

Date: 01/11/2023

To: Chair and Directors, Committee of the Whole

And To: Murray Daly, Chief Administrative Officer

From: Nigel Whitehead, Manager of Planning Services

Date of Meeting: Committee of the Whole_Nov08_2023

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Short Summary:

Short Term Rental (STR) – Proposed Provincial Regulations

Background:

The Provincial Government recently tabled legislation and associated regulations to regulate short term rental (STR) land uses. The proposed regulatory regime has a complex implementation system which has a number of considerations for the Board.

Current CRD Context

Presently, short term rentals are not a permitted land use in the CRD, unless the owner meets our Bed & Breakfast regulations, or zones their property Tourist Commercial (C 2). The Bed & Breakfast requirements intend to meet a traditional definition where the rooms must be within the principal dwelling (e.g. not in a carriage house, not in a secondary suite). A maximum of four rooms, with a maximum of eight guests is permitted.

A detailed analysis on the existing short-term rental context within the CRD has not been conducted, however, staff are generally aware of the following:

1. Short term rentals are occurring almost exclusively in the South Cariboo (Electoral Areas G, H, and L). Very few are advertised in the Central, North, and Chilcotin areas. The number of advertised locations are generally increasing, from approximately 80 advertised at a given time in 2019 to approximately 150 this past summer. The vast majority are very likely to be unlawful. Annual complaints to CRD Bylaw Enforcement are relatively low (approximately five this year).
2. Historically, public feedback in the South Cariboo found that short term rentals were not desirable or welcome, particularly impacting permanent residents. The South Cariboo Area Zoning Bylaw was amended to specifically prohibit short term rentals in 2007.
3. Public feedback in the South during the Lac La Hache and South Cariboo OCP reviews (between 2014 and 2018) was more mixed, but still generally leaned toward the unwanted/undesirable perspective, leading to specific policy statements in those OCP's which prohibit Short Term Rentals, even as a Temporary Use.

4. It is generally accepted that STRs do represent a portion of the commercial economy in the South Cariboo (particularly the Interlakes and Green Lake areas). Exactly how much of an impact is unmeasured.

Community Impacts

5. It is well documented that STRs can have significant negative impacts on communities. They can significantly displace long-term rental units, removing much needed housing in communities. The incentive to convert long-term rentals to short-term is high for owners, as they usually generate significantly more income than long-term rentals and provide much greater stability for owners, as they are not subject to residential tenancy rights. However, short-term rentals are not assessed or taxed at a commercial business rate. In many resort areas in BC (of which Electoral Area L could arguably be one) this places a significant taxation burden on residential rate payers and creates an often significantly unfair tax advantage to STR's over traditional resorts.
6. The unlawful STR market is very likely causing a negative impact on the viability of traditional resorts and law-abiding Bed and Breakfast operators, particularly in the South Cariboo.
7. A key unknown in the South Cariboo is whether STRs are actually displacing long term residents, given the distance to employment, size, and cost of many lakeshore dwellings in the area.

Provincial Regulation Discussion:

Principal Residence Rule – Effective May 1, 2024. Optional Opt-in for CRD, 100 Mile House, District of Wells; Mandatory Opt-in for Quesnel; Optional Opt-out for Williams Lake.

STR's will be permitted only on properties where the owner resides on-site for longer than any other location in a calendar year. Staff note that due to the nature of short-term rentals in the South Cariboo, that this would be an unattainable requirement for many. Note further that this is a new and different definition for principal residence for most local governments. Further, the provincial definition of a Short-Term Rental - less than 90 days - differs significantly from the common local government definition of less than 30 days. Staff will consider whether zoning bylaw amendments will be needed to align with these new definitions.

Business Licensing for Regional Districts

Immediately upon Royal Assent of the proposed legislation, Regional Districts will be permitted to develop and implement a business licensing regime. Business licensing has proven to be the most effective way to regulate STRs at the local government level. Greater regulatory control over the units can be provided and include elements such as: operating restrictions, bedroom unit and guest restrictions, noise restrictions, on-site operator requirements, fine schedules, program cost-recovery, life-safety inspections, and ultimately, an ability to rescind the licenses and therefore remove poor operators from communities.

Staff note that the proposed regulations permit licensing of all businesses, and not only STRs. Staff assert that development of a full business licensing program for the CRD would be difficult

and burdensome to achieve and implement, particularly without comprehensive building inspection.

Conceptually, the CRD could develop a business licensing regime that applies only to STRs. Additional staffing would be required, but could be implemented on a cost-recovery basis via relatively substantial licensing fees (e.g. \$1500 - \$3000 per year). The Board should proceed with caution if it desires to move forward with a licensing regime which applies to one business type.

As an aside, the Committee should also take note, that by giving business licensing authority to all regional districts, it moves the province one step closer to reasonably justify the imposition of fire inspection and building inspection services region-wide. Only conjecture at this point, but informal regulatory discussions at the provincial level often drift in this direction.

Provincial Data Sharing

Provincial staff anticipate that data sharing with STR platforms will be implemented in Summer 2024. This data will be made available to local governments to help with their understanding and/or enforcement programs.

Provincial Registry

The exact details of the provincial registry are less clear as development is still underway. It is our understanding that the provincial registry will be mandatory for all operators/rental platforms, regardless of whether a local government has opted-in to the provincial regulations. The registry is anticipated to be operational in late 2024.

Discussion Questions

1. Does the Board wish to permit/regulate STRs in the near future? Note that the only reasonable way to do this is to opt-in to the provincial regulations (likely unfeasible for Electoral Area L), and/or develop a licensing and enforcement program.
2. Is increased enforcement desired for existing unlawful STR operations?
3. Does CRD wish to opt-in to provincial regulations? Note this includes principal residence requirement and may significantly impact the Interlakes area.
4. Should current CRD B&B regulations be extended to accessory dwelling units? Note, this is likely to impact affordable housing options in many locations, as often an accessory dwelling unit is the only available form of affordable one or two bedroom long-term rentals.

Further Research

Further research is required by staff to establish Board recommendations. Outstanding questions include:

- a. Can CRD opt-in to provincial regulations without establishing a business licensing program?
- b. Will the province undertake enforcement on behalf of CRD if we opt-in?
- c. Can CRD implement regulations in certain electoral areas?

- i. What about the other electoral areas? Creating a two-tiered program will be problematic in the future.
- d. Best practices to avoid spot zoning and avoid Temporary Use Permits.
- e. What CRD regulations do member municipalities intend to enact? Will there be an unintended consequence of pushing prohibited short-term rentals into the Regional District?
- f. What are neighbouring Regional Districts intending to do?
- g. Are there unintended consequences of the province's new definition of principal residence? Will further amendments to CRD zoning and rural land use bylaws be required as a result?

Moving Forward

Staff will research the above and provide more concrete recommendations at a future Committee of the Whole Meeting. Note no material changes are imminent for the CRD. It is assumed that the CRD could opt-in to provincial regulations after their implementation on May 1, 2024. It is also assumed that more detailed guidance from the province and local government legal publications will materialize as the provincial regulations are developed and implemented in the coming months. Staff note that the development of any regulatory program will have significant staff resourcing impacts.

Attachments:

1. BC Short-Term Rental Accommodations Act - Technical Briefing

Receipt Only:

That the memorandum from Nigel Whitehead, Manager of Planning Services, dated November 1, 2023, regarding short term rental regulations, be received.