



The Corporation of the District of Central Saanich

REGULAR COUNCIL REPORT

For the Regular Council meeting on Monday, February 12, 2024

Re: Short-term Rental Accommodations and Alignment with Provincial Legislation

RECOMMENDATION(S):

That Council provide direction about adding a review of short-term rentals to the 2025 Strategic Implementation Plan (SIP) and budget.

PURPOSE:

The purpose of this report is to address Council's resolution on January 22, 2024:

That consideration be given to align with provincial rules around short-term rentals at the next meeting in primary residences only.

This report provides an overview of the provincial legislation and the implications for the District if short-term rental accommodation were to be permitted.

BACKGROUND:

The province recently implemented the Short-term Rental Accommodations Act to give local governments stronger tools to enforce short-term rental bylaws, to return short term rental units to the long-term housing market, and to establish a new Provincial role in the regulation of short-term rentals. Short-term rental (STR) is defined as accommodation provided for less than 90 consecutive days. The Act applies to accommodations offered through a platform (ie. AirBnB, VRBO, etc.), offers on web forums such as Facebook marketplace, Kijiji, etc.), and listings in classified ads in newspapers. The Act does not apply to hotels, motels, vehicles such as an RV, a tent or other temporary shelter.

The Act further limits STR to the host's principal residence or one secondary suite or accessory dwelling unit. The Principal Residence means the residence in which an individual resides for a longer period of time in a calendar year than any other place and may be a landowner or a tenant. The principal residence requirement applies to municipalities with a population of 10,000 and over. Central Saanich is on the list of communities where the principal residence requirement applies. An opt out provision exists; however, this applies to communities with a vacancy rate of 3% or more for two consecutive years and does not currently apply to Central Saanich.

Specific accommodation types are exempt from the Principal Residence requirement including:

- Strata titled hotel or motel due to provisions in rental pool agreements,

- Properties where owners hold fractional interests and cannot use the property as the principal residence,
- Time share properties,
- Home exchanges,
- Lodges, ie. Accommodations provided by outdoor recreational activities,
- Living accommodation primarily for students or employees of an educational institution that is owned by the educational institution or non-profit organization,
- Strata corporation guest suites intended mainly for people visiting strata residents.

The Act strengthens the enforcement tools for local governments by increasing the maximum municipal ticketing fine from \$1,000 to \$3,000 per infraction per day. As of October 26, 2023 (with Royal Assent) the Act effectively enables increased fines. The Act requires that as of May 1, 2024 that STR must align with the Principal Residence requirement and a valid business license must be displayed onsite and within advertisements posted on platforms. In Summer 2024 local governments will be supported by the province to request removal of STR listings on advertisement platforms that do not have a valid business license number displayed.

With the Act, the Province is proposing to provide provincial oversight of STRs. This includes a Provincial Registry and a Compliance and Enforcement Unit. The Provincial Registry will help ensure that short-term rental hosts and platforms are following the rules and provide local governments and the Province the information needed to follow up when STRs are not in compliance. Hosts of STRs will be required to include a provincial registration number of their listings and platforms will be required to validate registration numbers on host listings against the Province's registry data. This will not be in place until late 2024 or early 2025. A Compliance and Enforcement Unit will ensure that the provincial rules are being followed by tracking compliance, issuing orders, and administering penalties for violations.

DISCUSSION:

The Official Community Plan does not support short-term rental accommodation. The District does not currently allow short-term rental (STR) accommodation, unless permitted in a specific zone that allows temporary accommodation use for hotels or motels which are exempt from the Act. The Short-term Rental Accommodations Act requires local governments to update their bylaws to require that existing STRs meet the Principal Residence requirement and that the STR is in the residence or within a secondary suite or accessory dwelling unit. Additional requirements will include that STR hosts must provide the municipal business license number on advertisement platforms and display on the property. Enabling STRs throughout the District will require amending the following bylaws to align with the provincial requirements:

- Update the Official Community Plan to support STRs;
- Update of the Land Use Bylaw to enable STRs including regulations for their use;
- Business License Bylaw for STR requirements; and
- Municipal Ticket Information Bylaw to increase fines.

Land Use

The District allows temporary accommodations for hotels and motels, as well as RV camping which conform to the current zoning in the Land Use Bylaw or as enabled by a Temporary Use Permit which are exempt from the Act. The following is a list of criteria typically considered by municipalities that allow STRs with respect to the Short-term Rental Accommodations Act:

- Principal Residence requirement as applied to landowners or tenants.

- Types of units that can be used for STR, such as Secondary Suites, Accessory Dwelling Units, etc.
- Maximum density of STR or % of total dwellings in a community that can be used for STR.
- Maximum number of guests per unit.
- Road network/parking requirements.
- Zoning requirements – which zones would be suitable for STR.
- Local host/contact requirements.
- Fire/safety standards.

