

Short-Term Rental Accommodations Act

Technical Briefing

Oct 16, 2023

What we will cover today

- The short-term rental situation – why action is needed.
- How other jurisdictions are taking action towards a growing global housing concern.
- Upcoming changes to short-term rentals:
 - Three key elements of the changes
 - Where elements will apply
 - Timelines



Building from a strong foundation

- Government has taken strong action since 2017 to deliver more homes for people, including:
 - Tackling vacant homes by introducing the Speculation and Vacancy Tax
 - Taking historic action to deliver new homes
- In the spring, the Government introduced the *Homes for People Action Plan* designed to double-down on historic investments in housing and introduce new ways of creating more homes for people, faster.
- B.C. has made real progress. To date, nearly **77,000 homes are open or on the way**, and **tens of thousands more to come**.
- Progress includes:
 - Continuing to take substantial action to increase supply and deliver homes that people can afford to rent or buy. (Nearly 77,000 homes open or underway).
 - Working with municipalities to introduce housing targets to deliver more homes in communities with the greatest housing need.
 - Introducing and expanding the Speculation and Vacancy Tax to deliver more homes for people.
 - Freezing rent increases during the pandemic and capping increases over the last two years at well below the rate of inflation.
 - Banning illegal renovations and strengthening the financial penalties for landlords who evict tenants in bad faith.
 - Adding more resources and staff at the Residential Tenancy Branch to provide faster resolutions to renter/landlord disputes.
 - Giving extra support to renters with low and moderate incomes through the new \$400 income-tested Renter's Tax Credit.

The Challenge

- We have made real progress over the past years to deliver housing for people in B.C., but the pandemic, inflation, rising interest rates, growing population and a global labour shortage have added new challenges.
- These housing challenges have been highlighted by low vacancy rates and a lack of long-term rentals in B.C.
- Many communities throughout B.C. are facing rental vacancy rates well below 1.5%. (*Provincial Vacancy Rate is 1.3%*). The CHMC defines a healthy vacancy rate between 3-5%.
- As a result of low long-term rental stock, the cost of rent has climbed in most B.C. communities causing financial stress for many working families.
- This rental crisis is impacting local economies, contributing to more worker shortages in an already tight labour market and impacting the delivery of key services that people count on (health care, education, early childhood education).
- We're in a housing crisis – we must look at new ways to turn housing units in B.C. into long-term homes for people.



The Short-Term Rental Situation

- Finding an affordable place to live is already a big challenge, and short-term rentals (STRs) are making the problem even worse.
- Short-term rental (STR) listings on online platforms (which may include, for example, Airbnb, VRBO, Expedia, FlipKey) have expanded rapidly over recent years, and data tells us it continues to surge since the pandemic.
- There are currently approximately 28,000 STR listings in B.C (an increase of 20% from a year ago).
- Research from [McGill University](#) specifically on the B.C. market indicates that more than **16,000 “entire homes”** have been pulled out of the housing market and are being used as short-term rentals. Entire homes are units listed for the majority of the year, booked for more than 90 nights during a calendar year.
- Various studies and research show:
 - The STR market in BC is dominated by a small segment of profit-driven operators (mini-hotel operators).
 - The top 10% of hosts earned 48.8% of all revenue, and nearly half of all operators have multiple listings.
 - Website [Inside Air bnb Vancouver](#) also looks at STR data in Vancouver and shows 12 operators in Vancouver have 30 listings or more, with one operator hosting 123 separate listings.
 - Based on sample data from 15 municipalities with local bylaws in place, the Province estimates the percentage of non-compliant short-term rental listings in 2023 is about 40-50%.



In summary, research studies and ministry data show that STRs are diverting thousands of long-term rental homes onto the short-term market, taking away homes people need, and in many communities, adding to the challenge of finding an affordable place to rent.

Growing global problem

- Globally, studies show there are more than 6 million homes rented on Airbnb alone, in 100,000 cities.
- Short-term rentals are increasingly seen as contributing to global housing challenges.
- In response, jurisdictions around the world are increasingly trying to regulate, restrict or ban short-term rental of units that could otherwise be used for long-term housing.
 - **Quebec**
 - Requires hosts to register with the Province and display a registration number issued by the Province on their listing.
 - Fines of up to \$100,000 per illegal listing.
 - STR platforms may only permit listings with a registration number to be posted online.
 - **New York City**
 - Hosts must demonstrate that they will be physically present during their guests' stay, and that no more than two paying guests will stay at one time.
 - **San Francisco**
 - STRs are limited to principal residences with a maximum of 90 days rented out when a host is not living at the home.
 - **Spain**
 - Has had regulations on STRs for many years. Each autonomous community has its own regulations, but most require business licenses and limit STRs.
 - **European Union**
 - Requires host registration and countries have tools to ensure safe and compliant data-sharing.

