

REPORTS OF COMMITTEES

2. Committee of the Whole – February 22, 2018

Mayor Helps withdrew from the meeting at 12:06 a.m. due to a potential non-pecuniary conflict of interest with the following item, due to her relationship with an AirBnB operator. Councillor Thornton-Joe assumed the Chair in her absence.

Councillor Lucas withdrew from the meeting at 12:16 a.m. due to a pecuniary conflict of interest with the following item, as she is the general manager of a hotel.

Councillor Madoff withdrew from the meeting at 12:16 a.m. due to a pecuniary conflict of interest with the following item, as she runs a Bed and Breakfast in her home.

5. Short-Term Rentals Business Regulations

Motion:

It was moved by Councillor Isitt, seconded by Councillor Young, that Council:

1. Approve of the proposed short-term rental annual business licence fee of \$150 for principal residence and \$1,500 for all other short-term rentals;
2. Direct staff to bring forward the Short-Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings;
3. Approve holding an opportunity for receiving public comments on the proposed Bylaw in conjunction with the Public Hearing for Zoning Amendment Bylaw (Short-Term Rental Home Occupations) Bylaw No. 18-035; and,
4. Direct staff to report back to Council in Quarter 4 of 2018 with an update on the short-term rental program, including budget implications.

Motion to permit speaker for a second time:

It was moved by Councillor Isitt, seconded by Councillor Coleman, that Councillor Alto be permitted to speak to the question for a second time.

**On the motion to permit speaking for a
second time:
Carried**

For: Councillors Alto, Coleman, Isitt, Loveday, and Thornton-Joe
Opposed: Councillor Young

Amendment:

It was moved by Councillor Alto, seconded by Councillor Coleman, that Council:
That staff be directed to further investigate, and report back to Council on, the impact (if any) of recent provincial government agreements and/or policies on short-term rentals, and that consideration of these recommendations be postponed until receipt of that report.

**On the amendment:
Defeated**

For: Councillors Alto and Coleman
Opposed: Councillors Isitt, Loveday, Thornton-Joe, and Young

Main motion:

That Council:

1. Approve of the proposed short-term rental annual business licence fee of \$150 for principal residence and \$1,500 for all other short-term rentals;

2. Direct staff to bring forward the Short-Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings;
3. Approve holding an opportunity for receiving public comments on the proposed Bylaw in conjunction with the Public Hearing for Zoning Amendment Bylaw (Short-Term Rental Home Occupations) Bylaw No. 18-035; and,
4. Direct staff to report back to Council in Quarter 4 of 2018 with an update on the short-term rental program, including budget implications.

On the main motion:
Carried

For: Councillors Coleman, Isitt, Loveday, and Young
Opposed: Councillors Alto and Thornton-Joe

Mayor Helps withdrew from the meeting at 1:24 p.m. due to a potential non-pecuniary conflict of interest with the following item, due to her relationship with an AirBnB operator. Councillor Thornton-Joe assumed the Chair in her absence.

Councillor Lucas withdrew from the meeting at 1:24 p.m. due to a pecuniary conflict of interest with the following item, as she is the general manager of a hotel.

Councillor Madoff withdrew from the meeting at 1:24 p.m. due to a pecuniary conflict of interest with the following item, as she runs a Bed and Breakfast in her home.

6. STAFF REPORTS

6.1 Short Term Rentals Business Regulations

Committee received a report dated February 15, 2018, from the City Clerk regarding proposed short term rental business regulations.

- Motion:** It was moved by Councillor Isitt, seconded by Councillor Loveday, that Council:
1. Approve of the proposed short term rental annual business licence fee of \$150 for principal residence and \$1,500 for all other short-term rentals;
 2. Direct staff to bring forward the Short Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings;
 3. Approve holding an opportunity for receiving public comments on the proposed Bylaw in conjunction with the Public Hearing for Zoning Amendment Bylaw (Short Term Rental Home Occupations) Bylaw No. 18-035; and,
 4. Direct staff to report back to Council in Quarter 4 of 2018 with an update on the short term rental program, including budget implications.

Postpone: It was moved by Councillor Alto, seconded by Councillor Thornton-Joe, that staff be directed to further investigate, and report back to Council on, the impact (if any) of recent provincial government agreements and/or policies on short term rentals, and that consideration of these recommendations be postponed until receipt of that report.

On the motion to postpone:
DEFEATED/18COTW

For: Councillors Coleman, Alto, and Thornton-Joe
Against: Councillors Isitt, Loveday and Young

- Main motion:** It was moved by Councillor Isitt, seconded by Councillor Loveday, that Council:
1. Approve of the proposed short term rental annual business licence fee of \$150 for principal residence and \$1,500 for all other short-term rentals;
 2. Direct staff to bring forward the Short Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings;
 3. Approve holding an opportunity for receiving public comments on the proposed Bylaw in conjunction with the Public Hearing for Zoning Amendment Bylaw (Short Term Rental Home Occupations) Bylaw No. 18-035; and,
 4. Direct staff to report back to Council in Quarter 4 of 2018 with an update on the short term rental program, including budget implications.

On the main motion:
CARRIED 18/COTW

For: Councillors Coleman, Isitt, Loveday, and Young
Against: Councillors Alto and Thornton-Joe



Committee of the Whole Report

For the Meeting of February 22, 2018

To: Committee of the Whole **Date:** February 15, 2018
From: Chris Coates, City Clerk
Subject: Short Term Rental Regulations – Proposed Business License Fees

RECOMMENDATION

That Council:

1. Approve of the proposed short term rental annual business licence fee of \$150 for principal residence and \$1,500 for all other short-term rentals;
2. Direct staff to bring forward the Short Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings;
3. Approve holding an opportunity for receiving public comments on the proposed Bylaw in conjunction with the Public Hearing for Zoning Amendment Bylaw (Short Term Rental Home Occupations) Bylaw No. 18-035; and,
4. Direct staff to report back to Council in Quarter 4 of 2018 with an update on the short term rental program, including budget implications.

EXECUTIVE SUMMARY

On September 21, 2017, Council approved a proposed short term rental regulatory framework, which included allowing short term rental in principal residences, subject to receiving a business licence and complying with operating requirements. Based on community feedback in the fall of 2017, as well as on-going data analysis, staff recommended finalizing business licence fees in Quarter 1 of 2018.

The proposed licence fees have been set at a level necessary to recover anticipated costs of administering and enforcing the proposed regulatory scheme. Four types of business licence fees are included in this report for Council's consideration and include:

- Tiered fee based on the number of bedrooms (e.g. studio, 1 bdrm);
- Tiered fee based on if the dwelling is the principal residence of the operator or not;
- One-time application fee with an annual licence fee; and,
- Flat fee, where all operators pay the same amount.

