



REFERRAL REPORT

Report Date: May 25, 2024
Contact: Sarah Hicks
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VanRIMS No.: 08-2000-20
Meeting Date: July 23, 2024

TO: Vancouver City Council

FROM: Chief Licence Inspector, in consultation with the General Manager of Planning, Urban Design and Sustainability

SUBJECT: Short Term Rental Regulations

RECOMMENDATIONS TO REFER

THAT the General Manager of Planning, Urban Design and Sustainability be instructed to bring forward the applications as described below and that the applications be referred to Public Hearing together with the recommendations set out below;

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary Zoning and Development By-law amendment, generally in accordance with the recommendations set out below, for consideration at the Public Hearing.

RECOMMENDATION FOR PUBLIC HEARING

- A. THAT Council approve, in principle, the application to amend the Zoning and Development By-law to alter the definition of "Short Term Rental Accommodation" to be a "temporary accommodation for any period less than 90 consecutive days" to align with provincial legislation as outlined in this report and as generally presented in Appendix A;

FURTHER THAT the Director of Legal Services be instructed to bring forward for enactment the amendment to the Zoning and Development By-law generally as presented in Appendix A.

- B. THAT Council formally request that the Province of British Columbia amend section 482.3 (3) of the Vancouver Charter, to allow service of a municipal ticket information by registered mail or by electronic mail.

Purpose and Executive Summary

This report responds to Council Motion, “[2024 Budget 2024 Business Licence, Vehicle for Hire and Animal Control Fees August 1, 2023](#),” which directed staff to report back on the potential for additional enforcement activity to combat illegal and non-compliant short-term rental (STR) accommodation, with consideration to be given to the provincial STR legislation. Staff recommend amending the Zoning and Development By-law definition for STR accommodation to align with the provincial definition of STR accommodation service. Staff also recommend that Council request that the B.C. government amend the Vancouver Charter to allow municipal ticket information to be served via registered mail or electronic mail.

Council Authority/Previous Decisions

- [Order in Council No. 0680-2023](#) amended the Vancouver Charter By-law Enforcement Ticket Regulation, increasing the maximum fine that the City may set for a municipal ticket information to \$3,000, per infraction, per day.
- The [Short-Term Rental Accommodations Act](#) (“STR Act”) defines STR accommodation service as “the service of accommodation in the property of a property host, in exchange for a fee, that is provided to members of the public for a period of time of less than 90 consecutive days or another prescribed period, if any, but does not include a prescribed accommodation service.”

City Manager’s Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

Short Term Rental Guiding Principles

In April, 2018, Council enacted regulations that required Vancouver residents to obtain a business licence to operate a STR accommodation in their principal residence. The City’s approach to developing and implementing STR regulations remains guided by seven Council-approved principles:

- Protect long-term rental (LTR) supply
- Ensure health and safety
- Encourage neighbourhood fit
- Enable supplemental income
- Support the tourism industry
- Promote regulatory equity
- Encourage compliance

The protection of LTR supply is a key guiding principle relevant to this report. While a direct link between the conversion of STRs to LTR supply is difficult to measure or predict, in 2020 the City of Vancouver commissioned researchers from the Urban Politics and Governance group to

conduct [market research and analysis](#) on the impacts of the City's April 2018 regulations on STRs. The analysis included an estimate of the number of units returned to the long-term market, concluding that 510 housing units returned to the long-term market from the start of the program through to the end of 2019. This was an estimate of the impact of the implementation of the regulations as a whole, rather than any specific enforcement action.

Tourism is also an important consideration, given that it is a critical industry for Vancouver. Vancouver lacks hotel space, having lost 12.8 per cent of its hotel rooms between 2002 and 2022, according to an [economic analysis](#) of hotel supply and projected demand in Metro Vancouver. There are several upcoming events that are expected to bring a significant influx of visitors, including the Invictus Games in February 2025, Alcoholics Anonymous' international convention in July 2025, and the World Cup in 2026.

Principal Residency

Principal residency is a tenet of the City's regulations. "Principal residence unit" is defined as the usual dwelling unit where an individual lives, makes their home and conducts their daily affairs. For the purposes of the Licence By-law, a person may only have one principal residence unit.