What is currently being done in B.C.?

- To manage the growing need for regulation of STRs, municipal bylaws or license fees are currently in place in approximately 30 municipalities across B.C.
- These bylaws range in levels of restrictions and rules towards hosting STRs and demonstrate the need for a whole of province approach.
 - **Vancouver**
 - Principal residence requirement
 - Individuals can only have one license – licensed only to the person that resides in the property
 - Operators must have a business license and include their license number in all online listings
 - **Victoria**
 - Principal residence requirement
 - Must have a business license
 - **Tofino**
 - Principal residence requirement plus one secondary suite on property
 - Must have a business license
 - Maximum of six guests and 3 bedrooms per listing
 - **Cumberland**
 - Principal residence requirement
 - One listing on a property
 - Maximum of six guests and 3 bedrooms per listing
 - **Revelstoke**
 - Principal residence requirement and rules around secondary suites in certain zones of community
 - Must have a business license
 - Maximum of six guests and 3 bedrooms per listing



Short-term rental impact in B.C.

- Some local bylaws in B.C have been effective in creating more long-term rentals for people. In Vancouver, city data says 800 STRs have been converted to long-term rentals as a result.
- **But municipalities are facing challenges in the face of a STR market that is growing quickly and taking homes off the long-term rental market.**
- **In Vancouver**, city data shows more than 30% of hosts are operating illegally.
- **In Victoria**, approx. 1,600 hosts are operating under the legal non-conforming clause, which prohibits city bylaws from applying to certain buildings and homes. City records also show that 42% of STR licenses are held by operators who live out-of-town.
- **In the District of Squamish**, [city reports](#) show STR units have increased 38% from 2021 to 2022 and less than half of listings are compliant with regulations.
- Municipalities, [including UBCM recommendations](#), are asking the Province for support in addressing short-term rentals through more oversight and stronger tools to address this growing issue (including a central database and more data sharing).



Action on Short-Term Rentals

Turning more short-term rentals back into homes for people through 3 key responses:



Increasing fines and strengthening tools for local governments

- Increasing fines for operators breaking local rules
- Requiring short-term rental platforms to share data to improve local enforcement
- Increasing platform accountability to make sure local rules are followed
- Providing regional districts with more tools



Returning more short-term rentals into long-term homes for people

- Limiting short-term rentals in B.C. to principal residences only - plus one additional unit on that property - for B.C. municipalities with more than 10k people
- Removing legal non-confirming rules being taken advantage of by investors



Establishing provincial rules and enforcement

- Requiring all STR hosts to join a provincial registry
- Launching a provincial Short-Term Rental Compliance and Enforcement Unit to make sure rules are being followed

Increased fines and strengthening tools for local governments

- **Increasing fines for operators breaking local rules**
 - Through regulations, fines will increase for hosts breaking local municipal by-law rules from **\$1000 to \$3000** per infraction, per day.
 - The proposed rules allows regional districts to set the same maximum penalty of \$50,000 for severe contraventions (like municipalities).
- **Requiring short-term rental platforms to share data with municipalities to improve local enforcement**
 - A key request from municipalities, this will help bylaw officers and city staff crack down on hosts breaking local rules.
 - The proposed rules would make it mandatory for STR platforms to share information with the Province, including information about STR hosts. The Province can then share that information with local governments to support a more integrated approach to regulation and enforcing provincial rules.
 - No private information about hosts will be released publicly.
- **Increasing STR platform accountability to make sure local rules are followed**
 - Requiring short-term rental platforms to include businesses license and registration numbers on listings where they are required by a local government, and to remove listings without them quickly.
- **Providing regional districts with more tools**
 - Currently, regional districts do not have business regulation and licensing powers. Proposed action will grant all regional districts broad business regulation and licensing powers. Regional districts will then be able to require businesses, including short-term rental businesses, to obtain and maintain a business license to operate.
 - This will help regional districts gain a better understanding of the number and type of short-term rentals operating in their communities.
 - The business regulation and licensing powers provided to regional districts will parallel those of municipalities.



Note: Short term rental accommodation service refers to a period of less than 90 days.

Providing more homes for people in communities with greatest housing needs



- **Principal residence requirement (+1 secondary suite)**

- Principal residence is defined as a place in which an individual lives for a longer period in a calendar year than any other place.
- Short-term rentals in non-principal residences across the province are taking away homes for people in B.C. Entire homes are being used as short-term rentals when they could be put on the long-term rental market or sold. Other jurisdictions have brought in principal residence requirements – including several communities in B.C.
- B.C.'s principal residence requirement will:

- **Require short-term rentals to be only in the principal residence* of a host in municipalities with a population of 10,000 people or more (*principal residence plus one secondary suite or laneway home/garden suite on property allowed).**

- Through forthcoming regulations, it is intended that 14 [resort municipalities](#), mountain resort areas, electoral areas (incl. Gulf Islands), and most municipalities with a population under 10,000 people (except those adjacent to larger municipalities, e.g. Highlands, Belcarra) will initially be **exempt from the principal residence requirement** but can opt in if the local government decides to.
- Communities adjacent to larger municipalities are defined as smaller communities less than 15 KM away from a larger community with the Principal Residence requirement. They are listed on the following slide.