Based on additional analysis, staff recommend a two-tiered fee structure for principal residence and non-principal residence, which is consistent with the fee structure originally proposed in the September 21, 2017 report to Council. The tiered structure allows for use of fees to discourage short-term rental in non-principal residences. Additional program cost-savings have been identified, which has reduced the costs of business licence fees by 25% for principal residences and 40% for non-principal residences.

Operators who list their entire principal residence occasionally (e.g. while on vacation) and/or rent a private room while they are present would pay \$150 annually. Non-principal residences, including investment properties and second homes would be subject to a \$1,500 annual fee. Given the zoning changes approved by Council in September 2017, the \$1,500 fee would only apply to units that qualify for legal non-conformity based on provisions in the Local Government Act.

The proposed STR Regulation Bylaw is attached as Appendix A. A draft of the bylaw was included in the November 23, 2017 Committee of the Whole Report. The current draft includes minor drafting adjustments, the reduced fee amounts, and clarification that the responsible person must reside within a reasonable distance (2 hours travel time) to the short term rental property.

Should Council approve of the staff recommendations, the new regulations are expected to come into effect in April 2018. Prior to this, new staff will be hired to implement the program and a third-party compliance monitoring firm retained. The regulations will be communicated widely throughout 2018 to ensure operators are aware of the changes and can pro-actively comply with the new rules. Staff will report back to Council six months after the new regulations are enacted in Quarter 4 of 2018 with an update on the program, including a reconciliation of costs to date and forecasts for future revenue and expenses.

PURPOSE

The purpose of this report is to seek Council direction on the proposed business licence fees. Staff are also seeking approval to bring forward the Short Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings.

BACKGROUND

Previous Council Direction

On September 21, 2017, Council approved a proposed short term rental regulatory framework. The regulatory framework included allowing short term rental in a person's primary residence, subject to a business licence and compliance with operating requirements.

Council also approved an enforcement strategy, which involves engaging a third party monitoring service to proactively identify short term rental addresses and identify non-compliant operators. New City staff, both temporary and permanent will be hired to oversee the program, process new business licence applications and pursue enforcement action on all non-complaint operators such as fines, licence revocation and legal proceedings.

On November 23, 2017, based on community feedback and on-going analysis, Council approved finalizing business licence fees in Quarter 1 of 2018. The November report had proposed a fee of \$200 for principal residence and \$2,500 for non-principal residence, with the latter only applicable to legal non-conforming units. A draft of the Short Term Rental Regulation bylaw was also included in the November 23, 2017 report to Council.

This report responds to the following Council Motions from November 23, 2017:

1. Direct staff to report back to Council in Quarter 1 of 2018 with finalized short term rental business licence fees, in conjunction with the short term rental implementation plan.
2. Direct staff to bring forward the short term rental regulation bylaw in Quarter 1 of 2018 for introductory readings.

ISSUES & ANALYSIS

Business Licence Fees

City retained an external consulting firm to provide detailed analysis on existing and potential future short term rental use in the City. This information, coupled with the estimated costs to administer the program as well as anticipated compliance rates was used to develop business licence fee structures and amounts for Council's consideration.

Four options were developed:

- One-time application fee with an annual licence fee;
- Tiered fee based on the number of bedrooms;
- Tiered fee based on if the dwelling is the principal residence of the operator or not; and
- Flat fee

Table 1. Proposed Business Licence Fees

Fee Type	Category	Licence Fee (\$)
Application Fee/ Annual Licence Fee	Application Fee	\$115
	Annual Licence Fee	\$445
Number of Bedrooms	Studio	\$400
	1 bdrm	\$450
	2 bdrm	\$475
	3 bdrm	\$500
	4 plus bedroom	\$550
Principal Residence/Non-Principal Residence	Principal Residence	\$150
	Non-Principal Residence	\$1,500
Flat Fee	N/A	\$550

Staff recommend that Council approve of the two-tiered fee structure, which differentiates between whether the short term rental is the principal residence of the operator or not.

All of the options presented were developed to cover anticipated costs of administering the program. However, only the principal residence/non-principal residence option is able to meet multiple City objectives, including administrative simplicity, ease of enforcement and a high likelihood of voluntary compliance. Establishing a high fee for non-principal residence STR (e.g. investment properties or second homes) also discourages this type of commercial use, which Council has indicated is a priority due to its impact on the rental market. Consequently, by setting a higher fee for non-principal residence, the business licence fee for a principal residence STR can be kept extremely low making short-term rental a viable option for occasional use or as a source of supplementary income.

Alternatively, if Council seeks to treat all operators equally, staff recommend selecting an alternative fee option. However, it is important to note, that voluntary compliance is expected to decrease sharply the higher the licence fee is.

Table 2. Fee Structure Evaluation

Objective	Application Fee/ Annual Licence Fee	Number of bedrooms	Principal Residence/Non-Principal Residence	Flat fee
Cost recovery	✓	✓	✓	✓
Administrative simplicity	✓	X	✓	✓
Ease of enforcement	✓	X	✓	✓
Likelihood of voluntary compliance	X	X	✓	X
Promotes Council's objective	X	X	✓	X
Fee is proportional to revenue potential	X	✓	✓	X

STR Business Regulation Bylaw

The proposed STR Regulation Bylaw is attached as Appendix A. It is very similar to the draft bylaw presented to Council on November 23, 2017. The proposed Bylaw includes minor drafting adjustments, the reduced fee amounts, and clarification that the responsible person must reside within a two hour travel distance. If Council approves of the recommendations in this report, staff will bring the bylaw to the February 22, 2018 Council meeting for introductory readings.

In addition, under section 59 of the Community Charter, Council must provide an opportunity for the public to make representations to Council, and for Council to consider the process by which notice of the opportunity is provided. Because there are accompanying changes to the Zoning Bylaw associated with the Short Term Rentals, a public hearing is required. This creates an opportunity to combine the Zoning Amendment Bylaw Public Hearing and the Opportunity to make submissions to Council on the proposed Short Term Rental Regulation Bylaw. This could also include combining newspaper notices as an effective and efficient means of notifying the public of this opportunity.

Implementation Plan

Pending Council approval, the proposed short term regulations are expected to be enacted by April 2, 2018.

Additional staff have recently been hired to oversee the program, administer business licences and enforce the new regulations. An RFP will be issued shortly for the third-party monitoring and compliance firm. Staff will assess proposals in March and expect to issue a successful award in April. A strong communications plan, both in the lead-up to implementation and as the STR program rolls out will be undertaken, in order to demonstrate the City's seriousness in following through with compliance and enforcement and in achieving policy goals.

Staff will report to Council in Quarter 4 of 2018 to provide an update on the program, including updated costing and suggested improvements prior to business licencing renewal in 2019.

