and Remittance

The Province regulates that the process by which Provincial Sales Tax (PST) and Municipal and Regional District Tax (MRDT) are collected and remitted as applicable on sales of short-term accommodation provided in B.C., including all accommodation listed on an online accommodation platform. Short-term rental hosts are required to register for the PST and MRDT (if applicable) unless they only list their accommodation on a platform that is registered to collect PST and MRDT.

The Province has negotiated with Airbnb to collect and remit taxes on behalf of hosts, but there are numerous other platforms not participating in these agreements, and current legislation does not allow the Province to require platforms to collect PST and MRDT (only to register voluntarily). All platforms operating in this industry should be subject to the same requirements for short-term rental bookings in the province.

Using Tax Revenues to Address Short-term Rental Impacts

Areas that have the MRDT in place can opt to direct tax revenues from online accommodation providers to housing purposes in their community, but not to the compliance and enforcement of short-term rental policies. Non-MRDT communities have more limited means to raise revenues to offset compliance and enforcement costs. Options to direct PST revenues from short-term rentals to the originating communities would support compliance and enforcement efforts.

The Advisory Group heard from industry stakeholders that the differing rates and coverage of MRDT is challenging for tourism operators and short-term rental hosts; making the MRDT consistent throughout the province could simplify administration and reduce confusion. Revisions to the MRDT could also yield tax revenue from short-term rentals that could support local communities to offset neighbourhood impacts by enabling more personnel to be allocated towards enforcement.

Addressing Commercial Use of Residential Property in Taxation

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UBCM has previously endorsed a members' resolution calling for the Province to amend legislation so that properties used for short-term rental accommodation may be eligible for split classification between Class 1 and Class 6 under the Assessment Act. This would be consistent with the split classification of strata accommodation properties and "bed and breakfast" residential properties. The Advisory Group acknowledges the challenges involved in applying classification to short-term rental listings, and in keeping with the principle of fairness, supports a wider use of split classification so that commercial accommodation activities are taxed fairly. Higher property tax rates for commercial properties raise revenue directly for local governments to apply to the regulation and enforcement of the industry.

Rationale: Applying a consistent expectation across the industry to collect tax at the point of booking provides for tax fairness among all accommodation hosts (short-term rentals, traditional B&Bs, hotels, etc). This promotes accurate and complete collection of tax revenues which may be applied towards compliance and enforcement efforts.

Requests:

4. Introduce legislation to make tax collection at the point of booking a requirement for online accommodation platforms.

5. Share PST revenues from short-term rentals with the local governments affected by the taxed business activity.

6. Investigate further changes to the MRDT to increase consistency across the province and expand the uses of tax revenue to offset impacts to housing and neighbourhoods.

7. Explore options to expand split classification of properties so that commercial use of property for short-term rental accommodation is reflected in property tax assessments.

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Priority: Local governments have a variety of objectives that inform their policies on short-term rentals and need a flexible yet comprehensive suite of regulatory tools to help achieve those objectives. One of the most effective tools for addressing the impact of short-term rentals on housing availability and affordability is to prohibit listings that aren't within a host's principal residence. Additional conditions are used by local governments in response to specific community concerns, including having on-site or on-call property oversight, limiting the number of nights per year, and requiring off-street parking. The resource "Regulating Short-Term Rentals" published by Generation Squeeze provides an excellent reference for local governments seeking to identify options for their jurisdictions.

Some of the regulatory tools in use to implement this requirement include business licensing, temporary use permits, zoning bylaw definitions, and ticketing/fines. Yet not all local governments have access to the same tools, or some of these tools could be improved:

- Regional districts are currently required by the *Local Government Act* to request authority from the Province to issue business licenses. Enabling this authority by default would remove a barrier for regional districts wishing to adopt business licensing bylaws by choice, as a tool to manage short-term rentals and other industries as identified by the regional district. (The Province may also consider configuring the *Local Government Act* so that regional districts could adopt a licensing framework for specific industries instead of having to license all businesses).
- Increasing the allowable fines that can be levied through the Municipal Ticket Information system or Bylaw Enforcement System will enable local governments to apply deterrents to illegal short-term rental activity. Strata corporations are able to levy fines of up to $1,000 *per day* for contraventions of strata bylaw prohibiting short-term rentals. This is a high fine in the context of a strata corporation, though it may be insufficient in other environments; some jurisdictions outside Canada are levying fines of $1,000 for a first offence, $5,000 for a second offence, and $10,000 for a third offence.
- The Bylaw Enforcement Notice Adjudication process (Ministry of Attorney General) provides an avenue for citizens to dispute tickets; some communities have noted that after pursuing investigation and levying a bylaw notice to a short-term rental host who is not complying with local laws, the Provincial adjudicator may cancel the violation notice.

Rationale: Enabling local governments to use regulatory tools that fit their community's objectives acknowledges regional differences between communities and supports the principle of subsidiarity (placing regulations at the point closest to the resident/business that allows for efficient implementation).

Requests:

8. Amend the *Local Government Act* to allow regional districts to implement business licensing, by approval of the regional district board, as a tool to regulate short-term rentals.

9. Increase the allowable fines that local governments can levy against short-term rental hosts operating out of compliance.

10. Explore whether provincial bylaw notice adjudicators have sufficient information and awareness of short-term rental issues to understand these offences, preventing undue cancellation of violation notices.

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Priority: Local governments vary widely in their objectives for regulating short-term rentals and the extent or impact of short-term rental activity in their communities. They also vary in size, and organizational capacity to develop, consult on, implement and enforce policies relating to short-term rentals. Building on past collaboration and outreach, the Province and UBCM can

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continue to jointly support all local governments in learning about, implementing and enforcing short-term rental policies by providing opportunities for knowledge sharing and community-to-community peer support.

A useful model for this is the BC Ideas Exchange, which focuses on local economic development practices and knowledge-sharing activities such as web-based toolkits, webinars and conference workshops. The "Regulating Short Term Rentals" Toolkit written by Third Space Planning with support from the Federation of Canadian Municipalities and others is an example of the type of content that can be shared with local governments.

Local governments have indicated the value of having knowledgeable people available to consult directly in addition to the plethora of written and online resources. Direct outreach to local governments helps bridge the capacity gap; this model is demonstrated by the Regional Economic Development Managers that support local governments through the Ministry of Forests, Lands, Natural Resource Operations and Rural Development.

Rationale: Capacity for policy development and implementation is a major constraint facing local governments. Simply having the legislative authority to pass bylaws and implement licensing does not mean a local government (especially a small one) has the staff time or expertise to carry out research and consultation prior to policy implementation, to respond to public pressure from short-term rental hosts opposed to policies that limit their business opportunities, or to enforce policies that are passed by Council. The Province and UBCM can act jointly to support capacity development.

Requests:

11. Allocate Provincial resources to collaborate with UBCM on an outreach program to support local governments in identifying and implementing policy options that address housing priorities and needs, including short-term rental regulation and enforcement.

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Priority: Local governments and the Province need better data on both the availability and cost of housing in the rental market. Rental market data from CMHC pertains predominantly to the primary (purpose-built rental) market, and is only available at an annual frequency, which poses serious challenges and limitations to understanding the impacts of short-term rentals on the rental market. Data on the secondary rental market (i.e. basement suites, rental houses, etc.) is largely non-existent, thus measuring the impacts of short-term rentals more broadly remains an impossible task. Even where data exists, a further challenge comes in distinguishing rental units that could potentially form permanent housing from properties that are unlikely to be used as permanent housing, even if removed from short-term rental use (e.g. temporary listings, remote vacation properties or residences located in designated tourist accommodation zones).

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The Advisory Group is aware of the challenge of establishing data sources on the secondary rental market and raises this as a priority for the Province to work on with CMHC and using municipal data where available.

In addition to improving data on the secondary rental market, the Advisory Group noted that data on short-term rentals are not incorporated into the Housing Needs Reports required for all communities. If data-sharing becomes a requirement for online accommodations providers, this information can be included in Housing Needs Reports to help Councils recognize trends or challenges and adapt policies according to local needs.

Rationale: Through the Advisory Group process it became evident that gaps in data on the rental market made it difficult to measure and compare the impacts of short-term rentals on rental housing availability and cost in communities. Existing rental housing data from Canada Mortgage and Housing Corporation (CMHC) varies in coverage among communities, with data coverage of up to 55% in some larger metropolitan areas, but as little as 10% coverage in smaller communities. By contrast, it is known from Census data that roughly 70% of all renter households in British Columbia occupy rented dwellings in the secondary rental market, yet there are very few reliable data sources available to understand this very large segment of the rental market.

These data gaps confound meaningful discussions of what policies are really needed to address housing affordability across the spectrum of housing. The gaps also increase the risk that local government policies targeting short-term rentals will fail to respond to emerging trends in housing (or developing industries) or provide the necessary housing to meet future demands.

Requests:

12. Allocate Provincial resources and collaborate with the federal government (Statistics Canada and CMHC) and local governments to improve the collection and analysis of data on secondary rental housing, particularly as relates to short-term rental impacts.

13. Expand the Housing Needs Reports data requirements to include showing data on short-term rental listings and usage, utilizing platform data collected through a provincial regulatory framework.

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PRIORITIES FOR ACTION ON SHORT-TERM RENTALS

Report of the Joint UBCM-Province Advisory Group on Short-Term Rentals

FINAL REPORT

June 30, 2021

Supported by

Housing Policy Branch
Office of Housing and Construction Standards
Ministry of Attorney General and Minister responsible for Housing

Executive Summary

The Province's Rental Housing Task Force recommended in December 2018 that the Province work with local governments to develop, implement, and enforce short-term rental rules to better protect long-term rental stock (Recommendation #11). In the May 2019 response to the Task Force recommendations, the Province agreed to address this recommendation in 2020 through further consultation with stakeholders and local governments. In fall 2019 the Province and UBCM established a Joint Advisory Group on Short-Term Rentals. The purpose of this group was established as follows:

> The Advisory Group will facilitate discussions with local governments about the impacts of STRs and tools for addressing them. Information generated by the Advisory Group will help **inform the Province's consideration of potential policy approaches to STRs**, including possible measures to support local governments interested in taking further actions to address STR impacts.

Housing affordability and availability are topics of utmost concern for all levels of government in British Columbia. The Advisory Group is particularly concerned about impacts of short-term rentals on long-term rental housing. While these impacts are hard to measure with available data set, the diversion of housing units from long-term supply is a significant problem affecting housing in many communities. The Advisory Group's work is informed by the need to take sensible precautionary steps to avoid negative outcomes for British Columbians.

The Advisory Group considered input from experts in various aspects of provincial legislation, research on short-term rental activity and broader rental housing data, and a series of stakeholder organizations. Through the Advisory Group's discovery and discussion process, a series of principles and outcomes were articulated that guided the identification of possible measures for the Province to consider. These principles were: recognition of regional differences, subsidiarity, fairness, future-proofing, and evidence-based policy balanced by precaution. The outcomes address various stakeholder viewpoints and seek to recognize both the opportunities and drawbacks presented by short-term rental platforms.

The priorities and requests to the Province in this report are intended to spark further discussion and exploration of potential policy approaches in the areas of platform accountability or regulation, data sharing, taxation, local government regulatory tools, capacity, and broader efforts to improve data sources and analysis on rental housing.

This Report represents the work done by the Advisory Group to understand the impacts of short-term rentals and suggest priorities and ideas to inform the Province's future work in this area. **This report does not indicate formal endorsement by UBCM or the Province of these proposals.**

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Background

Short-term rentals are the rental of a home, or room within a home, for a temporary stay (usually fewer than 30 consecutive nights). While vacation rentals and in-home bed-and-breakfasts have been a part of tourism accommodation for decades, the short-term rental industry saw significant growth with the advent of online platforms such as Airbnb and HomeAway (now VRBO).

The broad access and ease of transactions provided by these platforms led to a shift in the frequency of use and types of accommodation being listed for short-term use, with units not previously considered "tourism-oriented" being made available to travellers. The online accommodation bookings industry continues to evolve and grow despite the COVID-19 pandemic reducing worldwide travel, and hosts are now able to offer broader "experiences" and adjacent services via these platforms.

This shifting landscape in the accommodations industry has affected communities differently throughout the province. Impacts causing concern include:

- **Housing Availability:** The use of housing units for travellers has reduced long-term rental housing capacity at a time when housing availability and costs are already under pressure. While many short-term rental hosts use part of their primary residences for hosting, other types of spaces such as basement suites or accessory dwelling units also appear frequently on the platforms. Existing data on vacancy in the primary rental market (purpose-built apartments) shows no consistent correlation with short-term rental listings or bookings activity, but the true impact of short-term rentals is in the secondary market (other housing forms), which is more fluid and difficult to measure. The lack of consistent definition of what constitutes a "permanent dwelling" and limited capacity of local governments to monitor listings makes it nearly impossible to determine the actual scale of diversion from rental housing stock in a statistical sense, but observations by local governments indicate there is a significant unmeasured threat to long-term housing. As 70% of B.C.'s renter households rely on secondary rental market housing, and in some communities up to 100% of rental housing is in the secondary market, there is a strong case for responding to the potential impacts of short-term rentals even in lieu of appropriate data sources.
- **Housing Affordability:** The potential for earning revenue from short-term rental use of properties (whole or in part) often supports higher property prices than local incomes can support. This impacts housing cost in the rental market due to price competition and may be driving up the purchase price of homes in the resale market, as buyers are willing to pay a premium for units (especially condos) with potential for short-term rental use. Data to isolate and attribute this impact is not readily available, but anecdotal evidence appears in numerous B.C. communities.
- **Land Use:** In some cases, previously residential-use properties have been converted to commercial use despite local land use policies. Where short-term rentals represent a full-time business model, these properties are no longer serving their intended purpose as dwellings for local residents. In other communities (especially remote areas), the ease of promoting vacation rentals of properties has attracted tourism for which local governments are not equipped to regulate or support with infrastructure.

- **Public Impacts:** Increasing transient use of properties without oversight by hosts has contributed to noise, parking, garbage, safety, and disruption complaints. In some cases, short-term rental activity has been linked to public health risks via out-of-region visitors contributing to COVID-19 outbreaks.
- **Local Government Capacity:** Between the staff and Council time required to consult, evaluate options, and adopt short-term rental policies, and the licensing and enforcement staff time required to monitor listings and properties, regulating short-term rentals represents a significant (and new) imposition on local government capacity.

Short-term rentals also offer some benefits to communities and travellers:

- **Interim Worker Housing**: Employees arriving in a community for new employment, or for a temporary assignment, may use short-term rental housing while arranging for a permanent residence or to avoid occupying a rental unit only for a short period, freeing that unit up for a long-term residential tenant.
- **Tourism:** Short-term rentals provide some benefits to communities that are seeking to expand their tourism economies as a diversification strategy:
    - Short-term rentals expand tourist accommodation capacity, particularly in places with emerging tourism sectors where traditional lodging businesses have not yet established sufficient capacity.
    - Family travel: short-term rental units may be larger and provide more facilities that support families with children or specific accommodation needs, compared to hotels/motels. This opens up tourism in a community to different demographic segments.
    - Sports/group travel: teams or groups wishing to travel together may find an entire home with several bedrooms a more affordable way to travel for tournaments or events compared to the cost of booking multiple hotel rooms. Kamloops and Burnaby are two examples of communities with significant special event facilities where attendance may exceed local hotel capacity.
- **Economic Activity:** Hosts earn additional income on their short-term rentals (which may or may not be reported on tax returns) and visitors contribute in other ways to local economies through hospitality and experiences in the host community.

The challenge for the Province and local governments is to find a balance in regulating short-term rental activity to enhance the benefits and opportunities presented by the industry while reducing the detrimental effects on housing and neighbourhood livability.

An increasing number of local governments in B.C. have developed policies, or are in the process of doing so, to respond to the new opportunities, challenges, and impacts that short-term rentals bring to their communities. The Union of BC Municipalities (UBCM) identified short-term rentals as an ongoing issue of concern for local governments in 2016. Workshops and resolution discussions on the topic were featured at UBCM conventions in 2016, 2017, and 2018. A UBCM Special Committee on Housing included a series of

recommendations to address short-term rental regulation and taxation in the January 2018 report *"A Home for Everyone: A Housing Strategy for British Columbians"*.

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- Islands Trust
- City of Kelowna
- City of Nelson
- Regional District of Thompson-Nicola
- Village of Tofino
- City of Vancouver
- City of Victoria
- Resort Municipality of Whistler

The participation of UBCM and Ministry staff on this Advisory Group does not indicate that the policy approaches outlined herein have been considered or accepted by UBCM Executive or the Province.

Process

The Advisory Group held in-person meetings in February and early March 2020, including presentations and discussions to inform the group's members about community objectives, housing impacts as measured by available data, and legislative context. The group heard presentations from:

- Housing Policy Branch (Ministry of Municipal Affairs and Housing)
- Residential Tenancy Branch (Ministry of Municipal Affairs and Housing)
- Property Tax and Assessment Branch (Ministry of Municipal Affairs and Housing)
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The onset of the COVID-19 pandemic put the Advisory Group's process on hold during the spring and summer of 2020. Group members shared, via email, updates on the impacts of the pandemic on their communities and observations about how the short-term rental activity in their community changed (or not) while travel was affected by public health orders. Following the fall 2020 election, housing policy moved under the mandate of the Ministry of Attorney General and Minister responsible for Housing. The Advisory Group reconvened in April 2021.

Virtual meetings comprised the second stage of the Advisory Group's deliberations. In addition to local government representatives sharing the expertise and experiences from their own communities, the Advisory Group received presentations and written submissions from:

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Principles

The Advisory Group identified five principles that inform the outcomes and priorities presented in this report.

- **Recognition of Regional Differences:** Economic and housing conditions vary among regions and communities. Any proposed outcomes or actions need to recognize and allow for these differences, including the need to balance needs within a community (e.g. tourism, economic development, housing).
- **Subsidiarity:** Law-making and implementation are often best achieved at a level of government that is most effective and closest to the issues affected. The federal, provincial, and local governments have different but overlapping roles in housing policy and land use planning. Subsidiarity as a guiding principle encourages complementary legislation while accommodating local circumstances.
- **Fairness:** As much as possible and where feasible, all businesses operating in an industry within a given market should be subject to the same restrictions and requirements under the law. Similarly, residents in a community should be subject to the same expectations and have access to the same types of protections or benefits.
- **Future-Proof:** The travel industry was evolving prior to the COVID-19 pandemic, which caused an abrupt and dramatic change to how and why people seek and use accommodation. The online accommodation booking industry is dynamic and any legislation or programs implemented in 2021 or 2022 need to consider the rapid changes and market reach of this platform-based industry. Relying only on local governments to adopt bylaws and pursue enforcement of this industry has already produced a fragmented regulatory landscape.

- **Evidence Based Policy balanced by Precaution:** Outcomes and priorities should be informed by multiple types of evidence, including quantitative data, qualitative research, observations, and experiences of governments in B.C., Canada, and elsewhere. Where the available data or evidence falls short of the reliability necessary for conclusive analysis, governments should exercise caution but also act to prevent likely harms.

Outcomes

Drawing from the perspectives and experience of local government representatives from a diverse range of communities, the Advisory Group identified a series of important outcomes of potential legislation or programs for various stakeholders. These outcomes will be achieved by complementary and collaborative work across orders of government.

- B.C. households seeking rental housing are not excluded from finding and affording housing that meets their needs as a result of suitable units being repurposed or developed specifically for short-term rentals instead of long-term tenancies.
- Local governments are able to set and enforce land use policies that designate residential property primarily for the purpose of providing long-term residences, while allowing ancillary uses that are aligned with community objectives.
- Local governments have sufficient and timely access to short-term rentals data, and capacity to enforce the land use policies and regulatory schemes set in their jurisdiction.
- All operators within the industry are subject to a clear and consistent regulatory structure, with the same level of accountability to B.C. communities.
- Businesses operating accommodation services via online platforms are held accountable for the same safety, labour practices, neighbourhood impacts, and taxes as accommodation providers operating in more traditional business models (e.g. hotels, motels, B&Bs, campgrounds, etc).
- Hosts, travellers, and neighbours are kept safe and have enjoyable experiences (or fewer negative experiences) resulting from short-term rental accommodations.
- Local governments and the Province have improved capability, through data sources and analysis, to understand the interaction between short-term rentals and the housing market.
- The Province continues to monitor and report on trends and impacts from the short-term rental industry to inform and support local governments.

Priorities

The following needs and ideas emerged during the Group's process as the most likely actions to lead to the desired Outcomes, while being informed by and respectful of the Principles described above. The Advisory Group acknowledges these ideas and priorities will likely require further analysis and collaboration to determine feasibility. Numerous other jurisdictions have introduced more stringent legislation and requirements for the short-term rental industry. Actions to address the impact of short-term rentals in British Columbia may carry some risk, but this needs to be balanced against the significant pressures facing rental housing in many communities.

Provincial Platform Regulation and Accountability

Priority: Where local governments have enacted regulatory tools, such as requiring business licenses for the operation of a short-term rental, these policies are only as strong as the capacity of the local government to enforce them. Platforms have a direct business relationship with their hosts which provides a greater opportunity to detect and deter non-compliant activity.

The Province has greater capacity to use legislative authority to regulate all online accommodation platforms offering services within the province. This framework could echo the provincial regulation of other travel or real-estate related industries such as travel agencies, home inspectors, and ride-hailing (e.g. Lyft, Uber, etc.). The parameters of a provincial framework need to be explored further, but the Advisory Group considers there to be many potential inclusions that would significantly address negative impacts of the short-term rental industry:

- Commercial operators (hosts with numerous short-term rental properties possibly listed across platforms and across communities) could be required to register as businesses through the B.C. Corporate Registries.
- While some platforms provide a field where hosts can display their business license or permit information, this could become a mandatory inclusion for all listings in B.C. where local governments have permit or license requirements. There needs to be validation of this information so that hosts are not providing false data simply to get their listing online. The Province could hold platforms accountable through provincial regulation to validate this information with local governments.
- Hosts could be asked to commit to a statutory declaration to the Province, via their platform, that their listing is compliant with provincial and local government requirements.
- Hosts could be held accountable to the province for standards regarding safety/hygiene, insurance, and consumer protection.

Rationale: Regulation of an industry at the provincial level, to the extent where common objectives exist, provides for greater clarity for the industry and efficiency for enforcement. A provincial regulatory framework is more future-proofed than relying on individual local governments to

keep abreast of advances in the technology and business models of online accommodation platforms and then update bylaws or policies in a patchwork form across the province.

Provincial regulation of other industries, such as ride-sharing, travel agencies, payday loans, and home inspections among others, provide standards that are intended to protect all British Columbians from safety and financial hazards that could be common if business activities are left unregulated. This applies to the customers in an industry as well as labour practices.

Requests:

1. Introduce a **provincial regulatory framework**, similar to those in place for ride-sharing and other regulated industries, for platform accountability and information validation for online accommodation platforms and short-term rental hosts.

Data Sharing

Priority: Local governments need data on short-term rentals that allows them to understand STR activity in their community, develop bylaws or policies to support community objectives, and enforce those bylaws or policies. The Province needs data on short-term rentals to understand trends across the province, monitor impacts on the housing market, and enforce tax policy.

Types of data that are needed include property information (address, ownership, unit type, legal tenure), host details (including multiple-property hosts), bookings (frequency of use and income), licensing information (if any), and information on complaints relating to public safety or neighbourhood impacts such as noise or standards of property maintenance.

In addressing this priority, governments need to consider appropriate protection for the personal privacy of short-term rental hosts, as data collected for a business purpose may not be redacted under FOIPPA as personal information. As short-term rental activity indicates potential vacancy of properties, it presents a security and safety threat to hosts if their property information or demographic details are released through a Freedom of Information Request.

Rationale: Current practices require governments to contract with third-party data providers or assign staff to manually scan online accommodation platforms, which are costly and inefficient approaches that may not always yield accurate and complete data. Requiring all participants in the online accommodation industry to adhere to common standards of data-sharing provides fairness in the industry and reduces the burden of tracking property listings across multiple platforms.

Requests:

2. Require all online accommodation platforms to **make data available through a provincial interface** from which local governments can pull information on property listings, hosts, bookings, and complaints in their community.

3. Require online accommodation platforms to **validate business license or permit information** with local governments to avoid false information in listings.

Taxation

Priorities: Undertaking a business activity, regardless of locale, should be subject to consistent taxation according to the law. Taxation provides revenue to governments to financially support (in part) the infrastructure and programs that create tourism opportunities and offset the potential negative impacts of the business activity, such as the pressures placed on local housing markets by short-term rentals. The collection and remittance of taxes does not prevent negative impacts on housing affordability and availability but is part of a coherent and aligned regulatory framework.

Tax Collection and Remittance

The Province regulates that the process by which Provincial Sales Tax (PST) and Municipal and Regional District Tax (MRDT) are collected and remitted as applicable on sales of short-term accommodation provided in B.C., including all accommodation listed on an online accommodation platform. Short-term rental hosts are required to register for the PST and MRDT (if applicable) unless they only list their accommodation on a platform that is registered to collect PST and MRDT.

The Province has negotiated with Airbnb to collect and remit taxes on behalf of hosts, but there are numerous other platforms not participating in these agreements, and current legislation does not allow the Province to require platforms to collect PST and MRDT (only to register voluntarily). All platforms operating in this industry should be subject to the same requirements for short-term rental bookings in the province.

Using Tax Revenues to Address Short-term Rental Impacts

Areas that have the MRDT in place can opt to direct tax revenues from online accommodation providers to housing purposes in their community, but not to the compliance and enforcement of short-term rental policies. Non-MRDT communities have more limited means to raise revenues to offset compliance and enforcement costs. Options to direct PST revenues from short-term rentals to the originating communities would support compliance and enforcement efforts.

The Advisory Group heard from industry stakeholders that the differing rates and coverage of MRDT is challenging for tourism operators and short-term rental hosts; making the MRDT consistent throughout the province could simplify administration and reduce confusion. Revisions to the MRDT could also yield tax revenue from short-term rentals that could support local communities to offset neighbourhood impacts by enabling more personnel to be allocated towards enforcement.

Addressing Commercial Use of Residential Property in Taxation

UBCM has previously endorsed a members' resolution calling for the Province to amend legislation so that properties used for short-term rental accommodation may be eligible for split classification between Class 1 and Class 6 under the Assessment Act. This would be consistent with the split classification of strata accommodation properties and "bed and breakfast" residential properties. The Advisory Group acknowledges the challenges involved in applying classification to short-term rental listings, and in keeping with the principle of fairness, supports a wider use of split classification so that commercial accommodation activities are taxed fairly. Higher property tax rates for commercial properties raise revenue directly for local governments to apply to the regulation and enforcement of the industry.

Rationale: Applying a consistent expectation across the industry to collect tax at the point of booking provides for tax fairness among all accommodation hosts (short-term rentals, traditional B&Bs, hotels, etc). This promotes accurate and complete collection of tax revenues which may be applied towards compliance and enforcement efforts.

Requests:

4. Introduce legislation to **make tax collection at the point of booking a requirement** for online accommodation platforms.

5. **Share PST revenues from short-term rentals with the local governments** affected by the taxed business activity.

6. Investigate further changes to the MRDT to **increase consistency across the province** and expand the uses of tax revenue to offset impacts to housing and neighbourhoods.

7. Explore options to **expand split classification of properties** so that commercial use of property for short-term rental accommodation is reflected in property tax assessments.

Regulatory Tools for Local Governments

Priority: Local governments have a variety of objectives that inform their policies on short-term rentals and need a flexible yet comprehensive suite of regulatory tools to help achieve those objectives. One of the most effective tools for addressing the impact of short-term rentals on housing availability and affordability is to prohibit listings that aren't within a host's principal residence. Additional conditions are used by local governments in response to specific community concerns, including having on-site or on-call property oversight, limiting the number of nights per year, and requiring off-street parking. The resource "Regulating Short-Term Rentals" published by Generation Squeeze provides an excellent reference for local governments seeking to identify options for their jurisdictions.

Some of the regulatory tools in use to implement this requirement include business licensing, temporary use permits, zoning bylaw definitions, and ticketing/fines. Yet not all local governments have access to the same tools, or some of these tools could be improved:

- Regional districts are currently required by the *Local Government Act* to request authority from the Province to issue business licenses. Enabling this authority by default would remove a barrier for regional districts wishing to adopt business licensing bylaws by choice, as a tool to manage short-term rentals and other industries as identified by the regional district. (The Province may also consider configuring the *Local Government Act* so that regional districts could adopt a licensing framework for specific industries instead of having to license all businesses).
- Increasing the allowable fines that can be levied through the Municipal Ticket Information system or Bylaw Enforcement System will enable local governments to apply deterrents to illegal short-term rental activity. Strata corporations are able to levy fines of up to $1,000 *per day* for contraventions of strata bylaw prohibiting short-term rentals. This is a high fine in the context of a strata corporation, though it may be insufficient in other environments; some jurisdictions outside Canada are levying fines of $1,000 for a first offence, $5,000 for a second offence, and $10,000 for a third offence.
- The Bylaw Enforcement Notice Adjudication process (Ministry of Attorney General) provides an avenue for citizens to dispute tickets; some communities have noted that after pursuing investigation and levying a bylaw notice to a short-term rental host who is not complying with local laws, the Provincial adjudicator may cancel the violation notice.

