

## ATTACHMENT A

### **Municipal Case Studies of Short-Term Rental Regulation<sup>1</sup>**

#### *City of Kelowna*

With a 0.5% vacancy rate, Kelowna has one of the tightest rental markets in Canada. Staff began looking into regulating short-term rentals in 2016, and on 2018-DEC-03 Council approved proposed regulations. The regulations were guided by three principles: 1) Ensure short-term rental accommodations do not impact the long-term rental housing supply in a negative way; 2) Ensure short-term rental accommodations are good neighbors; and 3) Ensure equity among short-term accommodation providers. Staff are now preparing bylaws to implement the new regulations, as well as related licensing and enforcement details.

Regulatory Approach	<p>Allowed for short-term rental accommodation to be a secondary use to a principal dwelling unit in most zones where residential uses are permitted, including single family, multi-family and mixed-use commercial zones. Operation of short-term rental accommodation would be restricted to the operator's principal residence in these zones, but short-term rental accommodations would not be permitted in secondary suites or carriage houses.</p> <p>In select zones, where the purpose of the zone includes a "tourist accommodation" use, short-term rental accommodation is allowed as principal use without being limited to an operator's principal residence.</p> <p>In all cases where short-term rental is permitted there is a limit on the number of adults per sleeping unit, the number of sleeping units rented out per dwelling, a parking requirement of 1 space per 2 sleeping units and a requirement for a business license.</p>
Enforcement Approach	<p>All short-term rentals, including legal non-conforming operations, will require a business license. Staff are proposing a business license fee of \$345 where the short-term rental is in the operator's principal residence, and a fee of \$750 where it is not the operator's principal residence.</p>
Relationship with Host Sites (Airbnb)	<p>No formal relationship with any host sites are in place.</p>
Status or timeline of policy changes	<p>Expected that bylaws will be drafted and ready for adoption by Spring 2019.</p>

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<sup>1</sup> Case studies used with permission from the City of Kelowna, Report to Council "Short-Term Rental Accommodation Regulatory Direction, Attachment B: Short-Term Rental Regulations Case Studies," dated 2018-JUL-16: <https://kelownapublishing.escribemeetings.com/filestream.ashx?DocumentId=16689>.

### *City of Nelson*

The City of Nelson has taken the approach of working toward more fairness between short-term rental operators and local B&Bs/hotels. To achieve this, the City of Nelson has focused on having all operators apply for the proper business license. At the same time, this approach has also made it relatively easy for these short-term rentals to legally operate as it is a permitted use in the majority of residential and commercial zones. Also, by focusing on compliance through business licenses the City is also looking to reduce conflicts associated with short-term rentals in residential neighbourhoods. Generally, the City does not appear to distinguish between principal residence and full-time rentals of homes and apartments.

Regulatory Approach	<p>The City of Nelson has taken the approach of allowing short-term rentals as a permitted use in most zones, but in order to be in compliance the operator must have a valid business license that is renewed annually. The business license varies depending on the type of short-term rental operation and the zoning of the property.</p> <p>In cases where it is in a residential property there is one class of business license and a separate, more expensive license in a commercial zone. In residential zones, no more than three short-term rentals are permitted per block.</p>
Enforcement Approach	<p>City of Nelson uses the software Host Compliance to identify illegal short-term rentals. The Zoning Bylaw sets the fines at \$500 per day to the property owner.</p> <p>By identifying rentals and bringing them into compliance, they were able to recoup project costs and make them revenue neutral. The City has seen an increased number of business licenses obtained by local short-term vacation rental providers. The additional revenue from business licensing fees has helped pay for enforcement to make the project revenue neutral.</p>
Relationship with Host Sites (Airbnb)	No formal relationship with any host sites are in place.
Status or timeline of policy changes	City of Nelson adopted the regulations and license system for short-term rentals originally in 2016 and has added further policies in 2017.

### *City of Vancouver*

The City of Vancouver has taken a much more aggressive approach on restricting short-term rentals to principal residences in an effort to reduce the impact of short-term rentals on primary and secondary rental housing markets. This approach is in response to the recent estimates of 6,600 short-term listings in Vancouver. At the same time, the City of Vancouver is not looking to restrict short-term rentals to specific residential zones or geographic areas.

To be in compliance, the City requires all properties to have a valid business license that must be referenced in their listing. By only permitting short-term rentals in properties that are the principal residence of the operator, the activity is limited to the occasional short-term rental when someone is away on holidays or looking to rent a spare room from time to time.