The City's "[Housing Vancouver Strategy](#)," includes a key action to ensure that secondary rental stock is being prioritized as LTR by implementing the STR Licensing Policy. As such, secondary suites are not permitted to be used as STR accommodation unless the property owner lives in the suite or if a long-term tenant lives in the suite and has received permission from the property owner to obtain a STR licence.

Memorandum of Understanding with Airbnb

Airbnb constitutes approximately 80 per cent of STR unit market share, with the other 20 per cent largely comprised of Expedia Group (Homeaway and VRBO), Booking.com, and Flipkey. In April 2018, the City signed a Memorandum of Understanding (MoU) with Airbnb, the only platform to do so. In accordance with the MoU, the City received data from Airbnb on a monthly basis and all listings in Vancouver were required to display an STR licence number after August 31, 2018. Airbnb terminated the MoU in May 2024 because the STR Act made the MoU redundant and is more comprehensive.

Compliance

Achieving STR by-law compliance is complex and involves a specialized Proactive Enforcement team for investigations. Achieving compliance prioritizes:

- unsafe operators, where there are safety concerns in STR units
- commercial operators who operate multiple STR units that are not their principal residence
- operators who are causing nuisances and negative community impacts such as noise, parking, garbage, and other related issues
- operators whose units do not appear to be their principal residence
- unlicensed operators

Licensed operators may have their STR audited if an operator is suspected of a by-law violation. Audits involve reviewing a licence when the operation is active and ongoing. An audit can include detailed documentation checks, review of the licence holder's residential history, and the

actual rental frequency of their operation, as well as a physical inspection of the property and a meeting with licence holders.

Unlicensed operators are subject to a different compliance path and different tools to identify the operator and unit. For unlicensed activity, staff tools include warning letters, licence orders and By-law Violation Notices (BVNs). All BVNs are subject to a possible fine of \$1,000, which is reduced to \$500 if paid within seven days. BVNs may be sent by registered mail. If a BVN is not paid, there is an option to refer the file to prosecution in Provincial Court.

Municipal Ticketing Informations (MTIs) are an alternative by-law enforcement method to BVNs. An enforcement officer can certify the allegation and deliver the ticket to the alleged offender without swearing the information before a judicial justice of the peace. The prosecution process is streamlined by requiring an offender seeking to dispute the MTI to file a formal notice of dispute within 14 days of receiving the ticket. If no dispute is filed, the offender is deemed to be guilty of the offence as charged and the specified penalty is automatically imposed. MTIs must be served on the accused. MTIs are effective where the offender is known. Due to the requirement that a MTI must be properly served, MTIs are not used by the STR Proactive Enforcement team. It is simpler and easier to issue a BVN, which does not require service.

Short-Term Rental Accommodations Act

On October 26, 2023, the STR Act received royal assent, providing the City of Vancouver with more tools to achieve compliance. The STR Act requires STR hosts to obtain a business licence and display it on the listing. If there is no valid business licence, or if the business licence is missing from the listing, the platform must remove the listing at the request of the local government. This legislation is expected to improve compliance, because the provincial government can compel platforms to take down non-compliant listings. City staff can currently identify that a listing is non-compliant, but those listings often continue to be listed anyway.

The STR Act allows a STR host to offer their principal residence plus one vacant secondary suite as accommodation. The City's more stringent primary residency rules, which do not extend to secondary suites, will still be in effect. Section 16(2) of the STR Act states that, "unless otherwise provided, a short-term rental bylaw made under the Vancouver Charter is not inconsistent with the principal residence requirement under this Act."

Through an Order in Council in 2023, the provincial government increased MTI fines that can be sought by local governments from \$1,000 to \$3,000, per infraction, per day. This allows the City to amend its by-laws to raise the MTI fine amount.

The STR Act requires STR platforms to provide monthly data to the B.C. government relating to their hosts' listings, which will be shared with local governments to help achieve compliance. Platforms began sharing information with the provincial government in June 2024, with local governments expected to receive data in the summer of 2024. This will result in staff having access to data from all major platforms, enabling a more fulsome, data-driven compliance program. This will assist faster removal of listings displaying invalid or suspended licence numbers.