Rationale: Enabling local governments to use regulatory tools that fit their community's objectives acknowledges regional differences between communities and supports the principle of subsidiarity (placing regulations at the point closest to the resident/business that allows for efficient implementation).

Requests:

8. Amend the *Local Government Act* to **allow regional districts to implement business licensing**, by approval of the regional district board, as a tool to regulate short-term rentals.

9. **Increase the allowable fines** that local governments can levy against short-term rental hosts operating out of compliance.

10. Explore whether provincial bylaw notice adjudicators have sufficient information and awareness of short-term rental issues to understand these offences, **preventing undue cancellation of violation notices**.

Capacity Supports for Local Governments

Priority: Local governments vary widely in their objectives for regulating short-term rentals and the extent or impact of short-term rental activity in their communities. They also vary in size, and organizational capacity to develop, consult on, implement and enforce policies relating to short-term rentals. Building on past collaboration and outreach, the Province and UBCM can continue to jointly support all local governments in learning about, implementing and enforcing short-term rental policies by providing opportunities for knowledge sharing and community-to-community peer support.

A useful model for this is the BC Ideas Exchange, which focuses on local economic development practices and knowledge-sharing activities such as web-based toolkits, webinars and conference workshops. The "Regulating Short Term Rentals" Toolkit written by Third Space Planning with support from the Federation of Canadian Municipalities and others is an example of the type of content that can be shared with local governments.

Local governments have indicated the value of having knowledgeable people available to consult directly in addition to the plethora of written and online resources. Direct outreach to local governments helps bridge the capacity gap; this model is demonstrated by the Regional Economic Development Managers that support local governments through the Ministry of Forests, Lands, Natural Resource Operations and Rural Development.

Rationale: Capacity for policy development and implementation is a major constraint facing local governments. Simply having the legislative authority to pass bylaws and implement licensing does not mean a local government (especially a small one) has the staff time or expertise to carry out research and consultation prior to policy implementation, to respond to public pressure from short-term rental hosts opposed to policies that limit their business opportunities, or to enforce policies that are passed by Council. The Province and UBCM can act jointly to support capacity development.

Requests:

11. Allocate Provincial resources to collaborate with UBCM on an **outreach program to support local governments** in identifying and implementing policy options that address housing priorities and needs, including short-term rental regulation and enforcement.

Improve Availability of Data on Short-Term Rentals and the Rental Market

Priority: Local governments and the Province need better data on both the availability and cost of housing in the rental market. Rental market data from CMHC pertains predominantly to the primary (purpose-built rental) market, and is only available at an annual frequency, which poses serious challenges and limitations to understanding the impacts of short-term rentals on the rental market. Data on the secondary rental market (i.e. basement suites, rental houses, etc.) is largely non-existent, thus measuring the impacts of short-term rentals more broadly remains an impossible task. Even where data exists, a further challenge comes in

distinguishing rental units that could potentially form permanent housing from properties that are unlikely to be used as permanent housing, even if removed from short-term rental use (e.g. temporary listings, remote vacation properties or residences located in designated tourist accommodation zones).

The Advisory Group is aware of the challenge of establishing data sources on the secondary rental market and raises this as a priority for the Province to work on with CMHC and using municipal data where available.

In addition to improving data on the secondary rental market, the Advisory Group noted that data on short-term rentals are not incorporated into the Housing Needs Reports required for all communities. If data-sharing becomes a requirement for online accommodations providers, this information can be included in Housing Needs Reports to help Councils recognize trends or challenges and adapt policies according to local needs.

Rationale: Through the Advisory Group process it became evident that gaps in data on the rental market made it difficult to measure and compare the impacts of short-term rentals on rental housing availability and cost in communities. Existing rental housing data from Canada Mortgage and Housing Corporation (CMHC) varies in coverage among communities, with data coverage of up to 55% in some larger metropolitan areas, but as little as 10% coverage in smaller communities. By contrast, it is known from Census data that roughly 70% of all renter households in British Columbia occupy rented dwellings in the secondary rental market, yet there are very few reliable data sources available to understand this very large segment of the rental market.

These data gaps confound meaningful discussions of what policies are really needed to address housing affordability across the spectrum of housing. The gaps also increase the risk that local government policies targeting short-term rentals will fail to respond to emerging trends in housing (or developing industries) or provide the necessary housing to meet future demands.

Requests:

12. Allocate Provincial resources and collaborate with the federal government (Statistics Canada and CMHC) and local governments **to improve the collection and analysis of data on secondary rental housing**, particularly as relates to short-term rental impacts.

13. **Expand the Housing Needs Reports data requirements** to include showing data on short-term rental listings and usage, utilizing platform data collected through a provincial regulatory framework.

PRIORITIES FOR ACTION ON SHORT-TERM RENTALS

Report of the Joint UBCM-Province Advisory Group on Short-Term Rentals

FINAL REPORT
June 30, 2021

Supported by

Housing Policy Branch
Office of Housing and Construction Standards
Ministry of Attorney General and Minister responsible for Housing

Executive Summary

The Province's Rental Housing Task Force recommended in December 2018 that the Province work with local governments to develop, implement, and enforce short-term rental rules to better protect long-term rental stock (Recommendation #11). In the May 2019 response to the Task Force recommendations, the Province agreed to address this recommendation in 2020 through further consultation with stakeholders and local governments. In fall 2019 the Province and UBCM established a Joint Advisory Group on Short-Term Rentals. The purpose of this group was established as follows:

> The Advisory Group will facilitate discussions with local governments about the impacts of STRs and tools for addressing them. Information generated by the Advisory Group will help **inform the Province's consideration of potential policy approaches to STRs**, including possible measures to support local governments interested in taking further actions to address STR impacts.

Housing affordability and availability are topics of utmost concern for all levels of government in British Columbia. The Advisory Group is particularly concerned about impacts of short-term rentals on long-term rental housing. While these impacts are hard to measure with available data set, the diversion of housing units from long-term supply is a significant problem affecting housing in many communities. The Advisory Group's work is informed by the need to take sensible precautionary steps to avoid negative outcomes for British Columbians.

The Advisory Group considered input from experts in various aspects of provincial legislation, research on short-term rental activity and broader rental housing data, and a series of stakeholder organizations. Through the Advisory Group's discovery and discussion process, a series of principles and outcomes were articulated that guided the identification of possible measures for the Province to consider. These principles were: recognition of regional differences, subsidiarity, fairness, future-proofing, and evidence-based policy balanced by precaution. The outcomes address various stakeholder viewpoints and seek to recognize both the opportunities and drawbacks presented by short-term rental platforms.

The priorities and requests to the Province in this report are intended to spark further discussion and exploration of potential policy approaches in the areas of platform accountability or regulation, data sharing, taxation, local government regulatory tools, capacity, and broader efforts to improve data sources and analysis on rental housing.

This Report represents the work done by the Advisory Group to understand the impacts of short-term rentals and suggest priorities and ideas to inform the Province's future work in this area. This report does not indicate formal endorsement by UBCM or the Province of these proposals.

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Background

Short-term rentals are the rental of a home, or room within a home, for a temporary stay (usually fewer than 30 consecutive nights). While vacation rentals and in-home bed-and-breakfasts have been a part of tourism accommodation for decades, the short-term rental industry saw significant growth with the advent of online platforms such as Airbnb and HomeAway (now VRBO).

The broad access and ease of transactions provided by these platforms led to a shift in the frequency of use and types of accommodation being listed for short-term use, with units not previously considered "tourism-oriented" being made available to travellers. The online accommodation bookings industry continues to evolve and grow despite the COVID-19 pandemic reducing worldwide travel, and hosts are now able to offer broader "experiences" and adjacent services via these platforms.

This shifting landscape in the accommodations industry has affected communities differently throughout the province. Impacts causing concern include:

- **Housing Availability:** The use of housing units for travellers has reduced long-term rental housing capacity at a time when housing availability and costs are already under pressure. While many short-term rental hosts use part of their primary residences for hosting, other types of spaces such as basement suites or accessory dwelling units also appear frequently on the platforms. Existing data on vacancy in the primary rental market (purpose-built apartments) shows no consistent correlation with short-term rental listings or bookings activity, but the true impact of short-term rentals is in the secondary market (other housing forms), which is more fluid and difficult to measure. The lack of consistent definition of what constitutes a "permanent dwelling" and limited capacity of local governments to monitor listings makes it nearly impossible to determine the actual scale of diversion from rental housing stock in a statistical sense, but observations by local governments indicate there is a significant unmeasured threat to long-term housing. As 70% of B.C.'s renter households rely on secondary rental market housing, and in some communities up to 100% of rental housing is in the secondary market, there is a strong case for responding to the potential impacts of short-term rentals even in lieu of appropriate data sources.
- **Housing Affordability:** The potential for earning revenue from short-term rental use of properties (whole or in part) often supports higher property prices than local incomes can support. This impacts housing cost in the rental market due to price competition and may be driving up the purchase price of homes in the resale market, as buyers are willing to pay a premium for units (especially condos) with potential for short-term rental use. Data to isolate and attribute this impact is not readily available, but anecdotal evidence appears in numerous B.C. communities.
- **Land Use:** In some cases, previously residential-use properties have been converted to commercial use despite local land use policies. Where short-term rentals represent a full-time business model, these properties are no longer serving their intended purpose as dwellings for local residents. In other communities (especially remote areas), the ease of promoting vacation rentals of properties has attracted tourism for which local governments are not equipped to regulate or support with infrastructure.

- **Public Impacts:** Increasing transient use of properties without oversight by hosts has contributed to noise, parking, garbage, safety, and disruption complaints. In some cases, short-term rental activity has been linked to public health risks via out-of-region visitors contributing to COVID-19 outbreaks.
- **Local Government Capacity:** Between the staff and Council time required to consult, evaluate options, and adopt short-term rental policies, and the licensing and enforcement staff time required to monitor listings and properties, regulating short-term rentals represents a significant (and new) imposition on local government capacity.

Short-term rentals also offer some benefits to communities and travellers:

- **Interim Worker Housing**: Employees arriving in a community for new employment, or for a temporary assignment, may use short-term rental housing while arranging for a permanent residence or to avoid occupying a rental unit only for a short period, freeing that unit up for a long-term residential tenant.
- **Tourism:** Short-term rentals provide some benefits to communities that are seeking to expand their tourism economies as a diversification strategy:
    - Short-term rentals expand tourist accommodation capacity, particularly in places with emerging tourism sectors where traditional lodging businesses have not yet established sufficient capacity.
    - Family travel: short-term rental units may be larger and provide more facilities that support families with children or specific accommodation needs, compared to hotels/motels. This opens up tourism in a community to different demographic segments.
    - Sports/group travel: teams or groups wishing to travel together may find an entire home with several bedrooms a more affordable way to travel for tournaments or events compared to the cost of booking multiple hotel rooms. Kamloops and Burnaby are two examples of communities with significant special event facilities where attendance may exceed local hotel capacity.
- **Economic Activity:** Hosts earn additional income on their short-term rentals (which may or may not be reported on tax returns) and visitors contribute in other ways to local economies through hospitality and experiences in the host community.

The challenge for the Province and local governments is to find a balance in regulating short-term rental activity to enhance the benefits and opportunities presented by the industry while reducing the detrimental effects on housing and neighbourhood livability.

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- B.C. households seeking rental housing are not excluded from finding and affording housing that meets their needs as a result of suitable units being repurposed or developed specifically for short-term rentals instead of long-term tenancies.
- Local governments are able to set and enforce land use policies that designate residential property primarily for the purpose of providing long-term residences, while allowing ancillary uses that are aligned with community objectives.
- Local governments have sufficient and timely access to short-term rentals data, and capacity to enforce the land use policies and regulatory schemes set in their jurisdiction.
- All operators within the industry are subject to a clear and consistent regulatory structure, with the same level of accountability to B.C. communities.
- Businesses operating accommodation services via online platforms are held accountable for the same safety, labour practices, neighbourhood impacts, and taxes as accommodation providers operating in more traditional business models (e.g. hotels, motels, B&Bs, campgrounds, etc).
- Hosts, travellers, and neighbours are kept safe and have enjoyable experiences (or fewer negative experiences) resulting from short-term rental accommodations.
- Local governments and the Province have improved capability, through data sources and analysis, to understand the interaction between short-term rentals and the housing market.
- The Province continues to monitor and report on trends and impacts from the short-term rental industry to inform and support local governments.

Priorities

The following needs and ideas emerged during the Group's process as the most likely actions to lead to the desired Outcomes, while being informed by and respectful of the Principles described above. The Advisory Group acknowledges these ideas and priorities will likely require further analysis and collaboration to determine feasibility. Numerous other jurisdictions have introduced more stringent legislation and requirements for the short-term rental industry. Actions to address the impact of short-term rentals in British Columbia may carry some risk, but this needs to be balanced against the significant pressures facing rental housing in many communities.

Provincial Platform Regulation and Accountability

Priority: Where local governments have enacted regulatory tools, such as requiring business licenses for the operation of a short-term rental, these policies are only as strong as the capacity of the local government to enforce them. Platforms have a direct business relationship with their hosts which provides a greater opportunity to detect and deter non-compliant activity.

The Province has greater capacity to use legislative authority to regulate all online accommodation platforms offering services within the province. This framework could echo the provincial regulation of other travel or real-estate related industries such as travel agencies, home inspectors, and ride-hailing (e.g. Lyft, Uber, etc.). The parameters of a provincial framework need to be explored further, but the Advisory Group considers there to be many potential inclusions that would significantly address negative impacts of the short-term rental industry:

- Commercial operators (hosts with numerous short-term rental properties possibly listed across platforms and across communities) could be required to register as businesses through the B.C. Corporate Registries.
- While some platforms provide a field where hosts can display their business license or permit information, this could become a mandatory inclusion for all listings in B.C. where local governments have permit or license requirements. There needs to be validation of this information so that hosts are not providing false data simply to get their listing online. The Province could hold platforms accountable through provincial regulation to validate this information with local governments.
- Hosts could be asked to commit to a statutory declaration to the Province, via their platform, that their listing is compliant with provincial and local government requirements.
- Hosts could be held accountable to the province for standards regarding safety/hygiene, insurance, and consumer protection.

Rationale: Regulation of an industry at the provincial level, to the extent where common objectives exist, provides for greater clarity for the industry and efficiency for enforcement. A provincial regulatory framework is more future-proofed than relying on individual local governments to

keep abreast of advances in the technology and business models of online accommodation platforms and then update bylaws or policies in a patchwork form across the province.

Provincial regulation of other industries, such as ride-sharing, travel agencies, payday loans, and home inspections among others, provide standards that are intended to protect all British Columbians from safety and financial hazards that could be common if business activities are left unregulated. This applies to the customers in an industry as well as labour practices.

Requests:

1. Introduce a **provincial regulatory framework**, similar to those in place for ride-sharing and other regulated industries, for platform accountability and information validation for online accommodation platforms and short-term rental hosts.

Data Sharing

Priority: Local governments need data on short-term rentals that allows them to understand STR activity in their community, develop bylaws or policies to support community objectives, and enforce those bylaws or policies. The Province needs data on short-term rentals to understand trends across the province, monitor impacts on the housing market, and enforce tax policy.

Types of data that are needed include property information (address, ownership, unit type, legal tenure), host details (including multiple-property hosts), bookings (frequency of use and income), licensing information (if any), and information on complaints relating to public safety or neighbourhood impacts such as noise or standards of property maintenance.

In addressing this priority, governments need to consider appropriate protection for the personal privacy of short-term rental hosts, as data collected for a business purpose may not be redacted under FOIPPA as personal information. As short-term rental activity indicates potential vacancy of properties, it presents a security and safety threat to hosts if their property information or demographic details are released through a Freedom of Information Request.

Rationale: Current practices require governments to contract with third-party data providers or assign staff to manually scan online accommodation platforms, which are costly and inefficient approaches that may not always yield accurate and complete data. Requiring all participants in the online accommodation industry to adhere to common standards of data-sharing provides fairness in the industry and reduces the burden of tracking property listings across multiple platforms.

Requests:

2. Require all online accommodation platforms to **make data available through a provincial interface** from which local governments can pull information on property listings, hosts, bookings, and complaints in their community.

3. Require online accommodation platforms to **validate business license or permit information** with local governments to avoid false information in listings.

Taxation

Priorities: Undertaking a business activity, regardless of locale, should be subject to consistent taxation according to the law. Taxation provides revenue to governments to financially support (in part) the infrastructure and programs that create tourism opportunities and offset the potential negative impacts of the business activity, such as the pressures placed on local housing markets by short-term rentals. The collection and remittance of taxes does not prevent negative impacts on housing affordability and availability but is part of a coherent and aligned regulatory framework.

Tax Collection and Remittance

The Province regulates that the process by which Provincial Sales Tax (PST) and Municipal and Regional District Tax (MRDT) are collected and remitted as applicable on sales of short-term accommodation provided in B.C., including all accommodation listed on an online accommodation platform. Short-term rental hosts are required to register for the PST and MRDT (if applicable) unless they only list their accommodation on a platform that is registered to collect PST and MRDT.

The Province has negotiated with Airbnb to collect and remit taxes on behalf of hosts, but there are numerous other platforms not participating in these agreements, and current legislation does not allow the Province to require platforms to collect PST and MRDT (only to register voluntarily). All platforms operating in this industry should be subject to the same requirements for short-term rental bookings in the province.

Using Tax Revenues to Address Short-term Rental Impacts

Areas that have the MRDT in place can opt to direct tax revenues from online accommodation providers to housing purposes in their community, but not to the compliance and enforcement of short-term rental policies. Non-MRDT communities have more limited means to raise revenues to offset compliance and enforcement costs. Options to direct PST revenues from short-term rentals to the originating communities would support compliance and enforcement efforts.

The Advisory Group heard from industry stakeholders that the differing rates and coverage of MRDT is challenging for tourism operators and short-term rental hosts; making the MRDT consistent throughout the province could simplify administration and reduce confusion. Revisions to the MRDT could also yield tax revenue from short-term rentals that could support local communities to offset neighbourhood impacts by enabling more personnel to be allocated towards enforcement.

Addressing Commercial Use of Residential Property in Taxation

UBCM has previously endorsed a members' resolution calling for the Province to amend legislation so that properties used for short-term rental accommodation may be eligible for split classification between Class 1 and Class 6 under the Assessment Act. This would be consistent with the split classification of strata accommodation properties and "bed and breakfast" residential properties. The Advisory Group acknowledges the challenges involved in applying classification to short-term rental listings, and in keeping with the principle of fairness, supports a wider use of split classification so that commercial accommodation activities are taxed fairly. Higher property tax rates for commercial properties raise revenue directly for local governments to apply to the regulation and enforcement of the industry.

Rationale: Applying a consistent expectation across the industry to collect tax at the point of booking provides for tax fairness among all accommodation hosts (short-term rentals, traditional B&Bs, hotels, etc). This promotes accurate and complete collection of tax revenues which may be applied towards compliance and enforcement efforts.

Requests:

4. Introduce legislation to **make tax collection at the point of booking a requirement** for online accommodation platforms.

5. **Share PST revenues from short-term rentals with the local governments** affected by the taxed business activity.

6. Investigate further changes to the MRDT to **increase consistency across the province** and expand the uses of tax revenue to offset impacts to housing and neighbourhoods.

7. Explore options to **expand split classification of properties** so that commercial use of property for short-term rental accommodation is reflected in property tax assessments.

Regulatory Tools for Local Governments

Priority: Local governments have a variety of objectives that inform their policies on short-term rentals and need a flexible yet comprehensive suite of regulatory tools to help achieve those objectives. One of the most effective tools for addressing the impact of short-term rentals on housing availability and affordability is to prohibit listings that aren't within a host's principal residence. Additional conditions are used by local governments in response to specific community concerns, including having on-site or on-call property oversight, limiting the number of nights per year, and requiring off-street parking. The resource "Regulating Short-Term Rentals" published by Generation Squeeze provides an excellent reference for local governments seeking to identify options for their jurisdictions.

Some of the regulatory tools in use to implement this requirement include business licensing, temporary use permits, zoning bylaw definitions, and ticketing/fines. Yet not all local governments have access to the same tools, or some of these tools could be improved:

- Regional districts are currently required by the *Local Government Act* to request authority from the Province to issue business licenses. Enabling this authority by default would remove a barrier for regional districts wishing to adopt business licensing bylaws by choice, as a tool to manage short-term rentals and other industries as identified by the regional district. (The Province may also consider configuring the *Local Government Act* so that regional districts could adopt a licensing framework for specific industries instead of having to license all businesses).
- Increasing the allowable fines that can be levied through the Municipal Ticket Information system or Bylaw Enforcement System will enable local governments to apply deterrents to illegal short-term rental activity. Strata corporations are able to levy fines of up to $1,000 *per day* for contraventions of strata bylaw prohibiting short-term rentals. This is a high fine in the context of a strata corporation, though it may be insufficient in other environments; some jurisdictions outside Canada are levying fines of $1,000 for a first offence, $5,000 for a second offence, and $10,000 for a third offence.
- The Bylaw Enforcement Notice Adjudication process (Ministry of Attorney General) provides an avenue for citizens to dispute tickets; some communities have noted that after pursuing investigation and levying a bylaw notice to a short-term rental host who is not complying with local laws, the Provincial adjudicator may cancel the violation notice.

Rationale: Enabling local governments to use regulatory tools that fit their community's objectives acknowledges regional differences between communities and supports the principle of subsidiarity (placing regulations at the point closest to the resident/business that allows for efficient implementation).

Requests:

8. Amend the *Local Government Act* to **allow regional districts to implement business licensing**, by approval of the regional district board, as a tool to regulate short-term rentals.

9. **Increase the allowable fines** that local governments can levy against short-term rental hosts operating out of compliance.

10. Explore whether provincial bylaw notice adjudicators have sufficient information and awareness of short-term rental issues to understand these offences, **preventing undue cancellation of violation notices**.

Capacity Supports for Local Governments

Priority: Local governments vary widely in their objectives for regulating short-term rentals and the extent or impact of short-term rental activity in their communities. They also vary in size, and organizational capacity to develop, consult on, implement and enforce policies relating to short-term rentals. Building on past collaboration and outreach, the Province and UBCM can continue to jointly support all local governments in learning about, implementing and enforcing short-term rental policies by providing opportunities for knowledge sharing and community-to-community peer support.

A useful model for this is the BC Ideas Exchange, which focuses on local economic development practices and knowledge-sharing activities such as web-based toolkits, webinars and conference workshops. The "Regulating Short Term Rentals" Toolkit written by Third Space Planning with support from the Federation of Canadian Municipalities and others is an example of the type of content that can be shared with local governments.

Local governments have indicated the value of having knowledgeable people available to consult directly in addition to the plethora of written and online resources. Direct outreach to local governments helps bridge the capacity gap; this model is demonstrated by the Regional Economic Development Managers that support local governments through the Ministry of Forests, Lands, Natural Resource Operations and Rural Development.

Rationale: Capacity for policy development and implementation is a major constraint facing local governments. Simply having the legislative authority to pass bylaws and implement licensing does not mean a local government (especially a small one) has the staff time or expertise to carry out research and consultation prior to policy implementation, to respond to public pressure from short-term rental hosts opposed to policies that limit their business opportunities, or to enforce policies that are passed by Council. The Province and UBCM can act jointly to support capacity development.

Requests:

11. Allocate Provincial resources to collaborate with UBCM on an **outreach program to support local governments** in identifying and implementing policy options that address housing priorities and needs, including short-term rental regulation and enforcement.

Improve Availability of Data on Short-Term Rentals and the Rental Market

Priority: Local governments and the Province need better data on both the availability and cost of housing in the rental market. Rental market data from CMHC pertains predominantly to the primary (purpose-built rental) market, and is only available at an annual frequency, which poses serious challenges and limitations to understanding the impacts of short-term rentals on the rental market. Data on the secondary rental market (i.e. basement suites, rental houses, etc.) is largely non-existent, thus measuring the impacts of short-term rentals more broadly remains an impossible task. Even where data exists, a further challenge comes in

distinguishing rental units that could potentially form permanent housing from properties that are unlikely to be used as permanent housing, even if removed from short-term rental use (e.g. temporary listings, remote vacation properties or residences located in designated tourist accommodation zones).

The Advisory Group is aware of the challenge of establishing data sources on the secondary rental market and raises this as a priority for the Province to work on with CMHC and using municipal data where available.

In addition to improving data on the secondary rental market, the Advisory Group noted that data on short-term rentals are not incorporated into the Housing Needs Reports required for all communities. If data-sharing becomes a requirement for online accommodations providers, this information can be included in Housing Needs Reports to help Councils recognize trends or challenges and adapt policies according to local needs.

Rationale: Through the Advisory Group process it became evident that gaps in data on the rental market made it difficult to measure and compare the impacts of short-term rentals on rental housing availability and cost in communities. Existing rental housing data from Canada Mortgage and Housing Corporation (CMHC) varies in coverage among communities, with data coverage of up to 55% in some larger metropolitan areas, but as little as 10% coverage in smaller communities. By contrast, it is known from Census data that roughly 70% of all renter households in British Columbia occupy rented dwellings in the secondary rental market, yet there are very few reliable data sources available to understand this very large segment of the rental market.

These data gaps confound meaningful discussions of what policies are really needed to address housing affordability across the spectrum of housing. The gaps also increase the risk that local government policies targeting short-term rentals will fail to respond to emerging trends in housing (or developing industries) or provide the necessary housing to meet future demands.

Requests:

12. Allocate Provincial resources and collaborate with the federal government (Statistics Canada and CMHC) and local governments **to improve the collection and analysis of data on secondary rental housing**, particularly as relates to short-term rental impacts.

13. **Expand the Housing Needs Reports data requirements** to include showing data on short-term rental listings and usage, utilizing platform data collected through a provincial regulatory framework.

PRIORITIES FOR ACTION ON SHORT-TERM RENTALS

Report of the Joint UBCM-Province Advisory Group on Short-Term Rentals

BACKGROUND

STRS

The changing landscape of short-term rentals (STRs)

BALANCING STRS

Developing policies in response to new opportunities, challenges, and impacts

CONCERNS

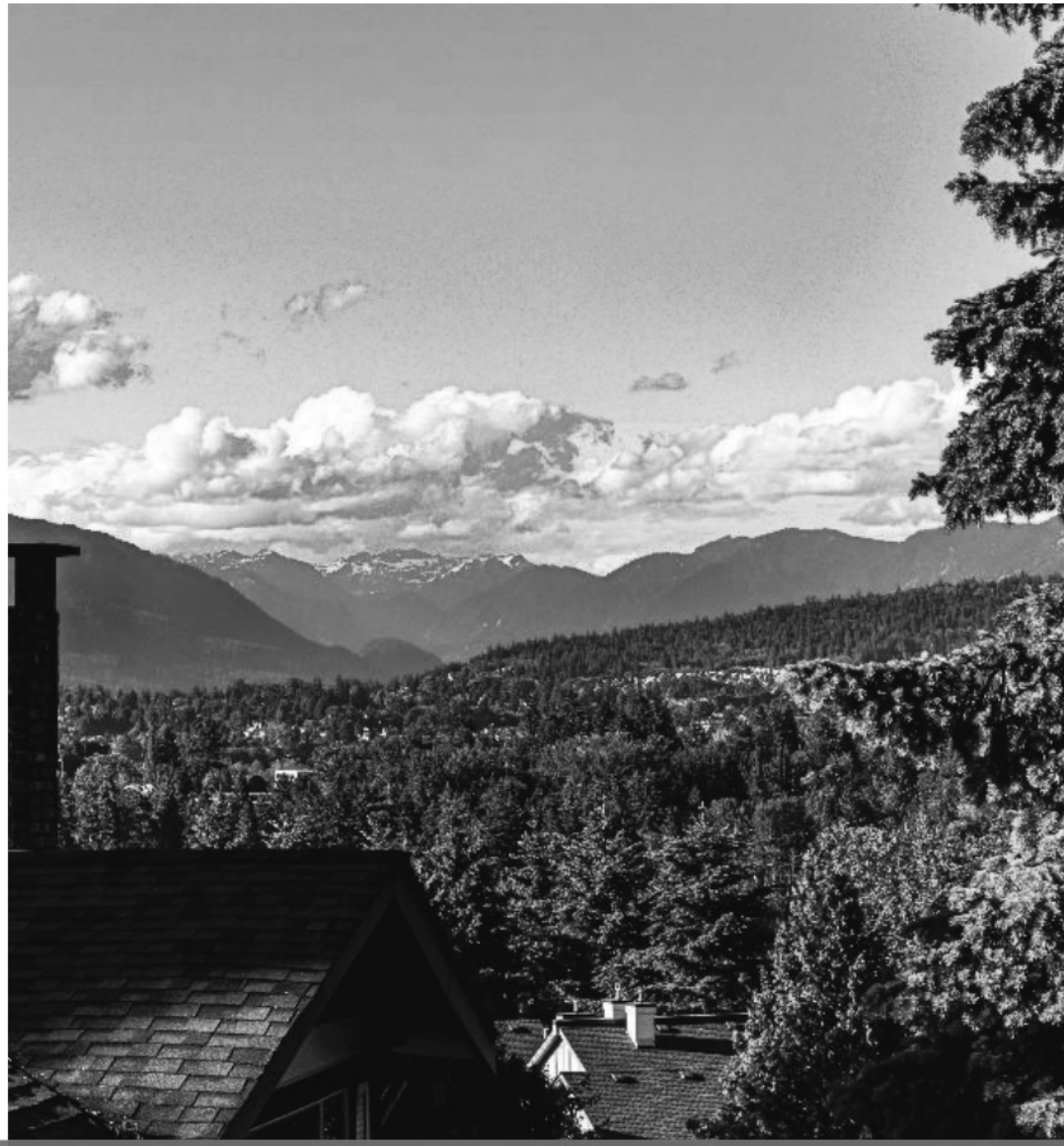
- Housing Availability
- Housing Affordability
- Land Use
- Public Impacts
- Local Government Capacity

BENEFITS

- Interim Worker Housing
- Tourism
- Economic Activity

PRINCIPLES

#1	Recognition of Regional Differences
#2	Subsidiarity
#3	Fairness
#4	Future-Proof
#5	Evidence-Based Policy Balanced with Precaution



VERSION ONE OF OUTCOMES SLIDE

OUTCOMES

WHO IS SERVED?

