




AGENDA INFORMATION	
<input type="checkbox"/> Finance & Audit	Date: <u>Nov 25, 2019</u>
<input type="checkbox"/> Advisory Oversight	Date: _____
<input type="checkbox"/> Other:	Date: _____

 Dept. Manager	 GM/ Director	 CAO
---	--	---

The District of North Vancouver REPORT TO COMMITTEE

November 12, 2019
File: 13.6480.30/003.002.000

AUTHOR: Steve MacIntyre, Community Planner

SUBJECT: Short-Term Rentals Public Engagement Update and Proposed Revised Regulatory Approach

RECOMMENDATION:

THAT the November 12, 2019 report of the Community Planner entitled "Short-Term Rentals Public Engagement and Proposed Revised Regulatory Approach" is received for information;

AND THAT staff is directed to bring bylaw amendments regarding Short-Term Rentals in accordance with Option 1 forward to a Regular Meeting of Council.

REASON FOR REPORT:

The purpose of this report is to receive Council feedback on a revised regulatory approach to short-term rentals. One of the primary goals of a regulatory framework for short-term rentals is to help guard against the loss of long-term residential rental options. A regulatory framework could limit short-term rentals to single-family homes or could permit short-term rentals in all unit types (e.g. coach houses, secondary suites, townhouses and apartments), or some other combination. Staff are seeking Council's direction before preparing bylaws for Council's consideration.

SUMMARY:

This report summarizes staff work and public engagement on developing a regulatory approach for short-term rentals. This report asks for Council's direction on the scope of a regulatory framework for short-term rentals:

- **Option 1: Gentle Entry.** Draft bylaws to allow short-term rentals (STRs) in single-family homes, secondary suites, and coach houses (staff recommendation);
- **Option 2: Allow and Regulate.** Draft bylaws to allow STRs in single-family homes, secondary suites, coach houses, and multi-family units; or,
- **Option 3: Treat Like B&Bs.** Draft bylaws to only allow STRs in single-family homes.

BACKGROUND:

On November 28, 2017, staff reported on the growing impact of short-term rentals in the District and presented options to manage them. Council expressed support for taking action to permit short-term rentals with conditions rather than continuing to prohibit them. Council's rationale was informed by staff's suggestion that legitimizing the use would allow for the collection of business licence fees and taxes (Municipal & Regional District Tax) to facilitate cost recovery for increased staff time associated with enforcement.

On June 11, 2018, staff presented Council with a comprehensive regulatory framework to permit short-term rentals (**Attachment 4**). The proposed regulatory framework included only allowing short-term rentals in principal single-family homes, but not in secondary suites or other unit types (e.g., coach houses, townhouses or apartments). Council provided the following recommendations:

THAT staff is directed to proceed with the public engagement described in the May 31, 2018 report, entitled Short-Term Rentals Bylaw Amendment, regarding the draft amendments to the Zoning Bylaw, Business Licence Bylaw, Fees & Charges Bylaw, and Bylaw Notice Enforcement Bylaw;

AND THAT staff is directed to bring the draft bylaw amendments back to Council for Introduction and First Reading after completion of the public engagement process.

Public outreach was conducted between June and August 2018. Engagement included an online survey and three pop-up events promoted on the District's website, social media, and ads in the North Shore News. Results indicated general public support for permitting short-term rentals in the District, with significant support among respondents for allowing short-term rentals in not only single-family homes, but also in secondary suites, coach houses, townhouses, and multi-family units. The Short-Term Rentals Public Engagement Summary is provided in **Attachment 2**.

EXISTING POLICY:

Short-term rentals are currently not a permitted use under the Zoning Bylaw.

ANALYSIS:

Analysis is described in the following sections.

Listings and Complaints

According to Host Compliance the number of unique short-term rental units has grown from 526 in August, 2017 to 732 in April, 2019. Complaints have grown from fewer than 10 between 2009 and 2017, to an additional 40 received since 2017. Of the complaints received to date, concerns are almost evenly divided between the following categories:

- Fire safety and/or construction work without permits;
- Noise;
- Parking, traffic, garbage (and other minor nuisance);

- Non-permitted use (knowledge that short-term rentals are not currently allowed in the District); and,
- Transient guests (concern about strangers in neighbourhood).

Of these commonly reported issues of concern, fire safety, lack of construction permits, noise, parking, traffic and trash are regulated under existing bylaws. It should be noted that transience of guests does not violate any bylaws; however, it does speak to feelings of neighbourhood security and safety concerns, which affect the comfort and quality of life for permanent residents. Concerns regarding the illegality of short-term rentals would be resolved upon adoption of new regulatory bylaws to permit short-term rentals. However, concerns may still be raised by residents impacted by this activity.

Mitigating the Impacts of Short-Term Rentals on Long-Term Rental Stock

The extent to which short-term rentals are impacting the overall supply of long-term rental housing is challenging to determine. However, given estimates that short-term rentals could generate two to three times the income of a monthly rental, some impact would be inevitable. Therefore, regulations looking to preserve long-term rental opportunities should include financial penalties for non-compliance to outweigh the potential gains of illegally operating of a short-term rental.

Regulatory Options for Council's Consideration

Based on public input (**Attachment 2**), staff recommend allowing STRs in single-family homes, secondary suites, and coach houses (Option 1: Gentle Entry). All these unit types would be subject to the same regulatory framework.

Option 1: Gentle Entry

- Short-term rentals would only be permitted in principal residential dwelling units** (i.e., the address where a person lives most of the year, pays their bills, cooks meals, and receives government mail). This approach allows for principal residential owners or tenants to rent their home/units, or a room(s) within their home/unit, on a short-term basis, regardless of whether they are present or away from the unit. This provides the possibility of extra income for tenants and home owners, while also meeting demand for short stay options.
- The owner of the house, or the long-term tenant, with the owner's permission, would need a valid business licence.** The business licence fee would facilitate cost recovery for general administration and increased staff time associated with enhanced enforcement and compliance.
- Short-term rentals would be permitted in single family homes, secondary suites, and coach houses.** Currently the District's Zoning Bylaw does not permit short-term rentals. While the District of North Vancouver has a policy ensuring that strata corporations do not restrict long term rentals (enforced since 2013 via housing agreement); some strata bylaws currently prohibit rentals and short-term rentals, and

each owner would need to educate themselves on strata bylaw issues. The impacts of short-term rentals can be more acute for strata property owners who share common property (parking, elevators, corridors, etc.)

- d. Fairness.** The proposed regulatory approach creates fairness because short-term rentals would be treated like other similar businesses such as bed & breakfasts. Short-term rental revenue opportunities would be available to owners and renters.
- e. Addressing negative impacts.** The proposed regulatory approach addresses concerns that may arise from short-term rentals by limiting the total number of patrons at a given time to six and requiring that a dedicated parking space be provided for each short-term rental unit.
- f. Enforcement.** New fines would be added and existing enforcement would be enhanced. The proposed regulatory approach includes fines of \$500 per day for violations related to the operation of short-term rentals. The Province allows strata corporations to ban short-term rentals and impose fines up to \$1,000 per day on violators.

Greater detail on the regulatory framework would be provided as part of the proposed bylaws after receiving direction from Council on which approach to pursue.

Staff included two other options for Council's consideration: "allow and regulate" (Option 2) and "treat like B&Bs" (Option 3). The "allow and regulate" option would allow multi-family units to be licenced for short-term rentals, in addition to single family homes, secondary suites, and coach houses. The "treat like B&Bs" approach would only permit short-term rentals in single-family homes. The range of unit types could be expanded over time as the District gains experience. If Option 1 is approved, staff recommend that implementation be monitored for 1-2 years, after which staff will report back.

Concurrence

The recommendations of the report have been reviewed with Bylaws and Finance.

Financial Impacts

This is a new area of enforcement, so heightened costs are anticipated initially to cover enforcement.

The Province and Airbnb have agreed to legislative changes to allow the collection of 8% provincial sales tax (PST) and 3% Municipal and Regional District Tax (MRDT) on short-term rentals. PST revenue goes directly to the Province, while MRDT goes to North Shore Tourism Association to fund tourism marketing programs. The 8% PST is intended to provide additional revenue for affordable housing programs. However, opportunities to access the MRDT are less clear. Staff will work with the Provincial government and the Tourism Association to address how a portion of the MRDT revenues could be allocated for affordable housing initiatives while ensuring tourism programming continues.

Increased costs related to enforcement are anticipated and the District could potentially access this revenue stream for affordable housing, and related purposes. Staff will provide more information to Council regarding how these tax funds can be accessed as the Province makes information available.

Update on other municipalities' regulatory efforts

Vancouver:

The City of Vancouver has allowed short-term rentals in any principal residence, subject to holding a valid business licence, since April, 2018. The City of Vancouver has issued a report (dated October 8, 2019) reviewing the first year of their Short-Term Rental Program (**Attachment 3**). The report shows a slight decrease in 'entire home' short-term rental listings, and an increase in long-term rental business licences issued since the program was enacted, which suggests that it may be leading to an increase in long-term rental stock.

However, City of Vancouver staff acknowledge that it is difficult to isolate the effects of the Short-Term Rental Program from other policies launched around the same time, including the Empty Homes Tax, Speculation & Vacancy Tax, and the mortgage stress test. It should be noted that the City of Vancouver's program includes extensive education and pro-active enforcement to encourage compliance. Due to continued rental vacancy rates below 1%, City of Vancouver staff are recommending continuation of the program with the principal residence requirement, rather than expanding it to allow for commercial short-term rentals at this time.

North Shore & Squamish:

To date, the District of West Vancouver has not adopted bylaws to regulate short-term rentals. The City of North Vancouver only allows short-term rentals in commercial mixed-use zones.

The District of Squamish is preparing draft bylaw amendments which would only allow short-term rentals in principal residences, but not in secondary suites, coach houses, or multi-family dwellings. Expansion of the program to include other housing types may be considered following an initial evaluation period. Public review of the draft bylaw amendments is anticipated in early 2020.

Liability/Risk

Short-term rentals are part of the emerging sharing economy and staff anticipate both increased interest in, and complaints about, short-term rentals in the future. It is important to provide regulatory clarity in a proactive manner before the scale of any problems makes enforcement and compliance more difficult, especially given the rapid growth short-term rental listings in just two years.

Conclusion

Short-term rental accommodation has become an increasingly common activity in the District of North Vancouver. The number of illegal listings and complaints about short-term rentals

SUBJECT: Short-Term Rentals Public Engagement Update and Proposed Revised Regulatory Approach

November 12, 2019

Page 6

have increased substantially over the past two years. Council has endorsed creating a regulatory approach to provide more effective tools to manage this use.

Staff seek Council direction to revise the previously proposed regulatory. Following Council's direction, staff will prepare bylaws for consideration at a Regular Council Meeting.

Options

THAT the November 12, 2019 report of the Community Planner entitled "Short-Term Rentals Public Engagement and Proposed Revised Regulatory Approach" is received for information;

AND THAT AND THAT staff is directed to bring bylaw amendments regarding Short-Term Rentals in accordance with Option 1 forward to a Regular Meeting of Council. **(staff recommendation)**

OR

Option 2 (allow and regulate): Draft bylaws to allow short-term rentals in single-family, secondary suites, coach houses, and multi-family units.

OR

Option 3 (treat like B&Bs): Draft bylaws to allow short-term rentals in single-family homes only.

Respectfully submitted,



Steve MacIntyre, Community Planner

Attachment 1: Council Workshop Staff Presentation Slides, November 25, 2019

Attachment 2: Short-Term Rentals Public Engagement Summary, October 2019

Attachment 3: City of Vancouver One-year Review of the Short-Term Rental Program

Attachment 4: Previous Council Report, May 31, 2018

SUBJECT: Short-Term Rentals Public Engagement Update and Proposed Revised
Regulatory Approach

November 12, 2019

Page 7

REVIEWED WITH:					
<input type="checkbox"/> Community Planning	_____	<input type="checkbox"/> Clerk's Office	_____	External Agencies:	
<input type="checkbox"/> Development Planning	_____	<input type="checkbox"/> Communications	_____	<input type="checkbox"/> Library Board	_____
<input type="checkbox"/> Development Engineering	_____	<input checked="" type="checkbox"/> Finance	<i>AK</i>	<input type="checkbox"/> NS Health	_____
<input type="checkbox"/> Utilities	_____	<input type="checkbox"/> Fire Services	_____	<input type="checkbox"/> RCMP	_____
<input type="checkbox"/> Engineering Operations	_____	<input type="checkbox"/> ITS	_____	<input type="checkbox"/> NVRC	_____
<input type="checkbox"/> Parks	_____	<input type="checkbox"/> Solicitor	_____	<input type="checkbox"/> Museum & Arch.	_____
<input type="checkbox"/> Environment	_____	<input type="checkbox"/> GIS	_____	<input type="checkbox"/> Other:	_____
<input type="checkbox"/> Facilities	_____	<input type="checkbox"/> Real Estate	_____		
<input type="checkbox"/> Human Resources	_____	<input checked="" type="checkbox"/> Bylaw Services	<i>CW</i>		

THIS PAGE LEFT BLANK INTENTIONALLY

Short-term Rentals Bylaw Amendment



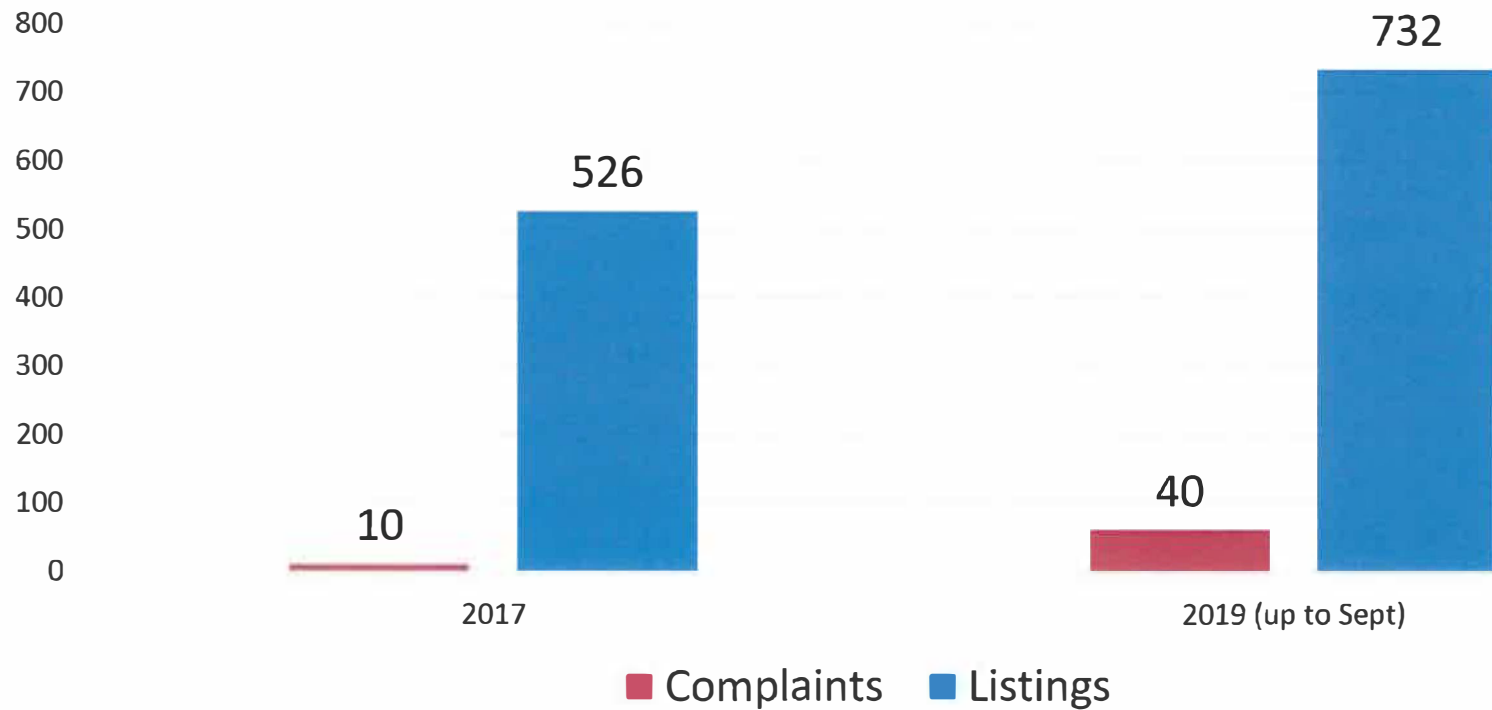
November 25, 2019 Council Workshop

Regulatory Review Process



Complaints & Listings

Short-term Rental Complaints & Listings



Previously Proposed Regulatory Approach

Principal residence

Yes single-family
No secondary suites, coach houses, or multi-family

Business license

6 patrons max.
+1 parking/STR

Taxes & fines

Revised Regulatory Approach

Principal
residence

Yes single-family,
secondary suites &
coach houses
No multi-family

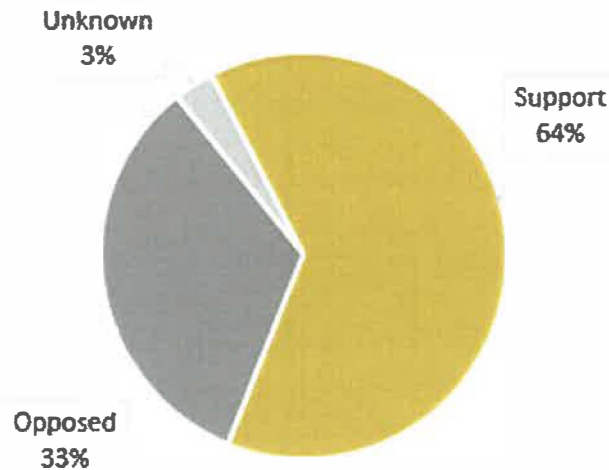
Business license

6 patrons max.
+1 parking

Taxes & fines

Thoughts on Short Term Rentals

What do you think of this proposal overall?



