



MEMORANDUM

TO: CHIEF ADMINISTRATIVE OFFICER
FROM: BRIGID REYNOLDS, CONSULTING TOWN PLANNER
SUBJECT: SHORT-TERM VACATION RENTALS (STR)
DATE: APRIL 22, 2025

Purpose

The purpose of this report is to provide Council with a summary of the Town's current regulations regarding short term rentals, provide details about the new Provincial *Short Term Rental Accommodation Act*, and the 'opt-in' provision.

Introduction

Many residential property owners have been renting out their home, rooms in the home or secondary suites as short-term vacation rentals. In 2023 the Province adopted the *Short Term Rental Accommodation Act* (the Act) as part of its Homes for People Action Plan. Some but not all the regulations in this new Act apply to the Town of Lake Cowichan. Effective May 1, 2024, for applicable local governments, the Act limits short term rentals (STR) to a host's principal residence. The Town's Zoning Bylaw permits short term rentals in limited way.

Previous Council Direction

At its regular meeting on April 23, 2024, Council chose not to take any further action on the Town's short term rental regulation. At its regular meeting from February 25th Council received the Advisory Planning Commission (APC) minutes for its regular meeting held on January 30th, 2025 for information and requested a staff report on short term rentals and the opt-in ability on the matter.

Advisory Planning Commission

At its regular meeting on January 30th, 2025, the APC discussed the matter and made the following recommendations to Council to consider:

- The use of increased enforcement against illegal short-term rentals to favour the availability of attainable housing.
- The opt-in principal residence provision under Bill 35 to permit legal short-term rentals in Lake Cowichan
- The use of Temporary Use Permits to allow homeowners to participate in the short-term rental market.

Official Community Plan

Tourism and Recreation related policies are found in the Economic Development section of the OPC, specifically Section 5.1.5 of the OCP includes the following policies related to vacation rentals:

5.1.5.5) support purpose-built vacation rental facilities.

5.1.5.7) Short-term vacation rental in existing private residences may be supported subject to licensing, location criteria, life and safety standards, insurance, adequate off-street parking, limiting nuisances, and other matters as may be determined by the Town Council.

Zoning Bylaw

The Zoning Bylaw identifies two types of short-term rentals (STR) in the Zoning Bylaw and these are defined and regulated as follows:

Short-Term Vacation Rental means a building that contains a room, or a set of rooms, which may have a kitchen; and that is offered for rent to the travelling public on a temporary basis of 31 days or less and is subject to all the conditions listed under Part VI Conditions for Short Term Vacation Rentals.

Short term vacation rental is permitted in one zone district C-3 Lakefront and Riverfront Commercial for the specific property of 38 North Shore Drive (Lot 1, Section 6, Plan 5631). Short term vacation rental is not a permitted use in any residential zones.

Bed And Breakfast means an owner-occupied single detached dwelling containing a maximum of two (2) rooms without cooking facilities intended primarily for the temporary overnight accommodation for the travelling public, with breakfast meals prepared and served to guests by means of a common kitchen and dining facilities used by the owner-occupier.

Bed and breakfast accommodations are a type of short-term vacation rental and are specifically permitted as an accessory use in the R-2 Urban Residential zone and R-5 B Single Detached and Duplex zone (Point Ideal). The use is also permitted as a site-specific accessory use for the property located at 207 North Shore Rd (Lot 3, Block 4, Section 5, Plan 1750).

The exact number of unauthorized STR's operating within the Town are not known. Attachment no. 1 is a screenshot from the VRBO and Airbnb websites on April 7, 2025. The numbers of STRs are likely greater in the summer when demand is higher.

A property owner may apply for a site-specific rezone or a Temporary Use Permit to permit bed and breakfast or short-term rental use for their property.

Provincial *Short Term Rental Accommodation Act*

As part of the Homes for People Action Plan, in October 2023 the Province adopted the *Short-Term Rental Accommodations Act* to regulate short term rentals. This new legislation comes into effect on January 20, 2025, and includes a new reporting structure, data sharing requirements for short term rental operators and on-line platforms, enforcement mechanisms and increased fines for non-compliant operators and on-line platforms. Restricted short-term rentals to only be offered in the hosts principal residence in municipalities with a population of 10,000 or more. As well as other rules to reduce the numbers of short-term rentals.