Outcome #1: B.C. Renter Households

Outcome #2: Local Governments

Outcome #3: STR Operators

Outcome #4: Online Platforms

Outcome #5: Travellers

Outcome #6: Neighbours

Outcome #7: Province

VERSION TWO OF OUTCOMES SLIDE

OUTCOMES

- STR development and B.C. Household housing needs
- Local government land use policies
- Local government STR data access & land use policy enforcement
- Consistent regulatory structure for operators
- Online accommodation services accountability
- Safe & enjoyable STR accommodations
- STR/housing market interaction
- Continued STR monitoring

PRIORITIES

PROVINCIAL PLATFORM REGULATION & ACCOUNTABILITY

Introduce provincial regulatory framework

DATA SHARING

Make data available & require licenses/permits

TAXATION

Tax collection at booking, share PST revenues, amend property classification approaches

PRIORITIES

REGULATORY TOOLS FOR LOCAL GOVERNMENTS

Amending the Local Government Act, Increasing allowable fines, Informing Bylaw Adjudicators

CAPACITY SUPPORTS FOR LOCAL GOVERNMENTS

Allocating resources for outreach programs

IMPROVE AVAILABILITY OF DATA ON STRS AND THE RENTAL MARKET

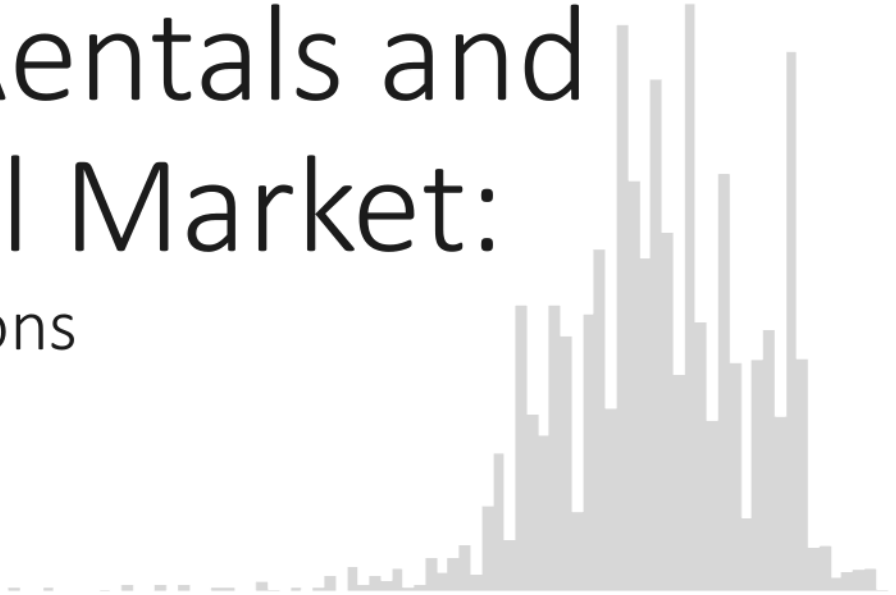
Allocating resources to collect STR impact data

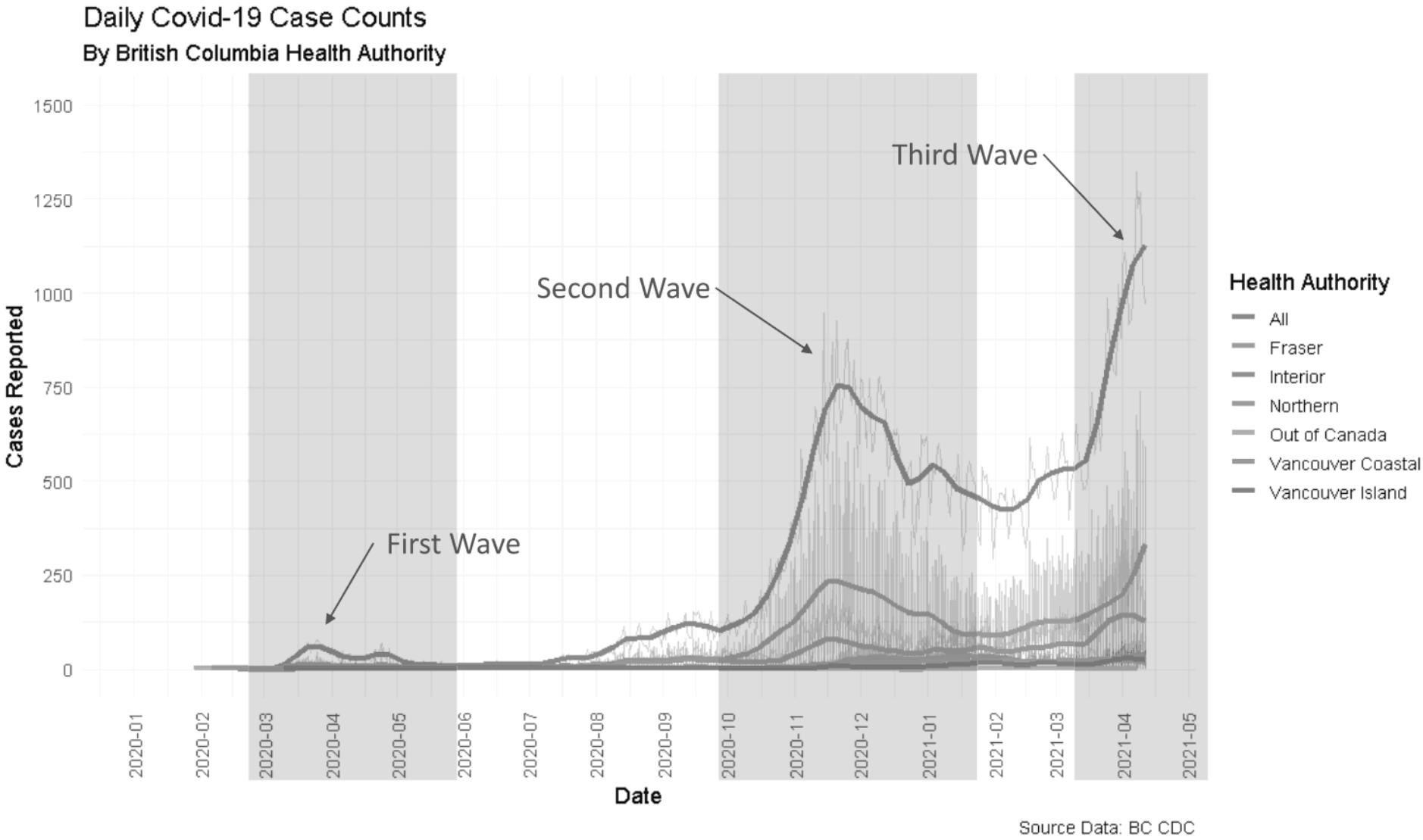
1. Introduce a **provincial regulatory framework**, similar to those in place for ride-sharing and other regulated industries, for platform accountability and information validation for online accommodation platforms and short-term rental hosts.
2. Require all online accommodation platforms to **make data available through a provincial interface** from which local governments can pull information on property listings, hosts, bookings, and complaints in their community.
3. Require online accommodation platforms to **validate business license or permit information** with local governments to avoid false information in listings.
4. Introduce legislation to **make tax collection at the point of booking a requirement** for online accommodation platforms.
5. **Share PST revenues from short-term rentals with the local governments** affected by the taxed business activity.
6. Investigate further changes to the MRDT to **increase consistency across the province** and expand the uses of tax revenue to offset impacts to housing and neighbourhoods.
7. Explore options to **expand split classification of properties** so that commercial use of property for short-term rental accommodation is reflected in property tax assessments.
8. Amend the *Local Government Act* to **allow regional districts to implement business licensing**, by approval of the regional district board, as a tool to regulate short-term rentals.
9. **Increase the allowable fines** that local governments can levy against short-term rental hosts operating out of compliance.
10. Explore whether provincial bylaw notice adjudicators have sufficient information and awareness of short-term rental issues to understand these offences, **preventing undue cancellation of violation notices**.
11. Allocate Provincial resources to collaborate with UBCM on an **outreach program to support local governments** in identifying and implementing policy options that address housing priorities and needs, including short-term rental regulation and enforcement.
12. Allocate Provincial resources and collaborate with the federal government (Statistics Canada and CMHC) and local governments **to improve the collection and analysis of data on secondary rental housing**, particularly as relates to short-term rental impacts.
13. **Expand the Housing Needs Reports data requirements** to include showing data on short-term rental listings and usage, utilizing platform data collected through a provincial regulatory framework.

Short-Term Rentals and the BC Rental Market:

COVID-19 and Implications

April 21, 2021




Daily Covid-19 Case Counts
By British Columbia Health Authority
Cases Reported
1500
1250
1000
750
500
250
0
Third Wave
Second Wave
First Wave
2020-01
2020-02
2020-03
2020-04
2020-05
2020-06
2020-07
2020-08
2020-09
2020-10
2020-11
2020-12
2021-01
2021-02
2021-03
2021-04
2021-05
Date
Health Authority
All
Fraser
Interior
Northern
Out of Canada
Vancouver Coastal
Vancouver Island
Source Data: BC CDC

1

Media Spin

Home
CTV NEWS
VANCOUVER | News
Thousands of Vancouver landlords moving from Airbnb-type rentals to long-term tenants
The Canadian Press
Staff
Contact
Published Tuesday, April 13, 2021 2:51PM PDT
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straight
EVENTS
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COVID-19
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NEWS
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REAL ESTATE »
Some Vancouver Airbnb units are being converted into long-term rental dwellings at far lower prices
by Charlie Smith on May 31st, 2020 at 11:34 AM
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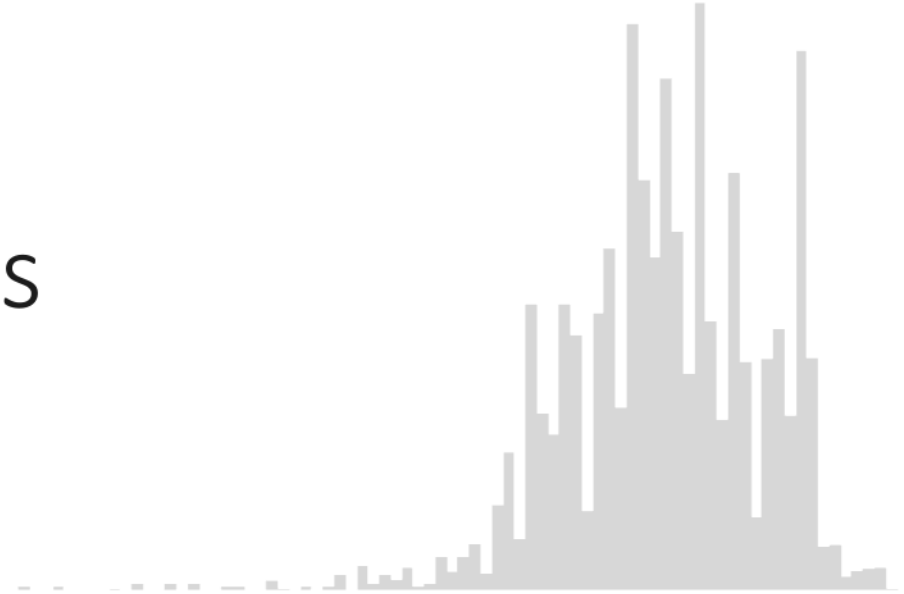
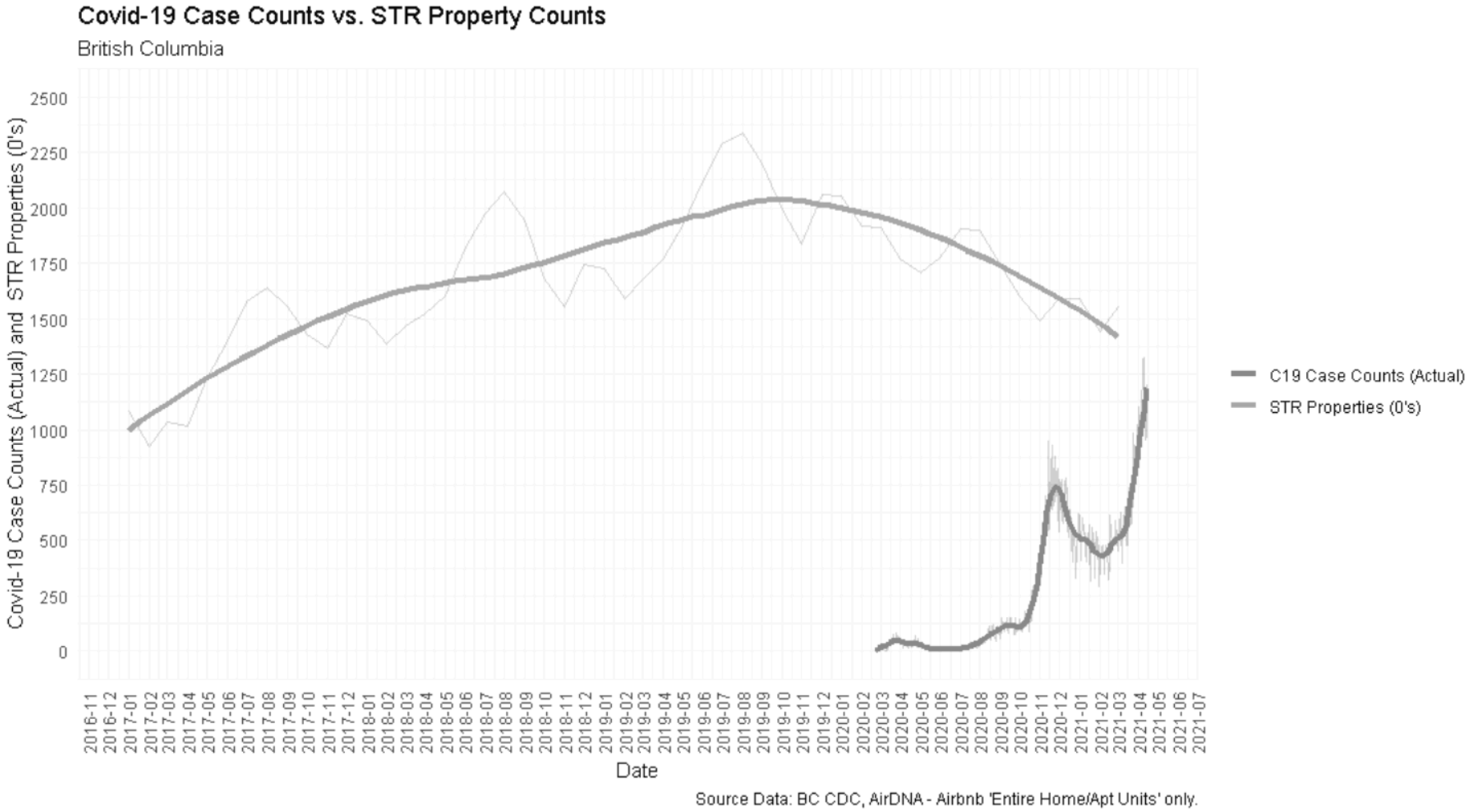
Provincial Trends



Provincial Trends

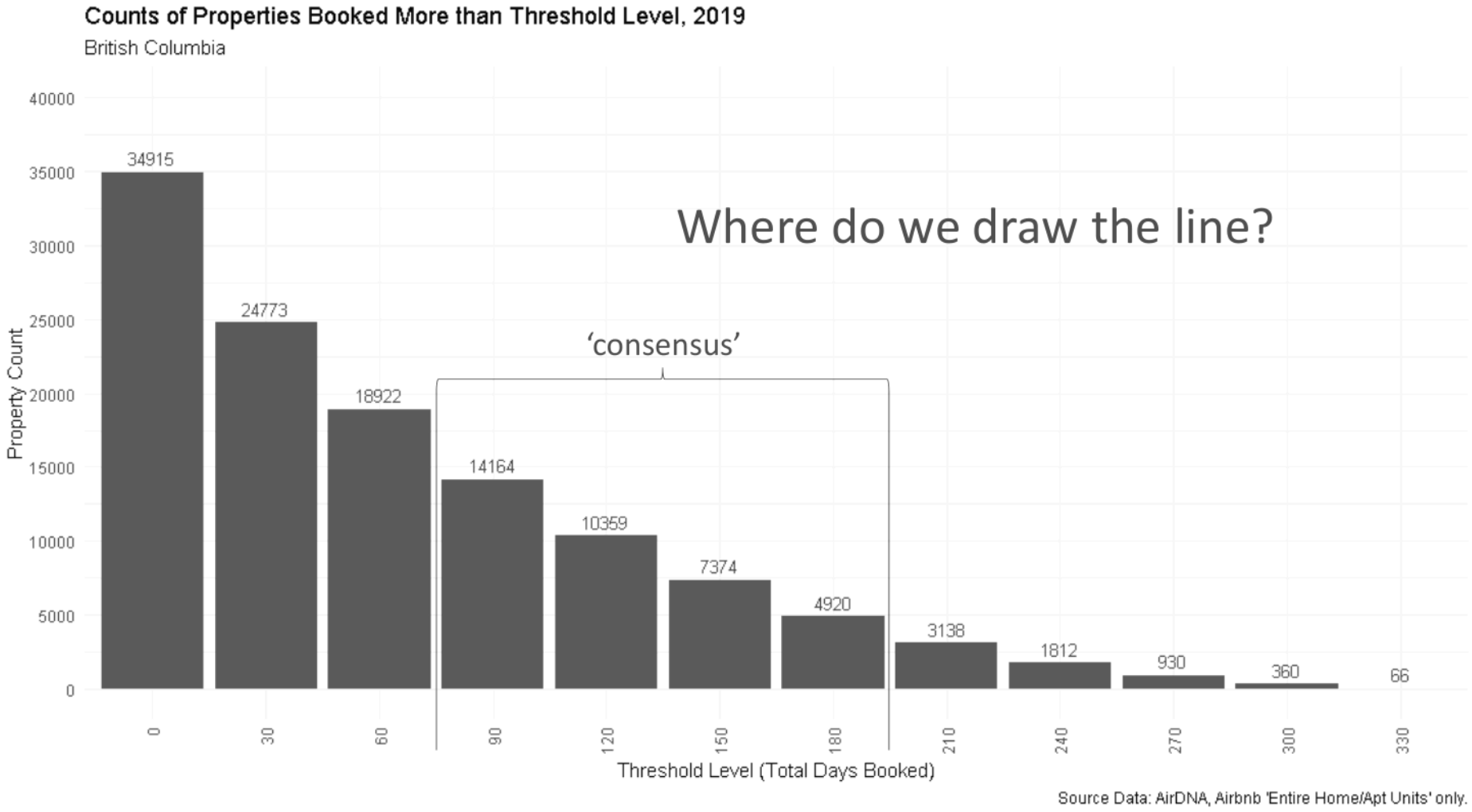


Concept of ‘Usage’

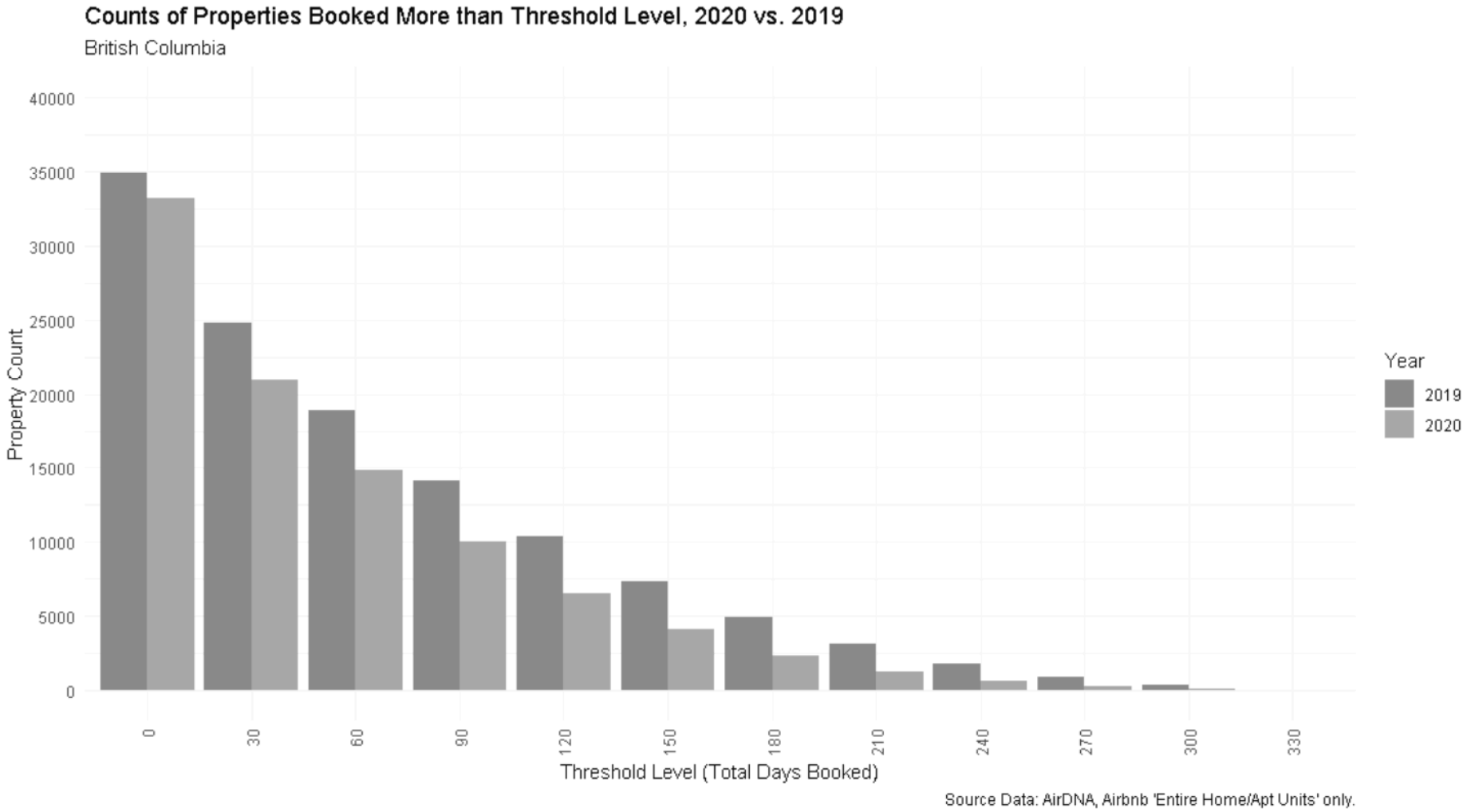
Concept of ‘Usage’

- Questions:
  - How many STR hosts are like Sam?
    - A: A lot.
  - Is Sam a ‘landlord’?
    - A: Not in the conventional sense of the word.
  - Could Sam’s house have been rented to a long-term tenant?
    - A: No. Not unless Sam shares his house or has a suite.
  - How many properties on STR platforms are used ‘full time’ as STR?
    - A: Not nearly as many think.
    - Caveat: This depends on one’s (arbitrary) definition of ‘full time’.

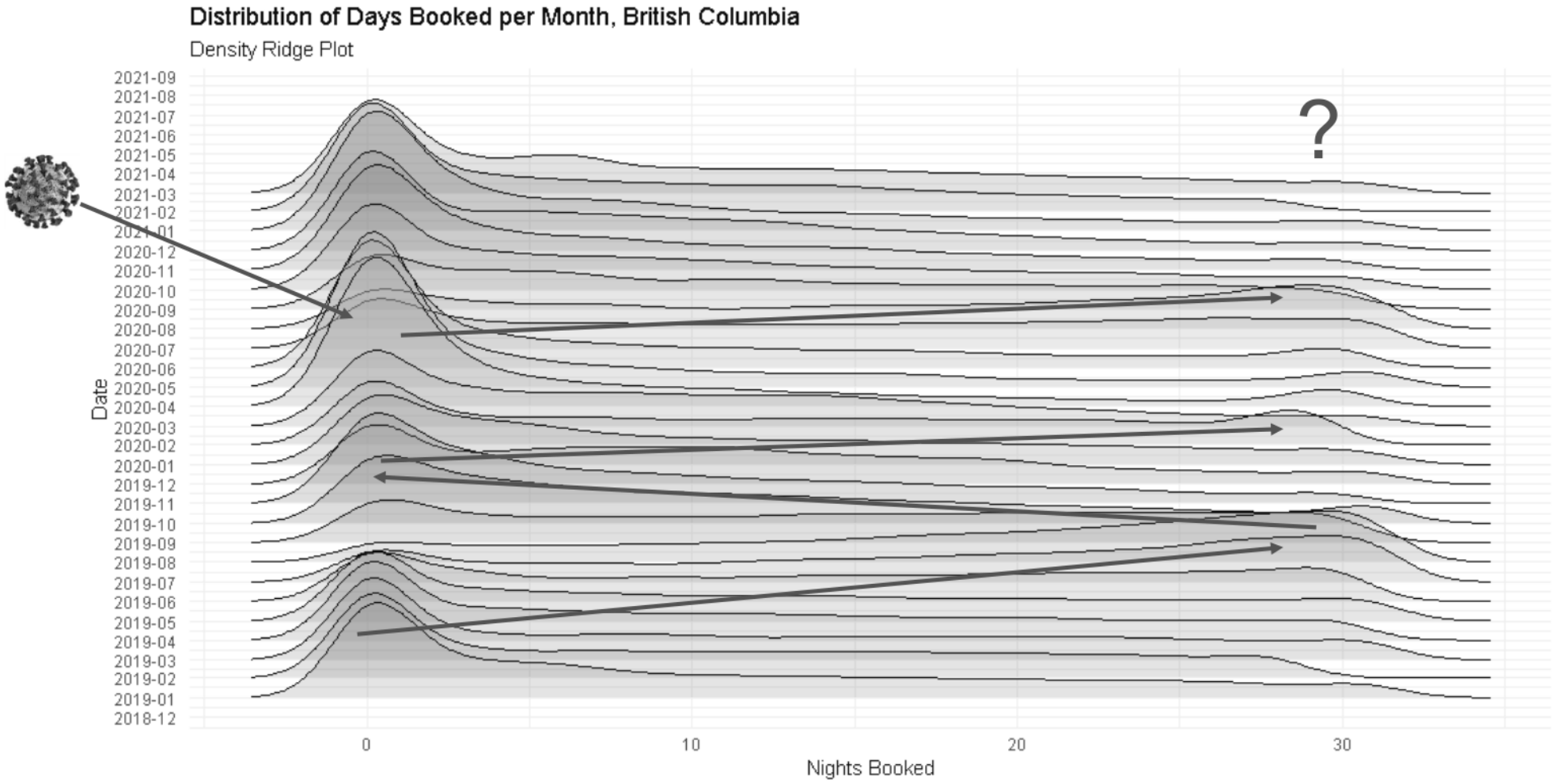
Concept of ‘Usage’



Concept of ‘Usage’

