



REQUEST FOR DECISION

File # 6430-06

Report To: **Mayor and Council**
From: **Director of Planning and Engineering**
Presenter: **Sam Loran**
Subject: **Administration Report No. 0028/24**
Opting Out of the Short-Term Rental Accommodations Act Principal Residence Requirement
Meeting: **Regular Council**
Meeting Date: **26 Feb 2024**

RECOMMENDATION:

"THAT, Council make a request to the Ministry of Housing to opt out of the Principal Residence Requirement in the Short-Term Rental Accommodations Act as Fort St. John's rental vacancy rate was 9.7% in 2022 and 5.7% in 2023 as per the Canadian Housing Mortgage Corporation."

CAO'S COMMENTS:

Although a letter to this effect was drafted and sent to the Minister of Housing, opting Out of the Short-Term Rental Accommodations Act Principal Residence Requirement requires a Council resolution.

ALTERNATIVE RECOMMENDATION:

"THAT, Council not make a request to the Ministry of Housing to opt out of the Principal Residence Requirement in the Short-Term Rental Accommodations Act, and that Administration Report No. 0028/24 be received for information only."

KEY ISSUES(S)/ CONCEPTS DEFINED:

At the November 14th, 2023 Regular Council meeting, Council presented a New Business item for a "Letter to Province – Exclusion of Fort St. John from Short Term Rental Act." This letter and the Minister's response can be found attached. Planning staff have clarified with the Ministry of Housing that this letter did not constitute official procedure for opting out of the Principal Residence Requirement. In order to opt out, the City needs to provide the Ministry with a copy of the resolution by Council to request to "opt-out" of the Provincial principal residence requirement, referencing the CMHC vacancy rate for 2022 & 2023.

The Canadian Mortgage and Housing Corporation (CMHC) estimates the total rental vacancy rate for Townhouses and Apartments to be 9.7% in October of 2022 and 5.7% in October of 2023. The minimum to qualify for opting out of the principal residence requirement is 3.0%.

RELEVANT POLICY:

Bill 35

On October 26, 2023 Provincial Bill 35, Short-Term Rental Accommodations Act, received royal assent. This Act requires platform service providers and individuals offering short-term rentals to register with the province. A business licence is now required across the province to operate a short-term rental business. Furthermore, a short-term rental must be within the host's principal residence or contained within one secondary suite or accessory dwelling. The Act also sets out new provisions and fine maximums for enforcing on non-compliant short-term rentals. This Act does not apply to hotels or motels.

The principal residence requirement is the only requirement that a municipality can opt out of. A municipality must choose to opt out of the legislation every year. The province's principal residence requirement does not apply to:

- | Strata titled hotel or motel if the owner may not use the property as a principal residence due to mandatory provisions in a rental pool or rental management agreement.
- | Properties where owners hold a fractional interest and cannot use the property as their principal residence due to mandatory provisions in a fractional ownership agreement.
- | Time Share properties.
- | Home exchanges.
- | Lodges, i.e., accommodation that is provided by an operator of outdoor recreational activities (e.g., hunting, fishing, water sports).
- | Living accommodation primarily for students or employees of an educational institution that is owned or operated by the educational institution or a non-profit organization.
- | Strata corporation guest suites intended mainly for people visiting strata residents.

Zoning Bylaw

Commercial Temporary Accommodation is defined as "accommodation for the travelling public for a period not exceeding 30 continuous days or 30 days in a calendar year." Commercial Temporary Accommodations are prohibited in residential zones. Meaning that entire residential properties cannot be commercially rented out as temporary accommodations (less than 30 days). Most conventional online short-term rentals will rent out an entire self-contained unit such as a house.

A Bed and Breakfast is defined as "an accessory use within a single detached dwelling that provides temporary lodging for tourists and visitors where guest rooms are rented to any individual or group." Meaning the traditional style of Bed and Breakfast where rooms (not full units) are rented out is permitted as a Home-Based Business under certain conditions. The City currently requires these types of traditional bed and breakfasts to have a business license, they are not permitted outside of a principal dwelling (which must be a single-detached), the principal dwelling must be occupied by the owner of that dwelling, and they are only permitted in the R-1, I-1, I-2 and CD-01 zones. Online short-term rental companies can be used to advertise these types of accommodations, but they are less common.

IMPLICATIONS OF RECOMMENDATION

COMPLIANCE WITH STRATEGIC PILLARS:

Economic Development – Enhance community economic development to provide opportunities and sustainability for Fort St. John.

COMPLIANCE WITH STRATEGIC PRIORITIES:

Council's current policies regarding short-term rentals serve to support our hospitality industry and thus stimulate economic activity within Fort St. John.