Under the new Act, anyone operating a short-term rental including a bed and breakfast who lists with on-line platforms are required to register with the Province before May 1, 2025. Hosts who do not register with the Province may have their listings removed and have future bookings cancelled. The Provincial registry requires that hosts provide a valid business licence.

The Town is starting to receive business license applications and inquiries from STR operators; however, business licenses can only be issued for those STRs that are permitted in the Zoning Bylaw.

Section 15 of the Act allows local governments who are exempt from the Provincial regulations to 'opt-in' by submitting a written request with a council resolution. By 'opting-in' the Town would take on the principal residence requirement of the Act without having to change the Zoning Bylaw. The Province would enforce the principal residence requirement. This opt-in request must be submitted to the Minister of Housing by March 31 of each year to take effect November 1 of the same year.

Other Communities

Many communities regulate short term rentals in some manner through their Zoning Bylaws whether the new Act applies or not. Some smaller communities are choosing to regulate the use. For example, The District of Tofino, permits short term rentals as a home occupation in all 'single family' dwellings and in secondary suites subject to various conditions such as maximum number of guests, owner occupation, maximum number of bedrooms, etc.

In March 2024, the CVRD Board of Directors, requested to opt in to the principal residence for six electoral areas:

- Electoral Area A – Mill Bay/Malahat
- Electoral Area C – Cobble Hill
- Electoral Area E – Cowichan Station/Sahtlam/Glenora
- Electoral Area F – Cowichan Lake South/Skutz Falls

- Electoral Area G – Saltair
- Electoral Area H – North Oyster/Diamond

The Board did not request changes for Electoral Area B (Shawnigan Lake), D (Cowichan Bay), or I (Youbou/Meade Creek).

Business Licenses

Town of Lake Cowichan Bylaw No. 777-2003 regulates business licenses and requires a business license to be obtained for every business operating on any property within the Town. Business licenses can only be issued for business that are permitted in the Zoning Bylaw.

Housing affordability

It is well documented that the proliferation of short-term vacation rentals, facilitated by online platforms, has reduced housing affordability, particularly in larger urban centres and tourist-oriented communities. This was the primary reason for the new *Provincial Short-Term Rental Accommodation Act*. A report prepared by [David Machsmuth, Urban Politics and Governance Research Group, School of Urban Planning, McGill University, September 2024](#), that examined the impacts of the principal residence requirement in British Columbia cities, determined that monthly rents declined. The report estimated that potential rent savings would increase, year after year, all things being equal.

Consideration to permit short term rentals needs to be weighed against the competing objective of housing affordability.

Advisory Planning Commission

In addition to recommending consideration of the ‘opt-in’ provision, the APC made two recommendations which are discussed here:

Increase enforcement – The Town enforces its bylaws on a complaint basis so potentially the most problematic operators would be identified. This method does result in ad hoc enforcement. Also, the Town’s Bylaw Enforcement Officer works on a part time basis can take longer to enforce. A challenge with enforcing this use is knowing where short term rentals are being located. There are third party businesses that can assist the Town with monitoring this activity at a cost. Enforcement is included when a local government opts-in to the Provincial program.

Temporary use permits (TUP) – Council may issue a TUP for a use that is not permitted in the Zoning Bylaw. TUPs are valid for a three-year period and can be renewed once. Notification in the newspaper is required. Council may require additional conditions for operators if it chooses.

Public Notification

The recent Provincial regulations have raised questions for Lake Cowichan residents about this activity. Should Council choose to proceed with adopting the principal residence requirement by resolution or with a zoning bylaw amendment, Council may want to seek input from residents and businesses beyond the Local Government Act notification requirements for a zoning bylaw amendment.

