

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT COMMITTEE **DATE:** 2020 May 20

FROM: DIRECTOR PLANNING AND BUILDING
DIRECTOR PUBLIC SAFETY AND **FILE:** 16000 20
COMMUNITY SERVICES *Reference: Short Term Rentals*

SUBJECT: **REGULATORY AND ENFORCEMENT FRAMEWORK FOR SHORT
TERM RENTALS IN BURNABY**

PURPOSE: To propose regulatory and enforcement framework for short term rentals in
Burnaby.

RECOMMENDATIONS

1. **THAT** the Committee recommend Council
 - a. support the proposed regulatory and enforcement framework for short term rentals in Burnaby and that it form the basis of initial public engagement;
 - b. authorize staff to engage a third party data monitoring firm to provide detailed and ongoing data on short term rental activity in Burnaby to assist with the proposed enforcement program;
 - c. authorize staff to bring forward a report with the necessary amendments to the Zoning Bylaw, Business Licence Bylaw, the Business Licence Fees Bylaw and Bylaw Notice Enforcement Bylaw; and,
 - d. authorize the Finance Department to provide an analysis on the guidelines and limitations related to the use of the Municipal and Regional District Tax (MRDT) revenues from short term rentals for affordable housing initiatives.

REPORT

1.0 INTRODUCTION

At its meeting on 2019 January 29, the Planning and Development Committee directed staff to bring forward a policy framework and related bylaw amendments to improve regulations for short term rentals in Burnaby. This report seeks Council endorsement of a proposed regulatory and enforcement framework to short term rentals in advance of developing an enforcement regime and proposing bylaw amendments to the business licensing framework.

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20Page 2

Short term renting of residences to tourists and visitors is a growing phenomenon throughout the world. These rentals operate outside the regulatory framework of traditional tourist accommodations such as hotels, and outside the framework of long term rental housing. Studies have shown that the use of online platforms has facilitated the rapid growth of short term rentals and concerns have been raised that this growth has impacted both the supply and affordability of long term rental housing, as well as the liveability and security of residential neighbourhoods and buildings. At the same time, this activity supports increased tourism, options for home based accommodations and economic use of residential property. This report responds to the Committee's direction and proposes an approach to regulating short term rentals.

2.0 POLICY FRAMEWORK

The proposed approach is supported by the following City-wide policies:

The Official Community Plan

- Residential Goals
 - Goal 3: To maintain and improve neighbourhood livability and stability
 - Goal 4: To help ensure that the needs of people with special and affordable housing requirements are met.
- Social Planning Goal
 - To facilitate the development and ongoing sustainability of a community which enhances the physical, social, psychological and cultural well-being of Burnaby residents.

The Social Sustainability Strategy

- Strategic Priority 1 – Meeting Basic Needs
- Strategic Priority 5 – Enhancing Neighbourhoods

The Economic Development Strategy

- G1: Building a Strong, Livable, Healthy Community
- S6: Tourism, Sport/Tournaments, Arts/Culture, Retail – Work with Tourism Burnaby to promote billeting and the availability of bed and breakfast accommodations

Further to the above, the proposed approach also aligns with the following goals and sub-goals of the *Corporate Strategic Plan*:

- ***A Safe Community***
 - Crime prevention and reduction – Ensure citizens and businesses feel safe in our community
- ***An Inclusive Community***
 - Serve a diverse community – Ensure City services fully meet the needs of our dynamic community

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20Page 3

- **A Dynamic Community**
 - Economic opportunity – Foster an environment that attracts new and supports existing jobs, businesses and industries
 - Community development – Manage change by balancing economic development with environmental protection and maintaining a sense of belonging
- **A Thriving Organization**
 - Communication – Practice open and transparent communication among staff, Council and the community

3.0 BACKGROUND

3.1 Short Term Rentals Overview

Short term rentals are typically considered to be the commercial rental of beds, bedrooms or entire dwelling units for a period of less than a month (~<30 nights at a time) for the purpose of accommodating tourists and visitors. Municipalities regulate various types of visitor and tourist accommodation within their jurisdictions through zoning and business licensing, most often within commercial areas and along highways or other major arterials. These types of accommodations typically include everything from hotels and motels, to bed and breakfasts and time-share vacation condominiums. Recently, there has been a growth in the use of private residences, both occupied and vacant, for tourist and visitor accommodations. Tourists and visitors can now access a multitude of listings available for short term rental through one-stop online platforms (e.g. Airbnb, VRBO, etc.). These platforms, for a fee, enable listing, searching and booking residential accommodation for short term stays. Property owners can offer an entire unit, individual rooms in a unit or a bed in a shared room for a set price. The online platforms often allow prospective visitors to filter their search results according to their preferences.

