



Council Member Motion

For the Committee of the Whole meeting of June 15, 2017

To: Committee of the Whole **Date:** June 12, 2017
From: Councillors Isitt, Loveday, and Thornton-Joe
Subject: Correcting the Zoning of Residential Strata Buildings in Downtown Victoria

BACKGROUND

The City of Victoria is in the midst of an acute and ongoing housing affordability and housing availability crisis, which is negatively impacting the security, wellbeing and quality of life of residents, as well as the sustainability of the local economy.

The proliferation of short-term rentals (STRs), particularly in residential strata buildings in Downtown Victoria, is contributing toward this crisis, facilitated by provisions in the *Zoning Regulation Bylaw* that permit transient accommodation as a permitted and primary use throughout the Downtown. Outside the Downtown, transient accommodation is not permitted on residential property, with the exception of properly regulated Bed and Breakfast operations and home-stay arrangements, where rooms within a dwelling unit can be rented on a short-term basis.

The current zoning regulations in Downtown Victoria were motivated in part by a belief that residential occupancy could peacefully coexist alongside commercial accommodation. In practice, this zoning is undermining the objective in the Official Community Plan and Downtown Core Area Plan of creating a liveable and vibrant neighbourhood for Downtown residents, resulting in the commercialization of residential downtown condominiums: half-occupied buildings where ad-hoc hotel rooms awkwardly intermingle alongside the homes of people who've chosen to live and build community Downtown.

In the Downtown neighbourhood, members of the public have purchased or rented units in residential strata buildings with the reasonable expectation that they were establishing a home in a residential strata building, rather than in a hotel-style facility. In most cases, these residential strata buildings were designed, constructed, and currently managed and operated, without the security protocols, staffing, and infrastructure in place that exist in hotels, aimed at safeguarding people and property from the increased risks associated with transient, as opposed to longer-term residential occupancy. This has heightened the safety risk to residents of the buildings, as well as to guests who are staying in units that were not designed for transient accommodation.

It is estimated that several hundred units of housing have been removed from the local housing supply through commercialization of residential property in Downtown Victoria for short-term rentals. Alongside housing affordability and housing availability impacts, this has introduced unfair, unregulated, unsecure, and untaxed competition into the local accommodation sector, creating distortions and inequities in the local tourism market.

Many members of the public, including residents of Downtown strata buildings, advocates for housing affordability and housing availability, and employers and operators in the hotel and tourism sectors, have requested that the City of Victoria take action to restrict short-term rentals, including taking action to correct the zoning of residential strata property in Downtown Victoria by removing transient accommodation as a permitted use.

It is therefore recommended that City Council direct staff to proceed with bylaw amendments to remove transient accommodation as a permitted use, as part of a broader strategy of restricting short-term rentals through zoning and business licensing authority.

It should be noted that while existing short-term rentals in Downtown Victoria may retain an entitlement to continue to operate as a legal non-conforming use, in accordance with provisions of the *Community Charter*, removing transient accommodation as a permitted use in the *Zoning Regulation Bylaw* will have the positive effect of removing ambiguity in the current zoning. This will provide clarity for current and future owners of residential strata property about the preferred and appropriate use of the property. Over time, correcting the zoning is anticipated to have the positive impact of phasing out legal non-conforming uses, and transitioning buildings to residential occupancy. This transition can be expedited through co-operation between the City and strata councils' on regulatory tools to encourage residential occupancy and discourage commercial transient accommodation.

Finally, it should be noted that zoning is one tool at the disposal of the City of Victoria to address short-term rentals. Alongside the recommendations in this report, Council in considering business licensing regulations to restrict and regulate short-term rentals.

Recommendation:

That Council direct staff to:

- (1) Prepare bylaw amendments for first reading to correct the zoning of residential strata property in Downtown Victoria, removing transient accommodation as a permitted use;
- (2) Convene a public hearing as part of the rezoning process to provide members of the public, including owners of residential strata property in Downtown Victoria, with the opportunity to provide input to Council prior to final consideration of the bylaw amendments;
- (3) Invite residential strata councils to indicate to the City whether they consent by mutual agreement to amending Housing Agreements registered on title, to clarify that provisions barring strata councils from introducing bylaws restricting rentals shall apply only to rentals under the Residential Tenancy Act, and that strata councils shall have the authority to introduce bylaws restricting transient accommodation and short-term rentals.
- (4) Prepare these bylaw amendments for Council's consideration on a priority basis, reflecting the severity of the housing affordability and housing availability crisis in Victoria.

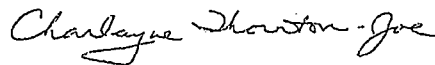
Respectfully submitted,



Councillor Isitt



Councillor Loveday



Councillor Thornton-Joe