

February 12, 2019

Ref: 242597

Her Worship Mayor Lisa Helps
City of Victoria
1 Centennial Sq
Victoria BC V8W 1P6

Dear Mayor Helps:

Thank you for your letter of November 21, 2018, regarding Short-Term Rentals (STRs) and property taxation. As staff needed additional time to review your suggestions, an interim reply was sent to your office on December 20, 2018. In addition, as your proposal would affect both assessment classification and property taxes, I have forwarded a copy of your letter to my colleague the Honourable Carole James, Minister of Finance and Deputy Premier.

I understand STRs have a negative impact on long-term affordable rental stock, and I appreciate Victoria's leadership in taking action to address these issues (e.g., developing and implementing an STR regulatory framework).

The issue of STRs is complex and relatively new. I read with interest your proposal to amend the *Assessment Act* and apply split property classification when assessing STR units (e.g., split classifying a strata unit when a room is rented out on a short-term basis). However, based on the information provided, the City's proposal would have substantial assessment policy, legislative and tax implications on a provincial basis. In addition, implementing such a proposal would be very costly, and it would be time consuming for BC Assessment (BCA) to identify the units to which this policy would apply.

Should the Province of British Columbia decide to review the provisions for split classification under the *Assessment Act*, your proposal will be taken into consideration. The Province is taking steps to address some of the concerns that have been raised about STRs. The *Strata Property Act* was amended to enable strata corporations, effective November 30, 2018, to fine strata residents up to \$1,000 per day for not complying with a strata bylaw limiting or banning short term rentals. More information on this subject is available on the Province's strata housing website:

<https://www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/operating-a-strata/bylaws-and-rules/short-term-rental-bylaws>.

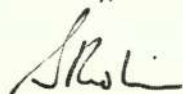
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Further, local governments have the authority through the *Local Government Act* and the *Community Charter* to regulate STRs through zoning requirements, bylaws, permitting (e.g., requiring business licences) and inspections. Going forward, the Province will continue to work with local governments and BCA to address concerns regarding the assessment and taxation of STRs.

Thank you again for writing.

Sincerely,

A handwritten signature in black ink, appearing to read 'SR', is written over a faint, circular official stamp.

Selina Robinson
Minister

pc: Honourable Carole James, Minister of Finance and Deputy Premier