

POLICY

BOWEN ISLAND
Municipality

Policy Adopted: November 25, 2019

Policy # 19-05

Short Term Rentals

POLICY OBJECTIVE:

This policy aims to establish a regulatory approach for Short Term Rentals (STRs) to help facilitate fair STR use and mitigate negative impacts for the community.

REASON FOR POLICY:

Several months of community engagement was undertaken to better understand needs and concerns around STRs on Bowen Island. Findings showed that STRs are considered an important part of the local economy, but that moderate regulation is needed to ensure minimal impact on neighbourhoods and long term housing.

SCOPE:

This policy governs the municipal regulation of STRs, including land use, business licensing, enforcement, and taxation.

DEFINITIONS:

Short Term Rental (STR) means a dwelling unit, or a portion of one, that is rented for a period of less than 30 days. Examples of STRs include bed & breakfasts and residential guest accommodations.

Bed & Breakfast means a home occupation located within a detached dwelling or accessory building or both and restricted to providing temporary overnight accommodation and a breakfast meal to transient paying guests; the accommodation may contain limited kitchen facilities.

Residential Guest Accommodation means a dwelling unit, or a portion of one, that is rented for a period of less than 30 consecutive days and for a total of up to 120 days in one calendar year; maximum guest capacity shall be two adults per bedroom offered in the unit.

Secondary Suite means a self-contained dwelling unit that is secondary, incidental and associated with a primary dwelling located within the same building.

Secondary Suite, Detached means a self-contained dwelling unit, located within an accessory building that is secondary, incidental and associated with a primary detached dwelling on the same lot.

SYNOPSIS:

Bed & breakfast is an STR use of an accessory building or portion of a dwelling. Bed & breakfasts have always been allowed and not known to cause any issues within the community. Existing bed & breakfast regulation will not be affected by this policy.

STR use of an entire dwelling unit is currently not permitted on the island but is considered an important part of the local economy. Entire dwelling STRs are also a source of community concern as they have potential to negatively impact neighbourhoods and long term housing. To mitigate impacts, STR use in residential

neighbourhoods should be allowed only as accessory to the primary use of dwelling for full- and part-time residents, who are invested in and accountable to the greater community.

This policy details a regulatory approach to ensure STR use of an entire dwelling unit is kept secondary to the primary use of residence for the community. Commercial STR use of properties that do not house any community residents and are operated year-round may be allowed on Bowen through the appropriate commercial zoning. Alternatively, a dwelling unit may be rented for a period greater than 30 days at anytime and such use would not be subject to the regulations put forth in this policy.

BACKGROUND:

Currently, bed & breakfast is the only form of STR use allowed within residential land use zones. A bed & breakfast must be operated by a resident of the dwelling. STR use of an entire dwelling unit is not permitted. Commercial STR use - including commercial guest accommodation, guest house, inn, and retreat centre - is allowed in most commercial zones (see Appendix A). A commercial STR use in a residential area may be allowed through a Temporary Use Permit or rezoning, which would involve a public notice period for neighbours to comment.

In 2008, Council allowed secondary suites with the intent to produce more affordable housing on the island. In 2017, Council allowed detached secondary suites as well. Bed & breakfast use is not allowed anywhere on properties with a secondary suite or detached secondary suite to help preserve them for long term housing use.

Recent community engagement identified that STRs play a critical role in the local economy by providing the main form of visitor accommodation on the island and important income for many households. Most STRs found online were for entire dwellings units¹, including houses and secondary suites, which are currently not permitted.

Community feedback also showed major concerns around impacts of unregulated STR use on long term housing and neighbourhood character and safety. Specifically, entire dwelling STRs may cause significant disruption to a neighbourhood, including issues with noise, parking, garbage and fire hazard. Generally, STRs are considered to reduce long term housing affordability and availability.

