

DATE OF MEETING November 18, 2024

AUTHORED BY KASIA BIEGUN, COMMUNITY PLANNER

SUBJECT SHORT-TERM RENTAL COMPLIANCE AND ENFORCEMENT TOOLS

OVERVIEW

Purpose of Report

To present proposed amendments to Zoning Bylaw No. 4500 and Business Licence Bylaw No. 7318 to clarify short-term rental regulations and to improve the ability for compliance and enforcement actions.

Recommendation

Zoning Bylaw 2011 No. 4500

That:

1. "Zoning Bylaw Amendment Bylaw 2024 No. 4500.233" (a bylaw to amend the short-term rental regulations) pass first reading;
2. "Zoning Bylaw Amendment Bylaw 2024 No. 4500.233" pass second reading; and,
3. Council direct Staff to proceed to a public hearing for "Zoning Bylaw Amendment Bylaw 2024. No. 4500.233" prior to consideration of third reading and final adoption, as required by Section 464 (1) of the *Local Government Act*.

Business Licence Bylaw 2021 No. 7318

That:

1. "Business Licence Amendment Bylaw No. 7318.02" (a bylaw to clarify the licence terms of short-term rentals) pass first reading;
2. "Business Licence Amendment Bylaw No. 7318.02" pass second reading; and,
3. "Business Licence Amendment Bylaw No. 7318.02" pass third reading.

BACKGROUND

On 2024-MAR-11, Staff presented an update to Council on the City of Nanaimo's short-term rental regulations, and at the 2024-MAR-18 meeting, Council passed the following motion:

"direct Staff to review the "Business Licence Bylaw 2021 No. 7318"; the "Bylaw Notice Enforcement Bylaw 2012 No. 7159"; and, the "Zoning Bylaw No. 4500"; and present amendments to these bylaws to improve short-term rental compliance and enforcement tools, including increasing the fines from \$250 to \$500 per infraction, per day".

The motion is based on Staff's recommendation to improve the regulatory framework and to improve the City's ability to seek compliance and enforcement. This is an interim measure, while

staff continue to utilize the new provincial tools and data sets to assess compliance, and any impacts short-term rentals may have on Nanaimo's housing supply. |

DISCUSSION

Since the introduction of the short-term rental regulations in 2022, the short-term rental landscape has continued to transform, as have Provincial and Federal laws regulating them. Short-term rental platforms continue to evolve their business models and adjust their offerings for hosts and guests. This requires ongoing monitoring and tweaking of the City's short-term rental regulations to adapt to the changing market and legislation.

Following a review of the newest features major short-term rental platforms are offering, in addition to more recent regulatory changes other jurisdictions have enacted, Staff are proposing a series of amendments to the "Zoning Bylaw 2011 No. 4500", the "Business Licence Bylaw 2021 No. 7318", and the "Bylaw Notice Enforcement Bylaw 2012 No. 7159". The key proposed changes include:

1. Amending the "Zoning Bylaw No. 4500" short-term rental regulations to clarify operating rules and enforcement actions. The key changes include:
 - a. Defining the role of a 'Short-Term Rental Operator' to clarify that the operator must be the business licence holder and primary resident.
 - b. Clarifying that where a primary residence includes a single residential dwelling with a secondary suite and/or a secondary suite in an accessory building, only one short-term rental is permitted per lot.
 - c. Clarifying that where a primary residence includes a multiple family dwelling with a secondary suite, for example a duplex with a secondary suite, only one short-term rental is permitted within the multiple family dwelling or associated secondary suite.
 - d. Establishing separate regulations for the short-term rental of an entire dwelling versus bedroom rentals as the operations of these two types vary.
 - e. No longer regulate the maximum number of guest rooms permitted to be rented in an entire dwelling unit, and in its place, relying on regulating the maximum number of guests. This will address challenges with enforcing the maximum number of guest rooms.
 - f. Clarifying that year-round operation of a short-term rental of bedrooms is permitted, as the short-term rental operator resides in the unit, allowing for greater oversight and accountability.
 - g. Capping the maximum number of guests for entire dwelling units and bedrooms at four (4) adults irrespective of zone, to reduce parking and noise impacts on surrounding neighbourhoods.
 - h. Clarifying that two-bedroom rentals are to be advertised as one short-term rental accommodation to reduce the potential number of guests parking and noise impacts of the short-term rental use.
2. Amending the "Business Licence Bylaw No. 7318" to refine the licensing terms of short-term rentals and address minor house keeping amendments. The key changes include:
 - a. Establishing business licence requirements specific to short-term rentals and separate from licensing for other business types.

- b. Not advertising or operating a short-term rental without first obtaining a business licence.
 - c. Regulating the false or misleading information or documentation given to support a business licence application.
 - d. Posting the short-term rental business licence in a designated and approved guest room or unit, so it can be viewed by short-term rental guests during their stay.
 - e. Displaying the business licence account number on the advertising platform after the business licence has been issued.
3. Amending the “Bylaw Notice Enforcement Bylaw No. 7159” to include a list of offences with penalties that mirror the Zoning Bylaw short-term rental regulations. The proposed amendments to the Bylaw Notice Enforcement Bylaw will be brought forward for Council’s consideration, following the adoption of the Zoning Bylaw amendments.