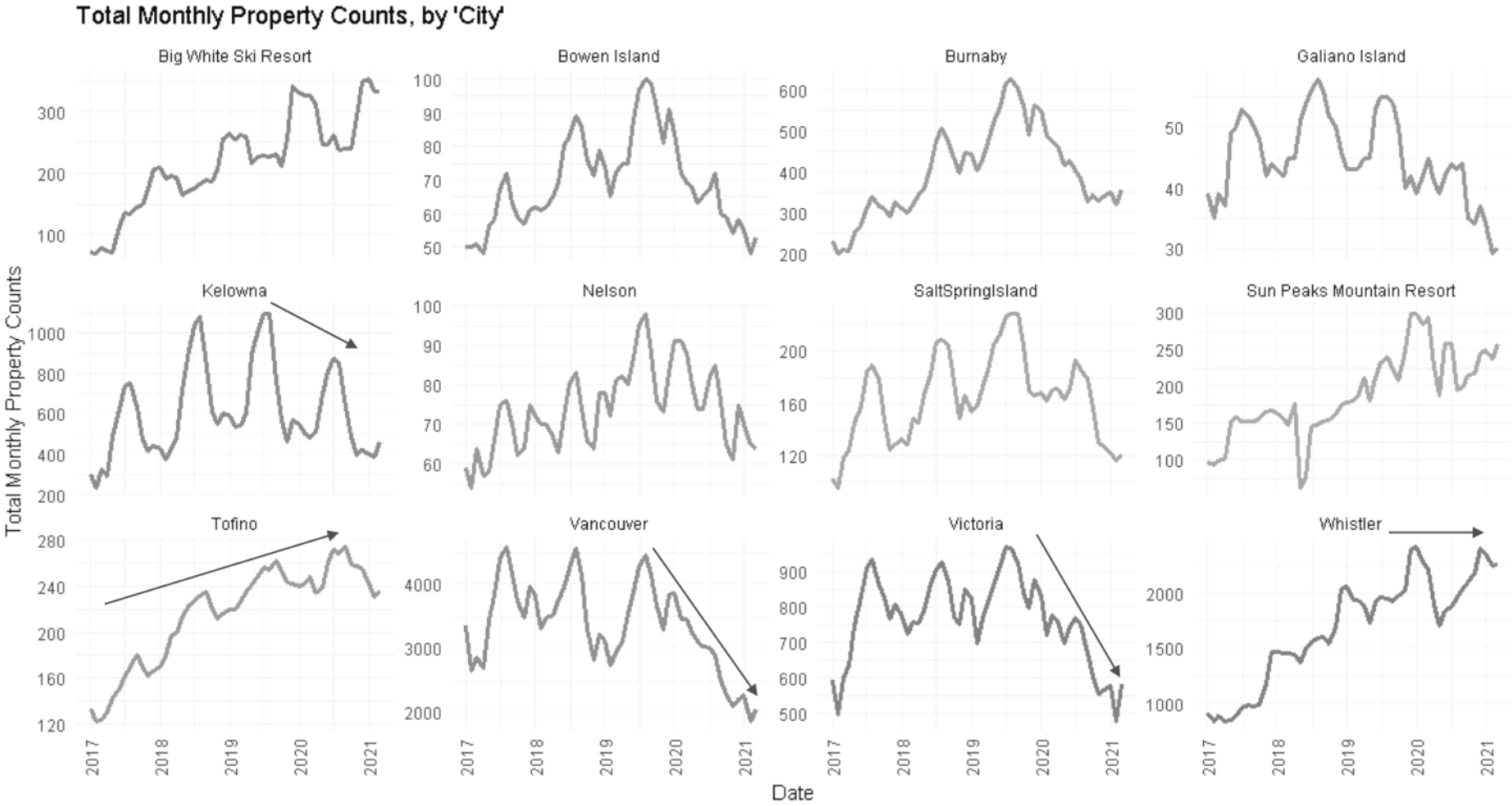


Concept of ‘Usage’



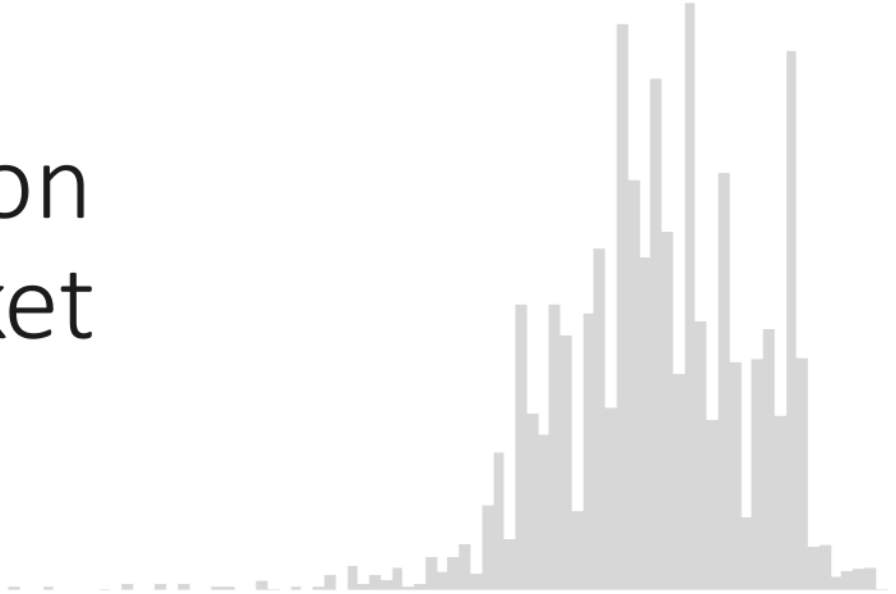
Community-Level Trends

Community-Level Trends

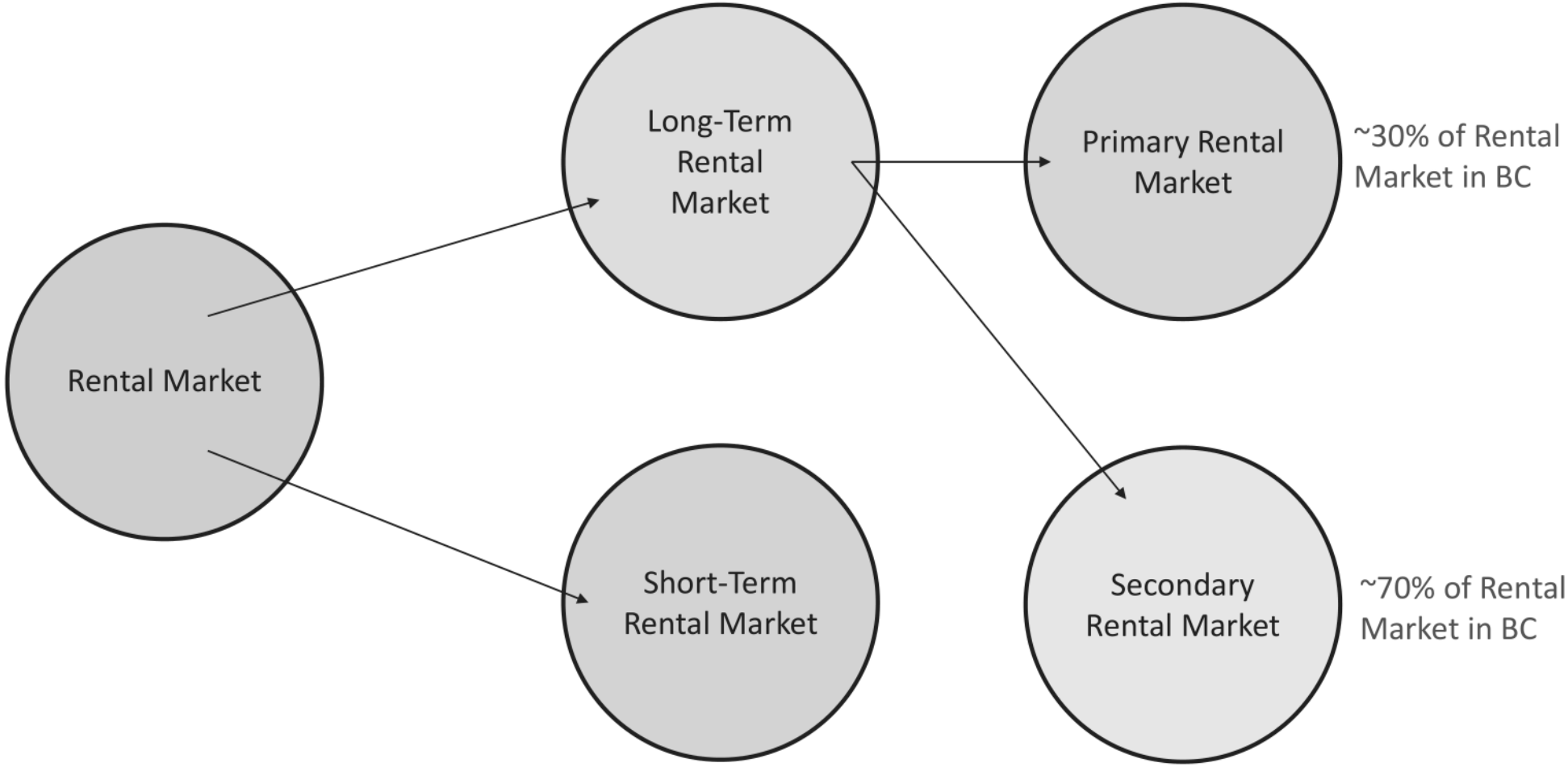


Source Data: AirDNA - Airbnb 'Entire Home/Apt Units' only.

Impact of STRs on the Rental Market



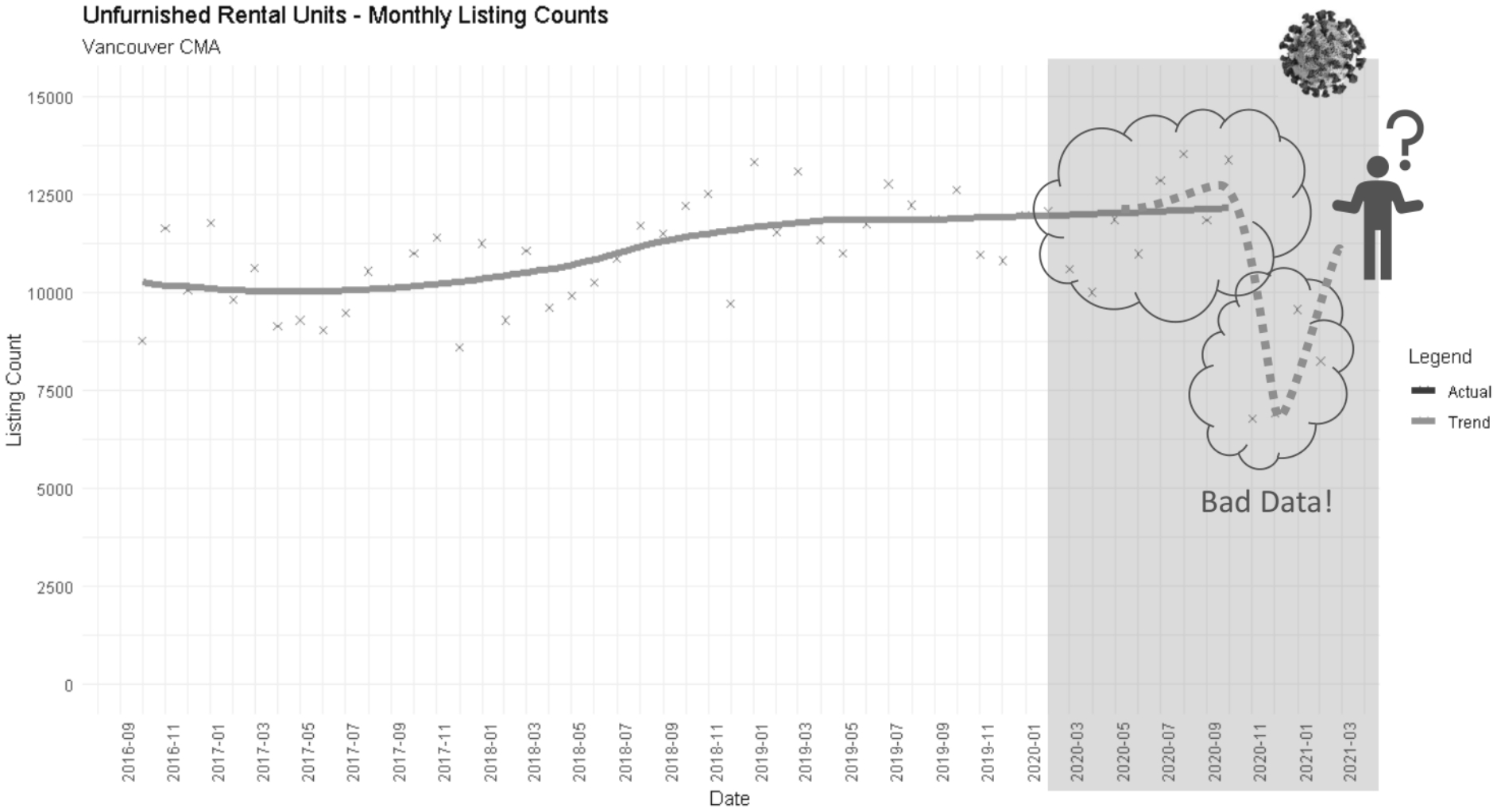
Structure of the Rental Market* in BC



* Excluding Social Housing, for simplicity.

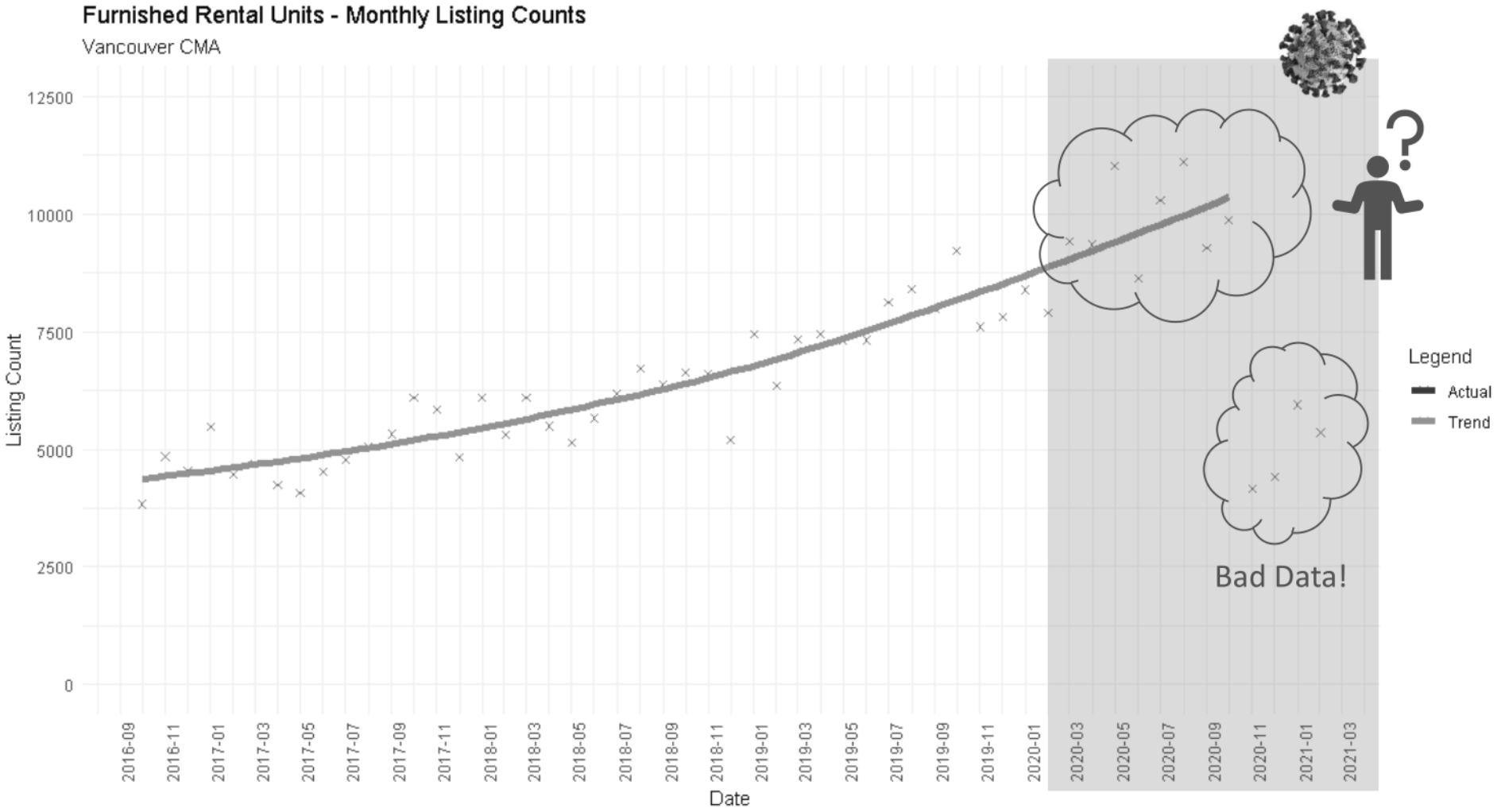
Secondary Rental Market

Secondary Rental Market



Source Data: Harmari LTAS / Craigslist. LOESS Trend.

Secondary Rental Market

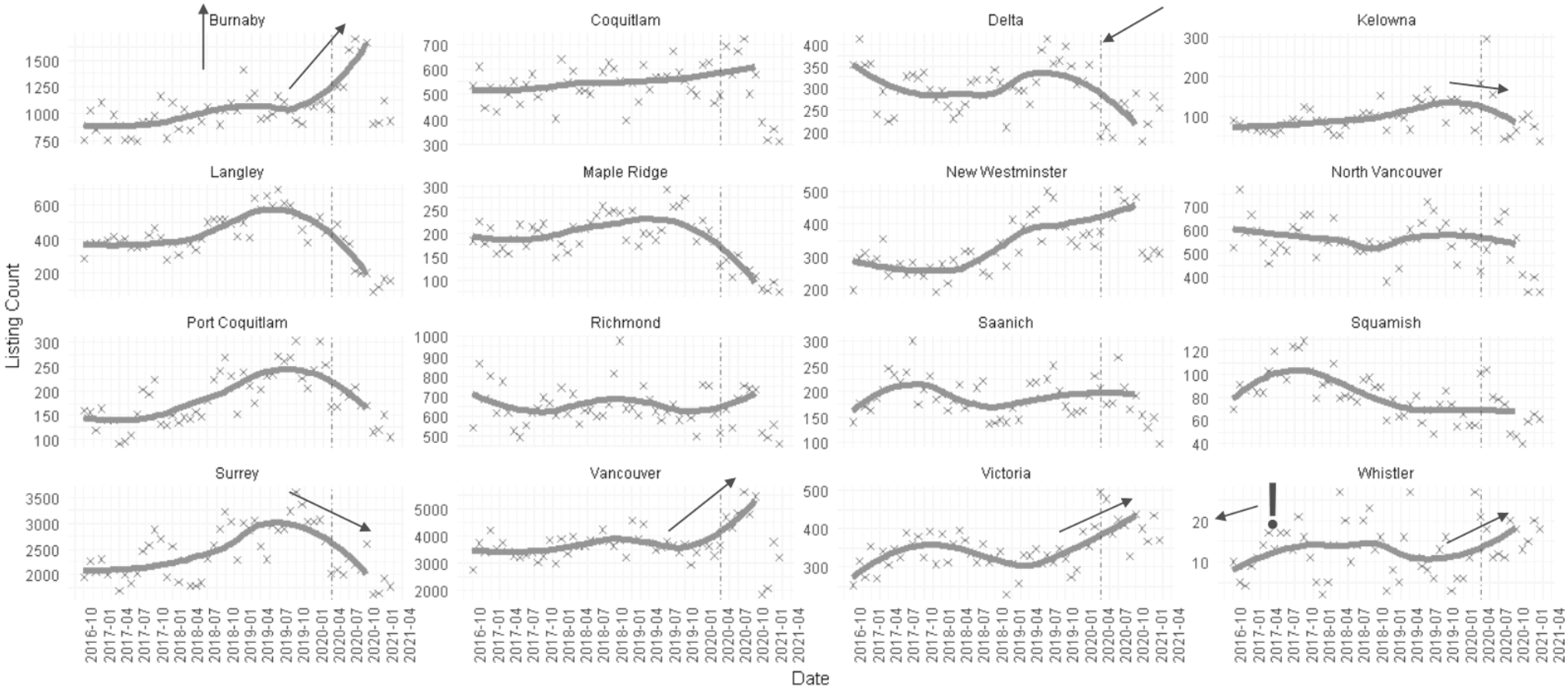


Source Data: Harmari LTAS / Craigslist. LOESS Trend.

Secondary Rental Market

Unfurnished Rental Units - Monthly Listing Counts

Select Census Subdivisions (CSD)

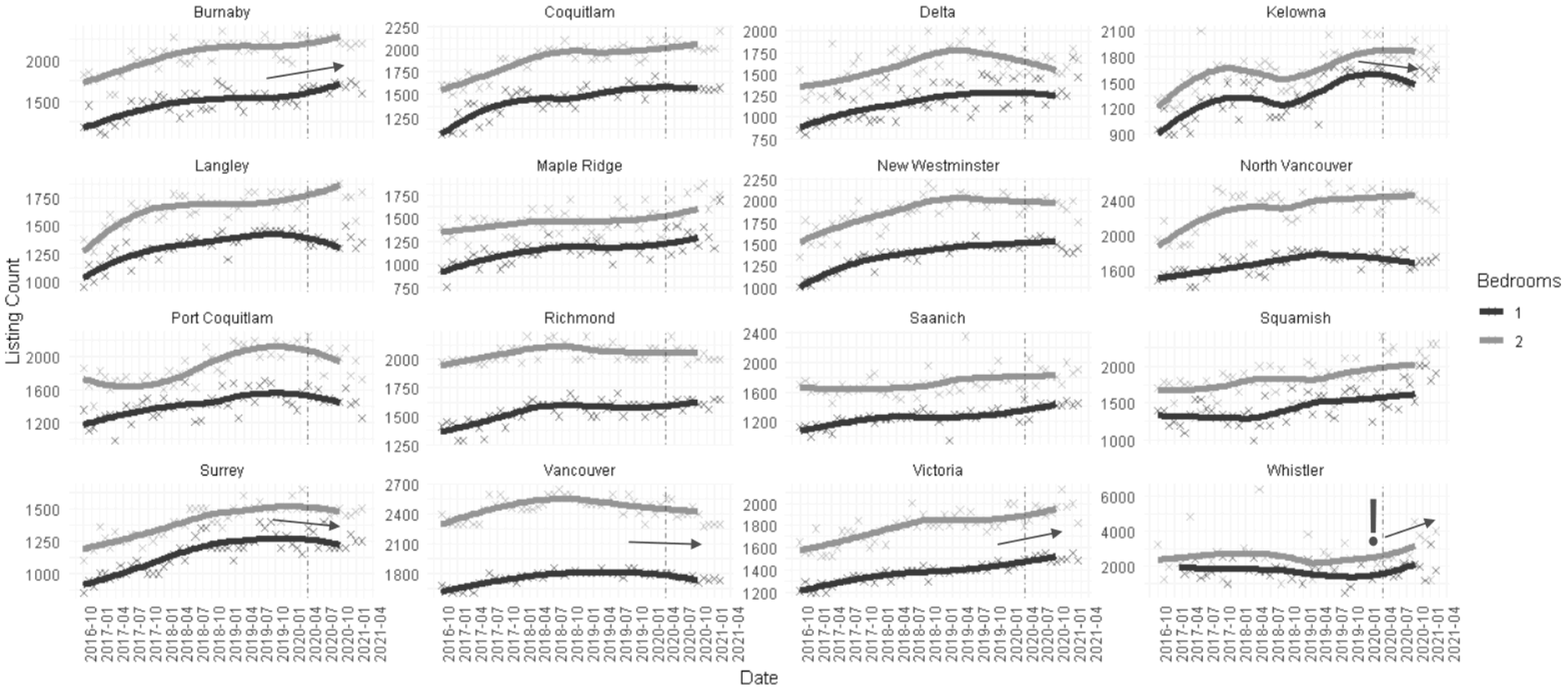


Source Data: Harmari LTAS / Craigslist. LOESS Trend.

Secondary Rental Market

Unfurnished One and Two Bedroom Rental Units - Median Price Trends

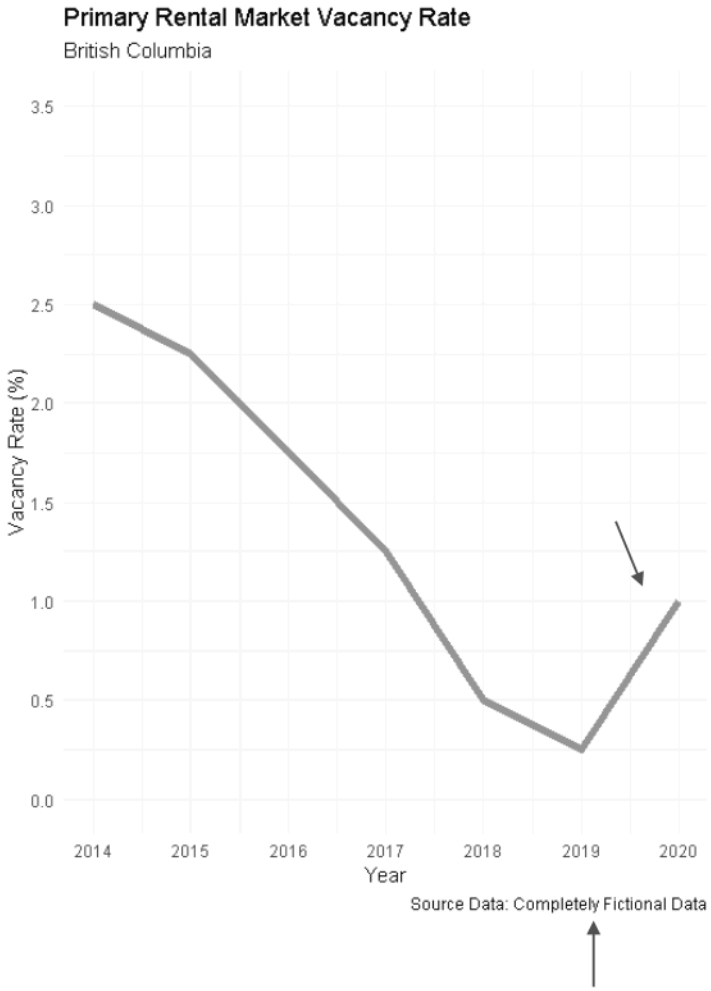
Select Census Subdivisions (CSD)

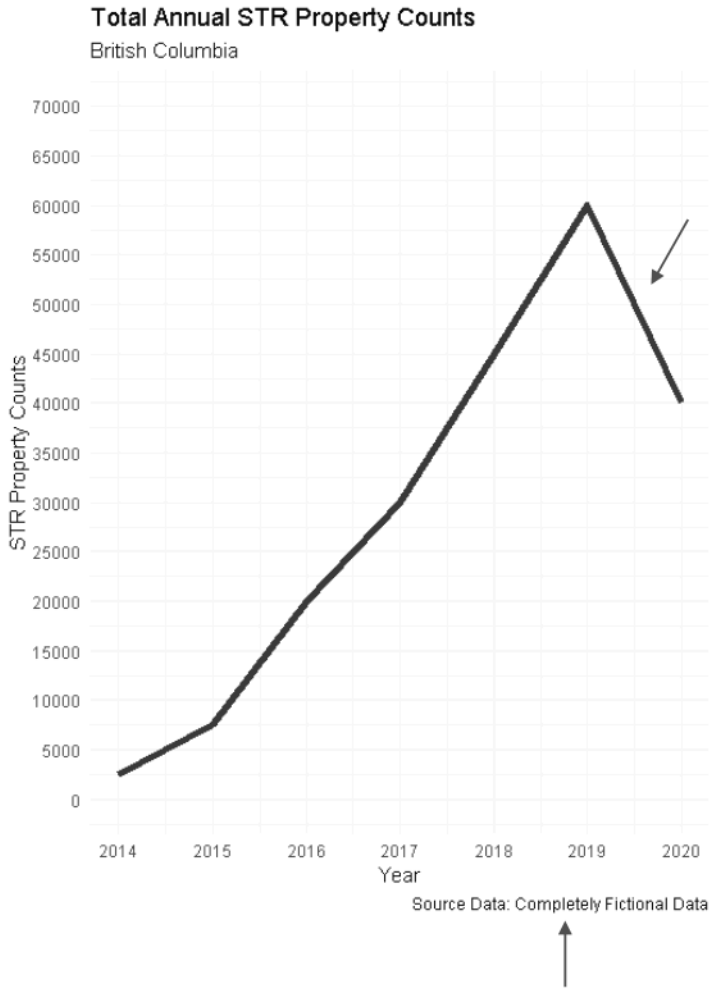


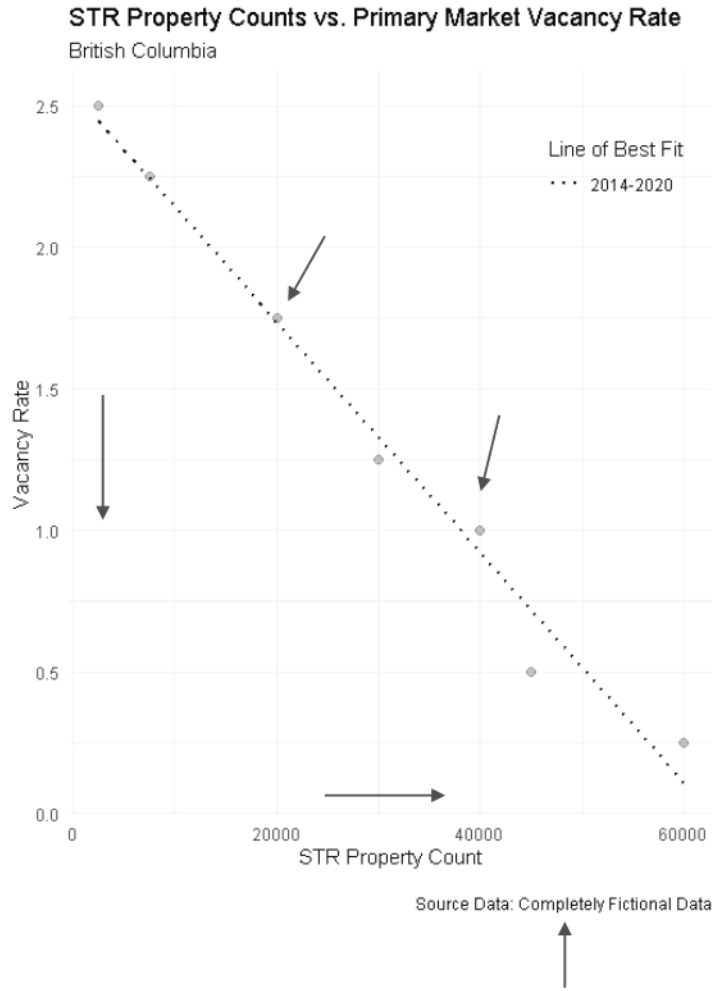
Source Data: Harmari LTAS / Craigslist. LOESS Trend.