Table 3. Proposed Implementation Plan

Activity	Date
Committee of the Whole/Council/Bylaw Approval	February/March 2018
New staff begin	End of February 2018
RFP Issued for third-party monitoring firm	End of February 2018
Launch STR communications program	March 2018
Business licence application and process testing	March 2018
Third-party monitoring firm begins	April 2, 2018
STR regulatory framework enacted	April 2, 2018
Report back to Council with 6 month review of program	October 2018
First annual renewal of STR business licence	January 2019

OPTIONS & IMPACTS

Business Licence Fees

Option 1 (Recommended): Approve of an annual business licence fee of \$1,500 for non-principal residence and \$150 for principal residence STR.

This option is easy to administer as well as verify compliance as applicants will need to provide proof of principal residence at the time of submission of their application. The fee for principal residence has been kept as low as possible to encourage a high rate of voluntary compliance – a key component of a successful STR program.

Licence fees for non-principal residence have been lowered from original estimates but still kept high to discourage this type of STR activity due to its potentially negative impact on rental market. Because year-round rental of an entire unit STR can generate more revenue than principal residence, where STR is a secondary use, the higher fee is still considered affordable and reasonable.

Option 2: Council may approve an alternative fee structure and amount (not recommended).

Council may choose another fee structure and amount. Both the flat fee and the application fee with the annual licence fee treat all STR operators equally but that translates into higher fee amounts for all operators. Fees based on number of bedrooms charges slightly more based on potential revenue generation (i.e. more bedrooms) However, this fee option is the most difficult to administer as well as verify, so is not recommended.

Accessibility Impact Statement

There are no impacts on accessibility associated with the recommendations contained in this report.

2015 – 2018 Strategic Plan

This work is identified as a key priority in the Strategic Plan under Objective 6: Make Victoria More Affordable 2017 Actions: Strengthen policy and regulations related to Short Term Rentals.

Impacts to Financial Plan

The objective of the licence fees is to achieve full cost recovery to administer the regulatory regime. This will be impacted by the level of compliance and enforcement efforts necessary. First year costs have been refined to approximately \$375,000 from an original estimate of \$512,000. The update report in Q4 will address the degree of cost recovery based on the uptake of licenses in the initial

term. At this point it is not clear what the degree of success will be initially. Costs and revenues will have to be monitored to identify whether any changes to the fees would be required going forward.

Official Community Plan Consistency Statement

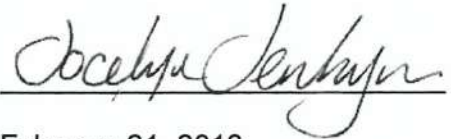
The recommended approach aligns with the directions in the Official Community Plan of "Land Management and Development" and "Housing and Homelessness"

Respectfully submitted,



Chris Coates
City Clerk

Report accepted and recommended by the City Manager:



Date: February 21, 2018

List of Attachments

- Appendix A – STR Regulation Bylaw
- Appendix B – November 23, 2017 CoTW Report
- Appendix C - September 21, 2017 CoTW Report

NO. 18-036

SHORT-TERM RENTAL REGULATION BYLAW
A BYLAW OF THE CITY OF VICTORIA

The purposes of this Bylaw are to provide for the regulation of short-term rentals including vacation rentals in operator's principal residences where permitted under the Zoning Regulation Bylaw No. 80-159 and where permitted pursuant to section 528 of the *Local Government Act*.

Contents

- 1 Title
- 2 Definitions
- 3 Licence Required
- 4 Power to Refuse a Licence
- 5 Licence Number to be Included in Advertising
- 6 Responsible Person
- 7 Offences
- 8 Penalties
- 9 Severability
- 10 Transition Provisions
- 11 Commencement

Pursuant to its statutory powers, including section 8(6) of the *Community Charter*, the Council of The Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

Title

- 1 This Bylaw may be cited as the "Short-term Rental Regulation Bylaw".

Definitions

- 2 In this Bylaw

"operator" means a person who rents out, or offers for rent, any premises for short-term rental but does not include a person who acts as an intermediary between the short-term rental tenant and the person who receives the rent;

"principal residence" means the usual place where an individual makes their home;

"responsible person" means a person designated by the operator as the primary contact under section 6.

"short-term rental" means the renting of a dwelling, or any part of it, for a period of less than 30 days and includes vacation rentals;

"strata corporation", "strata council", and "strata lot" have the same meaning as in the *Strata Property Act*.

Licence Required

- 3
 - (1) A person must not carry on business as a short-term rental operator unless the person holds a valid licence issued under the provisions of this Bylaw and the Business Licence Bylaw.
 - (2) A person applying for the issuance or renewal of a licence to operate a short-term rental must, in addition to meeting the requirements of the Business Licence Bylaw:
 - (a) make an application to the Licence Inspector on the form provided for that purpose;
 - (b) pay to the City the applicable licence fee prescribed under subsection (3);
 - (c) provide, in the form satisfactory to the Licence Inspector, evidence that:
 - (i) the person owns the premises where the short-term rental will be offered, or
 - (ii) the owner of the premises where the short-term rental will be offered has consented to their use as a short-term rental;
 - (d) if the premises where the short-term rental will be offered are located within a strata lot, provide a letter from the strata council confirming that provision of short-term rental does not contradict any bylaws of the strata corporation or applicable provisions of the Strata Property Act; and
 - (e) provide, in the form satisfactory to the Licence Inspector,
 - (i) evidence that the premises where the short-term rental will be offered are occupied by the operator as their principal residence; or
 - (ii) provide the name and contact information for the responsible person in relation to the short-term rental premises.
 - (3) The licence fee for purposes of subsection (2)(b) is:
 - (a) \$150 where the short-term rental is offered in the operator's principal residence; or
 - (b) \$1,500 for all short-term rentals that do not qualify under paragraph (a).

Power to Refuse a Licence

- 4 The Licence Inspector may refuse to issue a licence for a short-term rental if, in the opinion of the Licence Inspector,
 - (a) the applicant has failed to comply with section 3; or
 - (b) the short-term rental operation would contravene a City bylaw or another enactment.

Licence Number to be Included in Advertising

- 5 A person may offer to rent premises for rent as a short-term rental only if a valid business licence number is included in any advertising, listing, or promotion material that is intended to communicate availability of the premises for short-term rental.

Responsible Person

- 6 (1) A person may only operate a short-term rental in premises other than their principal residence if they designated a responsible person who, at all times that the short-term rental is operated, has access to the premises and authority to make decisions in relation to the premises and the rental agreement.
- (2) A person may only operate a short-term rental if they ensures that the name and contact information of the responsible person is prominently displayed in the short-term rental premises at all times when the short-term rental is operated.
- (3) The operator may be the responsible person except when subsection (5) applies.
- (4) The responsible person must be able to attend at the short-term rental premises within two hours of being requested to do so.
- (5) If a person who operates a short-term rental in their principal residence is going to be away during the term of the short-term rental, they must designate a responsible person and comply with this section.