64% of respondents (117/184) **supported** the proposed regulatory approach for short-term rental accommodations, **with qualifications and conditions**

Of the 33% (61/184) who **opposed** the change:

- Some supported short term rentals, but thought the proposed bylaw amendments were either too restrictive or too permissive
- Some opposed short term rentals in the District altogether

Recommendation

THAT the November 12, 2019 report of the Community Planner entitled "Short-Term Rentals Public Engagement and Proposed Revised Regulatory Approach" is received for information;

AND THAT staff is directed to bring bylaw amendments regarding Short-Term Rentals in accordance with Option 1 forward to a Regular Meeting of Council (**staff recommendation**)

OR

Option 2 (allow and regulate): Draft bylaws to allow short-term rentals in single-family, secondary suites, coach houses, and multi-family units.

OR

Option 3 (treat like B&Bs): Draft bylaws to allow short-term rentals in single-family homes only.

355 West Queens Road
North Vancouver, BC
V7N 4N5

604-990-2311



Short-Term Rentals

PUBLIC ENGAGEMENT SUMMARY

OCTOBER 2019



EXECUTIVE SUMMARY

Short-term rental accommodation has become an increasingly common activity in the District of North Vancouver. The number of illegal listings and complaints about short-term rentals have increased substantially over the past two years, and Council has endorsed creating a regulatory approach to provide more effective tools to manage short-term rentals.

On June 11, 2018, staff presented Council with a comprehensive regulatory framework to permit short-term rentals, including specific bylaw amendments. This was followed by a public engagement process to gather additional input prior to bringing the draft bylaw amendments back to Council for consideration. This report summarizes the input that we heard on the proposed approach for short term rental accommodation through public engagement held between June and August 2018.

OPPORTUNITIES FOR INPUT

Input was gathered through an online survey and three informational pop-up events where paper surveys were available. The questions were the same for both the online and paper surveys. We received 180 online survey responses and 4 hand written responses.

WHAT WE HEARD

The results of the online and paper survey indicated that there was general support for the proposed changes to the District's regulations, with significant support among proponents for allowing short-term rentals in secondary suites and coach houses, among other housing unit types.

TABLE OF CONTENTS

1.0	CONTEXT	1
2.0	PROCESS	1
3.0	OPPORTUNITIES FOR INPUT	2
3.1	COMMUNICATION	2
3.2	POP-UP INFORMATION EVENTS	3
3.3	ONLINE & PAPER SURVEY	3
4.0	WHAT WE HEARD	4

1.0 CONTEXT

Short-term rental accommodation has become an increasingly common business activity resulting from the popularity of web-based platforms (e.g. Airbnb) that connect customers to accommodation providers (e.g. home owners). Short-term rental is a commonly used term to define the commercial practice of renting out a home for a non-residential purpose (e.g. short-term vacation stay). Short-term rentals can take place in a variety of circumstances including the rental of a room or bed in a home, or the rental of the entire home.

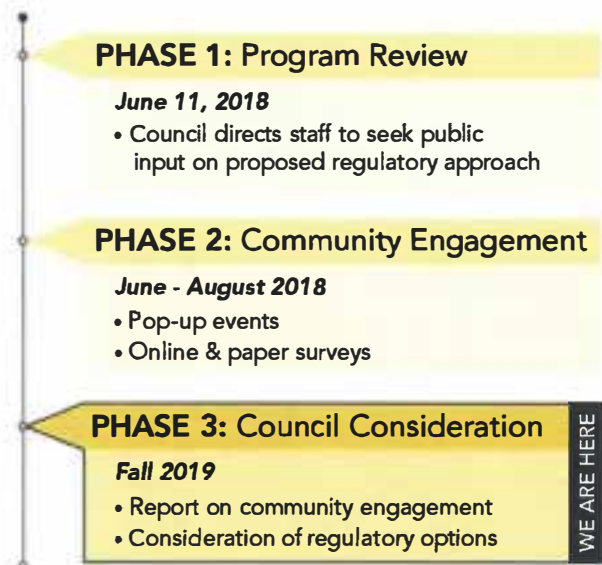
As short-term rental accommodations have become more prevalent in communities, concerns have been raised regarding the impacts they may have on the supply of long-term rental housing, and the impacts on neighbourhoods resulting from parking issues and noise. Municipalities across Metro Vancouver are responding in a variety of ways, such as clarifying existing regulations and/or creating new policies, bylaws, and procedures to ensure short-term rental operators comply with local regulations and community expectations.

Currently, the District's Zoning Bylaw permits "Bed and Breakfasts" and "Boarders and Lodgers"; however short-term rentals typically do not comply with the Zoning Bylaw provisions related to either of these definitions, and are therefore unlawful. While the number of complaints submitted to the District regarding short-term rentals is small, it is increasing.

This report summarizes the results of the public engagement that occurred between June and August, 2018, on proposed changes to the District of North Vancouver's bylaws that would enable short-term rental in some circumstances, while addressing residents' key concerns.

2.0 PROCESS

The process for reviewing the District's short-term rental accommodation regulations has included three phases to date (*right*). On June 11, 2018, Council directed staff to gather input from the public on the proposed changes to the bylaws regulating short-term rentals in the District. This engagement was conducted between June and August 2018.



3.0 OPPORTUNITIES FOR INPUT

In the second phase of this process, we asked the public to provide feedback on the proposed changes to the bylaws impacting short-term rental accommodation. We used three different methods to gather input and feedback:



**Pop-Up Information
Events**



Paper Survey



**Online Public
Survey**

Public engagement can occur across a range of participation levels, from informing to empowering. Different levels of engagement are appropriate at different times and for different projects. The goal for this phase of considering changes to short term rental accommodation regulations was to obtain feedback on the proposed changes to the District's bylaws, which corresponds to the 'Consult' level on the *International Association for Public Participation's* (IAP2) Spectrum of Public Participation. This means that we will keep you informed, and listen to and acknowledge your concerns and aspirations in developing final solutions, and we will report back to you on how your input influenced the decision.

3.1 COMMUNICATION



North Shore News Advertisement

We used several methods of communicating the opportunities for input, including:

- North Shore News advertisements (Wednesday, June 27 and Friday, June 29, 2018, Friday, August 3, and Wednesday, August 8);
- The District's website (DNV.org);
- Social media posts (DNV Facebook and Twitter);

3.2 POP-UP INFORMATION EVENTS

Pop-up events are informal drop-by events where staff are available to answer questions and share information. Pop-up events are held in public places to invite interest from people passing by, in addition to those who are coming specifically to learn about the particular topic.

At the pop-up events, there was a display board with information on the proposed changes to the short-term rental regulations, information hand-outs with a survey on the back, and staff available to answer questions. Staff encouraged attendees to share their input through the online survey.



Display information at the pop-up events

Short-Term Rental Accommodation Pop-up Events

WHEN	WHERE
Friday, June 29, 2018, 2:30 - 5:30 pm	Parkgate Community Recreation Centre
Saturday, July 8, 2018, 10 am - 1 pm	Edgemont Clocktower near Delany's
Wednesday, August 8, 2018, 1 pm - 3 pm	Lynn Valley Plaza/Library

3.3 ONLINE & PAPER SURVEY

The online survey asked for input on the proposed changes to bylaws relating to short-term rental accommodation. It was open for seven weeks on the District website, DNV.org/rentals, from June 27, 2018 to August 15, 2018. In total, 180 responses were received.

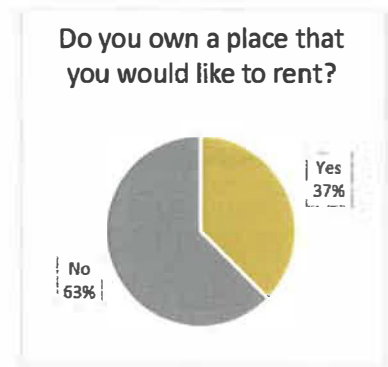
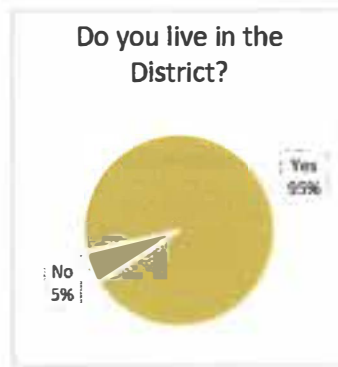
The paper survey was on the back of a handout provided at the pop-up events. In total, four written responses were received, bringing the total number of surveys received to 184. The questions were the same for both the online and paper surveys.



4.0 WHAT WE HEARD

There were 184 responses to the survey, including online and paper responses. The number of responses to each question may vary because some respondents may not have chosen to answer every question.

The majority of respondents identified as residents of the District (95%, 174 of 184). Approximately 37% of respondents (68 of 184) answered 'yes' when asked if they owned a place they would like to rent. Furthermore, 10% of respondents (19 of 184) stated that they had a current short-term rental listing at the time they answered the survey.

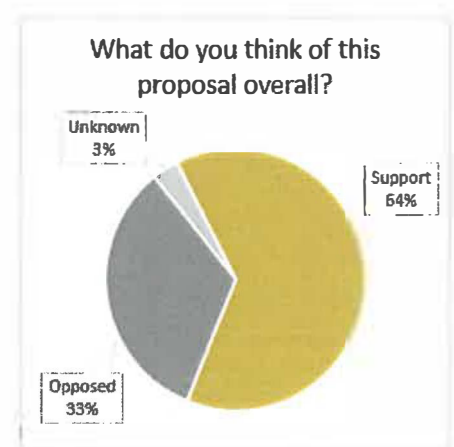


What do you think of this proposal overall?

Respondents were asked what they thought of the proposed changes to the bylaws and were provided a space to write comments. The comments were assigned one of three labels: support, opposed, and unknown, based on their comments.

Approximately 64% of respondents (117 of 184) wrote comments that seemed to indicate their support for the proposed regulatory approach for short-term rental accommodation, although much of this support came with qualifications or conditions.

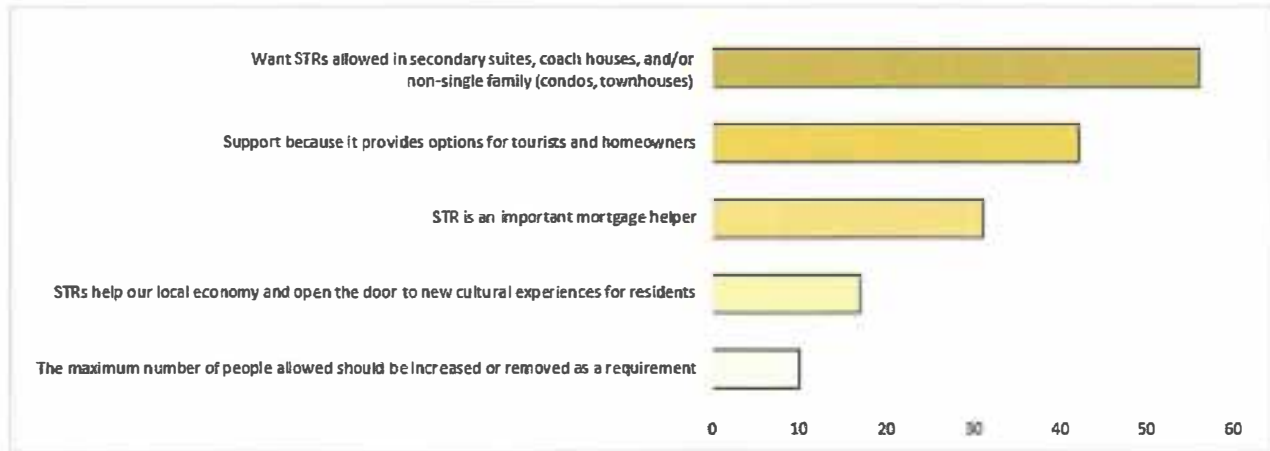
Of the 33% (61 of 184) who seemed to oppose the changes, the reasons varied from opposing allowing short-term rental accommodation in the District to generally supporting short-term rentals, but opposing the proposed bylaw amendments, either because they were too restrictive or they weren't restrictive enough.



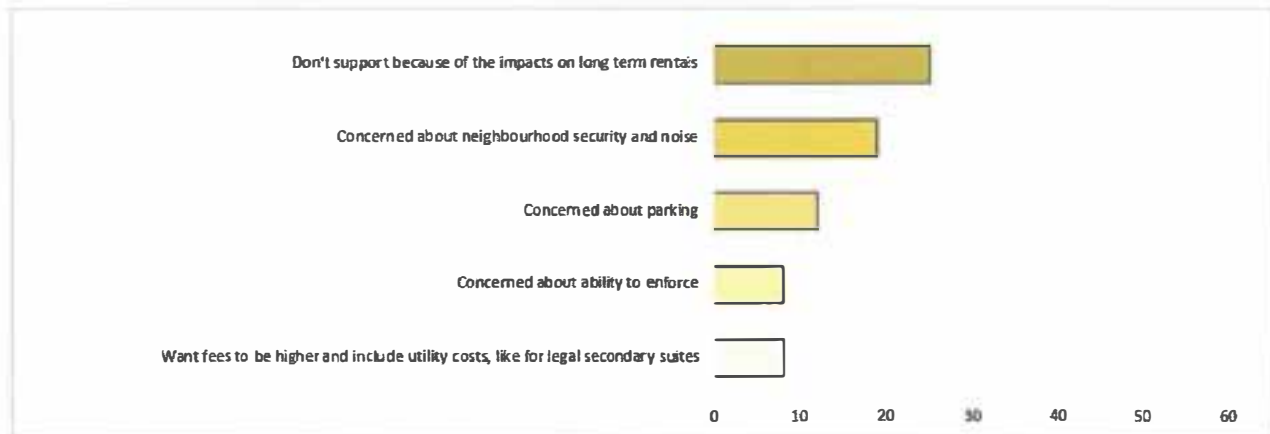
Comment themes

In total, 184 comments were received, many of which contained comments that included several points. The five most common themes from the comments of those that supported and opposed the proposed short-term rental bylaw amendments are shown below.

Five most common themes for comments that supported the proposed regulatory approach in the District



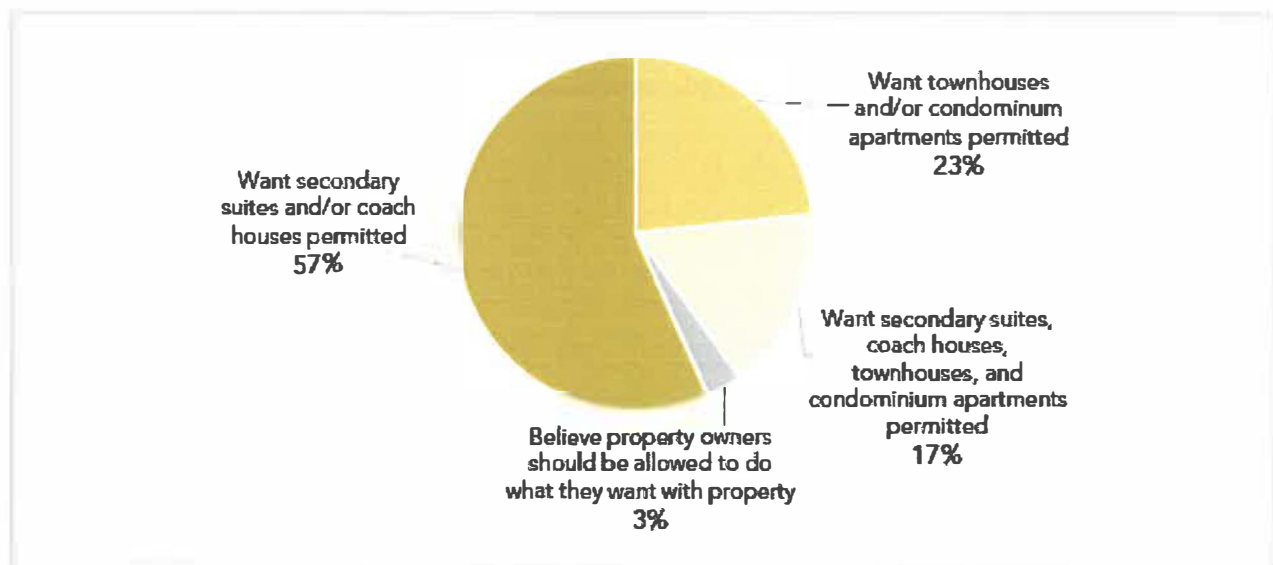
Five most common themes for comments that opposed the proposed regulatory approach in the District



There was a significant number of respondents who expressed that they wanted to short-term rentals allowed in other forms of housing. In total, there were 60 comments to that effect: 56 from those that generally supported the proposal, 3 from those who did not agree with the proposal because of this restriction, and 1 from a respondent whose comment neither supported nor opposed the proposal.