Correlation and Causality

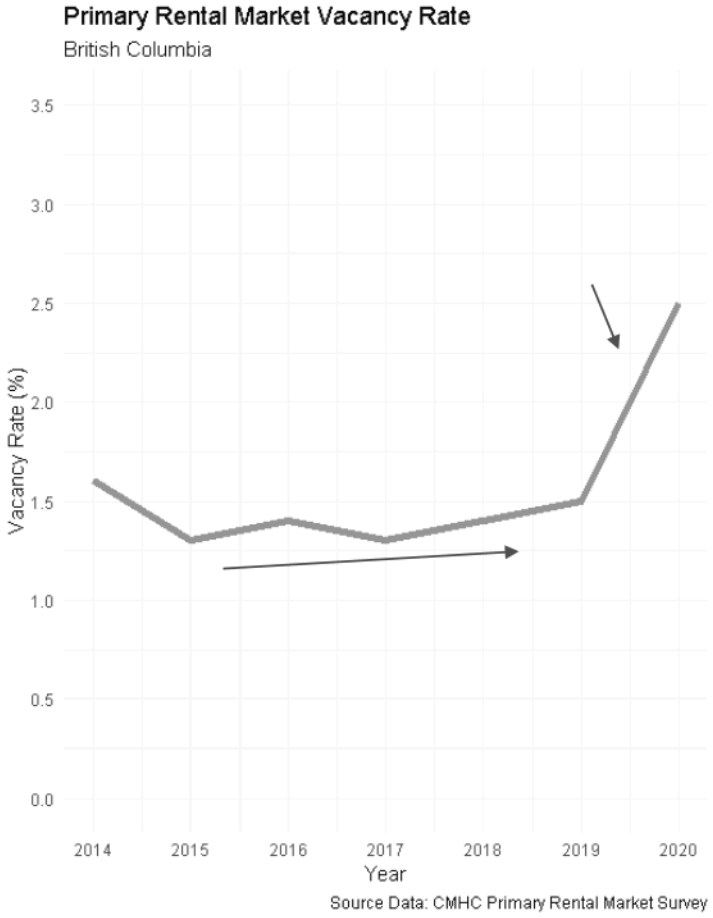
Primary Rental Market

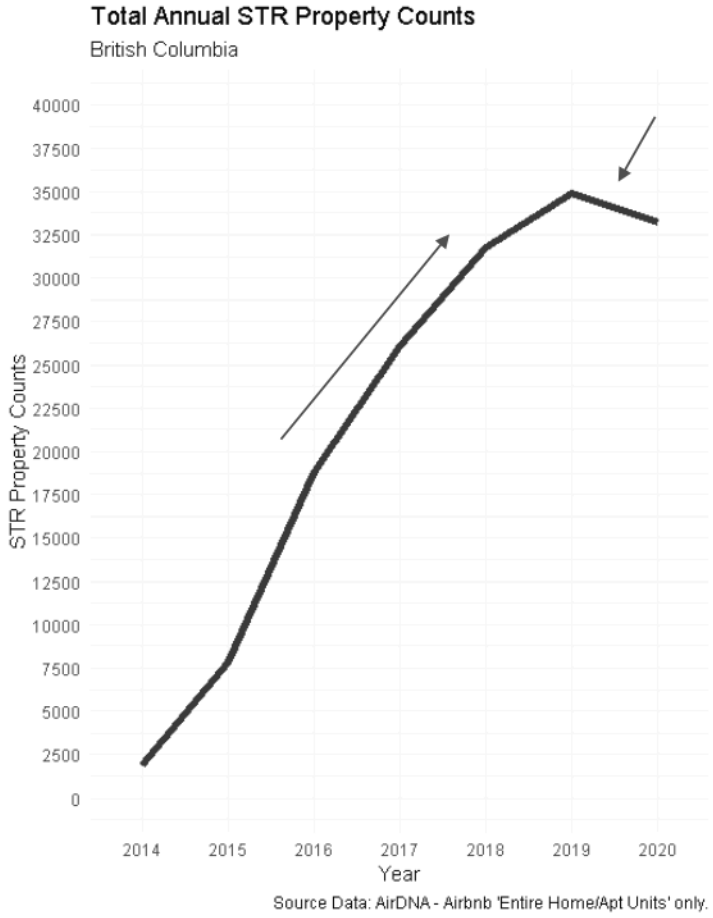


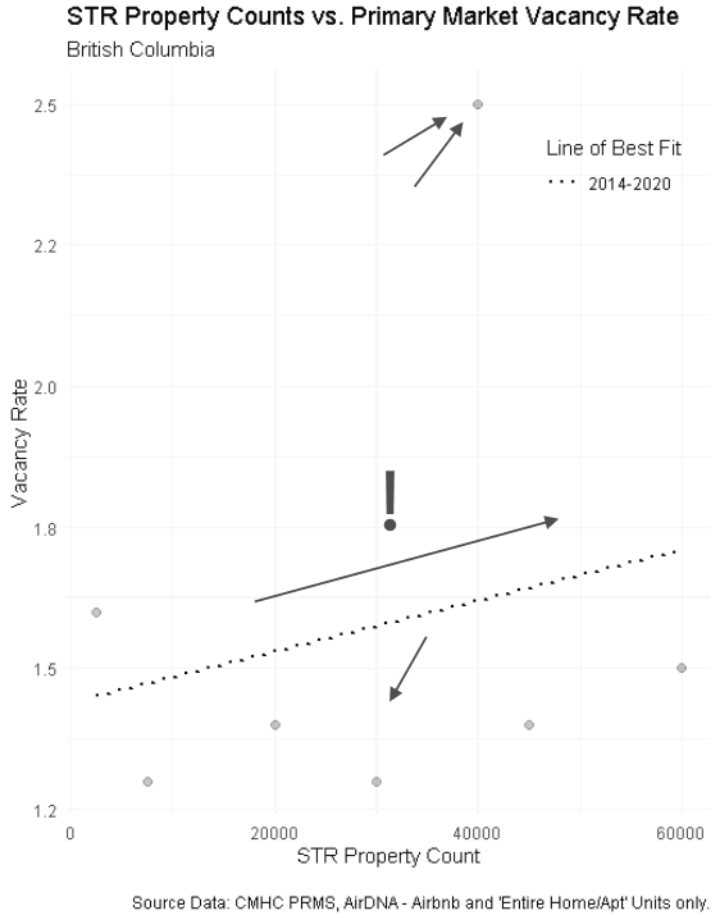




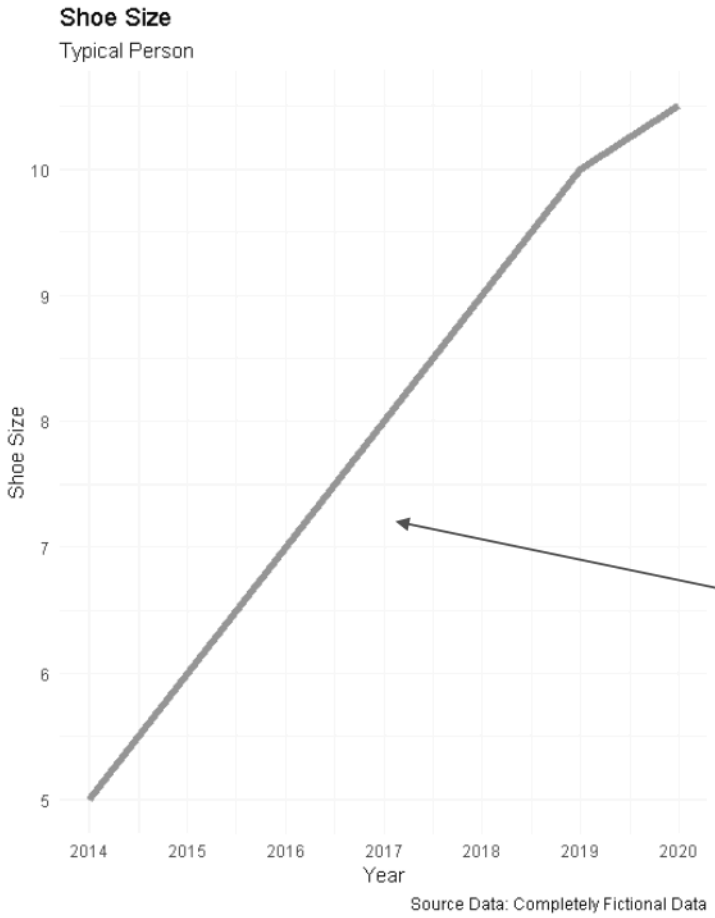
Primary Rental Market

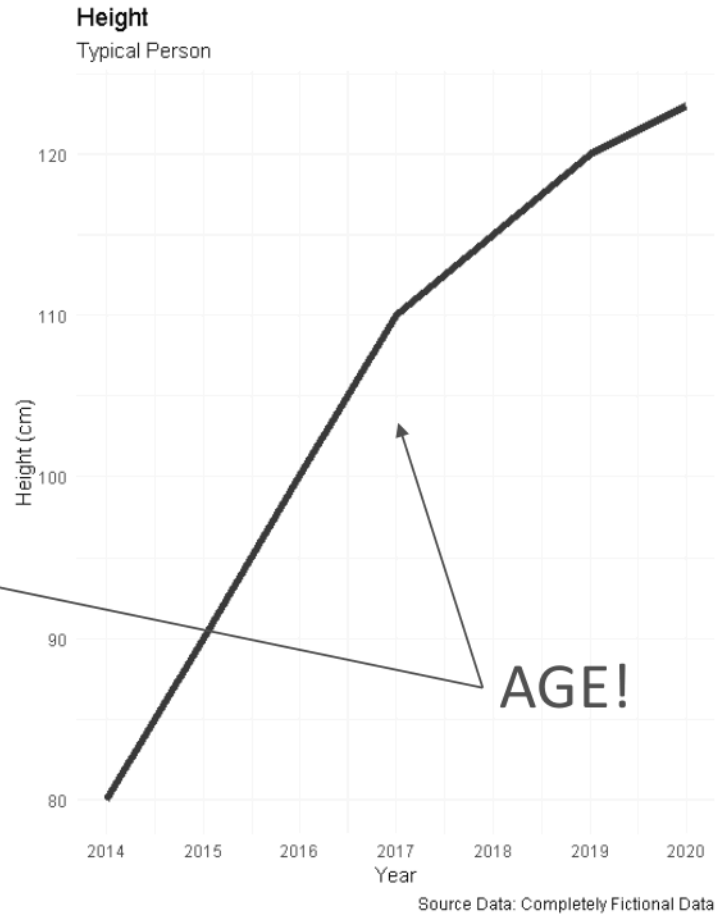


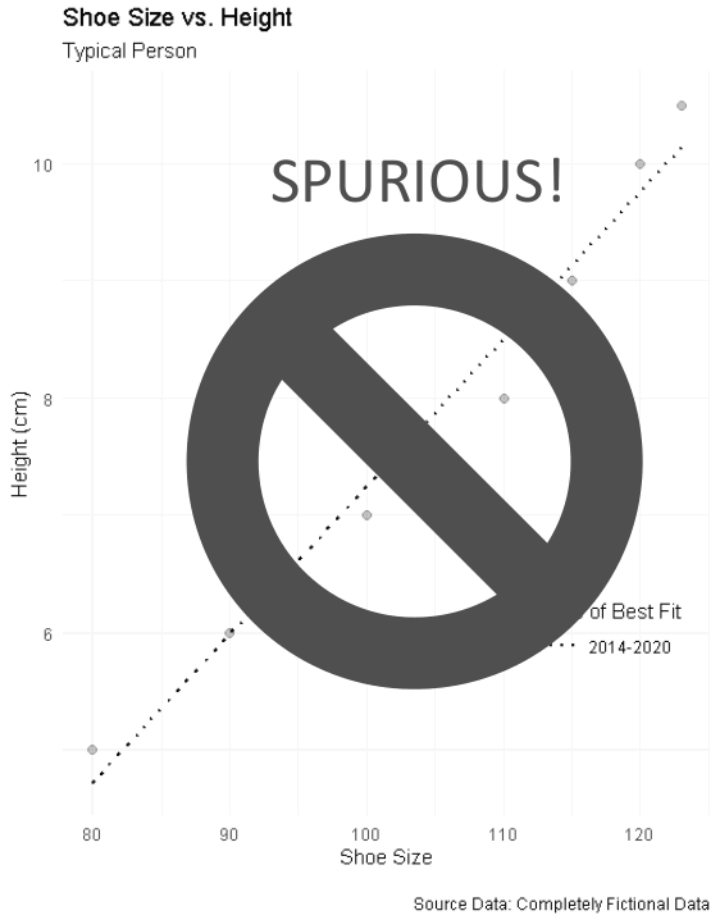




On Causality…







On Causality…

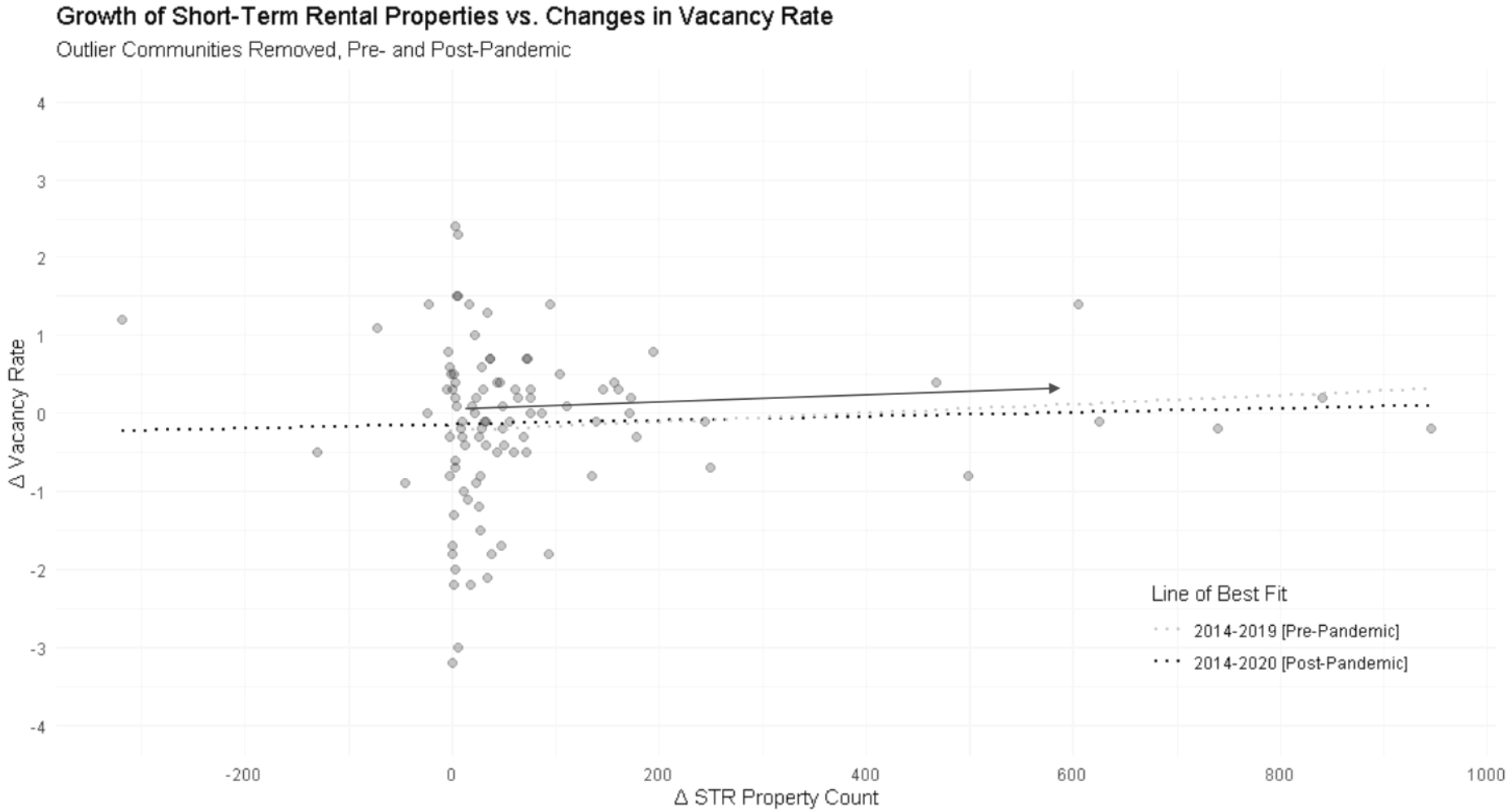
Three **criteria** are generally **required** for identifying a **causal** effect:

Empirical Association

Temporal Priority of the Independent Variable(s)

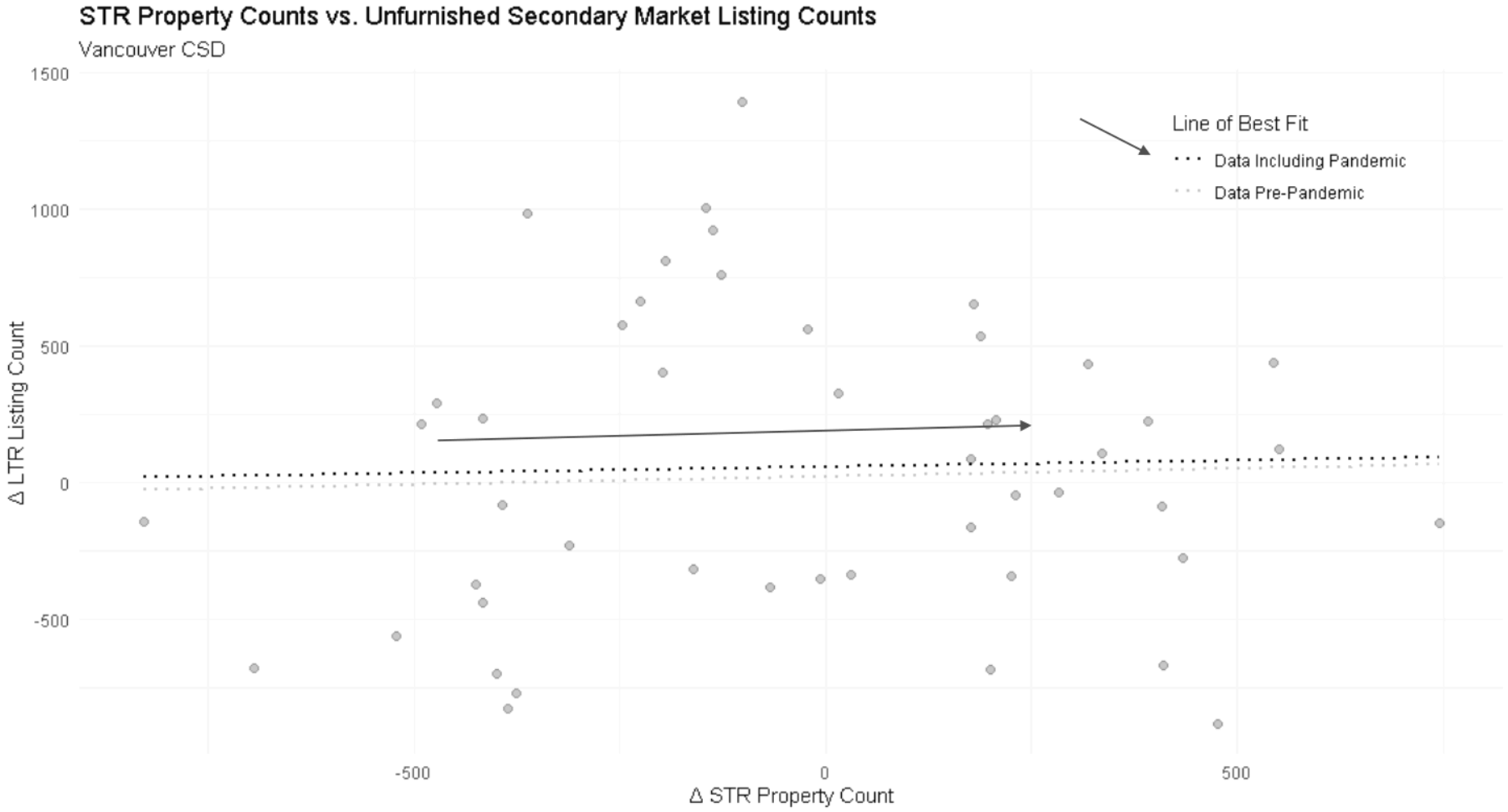
Non-Spuriousness

Primary Rental Market



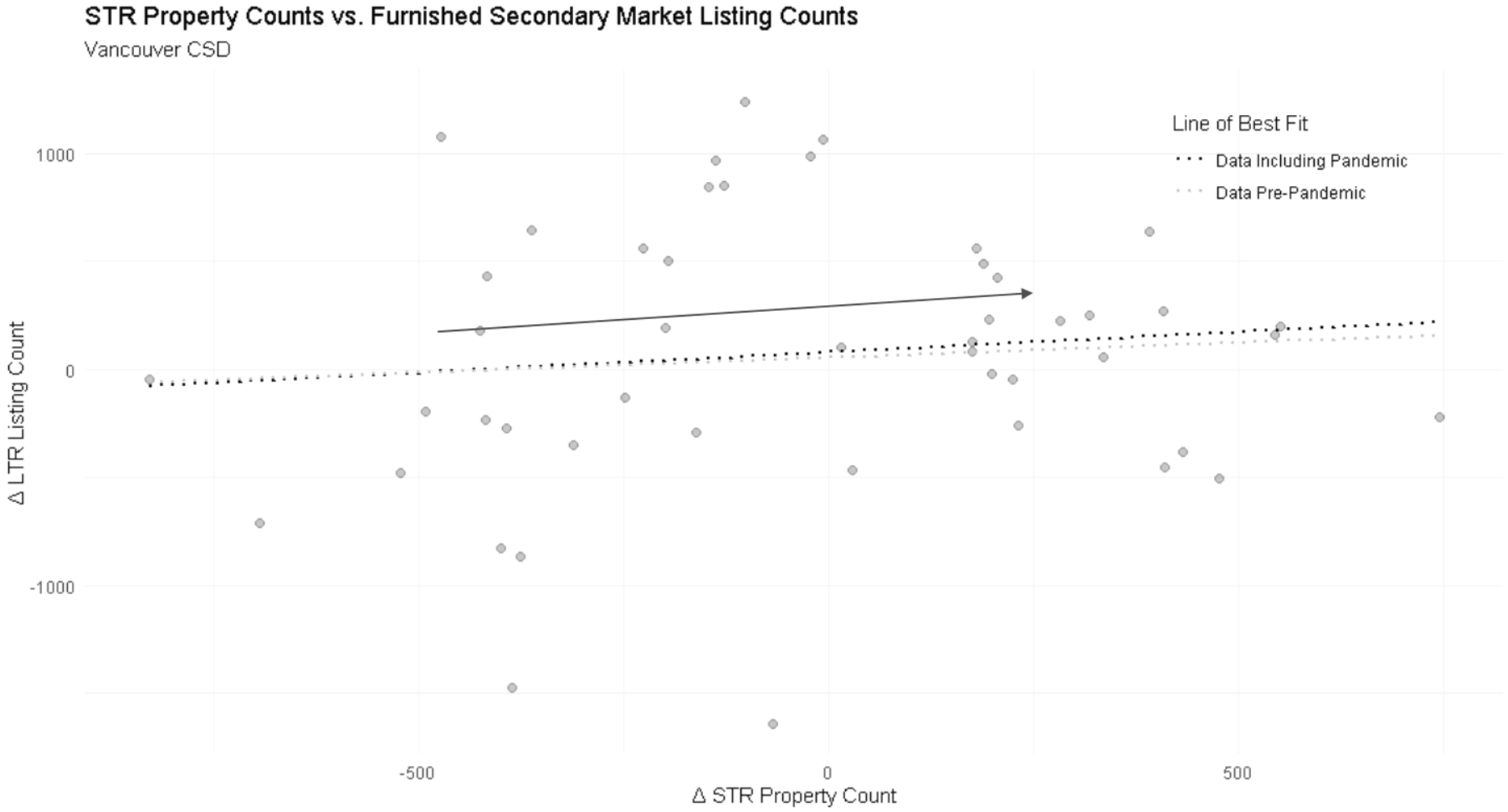
Source Data: CMHC PRMS, AirDNA. Airbnb and 'Entire Home and Apartment' units only.

Secondary Rental Market



Source Data: Harmari LTAS / Craigslist, AirDNA - Airbnb and 'Entire Home/Apt' Units only.

Secondary Rental Market



Source Data: Harmari LTAS / Craigslist, AirDNA - Airbnb and 'Entire Home/Apt' Units only.

End Notes

- Hard to disentangle effects of COVID-19 from effects of STRs on LTR market.
- Have not seen a ‘flood’ of STR entering LTR market.
- Pricing in LTR appears to be flat or upward.
- It’s not enough to observe (weak) correlations between STRs and LTRs and jump to causality.
- Does this mean STRs are a non-issue?
  - **No.**
  - It means the available data does not unambiguously support the ‘smoking gun’ hypothesis that STRs negatively impact the LTR market.

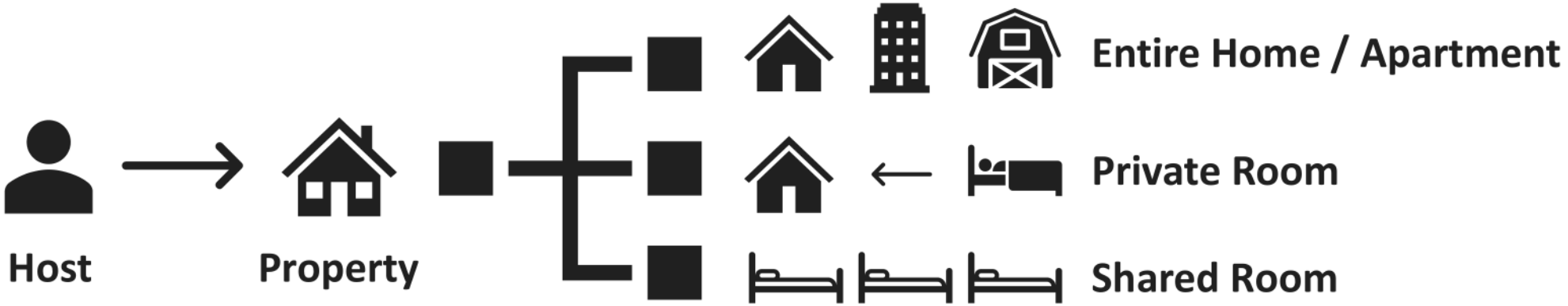
STRs: Exploratory Data Analysis + Policy Implications

Jan. 16, 2020

Overview

- How to conceptually understand the complexity of the STR market.
- How to wade through the growing body of research on the issue:
  - i.e. How to ask the “right” questions of the data, to get the “right” answers.
- How STRs might be impacting the Housing Stock in your community:
  - With respect to Individual Hosts; and
  - With respect to “Commercial” Hosts.
- How a deeper understanding of STR data can help you design the “right” policies for your particular community.