Offences

- 7 (1) A person commits an offence and is subject to the penalties imposed by this Bylaw, the Ticket Bylaw and the Offence Act if that person
- (a) contravenes a provision of this Bylaw;
 - (b) consents to, allows, or permits an act or thing to be done contrary to this Bylaw; or
 - (c) neglects or refrains from doing anything required be a provision of this Bylaw.
- (2) Each instance that a contravention of a provision of this Bylaw occurs and each day that a contravention continues shall constitute a separate offence.

Penalties

- 8 A person found guilty of an offence under this Bylaw is subject to a fine of not less than \$100.00 and not more than \$10,000.00 for every instance that an offence occurs or each day that it continues.

Severability

- 9 If any provision or part of this Bylaw is declared by any court or tribunal of competent jurisdiction to be illegal or inoperative, in whole or in part, or inoperative in particular circumstances, it shall be severed from the Bylaw and the balance of the Bylaw, or its application in any circumstances, shall not be affected and shall continue to be in full force and effect.

Transition Provisions

- 10 (1) In the calendar year that this bylaw is adopted only, the fee payable under section 3 shall be prorated by 1/12 for each month in that year prior to the adoption of this bylaw, including the month the bylaw is adopted.
- (2) Any operator who, at the time of adoption of this bylaw, holds a valid licence for a short-term rental under the Business Licence Bylaw shall be credited with amount paid for that licence towards the fee payable under section 3.

Commencement

- 11 This bylaw comes into force on adoption.

READ A FIRST TIME the _____ day of _____ 2018

READ A SECOND TIME the _____ day of _____ 2018

READ A THIRD TIME the _____ day of _____ 2018

ADOPTED on the _____ day of _____ 2018

CITY CLERK

MAYOR

Committee of the Whole Report
For the Meeting of November 23, 2017

will allow staff to better estimate the required fees to cover the cost of the program. Additional analysis will also determine the most appropriate fee structure (e.g. a tiered system, flat fee or one-time administrative fee).

Should Council approve these recommendations, staff will report back in Quarter 1 of 2018 with final business licence fees and an implementation plan as well as the STR regulation bylaw for reading and adoption. The new rules would come into effect shortly after.

PURPOSE

The purpose of this report is to provide Council with the results of public consultation on the proposed business regulations as well as a draft of the STR business regulation bylaw for consideration. Staff are also seeking Council approval to finalize the business licence fees in Quarter 1 of 2018 alongside the implementation plan prior to bylaw adoption.

BACKGROUND

Previous Council Direction

On September 21, 2017 Council approved a proposed STR regulatory framework. The regulatory framework included allowing STR in principal residences, subject to obtaining a business licence and complying with operating requirements.

Council also approved an enforcement strategy on September 14, 2017, which involves engaging a third party monitoring service to proactively identify STR addresses and non-compliant operators, and hiring new City staff, both temporary and permanent, to oversee the program, process new business licence applications, and pursue punitive action on non-complaint operators such as fines, licence revocation and court action.

This report responds to the following Council Motion from September 21, 2017:

Direct staff to engage stakeholders on the proposed business regulations, and report back to Council in Q 4 of 2017 with the bylaws required to enact these regulations.

Communications and Engagement

During the month of October 2017, City staff informed the community, including neighbourhood, tourism and housing associations as well as STR operators and host platforms, of the proposed regulatory changes to STR, and to solicit feedback on those changes.

The following communications and engagement tools were used:

- STR webpage on the City's website
- Fact sheets
- Ads in local papers
- Stakeholder emails
- Social media
- Open House
- Feedback period for email submissions

Approximately 130 people attended the Open House, which was held on October 30, 2017. Attendees were asked to provide feedback on three components of the business regulations; (1) principal residence (2) business licence fees (3) operating requirements. Of the approximately 130 individuals in attendance at the open house, 68 self-identified as owners/operators of short term rentals and 22 identified as being employed in the short-term rental industry. The remainder did not

identify their affiliation with the topic. Staff also received over one hundred email submissions from stakeholders.

A summary of community engagement on the business regulations is included as Appendix A. Feedback from the Open House is attached as Appendix B. E-mail submissions are included as Appendix C.

A large volume of electronic feedback was also submitted directly to Council. These emails were shared with staff but have not been included in the engagement summary as they were not part of the consultation process on the proposed business regulations.

Draft STR Regulation Bylaw

The September 21, 2017 Committee of the Whole Report identified a proposed list of requirements that STR operators would need to adhere to. These requirements have been expanded upon and refined in the draft STR regulation bylaw, attached as Appendix D, and include:

- Proof of Principal Residence
- Business Licence Requirement
- Business licence fees (rates have not been finalized)
- Letter from Strata Councils (proof that the STR is not operating contrary to Strata Bylaws)
- Letter from property owners (proof of permission to operate STR for renters)
- Compliance with City Bylaws
- Business Licence numbers posted on all STR advertisements
- Responsible Person
- Penalties

A supplementary report, Zoning Bylaw Amendments - Schedule D, Home Occupations will be presented to Council on November 23, 2017. The Zoning Bylaw amendments, attached as Appendix E are required to permit STR in zoning per the regulatory framework (as home occupations and in principal residences in all dwelling types) and are consistent with the provisions identified in the above draft STR regulation bylaw.

ISSUES & ANALYSIS

General Feedback on STR

Much of the feedback received was outside of the scope of the proposed business regulations but has been included in this report for context. Key themes included:

- Support for STR, including the ability to supplement income for operators and provide flexible accommodation for visitors
- A lack of understanding that entire unit STRs were never a permitted use outside of transient accommodation zones
- Frustration at the decision to remove STR as a permitted use in transient accommodation zones
- Concern that long term rentals in the City would not be increased with these proposed changes as the units are occupied on a part-time basis by operators, or their family and friends
- Concern around a lack of data to support decision making
- Concern around the cost and difficulty of enforcement
- Frustration with the lack of public consultation on the topic

Business Regulation Feedback

Principal Residency Requirement

- At the open house, 71 of 94 participants were opposed to the proposal for STRs in principal residences only
- Many attendees reported that they were currently operating STRs in dwelling units that were not their principal residences (e.g. in transient zones or in secondary suites)
- Most of the feedback suggests that principal residence should include secondary suites (e.g. basement, garden suite) if the operator lives on the property

Despite this feedback, no change to the principal residence requirement is recommended. Secondary suites and garden suites are permitted in zoning in Victoria in recognition of the need of infill rental housing. The Victoria Housing Strategy 2016-2025, which aims to improve housing affordability by increasing the supply and diversity of housing in the City, specifically identifies the removal of barriers to secondary suite and garden suite development as a way to increase the supply of long-term rental housing.