GENERAL:

Planning staff support opting out of the Principal Residence Requirement as our Zoning Bylaw adequately addresses regulations for short-term rental housing.

ORGANIZATIONAL:

Should Council move to make a request to the Ministry of Housing to opt out of the Principal Residence Requirement, the next request to opt out will be required in 2025 before March 31.

FINANCIAL: N/A

FOLLOW UP ACTION: Should Council move to make a request to the Ministry of Housing to opt out of the Principal Residence Requirement, planning staff will forward a copy of the resolution to the Ministry.

COMMUNITY CONSULTATION: N/A

COMMUNICATION: N/A

DEPARTMENTS CONSULTED ON THIS REPORT: N/A

Attachments:

Attachment 1: Letter from City to Minister

Attachment 2: Minister's Response

Attachment 3: Principal Residence Requirement Exceptions

RESPECTFULLY SUBMITTED:

Sam Loran, Planner I
13 Feb 2024



City of Fort St. John
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Minister Ravi Kahlon
PO Box 9041 Stn Prov Govt
Victoria, BC V8W 9E1

November 20, 2023

Dear Honorable Ravi Kahlon,

I would like to write today about the BC Short Term Rental Accommodations Act. This Council appreciates the many innovations and investments which are being made by the BC Government at a time when there is an acute housing crisis in many parts of the Province. You are to be commended for striving towards meaningful solutions.

When drafting legislation applicable throughout the Province, I would encourage you to give some thought to the unique circumstances and contexts of Northern and remote communities which are much different than communities in the Lower Mainland, Vancouver Island, or the Southern Interior. Although we understand the value of consistency in the application of legislation, there may be better solutions to the housing crisis as it is being experienced here in Fort St. John.

It is our intention to opt out of the application of this legislation for our community. In part, this is because Fort St. John's vacancy rate is substantially higher than 3%. Additionally, commercial rentals and short-term rentals are actually a very important economic driver for the region. Here these rentals do not serve the tourism industry or provide alternatives to hotel accommodation. Rather, they provide housing for our industrial sector to be able to provide workforces in support of various projects at all scales throughout the region. The availability of these rentals allows many economically vital projects to be viable. This approach to housing by our major industry players provides one additional option rather than remote work camps.

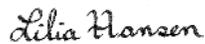
While researching this legislation and determining whether this proposed legislation would be beneficial for Fort St. John, we learned something that may provide insight in housing policies applied to this region. Here in Fort St. John, there are many vacant suites and units throughout the community. There are also many people who are looking for accommodation. The issue arises in the qualification of tenants for these spaces. Either by virtue of their rental history, credit rating, income level, or other factors, they do not meet the eligibility to be considered for tenancy. As such, freeing up more rental spaces will not appreciably move the needle on this issue.

What may be worth considering as a possible solution would be a Provincial Government program which would provide security for marginally qualified tenants to provide landlords with income certainty, and security that their accommodations would be secure in the event of damage or adverse behavior. This type of solution

would provide housing options for people who are attempting to re-enter a tenancy, and would provide security to the commercial landlords expecting to provide this shelter. A program like this would have a substantial and immediate impact on homelessness in our community, allow folks to re-enter the workforce with the stability of being sheltered, and increase occupancy of many units which sit on the sidelines currently. We would propose that such a program would essentially take the form of an insurance policy to provide confidence to both sides of the rental equation.

In closing, I know you will appreciate that our community made an announcement last week that we are partnering with VRS communities (a non-profit) to build a 115 Unit Seniors Affordable housing complex. We have felt supported by the Province during this process and are excited to see this fabulous project come to fruition. If there are any additional grants or supports which may be available to VRS, these would translate directly to affordability for our local seniors and be incredibly impactful.

Sincerely,



Mayor Lilia Hansen
On Behalf of Fort St. John Council

cc: Ministry of Municipal Affairs
Honourable David Eby



BRITISH
COLUMBIA

VIA EMAIL

Ref: 63053

January 10, 2024

Her Worship Lilia Hansen
Mayor of the City of Fort St. John
10631 - 100th Street
Fort St. John BC V1J 3Z5
Email: lhansen@fortstjohn.ca

Dear Mayor Hansen:

Thank you for your letter of November 20, 2023, regarding the *Short-term Rental Accommodations Act* and for sharing your concerns about the unique housing challenges experienced in rural, remote, and northern communities.