GUIDING PRINCIPLES:

The following principles will be applied to the regulation of STRs:

- Prioritise neighbourhood character and safety
- Minimise impacts on availability and affordability of long term housing
- Require business licence for STR
- Allow residential guest accommodation use
- Allow STR use on properties with a secondary suite or detached secondary suite
- Maintain fair and consistent bed & breakfast regulations for existing compliant operators
- Hold STR operators accountable for impacts to neighbourhood and greater community
- Ensure that enforcement of STR regulation is viable

¹Host Compliance data, January 2019

POLICY DIRECTION & RATIONALE

Bed & breakfast have been operating without issue on the island and will not be affected by this policy, except for the requirement to show business licence number on any advertising.

Business licensing is the main regulatory tool for STRs in almost every municipality. This approach was well supported by the community and Council. Licensing will allow for cost-effective accountability of STR operators, along with specific requirements and penalties for violations.

STR use of entire dwellings, including secondary suites and detached secondary suites, will be permitted as a residential guest accommodation use to help facilitate community economic development. STR use within secondary suites and detached secondary suites was a prevalent request in community feedback. This was also strongly supported by the Housing Advisory Committee on the premise that restricting such use would lead to costly decommissioning of potential long term rental units and a net reduction in long term rental stock. Permitting this use would help preserve units for long term rental use. Each dwelling unit used for residential guest accommodation will require its own individual licence.

Residential guest accommodation use will be regulated to minimise impacts on neighbourhood character and safety and long term housing. Regulations will chiefly involve a 120-day limit for residential guest accommodation use, along with a maximum 2 guests per room, additional on-site parking, a contact person on-island during operation, adequate insurance, acknowledgement and adherence to other applicable bylaws, online monitoring and relevant enforcement measures. This approach directly addresses the key concerns that were identified in the community engagement process.

To protect residential areas and long term housing, most municipalities across the province and beyond have restricted STR use to principal residences. However, Bowen Island has a high proportion of non-principal residences (over 20% of homes²) where the part-time residents are still an integral part of the community. Similar communities have used a 120-day limit for STR use rather than the principal residence restriction to help address the same concerns and still allow part-time residents STR use of their properties. STR operation for greater than 120 days is considered a commercial use, which may be allowed with a Temporary Use Permit or rezoning. Alternatively, a dwelling unit may be rented for a period greater than 30 days at anytime.

The 120-day limit would also help minimise impacts on long term housing. 120 days of STR operation would yield similar income to a full year of long term rental, allowing the option of long term rental to remain competitive with STR.

The prohibition of bed & breakfast use on properties with a secondary suite or detached secondary suite will be removed. Bed & breakfast operations that comply with regulations should not cause any impacts on the neighbourhood or long term housing regardless if there is a secondary suite or detached secondary suite on the same property.

The enforcement approach will continue to be largely request-driven, with ongoing online monitoring and random checks at an annual rate of 1 per 20 registered STRs. This approach should not require additional staff capacity and is considered sufficient to effectively encourage compliance. Also, a STR licensee may receive up to three bylaw notices, each with reasonable warning for compliance, before their license is revoked. This three-strike approach allows ample time and opportunity for compliance.

The licensing fee for residential guest accommodation use will be kept relatively low, within the \$200-400 range found in many municipalities. The most significant cost will be the penalty for operating without a license, which will likely be the maximum bylaw notice amount of \$500 per day of offence.

² Canada Census data, 2016.

The Municipal & Regional District Tax (MRDT) program was strongly supported by the community. The tax is paid by guests and the revenue must go towards tourism and affordable housing initiatives. The intent is to have STR use on the island directly contribute to responsible management of tourism and help facilitate more affordable long term housing for the community.

IMPLEMENTATION

Establishment of STR regulation will require amendments to the *Land Use Bylaw*, *Business Licensing Bylaw* and *Bylaw Notice Enforcement Bylaw*, establishment of appropriate enforcement measures, and application for inclusion in the MRDT program. The effective date of STR regulation should be preceded by several months of stakeholder engagement to promote awareness and understanding.