These changes are intended to bring clarity to the roles and responsibilities of short-term rental operators, improve the ability for compliance and enforcement actions, and fine-tune the existing regulatory framework. If the proposed regulations are adopted, Staff recommend enforcing the new regulations beginning on 2025-JAN-01, to align with the business licensing renewal period.

A summary of the proposed changes with rationale for the amendments to the Zoning Bylaw and Business Licence Bylaw is provided in Attachment A. Staff will present the proposed amendments to the “Bylaw Notice Enforcement Bylaw No. 7159” for Council’s consideration once the Zoning Amendment Bylaw has received third reading. This will ensure that the revised short-term rental regulations are adopted prior to amending the list of corresponding offences and penalties.

Update On New Provincial Short-Term Rental Tools

Since its launch on 2024-JUL-15, the Province’s Short-Term Rental Portal has provided City Staff with an effective means of monitoring booking data provided by the three major short-term rental advertising platforms (Airbnb, Expedia, and Booking.com). The data provided to date includes addressing, operator name(s) and contact information, business licensing information, and advertising links. The portal has allowed Staff to easily identify short-term rentals operating without a business licence, those offering too many guest rooms, or accommodating more adult guests than what is permitted. Staff also have the ability to contact operators through the portal with regard to the specifics of non-compliance. Of the operators contacted, the majority have either applied for a business licence, edited their advertisement, or removed it entirely.

The most recent portal upgrade provides municipalities, that have signed the information sharing agreement, the ability to upload business licensing data. This has allowed Staff to compare data provided directly by the three reporting platforms and ensure that business licences have been issued, and that the business licence number reported is valid. Further data fields, and platform upgrades, are expected to be added by the end of the year/early next year. Staff will provide an update on the status of the short-term rental regulations in 2026.

NEXT STEPS

The next steps in the process are:

1. Hold a public hearing on the proposed “Zoning Bylaw Amendment Bylaw 2024 No. 4500.233” prior to third reading.
2. Advertise the Notice of Intention to proceed with the “Business Licence Amendment Bylaw 7318.02” prior to adoption.
3. Following adoption, inform existing short-term rental business licence holders of the updates to the regulatory framework, and include information in the business licence renewal invoice notices.

Staff will continue to monitor the short-term rental regulations to identify the impacts it is having on Nanaimo’s long-term housing rental stock, notably the secondary rental market. Staff will also continue to apply the new provincial tools and report back to Council with a status update in 2026.

OPTIONS

Zoning Bylaw 2011 No. 4500

That:

1. “Zoning Bylaw Amendment Bylaw 2024 No. 4500.233” (a bylaw to amend the short-term rental regulations) pass first reading.
2. “Zoning Bylaw Amendment Bylaw 2024 No. 4500.233” pass second reading.
3. Council direct Staff to proceed to a public hearing for “Zoning Bylaw Amendment Bylaw 2024. No. 4500.233” prior to consideration of third reading and final adoption, as required by Section 464 (1) of the *Local Government Act*.

Business Licence Bylaw 2021 No. 7318

That:

1. “Business Licence Amendment Bylaw No. 7318.02” (a bylaw to refine the licence terms of short-term rentals) pass first reading.
2. “Business Licence Amendment Bylaw No. 7318.02” pass second reading.
3. “Business Licence Amendment Bylaw No. 7318.02” pass third reading.
 - Advantages: This option will provide greater clarity in interpreting the regulations and improve compliance and enforcement measures.
 - Disadvantages: Will increase fines for offences relating to business licence and violations of short-term rentals.
 - Financial Implications: The increase in fines will generate additional revenue to aid with compliance and enforcement.
2. That Council provides alternate direction to Staff.

SUMMARY POINTS

- Council directed Staff to review the “Business Licence Bylaw 2021 No. 7318”; the “Bylaw Notice Enforcement Bylaw 2012 No. 7159”; and the “Zoning Bylaw No. 4500” and present amendments to these bylaws to improve short-term rental compliance and enforcement tools, including increasing the fines from \$250 to \$500 per infraction, per day.
- Amendments are recommended to the “Business Licence Bylaw 2021 No. 7318”, the “Bylaw Notice Enforcement Bylaw 2012 No. 7159”, and the “Zoning Bylaw 2022 No. 4500” to clarify the licensing, regulation, and enforcement of short-term rentals.
- Early use of the Provincial Short-Term Rental Portal has provided the City with an effective means of monitoring booking data, leading to an increase in compliance.

ATTACHMENTS:

ATTACHMENT A: Summary of Proposed Short-Term Rental Amendments to the Zoning Bylaw No.4500 and the Business Licence Bylaw No. 7318.

“Zoning Bylaw Amendment Bylaw 2024 No. 4500.233”

“Business Licence Amendment Bylaw No. 7318.02”

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