Distinguishing between residential uses and short term tourist or visitor accommodation has become more difficult with the emergence of various online platforms. The physical aspects of residential buildings and tourist accommodations are getting more difficult to distinguish, with bed and breakfasts operating out of residences and hotels offering self-catering suites as accommodations. As short term rentals of residences become more popular, many municipalities have adopted or are considering regulatory frameworks that clarify this differentiation.

The short term rental market has been evolving. The concept of vacation rentals and bed and breakfasts have been around for a long time, but the introduction of new online marketplaces has made sharing residences for use by visitors and tourists much easier. To best understand this marketplace the following terminology is provided:

- **Host:** a person who is operating a short term rental in a residence. This person might be a property owner, a tenant or a third party hired by the property owner/tenant to operate the short term rental.

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20Page 4

- **Listing:** an advertisement for a short term rental on an online platform. There may be multiple listings for one property.
- **Booking transaction:** a reservation and payment agreement made between a host and a guest party to rent a residence or part of a residence for a short term.
- **Guest party:** the person or group of people that booked the short term rental and will occupy the space reserved for a short term period.
- **Entire home listing:** an advertisement for the short term rental of an entire dwelling unit. If booked, the guest party will not share the space with anyone else.
- **Private room listing:** an advertisement for the short term rental of a room within a residence. If booked, the guest party may be sharing the common space with others, either the long term resident of the residence or other guest parties occupying other private rooms within the residence, during the short term rental.
- **Shared room listing:** an advertisement for the short term rental of a shared space (e.g. a bedroom or living room) in a dwelling unit. If booked, the guest party may share the space where they will be sleeping with other people. This is similar to renting out beds, much like a hostel setting, or a couch in someone's living room.

3.2 Snapshot of Short Term Rental Market in Burnaby

Collecting accurate and detailed data on short term rental operations is difficult for municipalities to obtain without the assistance of third parties or purchase of advanced technologies. Listings fluctuate on a daily basis as information is added or removed frequently. Listing data can be obtained in one of three ways:

- a) through hiring a third party that scrapes listing and booking information from the worldwide web;
- b) a few global municipalities (e.g. Vancouver, San Francisco, Amsterdam) have been able to negotiate Memorandums of Understanding with Airbnb to obtain data, but not with other online platforms; and/or
- c) by increasing staff and technology resources for staff to scrape the worldwide web and undertake investigative work to obtain listing data.

There are a few third party data monitoring firms that provide data and analysis services to local governments seeking to enforce short term rental regulations across several online platforms. One of those firms is Host Compliance Inc. which provided basic overview data to staff in 2020 January. This data included a snapshot that showed:

- 1,583 listings in 1,438 unique dwelling units;
- 55% of all listings were for an entire residence, 45% for a private room in a residence and a few for a shared room in a residence;
- highest density of listings appeared to be in the Metrotown area, though listings existed throughout Burnaby;
- average nightly rate charged in Burnaby was \$80;

To: *Planning and Development Committee*
From: *Director Planning and Building*
Director Public Safety and Community Services
Re: *Regulatory and Enforcement Framework for Short*
Term Rentals in Burnaby
2020 May 20Page 5

- 79% of listings were in single family homes;
- there was a 20% increase in listings and 24% increase in the number of dwelling units being used for short term rentals in 2019; and,
- this data was pulled from 54 different online platforms.

On a regional basis, research out of McGill University (2017) indicated that the Vancouver Census Metropolitan Area (CMA) region (similar to Metro Vancouver) has:

- the highest ratio of active listings per population when compared with Toronto and Montreal;
- one active Airbnb listing per 123 people and one active listing per 51 homes;
- 64% of listings in the Vancouver CMA are located in the City of Vancouver with the rest of the listings being hosted in suburbs, primarily inner suburbs along transit corridors;
- 61% of listings were for entire units; and,
- greatest growth pressure for future listings is anticipated along SkyTrain lines, particularly in Burnaby,¹ likely due to lower nightly rates than Vancouver, and proximity and shorter travel times to major destinations in City of Vancouver.

3.3 Tourist Accommodations in Burnaby

Tourism is an important economic sector in Burnaby and across Metro Vancouver. To appeal to a variety of potential visitors, varying types of tourist accommodation can be offered. Tourism Burnaby indicates that tourist accommodations in Burnaby include:

- 1,317 hotel and inn rooms;
- dorm rooms at Simon Fraser University during the summer; and,
- a small number of bed and breakfasts offering rooms throughout the community.

Tourism Burnaby estimated that in 2017 Burnaby hotels had an 80% occupancy rate, which is the same as the regional average of 79.9%.² Short term rentals are a more recent addition to tourist accommodation choices being offered and occupancy rate statistics are more difficult to calculate and obtain due to there being a multitude of platforms offering listings and diverse availability between different listings.