Land Use Bylaw

Amend the Land Use Bylaw to facilitate residential guest accommodation use and allow STR use on properties containing a secondary suite or detached secondary suite. Regarding Residential guest accommodation use, the main intent is to allow STR use of an entire dwelling for a seasonal or full-time home when the owner is away. Total days of operation and number of guests should be capped. More intensive STR use may be permitted under the *Land Use Bylaw* as commercial uses, such as Commercial Guest Accommodation, Guest House or Inn.

1. Define residential guest accommodation
2. Permit residential guest accommodation as an accessory use in all residential zones
3. Require additional on-site parking for residential guest accommodation
4. Clarify definition for limited kitchen facilities
5. Revise bed & breakfast definition to include limited kitchen facilities
6. Remove restriction for bed & breakfast use on properties containing a secondary suite or detached secondary suite

Business Licensing Bylaw

Amend the *Business Licensing Bylaw* to include licensing requirements and fees for residential guest accommodation. The main intent of this amendment is to ensure STR operators are accountable for any impacts to neighbourhood.

1. Define residential guest accommodation
2. Establish licensing fee for residential guest accommodation
3. Require bed & breakfast and residential guest accommodation to display business licence number within any advertising.
4. Require residential guest accommodation applicant to enter into “Good Neighbour Agreement”, which will require the following:
 - a. Proof of adequate insurance for such use
 - b. Information for contact person that is located within the Municipality and available for the entire duration of operation
 - c. Disclosure of number of bedrooms offered
 - d. Disclosure of maximum number of guests in unit
 - e. Disclosure of number of on-site parking spaces

- f. Above information to be provided to neighbours and guests
 - g. Above information to be consistent with any advertisement for unit
 - h. Agreement to terms of use, including requirements of other applicable bylaws
 - i. Licence may be revoked for any contravention of requirements
5. Do not accept a renewal application for a revoked residential guest accommodation licence for a minimum of two years.

Bylaw Notice Enforcement Bylaw

Amend the *Bylaw Notice Enforcement Bylaw* to include penalties for non-compliance related to residential guest accommodation. The main intent of this amendment is to support compliance with the *Business Licensing Bylaw* requirements for STRs.

1. Establish penalties for operating a residential guest accommodation without a licence
2. Establish penalties for advertising a bed & breakfast or residential guest accommodation without displaying a valid licence number
3. Establish penalties for non-compliance with terms of licence for a residential guest accommodation

Enforcement Guidelines

Request-Driven

Enforcement of STR regulation will generally be request-driven in accordance with *Bylaw Services Investigation Policy #14-005*. The main intent is to attain voluntary compliance.

Random Checks

In addition, staff will conduct a review of compliance on randomly selected residential guest accommodation licences throughout the year. The number of such reviews per year will be approximately one for every twenty registered residential guest accommodation licences.

Online Monitoring

Ongoing online monitoring will also be enlisted to review compliance of online STR listings. Such monitoring services entail significant costs that should be considered when establishing licensing fees for residential guest accommodations.

Contraventions

Verified contraventions will be issued a warning letter calling for compliance within a reasonable time period. After such time period, continued contraventions will be issued a bylaw notice and subject to penalties in accordance with the *Bylaw Notice Enforcement Bylaw*.

A residential guest accommodation that receives more than three bylaw notices will have its licence revoked, as authorized by the *Business Licensing Bylaw*.

Municipal & Regional District Tax

The MRDT program helps provide funding for local tourism and affordable housing initiatives. The program applies up to 3% tax to sale of STR accommodations.

The application process to be included in the MRDT program will take about a year and will need to specify the tax rate requested (up to 3%) and proportion to be allocated between tourism and affordable housing use. Allocation should be split between tourism and affordable housing.

The MRDT application is separate from the bylaw amendments and establishment of enforcement detailed above. These processes can take place concurrently.

Policy adopted by Council at its regular Council Meeting held November 25, 2019

(ORIGINAL SIGNED)

Gary Ander
Mayor

(ORIGINAL SIGNED)

Hope Dallas-Kerr
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