First, Some Definitions



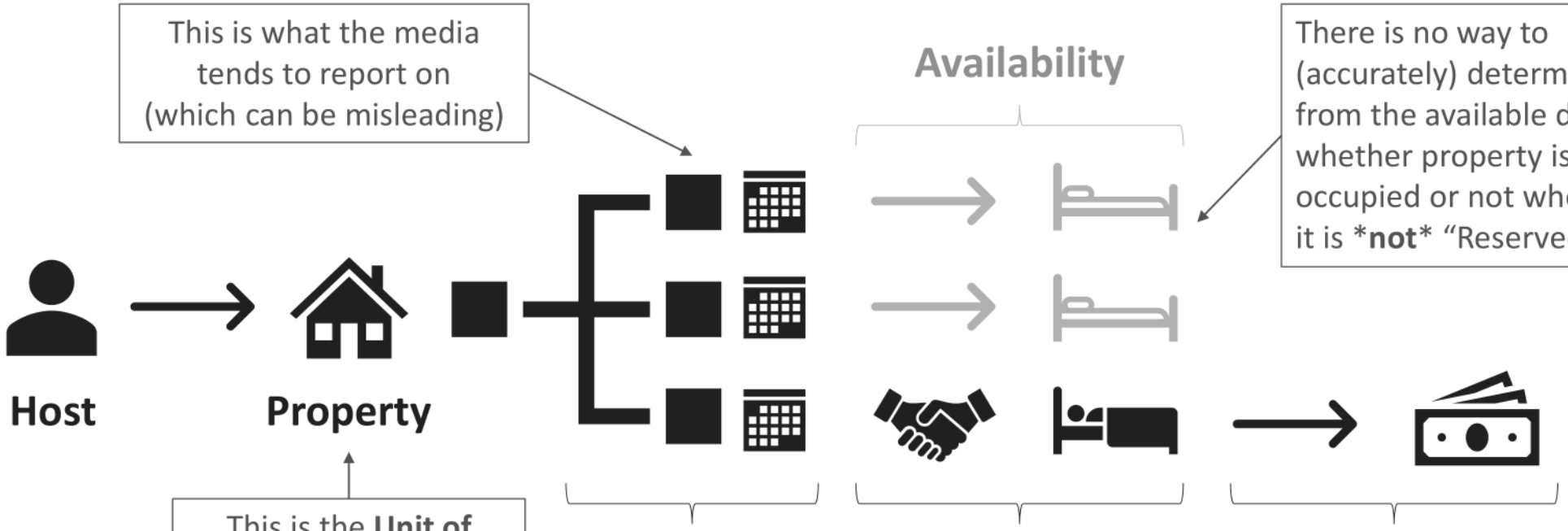
What's an "Entire Home / Apartment"

Entire Home / Apartment

NOTE:
For the purposes of this presentation, these "unusual" properties have been removed from the data used in subsequent analysis as best as possible, but caution is still advised when interpreting these figures.

Note: Wordcloud is set to only show words with frequency > 500
Source Data: AirDNA

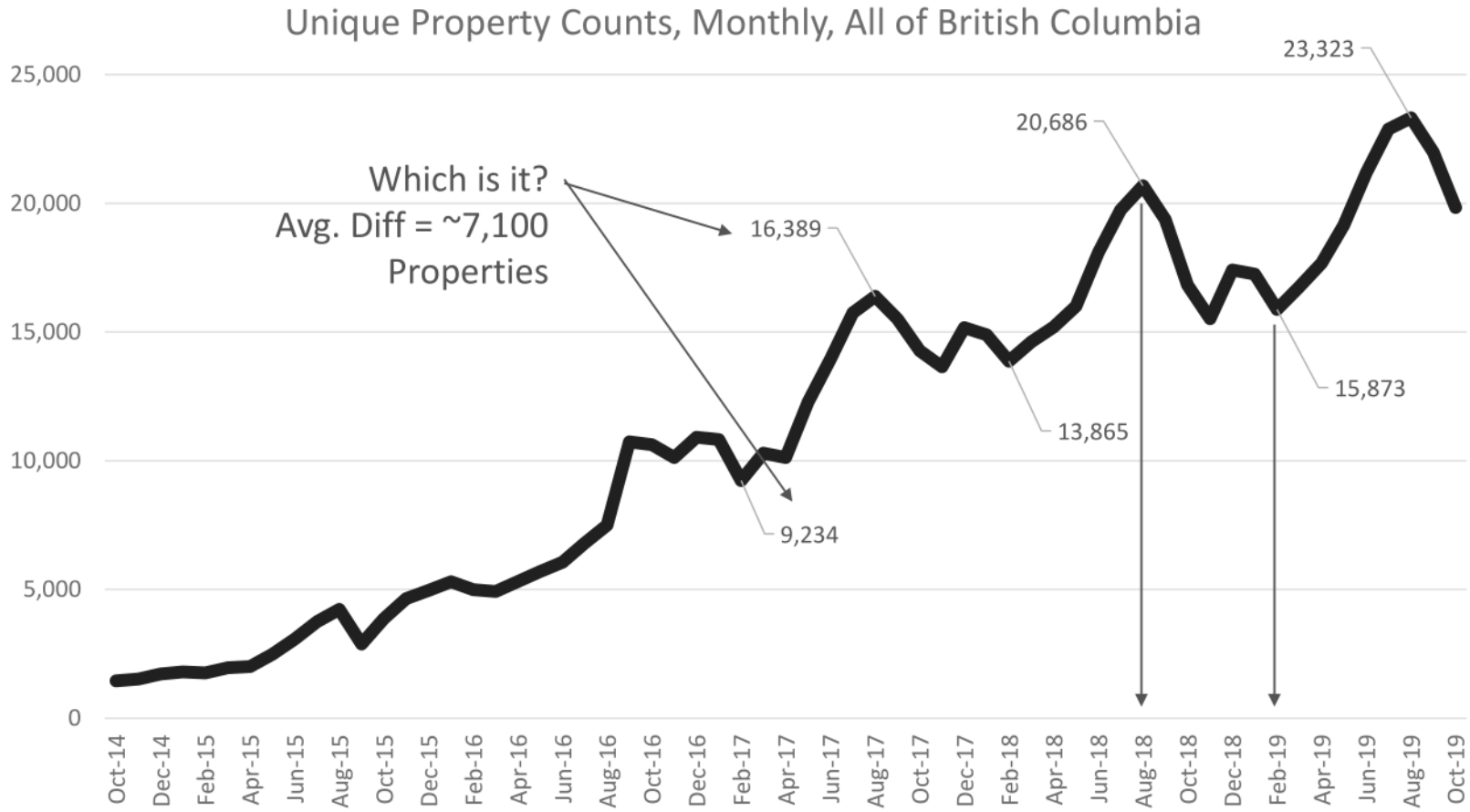
Properties vs. Listings



Macro View

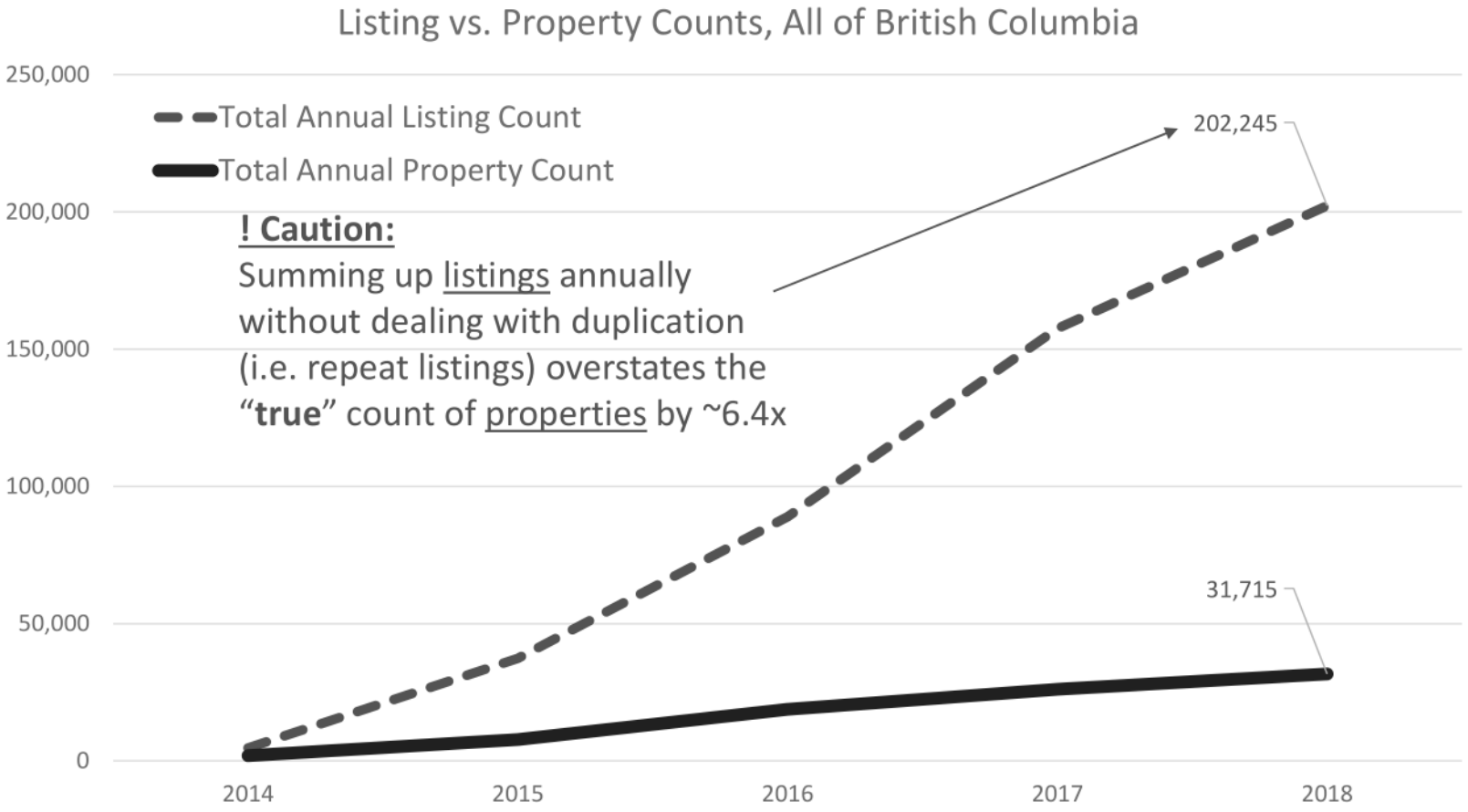
The big picture, at the provincial level.

Unique Property Counts: Seasonality



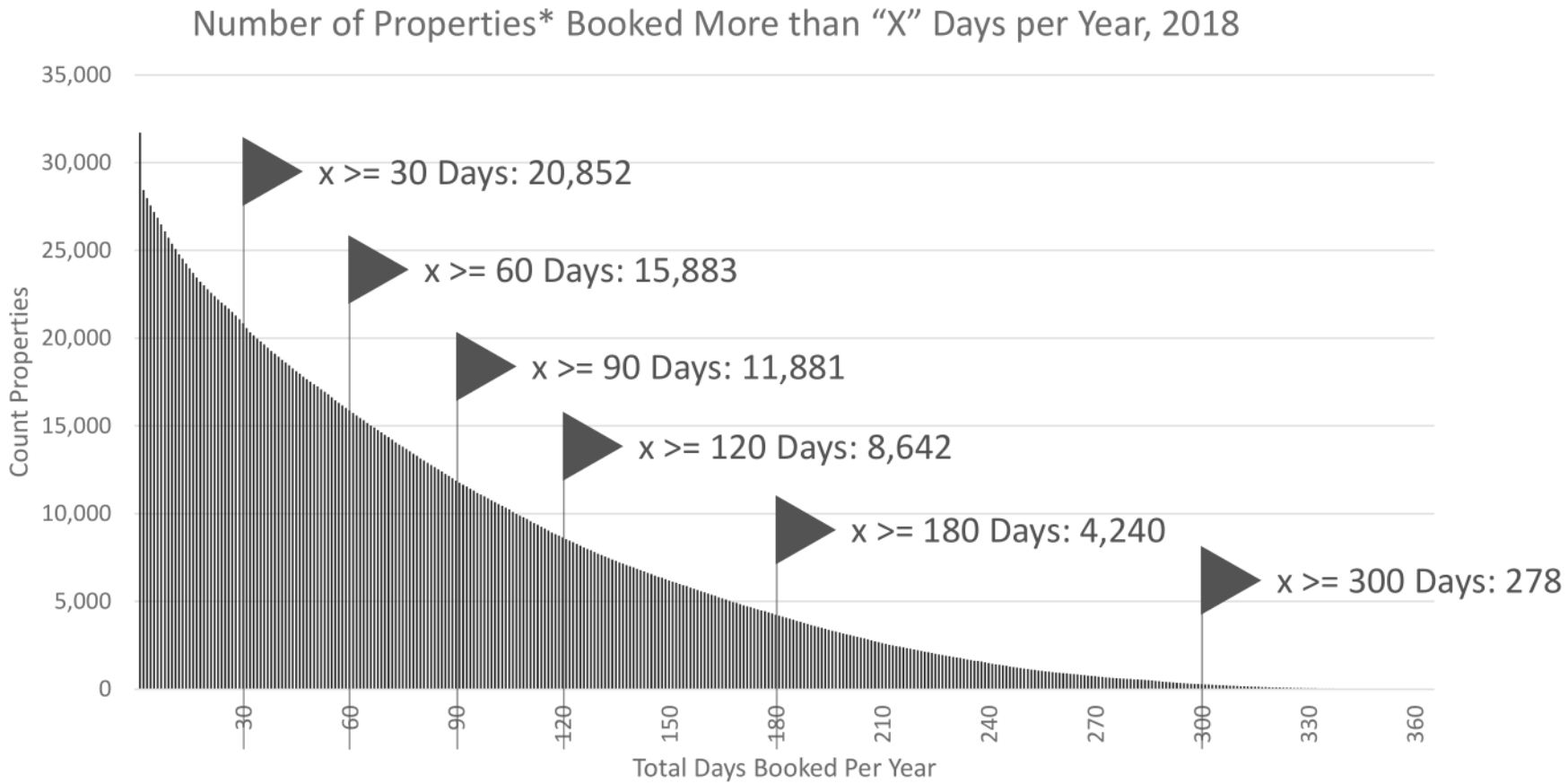
Source Data: AirDNA; “Entire home/apt” only; “Active” status only; Airbnb only.

Learning to Count – Listings vs. Properties



Source Data: AirDNA; "Entire home/apt" only; "Active" status only; Airbnb only.

How Often is Each Property "Used"?



Source Data: AirDNA 2018 data; * -> "Entire home/apt" only; "Active" status only; Airbnb only.

How to Pick an Appropriate Threshold?

- One possible approach is to consider an investors' viewpoint and ask:
  - How many STR bookings would you need per year to earn as much Revenue as you would by renting long-term instead?

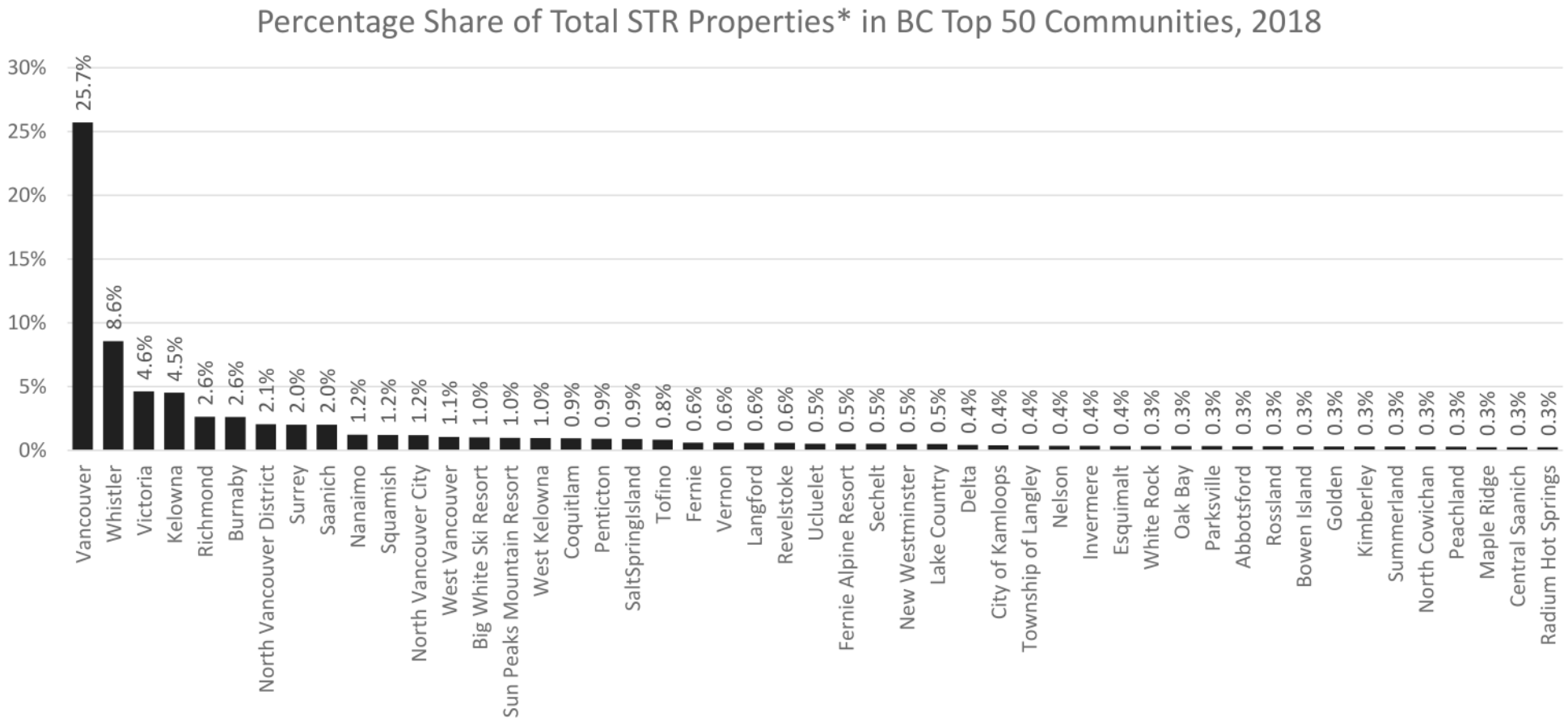
"Back-of-the-envelope" calculation* at the BC-level suggest a threshold of **118 days per year**.
In 2018, **8,984 Properties** in BC (Entire Home/Apt only) were booked 118 days or more.

*Calculation Notes:
Assumes long-term monthly rental rate of $1,247 (per CMHC, 1 Bed Apt in BC, Oct 2018); Median STR daily rate across BC of $150 (per AirDNA 2018). Calculation ignores taxes, condo fees, cleaning fees, utilities, etc. Calculation is for illustrative purposes only, and will vary substantially by community.
Calc: $1,247 per Month / $150 Daily Rate = ~9 Bookings per month → Roughly **118 Bookings per year** (12 months x Average of 9 Bookings per month).

Micro View

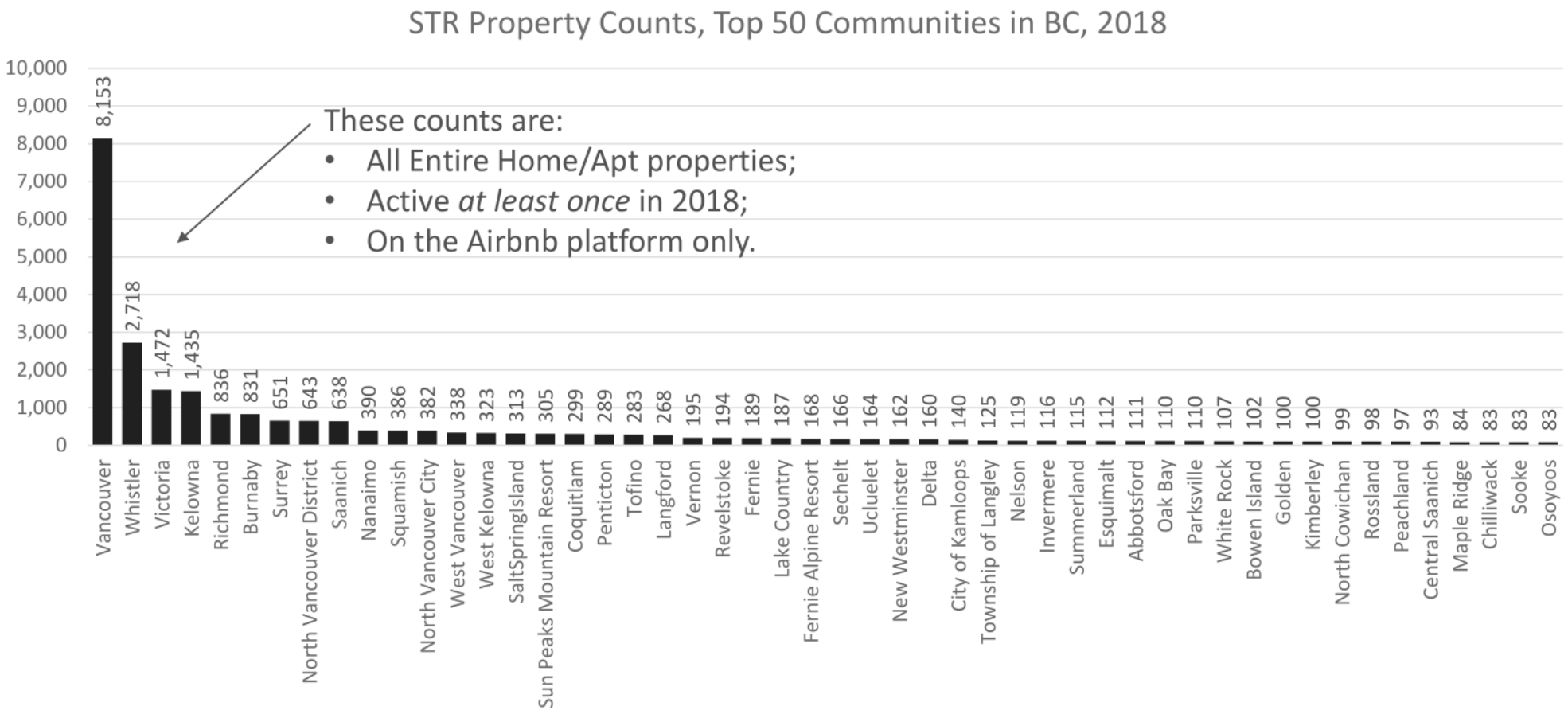
Here's where things get interesting.

Where are these Properties?



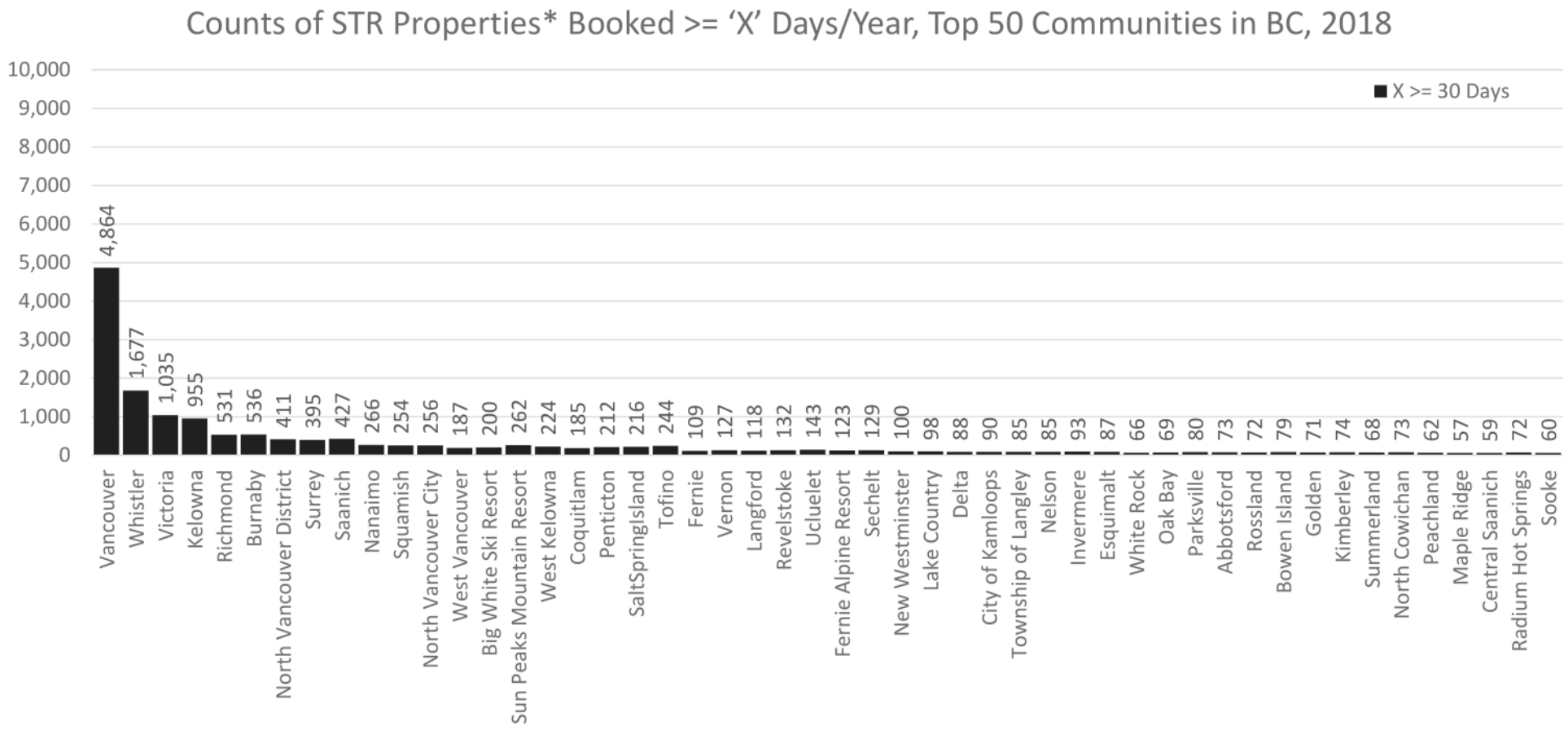
Source Data: AirDNA 2018 data; * -> “Entire home/apt” only; “Active” status only; Airbnb only.

STR* Property Counts, by Community, BC



Source Data: AirDNA 2018 data; * -> “Entire home/apt” only; “Active” status only; Airbnb only.

Properties Booked More Than 'X' Days/Year



Source Data: AirDNA 2018 data; * -> "Entire home/apt" only; "Active" status only; Airbnb only.