Earlier this year, through actions stemming from the Strategy, Council approved the removal of Schedule J – Secondary Suites, which contained restrictions limiting where secondary suites could be developed, as well as the removal of the rezoning requirement for garden suites for the express purpose of increasing the supply of long term rental housing in Victoria.

This recommendation is also consistent with previous Council direction to staff. In March 9, 2017, Council passed a motion prohibiting entire secondary suites (basement suites, garden suites) for use as short term rental.

Operating Requirements

- 41 of 56 open house participants agreed with the proposed operating requirements to post business licence numbers on all advertisements and comply with existing City bylaws
- In general, people felt that the requirements were reasonable and would not be overly difficult to achieve

No changes to operating requirements are recommended. Requirements are aligned with best practise for regulating STR (keep it simple and use business licence numbers to monitor compliance).

Business Licence Application and Fees

- 81 of 92 open house participants opposed the proposed business licence fees
- In particular, many felt that the \$2,500 non-principal residence fee was too high and punitive, referencing lower business licence fees for large hotels

The current proposed fee structure includes two tiers – one for principal residence (\$200) and one for non-principal residence (\$2,500). The latter only applies to legal non-conforming units.

The proposed fee structure was developed to (a) recover the costs of administering the program, (b) 'level the playing field' between STR operators and traditional accommodation providers (c) ensure that operators pay a fee commensurate with revenue generated (d) discourage casual operators.

Upon review, staff recommend further analysis before a final fee structure and rate is adopted. As part of the development of the implementation plan, staff are currently collecting additional data on the scale and scope of STR in Victoria. This information can be used to better estimate

how many existing STR's may be eligible for business licences under the new rules and the type of fees that can be expected.

In addition, based on community feedback, staff are considering alternative fee structures, including a flat fee that all STR operators would pay, regardless of unit type, a tiered structure based on number of rooms (existing licence fees are based on this model) or a one-time registration fee with a lower annual business licence fee to reflect the high start-up cost of the program, with lower operating costs. Staff will report back to Council on options in Q1 of 2018 following this analysis, in conjunction with the implementation plan.

OPTIONS & IMPACTS

Option 1 (Recommended): Finalize business licence fees in Quarter 1 of 2018 in conjunction with the STR implementation plan prior to bylaw adoption

Staff recommend aligning the finalization of the business licence fees with the implementation plan to ensure that business licence fees and the fee structure are set appropriately. This recommendation will delay the adoption of the business regulation bylaw to Quarter 1 of 2018 but will not affect the date at which the new rules will be enacted, currently scheduled for March 2018.

Option 2: Approve of \$200 and \$2,500 as the business licence fee structure and give first, second and third reading of the STR regulation bylaw in Quarter 4 (not recommended)

Staff do not recommend this option based on the feedback received through the engagement process. Additional data on the scale and scope of STR in Victoria is currently being collected as part of the implementation plan that can be used to inform final fees and fee structure. Adoption of the bylaw in 2017 will not lead to quicker implementation as new staff and the third-party monitoring firm need to be retained prior to enactment of the new rules.

Accessibility Impact Statement

There are no impacts on accessibility associated with the recommendations contained in this report

2015 – 2018 Strategic Plan

This work is identified as a key priority in the Strategic Plan under Objective 6: Make Victoria More Affordable 2017 Actions: Strengthen policy and regulations related to Short Term Rentals.

Impacts to Financial Plan

On September 14, 2017 Council approved a resourcing strategy that anticipates an annual cost of approximately \$512,000, which includes third-party monitoring, three additional staff, a legal contingency fund and communication costs to widely broadcast the new rules, regulations and consequences of non-compliance. Staff will report back to Council in Quarter 1 of 2018 with an implementation plan including a schedule, further refined resourcing proposal and impacts to the financial plan. The objective in establishing this new regulatory regime is to achieve cost recovery from the licence fees and fines. Additional data will greatly assist in identifying the fees that could accomplish cost recovery, recognizing that it could be a challenge to fully recover costs as that is contingent on uptake of licences.

Official Community Plan Consistency Statement

The recommended approach aligns with the directions in the Official Community Plan of "Land Management and Development" and "Housing and Homelessness"

Respectfully submitted,




Shannon Jamison
Legislative Planning Analyst



Chris Coates
City Clerk

Report accepted and recommended by the City Manager:



Date:

Nov 16, 2017

List of Attachments

- Appendix A - STR Business Regulation Community Engagement Summary
- Appendix B - STR Business Regulation Open House Community Engagement Feedback
- Appendix C - STR Business Regulation Email Submissions
- Appendix D - Draft STR Business Regulation Bylaw
- Appendix E - CoTW Zoning Bylaw Amendments, Schedule D, Home Occupations



**Committee of the Whole Report
For the Meeting of September 21, 2017**

To: Committee of the Whole

Date: September 19, 2017

From: Chris Coates, City Clerk

Subject: Proposed Short Term Rental Regulatory Framework

RECOMMENDATIONS

That Council:

1. Approve the proposed short term rental regulatory framework, as described in this report, which allows short-term rentals in principal residences, subject to a business licence and compliance with operating requirements;
2. Direct staff to engage stakeholders on the proposed business regulations, and report back to Council in Q 4 of 2017 with the bylaws required to enact these regulations; and,
3. Direct staff to report back to Council in Q 1 of 2018 with an implementation plan, including schedule, resourcing proposal, and impacts to the financial plan.

EXECUTIVE SUMMARY

Short Term Rentals (STR), defined as stays of less than 30 days, are occurring across the City of Victoria, despite being permitted in only two instances: multi-unit residential buildings zoned for transient accommodation and in up to two bedrooms in an occupied single family dwelling.

Over the last year, Council has directed staff to proceed with four main strategies to manage short term rentals, including the development of comprehensive business regulations, a proactive enforcement strategy, advocating for fair taxation, and zoning amendments. This report describes proposed business regulations for short term rentals, as well as outlines an enforcement strategy.

In summary, the proposed business regulations are:

1. Permit STR use in all principal residences (i.e. the place where an individual usually lives and conducts their daily affairs). This includes owners and renters.
2. Require STR operators to obtain a business licence
3. Require STR operators to comply with operating requirements

The enforcement strategy involves engaging a third party monitoring service to proactively identify short term rental addresses and identify non-compliant operators. New City staff, both temporary and permanent, would be hired to oversee the program, process new business licence applications and pursue punitive action on all non-compliant operators such as fines, licence revocation, and court action.