There appears to be some response from the hotel industry to tourists and visitors demands for self-catering units and additional space. A recent example would be the Element Hotel by Westin at Willingdon and Kingsway. All rooms in this hotel include a kitchenette and over 50 suites are also available which are similar to an apartment in layout and size.

¹ Wachsmuth et al. Short-term Cities: Airbnb's impact on Canadian Housing Markets, 2017.

² Destination BC. Provincial Tourism Indicators 2019 Year-In-Review, March 2020.

https://www.destinationbc.ca/content/uploads/2019/06/Provincial-Tourism-Indicators_2018-Year-in-Review_FNL.pdf

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20Page 6

3.4 Market Rental Housing in Burnaby

Rental housing is an important part of Burnaby's housing continuum, providing a range of housing options for persons who are unable to afford or choose not to enter homeownership. Burnaby's Housing Profile 2019 estimated approximately 31,600 units of market rental housing in Burnaby, which includes the rental of single family dwellings, secondary suites, two family (duplex) dwellings, multi-family purpose-built rental units and multi-family strata rented units. There continues to be high demand for rental housing as evidenced by Burnaby's 2019 rental vacancy rate of 1.3%, down from 2.0% in 2018. A healthy vacancy rate is generally considered to be between 3-4%.

Short term rentals can affect the rental housing supply when vacant dwelling units that could otherwise be rented to long term tenants are offered as nightly accommodation for tourists and visitors. Secondary rental housing units, such as secondary suites and strata apartment units, represent nearly 65% of Burnaby's total estimated rental housing stock. CMHC's Rental Market Report 2017 for Vancouver CMA advises that the secondary rental market represents a larger share of the rental supply in the Metro Vancouver region than in other large metropolitan areas in Canada, such as Montreal and Toronto.

3.5 Provincial Taxation of Short Term Rentals

The Provincial government is responsible for taxation of short term accommodations under the *Provincial Sales Tax Act*. In 2018, the Provincial government announced that it had reached an agreement with Airbnb that would see that online platform collect and remit the 8% provincial sales tax (PST) and up to 3% municipal and regional district tax (MRDT) on all short term accommodations booked through its website. MRDT is set at 2% in Burnaby. The Provincial government also announced that it is pursuing similar agreements with other short term rental platforms, such as VRBO, but as yet, have not been successful. Over \$14 million in tax revenue was remitted to the Provincial government in the first six months of implementation of the agreement with Airbnb. The application of these taxes to online short term rentals contributes towards leveling the playing field between traditional tourist accommodations and the emergence of short term rentals in residences.

Provincial Tax Policy Branch staff advised that revenue generated from the PST collected and remitted by Airbnb, like that from other tourist accommodations such as hotels, goes into general funds in British Columbia, but the extra revenue generated enables the Provincial government to spend more on affordable housing. MRDT revenue is transferred to the municipal tourism association/non-profit where the tax is collected to fund tourism promotion activities. The 2% MRDT collected by traditional tourist accommodations provided by hotels and motels, as well as short term rentals on Airbnb, currently finances the annual operating budget of Tourism Burnaby. Affordable housing was added as a permissible use of MRDT funds in the 2018 Provincial Budget, to help address local housing needs. Local governments have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate using MRDT revenue to meet local

needs. Staff propose that options for allocating MRDT funds, generated from short term rentals in Burnaby, towards affordable housing initiatives be investigated further.

4.0 REGULATING SHORT TERM RENTALS

4.1 Best Practices in Regulating Short Term Rentals

In response to the growth of short term rentals of residences, many municipalities have sought to regulate this use. Municipalities in the United States and Europe were some of the first jurisdictions to adopt specific regulations. Staff undertook a wide review of adopted and proposed regulations in 17 municipalities across North America, the results of which are summarized in *Appendix 1 attached*.

A number of emerging best practices for regulating short term rentals have resulted from jurisdictions that have had regulations in place for the last few years. These include:

1. regulate rather than prohibit – bans on short term rentals have proven ineffective in eliminating this use;
2. simple regulations – simple and straightforward regulations and processes achieve greater voluntary compliance;
3. principal residences – permitting short term rentals only within dwelling units occupied as someone’s principal residence is an effective regulation to reducing the impact of this use on long term rental supply and disruptions to neighbourhoods;
4. business licences – requiring a business licence helps to monitor the use and more easily identify non-compliance;
5. active enforcement – actively pursuing enforcement of regulations ensures they are applied in a comprehensive and equitable manner;
6. higher fines – fines for non-compliance should be high enough to be a deterrent for non-compliance;
7. obtain third party data – third party monitoring firms have the staff resources and tools necessary to verify compliance efficiently and cost effectively; and,
8. extensive communications – proactive, multi-faceted and widespread communication of regulations achieves higher rates of voluntary compliance.