A provincial compliance and enforcement unit has been launched to track compliance, issue orders and administer penalties for violations. The provincial compliance and enforcement unit will oversee compliance of the STR Act and provincial registration. City staff will continue to

work with the B.C. government to understand the enforcement capacity and tasks of the new provincial unit.

Under the STR Act, platforms and hosts will be required to participate in the provincial host and platform registry. STR listings will need to include a host's local government business licence number and, when launched, a provincial registry number. A provincial registry is expected to launch by early 2025, which will work to remove listings without valid provincial registry numbers. The registry will also be a source for determining compliance with the provincial definition of principal residency.

Discussion

Request a Vancouver Charter amendment to allow MTIs to be served via registered or electronic mail.

As discussed, the provincial government increased the maximum MTI fine that can be collected by local governments. Increasing fines is intended to act as a further deterrent for illegal operators who operate without a valid business licence. This policy has public support; a [survey](#) conducted in February 2024 found that 67 per cent of respondents in Metro Vancouver agree or strongly agree with the B.C. government raising the fines for STR hosts who break by-laws to \$3,000 per day, per infraction.

Given that it is a significant administrative burden for the City to serve MTIs in-person, staff recommend that the Vancouver Charter be amended to allow MTIs to be delivered or served by registered or electronic mail. This would better enable the Proactive Enforcement team, acting on behalf of the Chief Licence Inspector, to serve MTIs as a potential alternative to issuing BVNs or serving an MTI before requesting that a platform remove a listing.

Zoning and Development By-law Amendment

Section 1 of the STR Act defines "short-term rental accommodation service" as "the service of accommodation in the property of a property host, in exchange for a fee, that is provided to members of the public for a period of time of less than 90 consecutive days or another prescribed period, if any, but does not include a prescribed accommodation service." This 90-day period is not currently set out in the Zoning and Development By-law. The City currently allows STR accommodation for a period of less than 30 days, but rentals for more than 30 days are not currently considered to be short term rentals. Staff propose revising the definition of Short Term Rental Accommodation in the Zoning and Development By-law to "the use of a dwelling unit, or 1 or more bedrooms in a dwelling unit, as temporary accommodation *for any period less than 90 consecutive days*, but does not include Bed and Breakfast Accommodation or Hotel."

The proposed change, if approved, would apply STR business license requirements to rentals of less than 90 consecutive days rather than rentals of less than 30 days. Operators wanting to rent their accommodations in their primary residence for a period of less than 90 days would be required to apply for a STR business licence. The City's principal residence requirement would remain, meaning that persons wanting to rent their secondary suites or other vacant units could only do so for a period of 90 days or more.

The City has no inherent legislative authority, all of its powers must be authorized by statute. If there is a direct conflict between a provincial and federal statute, the federal or provincial statute will ordinarily prevail. In order to avoid a conflict, staff are recommending that the City’s definition of “short term rental accommodation” in the Zoning and Development by-law be amended to align with the STR Act. This will mean that short term rentals will now include rentals for periods of less than 90 days.

Financial Implications

There are no financial implications.

Legal Implications

If the Recommendations in this report are adopted, a public hearing will be held to determine whether to amend the Zoning and Development By-law to alter the definition of Short Term Rental Accommodation. At the public hearing, Council will also be asked to approve seeking a Vancouver Charter amendment regarding how to serve MTIs.

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APPENDIX A

BY-LAW NO. ____

**DRAFT By-law to amend the Zoning and Development By-law No. 3575
regarding the definition of short term rental accommodation**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This by-law amends the indicated provisions of the Zoning and Development By-law No. 3575.
2. Council strikes the definition of “Short Term Rental Accommodation” from section 2 and replaces it as follows:

“

Short Term Rental Accommodation	The use of a dwelling unit, or 1 or more bedrooms in a dwelling unit, as temporary accommodation for any period less than 90 consecutive days, but does not include Bed and Breakfast Accommodation or Hotel.
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3. This by-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this _____ day of _____, 2024

Mayor

City Clerk