Of these comments, 57% (34 of 60) said they wanted either secondary suites or coach houses to be permitted, 23% (14 of 60) said they wanted townhouses and condominium apartments to be permitted, 17% (10 of 60) wanted to see all of the above (secondary suites, coach houses, townhouses, and condominium apartments) permitted, and 3% (2 of 60) thought that owners should be allowed to do what they want with their property.

Comments that expressed desire for short-term rental accommodation to be permitted in more forms of housing





355 West Queens Road
North Vancouver, BC
V7N 4N5

604-990-2311
DNV.org/rentals



NVanDistrict



@NVanDistrict



POLICY REPORT

Report Date: October 8, 2019
Contact: Kathryn Holm
Contact No.: 604.873.7545
RTS No.: 13055
VanRIMS No.: 08-2000-20
Meeting Date: November 6, 2019

TO: Standing Committee on City Finance and Services
FROM: Chief Licence Inspector
SUBJECT: One-year Review of the Short-term Rental (STR) Program

RECOMMENDATION

- A. THAT Council approve in principle amendments to the Licence By-law No. 4450 to expand the responsibilities of a Short-term Rental (STR) business licence holder, and regulate STR property managers;

FURTHER THAT the Director of Legal Services bring forward for enactment the necessary amendments to the Licence By-law No. 4450, generally in accordance with the by-law attached in Appendix A, to be effective January 1, 2020.

- B. THAT Council approve an increase to the Short-term Rental Accommodation Operator Business Licence fee for the year 2020 to \$99/year, to better recover the costs of licensing and enforcement;

FURTHER THAT the Director of Legal Services bring forward for enactment the necessary amendments to Schedule A of the Licence By-law No. 4450, in accordance with Appendix B, to be effective January 1, 2020.

- C. THAT Council request the Mayor to write a letter to the Province of British Columbia to advocate for an equitable framework to share the Provincial Sales Tax (PST) revenue generated from short-term rentals in Vancouver with the City for the purpose of funding affordable housing;

FURTHER THAT the letter requests the Province of British Columbia to identify approaches to hold all short-term rental platforms accountable for ensuring their listings and operators comply with applicable local and provincial regulations.

- D. THAT Council request the Mayor to write a letter on behalf of Council to the Expedia Group, Booking Holdings and TripAdvisor Inc. requesting these short-term rental platform companies to take additional measures to ensure their listings and operators in Vancouver comply with the City's short-term rental regulations.

REPORT SUMMARY

The purpose of this report is to present key findings and learnings after year one of the STR program, and to seek Council approval of the proposed recommendations to further strengthen the program. As Vancouver remains in a rental housing crisis, staff are not recommending changes to the fundamental premises of the City's STR regulations, and recommend continuing to limit STR activity to principal residences. Proposed amendments to the Licence By-law No. 4450 will add additional oversight to the licensing process, clarify the responsibilities of a STR business licence holder, regulate STR property managers, and increase the STR operator business licence fee to better recover costs. Staff are also establishing a short-term rental community working group to more systematically give voice to and capture feedback from stakeholders. Finally, staff identified opportunities for further advocacy to the Province, specifically related to platform compliance with municipal by-laws and the sharing of Provincial Sales Tax (PST) revenue generated from STRs to be dedicated to affordable housing.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On November 14, 2017, Council approved for enactment amendments to the Zoning and Development By-law No. 3575 and Licence By-law No. 4450 that allow STRs in a principal residence, subject to obtaining a business licence.

On November 28, 2017, Council approved the Vancouver Housing Strategy and 3-Year Action Plan with action items specific to STRs, namely advocating the province to review tax equity for providers of transient accommodation, including STRs, explore opportunities to develop a Memorandum of Understanding (MoU) with STR platforms to collect and remit a STR transaction fee of 3%, and report back to Council on the implementation, compliance and impacts of the STR regulatory and licensing scheme.

On April 18, 2018, Council enacted amendments to the Zoning and Development By-law No. 3575, Licence By-law No. 4450 and Ticket Offences By-law No. 9360. In addition, Council received a report on staff's progress on implementing the approved STR regulations and responses to Council's direction to staff on November 14, 2017.

On June 25, 2019, Council approved Council Motion "Exploring New Forms of Hospitality and Housing Tenure to Support Purpose Built Rental," which directed staff to explore tech-enabled hotel rooms that could support the development of purpose built rental housing and how this would impact and/or relate to the City's STR policy and program.

On July 10, 2019, Council approved Council Motion "Exploring Amendments to Short-term Rental Policy and an Affordable Rental Housing Fund at the City of Vancouver," which instructed staff to examine the City's STR policy and report back on any findings and recommendations by June 2020, including consideration for:

- Requiring licence holders to pay a fee, in addition to the STR licence fee, calculated on the number of nights the rental was booked, and, that any fees charged are allocated to the Affordable Housing Reserve;
- Increase the STR Licence fee to strengthen the capacity of the City recover costs;
- Amending the eligibility requirements to allow each owner and each renter to apply for a STR Licence in each residence;
- Approving a maximum number of licences issued, and specific to each of Vancouver's distinct 23 neighbourhoods; and

- Requiring applicants seeking or renewing a City STR Licence to provide:
 - i) A sample of their planned listings;
 - ii) Any photographs that will be used in the advertising the proposed rental;
 - iii) All specific platforms they plan to advertise with; and
 - iv) Written permission of strata council, if applicable.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

A short-term rental (STR) accommodation is the rental of a home, or room within, for less than thirty consecutive days. On April 18, 2018, Council enacted regulations that permitted STR business activity in a principal residence, subject to the principal resident obtaining a business licence. The City's approach to regulating STRs is guided by a set of seven Council-approved principles, with a focus on the first principle:

1. Protect long-term rental supply;
2. Ensure health and safety;
3. Encourage neighbourhood fit;
4. Promote tax and regulatory equity;
5. Support the tourism industry;
6. Encourage compliance; and
7. Enable supplemental income.

The STR regulations, along with the Empty Homes Tax, are important components of the City's 10-Year Housing Vancouver Strategy to limit speculation in the housing market and ensure housing provides homes for people who want to live and work in Vancouver.¹ Ensuring that existing housing is serving people who currently live or intend to live and work in Vancouver is particularly relevant in the city's extremely tight rental market where vacancy rates have been persistently below one per cent and demand for rental remains high.²

On April 10, 2018, staff signed a Memorandum of Understanding (MoU) with Airbnb, a global STR platform, which currently accounts for approximately 82% of the active STR listings in the City. The MoU stipulated that Airbnb will require STR operators advertising on their platform to display a business licence number and share data on a predetermined basis with the City to determine compliance with STR regulations.

Upon enactment of the by-laws, a licensing registration period from April 19 to August 31, 2018, was accorded to existing and prospective STR operators to provide time to understand the STR regulations and to come into compliance. Significant communication and education efforts were undertaken during these five months with the support of Airbnb and Expedia. In addition, Airbnb committed to requiring all new operators to include a business licence in their listing and to removing all existing operators who had not included a business licence in their listing by August 31, 2018. As a result, Airbnb removed 2,482 listings on August 31, 2018. On

¹ City of Vancouver (2019). "Housing Vancouver Strategy." <https://council.vancouver.ca/20171128/documents/r1appendix.a.pdf>.

² Source: CMHC (2019).

September 1, 2018, City staff commenced enforcement against all non-compliant STR operators.

Strategic Analysis

Following the first year of full program implementation, staff conducted a comprehensive review. The primary objectives of the City's one-year review of STR regulations was to identify trends and opportunities to align with best practices from other cities and evaluate the program's licensing and enforcement effectiveness. A full annual report with more detailed findings will be publicly released in late 2019.

The review confirmed that overall, the current STR regulations and program administration have yielded success in licensing and enforcement. Research conducted by staff indicate that no city has definitively solved the problem of illegal STRs as local governments around the world face challenges in adapting and evolving their traditional land-use and business licensing tools to effectively regulate the sharing economy.³ Nevertheless, Vancouver continues to be looked to in Canada as a leader in this challenging area of regulation, a sentiment often expressed to staff by counterparts in other cities in Canada and worldwide.

To strengthen the City's STR regulations, staff have identified opportunities for amendments to the Licence By-law No. 4450, as outlined in Appendix A and B. In addition, the report includes staff's analysis and recommendations on policy considerations requested by Council in two STR-related Council Motions that were approved on June 25 and July 10, 2019.

1. One-year review of STR regulations and program

1.1 Data and current state

1.1.1 STR market

The City has historically relied on the services of third-party screen-scraping companies, specifically Host Compliance, to collect screen display data from the listings of STR platforms that operate in the City and provide an estimation of the STR market in Vancouver. In January 2019, the City contracted Host Compliance through a RFP process to provide screen-scrape data for STR data monitoring and enforcement.

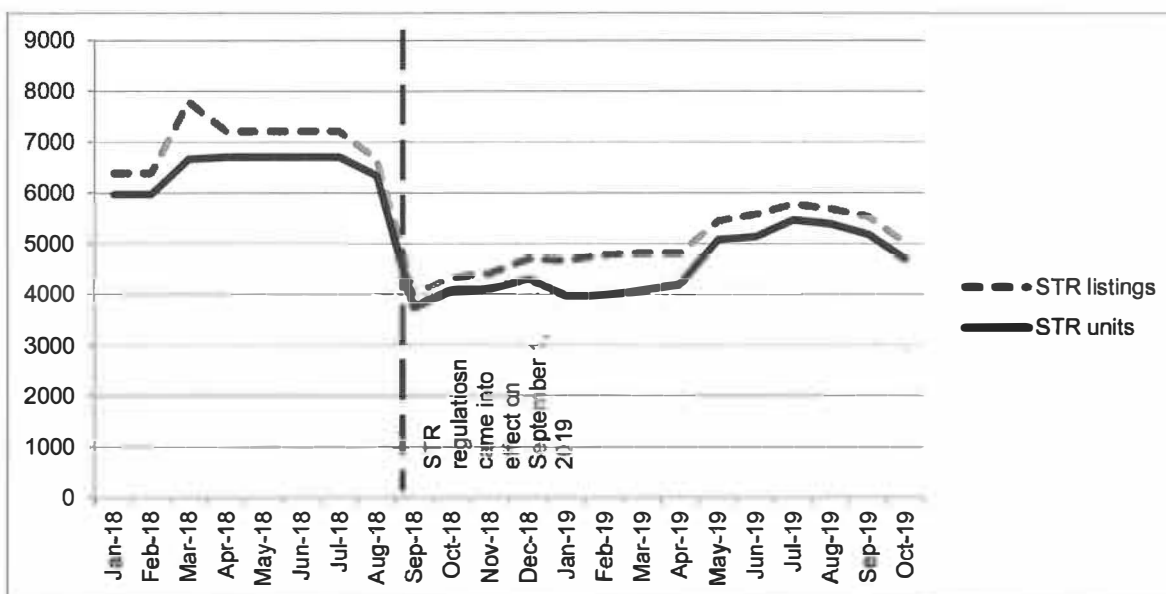
As of October 10, 2019, there are an estimated 5,019 STR listings advertised in Vancouver which represented 4,694 unique STR units. Seventy-four (74) percent of STR listings were for an entire unit, whereas 26 percent were for individual bedrooms or shared units. A summary of key STR statistics for the period of October 2019 is provided below. Figure 1 plots the STR market from January 2018 to October 2019.

³ For more information on the difficulties faced by local governments in regulating the sharing economy, please see Rauch, D. (2018). "Chapter 18 – Local Regulation of the Sharing Economy." In Davidson, N., Finck, M. and Infranca, J. (eds). *The Cambridge Handbook of the Law of the Sharing Economy*. Cambridge: Cambridge University Press, 249-260; Martineau, P. (March 20, 2019). "Inside Airbnb's 'Guerilla War' Against Local Governments." *Wired*. <https://www.wired.com/story/inside-airbnbs-guerilla-war-against-local-governments/>; and Merali, F. (May 4, 2019). "How Toronto's proposed short-term rental regulations compare to other cities." *CBC News*: <https://www.cbc.ca/news/canada/toronto/toronto-short-term-rental-regulations-versus-other-cities-1.5121557>.

Table 1 – STR market statistics in Vancouver

Metric	October 2019
Number of STR units	4,694
Number of STR listings ⁴	5,019
Percentage of STR units advertised as an "Entire Unit"	74%
Percentage of STR units advertised as "Private Bedrooms" or "Shared Units"	26%

Source: Host Compliance.

Figure 1 – STR listings and units in Vancouver (January 2018 to October 2019)

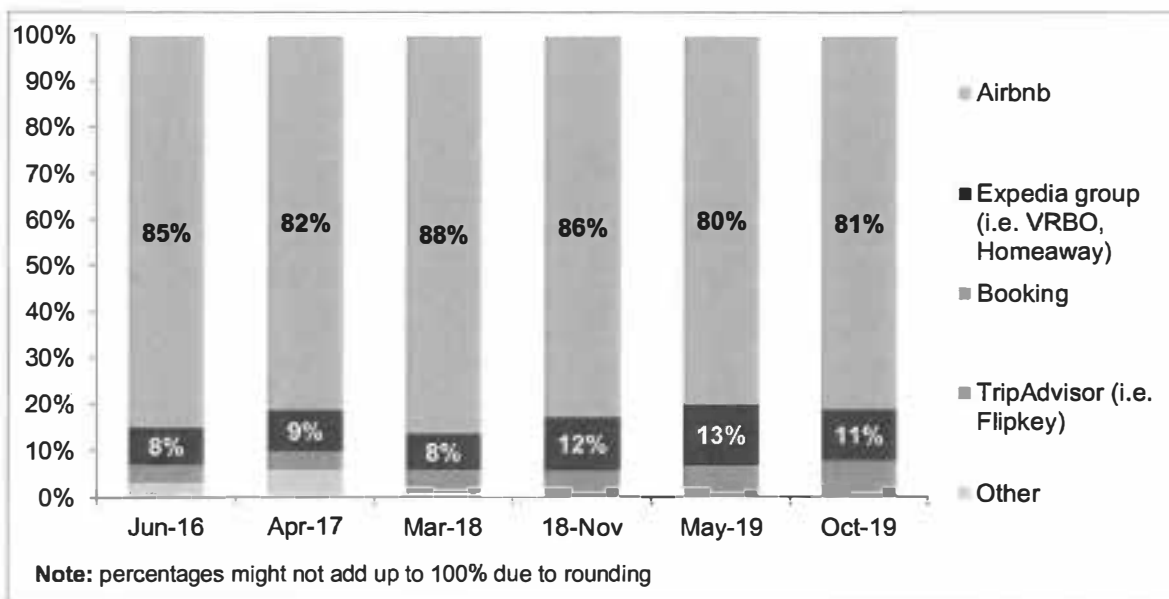
Source: Host Compliance (2018, 2019)

While Figure 1 demonstrates the number of STR units in Vancouver has decreased since regulations came into effect, it should be noted that a growing STR market is not necessarily a negative or positive indicator as STRs are generally permitted in principal residences. Rather, the program's success is measured by how many STR units are licensed and compliant with the by-laws. Prior to April 2018, all STR activity was illegal.

1.1.2 Market share of STR platforms in Vancouver

There are four major STR platforms active in Vancouver as of October 10, 2019. Airbnb remains the largest platform with 81% of the market share. Airbnb has consistently hosted 80% or more of the listings in Vancouver since staff first collected STR market data in 2016.

⁴ Note that the number of STR listings will not equate to the number of STR units as operators are permitted to have multiple listings. These can be multiple listings for each room within the unit, or listings for the same STR unit across multiple STR platforms.