The new *Short-term Rental Accommodations Act*, passed on October 26, 2023, will allow the Province to take a larger role in the regulation and enforcement of short-term rentals (STRs) to ensure the protection of long-term housing stock for BC residents. Specifically, the legislation:

- Gives local governments more effective tools by increasing fines, requiring data-sharing from online platforms, and improving platform and host accountability, which will make it easier for local governments to enforce their bylaws.
- Supports the return of STR units to the long-term rental market by limiting STRs in BC to principal residences only – plus one additional unit on that property (e.g., a secondary suite or accessory dwelling unit) - for BC municipalities over 10,000 people and adjacent communities.
- Strengthens enforcement by creating a province-wide STR registry and compliance unit to make sure the rules are being followed by STR platforms and hosts.

The legislation is being brought into force in a phased approach beginning in fall 2023 until the end of 2024. Starting on May 1, 2024, the principal residence requirement (including definitions of exempt areas or accommodations), and removal of the legal non-conforming use clause for STRs will take effect.

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**Office of the
Minister of Housing**

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The first round of regulations was approved on December 7, 2023, and set out additional details on the principal residence requirement, including timelines for eligible local governments to request to opt out of the requirement:

- Municipalities with a population over 10,000 and a rental vacancy rate of 3 per cent or more (for each of the two previous years) can request to 'opt out' from the principal residence requirement if they choose. Adjacent municipalities to these communities (<10,000 within 15 km of a municipality where the PR requirement applies) can also opt out.
- Eligible local governments can submit a resolution requesting to opt out to the Minister of Housing. This should be accompanied by background information and rationale for the request.
- The request must be submitted by March 31 to take effect November 1 of the same year. Note: For 2024 only, an accelerated opt-out process will be established allowing eligible communities to avoid having the principal residence requirement come into effect. Requests must be submitted by February 29, 2024, and will take effect May 1, 2024 (if approved).

More information, including policy guidance for local governments on the new rules, is available online at: <https://www2.gov.bc.ca/gov/content/housing-tenancy/short-term-rentals>. We are committed to working with local governments to help navigate changes resulting from the legislation, while ensuring local governments can continue to regulate STRs based on local needs.

Your letter also highlighted the use of STRs for the industrial sector as well as challenges experienced by prospective tenants qualifying for long-term rentals. I appreciate you sharing these insights and the issues facing people living in communities like Fort St. John.

Your suggestions to provide security for marginally-qualified tenants have been provided to ministry staff for consideration as we move forward with the next phases of our work on short-term rentals as well as with other key actions through the Province's *Homes for People* action plan and *Belonging in BC*, our collaborative plan to prevent and reduce homelessness. We understand that there is an urgent need to create more options for those struggling to find affordable housing, and that a range of measures are required to respond to the need for housing, and I appreciate the insights you have offered about the particular types of challenges you are seeing in your community.

Her Worship Lilia Hansen
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To help support people looking for secure tenancies, the Tenant Resource and Advisory Centre (TRAC) offers [Renting it Right](#), a free online learning platform that teaches tenants how to find rental housing, understand basic tenant rights and responsibilities, and learn how to resolve legal disputes with landlords. In addition to these courses, TRAC offers free legal representation, phone assistance, educational workshops, and plain language publications. More information about the full range of TRAC's programs and services are available on their [website](#).

Furthermore, government has invested \$10 million to support community-based rent banks to support renters who may struggle to pay their rent or security deposits. Rent banks provide interest-free loans for tenants in urgent circumstances so they can remain housed. These loans can be applied to tenants' rent or essential utilities, or to a security deposit for a new rental. More information is available on the [BC Rent Bank website](#).

In addition, the Residential Tenancy Branch (RTB) [website](#) offers a number of resources to ensure a successful tenancy, including tips, checklists, and legal information for landlords. Landlord BC also offers an e-learning program called [I Rent It Right](#), designed to provide landlords and rental property managers with the fundamental knowledge of operating a rental housing business in BC. The program also assists renters in identifying knowledgeable landlords who are committed to providing safe, secure, and professional rental housing. For more information about groups and organizations that can assist tenants, please visit the RTB's [Resources and Calculators webpage](#).

Thank you again for taking the time to write. I appreciate your engagement with the Ministry of Housing on these important issues and look forward to our continued partnership in tackling housing challenges in BC communities.

Thank you again for writing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ravi Kahlon', written in a cursive style.

Ravi Kahlon
Minister of Housing

3.1.2 Provincial Principal Residence Requirement



WHAT'S NEW: Effective May 1, 2024, in areas where the principal residence requirement applies, short-term rentals will be limited to

a host's principal residence and either a secondary suite or accessory dwelling unit (ADU) for most types of accommodation. Hotels, motels, strata hotels, and some other types of properties are not bound by the requirement anywhere in the province.

