

AGENDA

COUNCIL WORKSHOP

Tuesday, November 28, 2017

5:00 p.m.

Committee Room, Municipal Hall

355 West Queens Road,

North Vancouver, BC

Council Members:

Mayor Richard Walton

Councillor Roger Bassam

Councillor Mathew Bond

Councillor Jim Hanson

Councillor Robin Hicks

Councillor Doug MacKay-Dunn

Councillor Lisa Muri



NORTH VANCOUVER
DISTRICT

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5:00 p.m.
Tuesday, November 28, 2017
Committee Room, Municipal Hall,
355 West Queens Road, North Vancouver

AGENDA

1. ADOPTION OF THE AGENDA

1.1. November 28, 2017 Council Workshop Agenda

Recommendation:

THAT the agenda for the November 28, 2017 Council Workshop is adopted as circulated, including the addition of any items listed in the agenda addendum.

2. ADOPTION OF MINUTES

3. REPORTS FROM COUNCIL OR STAFF

3.1. Short-Term Rentals
File No. 13.6480.30/002.000

p. 7-17

Recommendation:

THAT the November 22, 2017 joint report of the Senior Community Planner and the Research Analyst entitled Short-Term Rentals is received for information.

4. PUBLIC INPUT

(maximum of ten minutes total)

5. ADJOURNMENT

Recommendation:

THAT the November 28, 2017 Council Workshop is adjourned.

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REPORTS

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AGENDA INFORMATION	
<input checked="" type="checkbox"/> Council Workshop	Date: <u>November 28, 2017</u>
<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.

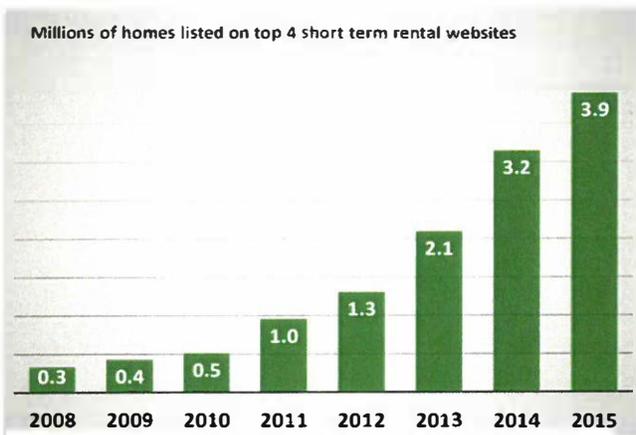


Illustration 1: STRs worldwide

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*.

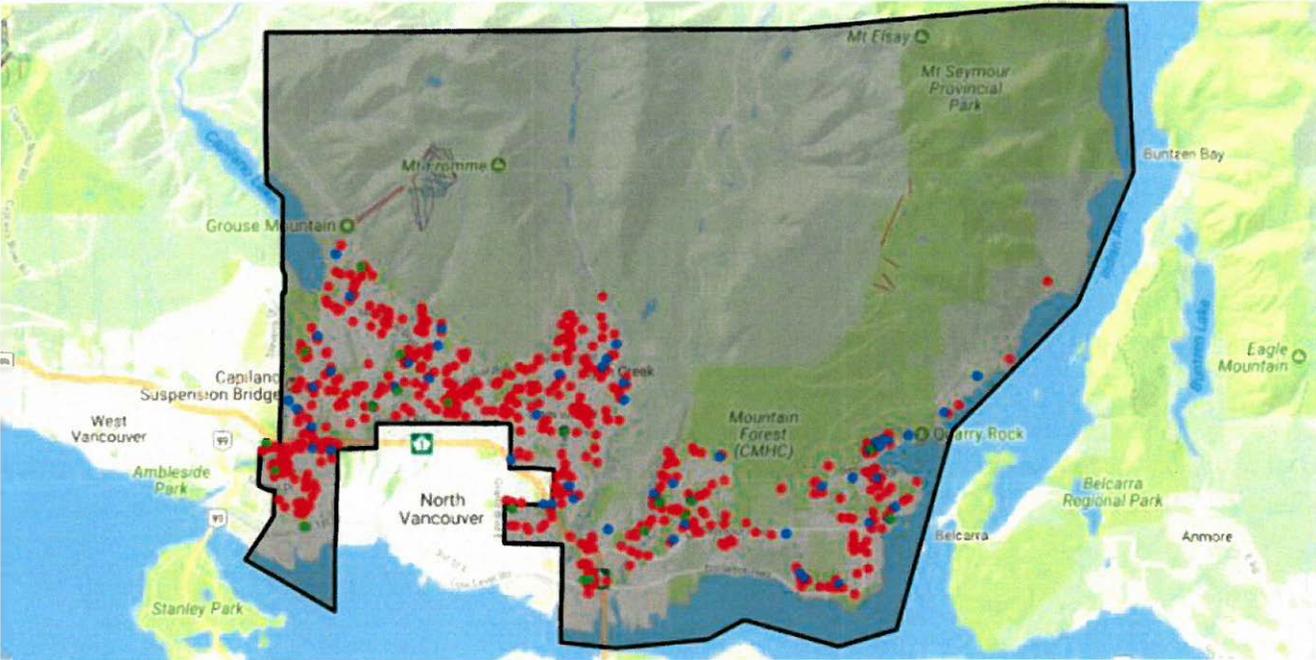


Illustration 2: STR in the DNV June 2017: 588 unique properties and 666 listings. Red = AirBnB; Blue = Expedia; Green = Trip Adviser

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,

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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"/> NVRC
<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"*

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