Figure 2 – Market Share by Listings of STR Platforms in Vancouver

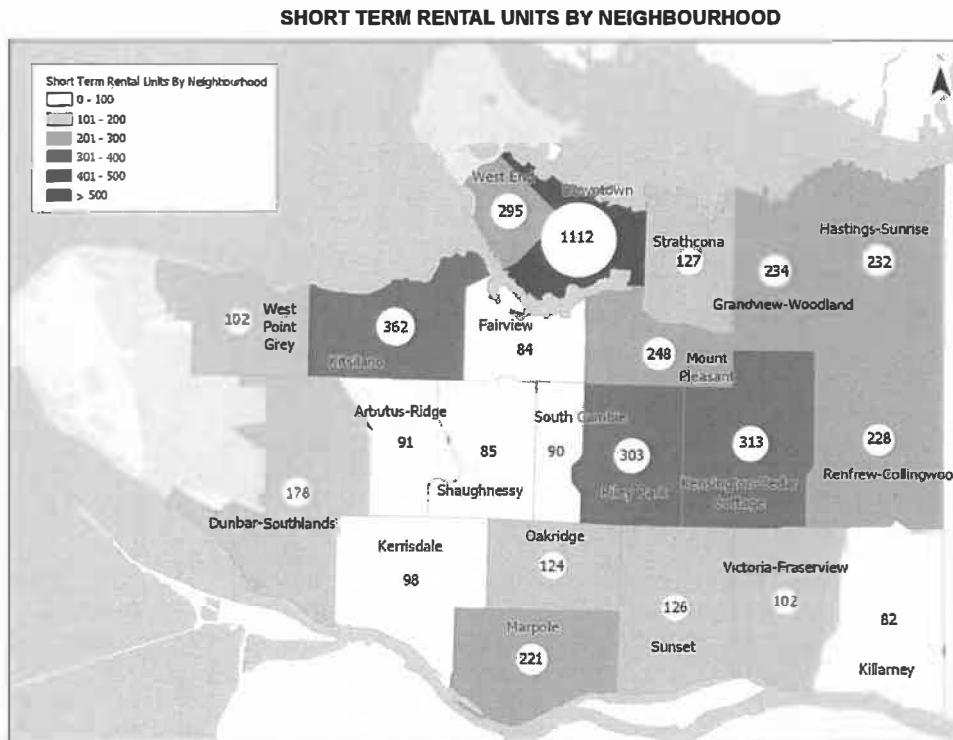
Source: Host Compliance (2016, 2017, 2018, 2019)

The data indicates that Airbnb's voluntary agreements with the City of Vancouver and the B.C. Government to collect and remit the PST and MRDT⁵ has not resulted in a significant shift of STR listings to other platforms. Staff will continue to monitor the trends in STR platform market share.

1.1.3 Geographic distribution of STR units in Vancouver

Figure 3 illustrates the number of active STR units by local neighbourhood in Vancouver. It shows that STRs are located throughout the whole City, however generally concentrated in certain areas of the City. This includes the Downtown Area (1,112 STR units), Kitsilano (362 STR units), Kensington-Cedar Cottage (313 STR units), and Riley Park (303 STR units).

⁵ Source: <https://news.gov.bc.ca/releases/2018FIN0003-000174>

Figure 3 – Heat map of STR units by neighbourhood

Source: Host Compliance (2019).

1.1.4 STR business licensing

Through jurisdictional scanning and stakeholder engagement in 2017, staff determined that ease and simplicity of the licensing process was critical to ensure compliance with a business licensing requirement. As such, staff created an online licence application system with a self-declaration component to create a low barrier to compliance. Annual licence fees were also set at an accessible rate of \$49 in 2017 (increased to \$51 in 2018), and prorated based on the date of issuance to further encourage STR operators to come into compliance. As of October 10, 2019, the City has issued STR 4,064 business licences. Since full-scale STR enforcement began in September 2018, staff estimate that 73% of all STR units have acquired a business licence.

1.1.5 STR enforcement

STR enforcement represents a significant shift in the way the City has typically enforced By-laws. Traditionally the City has relied on a complaint-driven and “boots on the ground” model to enforce by-law violations. For STRs, staff adopted a new data-driven model that is geared towards proactive and digital-based enforcement, in response to the emerging sharing economy.

Utilizing a sophisticated data analytics tool to scan datasets, staff proactively identify potential STR case files where there are suspected by-law violations. The data sets scanned include: City licensing data, Airbnb data, third party screen scrape data, and community complaints generated through 3-1-1 and VanConnect. When a potential violation is identified, an enforcement casefile is subsequently auto-created for staff to investigate and follow-up with enforcement.

There are two separate streams for STR enforcement: licensed and unlicensed STR operators.

A licensed operator can be subject to enforcement if they are suspected of violating the conditions of their business licence, including non-principal residency; operating in contravention of strata by-laws or without landlord approval; operating from unsafe or illegal unit; and nuisance issues (i.e. noise, garbage, and parking). Staff initiate audits against these operators which require them to provide documentation that substantiate the information provided in their licence application and/or attend an in-person audit meeting to discuss their business conduct. Failure to respond to an audit request, or provide appropriate documentation, will result in the suspension of their business licence. STRs business licences can also be suspended if the STR unit was determined to have Zoning & Development or Building By-law infractions or was found to have substantiated nuisance complaints. A suspended licence holder is required to immediately cease all STR operations including removing all online listings and cancelling all pre-existing (current and future) bookings.

The second stream of STR enforcement is focused on unlicensed STR operators. When an unlicensed operator is identified, which is an operator marketing online without a business licence and/or failing to include the business licence number in the listing, staff issue a Legal Order and violation ticket to the both the unlicensed operator and the property owner of the STR unit. If the property owner and/or STR operator fail to comply with the Legal Order, the casefile is escalated to the City Prosecutor's office for long-form prosecution through the Provincial Court. To gain compliance, an unlicensed operator may either acquire a STR business licence or cease all STR operations including removal of all online listings.

Note that warning letters are initially issued to operators with minor by-law offences such as including an expired 2018 STR business licence number in the listing when the City's licensing records indicate that the operator has acquired a 2019 business licence.

From September 1, 2018 to October 10, 2019, staff investigated 3,636 enforcement casefiles. Table 2 summarizes the STR enforcement actions until October 10, 2019:

Table 2 – STR enforcement actions from September 1, 2018, to October 10, 2019

Enforcement stream	Enforcement metrics	Number
Licensed	Number of STR units flagged for audits	1,162
	Number of audits initiated	625
	Number of business licences suspended	204
	Number of licences voluntarily closed due to enforcement	223
Unlicensed	Number of Legal Orders issued	334
	Number of violation tickets issued	802
	Number of warning letters issued	674
	Number of listings referred for prosecution	120
Other By-law violations	Number of inspections of STR units	157
	Number of Zoning Orders issued to STR units	71
	Number of STR units referred for prosecution for Zoning By-law offences	9

As a direct result of staff's enforcement actions from September 1, 2018, to October 22, 2019, the following outcomes have been achieved:

- \$113,000 collected from violation tickets issued against unlicensed operators and property owners of illegal STR units;
- Six convictions in Provincial Court against illegal STR operators with a total Court-imposed fines of \$62,000; and
- 148 unlicensed STR units have come into compliance by acquiring a STR business licence; and
- 624 STR units (licensed and unlicensed) have been delisted or converted into a minimum 30 day+ listings in order to comply.

1.2 Summary of lessons learned

Through the one-year review, staff have distilled the following main lessons learned with respect to STR licensing and enforcement in Vancouver:

- (a) The City had among the highest licensing compliance rates for STRs in North America – as previously mentioned, the licensing compliance rate in 2019 for STR units is estimated to be 73%. This has far exceeded staff's 2017 expectation of a 25% licensing compliance rate in the first year of implementation.⁶ Staff attribute the high licensing compliance rate to the City's online, low barrier application process and ongoing education and communication with platforms and operators;
- (b) Discussions with other jurisdictions indicate that the City has adopted a balanced and permissive approach to STRs that allowed both owners and renters to short-term rent their principal residence if all licensing regulations are met. Counterparts in other jurisdictions that are experiencing a similar housing crisis, especially in the Lower Mainland region, have indicated the desire to emulate aspects of the City's regulations, and seek advice on policy development and implementation;
- (c) Vancouver remains the only City in Canada that has signed a voluntary compliance agreement with a STR platform, specifically Airbnb. Staff's experience has confirmed that cooperation with STR platforms, especially access to data, is critical for STR compliance and enforcement efforts;
- (d) The public has been actively supporting the success of the program by regularly sending community complaints and concerns regarding potentially illegal, unsafe and/or nuisance STR operations to the City via 3-1-1 and VanConnect. As of October 22, 2019, staff have received 1,005 STR-related community complaints, in addition to the 3,265 complaints received in 2018. Staff investigate all complaints received. Education efforts are ongoing to ensure complaints include the necessary information for staff to create an enforcement case file, specifically the full address of the STR unit (including unit number in multi-family buildings), and the URL address of the STR listing;
- (e) A data-driven approach to STR enforcement is fundamental to the success of enforcement. The City's sophisticated data analytics tool has been effective in utilizing multiple datasets, to proactively identify potential case files and to manage information through the investigative and enforcement process;

⁶ City of Vancouver (July 2017), "Regulating Short-term Rentals in Vancouver."
<https://council.vancouver.ca/20170711/documents/rr1.pdf>.

- (f) STR enforcement can be complex as illegal STR operators attempt to find new ways to circumvent the City's STR regulations;
- (g) Referring non-compliant STR operators and property owners through the Provincial Court system remains the City's strongest enforcement tool, however it is a lengthy and resource intensive process – the process requires additional evidence gathering, establishing a Court date, and the actual Court appearance, which may take place months after the initial by-law infraction was identified. During this time period, some illegal operators continue to market and operate the unlicensed STR unit in contravention of the City's enforcement action; and
- (h) Requiring STR platforms to remove illegal STR listings at the request of the City is the most expeditious way to compliance. However, the legal powers afforded to local governments lack the legal means to hold these online platforms responsible for their facilitation of illegal STR listings.

1.3 Opportunities for improvement

1.3.1 Proposed improvements to the licensing process

Despite a high compliance rate of 73%, approximately one-quarter of all STR business licences have been flagged for audits as potentially non-compliant with licence conditions. This is based on complaints from residents, stratas, or staff's proactive investigation work. In particular, many strata corporations have raised concerns that STR business licences are issued to strata units where strata by-laws prohibit STRs and the operator has not been truthful in the self-declaration stage of the licence application.

Staff recommend amending the Licence By-law No. 4450 to specify that no person can knowingly provide false or inaccurate information in a business licence application, including for STRs. This is similar to Section 5.3 and 7 of the Vacancy Tax By-law No. 11674 which states that providing a false property status declaration is an offence that can result in a property being deemed liable for the EHT. Amending the by-law provides the ability for staff to refer for prosecution any licensed operator who fails an audit on this basis. The Court in turn would decide on the appropriate monetary penalties that should be accessed.

In addition, staff will further enhance the licensing process by expanding the City's existing STR Prohibited Buildings List, to bolster the licensing of STR activity only in eligible units.

The Prohibited Buildings List identifies buildings that are not eligible for STR activity and as such the City will not issue a STR business licence to units within these buildings. Designated Single-room accommodation (SRA) buildings and purpose-built rentals that were constructed under the City's rental incentives programs, including Rental 100 buildings, prohibit rentals of less than 30 days are already included in the Prohibited Buildings List. Prospective STR operators are blocked in the online licence application system from applying for and obtaining a STR business licence in these buildings.

To address the concerns raised by stratas, staff developed a partnership with Rancho Management Services and First Service Residential, two major strata property management companies in Vancouver, to pilot an expansion of the Prohibited Buildings List. The pilot prohibited the auto-issuance of online STR business licences in 18 strata plans comprising of 6,468 units across the City with pre-existing strata by-law prohibitions on STRs. The onus is on the strata company to attest that appropriate strata by-laws prohibit STRs, and to notify the City if by-laws are subsequently amended to permit STRs.

Findings from the pilot program were encouraging with staff suspending or operators voluntarily closing 45 STR business licences across the 18 strata plans. Given the early positive indicators staff will expand the Prohibited Buildings List for additional strata plans in 2020. Strata corporations or their authorized agents (e.g. strata property managers) will have an opportunity to submit a formal request to the City to have their buildings included on the Prohibited Buildings List, and to provide the sufficient attestation and documentation to support the strata by-law prohibition.

1.3.2 STR property managers

Professional STR property management is a growing industry that offers services ranging from managing the marketing of the STR unit to housekeeping. Despite conducting business in Vancouver, many of these STR property managers have not acquired a municipal Property Manager business licence. Through audits and investigations, staff discovered that many suspect commercial operators who market multiple STR units are in fact functioning as property managers. In other cases, STR activities are managed by family members or friends of a licensed STR operator on a *pro-bono* basis.

The act of managing legal and licensed STR units on behalf of an operator is allowed, so long as the individual or company holds a Property Manager Business licence. Staff are proposing amending the Licence By-law No. 4450 to add the definition of a Property Manager and specify that individuals or corporations who market and/or manage more than one legal STR unit must acquire a Property Management business licence. The 2020 licence fee for the City's Property Manager business licence is \$155. A licence is not required for managing one STR unit to acknowledge those supporting family members or friends and not undertaking this work as a profession. By requiring and issuing a business licence to STR property managers, licence holders are subject to conditions including the requirement to only market and manage licensed, legal STR units, and the requirement to cease the marketing of any listings for properties that the City deems to be illegal. Amendments to the Licence By-law No. 4450 to amend the definition for property managers is attached in Appendix A.

1.3.3 Other amendments to the Licence By-law No. 4450

On October 30, 2018, Council enacted amendments to the Vacancy Tax By-law No. 11674 that clarified its definition of principal residence to specify that a person may only have one principal residence. As the Licence By-law's definition of principal residence was based on the definition used in the Vacancy Tax By-law, staff recommend the same amendment be made to the Licence By-law No. 4450 to ensure consistency between the City's STR program and the EHT.

On July 10, 2019, Council instructed staff to consider requesting applicants seeking or renewing a City of Vancouver STR business licence to provide the following additional information:

- A sample of their planned listing;
- Any photographs used in advertising the STR unit;
- All specific platforms they plan to advertise with; and
- Written permission of strata council, if applicable.

Staff recommend obtaining the operator's Universal Resource Locator (URL) address of the listing, to achieve the requests to see the planned listing and the photos in the advertisements.

Staff recommend adding licence conditions (see Appendix B) requiring operators to provide the following pieces of information when requested by the Chief Licence Inspector. Note that items 2 and 3 are pre-existing conditions in the Licence by-law No. 4450:

1. Documentation indicating principal residency of the STR unit;
2. Authorization from strata council, if applicable; (pre-existing in by-law)
3. Authorization from landlord, if applicable; (pre-existing in by-law)
4. The name and contact details of any STR property managers who assist in the operating of the STR unit;
5. The URL address of all online listings used to market the STR unit;
6. All STR platforms used to market the STR unit;
7. Documentation indicating the number of days that the STR unit was booked; and
8. Any other documentation that the City deems necessary for the licence holder to demonstrate compliance with the City's STR regulations.

1.3.4 Assessing the impact of STR regulations on the long-term rental market

Vancouver remains in a rental housing crisis. The purpose built rental vacancy rate has been less than 1% since 2014 while average rents in purpose-built rentals have increased by over 24% over the same period.⁷ The City is also increasingly a city of renters as the cost of a home remains out of reach for most local residents despite the downturn in the real estate market in 2018 and 2019.⁸ Approximately 53% of households in the City were renters in 2016 compared to 51% in 2011, as more than three quarters of net new households added during that period were renting.⁹

Left unregulated, short term rental activity can be problematic for affordable housing goals as private landlords could see more economic gains by converting rental units into STR accommodations. In 2017, staff conducted financial modelling which illustrates that an average STR accommodation can generate between 200% to 300% more net annual income relative to LTR units, depending on the unit type and local area.¹⁰

The primary guiding principle of the City's STR program is to protect the existing stock of long-term rentals. A key measure of success is the impact on the long-term rental market. However, it is challenging to isolate the impact of STR regulations on the long-term rental market, given the concurrent launch of similar policies (Empty Homes Tax, Speculation & Vacancy Tax, mortgage stress test), and other factors such as population growth, incomes, and job availability.

Staff have been unable to identify any other city that has been successful in definitively enumerating the number of STR units returned to the long-term rental market as a result of STR regulations. To date, there appear to be indications that the City's STR regulations are having a positive impact on Vancouver's long-term rental market:

⁷ Source: CMHC (2019).

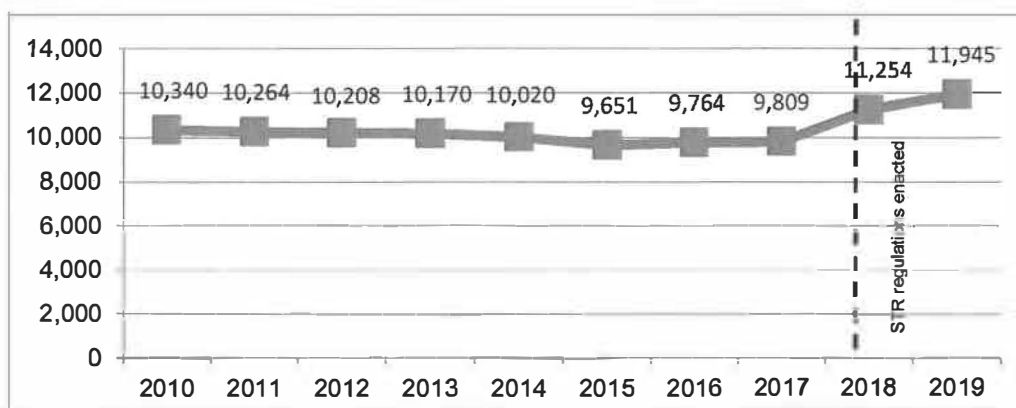
⁸ Demographia (2019). "15th Annual Demographia International Housing Affordability Survey 2019: Rating Middle-Income Housing Affordability." <http://demographia.com/dhi.pdf>.

