



Council Report

For the Meeting of September 7, 2017

To: Council **Date:** August 28, 2017
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: Correcting the Zoning of Residential Strata Buildings in Downtown Victoria

RECOMMENDATIONS

1. That Council consider first and second readings of Bylaw No. 17-084;
2. That Bylaw No. 17-084 be considered at a Public Hearing.

BACKGROUND

Currently, short term rentals (STR) are permitted in entire residential units where 'transient accommodation' is listed as a permitted use in zoning (primarily in downtown Victoria). The purpose of this report is to introduce bylaw amendments to remove short term rental use.

This matter came before Council on June 15, 2017 where the following resolutions were approved:

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. Provide the following information to Council when the bylaw amendments are considered for first reading: (a) the number of buildings and units to which this change would apply; and (b) the resource requirements of initiating this change to the Zoning Regulation Bylaw; (c) legal non-conforming status;
3. 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;
4. 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.
5. 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.

Zoning Amendments

In accordance with directions 1, 3, and 5 to prepare zoning amendments, attached for Council's initial consideration are copies of an amendment to the *Zoning Regulation Bylaw* which, if approved, will remove short term rental as a permitted use in zones that currently permit transient accommodation, with the exception of home occupations, which permit use of up to 2 bedrooms as STRs within an occupied single-family home. Home occupation STRs allow homeowners to supplement their income with STRs without impacting the long-term rental market. Per previous Council direction, this use may be expanded to multi-family dwellings as part of future regulatory considerations to provide residents in other housing forms with equal opportunity to offset housing costs.

Additional Information for Council Consideration

Per direction 2, which directs staff to provide additional information on number of buildings/units affected, resource requirements, and legal non-conforming status, staff can share the following information:

- a) It is estimated that approximately 1700 residential units will be affected by this change; however, staff are unable to provide an exact number without a comprehensive inventory, which would be time and cost prohibitive in light of Council's direction to prepare these bylaws on a priority basis. Also, as emphasized in previous staff reports, these units will be affected in that their underlying zoning will change, but their right to operate a STR will continue due to legal non-conforming legislation.
- b) The resource considerations associated with this change involve the standard statutory public hearing notification expenses, as well as additional costs due to the complexity of enforcing regulations in buildings with multiple legal non-conforming operations in place. These financial impacts will be more fulsomely explored in staff's STR Enforcement Strategy report, coming forward to Council this fall.
- c) Currently, the City does not have an inventory nor precise addresses for STRs, and therefore are unable to estimate how many buildings will maintain legal non-conforming status. As legal non-conforming status will apply to all units within any building which currently has a STR operating within it, and given the proliferation of STR as reported anecdotally and evidenced by aggregate information provided to the City, it is reasonable to assume that a large number of buildings will be able to continue to operate STRs under legal non-conforming rules should this change take effect.

Amending Existing Housing Agreements

Item 4 directs staff to invite residential strata councils to indicate to the City whether they consent by mutual agreement to amend existing Housing Agreements to distinguish STR from long-term rental in strata rental provisions. The Housing Agreement template was changed to make this distinction in early 2017, and staff will provide communication to alert stratas of the opportunity to make amendments to existing agreements in Fall 2017.

PUBLIC FEEDBACK

To date, no formal public engagement on this matter has been undertaken; however, since Council began considering these issues in 2016, hundreds of items of correspondence have been received at the City expressing a broad range of opinion on the issue of rezoning and the acceptance of STRs in general. This correspondence will be included in the public hearing documents for Council consideration.

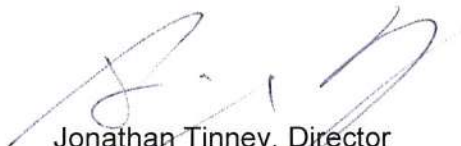
CHANGES AND CONSIDERATIONS

The Council motion specifies 'downtown' as the zoning area to be corrected, likely due to the fact that the majority of properties where both transient accommodation and residential use are permitted are typically located downtown. Other properties in the downtown core area and beyond will be affected by this amendment; however, short term rental as an accessory home occupation has been maintained where it is currently permitted. The proposed approach to the zoning amendments are recommended as the most thorough way to expedite Council's direction.

Respectfully submitted,

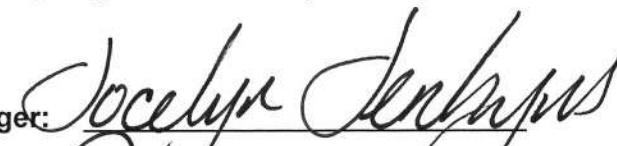


Lindsay Milburn
Senior Planner – Housing Policy



Jonathan Tinney, Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:


Date: Aug 30, 2017

Attachments:

Appendix 1 – Bylaw No. 17-084 (Zoning Regulation Amendment Bylaw)

A BYLAW OF THE CITY OF VICTORIA

The purpose of this Bylaw is to amend the Zoning Regulation Bylaw by amending the definition of Transient Accommodation, adding a definition for Short-Term Rental and prohibiting Short-Term Rentals in the entire City unless where expressly allowed.

The Council of The Corporation of the City of Victoria enacts the following provisions:

- 1 This Bylaw may be cited as the "ZONING REGULATION BYLAW, AMENDMENT BYLAW (NO. 1112)".
- 2 Bylaw No. 80-159, the Zoning Regulation Bylaw, is amended:
 - (a) in section 17, by adding a new subsection (4) as follows:

"(4) Without limiting the generality of subsection (1), short-term rentals, whether as a principal or accessory use, are prohibited in all zones except

 - (a) where they are expressly permitted subject to regulations applicable in those zones;
 - (b) rental of no more than two bedrooms in a self-contained dwelling unit, as home occupation, provided that:
 - (i) the self-contained dwelling unit is occupied by the operator of the short-term rental; and
 - (ii) short-term rental complies with all regulations in Schedule D as if it were transient accommodation."
 - (b) in Schedule A – Definitions by:
 - (i) deleting the words "vacation rentals" in the "Transient Accommodation" definition; and
 - (ii) adding a definition of "Short-Term Rental" immediately after the definition for "Setback" as follows:

"Short-Term Rental" means the renting of a dwelling, or any portion of it, for a period of less than 30 days and includes vacation rentals."
- 3 This bylaw comes into force on adoption.

READ A FIRST TIME the	day of	2017
READ A SECOND TIME the	day of	2017
Public hearing held on the	day of	2017
READ A THIRD TIME the	day of	2017
ADOPTED on the	day of	2017

CITY CLERK

MAYOR