"Principal Residence" means the residence in which an individual resides for a longer period of time in a calendar year than any other place.

"Secondary Suite" means an accessory dwelling unit that is located in, and forms part of, a primary dwelling unit.

"Accessory Dwelling Unit" means a building, or part of a building, that:

- is a self-contained residential accommodation unit;
- has cooking, sleeping and bathroom facilities; and,
- is secondary to a primary dwelling unit located on the same property.

Exemptions

The legislation provides a province-wide framework, with the principal residence rules designed to target areas with high housing needs, while ensuring smaller communities and tourist destinations that are more dependent on short-term rentals or lack suitable overnight accommodation can continue as-is, or opt-in if they choose to.

The principal residence requirement will apply in communities over 10,000 in population, and some smaller neighbouring communities as listed in the regulations. Rural communities (municipalities with under 10,000 population and regional district electoral areas) and resort

municipalities will be exempt from the principal residence requirement, but may request to opt in, as per section 15 of the Act and the regulation. Mountain/ski resorts in rural areas are also exempted, with no opt-in provision.

The principal residence requirement will apply to municipalities with a population over 10,000 initially by default. Those with a rental vacancy rate over 3% (for two consecutive years) will have the opportunity to request to 'opt out' from the principal residence requirement if they choose. Smaller municipalities that are less than 10,000 in population but within 15 km of a municipality that is larger than 10,000 in population and that meets the above vacancy rate criteria can also request to opt out – these are the same neighbouring or "adjacent" communities, as listed in the regulation.

Note: Although an area or accommodation type may be exempt from the principal residence requirement, STR hosts will still be subject to the other requirements of the legislation, including the requirement to register with the Province once the registry is operational.

Exempt Land (from Principal Residence requirement):

- Regional district electoral areas (except University of British Columbia and the University Endowment Lands), with a choice to request to opt in by board resolution.
- Municipalities with populations less than 10,000 and are not within 15 km of a larger municipality (as specified in the regulation), with a choice to request to opt in by council resolution.
- 14 resort municipalities, with the choice to request to opt in.
- 44 mountain resorts / ski areas, comprising regional/destination resorts, BC Parks resorts, some private resorts, and community ski resorts, with no provision for opting in.*

- The trust area (as defined in section 1 of the *Islands Trust Act*), with a choice for local trust committees to request to opt in.*
- Land with BC Assessment farm class (Class 9), whether in the Agricultural Land Reserve (ALR) or not.*

*Note: Lands described in the final three bullets would remain exempt if the municipality or regional district surrounding them requested to opt in.

Accommodation Types Exempt from Principal Residence requirement:

- Strata titled hotel or motel if the owner may not use the property as a principal residence due to mandatory provisions in a rental pool or rental management agreement.
- Properties where owners hold a fractional interest and cannot use the property as their principal residence due to mandatory provisions in a fractional ownership agreement.
- Time Share properties.
- Home exchanges.
- Lodges, i.e., accommodation that is provided by an operator of outdoor recreational activities (e.g., hunting, fishing, water sports).
- Living accommodation primarily for students or employees of an educational institution that is owned or operated by the educational institution or a non-profit organization.
- Strata corporation guest suites intended mainly for people visiting strata residents.



KEY CONSIDERATION: While the provincial principal residence requirement will be enforced at the provincial level, local governments should not grant zoning (or other permission) to short-term rental hosts, where inconsistent with the provincial legislation.

Local governments may wish to review their bylaws and consider whether any updates may be warranted in light of the new provincial rules.

Enforcement of Principal Residence related statutes:

After May 1, 2024, where the provincial principal residence requirement applies, the provincial compliance unit will be responsible for enforcing the provincial principal residence requirement. Local governments will continue to be responsible for enforcing any applicable bylaws.

Where the host is a tenant, the Province may also consider their tenancy agreement to verify principal residence status. Some local governments have established a Landlord Consent Form as part of business licensing to confirm that the property owner does not object to the short-term rental.

Some local governments have also implemented a Strata Consent Form as part of business licensing to confirm that the strata does not object to the short-term rental.

Farm Class Assessment

Property that includes farm land (Class 9) is exempt from the provincial principal residence requirement, regardless of whether the property is in the Agricultural Land Reserve. Where a host is claiming to be exempt from the principal residence requirement due to farm class assessment, the Province is responsible for ensuring that the property includes land with the appropriate classification (Class 9).

Farm status is classified by BC Assessment based on a property's **Assessment Roll Report**. Such reports may be obtained from BC Assessment, using [BC Online](#).

More information about farm classification may be found online: [Apply for farm classification \(bcassessment.ca\)](#)