Reviewing the above criteria to update the Land Use Bylaw to allow STRs would be a significant undertaking. There may be additional considerations for STRs with respect to Bill 44 to include Small-Scale, Multi-unit Housing (SSMUH) within the Land Use Bylaw by June 30th, 2024 particularly for parking, privacy, principal residence requirement as applied to tenants in addition to property owners, and the types of units that can be used for STRs. It is recommended that if STRs are to be considered, this occurs following implementation of the Small-Scale, Multi-unit Housing (SSMUH) and other provincial legislation, and be included on the Planning and Building Services Department 2025 workplan and budget. Consultant services may be required.

Bylaw Enforcement

With respect to the role of local government in regulating STRs, the onus on monitoring and bylaw enforcement of business licenses and complaints regarding land use will continue to be the responsibility of the local government, as would enforcing any applicable bylaws. Currently, STRs are not permitted, and staff time spent on enforcement and addressing complaints is minimal.

Allowing STRs will increase the role of bylaw enforcement in the District for both administration of a Business Licensing Bylaw, Municipal Ticket Information Bylaw, Land Use Bylaw, and general administration increased to align with the provincial requirements. For example, the provincial legislation requires that STR hosts must provide the municipal business license number on advertisement platforms and display on the property. This may require staff to review online STR advertisement platforms to confirm business license information is provided per provincial legislation, requiring a proactive rather than a reactive approach.

Role of the Province and Timing of Support

In Summer 2024 the Province will share data with municipalities on STRs and assist municipalities in enforcing the business license requirement (posting the license onsite and posting the business license number on advertisements) by assisting municipalities with removal of advertisements not in compliance. It is unclear if the impact of this support will reduce the amount of time staff are involved in compliance and enforcement for administration issues. However, the Province proposes a Provincial Registry that will require STR hosts to register and receive a registration number. Similar to the requirement for a local government Business License number to be included in advertisements, the province will require the Principal Registry number to be included. The support from the Province in managing compliance and enforcing STRs appears to be administrative in nature and focused on the information shared on advertisement platforms and confirming the Principal Residence Requirement.

Ultimately, local governments will be expected to implement and comply and enforce STRs from May 1, 2024 until the assistance is provided by the Province. The province's timeline to implement the Provincial Registry and the Compliance and Enforcement Unit is currently slated for late 2024 or early 2025.

IMPLICATIONS:

Strategic – Short term rental accommodation is not a strategic priority for housing in the District. The province's Short-Term Rental Accommodation Act is one solution to create long-term rental housing by limiting a short-term stay to no more than 90 consecutive days and imposing more requirements on STR hosts to ensure the STR is used for short-term stays.

Legislative/Policy – The Short-term Rental Accommodations Act requires local governments to increase the administrative management of STRs and the requirements of the hosts. The Act proposes to support local governments with data sharing to manage compliance where STRs are permitted. At this time the District does not permit STRs so there is no requirement to update current bylaws to align with the province. If the District were to implement STRs then this would require updating the Official Community Plan, Land Use Bylaw, Business License Bylaw, and the Municipal Ticket Information Bylaw. Updating the bylaws would be considered a special project to be undertaken by the Planning Department in addition to other housing legislation requirements and department workplan as determined in the District's Strategic Plan.

Financial/ Resource – Allowing STRs would be a special project and require budget and staff resources. An STR project would need to be considered in the Planning Departments workplan and upcoming budget review. Consultant services may be required.

Legal – Legal review may be required for bylaws prepared to support administration and compliance and enforcement of STRs as well as amendments to the Land Use Bylaw.

Communications – Considering STRs in the District would require a communications plan to share information with landowners and the public. The plan would require public engagement and input.

Official Community Plan (OCP) – Policy 4.4.10 of the OCP does not support the short-term vacation rental of residential properties, but rather encourage long-term rental to fulfill local housing needs.

Timing – The Province will not be in a position to provide support to local government until late 2024 - early 2025. It is recommended that if STR is desired that it be included in the 2025 workplan.

OPTIONS:

1. That Council provide direction about adding a review of short-term rentals to the 2025 Strategic Implementation Plan (SIP) and budget.
2. That Council not initiate a review to permit short-term rental accommodation in the District and they continue to be prohibited.

CONCLUSION:

The District does not currently support short-term rental accommodation of residential properties. Allowing STRs will require a significant undertaking to update the District bylaws. Support for STRs in the District would require inclusion into the workplan and allocation of resources and budget. Should Council wish to proceed it is recommended the STR project be added to the 2025 workplan an budget.

Respectfully submitted by:	Kerri Clark, Manager of Development Services
Concurrence by:	Jarret Matanowitsch, Director of Planning & Building Services
Concurrence by:	Christine Culham, Chief Administrative Officer

ATTACHMENTS: None.