4.2 Enforcement of Short Term Rentals in Burnaby

Complaints about short term rentals have increased in Burnaby in recent years. Between January 2014 and September 2019, the City received 263 complaints related to suspected short term rentals and boarding, lodging and rooming houses. The majority of complaints received were about activities occurring in single family dwellings. Other types of dwelling units comprise a smaller proportion of the complaints received. Complaints are most commonly received from nearby residential properties, but also from strata councils for high-rise buildings and in some cases, from former short term rental guests themselves.

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20Page 8

Most common complaints about short term rentals:

- a residence is being used as a hotel; or,
- too many people being accommodated in a residence.

Other complaints received:

- increased traffic and parking issues;
- safety concerns due to increased number of transient people in a neighbourhood; and,
- increased volume of garbage, unsightly premises, and noise resulting from parties hosted in houses.

It has become clear that the City's complaints-based approach does not address the majority of short term rentals operating in Burnaby in contravention of the Zoning Bylaw.

5.0 IMPACTS OF SHORT TERM RENTALS

There has been considerable global debate about the rise in popularity of short term rentals and their proliferation through the use of online platforms. Those in support of this use advise that there is demand from tourists for accommodation alternatives to traditional hotels; that local businesses outside traditional tourist areas benefit from increased tourist spending; and, that the income generated from short term rentals helps homeowners offset housing costs in an expensive housing market. Those who are concerned with the increasing popularity of short term rentals suggest that they are negatively impacting an already limited and expensive rental housing supply; creating nuisance and safety issues within buildings and neighbourhoods; and, are a source of unfair competition to more traditional tourist accommodations that are subject to various regulations. These impacts are discussed below.

5.1 Responding to Tourist/Visitor Demands

Short term rentals respond to tourist and visitor demands for accommodation in certain areas of the city or desire to have a "local's experience" as short term rentals are often located in a greater variety of neighbourhoods than hotels. Short term rentals also appeal to tourists who wish to self-cater and have access to a kitchen, or families with children, who are attracted to those rentals that have multiple rooms. Short term rentals in residences also provide additional accommodation options during peak tourist and visitor seasons when hotel occupancy is greater and supply is constrained.

5.2 Supports Neighbourhood Businesses

Businesses in residential neighbourhoods benefit from tourist dollars spent in these non-traditional tourist areas when tourists patronize local restaurants, grocery stores, and other stores and services commonly available to residents in a neighbourhood. However, if short term rentals become

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20 Page 9

concentrated in an area, the types of businesses that choose to locate in these neighbourhoods could change and begin catering more to a transient population than a permanent one.

5.3 Defrays High Cost of Living and Homeownership or Rental Housing Costs

Income generated from short term rentals helps to defray the high cost of living and housing costs for homeowners and tenants in the region's expensive housing market. While the high cost of housing can also be offset by renting a space to a long term tenant, operators may prefer the flexibility of renting a room or unit as a short term rental rather than entering into a tenancy agreement with a long term tenant.

5.4 Impact on Rental Housing Supply and Affordability

The most common concern regarding short term rentals is the conversion of long term rental housing into short term rentals for tourists and visitors. These conversions have the potential to reduce the supply of rental housing available for long term renters primarily when entire units are offered on a nightly basis, as opposed to a private or shared room in a unit already occupied as a permanent residence.³ Additionally, the potential for increased rental income and exemption from the responsibilities of the *Residential Tenancy Act* incentivize renting an entire unit for a nightly fee to visitors or tourists instead of renting to a longer term tenant. Furthermore, increased competition between potential tenants for a reduced supply in an already tight rental market creates an environment in which landlords can demand higher rents, impacting rental affordability.

5.5 Nuisance and Safety Impacts to Buildings and Neighbourhoods

Introducing commercial uses into residential buildings and neighbourhoods creates the potential for conflicts to arise. Tourist and visitor accommodation is typically permitted in commercial areas as opposed to residential areas due to its inherently more intensive use. Potential negative impacts associated with short term rentals in residential areas include:

- **Noise:** large groups staying together in a short term rental, lack of awareness or respect for commonly held quiet hours in a building or neighbourhood, inconsistent and inconvenient arrival and departure times, and guests being in vacation mode may contribute to increased noise associated with short term rentals.
- **Safety:** strangers accessing private and semi-private areas of a building may result in residents experiencing real and perceived impacts to personal safety and the safety of property. Provision of security fobs to strangers for access to otherwise secure buildings is commonly of concern.
- **Nuisance:** increased pressure on on-street or visitor parking, increased volume and improper disposal of garbage and recycling, and poor guest behaviour in a building or

³ Private or shared rooms may also be a source of long term rentals in roommate situations.

To: *Planning and Development Committee*
From: *Director Planning and Building*
Director Public Safety and Community Services
Re: *Regulatory and Enforcement Framework for Short*
Term Rentals in Burnaby
2020 May 20 Page 10

neighbourhood may be of concern, particularly when there is limited oversight or absent hosts.