Note: PR requirement applies to homeowners and renters

List of Communities

- The B.C. municipalities with a population over 10,000 people are listed below by population size descending from highest to lowest.
- For reference, an * has been added on communities that currently have a vacancy rate above 3 percent (2023 CMHC Data).
- When regulations are released, it is intended that communities over a 3 percent vacancy rate (using the most current data available) may request an exemption from the principal residence requirement.
- The provincial principal residence requirement will function as province-wide floor for communities with populations over 10,000 people **but local governments will still be able to use existing bylaws and introduce additional bylaws that are more restrictive for STRs.**

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|--------------|--------------------|------------------|--------------------|------------------|
| • Vancouver | • Kamloops | • Vernon | • Fort. St. John* | • Parksville |
| • Surrey | • Chilliwack | • West Vancouver | • Cranbrook | • Dawson Creek* |
| • Burnaby | • Victoria | • Mission* | • Salmon Arm | • Sidney |
| • Richmond | • Maple Ridge | • Penticton | • Pitt Meadows | • Prince Rupert* |
| • Abbotsford | • North Vancouver | • West Kelowna* | • Colwood | • North Saanich |
| • Coquitlam | (district) | • Campbell River | • Port Alberni | • Summerland |
| • Kelowna | • New Westminister | • Port Moody | • Oak Bay | • Terrace |
| • Langley | • Prince George* | • North Cowichan | • Esquimalt | • View Royal |
| (township) | • Port Coquitlam | • Langley (city) | • Central Saanich* | • Coldstream |
| • Saanich | • North Vancouver | • Courtenay | • Lake Country | • Nelson |
| • Delta | (city) | • Squamish | • Sooke | • Williams Lake* |
| • Nanaimo | • Langford | • White Rock | • Comox | • Sechelt |
| | | | • Powell River | |

- Adjacent Communities**
- Qualicum Beach
 - Metchosin
 - Duncan
 - Cumberland
 - Highlands
 - Anmore
 - Pouce Coupe*
 - Belcarra


Providing more homes for people in communities with greatest housing needs



- **Removing legacy rules being taken advantage of by investors**
 - Currently, 'legal non-conforming use principle' allows hosts to operate despite local bylaws in place (under a land use bylaw). This is because short-term rentals were allowed in a building or structure prior to the bylaw being put in place.
 - These legacy authorities are in place in Victoria, Kelowna and several other communities.
 - For example, in Victoria, according to the City, there are approx. 1,600 units the City cannot regulate due to this “legacy” law whereby short-term rentals were zoned as an allowable prior to their STR bylaw being put in place.
 - **We will remove STRs from legal non-confirming use so that all operators will need to follow local government rules.**
 - The provision would apply to only the use of land for STR accommodation services, or similar services, and not to any other uses permitted by a local government land use bylaw.



More details on actions to rein in STRs

- The principal residence requirement is designed to make sure that many accommodation buildings and operations that have operated in communities for a long period of time can continue to provide stays for visitors – including in tourism driven communities.
 - This will **not apply to hotels and motels**, as these types of buildings were never intended as long-term housing.
 - Future regulations will enable the Province to exempt additional types of properties, for example: strata hotels, timeshares and fishing lodges, which are not intended to be included.
 - Communities on First Nations reserve land will be exempt. Modern treaty nations will also be exempt but will be able to opt in, if desired.
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- Requirements to share data with the Province to improve enforcement efforts and the requirement to remove listings not following local and provincial rules will only apply to online platforms that book and receive payments for a short-term stay.
 - To ensure STR hosts are following rules, the requirement to register listings and the principal residence requirement will apply to all advertised short-term rental listings.