Should Council approve the proposed regulatory framework, staff will engage with stakeholders, including neighbourhood, tourism and housing associations as well as outreach to short term rental operators and host platforms to refine the proposed business regulations and report back to Council in Q 4 of 2017 with the bylaws needed to enact the regulations. Following bylaw adoption, staff will prepare an implementation plan, including financial implications, and schedule for Council approval in Q 1 of 2018.

PURPOSE

The purpose of this report is to provide Council with a proposed regulatory framework for short term rentals in the City of Victoria, including business regulations and an enforcement strategy.

BACKGROUND

Short term rentals are defined as the renting of a dwelling, or any portion of it, for a period of less than 30 days. This can include an entire dwelling (i.e. condo or house) or a room (shared or private), within an occupied dwelling. Over the last decade, online platforms such as Airbnb have developed profitable marketplaces that connect people looking for this type of short term accommodation with people who want to rent their homes.

Short Term Rental in Victoria

In Victoria, there are:

- Close to 1,500 unique listings, which include entire units, private and shared rooms
- A concentration of short term rentals in the downtown core and in adjacent neighbourhoods
- Numerous multiple listing hosts (commercial operators)
- A prevalence of entire units for rent (as opposed to private or shared rooms)

Existing Permitted STR

In Victoria, short term rentals are currently permitted to operate in two instances:

1. Multi-unit residential buildings zoned for transient accommodation, which allow for the commercial use of residential units as short term rentals in some areas of the City; and,
2. Up to two bedrooms in an occupied single family dwelling, as a home occupation.

Council is currently considering amending the zoning bylaw to remove transient accommodation as a permitted use. If approved, these units will be affected in that their underlying zoning will change, but their right to operate a STR will continue due to non-conforming use provisions of the Local Government Act.

Despite existing regulations, short term rentals are occurring in various forms throughout the City.

STR Impacts

The rapid growth of short term rentals in many communities has led to both positive and negative impacts. For travellers, STRs are often cheaper, more amenity-rich, personalized, and localized than traditional hotels. For residents, the ability to easily and relatively safely commodify an existing asset (a home) can be a means of income supplementation. Negative impacts meanwhile can include a decrease in the availability of long-term rental housing when a short term rental is used as a commercial enterprise, public safety and nuisance concerns, and unfair advantages over traditional accommodation providers such as lack of regulation and taxation. The City's role in regulating STR is to balance these competing objectives.

Previous Council Direction

Council direction has focused on four main strategies to manage short term rentals: the development of comprehensive business regulations, a proactive enforcement strategy, advocating for fair taxation, and zoning amendments. This report responds to the following Council motions:

Table 1. Previous Council Motions

Date	Direction
March 9, 2017	<ul style="list-style-type: none">• Report back to Council on options for permitting and enforcing limited use of residential properties (in multi-unit and single family dwellings, in all neighbourhoods in the city) by the occupants (owners or renters) for a limited number of maximum days in each calendar year for the commercial purpose of providing short-term vacation rentals• Permitted: 1-2 bedrooms in occupied dwellings, including a house or condo for STR• Prohibited: entire secondary suites, including basement suites and garden suites for use as STR
June 22, 2017	<ul style="list-style-type: none">• Bring forward a comprehensive scheme of business regulations for existing and future STR, including business licencing, fees and rules of operation• Report back with a short term rental enforcement strategy
July 13, 2017	<ul style="list-style-type: none">• Council referred a report to staff containing supplementary material to be considered in the regulatory and business licencing framework for STR.

A compilation of all Council Motions related to short term rentals is attached as Appendix A. Staff also developed an analysis and evaluation of proposed Council requirements to consider when developing short term rental business regulations, attached as Appendix B, based on the above July 13, 2017 Council Motion.

An additional staff report brought forward to Council on September 7, 2017, attached as Appendix C, addresses a subsequent motion related to STR: transient accommodation zoning changes. A public hearing on the proposed zoning changes is scheduled for September 21, 2017.

Emerging Best Practice in Regulating Short Term Rentals

There is no 'one size fits all' regulatory approach for short term rentals, as each jurisdiction is solving problems unique to their community. However, based on interviews with municipal staff, including in Tofino, Kelowna, Vancouver, Toronto and Bend, Oregon as well as industry experts across North America, coupled with additional desktop research and analysis, some best practice has emerged:

1. **Say yes to STR** - STR bans have proven ineffective in stemming STR growth
2. **Keep it simple** – simple, straightforward regulatory requirements achieve higher levels of voluntary compliance
3. **Point of non-compliance** – is best achieved through business licence verification, not on whether a unit or room has been rented
4. **Avoid relying on host platforms for help regulating STR** – municipalities and host platforms often have competing objectives
5. **Utilize technology** – third party monitoring firms have sophisticated tools to verify compliance efficiently and effectively

6. **Communicate widely** – proactive and widespread communication of regulations can generate high rates of voluntary compliance
7. **Be adaptable** - the rapid growth and fluid nature of the industry means that best practices will evolve over time and policy approaches may need to change

Common Regulatory Tools

Stemming from these best practices, some common regulatory tools to manage STR are being implemented across North American municipalities, including:

1. **Principal Residence** – STR is only permitted in the *usual place that a person makes their home*
2. **Night Caps** – establishes a maximum number of days that a unit can be rented per calendar year
3. **Business Licence** – a special business licence or permit is required prior to operating an STR
4. **Safety Provisions** – can include enhanced fire safety, a maximum number of occupants, compliance with building codes
5. **Nuisance Provisions** – can include parking restrictions, liability insurance and host contact information
6. **Taxation** – can include provincial sales tax, municipal and regional tax, lodging tax, and others. *Note: the City of Victoria does not have sales tax authority.*

The usage and specifics of each of these regulatory tools is dependent on individual jurisdictions and the specific problems or policy objectives they are trying to solve, as well as their legislative authority.

ISSUES & ANALYSIS

Research, comparative analysis and previous Council direction have informed the following recommendations, which seek to enable some forms of STR, while mitigating negative impacts.

The basis of the proposed regulations is to allow individuals to rent out their homes in ways that do not materially impact the long-term rental housing market, subject to obtaining a business licence and adhering to operating requirements.

In summary, the proposed regulations are:

1. Permit STR use in all principal residences (i.e. the place where an individual usually lives and conducts their daily affairs). This includes both owners and renters.
2. Require STR operators to obtain a business licence
3. Require STR operators to comply with operating requirements

Investment properties, commercial operations, and housing including apartments, secondary and garden suites that are not principally occupied by a long-term resident would all be prohibited from STR use to ensure the greatest retention of long-term rental stock for residents.