⁹ Source: Census 2016, Statistics Canada.

¹⁰ City of Vancouver (July 2017), "Regulating Short-term Rentals in Vancouver." <https://council.vancouver.ca/20170711/documents/rr1.pdf>.

- Analysing screen-scrape data from AirDNA, Coombs, Kerrigan and Wachsmuth (2019)¹¹ estimated that there were 300 less frequently-rented entire home (FRESH) STR units in Vancouver in the first four months since STR regulations came into full effect (September to December 2018) – the authors was quoted in the media as stating that these STR units have likely returned to the long-term rental market and that the City's regulations are among the most effective in North America¹²;
- Through the data analytics tool, staff have identified and enforced upon 1280 suspected STR units (licensed and unlicensed). Through the ongoing education of STR in the community, as well enforcement efforts, staff was able to accurately determine that 624 previously listed STR units were delisted. Staff cannot accurately quantify the exact number of the 624 former STR units that have returned to the LTR market. However, staff have seen an increase in Long-term Rental business licences since STR regulations were enacted (Figure 5).

Figure 5 – Number of LTR business licences issued (2010 – 2019 YTD)



Source: City of Vancouver licensing data.

Providing a confident estimate of the impact on the long-term rental market remains a program goal. As such, staff will be working in 2020 to explore more systematic and objective methodologies to accurately track the number of STR units returned to the long-term rental market.

1.3.5 *Advocacy to the Province on STR platform accountability*

The Memorandum of Understanding (MOU) with Airbnb has been a pillar of the City's STR licensing and enforcement approach. To date, Airbnb is the only STR platform that has negotiated a voluntary compliance agreement with the City, despite ongoing attempts by staff to contact and negotiate a similar agreement. Other major platforms, namely Expedia and Booking.com have provided educational materials on the City's STR regulations to their Vancouver operators; however, they have stopped short of requiring their operators to display a business licence number in listings and providing data to the City in support of enforcement.

¹¹ Coombs, J., Kerrigan, D. and Wachsmuth, D. (2019). "Short-term rentals in Canada: Uneven growth, uneven impacts." Forthcoming in the *Canadian Journal of Urban Research*. <https://upgo.lab.mcgill.ca/publication/short-term-rentals-in-canada/short-term-rentals-in-canada.pdf>.

¹² St. Denis, J. (June, 2019). "Vancouver's Airbnb rules hailed as the most effective in the country. A researcher fears the city's about to weaken them." *The Star*. <https://www.thestar.com/vancouver/2019/06/24/vancouvers-airbnb-rules-were-hailed-as-the-most-effective-in-the-country-a-researcher-fears-the-citys-about-to-weaken-them.html>; and St. Denis, J. (June, 2019). "Three hundred long-term rentals back on market in Vancouver thanks to new Airbnb rules, says researcher." *The Star*. <https://www.thestar.com/vancouver/2019/06/21/three-hundred-long-term-rentals-back-online-in-vancouver-thanks-to-new-airbnb-rules-says-researcher.html>.

Table 3 summarizes the voluntary compliance efforts of individual major STR platforms in Vancouver.

Table 3 – Voluntary compliance by STR platform

	Airbnb	Expedia	Booking	TripAdvisor
Create a dedicated business licence field in the listing	✓	✓	✓	x
Require operators to populate the business licence field before the STR listing can accept bookings	✓	x	x	x
Data sharing	✓ (quarterly)	x	x	x
Host education	✓	✓	✓	✓
Removal of unsafe STR listings upon request	✓ (unsafe, illegal units)	x	x	x

Platform accountability is increasingly under review, motivated in part by a number of successful legal victories for U.S. local governments which have solidified their authority and capacity to hold platforms liable for facilitating illegal STR transactions. Toronto is currently one of the only cities in Canada attempting to regulate platforms. In Toronto, STR platforms are intended to acquire a business licence and adhere to strict regulations. However, to date the City of Toronto's STR regulations are not in effect due to an ongoing appeal by STR operators to the Ontario Local Planning Appeal Tribunal (LPAT).

Although the City of Vancouver has the authority to develop a licence category to regulate online platforms, the ability of the City to enforce and prohibit unsanctioned online activities was determined to be questionable without concerted intervention from higher levels of government. Recognizing the boundaries of municipal online enforcement, staff attempted to negotiate increased voluntary compliance from all major STR platforms operating in Vancouver (Airbnb, Expedia, Booking and Trip Advisor). These platforms are generally interested in exploring new or expanded partnerships on the condition that the City changes the by-laws to allow STRs in non-principal residences. Given that the City remains in a housing crisis with a 0.8% vacancy rate,¹³ staff recommend against such proposals.

Staff are also recommending tax equity among STRs, hotels and bed and breakfasts, in alignment with the guiding principles. A STR booking in B.C. is subject to the 8% Provincial Sales Tax (PST) and 3% Municipal and Regional Development Tax (MRDT). The MRDT has historically provided funding for local tourism marketing programs, but the Province amended the rules in 2018 to allow MRDT revenues collected from STRs to be used for affordable housing initiatives. On April 2018, Airbnb signed a MoU with the Province to collect and remit the 8% Provincial Sales Tax (PST) and 3% Municipal and Regional District Tax (MRDT) on behalf of their operator. Subsequently on June 2019, Airbnb announced that it has collected and transferred about \$16 million in PST and \$4 million in MRDT to the province in the first six months of tax remittance, of which \$1.4 million of the MRDT was collected from STRs in Vancouver.¹⁴ In contrast, other STR platforms have not signed a MoU to collect and remit the PST and MRTD to the province.

¹³ Source: CMHC (2019).

¹⁴ Zussman, R. (June 24, 2019). "Airbnb remits more than \$14 million in PST to the BC government." *Global News*. <https://globalnews.ca/news/5427282/airbnb-remits-more-than-14-million-in-pst-to-the-b-c-government/>.

The provincial *Designated Accommodation Area Tax Regulation* governs the disbursement and usage of the MRDT. Currently, MRDT revenues can only be disbursed to designated recipients as defined in the *Regulation*. For the MRDT collected within the geographic confines of Vancouver, Tourism Vancouver, not the City, is the designated recipient. In most other B.C. municipalities, the local government is the designated recipient.¹⁵ Tourism Vancouver has opposed the apportionment of the MRDT revenues for affordable housing because it constitutes a crucial funding source for their tourism marketing programs.¹⁶ As such, the City is currently not in receipt of any provincial tax revenue generated from STRs within Vancouver that the City has enabled through STR regulations.

With the City lacking the legal means to compel STR platforms to be accountable for STR listings, staff is recommending that Council advocate to the Province to lead work to hold all STR platforms accountable for ensuring their listings comply with applicable local and provincial regulations. Specific action items that staff will be requesting from the Province include:

- (a) For the Province to license or authorize STR platforms that would like to operate in B.C.;
- (b) Conditions of their provincial licence or authorization include:
 - requiring platforms to provide operator data to the provincial and local governments
 - ensuring their units and listings comply with all local land-use and business licensing regulations,
 - removing any listings that a local government has deemed to be illegal;
- (c) Require all platforms to collect and remit the 8% PST and 3% MRDT on behalf of their operators;
- (d) Further to point (c), specify that all platforms must also collect and remit any additional transaction fees that the City of Vancouver is authorized to levy under Section 272.(1) (b) of the *Vancouver Charter*; and
- (e) Consider an equitable framework for the Province to share the PST revenue that was generated in Vancouver with the City for the purposes of funding affordable housing initiatives.

Furthermore, staff also recommend the Mayor write a formal letter to the parent companies of the platforms who have not agreed to an MOU, namely Expedia Group, Booking Holdings and TripAdvisor Inc.,. Staff recommend the letter to request that the platforms take additional measures to ensure their listings and operators comply with the City's STR regulations, including a mandatory business licence field, data sharing with the city for the purposes of enforcement and removal of listings that fail to include a business licence number.

1.3.6 Licence fees

The City's current licence fee of \$51 for STRs was deliberately set low to reduce barriers to compliance. Even with an estimated compliance rate of 73%, licence fee revenue currently funds 35% of the cost of administering the STR program. Staff research shows that the City has among the lowest annual STR licensing fees in North America.

¹⁵ Other jurisdictions where the designated recipient is not the municipality are Victoria, City of North Vancouver, District of North Vancouver, City of Courtenay, and the City of Cranbrook.

¹⁶ Zussman, R. (April, 2018). "Tourism industry worried about changes to the 'hotel tax'." *Global News BC*. <https://globalnews.ca/news/4167387/tourism-industry-worried-about-changes-to-the-hotel-tax/>.

On July 10, 2019, Council directed staff to report back with considerations to increase the licence fee to strengthen the capacity of the City to recover costs. Staff recommend that the licence fee be increased to \$99 per year. Based on the current year's STR licence baseline of approximately 4,000 business licences, staff estimate that the fee increase will allow the City to recover around 60% of the annual operating costs for 2020, while retaining the general affordability of STR licensing fees. This increase includes the 2.6% increase to all licence fees as approved by Council on September 11, 2019. The proposed fee increase requires an amendment to Schedule A of the Licence By-law No. 4450, which is attached in Appendix B.

1.3.7 Program Resourcing

Research conducted in 2016 and 2017 on best practices indicated that enforcement of STR regulations was a full-time commitment which required dedicated human resources adept at navigating digital and social media channels. Council endorsed an annual budget of \$618,000 to support the creation of a staff team to administer and enforce STR regulations. Staff have reviewed and revised the staffing requirements to best reflect operational needs and capacities, and where effort was most needed to support the program objectives of licence compliance and enforcement. Currently, the City's STR enforcement team is comprised of seven Temporary Full-time (TFT) positions, focused on data analysis and licensing compliance.

1.3.8 STR community working group

Since STR regulations came into effect, staff have held discussions with select stakeholders, including strata corporations and property managers, as well as various interested members of the community who authored the widely shared citizens' report entitled "Unintended Opportunities."¹⁷ Some of these groups have called on the City to regularly accept offers of resources from the community, which could bolster citizens' confidence in the City's STR program.

To that end, staff is establishing a STR community working group. These discussions will provide an opportunity for input from community and stakeholder perspectives, including sharing of ideas for improvement to the City's STR regulations. Members will be invited and appointed by staff and include a broad representation of key interest groups, including licensed STR operators, housing activists, long-term tenants, landlords, strata corporations, STR platforms, as well as the tourism and real estate industries. Staff is currently developing the Terms of Reference (TOR) for the working group and expect to launch in Q1 2020.

1.3.9 Additional future work items

STRs remain a dynamic industry, requiring staff to constantly review and evolve the program. Through the One-Year Review process, staff identified these additional priority action items as part of the 2020 work plan:

- 1) A systematic review of the City's technology support for STRs, including licensing, 3-1-1 complaint intake, and enforcement systems, with the goal to streamline enforcement activities; and
- 2) Work with real estate regulators such as the Real Estate Council of British Columbia (RECBC) and the Office of the Superintendent of Real Estate (OSRE) to educate realtors on STR regulations, and develop a strategy to deter realtors from short-term renting non-principal residence units that are listed for sale on MLS listings.

¹⁷ For more information, see Rodrigues, U. (2019). "Unintended Opportunities: A citizens' review of Vancouver's new short-term rental regulation system, and 12 ideas to make it better."
https://drive.google.com/file/d/1tXjA5FrX4CKIB2pOu2nxiVNDW_eM1ywl/view

- 3) Exploring more systematic and objective methodologies (i.e. data mining, monitoring) to accurately track the number of STR units returned to the LTR market due to STR regulations and enforcement.

2. Response to Council Motions

2.1 *Exploring new forms of hospitality and housing tenure to support purpose-built rental*

On June 25, 2019, Council directed staff to explore how new forms of tech-enabled hospitality options may support the development of purpose built rental housing, and determine intersections with the City's STR regulations. Planning, Urban Design, and Sustainability (PDS) staff are currently undertaking a review of the City's market rental incentive programs and integrating the direction from Council in examining the effectiveness of existing programs in delivering new rental and any policy changes to improve the programs. A report back to Council with findings is targeted for late 2019. The Employment Lands and Economy Review is a related initiative underway which is taking a broad look at Vancouver's employment sectors across the city to develop a long-range land use policy plan to ensure we have an appropriate supply of land for jobs and businesses like hotels and related services to support the future growth of our economy.

Under the City's current regulations these new forms of tech-enabled hospitality units, if considered in the future, would be zoned and licensed as commercial hotel units. Residential rental units in these buildings would be expected to comply with the City's STR regulations and would only be eligible for a short term rental licence if they were occupied as a principal residence, and with the property owner/ landlord's authorization. These buildings could also be subject to any restrictions registered on land title which may prohibit rentals of less than 30 days, as is the case with Rental 100 buildings.

2.2 *Exploring amendments to short-term rental policy and an Affordable Housing Fund at the City of Vancouver*

On July 10, 2019, Council directed staff to report back with findings and considerations on five specific policy proposals.

2.2.1 Amending the eligibility requirements to allow each owner and each renter to apply for a Short Term Rental in each residence.

Staff interpreted the motion to request considerations for permitting STRs in non-principal residence units, which includes investment properties, as well as secondary suites and laneway homes that are not occupied as a principal residence.

Upon the initial introduction of the STR policy in 2017, many local STR operators attended the Public Hearing to advocate for the inclusion of non-principal residences. In addition, staff have been recently approached by STR platforms to expand licensing to STRs in non-principal residence units in exchange for increased voluntary platform partnership. The platforms suggested the City pilot the approach by licensing a limited number of commercial, non-principal residence STR units and that these units be charged a substantially higher licensing fee, with the revenue funding the construction of affordable housing, including temporary modular housing.

However, staff **do not recommend** expanding the eligibility of the STR program to non-principal residences at this time, whether secondary suites, laneway homes or investment properties, due to the following considerations:

- (a) **Vacancy rate:** The City of Vancouver remains in a rental housing crisis with a primary vacancy rate of 0.8%. In contrast, Rental advocates highlight that a healthy rental market is considered by the Canada Mortgage and Housing Corporation (CMHC) to have a 3% rental vacancy rate¹⁸With the exception of Kelowna where short-term renting a non-principal residence unit was a pre-existing land use (i.e. apartment hotel) in certain zoning districts, other North American jurisdictions that allow commercial STRs under a tiered licensing structure have vacancy rates in excess of 5% (see Table 4).

Table 4 – Comparison of vacancy rate, policy and licence fees in Vancouver and select cities that permit STRs in non-principal resident units

City	Vacancy rate	Policy related to commercial, non-principal resident STR units	Fee for commercial STR licences
Vancouver	0.8%	STRs only allowed in a principal residence with a business licence.	N/A
Victoria	1.1%	STRs generally only allowed in a principal residence with a business licence, however non-conforming STR units may continue to acquire a licence if they were operating lawfully as of September 21, 2017.	\$1,500
Kelowna	1.9%	People may obtain separate business licences to short-term rent one principal residence unit and non-principal residence units in multi-family dwellings in Tourist Commercial and Health districts.	\$750
Austin	7.6%	Separate STR business licence categories, permitted to have multiple business licences: <ol style="list-style-type: none"> 1. <i>Type 1</i> – owner occupied STRs 2. <i>Type 2</i> – non-owner-occupied STRs in single family or duplexes in non-residential zones – subject to 3% cap by census tract and required distancing between units. 3. <i>Type 3</i> – non-owner-occupied STRs in multi-family buildings – subject to caps that differ by zone. 	\$572
Nashville	5.9%	Two STR business licence categories, permitted to have multiple business licences: <ol style="list-style-type: none"> 1. <i>Owner-occupied</i>: allowed in all residential uses and zones 2. <i>Non-owner occupied</i>: only allowed in multi-family dwellings in multi-family zones, mixed use and commercial zones with a permit.¹⁹ 	\$313
New Orleans	8.7%	Two STR permit categories, permitted to have multiple business licences: <ol style="list-style-type: none"> 1. <i>Residential</i>: Must be a principal residence, allowed in all residential uses and zones except the French 	\$5,000

¹⁸ City of Vancouver (July 2017). "Regulating Short-term Rentals in Vancouver."

<https://council.vancouver.ca/20170711/documents/rr1.pdf>.

¹⁹ Note that the City of Nashville will no longer issue new Non-Owner-Occupied Permits in multi-family residential zones.