5.6 Unfair Advantage over Traditional Forms of Tourist Accommodation

Hotels and other forms of tourist accommodations are regulated by provincial and municipal governments through taxation, business licencing, and building and fire code safety inspections. Short term rentals are not subject to the same oversight and have been able to operate without application of similar costs or regulatory scrutiny.

6.0 DISCUSSION

In considering a short term rental policy, the City first needs to determine the objectives it wishes to achieve and the policy approach that will achieve the desired objectives. Using existing City policies, complaints records, and the research in other municipalities, the following objectives for Burnaby are proposed:

- protect long term rental housing supply;
- maintain and improve neighbourhood livability and stability;
- support economic opportunities, including tourism in Burnaby and opportunities for Burnaby residents and local businesses; and,
- provide regulatory program that is clear and inspires high levels of compliance.

Current language in the Zoning Bylaw does not refer to “short term rentals”, home-sharing, bed and breakfasts, or “Airbnbs” or “VRBOs”, terms commonly used today when referring to tourist accommodations or vacation rentals in residential dwelling units. As such, the City’s regulatory framework does not effectively contemplate short term rentals as a use and clarity is needed due to the growth of this use.

Permitting short term rentals only within dwelling units that serve as the permanent residence of a household provides strong support for protecting the long term rental housing supply and could also contribute toward maintaining the livability and stability of neighbourhoods by upholding the primary use of residences for residential use. Permitting short term rentals in a limited way would accommodate alternative economic opportunities to renting to a long term tenant by permitting residents to generate income by sharing their homes with tourists and visitors.

The lack of clarity in the City’s regulatory framework also inadequately responds to current challenges with enforcement. At present it is difficult to distinguish short term rentals from long term rentals under existing use categories and definitions. Moreover, compliance levels would continue to be difficult to ascertain without business licence requirements and monitoring of short term rental activity provided through agreements with online platforms or from third party data monitoring firms. To provide the needed clarity for this use, the Zoning Bylaw will need to define the use, differentiate it from other uses, and permit it in appropriate zoning districts. The Business

To: *Planning and Development Committee*
From: *Director Planning and Building*
Director Public Safety and Community Services
Re: *Regulatory and Enforcement Framework for Short*
Term Rentals in Burnaby
2020 May 20 Page 11

Licence Bylaw and Business Licence Fees Bylaw would also need to be amended to regulate short term rentals and define a business licence program to aid with enforcement. Further, the Bylaw Notice Enforcement Bylaw would need to be amended to define the contraventions and associated penalties.

For the above reasons, staff propose a regulatory and enforcement framework that provides clarity on this use and establishes a process for regulating and monitoring it in Burnaby. The framework is also anticipated to increase compliance levels throughout Burnaby and is outlined in Sections 7.0 and 8.0 below.

7.0 RECOMMENDED REGULATORY AND ENFORCEMENT FRAMEWORK TO SHORT TERM RENTALS

Based on the objectives mentioned above and the research of other municipalities' regulations, staff propose that homeowners (in the case of strata properties, only if permitted under strata bylaws), or tenants with their landlord's permission, holding a valid business licence be permitted to rent part or all of their principal residence on a short term basis. Short term rentals within secondary suites and homes with secondary suites, as well as flex suites and homes with flex suites would not be permitted. Renting non-principal residences (i.e. dwelling units not occupied by a homeowner or tenant on a permanent basis) would not be permitted. All short term rentals would be required to be within a legal dwelling unit (i.e. not a vehicle, tent, trailer, shed, etc.). Each principal residence would be permitted to host one guest booking at a time of a maximum of four unrelated people or a family of six related people per booking. Short term rentals would also be precluded from purpose built rental units. The following sections elaborate on the proposed regulatory and enforcement framework for short term rentals.

7.1 Use of Principal Residences Only

It is recommended that short term rental regulations maintain that the primary use of all dwelling units be as a permanent home for one family, not as transient accommodations. Short term rentals within principal residences would be permitted as an accessory use. This would maintain the primary use of the housing supply as residential and avoid permanent conversion of housing units to commercial uses. It would also reduce the likelihood that tenanted dwelling units will be removed from the rental housing supply and converted to tourist accommodation. Confirmation of permanent occupancy, strata bylaw compliance in the case of stratified property owners, and written permission from the landlord in the case of tenants, are proposed to be required as part of a new business licencing process.