Options

- 1) Accept the report for information only and maintain the existing regulations in Zoning Bylaw and require a zoning bylaw amendment if a property owner wants to operate a short-term rental including bed and breakfast.
- 2) Consider passing a resolution to 'opt-in' to the Provincial establishing a regulation for short term rentals including the bed and breakfast use.
- 3) Consider amending the Zoning Bylaw to permit short-term rentals in residential zones with the principal residence requirement.
- 4) Consider amending the Zoning Bylaw to permit short-term rentals in residential zones with no principal residence requirement.

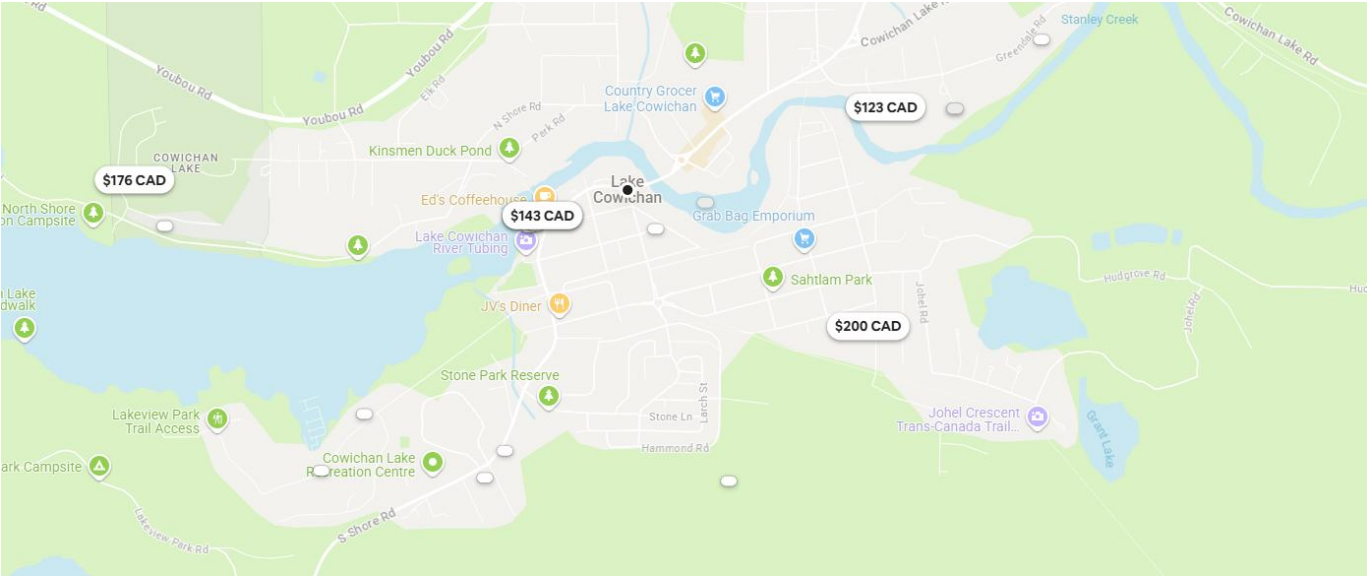
The contract planner recommends additional research and public engagement for Options 2) through 4) to consider where and under what conditions short term rentals would be permitted. This activity would require resources to complete and if approved would require ongoing enforcement.

Conclusion

Short-term rentals and bed and breakfasts are permitted on a limited basis in the Zoning Bylaw. For many jurisdictions recent Provincial legislation requires that a short-term rental can only be operated within the hosts principal residence, including a secondary suite. Lake Cowichan is exempt from the new regulation due to its size. This requirement eliminates whole home, unhosted short term rentals. Local governments may adopt more stringent regulations. The *Short-Term Rental Accommodation Act* allows exempt local governments to 'opt-in' to the regulation, whereby the principal residence requirement applies. An amendment to the Town's bylaws is not necessary for this requirement to apply but due to timing this requirement wouldn't apply until late fall 2025.

ATTACHMENT 1

Airbnb – April 8, 2025 screenshot



VRBO - April 8, 2025 screenshot