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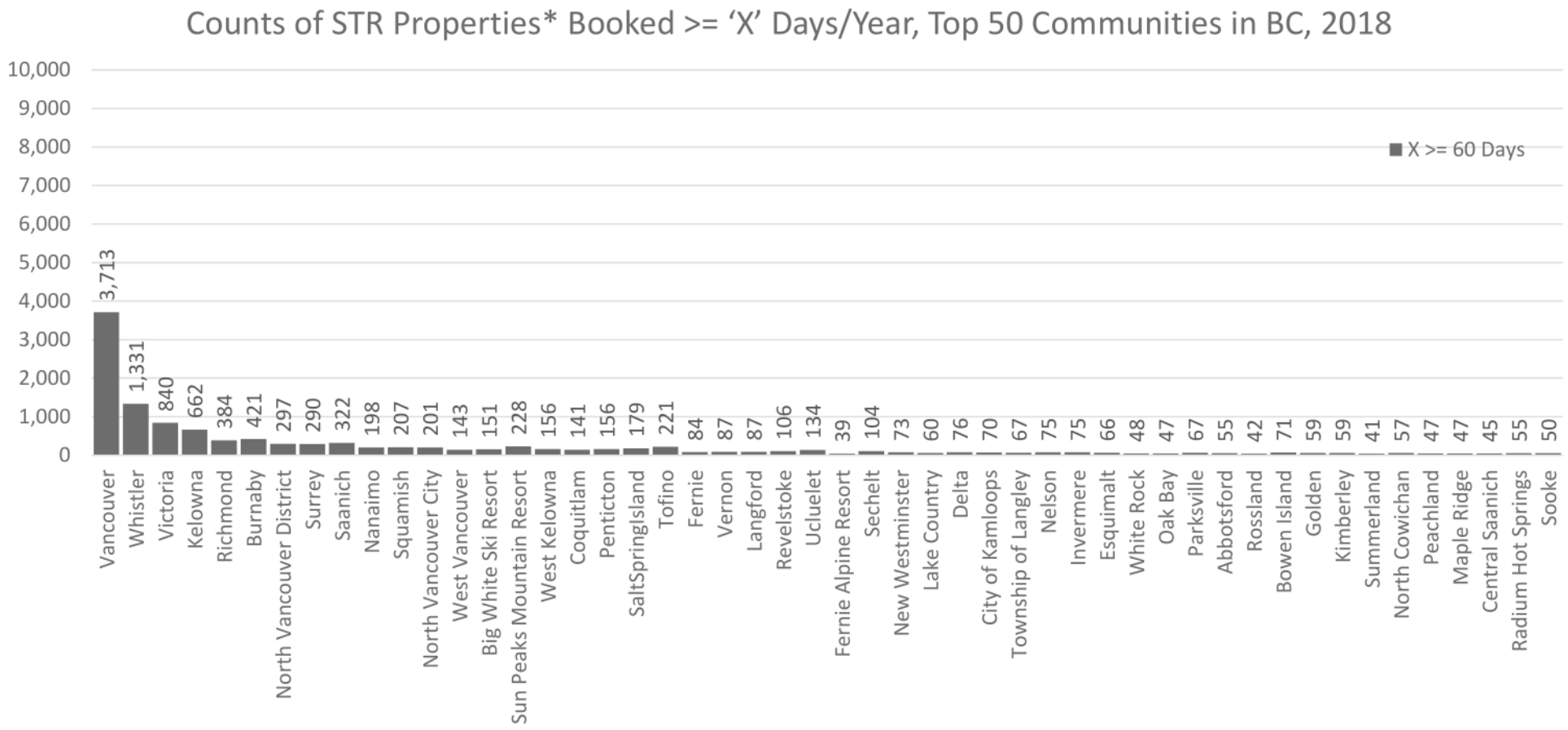

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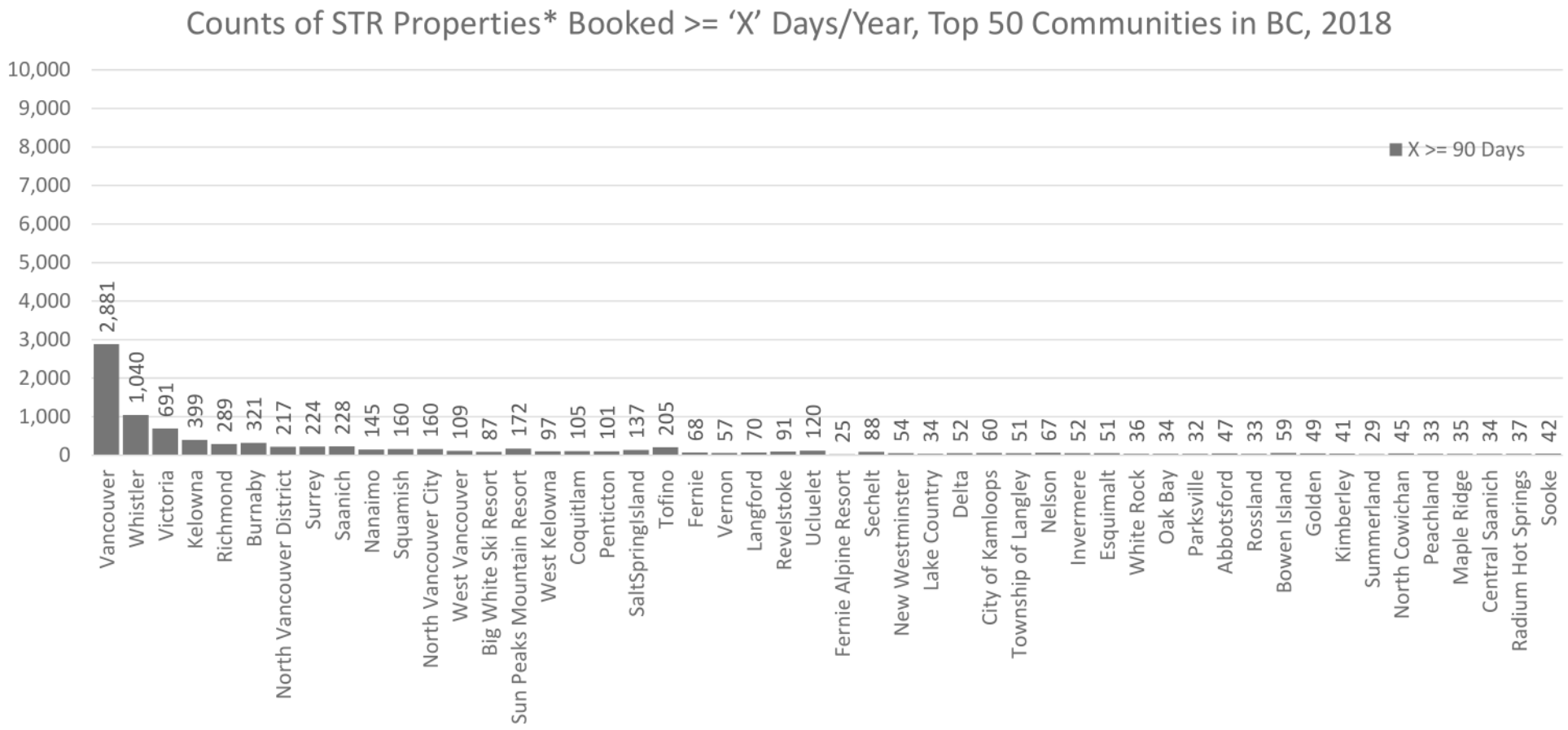

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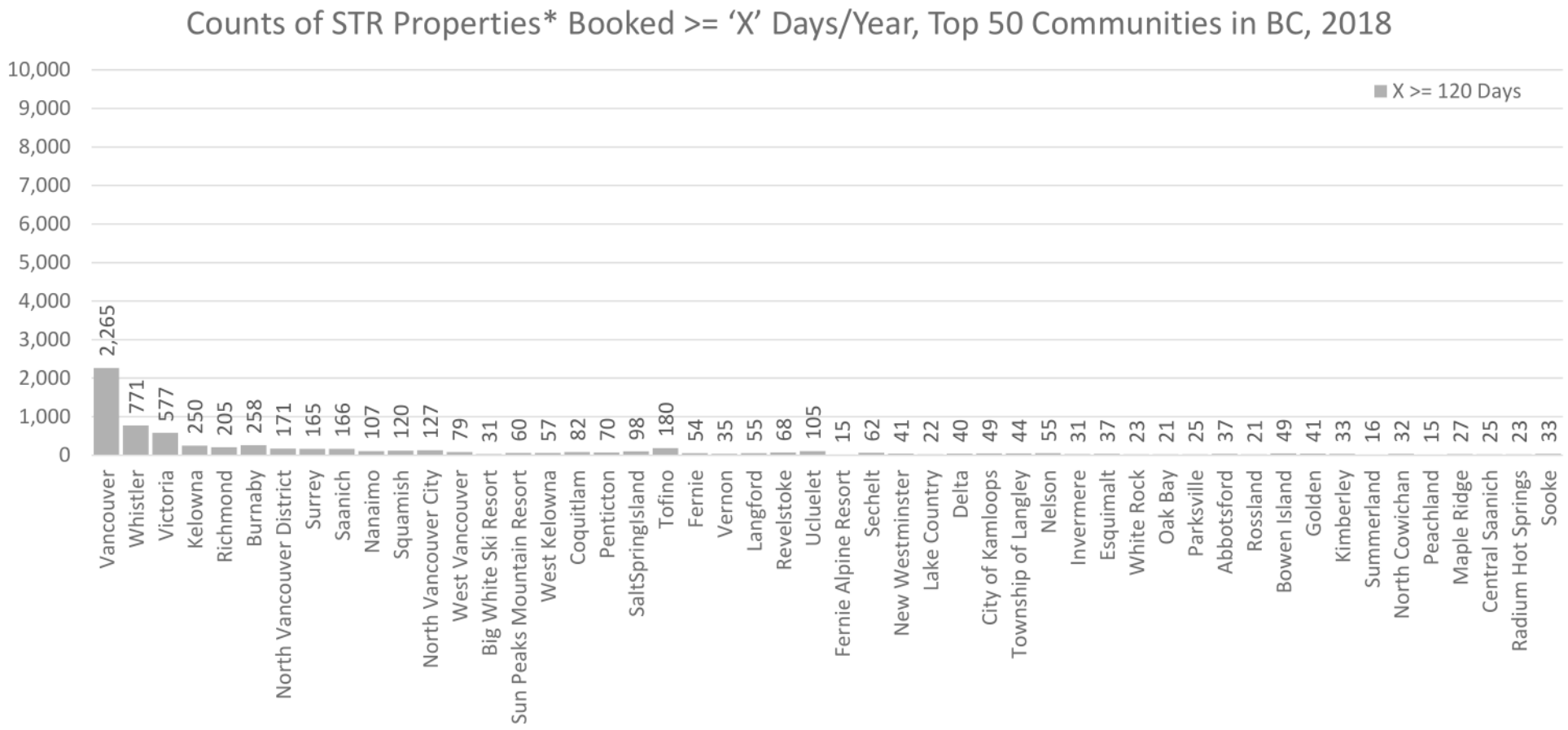
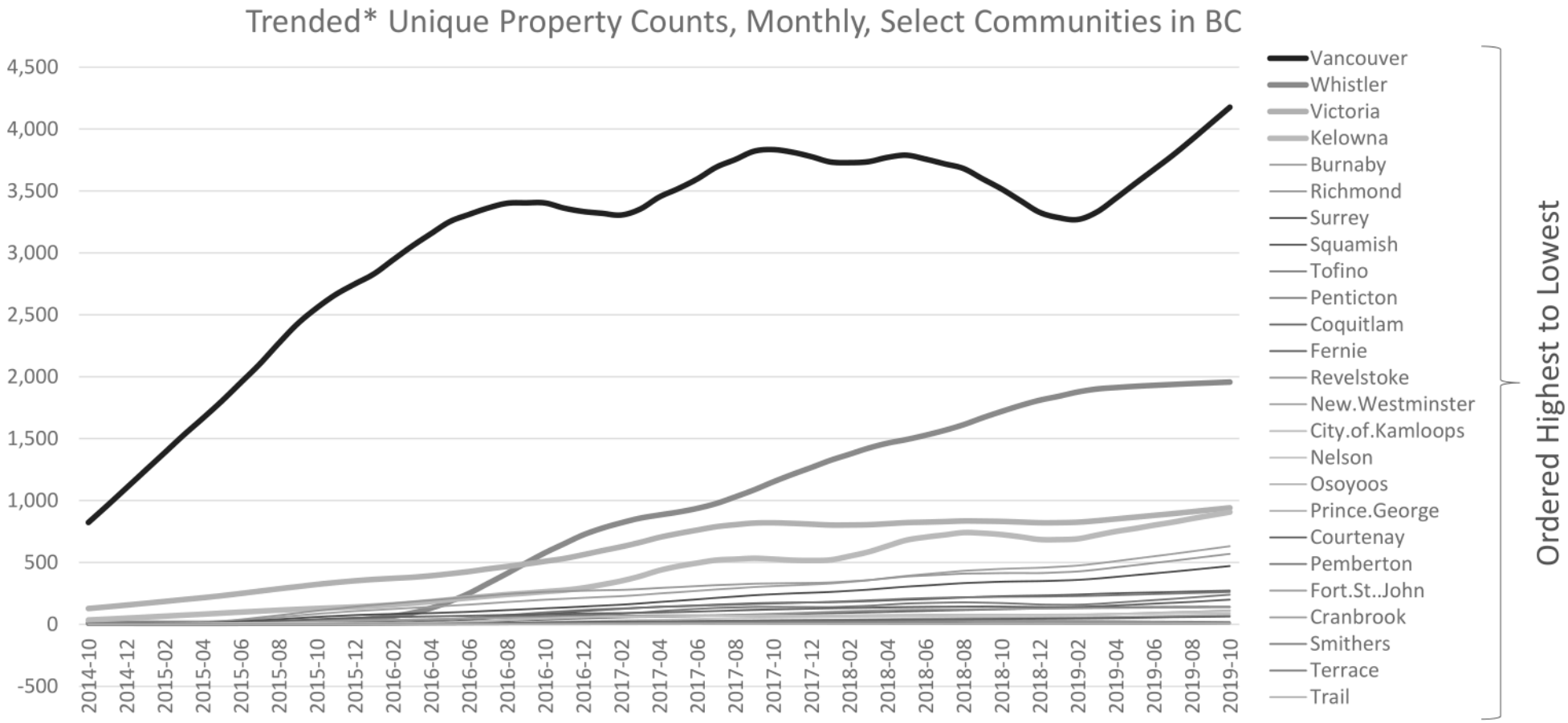


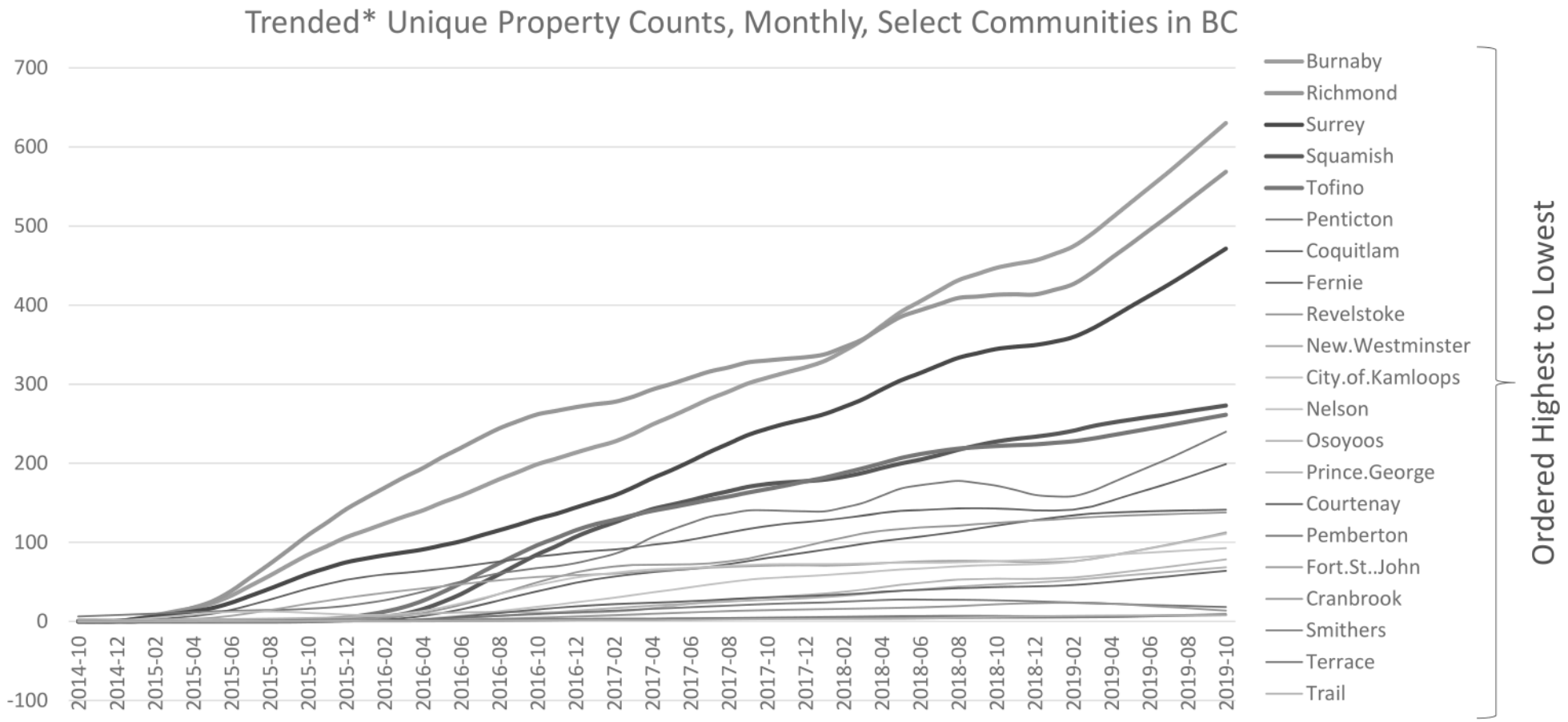
Source Data: AirDNA 2018 data; * -> “Entire home/apt” only; “Active” status only; Airbnb only.

Unique Property Counts, Growth Trends



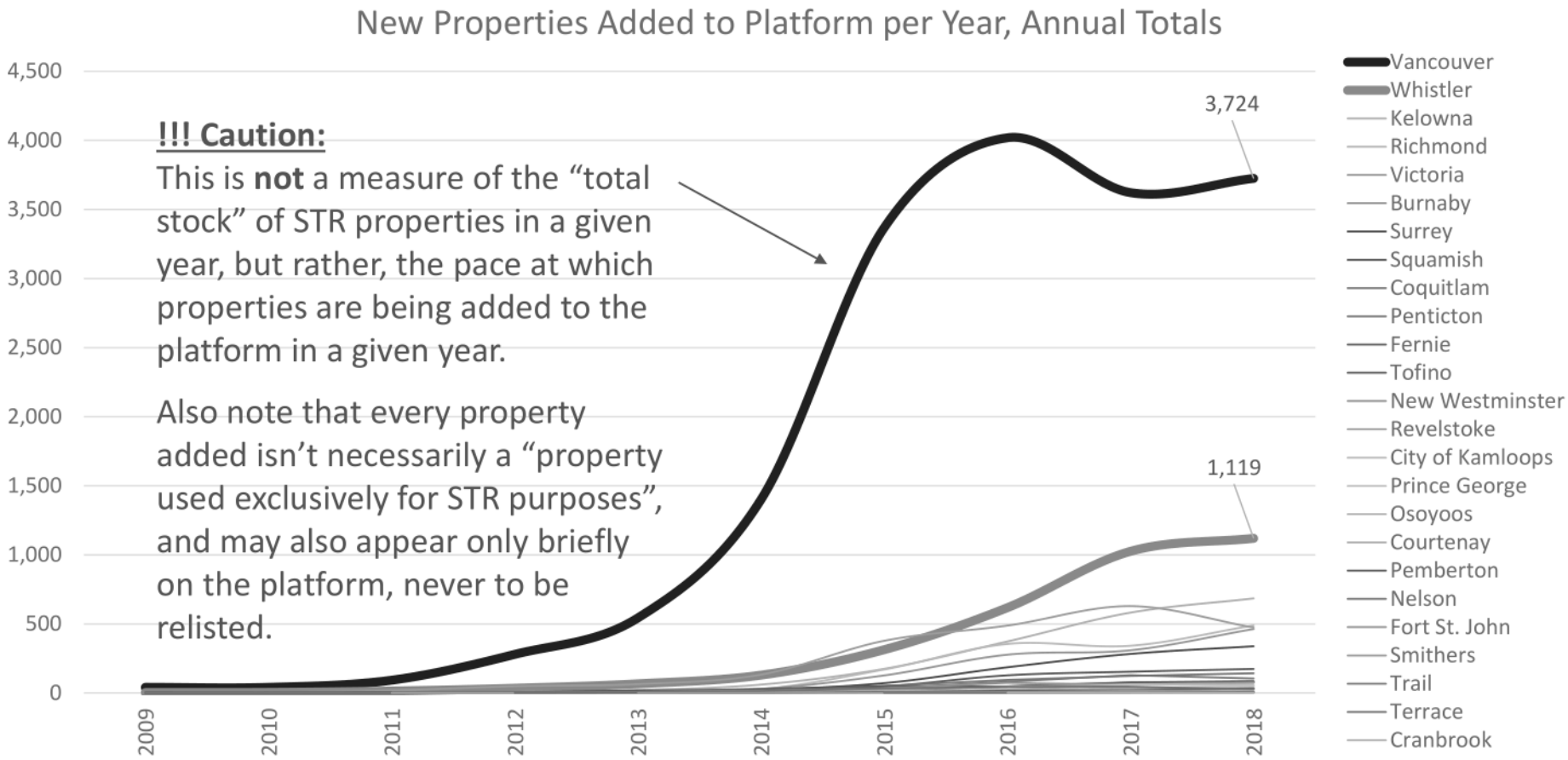
Source Data: AirDNA; “Entire home/apt” only; “Active” status only; Airbnb only. *Trend = LOESS (locally estimated scatterplot smoothing)

Unique Property Counts, Growth Trends



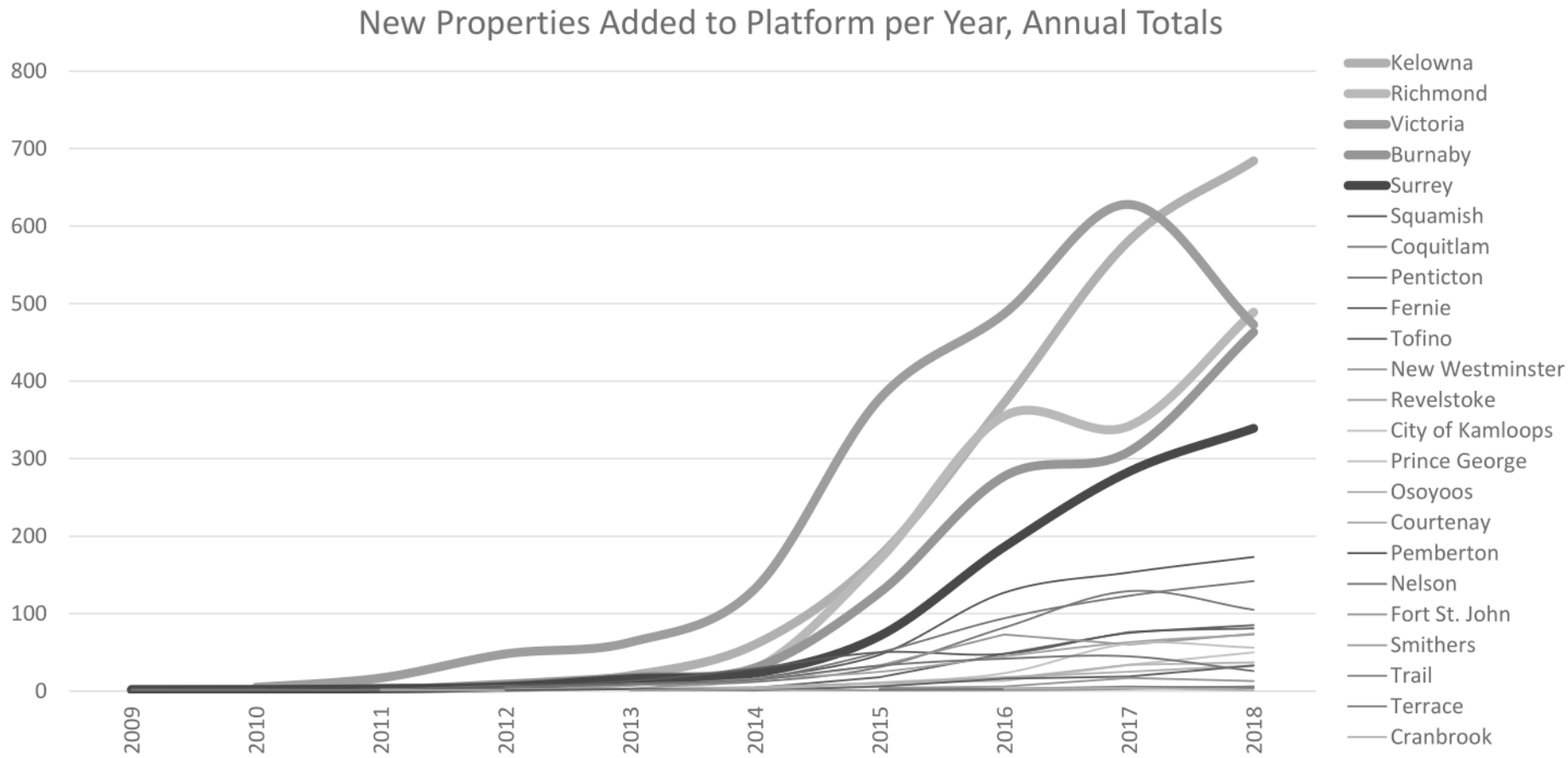
Source Data: AirDNA; “Entire home/apt” only; “Active” status only; Airbnb only. *Trend = LOESS (locally estimated scatterplot smoothing)

Platform Adoption, by Selected Community



Source Data: AirDNA; "Entire home/apt" only; "Active" status only; Airbnb only. Data prior to 2014 is less reliable than 2014 onward.

Platform Adoption, by Selected Community



Source Data: AirDNA; “Entire home/apt” only; “Active” status only; Airbnb only. Data prior to 2014 is less reliable than 2014 onward.

Time-lapse: STR* Properties, By Listing Type, Metro Vancouver, 2007 - 2018

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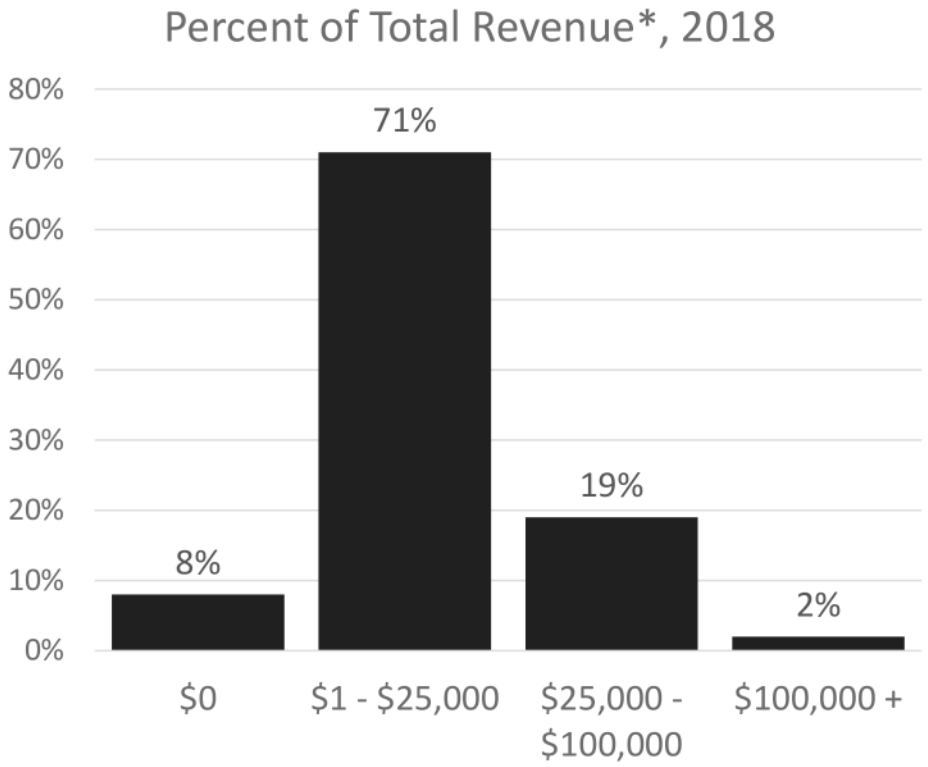
Source Data: AirDNA data; * -> “Active” status only; Airbnb only.

Easy Money?

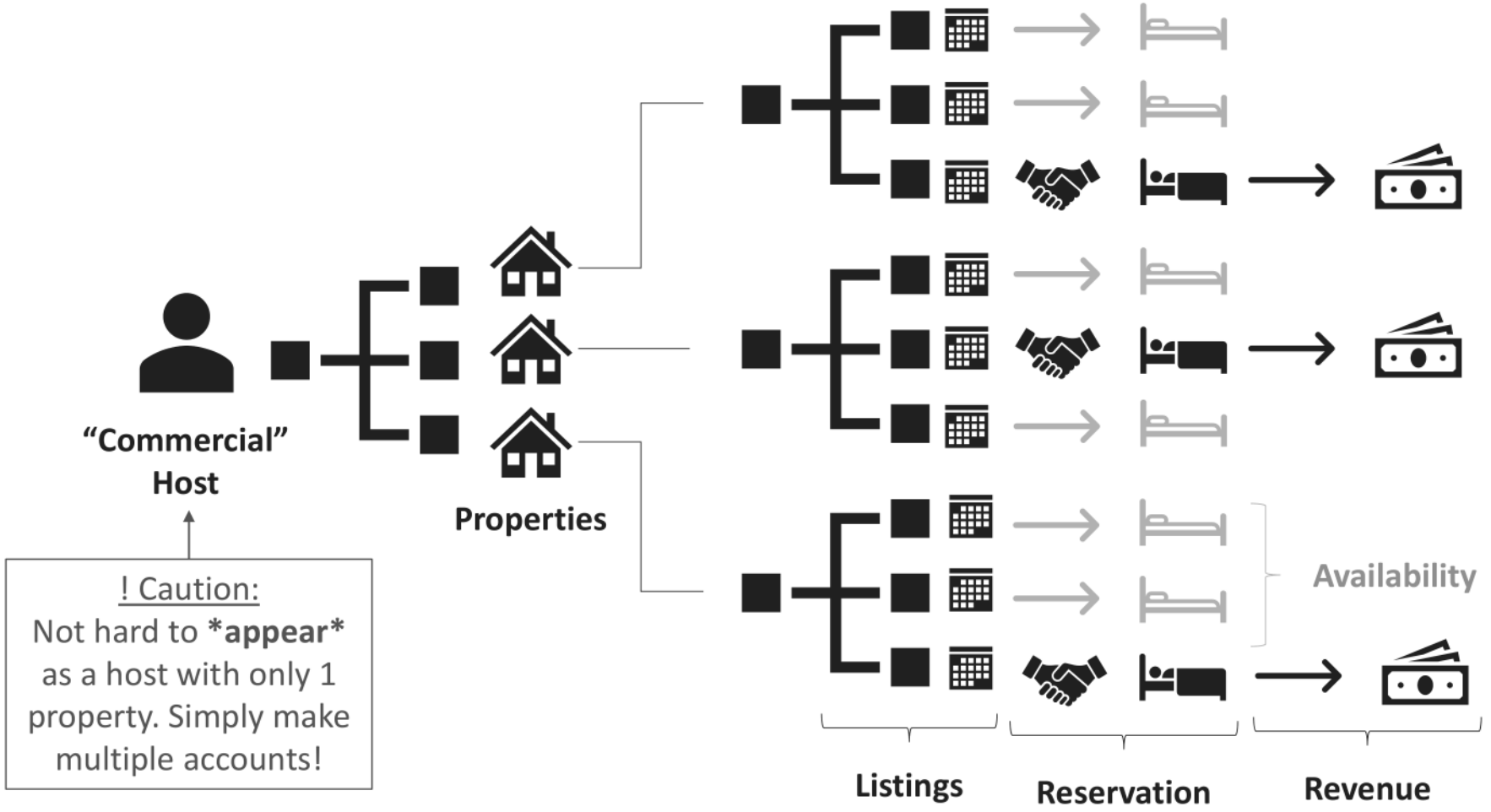
Revenues Earned by Hosts*

- In 2018:
  - Nearly $0.5 Billion (USD) of Revenue was generated across all Hosts operating in BC.
  - Around 8% of all Hosts earned $0 in Revenue.
  - About 71% of all Hosts earned between $1 and $25k.
  - Roughly 19% of all Hosts earned between $25k and $100k.
  - Only about 2% of all Hosts earned more than $100k in Revenue.