7.2 Number of Guests

A balanced number of guests that could rent rooms within a principal residence (occupied by the permanent owner or tenant) as a short term rental is anticipated to reduce neighbourhood impacts of short term rentals. It could also increase economic opportunities for Burnaby residents and enable visiting families to stay together at one property as an alternative to a hotel room. As it is

To: *Planning and Development Committee*
From: *Director Planning and Building*
Director Public Safety and Community Services
Re: *Regulatory and Enforcement Framework for Short*
Term Rentals in Burnaby
2020 May 20 Page 12

likely that families are utilizing short term rentals in Burnaby residences already, this approach could legitimize some short term rentals anticipated to already be operating in the city. In an effort to mitigate an increase in disruption within neighbourhoods and multi-family buildings, it is proposed that one guest party of a maximum of four unrelated guests or a family of six related guests be permitted to rent a principal residence short term at one time.

7.3 Rental of Entire Principal Residence

Many tourists and visitors prefer to rent entire dwelling units for their accommodation as they provide more privacy, independence, and an opportunity to save money by having access to a kitchen. Permitting Burnaby residents to rent out their principal residence to tourists or visitors while they are away from home would not appreciably reduce the stock of long term rental housing as it would limit entire unit rentals to residences that are already occupied long term by the owner or a tenant. It would also provide more opportunities for property owners and tenants to earn additional income by attracting tourists or visitors to stay in their residence while they (the principal owner or tenant) are away.

7.4 Secondary Suites and Flex Suites

Council adopted the Secondary Suite program in 2013 in an effort to legalize this significant supply of affordable rental housing in the community. The program included restrictions on accessory uses within secondary suites given the compounding impacts of accessory uses. More recently, bylaw text amendments were adopted in 2018 to clarify the prohibition of several accessory uses within a secondary suite and the home that contains a secondary suite. Staff propose that short term rentals be added to the list of accessory uses precluded from homes containing a secondary suite and secondary suites themselves, as it would help to maintain this supply of housing for long term renters and potentially mitigate intensifying effects that could be attributed to short term rentals. For similar reasons, staff propose that short term rentals be precluded from flex suites and homes with flex suites.

7.5 Purpose Built Rental Housing

Rental use zoning was adopted by Council in 2018 to increase the supply and improve affordability of rental housing in Burnaby. It seeks to protect existing, and incentivize the construction of new, rental housing. Recognizing the critical shortage of affordable purpose built rental housing in Burnaby, staff propose that short term rentals not be permitted in these rental units to ensure that this supply of affordable rental housing continues to be protected for long term renters.

To: *Planning and Development Committee*
From: *Director Planning and Building*
Director Public Safety and Community Services
Re: *Regulatory and Enforcement Framework for Short*
Term Rentals in Burnaby
2020 May 20 Page 13

8.0 BUSINESS LICENSING AND ENFORCEMENT

8.1 Business Licences

Staff propose that a new regulatory framework to this use include the requirement of a business licence. There are several benefits to considering the introduction of a business licence process. First, it provides a clear path to the legitimization of short term rental operations that comply with the City's regulations. Business licences would also provide the City with information about short term rental activities in Burnaby and assist with monitoring and reporting on this use. It would also provide the City with more enforcement options, including issuing a bylaw violation notice if a short term rental were operating without a licence. Additionally, the introduction of a business licence fee would help to offset some of the costs of enforcement activities.

In order to obtain a business licence, operators would have to:

1. submit an application form along with mandatory documentation (proof of principal residence, and where applicable a letter of permission from strata and/or letter of permission from landlord);
2. pay a business licence fee;
3. agree to conform to the short term rental regulations and all City bylaws; and,
4. operators would be provided with information about responsible short term rental operations when they receive their business licence.

Operators will also be asked to review and distribute the following information:

1. guest guidelines that will inform guests about relevant City bylaws (e.g. quiet hours, parking restrictions, garbage and recycling information and schedules, etc.);
2. fire safety information, including a fire plan; and,
3. neighbour notification form to distribute to neighbours with important contact information.

Fees for a business licence are proposed to be based on a cost recovery model.

8.2 Advertising and Booking Requirements

Staff propose that the following requirements be applied to the advertisement of short term rentals in Burnaby:

- advertising a short term rental is not permitted without a valid business licence;
- a valid business licence number must be included in any short term rental advertisement;
- only one short term rental may be advertised per business licence; and,
- a hard copy of the business licence must be posted within the short term rental unit.

To: *Planning and Development Committee*
From: *Director Planning and Building*
Director Public Safety and Community Services
Re: *Regulatory and Enforcement Framework for Short*
Term Rentals in Burnaby
2020 May 20 Page 14

8.3 Enforcement

Enforcement activities for short term rentals are currently conducted on a complaint basis only. Staff propose implementing an active approach to enforcement. Most municipalities with recently adopted short term rental regulations have chosen to undertake an active enforcement program, at least in the short term, in an effort to apply the new regulations in a comprehensive and equitable manner. This would involve actively searching various online platforms for short term rental ads, working with a third party data monitoring firm to receive ongoing detailed data and supporting evidence regarding short term rental activity in Burnaby and potentially hiring additional staff dedicated to this topic area. Engaging a third party is necessary to acquire a comprehensive inventory of current and future short term rental activity as staff do not have the technological expertise or software necessary to gather the detailed data in-house.