		Quarter 2. <i>Commercial</i> : Only allowed in multi-family dwellings in mixed-use and commercial zones with a permit – no more than 25% of dwelling units in the building can be used as STR.	
Seattle	10.5%	People are generally permitted to obtain one business licence to operate a STR in their primary residence and one additional unit – legacy operators may operate additional STR units if those units were operated legally as of November 9, 2017, subject to geographic caps.	\$75 for each dwelling unit
Sources: CMHC (2019); American Community Survey (ACS), United States Census Bureau (2017)			

- (b) **Impact on long-term renters:** Staff is concerned that allowing STRs in non-principal residences could result in the loss of existing long-term rental units, especially secondary suites due to their more affordable rents and the lower protections accorded to tenants living in these units.²⁰
- (c) **Nuisance issues in commercial STR units:** In other jurisdictions, non-principal residences have been found to generate increased nuisance issues in residential neighbourhoods. When used full-time as a STR accommodation, there is increased potential for nuisance issues in local residential neighbourhoods, such as noise, parking, garbage and threats to the safety of local residents. The City of Nashville formerly permitted non-owner occupied STRs in single and two-family zones but gradually phased out commercial STR licences for these areas after concerted community opposition due to nuisance issues. Other jurisdictions profiled in Table 4 that permit commercial STR units also prohibit the use on single and two-family zones for the very same reason.
- (d) **Impact on Empty Homes Tax (EHT) and Speculation and Vacancy Tax (SVT):** Allowing STRs in a non-principal residence unit, specifically investment properties, will conflict with the objectives and progress of both EHT and SVT to return underutilized dwelling units to full-time, long-term residential use. For example, an owner of an investment property in Vancouver who has been renting the property to long-term tenants to avoid the EHT and SVT might be incentivized to convert the property to STRs if the revenue potential is sufficiently large to offset the tax liability.
- (e) **Licensing revenue from commercial STR units:** Staff conducted data analysis to determine the number of affordable housing units, including temporary modular housing that could be developed if the City were to proceed. For example, charging a licensing fee of \$1,500 for 2,000 commercial, non-principal residence STR units, as suggested by the STR platforms, would generate \$3,000,000 in revenue. This is insufficient annual funding to cover the costs of land lease/acquisition, design, construction, and operations of affordable housing in Vancouver.

Staff will continue to monitor the primary vacancy rate and will re-evaluate when the primary vacancy rate increases to a healthier level.

²⁰ City of Vancouver (2009). "The Role of Secondary Suites: Rental Housing Strategy – Study 4." <https://vancouver.ca/docs/policy/housing-secondary-suites.pdf>

2.2.2 Approving a maximum number of licences issued, and specific to each of Vancouver's distinct 23 neighbourhoods

In the initial policy review in 2017, staff recommended against a licence cap, whether based on neighbourhood or otherwise, based on the learnings from other jurisdictions that they were ineffective and almost impossible to enforce.

Staff re-examined a licence cap by neighbourhood as well as capping measures that other jurisdictions have utilized to regulate STRs. For example, the Cities of Austin and New Orleans caps the number of non-owner occupied STRs by census tract and building respectively. Other jurisdictions including Nashville have previously employed such capping measures but found it difficult and costly to administer and enforce, and have abandoned this approach ²¹

Based on experiences in other jurisdictions, staff **do not recommend** instituting caps on the number of licences per neighbourhood, based on these policy and operational considerations.

- (a) **Contrary to guiding principles:** Capping the number of business licences contradicts with one of the program's guiding principle to allow Vancouver residents to earn supplementary income by short-term renting their home.
- (b) **Planning and consultation efforts:** It would require a thorough planning process, comprising of community consultations, impact analysis, Public Hearings and potential amendments to the Zoning and Development and/or Licence By-laws for staff to determine and promulgate the appropriate number of STR business licences for each neighbourhood.
- (c) **Allocations and wait lists:** If a cap is imposed, the City will need to consider how to fairly allocate the annual allotment of STR business licences, which can be on a "first come, first serve" or lottery basis. In addition, the City may have to administer wait-lists for applicants who are eligible but were rejected because the annual caps have been met.

2.2.3 Requiring the licence holder to pay a fee, in addition to the Short-Term Rental Licence fee, calculated on the number of nights the rental was booked, and that any fees charged are allocated to the Affordable Housing Reserve;

Section 272 (1)(b) of the *Vancouver Charter* provides the authority for the City to establish a fee for the granting of a business licence that can be in the nature of a tax. Staff researched STR transaction fee or taxes that other jurisdictions have impose and found a best practice was to place the onus on STR platforms, either through Voluntary Agreements or platform regulations to collect and remit the fee or tax on behalf of their operators.

Despite the legal authority, staff's study of transaction fees and taxes in other jurisdictions reveals that relying on STR operators to remit those fees will result in low compliance and underreporting. A scan of STR-specific transaction fees or taxes in other jurisdictions indicate that the onus is placed on STR platforms, either through voluntary compliance agreements or platform regulations, to collect and remit those taxes back to the local authorities.

²¹ City of New Orleans Planning Commission (2018). "Short Term Rental Study – 2018 Ed." <https://www.nola.gov/attachment/City-Planning/Major-Studies-and-Projects/2018-Short-Term-rental-Study/Reports-and-Presentations/Final-STR-Study-10-3-18.pdf/>

AGENDA INFORMATION	
<input checked="" type="checkbox"/> Regular Meeting	Date: <u>June 18, 2018</u>
<input type="checkbox"/> Other:	Date: _____

ATTACHMENT 4		
 Dept. Manager	 GM/ Director	 CAO

The District of North Vancouver REPORT TO COUNCIL

May 31, 2018
File: 13.6480.30/003.002.000

AUTHOR: Annie Mauboules, Senior Community Planner

SUBJECT: Short-Term Rentals Bylaw Amendment

RECOMMENDATION:

THAT staff is directed to proceed with the public engagement described in the May 31, 2018 report, entitled Short-Term Rentals Bylaw Amendment, regarding the draft amendments to the Zoning Bylaw, Business Licence Bylaw, Fees & Charges Bylaw, and the Bylaw Notice Enforcement Bylaw; AND

THAT staff is directed to bring the draft bylaw amendments back to Council for Introduction and First Reading after completion of the public engagement process.

REASON FOR REPORT:

At a Council Workshop on November 28, 2017, Council passed the following resolution:

THAT the November 22, 2017, report from the Senior Community Planner and the Research Analyst entitled Short-Term Rentals in the District be received for information.

Please see a copy of the November 22, 2017 report in **Attachment E**.

Based on Council's feedback at the workshop, staff prepared draft amendments to the Zoning Bylaw (**Attachment A**), Business Licence Bylaw (**Attachment B**), Fees & Charges Bylaw (**Attachment C**), and the Bylaw Notice Enforcement Bylaw (**Attachment D**) to regulate short-term rentals (STRs) for Council's consideration. Staff is also seeking direction from Council on the preferred ways of facilitating community feedback on the draft bylaw amendments before bringing the bylaws to a Regular Meeting of Council for First Reading.

SUMMARY:

Council considered the impact of STRs in the District and how best to manage those impacts at a workshop in November 2017. As a result of that discussion, Council stated support for allowing STRs with specific criteria including a principal residency requirement and not allowing STRs in secondary suites. This report outlines a proposed comprehensive regulatory

framework to permit STRs with conditions. Draft amendments to four District bylaws are attached to this report.

BACKGROUND:

Short-term rental (STR) is a commonly used term to define the commercial practice of renting out a home for a non-residential purpose (e.g. short-term vacation stay). STRs have taken place in a variety of circumstances including the rental of a room or bed in a home, or the rental of the entire home. As this business activity has become increasingly prevalent in cities around the world, issues have emerged including: potential impacts on the supply of long-term rental housing, and impacts on neighbourhoods (e.g. parking, noise, etc.). Municipalities across Metro Vancouver are responding in a variety of ways by clarifying existing regulations and/or creating new policies, bylaws, and procedures to ensure STR operators comply with local regulations and community expectations. Currently, the District's Zoning Bylaw permits "Bed and Breakfasts" and "Boarders and Lodgers"; however STRs typically do not comply with the Zoning Bylaw provisions related to either of these definitions, and are therefore not permitted. While the number of complaints currently submitted to the District regarding STRs is small, it is increasing.

EXISTING POLICY:

STRs are currently not a permitted use under the Zoning Bylaw.

ANALYSIS:

Existing Tools:

STRs are currently not permitted in the District's Zoning Bylaw. The Zoning Bylaw does permit a "Bed & Breakfast" business in certain zones. The Zoning Bylaw also allows for "Boarders and Lodgers", but the boarders and lodgers must stay 28 days or longer and must reside within the home. Furthermore, the property owners must reside at the property and have a 'Safe Food Handling' certificate. The District's Business Licence Bylaw also requires all businesses to have a valid business licence issued by the District.

Regulatory Approach Being Considered:

At the workshop on November 28, 2017 Council recommended to staff that STRs be permitted with the following general policy recommendations:

1. **Short-term rentals should only be permitted in the principal residential dwelling unit** (Principal Residential Dwelling Unit is the address where a person lives most of the year, pays their bills, cooks meals, and receives government mail). This approach recognizes that STRs are part of the new "sharing economy" and can also be positive in that they provide the possibility of extra income for tenants and home owners. STRs can also create much needed available short stay options.
2. **The owner of the house, or the person renting the house, with the permission of the owner, should have a valid business license.** The business license fee would facilitate cost recovery for increased staff time associated with enhanced enforcement and compliance.

3. **Short-term rentals should not be permitted in secondary suites or coach houses.** Currently the District's Zoning Bylaw does not permit anything other than residential uses in secondary suites and coach houses. This ensures that secondary suites and Coach Houses would be available to meet the needs of long term renters. STRs are not a defined residential use and therefore would not be permitted. However, further clarification with additional language in the Zoning Bylaw would provide the District with the ability to monitor and regulate STRs.
4. **Fairness.** The proposed regulatory approach creates fairness because STRs are now treated like other, similar businesses such as Bed & Breakfasts.
5. **Addressing negative impacts.** The proposed regulatory approach addresses concerns that may arise from STRs by limiting the total number of patrons (six) and requiring that parking be provided.
6. **Enforcement.** Creating new fines and enhancing existing enforcement as per the draft complaint and enforcement policy.

Summary of Proposed Changes:

Four bylaws are impacted by this proposed regulatory approach to STRs. A summary of the revisions and additions to each bylaw is provided in Table 1 below:

Bylaw	Revisions/Additions	Rationale for Change
Zoning Bylaw	<ul style="list-style-type: none">• Add regulations that an STR can only be operated in the principal residence and with a valid business licence.• Not permitted in secondary suite/coach house and must have no more than 6 patrons.• Must have 1 on-site parking space per STR unit.	Create a regulatory framework for the operation of STRs in the District.
Business Licence Bylaw	<ul style="list-style-type: none">• Require a business licence for STRs with licence number to be included in advertising of STR.• Require emergency contact info and fire safety equipment for STRs and B&Bs	STRs are a business and should be regulated similar to B&Bs.
Fees and Charges Bylaw	<ul style="list-style-type: none">• Business Licence fee for STRs is \$200.	To recover costs of administering the program.
Bylaw Notice Enforcement Bylaw	<ul style="list-style-type: none">• Create offences for STR regulations.	So the DNV can issue Bylaw Notices for violations.

Table 1: Summary of Proposed bylaw revisions and additions.

Impact on Other Permitted Uses:

Staff reviewed the existing permitted uses in the Zoning Bylaw in order to evaluate how new short-term rental restrictions may impact those uses. Table 2 below provides a summary of this analysis.

Uses	Summary Description	Length of Stay	Principle Residency Required	Number of Rooms or Patrons	Additional Parking	Business License Required
Boarders & Lodgers; 'Home Stay' Students	29 days or more. Living in the home, renting a room.	29 days or longer. Accommodation and meals for payment of rent.	Yes	Not more than two. Only one if there is a secondary suite.	No	No
Bed & Breakfasts	Short-term stay, breakfast provided. Not permitted in Secondary Suites or Coach Houses.	Short-term stays, daily or weekly. No longer than 28 days.	Yes	<u>Class 1:</u> Up to 3 bedrooms. <u>Class 2:</u> Up to 6 bedrooms with Council approval.	Yes. One additional off street per B & B bedroom.	Yes
Long-Term Rentals in Secondary Suites (single family homes) and Coach Houses	Long-term rental of a Secondary Suite or Coach House.	Lease term can be month to month (short term) or annually (12 months or longer). Regulated by the Residential Tenancy Act.	Yes	Maximum size is 90 square meters (or 40% of total floor area).	Yes. One additional off street parking.	No
Short-Term Rentals <i>Proposed Regulations</i>	Renting out a portion of a home for short-term vacation stays. Not permitted in Secondary Suites or Coach Houses.	Short-term stays, daily or weekly. No longer than 28 days.	Yes	Maximum of 6 patrons per home.	Yes. One additional off street parking.	Yes

Table 2: Matrix of impact on other permitted uses.

Implementation:

Should Council direct staff to move forward with these proposed STR regulations, Community Planning staff will work with Communications staff to ensure that the new regulatory approach to STRs is shared widely through a public education campaign. Staff will work with the STR platforms to ensure that hosts posting STRs to the online platforms are made aware of the District's new regulatory framework. Staff will also follow up on how taxes levied through the AirBnB platform (as described below in the 'Financial Impacts' section) will be shared with municipalities and how the District can secure any revenue generated from District-based STR hosts.

Timing/Approval Process:

Staff is recommending that the community be given the opportunity to provide feedback on the draft bylaw amendments. After consultation, the bylaw amendments will be updated as appropriate and brought forward to Council for consideration for First Reading.

Concurrence:

Staff from Finance, By-Laws, and Legal Departments have reviewed and provided comments on this report.

Financial Impacts:

The Province and Airbnb have agreed to legislative changes to allow the collection of 8% provincial sales tax (PST) and 3% Municipal and Regional District Tax (MRDT) on STRs. While the 8% PST is intended to provide additional revenue for affordable housing and improving fairness, opportunities to access the 3% MRDT are less clear. Increased costs related to enforcement are anticipated and the District could potentially access this revenue stream for STR bylaw enforcement, or for affordable housing, and related purposes. Staff will provide more information to Council regarding how these tax funds can be accessed as the Province makes it available.

Liability/Risk:

STRs are part of the emerging sharing economy and staff anticipate both increased interest in, and complaints about, STRs in the future. It is important to provide regulatory clarity in a proactive manner before the scale of any problem makes enforcement and compliance more difficult.

Public Input:

Communications staff propose that the community have a number of opportunities to learn about, and provide informed input on, the proposed changes to the bylaws regarding STRs. Because of the complexity of the issues with the proposed bylaw amendments, the new STR guidelines will be communicated through a number of platforms:

- 1) Staff will host a 'listen and learn' session with community stakeholders to ensure that the issues are well understood and meaningful input can be collected.
- 2) Additional community input will be sought through an online and mail-in survey to collect feedback on the proposed changes.
- 3) Staff will raise awareness about the proposed changes to the wider community through advertising and social media that point to the District website content and online survey

to ensure that all interested residents have the opportunity to both understand the proposed changes and provide feedback on them.

Consultation will begin before the summer break and also take place over the summer months, traditionally the busiest times for both STR listings and visitors seeking STR hosts. This presents an opportune time to ask for people's feedback while STRs are most active.

Conclusion:

Short-term rental (STR) accommodation has become an increasingly common activity in the District of North Vancouver. To date, the District has fielded relatively few complaints about STRs, however it is anticipated that the number of complaints will increase over time. Staff recommend creating a regulatory approach now, before the potential negative impacts of and complaints about STRs become problematic.

Options:

1. THAT staff is directed to proceed with the public engagement described in the May 31, 2018 report, entitled Short-Term Rentals Bylaw Amendment, regarding the draft amendments to the Zoning Bylaw, Business Licence Bylaw, Fees & Charges Bylaw, and the Bylaw Notice Enforcement Bylaw; AND

THAT staff is directed to bring the draft bylaw amendments back to Council for Introduction and First Reading after completion of the public engagement process.