Source Data: AirDNA; * -> “Entire home/apt” only; “Active” status only; Airbnb only.

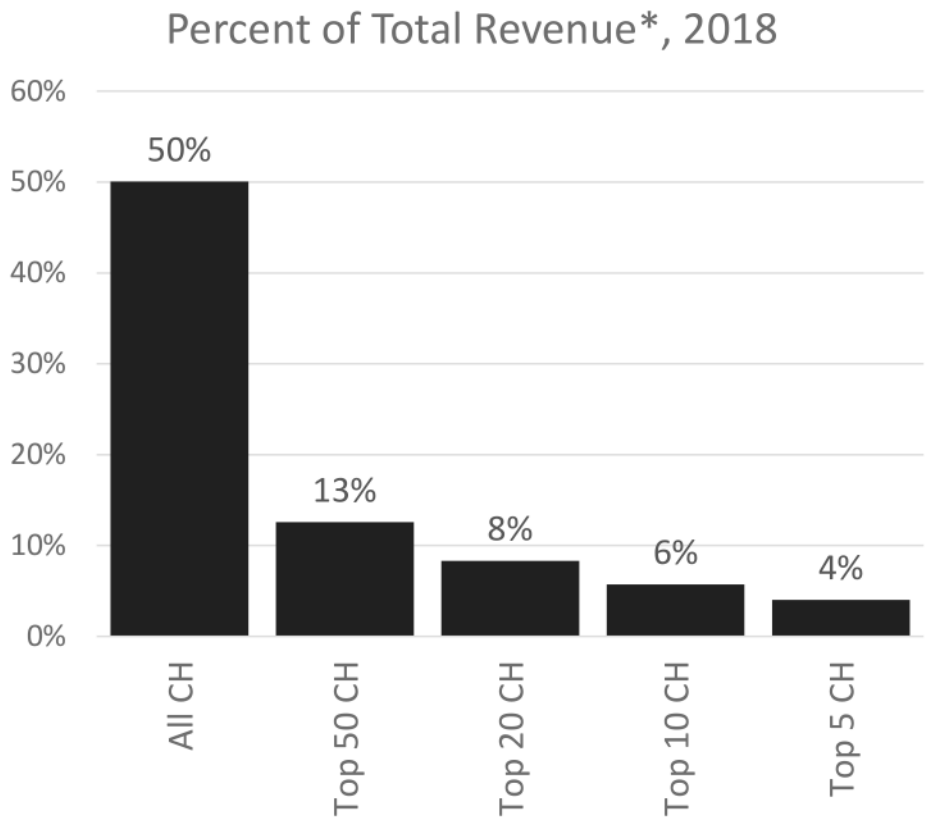
What about "Commercial" Hosts?



! Caution:
Not hard to ***appear*** as a host with only 1 property. Simply make multiple accounts!

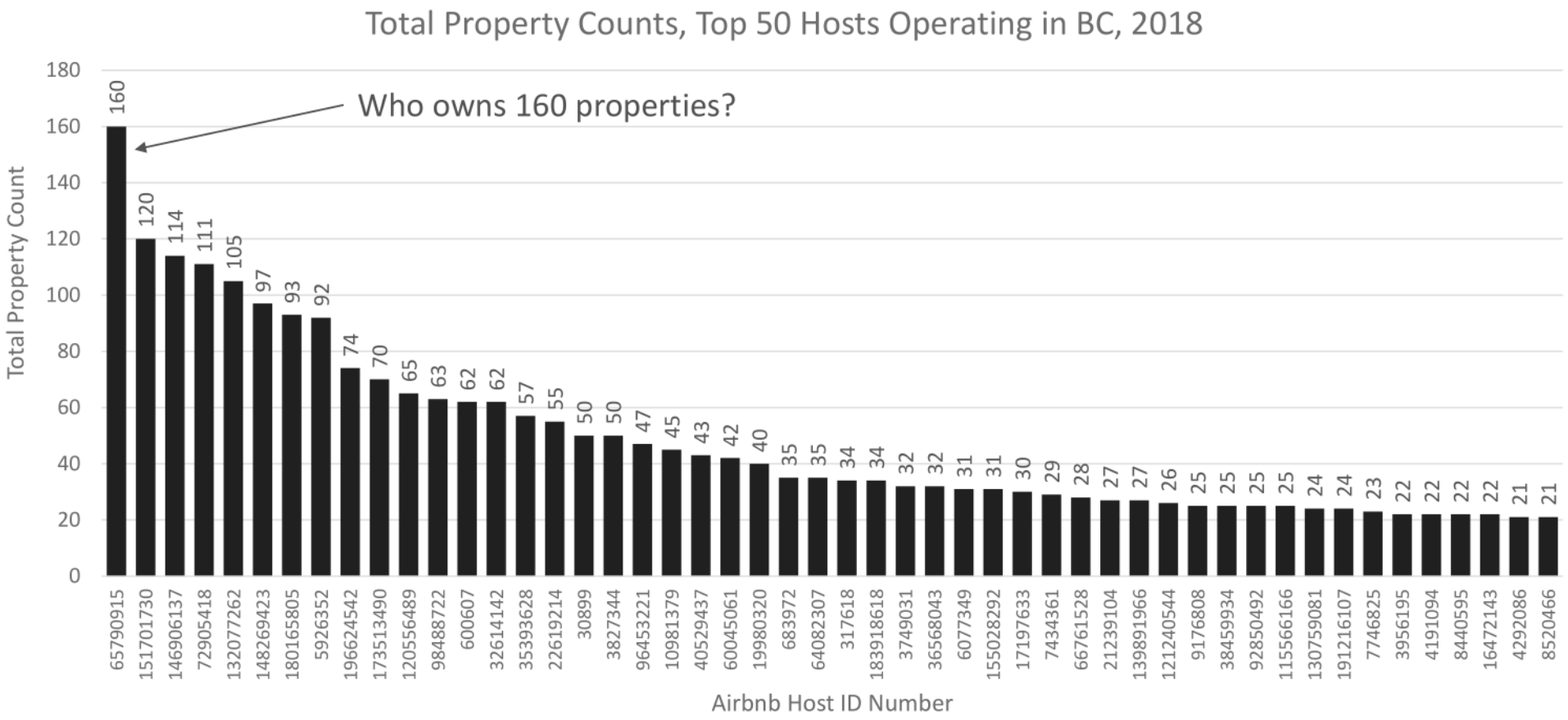
Revenues Earned by "Commercial" Hosts*

- 18% of all Hosts had 2 or more properties active at least once in 2018 (i.e. "Commercial" Hosts).
- Of the $0.5 Billion (USD) of revenue across all Hosts in BC in 2018:
  - 50% was generated by "Commercial" Hosts (CH).
  - 13% by the Top 50 CH
  - 8% by the Top 20 CH
  - 6% by the Top 10 CH
  - 4% by the Top 5 CH



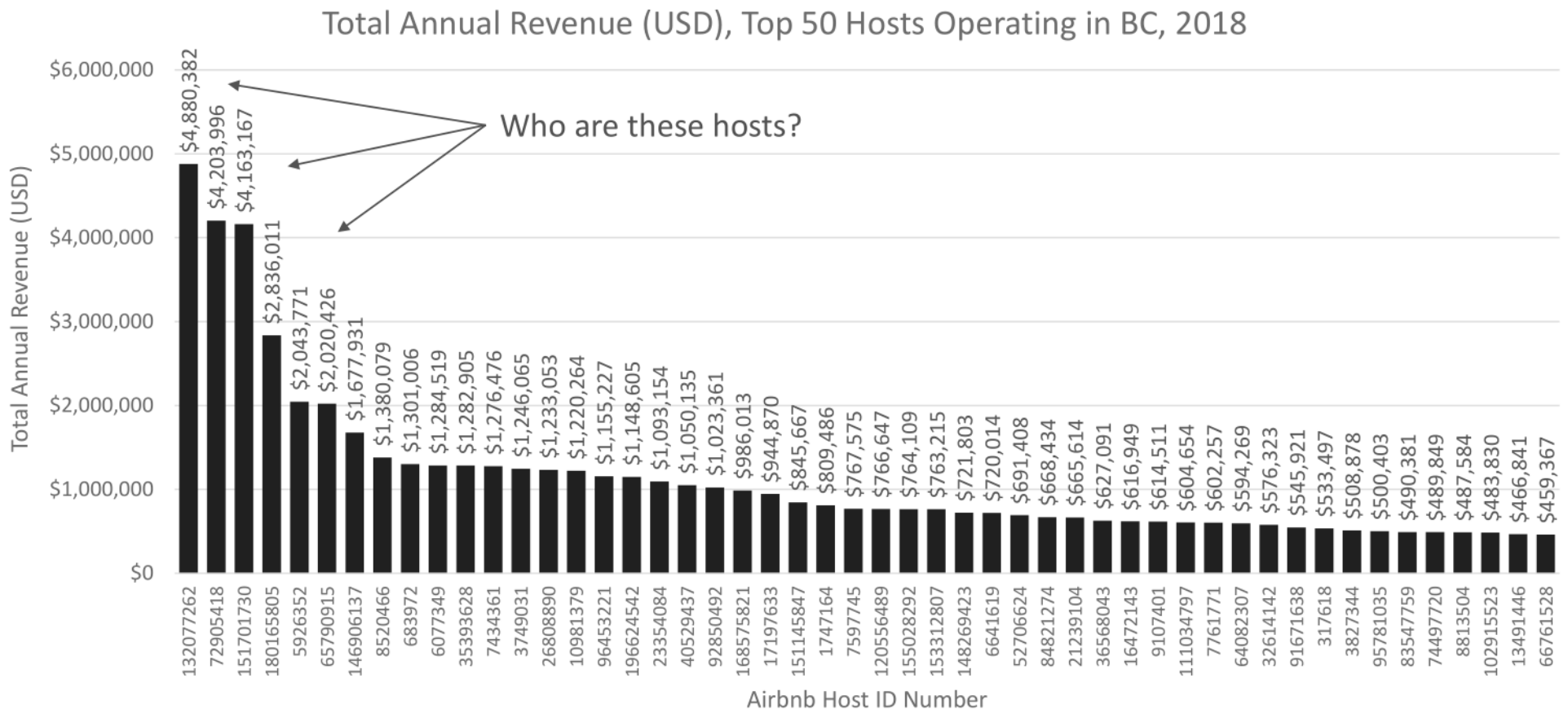
Source Data: AirDNA; * -> "Entire home/apt" only; "Active" status only; Airbnb only.

Hosts with the Most Properties



Source Data: AirDNA 2018 data; * -> “Entire home/apt” only; “Active” status only; Airbnb only.

Total Annual Revenue, Top 50 Hosts



Source Data: AirDNA 2018 data; * -> “Entire home/apt” only; “Active” status only; Airbnb only.

Following the Money

- Turns out, Airbnb Host ID# 132077262:
  - Isn't one person at all.
  - It's a company called: Vacasa
    - Vacasa is an international vacation rental management company based in Portland, Oregon, United States with 5,000+ employees that manages 23,000+ properties across 17 countries, serving 2 million+ guests per year.
    - Vacasa "partners" with online booking platforms, such as:
      - Airbnb, Booking.com, Expedia, Google, HomeAway, Tripadvisor and VRBO.
  - Where are their Properties in BC?
  - CAUTION!
    - Because Vacasa cross-posts their clients properties across multiple platforms, this means if you were to tally up the "properties" listed on all these platforms, you'd probably be double, triple, quadruple counting unless you had a very sophisticated methodology to ensure you aren't doing so!!
    - This can also happen with individual Hosts!!

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What about that Host with the Most Properties?

- Airbnb Host ID# 65790915:
  - Isn't one person with 160 properties.
  - It's a company called: Leavetown
    - As a sort of "bespoke" travel agency, they offer accommodations in at least 10 different countries, and at least 4 provinces in Canada (including BC).
  - Their "value add" appears to be a form of Property/Host vetting.
  - From their site:
    - "All of our properties have been fully verified by our Leavetown team of Destination Experts. We will never book our customers into any property that our team haven't stayed at and loved themselves."
  - Where are their properties located in BC?
  - Moral of the story:
    - "Commercial Hosts" are far more complex than you might think!!!

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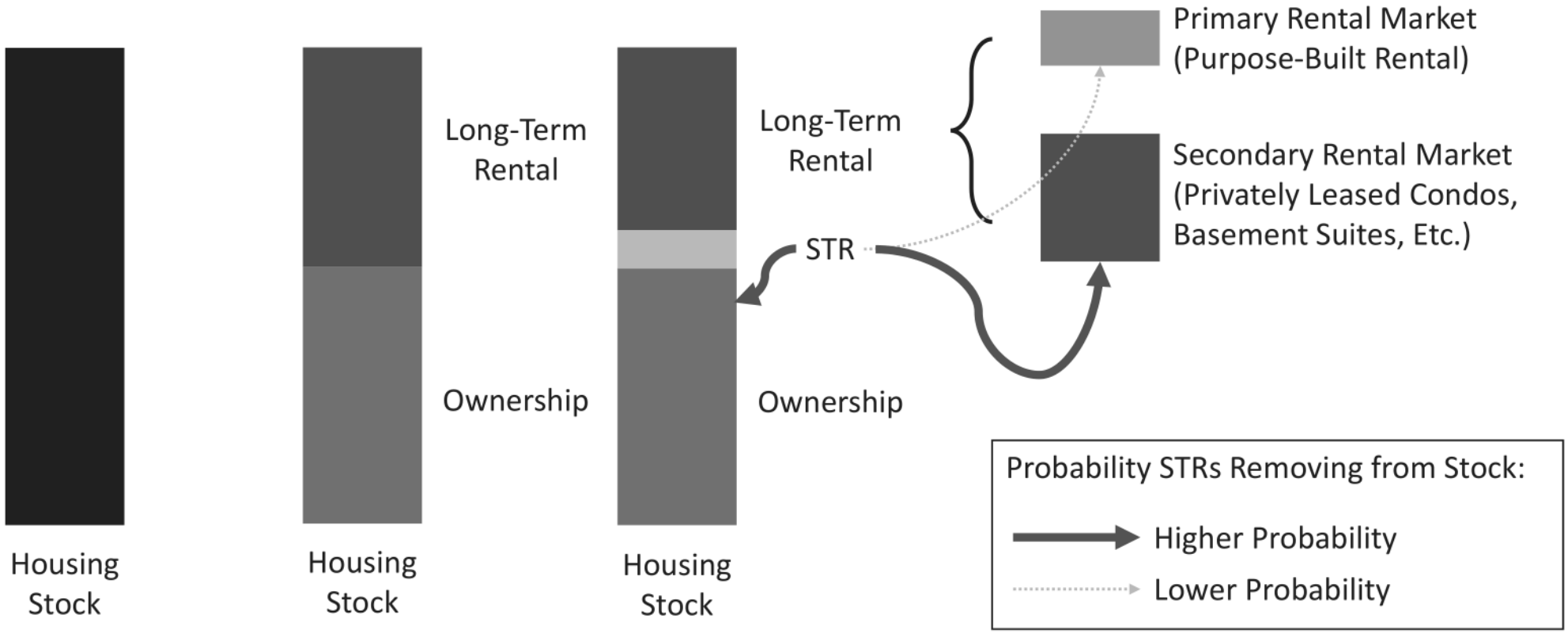
Key Takeaways

Some parting thoughts, for your consideration.

How do STRs Affect the Housing Stock?



Closing Remarks and Policy Implications

- Be aware of distinction between counting listings vs. properties.
- Know that an "Entire Home / Apt" isn't *exactly* what it sounds like.
- Be aware that *what you count* can matter as much as *when you count*.
- Understand that the rental market is comprised of Primary and Secondary markets.
  - There is no "vacancy rate" for the majority of the Secondary Rental market, which makes up about 2/3 of renter households in BC.
  - Therefore, you should be cautious of claims that STRs are impacting the vacancy rate.
- Know that properties listed infrequently on an STR platform are probably not "removing from the housing stock" in your community.
- Be aware there isn't any generally accepted "threshold of usage" everyone agrees upon to define an STR unit being "removed from the housing stock", and this will vary by community.
- Be aware of pace of growth – this is still an immature industry, with plenty of room to expand.
- Know that "Commercial Hosts" can be quite sophisticated, and in many cases do not actually own the properties they advertise.

Joint UBCM-Province STR Advisory Group - Membership

Members	Role	Organization
Alex Thumm	Development Services Planner	City of Nelson
Gail Given	Councillor	City of Kelowna
Kathryn Holm	Director, Licensing and Community Standards	City of Vancouver
Lee-Ann Garnett	Assistant Director, Long Range Planning	City of Burnaby
Josie Osborne	Mayor	Village of Tofino
Peter Luckham	Chair	Islands Trust
Regina Sadilkova	Director, Development Services	Thompson-Nicola Regional District
Kim Ferris	Licensing Officer, Bylaw and Licensing Services	City of Victoria
Jack Crompton (Co-Chair)	Mayor	Resort Municipality of Whistler
Jared Wright	Director, Advocacy and Government Relations	UBCM
Josh van Loon	Senior Policy Analyst	UBCM
Jessica Brooks (Co-Chair)	Executive Director	MAH - Planning & Land Use Management Branch
Avery Kelly	Executive Director	MAH - Housing Policy Branch
Tara Faganello	Assistant Deputy Minister	MAH - Local Government Division
Eric Nicholls	Manager, Planning and Land Use	MAH - Planning & Land Use Management Branch
Supporting Personnel		
Veronica Barlee	Senior Policy Advisor	MAH - Housing Policy Branch
Tomoko Hagio	Senior Planning Analyst	MAH - Planning & Land Use Management Branch
Susan Low	Senior Policy Analyst	MAH - Housing Policy Branch
Andrew Lis	Economist	MAH - Housing Policy Branch

Meeting Attendees

Members	Role	Organization
Alex Thumm	Development Services Planner	City of Nelson ** Attending by teleconference
Ryan Smith	Divisional Director of Planning & Development Services	City of Kelowna
Kathryn Holm	Director, Licensing and Community Standards	City of Vancouver
Lee-Ann Garnett	Assistant Director, Long Range Planning	City of Burnaby
Josie Osborne	Mayor	Village of Tofino
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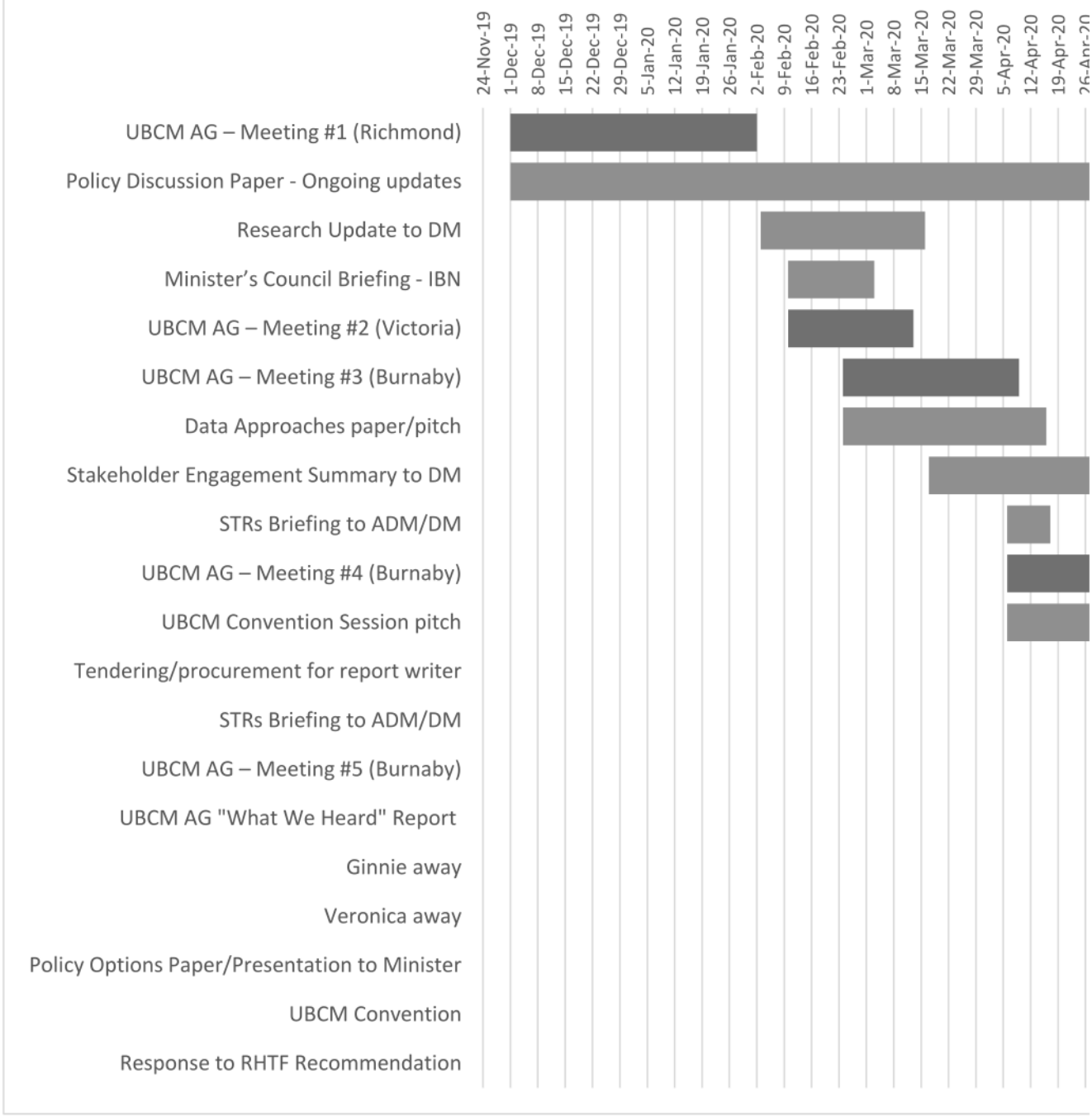
Regina Sadilkova	Director, Development Services	Thompson-Nicola Regional District
Kim Ferris	Senior Licensing Officer, Bylaw Services	City of Victoria
Jack Crompton	Mayor	Resort Municipality of Whistler
Jared Wright	Director, Advocacy and Government Relations	UBCM
Josh van Loon	Senior Policy Analyst	UBCM
s.22		** regrets
Gord Enemark	Executive Director	MAH - Housing Policy Branch
Tara Faganello	Assistant Deputy Minister	MAH - Local Government Division
Veronica Barlee	Senior Policy Advisor	MAH - Housing Policy Branch
Tomoko Hagio	Senior Planning Analyst	MAH - Planning & Land Use Management Branch
Virginia Holden	Director	MAH - Housing Policy Branch
Eric Nicholls	Manager, Planning and Land Use	MAH - Planning & Land Use Management Branch
Susan Low	Senior Policy Analyst	MAH - Housing Policy Branch
Tyann Blewett	Director of Policy	MAH - Residential Tenancy Branch
Steve Hawkshaw	A/Senior Director, Tax Policy	FIN - Tax Policy and Intergovernmental Fiscal Relations Branch
Shauna Sundher	A/Director, Housing	FIN - Tax Policy and Intergovernmental Fiscal Relations Branch
Brian Currie	Manager, Property Assessment Services	MAH - Community & Legislative Services Division, Property Assessment Services

	Start Date	End Date	Milestones	Duration	Lead	Involved	Cost	Cost Description
UBCM AG – Meeting #1 (Richmond)	1Dec	2-Feb-20		63	GH/SL	GE,VB,AL	$1,500	venue, catering, travel
Policy Discussion Paper - Ongoing updates	1Dec	24-Aug-20		267	VB	TH		
Research Update to DM	3Feb	16-Mar-20		42	VB	TH, GH, AL, GE		
Minister's Council Briefing - IBN	10Feb	3-Mar-20		22	VB	TH, GH		
UBCM AG – Meeting #2 (Victoria)	10Feb	13-Mar-20	6-Mar-20	32	GH/SL	GE, VB	$400	catering
UBCM AG – Meeting #3 (Burnaby)	24Feb	9-Apr-20	2-Apr-20	45	GH/SL	GE, VB	$400	catering
Data Approaches paper/pitch	24Feb	16-Apr-20		52	AL	GH, VB, GE		
Stakeholder Engagement Summary to DM	17Mar	28-Apr-20		42	VB/TH			
STRs Briefing to ADM/DM	6Apr	17-Apr-20		11	GH	VB, TH		
UBCM AG – Meeting #4 (Burnaby)	6Apr	18-May-20	11-May-20	42	GH/SL	GE, VB	$400	catering
UBCM Convention Session pitch	6Apr	01-Jun-20		56	SL	GH, VB		
Tendering/procurement for report writer	4May	26-Jun-20		53	GH	SL, GE	$5,000	contract writer
STRs Briefing to ADM/DM	12May	22-May-20		10	GH	VB, TH		
UBCM AG – Meeting #5 (Burnaby)	18May	6-Jul-20	26-Jun-20	49	GH/SL	GE, VB	$400	catering
UBCM AG "What We Heard" Report	29Jun	24-Jul-20		25	VB			
s.22				21				
				37				
Policy Options Paper/Presentation to Minister	24Aug	16-Oct-20		53	GH			
UBCM Convention	21Sep	25-Sep-20		4	SL	GH, VB		
Response to RHTF Recommendation	16Oct	13-Nov-20		28	GH, VB			
	24-Nov-19	43793			Vertical			
	1-Dec-19	43800		########		0		
	16-Oct-20	44120						
	23-Oct-20	44127						

STRs Work Plan 2022-2021 DRAFT



3-May-20
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4-Oct-20
11-Oct-20
18-Oct-20
25-Oct-20
1-Nov-20
8-Nov-20
15-Nov-20
22-Nov-20
29-Nov-20

Work Activity	Start Date	End Date	Lead	2019/20 Dec	Jan	Feb	Mar	2020/21 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Notes
Work Stream: Policy/Governance/Direction																	
Develop Policy Options for Minister	03/9/2020	08/30/2020	HPB - VB		◆	◆	◆	◆	◆								Use Policy Discussion Paper as reference/source
Communications & Engagement Plan																	
Work Stream: UBCM Advisory Group (for task level see Tab)																	$5,000 budget for UBCM Advisory Group meetings
Advisory Group Meeting #1 - overview			HPB - VH			◆											UBCM staff organizing venue/travel for members
Advisory Group Meeting #2 - existing approaches in B.C.			HPB - VH				◆										HPB staff taking over venue/travel logistics
Advisory Group Meeting #3 - emerging approaches			HPB - VH					◆									
Advisory Group Meeting #4 - ideas for new actions			HPB - VH						◆								
Advisory Group Meeting #5 - summary and consider ideas/options			HPB - VH							◆							
Write list of ideas and "What We Heard"			HPB						◆	◆							
Review "What We Heard" report with UBCM Advisory Group			HPB / UBCM							◆							Final report will be a co-product between HPB and
Work Stream: Research / Jurisdictional Scans																	
Ongoing STR media / issues monitoring			HPB / PLUM	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	HPB - Veronica; PLUM - Tomoko
Report on STR data to UBCM Advisory Group			HPB - AL	◆													
Data Analysis Meetings with BC Stats			HPB - AL	◆	◆	◆	◆										*Budget is separate from this project amount*
Create Research Summary for the DM			HPB - VH/AL		◆	◆											
Present Research Summary to Expert Panel (Prov/CMHC/BCNPHA)																	