The proposed enforcement framework would prioritize enforcement actions in the following order:

1. first, enforce against operations that are not permitted by the new regulatory framework;
2. second, bring those operations that could be legalized into compliance through the business licence process; and,
3. third, investigate other suspected operations that arise through complaints.

The proposed approach is anticipated to require three full time investigators and 1-2 administrative staff.

9.0 NEXT STEPS

The regulatory and enforcement framework as described above in Sections 7.0 and 8.0 are presented as a basis for advancing to the next steps in developing a business licence and active enforcement program for short term rentals in Burnaby. This approach would form the basis of a public consultation process to gather feedback on the proposed framework. The preliminary activities associated with this work is proposed as follows:

1. Council consideration of the proposed framework as outlined in this report;
2. undertake concurrently;
 - o development of detailed zoning and business licence regulations and an active enforcement implementation program;
 - o engaging a third party to provide detailed data about short term rental activity in Burnaby to serve as a baseline of activity;
 - o development and implementation of a public engagement and communications strategy for informing the public about the advancement of short term rental regulations and rolling out the short term rentals program once adopted;
3. report back to Committee and Council with draft bylaw amendments and the detailed enforcement program;

To: Planning and Development Committee
From: Director Planning and Building
Director Public Safety and Community Services
Re: Regulatory and Enforcement Framework for Short
Term Rentals in Burnaby
2020 May 20 Page 15

4. Council adoption of bylaw amendments; and,
5. undertake an active approach to enforcement of the Short Term Rental Program.

10.0 CONCLUSION

This report presents an overview of short term rentals, their regulation in other municipalities, potential impacts and local context, as well as recommendations for a regulatory and enforcement approach for this activity in Burnaby. In summary, the proposed regulatory and enforcement framework to short term rentals would:

- permit short term rentals as an accessory use in all legal dwelling units that are occupied by a homeowner or tenant on a permanent basis (subject to strata and/or landlord permission) except in secondary suites, homes that contain a secondary suite, flex suites or homes with a flex suite, or any purpose built rental unit;
- permit one short term rental booking per property for a guest party of no more than four unrelated people or a family of six related people at a time;
- permit homeowners and tenants to offer their entire principal residence as a short term rental while they are away from home;
- require a business licence to operate a short term rental; and,
- include undertaking an active enforcement program and engaging a third party data monitoring firm to provide detailed data regarding short term rental activity in Burnaby to assist with this active enforcement approach.

This framework reflects a balanced consideration of a mix of objectives. It is recommended that Council support in principle the proposed framework. It is also recommended that staff engage a third party to provide detailed data about short term rental activity in Burnaby to inform the development and implementation of the detailed business licence and enforcement program and necessary bylaw amendments for short term rentals in Burnaby. It is further recommended that the Finance Department provide an analysis on the guidelines and limitations related to the use of MRDT revenue generated from short term rental activity in Burnaby for affordable housing initiatives. A future report will be brought forward for Committee and Council consideration of the necessary bylaw amendments that will form the regulatory and enforcement program for short term rentals.


E.W. Kozak, Director
PLANNING AND BUILDING


Dave Critchley, Director
PUBLIC SAFETY & COMMUNITY SERVICES

CS:sa/tn

Attachment

cc: City Manager
City Solicitor

Director Finance
City Clerk

Chief Licence Inspector

Appendix 1: Municipal Regulations for Short Term Rentals

Jurisdiction	Vacancy Rate 2018	Operator Licence or Registration	Operator Fees	Dwelling Type	Principal Residence Only	Sleeping Unit Cap	Entire Unit Permitted	Night Cap	Safety Provisions	Nuisance Provisions
Nelson, B.C.	0%	3 types of short term rental business licences: - Year Round - May – Aug - 31 days	\$200-\$400 + \$500 deposit	SF and MF dwelling units	Yes	No	Yes (if principal residence)	Yes, see BL types	Premises inspected every 3yrs;	Provide guests and neighbours with 24/7 contact person; ownership required; max 3/block;
Tofino, B.C.	n/a	Business licence	\$450-\$900	SFDs; secondary suites and accessory dwelling units also permitted	No	3 max; 6 people max	Yes (but must be located on operator's principal residence property)	No	Not specified	1 per property; 1 additional parking space required;
City of North Vancouver, B.C.	0.8%	Accessory Boarding business licence	\$10.50 per bedroom used for boarding	SF and MF dwelling units	Yes	1-2 room max; 2 person max	No	No	Not specified	1 on-site parking stall per boarder
Richmond, B.C.	0.7%	Bed and breakfast business licence; boarding does not require a business licence	B&B licence \$162	Boarding and Lodging - SF and MF dwellings; B&B - SF dwellings only	Yes	2 boarders max; 3 B&B rooms max	No	No	Not specified	Owner operator required; not permitted in dwellings that already have a secondary suite, granny flat or coach house; B&Bs not permitted in homes that already have a boarding and lodging use.