As previously noted, there will remain some exceptions to the principal resident requirement due to transient zoning or non-conforming use provisions of the Local Government Act in areas previously zoned for transient accommodation.¹

¹Non-conforming use provisions of the Local Government Act is dependent on approval of forthcoming proposed amendments to the *Zoning Regulation Bylaw* as outlined in Appendix C. Should these bylaw amendments not be approved, areas zoned for transient accommodation will continue to permit full-time commercial STR use. In either case, some full-time STR use will continue in Victoria due to existing zoning.

Principal Residence vs. Night Caps

The following section responds to the March 9, 2017 Council Motion to report back with options for permitting occasional use of residential properties (all dwelling types) as short term rentals.

Staff recommend that the principal residence requirement be used instead of a maximum number of days, or a 'night cap' requirement. Both of these regulatory tools serve the same purpose: to limit the number of days that a unit can be rented. However, there are more benefits to the principal residence approach.

Principal residence is defined as the *usual place that a person makes their home*. A principal residence is where an individual lives and conducts their daily affairs like paying bills and receiving mail and is generally the residence used in government records (e.g. income tax, medical services plan, driver's licence and vehicle registration). In contrast, night caps require a municipality to set a maximum number of days (e.g. 60) that a unit can be rented.

Between the two, principal residence is substantially easier to enforce. Under the principal residence requirement, business licences will not be granted to operators unless they can prove that the place they wish to rent is the place they normally reside. Enforcing a night cap requirement meanwhile is reliant on cooperation from platforms such as Airbnb to provide an accurate report of the number of nights the unit is rented.

As platforms and municipalities often have competing objectives – the former to protect their users (operators) and maximize business and profits, and the latter to regulate and limit STR to mitigate negative impacts – transparent data exchange can prove difficult if not impossible. In other jurisdictions where a platform is in disagreement with a municipality, legal proceedings have resulted, and have been complex and drawn out, leading to significant time and expense on the part of the municipality as well as delays in enforcement and the continued proliferation of STR in the meantime.

Enforcing a night cap without platform cooperation is extremely challenging and requires significant municipal resources, as ascertaining the number of booked nights for each listing requires extensive data analysis, tracking, and observation, each of which is limited in its ability to be accurate to the degree that a municipality can clearly ascertain when an operator has gone a day over their limit. The burden on operators who want to cooperate is also high, as the operator would need to keep comprehensive records, tallying nights spent, and commit to producing regular reports to the City, and what has been seen in other jurisdictions is that compliance drops steeply the more complex the regulations become.

While the principal residence requirement does not guarantee that unpermitted STR will not occur, it is expected that this will be the exception rather than the rule due to registration requirements, active monitoring and auditing of listings for adherence to regulations, and high fine structure for non-compliance. Further, the simplicity and enforceability of the principal residence requirement over night caps ensures that more operators are likely to voluntarily comply with regulations and the City will more easily be able to enforce the regulations.

Business Licencing

The proposed regulations establish a new type of business licence for short term rental operators. The registration process has been kept intentionally as simple as possible as it has been repeatedly demonstrated that jurisdictions with simple registration processes see the highest compliance rates.

In order to obtain a licence, operators will have to:

1. Submit an application form, including all mandatory documentation
2. Pay a fee, ranging from \$200-\$2,500, depending on the type of STR
3. Agree to comply with operating requirements

Application Form

When submitting an application form to operate an STR, individuals will need to include the following mandatory documentation:

1. Two items proving principal residence, one of which must include government issued photo ID. Examples include a recent utility bill, drivers licence, Medical Services Plan or Canada Revenue Agency mail.
2. If a renter, a letter from the owner permitting STR use
3. If in a strata, a letter from the Strata council permitting STR use

Applicants will also be advised at the time of licencing that all STR operators will be subject to verification and audit.

Supplementary Material

As part of receiving a business licence, operators will be provided with the following supplementary material:

- A user-friendly guide and FAQ for operators on the new business regulations
- City of Victoria Home Fire Safety Checklist, which provides helpful tips on how to protect homes from a fire and how to prepare for emergencies
- Guest Guidelines, which will include information on relevant city bylaws (e.g. quiet hours), guest parking, recycling schedules and host contact information
- A neighbour notification template, which will allow hosts to share details on their short-term rental as well as their contact information with neighbours, if they choose.

Fees

Staff recommend a two-tiered fee schedule that is applied by type of STR and ranges from \$200-\$2500 annually. The lowest fees will apply to operators who occasionally list their entire unit (e.g. while on vacation) or rent a shared room or private room while they are present (home occupation). The highest fees will apply to entire units that are able to operate year-round and are not the principal residence of the operator (either due to non-conforming use provisions of the Local Government Act or as transient accommodation, depending on zoning bylaw changes scheduled for September 21, 2017).

Table 2. Proposed Business Licence Fees

STR Type	Example	Annual Business Licence Fee
Home share	<ul style="list-style-type: none">• Entire unit while principal resident is away (e.g. vacation)• Shared room (i.e. couch) while principal resident is present (home occupation)• Private room while principal resident is present (home occupation)	\$200
Commercial	<ul style="list-style-type: none">• Entire unit with non-conforming use provisions of the Local Government Act or an entire unit zoned for transient accommodation	\$2,500

Proposed fees for home sharing are in line with other municipalities but are substantially higher for commercial operators. Staff recommend the proposed fee structure to:

- recover the costs of reviewing and issuing licence applications and renewals
- 'level the playing field' between STR operators and traditional accommodation providers, especially as changes to provincial sales tax legislation are expected to take time
- ensure that commercial operators pay a fee commensurate with revenue generated, (especially important in Victoria, which is unique amongst municipalities for transient accommodation considerations in zoning bylaws)
- discourage casual operators who are unwilling to pay to operate

Operating Requirements

Jurisdictions with complicated operating requirements do not see fewer STRs, but rather lower compliance with regulations and more illegal operations. Therefore staff recommend operating requirements be kept to a minimum in order to achieve a "critical mass" of compliance with new regulations.

Operators will be required to display their business licence number in all advertisements for the STR listing, either in a specific field created by the platform or in the unit description. In addition, all operators will have to adhere to City bylaws, including the Noise bylaw and Nuisance bylaw.

Communications and Engagement

Council did not direct staff to undertake a formal engagement process on short term rentals prior to developing the proposed regulations. However, Section 59 of the Community Charter states that before adopting a business regulation bylaw, persons affected by this bylaw must be given an opportunity to provide feedback. Therefore, feedback will be sought on the proposed registration process, licence fees and operating requirements.

Staff recommend providing both online and an in-person opportunity for feedback on the business regulations. Through the fall of 2017, stakeholders will be informed of the proposed business regulations through email, social media and the City's website. Stakeholders can also provide feedback at an open house and by email, prior to returning to Council with the business regulation bylaws for adoption.