Or

2. THAT staff is directed to do further analysis on how to regulate Short-Term Rentals in the District.

Respectfully submitted,




Annie Mauboules
Senior Community Planner

ATTACHMENTS:

- Attachment A:** District Zoning Bylaw
Attachment B: Business Licence Bylaw
Attachment C: Fees & Charges Bylaw
Attachment D: Notice Enforcement Bylaw
Attachment E: November 2017 Workshop Report to Council

REVIEWED WITH:

- ☐ Sustainable Community Dev. _____
- ☐ Development Services _____
- ☐ Utilities _____
- ☐ Engineering Operations _____
- ☐ Parks _____
- ☐ Environment _____
- ☐ Facilities _____
- ☐ Human Resources _____

- ☐ Clerk's Office _____
- ☐ Communications _____
- ☒ Finance 
- ☐ Fire Services _____
- ☐ ITS _____
- ☒ Solicitor 
- ☐ GIS _____
- ☐ Real Estate _____

External Agencies:

- ☐ Library Board _____
- ☐ NS Health _____
- ☐ RCMP _____
- ☐ NVRC _____
- ☐ Museum & Arch. _____
- ☐ Other: _____

The Corporation of the District of North Vancouver**Bylaw 8336**

A bylaw to amend District of North Vancouver Bylaw 3210, 1965

The Council for The Corporation of the District of North Vancouver enacts as follows:

Citation

1. This bylaw may be cited as "District of North Vancouver Rezoning Bylaw 1378 (Bylaw 8336)".

Amendments

2. District of North Vancouver Zoning Bylaw 3210, 1965 is amended by:
 - (a) deleting the definition of "Bed & Breakfast" in Part 2 - Interpretation and substituting the following:

"Bed and Breakfast" means a home occupation business in a single-family residential building which provides temporary accommodation rented to a person(s) on a daily or weekly basis for a period not to exceed 28 consecutive days and includes the provision of breakfast.
 - (b) inserting the following definitions in Part 2 - Interpretation in alphabetical order:

"Coach House" means an accessory dwelling unit that is detached from a single-family residential building on a lot in a zone that permits a single-family residential building.

"Principal Residence" means the usual place where an individual lives, makes their home and conducts their daily affairs, including, without limitation, paying bills and receiving mail.

"Short Term Rental" means a home occupation business in a single-family residential building which provides temporary accommodation rented to a person(s) on a daily or weekly basis for a period not to exceed 28 consecutive days, but does not include a bed and breakfast or accommodation provided to boarders and lodgers.

(c) inserting the following as section 405B:

405B Short Term Rentals

Short term rentals are permitted in a single-family residential zone or in a RM1 or RM2 zone where only one single-family residential building is located on a lot subject to compliance with the following regulations:

- (1) A person must not operate a short term rental:
 - (a) except in the principal residence of such person;
 - (b) except with a valid business licence;
 - (c) in any secondary suite or coach house;
 - (d) providing temporary rental accommodation to more than 6 patrons in any single-family residential building.

(d) inserting the following section 6 into the table at section 1001 immediately below "Bed and Breakfast":

USE	PARKING REQUIREMENTS
Residential	
6. Short Term Rental	2 per dwelling unit plus 1 per short term rental unit

(e) inserting the following into the table at section 1207:

1207 Ticketing

Designated Expressions	Section	Fine
Operate short term rental not in principal residence	405B(1)(a)	\$500.00
Operate short term rental without business licence	405B(1)(b)	\$500.00
Operate short term rental in secondary suite/coach house	405B(1)(c)	\$500.00
Operate short term rental with more than 6 patrons	405B(1)(d)	\$500.00
Fail to provide parking for short term rental	1001	\$500.00

READ a first time

PUBLIC HEARING held

READ a second time

READ a third time

Certified a true copy of "Bylaw 8336" as at Third Reading

Municipal Clerk

APPROVED by the Ministry of Transportation and Infrastructure on

ADOPTED

Mayor

Municipal Clerk

Certified a true copy

Municipal Clerk

The Corporation of the District of North Vancouver

Bylaw 8337

A bylaw to amend Business Licence Bylaw 4567, 1974

The Council for The Corporation of the District of North Vancouver enacts as follows:

Citation

1. This bylaw may be cited as "Business Licence Bylaw 4567, 1974 Amendment Bylaw 8337, 2018 (Amendment 49)".

Amendments

2. Business Licence Bylaw 4567, 1974 is amended by:

(a) adding the following definitions to Part 3 in numerical order:

- 307C "Boarders and Lodgers" has the same meaning as in the District of North Vancouver Zoning Bylaw 3210, 1965.
- 319A "Coach House" has the same meaning as in the District of North Vancouver Zoning Bylaw 3210, 1965.
- 331B "Bed and Breakfast Operator" means a person who carries on a bed and breakfast business.
- 346B "Principal Residence" means the usual place where an individual lives, makes their home and conducts their daily affairs, including, without limitation, paying bills and receiving mail.
- 353C "Secondary Suite" has the same meaning as in the District of North Vancouver Zoning Bylaw 3210, 1965.
- 354A "Short Term Rental" means a home occupation business in a single-family residential building which provides temporary accommodation rented to a person(s) on a daily or weekly basis for a period not to exceed 28 consecutive days, but does not include a bed and breakfast or accommodation provided to boarders and lodgers.
- 354B "Short Term Rental Operator" means a person who carries on the business of providing short term rental accommodation.

(b) inserting the following as section 529A:

529A SHORT TERM RENTALS

Prohibitions

- (1) A person must not operate a short term rental:
 - (a) except in the principal residence of such person;
 - (b) except with a valid business licence;
 - (c) in any secondary suite or coach house;
 - (d) providing temporary rental accommodation to more than 6 patrons in any single-family residential building.
- (2) A person must not offer to rent premises as a short term rental unless such person:
 - (a) holds a valid business licence to operate a short term rental; and
 - (b) the business licence number is included in any advertising, listing or promotion material relating to offering the premises for rent as a short term rental.
- (3) A bed and breakfast operator and short term rental operator must:
 - (a) provide an emergency contact name and phone number to all guests;
 - (b) post a fire safety plan by all entrances and exits to the rental premises;
 - (c) have smoke alarms on each floor and in each bedroom of the rental premises;
 - (d) have a fire extinguisher on each floor of a rental premises;
 - (e) have a carbon monoxide detector on each floor of rental premises that contain a gas appliance;
 - (f) have all smoke alarms, fire extinguishers and carbon monoxide detectors required under this section 529A(3) inspected and tested annually and keep a written record of such inspections and tests;
 - (g) maintain all smoke alarms, fire extinguishers and carbon monoxide detectors required under this section 529A(3) in good working order;

- (h) produce inspection, testing and maintenance records required under this section 529A(3) to the Inspector upon request.

(c) adding the following offences and fines to section 523D:

Designated Expressions	Section	Fine
Operate short term rental not in principal residence	529A(1)(a)	500.00
Operate short term rental without business licence	529A(1)(b)	500.00
Operate short term rental in secondary suite/coach house	529A(1)(c)	500.00
Operate short term rental with more than 6 patrons	529(1)(d)	500.00
Offer short term rental without business licence	529A(2)(a)	500.00
Fail to include business licence number in promotion of short term rental	529A(2)(b)	500.00
Fail to provide emergency contact for rental premises	529A(3)(a)	300.00
Fail to post fire safety plan in rental premises	529A(3)(b)	300.00
Fail to have smoke alarm in rental premises	529A(3)(c)	300.00
Fail to have fire extinguisher in rental premises	529A(3)(d)	300.00
Fail to have carbon monoxide detector in rental premises	529A(3)(e)	300.00
Fail to have fire safety equipment tested in rental premises	529A(3)(f)	300.00
Fail to maintain fire safety equipment in rental premises	529A(3)(g)	300.00
Fail to produce records re. maintenance of fire safety equipment in rental premises	529A(3)(h)	300.00

READ a first time

NOTICE given under Section 59 of the *Community Charter* on _____ and _____

OPPORTUNITY for representations to Council provided in accordance with Section 59 of the *Community Charter* on _____

READ a second time

READ a third time

ADOPTED

Mayor

Municipal Clerk

Certified a true copy

Municipal Clerk

The Corporation of the District of North Vancouver**Bylaw 8338**

A bylaw to amend Fees and Charges Bylaw 6481, 1992

The Council for The Corporation of the District of North Vancouver enacts as follows:

Citation

1. This bylaw may be cited as "District of North Vancouver Fees and Charges Bylaw 6481, 1992, Amendment Bylaw 8338, 2018 (Amendment 58)".

Amendments

2. The Fees and Charges Bylaw 6481, 1992 is amended by adding the following to Schedule E – Schedule of Licence Fees A – Group 1 Miscellaneous:

Group 7 Short Term Rental

Licence Fee

\$200.00

***note – this number – "Group 7" – assumes the Cannabis bylaws are adopted first; if not, this should be Group 6*

READ a first time

READ a second time

READ a third time

ADOPTED

Mayor

Municipal Clerk

Certified a true copy

Municipal Clerk

The Corporation of the District of North Vancouver

Bylaw 8339

A bylaw to amend the Bylaw Notice Enforcement Bylaw 7458, 2004

The Council for The Corporation of the District of North Vancouver enacts as follows:

Citation

1. This bylaw may be cited as "Bylaw Notice Enforcement Bylaw 7458, 2004, Amendment Bylaw 8339, 2018 (Amendment 39)".

Amendments

2. Schedule A to Bylaw 7458 is amended by adding the following offences to the Business Licence Bylaw No. 4567, 1974 section, inserted in the appropriate numerical order in the table:

Bylaw Section	Description	A1 Penalty Amount (\$)	A2 Discounted Penalty (within 14 days) (\$)	A3 Late Payment (after 28 days) (\$)	A4 Compliance Agreement Available	A5 Compliance Agreement Discount (\$)
The following fines apply to the contraventions below:						
Business Licence Bylaw 4567, 1974						
529A(1)(a)	Operate short term rental not in principal residence	500	375	750	NO	N/A
529A(1)(b)	Operate short term rental without business licence	500	375	750	NO	N/A
529A(1)(c)	Operate short term rental in secondary suite/coach house	500	375	750	NO	N/A
529A(1)(d)	Operate short term rental with more than 6 patrons	500	375	750	NO	N/A
529A(2)(a)	Offer short term rental without business licence	500	375	750	NO	N/A
529A(2)(b)	Fail to include business licence number in promotion of short term rental	500	375	750	NO	N/A
529A(3)(a)	Fail to provide emergency contact for rental premises	300	225	450	NO	N/A
529A(3)(b)	Fail to post fire safety plan in rental premises	300	225	450	NO	N/A
529A(3)(c)	Fail to have smoke alarm in rental premises	300	225	450	NO	N/A
529A(3)(d)	Fail to have fire extinguisher in rental premises	300	225	450	NO	N/A
529A(3)(e)	Fail to have carbon monoxide detector in rental premises	300	225	450	NO	N/A
529A(3)(f)	Fail to have fire safety equipment tested in rental premises	300	225	450	NO	N/A
529A(3)(g)	Fail to maintain fire safety equipment in rental premises	300	225	450	NO	N/A
529A(3)(h)	Fail to produce records re. maintenance of fire safety equipment in rental premises	300	225	450	NO	N/A

3. Schedule A to Bylaw 7458 is amended by adding the following offences to the Zoning Bylaw No. 3210, 1965 section, inserted in the appropriate numerical order in the table:

Bylaw Section	Description	A1 Penalty Amount (\$)	A2 Discounted Penalty (within 14 days) (\$)	A3 Late Payment (after 28 days) (\$)	A4 Compliance Agreement Available	A5 Compliance Agreement Discount (\$)
Zoning Bylaw 3210, 1965						
405B(1)(a)	Operate short term rental in principal residence	500	375	750	NO	N/A
405B(1)(b)	Operate short term rental without business licence	500	375	750	NO	N/A
405B(1)(c)	Operate short term rental in secondary suite/coach house	500	375	750	NO	N/A
405B(1)(d)	Operate short term rental with more than 6 patrons	500	375	750	NO	N/A
1001	Fail to provide parking for short term rental	500	375	750	NO	N/A

READ a first time

READ a second time

READ a third time

ADOPTED

Mayor

Municipal Clerk

Certified a true copy

Municipal Clerk

AGENDA INFORMATION	
<input checked="" type="checkbox"/> Council Workshop	Date: November 28, 2017
<input type="checkbox"/> Finance & Audit	Date: _____
<input type="checkbox"/> Advisory Oversight	Date: _____
<input type="checkbox"/> Other:	Date: _____



The District of North Vancouver REPORT TO COMMITTEE

November 22, 2017
File: 13.6480.30/003.002.000

AUTHOR: Annie Mauboules, Senior Community Planner
Felim Donnelly, Research Analyst

SUBJECT: Short-Term Rentals

RECOMMENDATION:

THAT the November 22, 2017, report from the Senior Community Planner and the Research Analyst entitled Short-Term Rentals in the District be received for information.

REASON FOR REPORT:

Short-term rental (STR) accommodation has become an increasingly common business activity resulting from the popularity of web-based platforms (e.g. Airbnb) that connect customers to accommodation providers (e.g. home owners). Communities have responded to the increasing prevalence of this business activity in a variety of ways. This report is intended to provide Council with:

- an overview of this business activity in the District of North Vancouver,
- information on how other jurisdictions are managing STRs, and
- options for Council on how to deal with STRs.

SUMMARY:

This report provides Council with options to consider regarding Short-Term Rentals (STRs) in the District. Options include, continuing to enforce the Zoning Bylaw provisions which prohibit STRs, or permitting STRs under certain circumstances, and within any limits established by bylaw. This report and associated presentation is intended to inform a Council discussion about the pros and cons of each approach.

BACKGROUND:

Short-term rental (STR) is a commonly used term to define the commercial practice of renting out a home for a non-residential purpose (e.g. short-term vacation stay). STRs can take place in a variety of circumstances including the rental of a room or bed in a home, or the rental of the entire home. As this business activity has become increasingly prevalent, issues have emerged including; impact on the supply of long-term rental housing, and impacts on neighbourhoods (e.g. parking issues and noise). Municipalities across Metro Vancouver are responding in a variety of ways by clarifying existing regulations and/or creating new policies,

bylaws, and procedures to ensure STR operators comply with local regulations and community expectations. Currently, the District's Zoning Bylaw permits "Bed and Breakfasts" and "Boarders and Lodgers"; however STRs typically do not comply with the Zoning Bylaw provisions related to either of these definitions, and are therefore unlawful. While the number of complaints submitted to the District regarding STRs is small, it is increasing.

Emergence of Short-Term Rentals

STRs have become a phenomenon worldwide, with a dramatic increase in listings seen in major cities across the world (*see Illustration 1 below*). STR operators use hundreds of online platforms to advertise accommodations, the most prevalent being AirBnB, which began in 2008 and generates revenue through service fees to both hosts and guests. The company is valued at \$25.5 billion U.S. and has over 2 million listings in 190 countries.

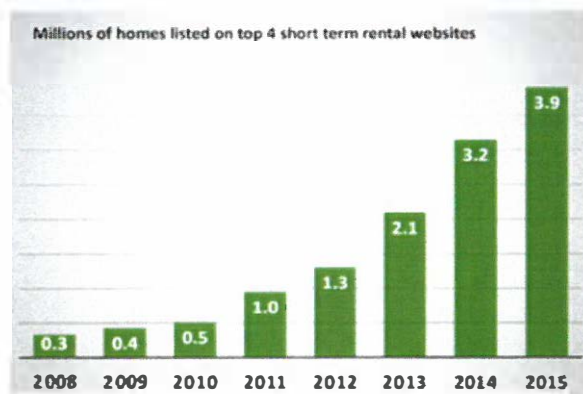


Illustration 1: STRs worldwide

AirBnB is only one of several companies operating in Metro Vancouver, facilitating short-term rentals. Others include Homeaway Family, Flipkey, Roomorama, Vancouver Dream Rentals, and Craigslist. These various companies can offer cheaper alternatives to a conventional hotel stay (the average daily rate of a stay in San Francisco in an AirBnB property was 18.8 percent less than the average daily rate for a hotel).



EXISTING POLICY:

STRs are currently regulated in the Zoning Bylaw through the definitions for 'Bed and Breakfast' and 'Borders and Lodgers'. Please see **Attachment A** for the appropriate sections of the Zoning Bylaw.

ANALYSIS:

Listings in the District:

A preliminary review of STRs in the District in July 2017, conducted by Host Compliance, a company that regularly gathers and analyses STR listings for cities across North America, revealed 666 listings and 588 unique short-term rental properties as of June 2017. These numbers represent a snapshot in time, as they change weekly with the seasons, major events, and tourist activities. The listings are evenly spread across the District's urban area, and are not geographically concentrated. See Illustration 2 below.

