



MEMORANDUM

TO: CHIEF ADMINISTRATIVE OFFICER
FROM: BRIGID REYNOLDS, CONSULTING TOWN PLANNER
SUBJECT: SHORT-TERM VACATION RENTALS (STR)
DATE: 1/27/2025

Introduction

Many residential property owners are renting out their home, rooms in the home or secondary suites as short-term vacation rentals. The Province has recently adopted the *Short Term Rental Accommodation Act* as part of its Homes for People Action Plan. This new regulation impacts STR operators in different ways. The use is currently permitted in the Town a very limited way.

Zoning Bylaw

There are two types of short-term rentals (STR) permitted in the Town. The Zoning Bylaw defines the use 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.

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.

The Town's Zoning Bylaw does not define 'Air B and B' one of many online advertising and reservation platforms. The Provincial Act regulates these online platforms.

One property in the town is zoned for short term vacation rental, 38 North Shore Drive, zoned C-3 Lakefront and Riverfront Commercial. Short term vacation rental is not a permitted use in any residential zones.

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). A property owner may apply for a site-specific rezone to permit bed and breakfast for their property.

The Town does not know the extent of STRs operating within the Town that are not permitted in the Zoning Bylaw. An internet search reveals that there are many STRs operating within the Town of Lake Cowichan. At its regular meeting on April 23, 2024 Council opted to not regulate short term rentals.

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.

While any short-term rental operator in the Town of Lake Cowichan is exempt from the principal residence requirement, 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 will have their listings removed and have future bookings cancelled. Hosts are required to provide a valid business licence to register with the Province where business licences are required for this use.

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.

Revenues

In 2018, the Province required short-term rental operators to collect and remit the 8% Provincial Sales Tax (PST) and where applicable Municipal and Regional District Tax (MRDT) which is up to 3% on accommodations. These funds are not remitted to a local government where business licenses are not issued.

In the past, the MRDT tax was to fund tourism marketing, programs, and projects. Affordable housing was added as a permissible use of funds in 2018. At its November 26, 2024 regular meeting, Council approved the Regional Board's request to allocate MRDT revenues towards affordable housing for the remainder of the 5-year MRDT agreement period, up to the repeal date of July 1, 2027.

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*. Consideration to legalize and/or encourage short term rentals needs to be weighed against the competing objective of housing affordability.

Options

- 1) Accept the report for information only.
- 2) Recommend to Council to consider establishing a regulation for short term rentals including the bed and breakfast use. This would require research and public engagement to consider where and under what conditions short term rentals would be permitted. This activity would require resources to complete and would also necessitate ongoing enforcement.