Enforcement Strategy

In a Closed Council meeting on September 14, 2017, Council approved a short term rental enforcement strategy which includes two phases; (1) identification and compliance monitoring and (2) enforcement action. A third party monitoring service will be retained to complete Phase 1. This will include identifying addresses of online listings, monitoring the listings (e.g. determining type of unit listed, frequency of booking) and assessing if a listing is non-compliant (e.g. operating without a business licence). New staff will also be hired (two temporary administrative positions as well as a permanent bylaw officer position), to oversee the program, process new applications, administer fines and address ongoing enforcement where necessary.

The enforcement strategy anticipates that the cost of enforcement will total approximately \$512,000, which includes the cost of third-party monitoring, the three additional staff, a legal contingency fund, and communication costs to widely broadcast the new rules, regulations, and consequences of non-compliance. These expenses would likely decrease as the number of STRs are reduced, and the implementation plan will identify reporting mechanisms to appraise Council of changes in funding required following implementation. The enforcement approach also analysed possible cost-recovery mechanisms and noted that fee and fine collection could at least partly cover these expenses. However, it is recommended that Council direct staff to also include potential financial implications with the implementation plan to determine the level to which this work will impact future financial plans.

OPTIONS AND IMPACTS

Option 1 (Recommended): Approve the proposed short term rental regulatory framework.

Option 2: Council may identify further amendments or considerations to be included in the short term rental regulatory framework. It should be noted that any significant changes to this framework would delay implementation.

Accessibility Impact Statement

There are no impacts on accessibility associated with the recommendations contained in this report.

2015 - 2018 Strategic Plan

This work is identified as a key priority in the Strategic Plan under Objective 6: Make Victoria More Affordable 2017 Actions: Strengthen policy and regulations related to Short Term Rentals.

Impacts to Financial Plan

No funding has been allocated in the current Financial Plan for this work. However, the proposed business licence fees have been developed to offset some of the increased costs of these new regulations, including additional staff resources. The licence fees and degree of cost recovery will require ongoing monitoring.

Official Community Plan Consistency Statement

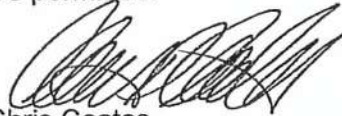
The recommended approach aligns with the directions in the Official Community Plan of "Land Management and Development" and "Housing and Homelessness."

CONCLUSIONS

The preceding report outlines an evidence-based, straightforward set of regulations that, combined with proactive enforcement of these regulations, will assist Victoria in achieving its policy objectives of allowing some STR in ways that do not negatively affect long-term rental housing stock and with provisions that limit their negative impacts where permitted.



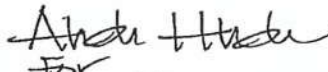
Shannon Jamison
Legislative Planning Analyst



Chris Coates
City Clerk



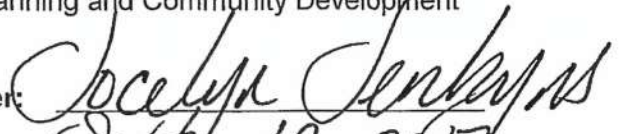
Lindsay Milburn
Senior Planner - Housing Policy
Community Planning



For
Jonathan Tinney
Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:

Date:


Sept. 19, 2017

List of Attachments

Appendix A: Short Term Rental Council Motions

Appendix B: Evaluation and Analysis of July 13, 2017 Council Motion

Appendix C: September 7, 2017 Zoning Bylaw Amendments Council Report

Short Term Rental Business Regulations

Report Back on License Fees and Implementation



Purpose

- Provide Council with proposed License fees for STR's
- Outline the Implementation Plan for the proposed Regulations



CoTW February 22, 2018 STR Business Regulations

Previous Council Direction

- September 14, 2017 – Approved an enforcement strategy including hiring a third-party compliance monitoring service and new City staff
- September 21, 2017 – Approved a regulatory framework, allowing STR in principal residences, subject to obtaining a business licence and complying with operating requirements
- November 23, 2017, report back in Q1, 2018 with recommended license fees and implementation plan



CoTW February 22, 2018 STR Business Regulations

Draft STR Bylaw

Includes:

- Principal residence
- Business licence and fees
- Letter from Strata Councils
- Letter from property owners
- Compliance with City Bylaws
- Advertisements
- Responsible Person
- Penalties



CoTW February 22, 2018 STR Business Regulations

License Fee Considerations

- Costs to administer and enforce the regulatory regime
- Distinctions between use of space in principal residences versus entire units that can be rented full-time and are not the principal residence of the operator (for example: investment properties or second homes). unoccupied short term rental usage of dwellings with non-conforming use status
- Achieving a balance to maximize voluntary compliance versus costly enforcement.
- License fees proportional to revenue



CoTW February 22, 2018 STR Business Regulations

License Fee Options

Fee Type	Category	Licence Fee (\$)
Application Fee/ Annual Licence Fee	Application Fee	\$115
	Annual Licence Fee	\$445
Number of Bedrooms	Studio	\$400
	1 bdrm	\$450
	2 bdrm	\$475
	3 bdrm	\$500
	4 plus bedroom	\$550
Principal Residence/Non-Principal Residence (Recommended Option)	Principal Residence	\$150
	Non-Principal Residence	\$1,500
Flat Fee	N/A	\$550



CoTW February 22, 2018 STR Business Regulations

Implementation

- Should Council approve moving forward, give introductory readings to the proposed Bylaw February 22nd
- Hold formal opportunity for Public comment in conjunction with Zoning Bylaw Schedule D (STR) Home Occupation Amendments
- Engage Staff to set up for application processing
- RFP for ongoing Third party Monitoring
- Receive applications in April
- Report back in early Q4 on uptake, enforcement and financial considerations



CoTW February 22, 2018 STR Business Regulations

Objectives and Risks

- Objective is cost recovery for the estimated annual \$375,00 costs for the administration of the regulations.
- Primary risk involves low up take on licenses and heavy enforcement/legal costs



CoTW February 22, 2018 STR Business Regulations

Recommendations

- Approve of the proposed short term rental annual business licence fee of \$150 for principal residence and \$1,500 for all other short-term rentals;
- Direct staff to bring forward the Short Term Rental Regulation Bylaw at the February 22, 2018 Council meeting for introductory readings;
- Approve holding an opportunity for receiving public comments on the proposed Bylaw in conjunction with the Public Hearing for Zoning Amendment Bylaw (Short Term Rental Home Occupations) Bylaw No. 18-035; and,
- Direct staff to report back to Council in Quarter 4 of 2018 with an update on the short term rental program, including budget implications.