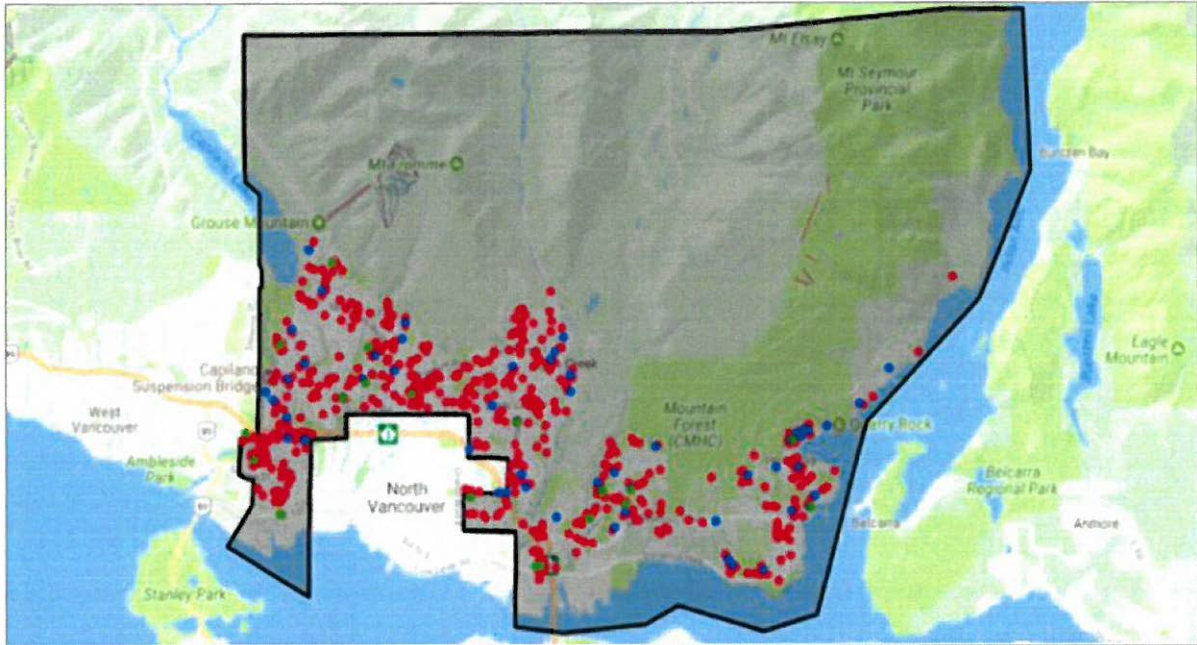


Illustration 2: STR in the DNV June 2017: 588 unique properties and 666 listings. Red = Airbnb; Blue = Expedia; Green = Trip Adviser

Complaints:

Formal complaints are low relative to the number of listings; fewer than ten cases have been identified since 2009, although some of these cases have received repeated complaints. Nonetheless, District staff are receiving an increasing number of calls regarding STRs for reasons including:

- residents curious about the District's rules respecting STRs,
- residents considering STRs themselves,
- complaints about a particular property.

As STR services continue to grow in popularity and familiarity, it is expected that residents will increasingly inquire about this issue. Given the prevalence of this activity throughout the Metro Region, many residents may be confused about whether this use is explicitly permitted in the District.

Impact on Rental Stock:

STR's are currently being operated in all housing forms. The District's rental vacancy rate for apartments is 0.3% (Source: CMHC Canadian Housing Observer and CMHC Rental Market Reports).

The increasing popularity of STRs has the potential to impact the limited supply of rental housing in the District by removing dwelling units from the long-term rental pool. However, the extent to which STRs are impacting the overall supply of rental housing is inconclusive at this time and would require further detailed research to understand the availability of dwelling units for long-term rental. This is because dwelling units may be occasionally or temporarily used as STRs, for a variety of reasons resulting from the temporary vacancy of a dwelling unit. Vacancy

of a unit can occur for many reasons including speculation, future expansion/renovation, estate settlement delays, and a variety of personal reasons including occasional family use. Understanding the nuances of these personal circumstances is challenging; however, it is clear that the economic considerations with STRs can impact behaviours. Other jurisdictions, such as the City of Vancouver, have attempted to quantify the financial incentives for STR over long-term rental and found that typical STR units can generate two to three times the income of monthly rentals if continuously rented over the same period.

Existing Tools:

STRs are currently not permitted in the District under the Zoning Bylaw. The Zoning Bylaw does permit a "Bed & Breakfast" business. The Zoning Bylaw also allows for "Boarders and Lodgers", but the boarders and lodgers must stay 28 days or longer and must reside within the home. Furthermore, the property owners must reside at the property and have a 'Safe Food Handling' certificate. The District's Business Licence Bylaw also requires all businesses to have a valid business licence issued by the District.

Municipal Approaches for Regulating Short-Term Rentals:

Thousands of residents of cities across North America are currently operating STRs through a variety of online platforms, often disregarding existing bylaws.

STRs are being discussed in British Columbia through communal bodies (e.g. the Union of BC Municipalities) and the regional district structure (e.g. Metro Vancouver), while other stakeholders such as industry groups, strata associations, and citizens' groups have also engaged with the issue. Although other provinces such as Quebec have taken measures at the provincial level, To date, the BC government has enacted no policies or regulations on STRs. The issue currently rests with local governments, some of whom are considering or implementing STR regulations.

STR policy is a patchwork among Lower Mainland municipalities and the municipal response is very much in its nascence. The City of Vancouver sees the most STR activity and correspondingly has the most advanced process for addressing the issue.

Further, cities that have implemented policies regarding STRs use a broad spectrum of approaches from permissive to restrictive, and some cities have yet to address STRs at all. The general consensus among policy-makers and academics is that the STR issue is complex and difficult to regulate, and that no one city has developed a policy framework to effectively enable and enforce STR activity to the greatest mutual benefit of all stakeholders.

There are a multitude of options for regulating STR activity, from zoning restrictions to licensing, to quotas. The most straightforward approach is to amend or clarify bylaws; some municipalities have moved to take this step, while the City of Vancouver is considering a more comprehensive approach. A sample of local responses to STRs is provided below and serves to illustrate the complexities that municipalities face in addressing the issue:

Jurisdictional Review of STR Policy: Canada, US

Jurisdiction	Operator License / Registry	Booking Source License	Principal Residence Only	Stay Limit	Safety Provisions	Nuisance Provisions	Hotel Tax applied to STRs	STR Specific Tax
Richmond	✓	x	✓	x	x	x	x	x
Surrey	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Delta	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Burnaby	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
White Rock	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Westminster	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Coquitlam	✓	x	✓	x	x	x	x	x
Port Coquitlam	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City North Vancouver	x	x	✓	x	x	x	x	x
West Vancouver	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Squamish	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vancouver	✓	x	✓	x	✓	✓	x	<i>Under Review</i>
Toronto (proposed)	✓	✓	✓	x	✓	✓	x	<i>Under Review</i>
Province of Quebec	✓	x	x	x	x	x	✓	x
Seattle (proposed)	✓	✓	x	x	✓	x	✓	x
Portland	✓	x	✓	✓	✓	x	✓	x

N/A for no STR-specific policy at this time

Staff surveyed Housing Planners from the Metro Vancouver Housing Sub Committee to gain a better understanding of the STR regulations in their municipalities. The following provides a summary of the responses:

Vancouver

- High visibility, controversial issue; frequently in the news
- Council passed a motion in April 2016 to begin investigating STR issue
- Final decision made November 14, 2017
- Regulation includes:
 - STRs allowed with valid business license for principal residence (including basement suite or laneway home)
 - STRs not allowed in homes that are not principal residences (including second homes, commercial and investment properties, and illegal suites)
 - Comprehensive program launch proposed for April 2018; would include system development, extra staffing, training, and communications

Burnaby

- Short term rental of entire dwelling units currently not permitted
- "Boarders and lodgers" currently permitted in most residential zoning districts with undefined timeframe. STR of part of a principal residence would be permitted under this use
- Dwelling units with a secondary suite are not permitted to keep boarders and lodgers. Current interpretation is that STRs in buildings with a secondary suite are not permitted, nor are STRs of secondary suites

White Rock:

- Amended zoning bylaw to allow for "vacation rentals" in 2013 prior to emergence of STR platforms
- Accessory boarding already allowed in many zones which complicates STR enforcement
- Currently adopting "wait-and-see" approach to assess what other municipalities in the region are doing

New Westminster:

- Current bylaw prohibits STRs, although does not explicitly state a requirement that the operator live on site

City of North Vancouver:

- There is no provision in City of North Vancouver bylaws for short-term rentals of entire dwelling units. Only boarding use, accessory to a permanent residential use, is permitted.

REGULATORY APPROACHES:

There are two regulatory approaches that can generally be described as "prohibit" or "permit" short-term rentals. Both are discussed below. Given that short-term rentals currently exist throughout the community, despite being prohibited by the District's Zoning Bylaw, we can assume that the impacts to the community will continue to be experienced by District residents regardless of which approach is followed by the District (Potential negative impacts: noise, safety concerns, damage to property, fewer long-term rentals, competition for public resources such as parking etc. and positive impact examples: promoting tourism, personal economic benefits etc.). Therefore, the question becomes, to what degree these impacts can be managed by each method of regulation proposed below:

Regulatory Approach: Option 1) Continue to Prohibit Short-Term Rentals:

The District currently responds to STRs on a complaints basis. The current resource demand is relatively light because the complaint volume is relatively low. However, this could change over time.

In addition, the ability for the District to regulate STRs is challenging because the rental property listings are spread across many different websites, which may contain limited data on the unit location and host information. Evidence gathering can therefore be time-consuming

and complex. Furthermore, the STR activity may be temporary or occasional which can complicate compliance monitoring.

Should Council wish to continue to pursue this approach it is recommended that staff prepare a subsequent report for Council's consideration regarding the resource level anticipated for in various enforcement scenarios (e.g. complaint based vs. proactive monitoring and inspection), and any related bylaw or policy amendments to improve the interpretation and enforcement of the Zoning Bylaw.

Regulatory Approach: Option 1) Permit Short-Term Rentals:

Should Council choose to permit STRs, staff would make the following general policy recommendations:

1. **Short-term rentals should only be permitted in the principal residential dwelling unit¹.** This approach recognizes that STRs are part of the new sharing economy and can also be positive in that they provide the possibility of extra income for renters as well as home owners. STRs can also create much needed available short-term rentals in the District.
2. **The owner of the house, or the person renting the house, with the permission of the owner, should have a valid business license.** The business license fee would facilitate cost recovery for increased staff time associated with enhance enforcement and compliance.
3. **Short-term rentals should not be permitted in secondary suites or coach houses.** Currently the Zoning Bylaw does not permit anything other than residential uses in secondary suites and coach houses. STRs are not a residential use and therefore would not be allowed. However, further clarification with additional language in the Zoning Bylaw would expedite the District's ability to enforce STRs

Timing/Approval Process:

Should Council direct staff to move forward with changes to the STR response, the regular approvals process associated with changes to the Zoning By-Law would be followed.

Concurrence:

Staff from Finance, By-Laws, and Legal have reviewed and provided comments on this report.

Financial Impacts:

Regardless of the option pursued by the District, enforcement costs are likely to escalate. Option 1, involves continuing the complaint- based enforcement approach, or moving to a more proactive monitoring and enforcement approach, but does not come with a corresponding revenue source.

¹ Principal residential dwelling unit is where someone lives most of year, pays their bills, cooks meals, and receives government mail.

Permitting STRs through business licensing, as contemplated in Option 2, would provide a source of revenue for the District to assist with enforcement costs. In addition, other sources of revenue can be explored such as a tax or transaction fee to cover the cost of enforcement. Amendments to Provincial legislation would be required for the District to impose taxation and transactions fees associated with STRs.

Public Input:

The public would have the opportunity to provide input should Council direct staff to make changes to the Zoning Bylaw.

Conclusion:

Short-term rental (STR) accommodation has become an increasingly common activity in the District of North Vancouver. To date, the District has fielded relatively few complaints about STRs, however it is anticipated that the amount of complaints will increase over time.

Other communities have responded to the increasing prevalence of STRs in a variety of ways, as outlined in this report. Two options for how to regulate STRs are presented in this report for consideration.

Options:

THAT the November 6, 2017 report from the Senior Community Planner and the Research Analyst entitled Short-Term Rentals in the District be received for information.

Respectfully submitted,

for

Annie Mauboules
Senior Community Planner



Felim Donnelly
Research Analyst

REVIEWED WITH:		
<input checked="" type="checkbox"/> Sustainable Community Dev.	<input type="checkbox"/> Clerk's Office	External Agencies:
<input type="checkbox"/> Development Services	<input type="checkbox"/> Communications	<input type="checkbox"/> Library Board
<input type="checkbox"/> Utilities	<input checked="" type="checkbox"/> Finance	<input type="checkbox"/> NS Health
<input type="checkbox"/> Engineering Operations	<input type="checkbox"/> Fire Services	<input type="checkbox"/> RCMP
<input type="checkbox"/> Parks	<input type="checkbox"/> ITS	<input type="checkbox"/> NVR
<input type="checkbox"/> Environment	<input type="checkbox"/> Solicitor	<input type="checkbox"/> Museum & Arch.
<input type="checkbox"/> Facilities	<input type="checkbox"/> GIS	<input type="checkbox"/> Other:
<input type="checkbox"/> Human Resources	<input type="checkbox"/> Real Estate	

ATTACHMENT A:

EXCERPT FROM THE ZONING BYLAW

Definitions:

"bed and breakfast" means a home occupation business in a single-family residential building which provides temporary accommodation rented to a person or persons on a daily or weekly basis for a period not to exceed 28 consecutive days;

"boarders and lodgers" means persons provided with accommodation and meals in a single family residential building for payment of rent for a period of not less than 28 consecutive days and where such accommodation shall not include separate cooking facilities

Regulations:

405A Bed and Breakfast Businesses

A bed and breakfast business is permitted in a single-family residential zone or in a RM1 or RM2 zone where only one single-family residential building is located on a lot subject to compliance with the following regulations:

(1) the residential character of a single-family residential building containing a bed and breakfast business shall be maintained and the bed and breakfast business shall comply with the maximum number of bedrooms and patrons as follows:

(a) Class 1

A Class 1 bed and breakfast shall not contain more than 3 bedrooms providing temporary rental accommodation and not more than 6 patrons in any single-family residential building;

(b) Class 2

A Class 2 bed and breakfast may contain more than 3 bedrooms but not more than 6 bedrooms providing temporary rental accommodation and not more than 2 patrons in any bed and breakfast bedroom;

(2) where a single-family residential building containing a bed and breakfast business also includes rooms for boarders and lodgers, the rooms and the boarders and lodgers shall be included in the maximum number of rooms and patrons permitted for Class 1 and Class 2 bed and breakfast businesses; and

(3) the person licenced to operate a bed and breakfast business must be a resident of the single-family residential building containing the bed and breakfast and any number of residents of the single-family residential building may be employees of the business. One additional non-resident employee may be engaged in the direct operation of the Bed and Breakfast at any one time.

EXCERPT FROM THE BUSINESS LICENCE BYLAW: PART 4 LICENCES

401 LICENCE TO OPERATE NECESSARY

Subject to Section 498 of the Municipal Act no person shall carry on, within the Municipality, any business unless he is the holder of a valid and subsisting licence issued to him under this Bylaw by the Inspector and shall have paid in advance therefore, to the Inspector, the sum specified in Parts 6

to 12 inclusive of this Bylaw and attached hereto and it shall be incumbent upon each person to renew such licence prior to the beginning of each licensing period as long as such business is being carried on.

529 BED AND BREAKFAST

(1) Two classes of Bed and Breakfast businesses are established as follows:

Class 1

A Class 1 bed and breakfast shall not contain more than 3 bedrooms providing temporary rental accommodation and not more than 6 patrons in any single-family residential building;

Class 2 A Class 2 bed and breakfast may contain more than 3 bedrooms but not more than 6 bedrooms providing temporary rental accommodation and not more than 2 patrons in any bed and breakfast bedroom

(2) Every person proposing to carry on the business of a Bed and Breakfast shall be required to provide evidence satisfactory to the Inspector that they have successfully completed a recognized accredited training program relating to food preparation and handling;

(3) A business licence application for a Class 2 Bed and Breakfast shall be referred to Council for approval, in which case, a public meeting shall be held for the purpose of allowing the public to make representations to Council on matters respecting the application;

(4) Council may order a public meeting prior to the annual renewal of a Class 1 or Class 2 Bed and Breakfast business licence where

(a) a written objection, endorsed by two or more owners or occupiers of properties located within 50 metres or in the same Cul-de-sac as the Bed and Breakfast, is submitted to Council stating the nature of the objection; and

(b) the stated objections could not be resolved informally by District staff to the satisfaction of the objecting property owners and/or occupiers

(5) Where a public meeting is to be held, notice of the meeting shall be given in accordance with the following:

(a) The notice shall state

- (i) the time, date and place of the public meeting;*
- (ii) the address of the proposed Bed and Breakfast; and*
- (iii) the purpose of the public meeting.*

(b) Notices shall be mailed or otherwise delivered at least ten days before the public meeting

- (i) to the operator of the Bed and Breakfast;*
- (ii) to all owners and occupiers of property located within 50 metres of the proposed Bed and Breakfast and also, where the Bed and Breakfast is to be located in a cul-de-sac, to allow owners and occupiers of property in the cul-de-sac;*
- (iii) to the registered offices of a company and, if identified, to any prospective owners of property under development by the company whose property is located within 50 metres of, or is in the same cul-de-sac as the proposed Bed and Breakfast.*

(6) After a public meeting, and in accordance with section 508 of the Municipal Act, Council may

- (a) approve an application for a business licence or the renewal of an existing business licence; or*

(b) refuse to grant a business licence or approve the renewal of an existing business licence, but

- (i) the licence must not be unreasonably refused, and*
- (ii) the council must give reasons for the refusal"*

THIS PAGE LEFT BLANK INTENTIONALLY