Establishing provincial rules and enforcement

- **Require all STR hosts to register with a provincial registry**
 - The Province will establish a **short-term rental registry** that will require all hosts and platforms to register with the Province.
 - Hosts will be required to include a valid provincial registration number on their listing, in addition to a business license number, where required.
 - Platforms will be required to only advertise listings that are compliant as indicated by a provincial host registration number. Platforms will be required to validate host's registration numbers with the Province.
 - Once the registry is active (late 2024), platforms will have 3 months to register their companies and hosts will have 6 months to register their units.
- **Launch Provincial Short-Term Rental Compliance and Enforcement Unit to make sure rules are being followed**
 - We expect that hosts, platforms and other will do their best to comply and the need for the enforcement will be relatively rare.
 - In those rare cases, the Provincial Unit will:
 - Track compliance
 - Issue orders
 - Administer penalties for violations

What does this mean for:

STR Hosts

- ❖ Can still rent out home when they are away, or a secondary/ laneway suite if permitted by local bylaws
- ❖ Can still rent out vacation property if in areas exempt from principal residence requirement
- ❖ Can turn STR into long-term rental home
 - ❖ Must register with provincial registry (when active)

STR Platforms

- ❖ Must share data with Province to help enforce rules
- ❖ Must remove listings not playing by the rules and validate registration numbers
- ❖ Must register with provincial registry (when active)

People living in B.C.

- ❖ More rental options in communities with low vacancy rates and high housing needs.
- ❖ Can still use STR listings for B.C. vacations/trips

Timelines

Changes to be brought in through a phased-in approach:

Immediately on Royal Assent

- Increase fines for municipal bylaw infractions
- Regional district business licencing

May 1, 2024

- Principal Residence Requirement
- Removing legal non-conforming use clause
- Require business licenses to be displayed on platforms

Summer 2024

- Data sharing from STR platforms

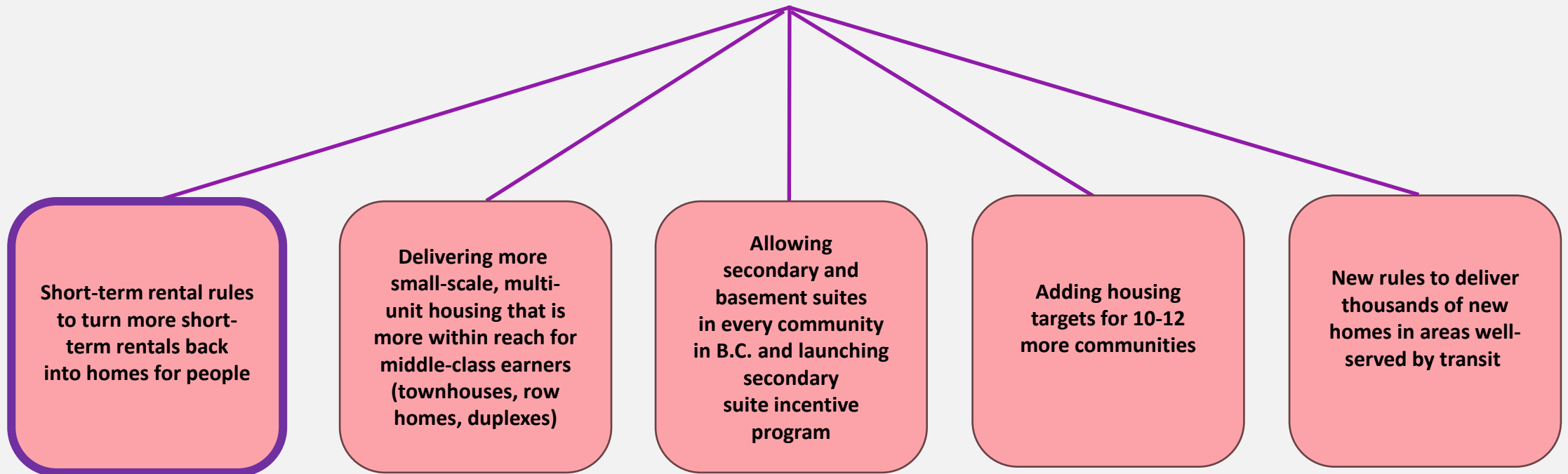
Late 2024

- Provincial registry

Further housing actions this fall

Several more housing bills and actions will to be introduced in the fall as part of the Province's Homes for People Action Plan.

This includes:



These strong actions are necessary in the face of high interest rates, inflation and a growing global housing affordability crisis.

In Summary

- People are calling on all levels of government to work together to address the housing crisis and deliver more homes that are within reach.
- That's why we are taking strong action to rein in a fast-expanding short-term rental market, where operators with multiple listings are taking homes off the long-term market to make big profits – while people pay the price.
- People using STR platforms to book vacation rentals will not be subject to fines under new rules – it's up to hosts and platforms to ensure they are following the rules.
- Provincial principal residence requirement will function as province-wide floor for communities with population over 10,000 people - local governments will still be able to restrict STRs further through their own bylaws.
- The approach is comprehensive and designed to target areas with high-housing needs, while making sure smaller communities and communities that are dependent on short-term rentals for tourism have more tools to regulate STRs at a local level, or opt-in to the principal residence requirement if they choose.
- It's strong action and a thoughtful, phased in approach to tackle the short-term rental challenge and deliver more homes for people.

