



STAFF REPORT TO EASC

DATE OF REPORT February 8, 2024
MEETING TYPE & DATE Electoral Area Services Committee of March 20, 2024
FROM: Inspections & Enforcement Division
Land Use Services Department
SUBJECT: Business Licensing for Short-Term Rentals and Bed and Breakfast
Businesses
FILE:

PURPOSE/INTRODUCTION

The purpose of this report is to introduce Business Licensing as a tool to regulate and monitor Short-Term Rentals (STRs) and Bed and Breakfast (B&B) businesses within the Electoral Areas of the CVRD.

RECOMMENDED RESOLUTION

That it be recommended to the Board that staff investigate and report back on the process and costs associated with establishing a business licensing service for short-term rentals and bed and breakfast accommodation in the electoral areas.

BACKGROUND

In November 2021, a report from Hamari (provided as attachment A) suggested at that time there were over 500 STRs listed on various advertising platforms throughout the Cowichan Valley Regional District. Information collected in conjunction with development of the Workforce Housing Strategy indicates there are now more than 1,000 STRs operating in the region.

On October 26, 2023, Bill 35, the *Short-Term Rental Accommodation Act*, received Royal Assent. Bill 35 was introduced as part of the Provincial Homes for People Action Plan to combat the housing crisis and intends to regulate STR listings of less than 90 days. In the *Act* there is a provision allowing Regional Districts to enact a bylaw to regulate short-term rentals and bed and breakfast businesses, requiring operators of these rentals to apply for a business licence before operating. The Bill also requires that short-term rental platform service providers must record and maintain any short-term rental information provided to them and disclose that information to the Minister of Housing. This requirement will prevent an STR (or B&B) operator with no business license to advertise on platforms such as Airbnb and VRBO (Vacation Rentals By Owner).

The CVRD Board has prioritized enforcement of short-term rentals through the CVRD Strategic Plan 2023-2026.

ANALYSIS

Prior to regulating business licensing, regional districts must adopt a business license service establishment bylaw. Although this process has now been simplified, in order to obtain authority

to regulate business licensing for STRs and B&Bs a referendum or alternative approval process (AAP) is required.

Under the current CVRD Zoning Bylaws there are less than 100 properties zoned to allow for STR accommodation, however, most allow for B&B businesses.

Once the business license regulatory bylaw for STRs and B&Bs is enacted, a local government can implement and enforce business licensing for STRs and B&Bs, which will require the host to post their business license information on their listing as of May 1, 2024.

Enforcement

In Spring/Summer 2024, a data sharing system will be operational. The system will be established requiring short-term rental platforms to provide listing information to the Province. This will enable the Province to share that information with local governments for bylaw enforcement purposes, and with the Ministry of Finance and the Government of Canada for tax auditing purposes.

Once the system is operational, those local governments with business licensing regimes will be able to serve a notice of failure to comply to hosts and online platforms. As well, the local government can request that the online platform remove the noncompliant listing in which they must fulfil as per section 18 of the *Act*.

A supplemental request was proposed in the 2024 budget for a one year/full time bylaw officer who would be responsible for the enforcement of uncompliant STRs as well, if approved, oversee business license applications for both STR and B&B businesses.

Amendments to the *Community Charter Bylaw Enforcement Ticket Regulation* came into effect on January 1, 2024, which increases the maximum fine permitted from \$1,000 to \$3,000 per infraction per day. This only applies to Municipal Ticket Information fines and does not apply to Bylaw Enforcement Notices which remain at maximum fine of \$500 per infraction per day.

Local governments will continue to be responsible for enforcing their own bylaws, while the provincial compliance unit will be responsible for the provincial *Short-Term Rental Accommodations Act* and regulations.

FINANCIAL CONSIDERATIONS

An AAP or a referendum is required to establish a regional district service to regulate business licensing for STRs and B&Bs.

An annual fee will be charged for each license to help offset the cost of administration and enforcement. The bylaw officer position will be funded from operating reserve with no increase to requisition. Some additional costs may be associated with the Service Establishment Bylaw.

COMMUNICATION CONSIDERATIONS

A communication plan will be required to inform the public of the proposed business licensing service establishment bylaw, and corresponding approval process. The CVRD website will require regular updates and other media platforms will aid in communication and a smooth transition to the new requirements.

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

Meets Strategic Objective # 7.5: Enhance enforcement of and modernize short-term rental regulations in electoral areas

GENERAL MANAGER COMMENTS

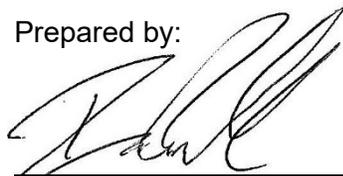
Should the Board wish to initiate the process of establishing a business regulation service, it should consider whether or not the service should occur within the Thetis Island Local Trust Area. The Islands Trust has authority for land use planning and bylaw enforcement but does not have business licensing authority. Staff recommend inviting the Thetis Island Local Trust Committee to advise on whether or not this service would be appropriate for the Thetis Island Local Trust Area, which includes Thetis, Valdes, islands within Ladysmith Harbour and other small islands in the vicinity of Thetis Island.

Please note, the CVRD provides building inspection service to the Thetis Island Local Trust Area.

Referred to (upon completion):

- Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

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Reviewed for form and content and approved for submission to the Committee:

Resolution:

Corporate Officer

Financial Considerations:

Chief Financial Officer

ATTACHMENTS:

Attachment A - STR Report from November 2021