Jurisdiction	Vacancy Rate	Operator Licence or Registration	Operator Fees	Dwelling Type	Principal Residence Only	Sleeping Unit Cap	Entire Unit Permitted	Night Cap	Safety Provisions	Nuisance Provisions
Coquitlam, B.C.	1.2%	Bed and breakfast business licence	\$85	Bed and breakfast in SF and MF dwelling units	Yes	1 family or 2 boarders max.	Yes (if principal residence)	No	Initial inspection of premises, compliance with Building and Fire Codes	Max 40% of dwelling unit floor space to be used for bed and breakfast use; must not create parking or traffic disturbance; permission from strata council required
Delta, B.C.	1.3%	Not required	No fee	SFD (some zones only)	Yes	2 boarders max	No	No	Not specified	
Port Coquitlam, B.C.	1.2%	Bed and Breakfast business licence	\$90	SFD (some zones only)	Yes	2 sleeping units; max 4 people	No	No	Not specified	
Surrey, B.C.	0.3%	Bed and breakfast business licence	\$105	SFD	Yes	6 people max.	No	No	Inspection of premises prior to business licence approval; compliance with Building and Fire Code	Building must not contain secondary suite; 1-2 additional on-site parking spaces;
Vancouver, B.C.	0.8%	Short term rental business licence	\$49 + one time processing fee of \$54	SF and MF dwelling units	Yes	2 ppl per sleeping unit	Yes (if principal residence)	No	fire plan posted at entrance and exit points; smoke detectors and fire extinguishers; subject to audits and inspections; must have appropriate insurance	Provide guests with 24/7 contact; Must have strata permission; must have owner permission; operator responsible for ensuring no unreasonable disturbance or nuisance

Jurisdiction	Vacancy Rate	Operator Licence or Registration	Operator Fees	Dwelling Type	Principal Residence Only	Sleeping Unit Cap	Entire Unit Permitted	Night Cap	Safety Provisions	Nuisance Provisions
Toronto, Ont.	1.1%	Operator registration and online platform business licence	Online platform licence - \$5000 one time fee + \$1 per night booked STR operator license - \$50/yr	SF and MF dwelling units	Yes	3 rooms max per unit	Yes (if principal residence)	180 nights per year	Building and Fire Code compliance; 24 hr contact and emergency information provided to guests;	Operator responsible for ensuring compliance with all City bylaws and regulations
San Francisco, CA	2.7%	Registration of business and approved as certified operator by City	\$90+ business registration fee based on income; MTI \geq \$484	SF and MF dwelling units	Yes, operator must reside there a minimum of 275 days per year	No	Yes (if principal residence)	Yes, 90 night limit if renting entire unit	Liability insurance required; Property owner/homeowner association notification	Operator responsible for complying with all City bylaws and regulations; Registration number displayed; self-report STR activities every 3 months;
Portland, OR	2.4%	Accessory STR permit and business licence	\$178 two-year permit fee; \$62 renewal fee after two years	SF and MF dwelling units; cap on number of MF units permitted	Yes, operator must reside there a minimum of 270 days per year	5 max	Type A: Yes (if principal residence) Type B: accessory dwelling units permitted in addition to principal unit	No	Fire and building safety requirements; inspection of dwelling unit	Neighbour notification letter;
Santa Monica, CA	2.0%	Short term rental operator registration	\$75+ Business Licence Tax	SF and MF dwelling units	Yes	No	No	No	Fire and building safety requirements	

Jurisdiction	Vacancy Rate	Operator Licence or Registration	Operator Fees	Dwelling Type	Principal Residence Only	Sleeping Unit Cap	Entire Unit Permitted	Night Cap	Safety Provisions	Nuisance Provisions
Seattle, WA	2.5%	Short term rental operator business licence and online platform business licence	TBD	SF and MF dwelling units	No (principal residence includes secondary suite, granny flat or accessory dwelling unit plus one additional unit)	No	Yes (1 investment property)	No	Signed declaration that unit complies with building and fire codes, safety information posted in unit for guests	Operator responsible for providing 24 hour / 7 days contact number
Philadelphia, PA	7.1%	Commercial Activity business licence	No fee	SF and MF dwelling units	Yes	No	Yes (if principal residence)	180 nights per year	Not specified	Operator responsible for ensuring guests limit hours in which they have visitors on site; providing information for garbage and recycling; providing information about fines and penalties for noise and disturbances.