Regulatory Approach	<p>The City of Vancouver passed a Zoning and Development Bylaw that amended definitions and allowed for Short-term Rentals to be a permitted use in the majority of residential and mixed-use zones as long as it follows the key direction of the new bylaw, specifically the principal residence unit requirement.</p> <p>The City of Vancouver is focusing on a high level of compliance with City bylaws and ensuring all short-term rental operators have a valid business license. The business license must be referenced as part of the online listing of a short-term rental. In order to be eligible for the business license the rental unit must be the principal residence.</p>
Enforcement Approach	<p>City of Vancouver brought forward a by-law clarifying the fines for operating and advertising without a valid business license. Since September 2018 there has been a fine of \$1,000 per day if an operator is not in compliance with bylaws.</p>
Relationship with Host Sites (Airbnb)	<p>In April of 2018 the City of Vancouver and Airbnb signed an agreement that ensures Airbnb will require hosts in Vancouver to update their listing to display a business license as per the City of Vancouver's new short-term rental regulations. Also, Airbnb has committed to providing a list of all Vancouver addresses operating short-term rentals on a quarterly basis.</p>
Status or timeline of policy changes	<p>City of Vancouver brought forward the majority of its new bylaws in Spring of 2018. Existing hosts had until the end of August 2018 to obtain a business license and to update their listing.</p>

### *City of Victoria*

The proliferation of short-term rentals throughout Victoria was identified as an emerging issue that is impacting the availability and affordability of rental apartments and condo units within the City of Victoria. A report compiled by Host Compliance estimates there are 1,346 unique short-term rental listings in Victoria. Approximately 88 per cent of these units are listings for entire homes / apartments, listing which have the greatest impact on the long-term rental housing supply. Also, a high concentration of these units (35 per cent) are located in the downtown area, further exacerbating an already tight rental housing market.

The City has taken the approach of legalizing the operation of short-term rentals, creating two classes of short-term rentals. The first class allows short-term rentals in most residential areas as long as the apartment or house being rented out is the principal residence of the host and a valid business license (annual cost of \$150) is in place.

The City has also created a second class of short-term rentals where it is not the principal residence of the host, only applicable where the transient accommodation use was previously permitted and operating. In these situations, a more expensive business license (\$1,500) with a higher annual fee is required. This second class of short-term rental units is limited to areas in the downtown where the zoning previously allowed transient accommodation as a permitted use.

Regulatory Approach	The City of Victoria introduced a Short-term Rental Regulation Bylaw to regulate vacation rentals. Historically, the City of Victoria allowed short-term rentals within specific zones in the Downtown under the transient accommodation use and have now removed this as a permitted use, resulting in a large number of non-conforming uses in the downtown area. The by-law has created two different classes of short-term rentals: principal residence short-term rentals and all other types of short-term rentals.
Enforcement Approach	City of Victoria requires all listings to include their valid business license. The City of Victoria is looking at hiring Host Compliance as a cost-effective means of handling compliance and enforcement.
Relationship with Host Sites (Airbnb)	No formal relationship with any host sites, but the City requires that the Business License number be displayed on all short term rental listings.
Status or timeline of policy changes	City of Victoria adopted its Short-term Rental bylaw on 2017-MAR-08 and shortly thereafter introduced the supporting actions and regulations.

### *Village of Tofino*

The Village of Tofino is a small seaside community of roughly 2,000 residents that has become an international tourism destination based on its proximity to the Pacific Rim National Parks and surrounding ecotourism opportunities. Through the City's Official Community Plan review the City identified that the growth of short-term rentals catering to tourists is reducing housing options for seasonal and year round residents.

The City has made an effort to encourage the protection of workforce housing by introducing more regulation of short-term rentals. Generally, Tofino has allowed for short-term rentals in much of the community as long as the operator has a valid business license and conforms to the Zoning Bylaw.

Regulatory Approach	Tofino has amended their zoning bylaw to limit the location of where short-term rental operations are permitted. Where short-term rentals are allowed, there must be a resident/operator on the same property (e.g. in the principle dwelling or secondary suite). Only one short-term rental is permitted per property, so a property cannot operate both a Bed and Breakfast and a short-term rental. In addition, Tofino requires a valid business license in areas where it is a permitted use. The District of Tofino bylaws prohibit short-term rentals in most multi-family zones.
Enforcement Approach	District of Tofino is using Host Compliance software to track listings that are in non-compliance. Property owners in non-compliance are contacted before consideration of suspending business licenses or issuance of fines.
Relationship with Host Sites (Airbnb)	No formal relationship with any host sites are in place, Village relies on Host Compliance to monitor listings on major sites (Airbnb, VRBO etc.).
Status or timeline of policy changes	Since 2016 District of Tofino Council has authorized a more proactive approach. The Village updated its business licenses policies in late 2017 and as of July 2018 had issued over 65 tickets for non-compliance with bylaws.