

Background

Council wished to increase oversight of Short-Term Nightly Rentals as there are community and neighbour concerns that some of these rentals are exceeding the terms and conditions of their Business License approval.

Council recognizes the need for STNRs in the resort accommodation market and wishes to balance that with resources required to regulate and manage STNRs.

The Municipality has had marginal bylaw enforcement for the past few years due to staff shortages. Over the past 12 months, we had only one bylaw officer, working 5 shifts per week. Some complaints were not answered as bylaw was not available that evening and some of those calling did not leave messages. Full nightly bylaw service requires a minimum of 3 staff persons, a supervisor who will handle up to 4 nightly shifts and two additional staff managing an additional 10 shifts per week. Given the council request to have full-time bylaw services as well as the Granicus Monitoring system at a cost of \$35,420, staff have calculated the salary and wage costs to \$281,600 per year. Uniforms, Training and Equipment costs will add another \$27,590 per year. Total costs for 2024 are estimated at \$344,610, this is an increase of \$200,736 or 139% over the budget for 2023.

Council suggested that these costs were driven to a large degree by the unsupervised short-term rentals and therefore council gave direction to staff to investigate increasing business license fees for STNR in non hotels properties to recover a significant portion of the additional costs. Rationale: If these properties create a greater need for bylaw enforcement, then they should carry a proportionate amount of the costs. Council noted that a minimum of 25% of bylaw cost should be covered by the property taxpayers in general.

Council does not wish to penalize STNRs, council seeks to pass increased costs of monitoring and bylaw enforcement to those properties where enforcement issues have occurred.

Why are Business Licensing fees not similar for all business or related to the size of the businesses measure by revenues or employees?

Council noted that most businesses pay business property tax classification that is based on a mill rate that is 2.75 times higher than residential property tax classifications. Accommodation properties in the Village Core area pay 'split classification' property taxes, a portion of their property taxes are business property taxes and a portion is based on residential property taxation. The percentage of business taxes is based on the number of nights that the property is rented per year as verified by the property managers. Again, the business tax rate is 175% higher than the residential mill rate. Depending on occupancy levels, based on assessed values, on average, these properties are likely to pay double the rate of residential properties.

Comparing license fees across categories does not reflect the whole picture of fees/taxes paid versus benefits received and overall contribution to the resort community as a whole.

Businesses already pay a much larger portion of service costs however STNR business only pay the residential property tax amount.

It has been suggested that these changes create an unfair advantage for hotels and risks driving these businesses out of the market. As pointed out above, condo-hotel owners might suggest that because they pay higher business property taxes while STNRs pay only residential property taxes, and that they have much higher costs as they operate 24 hour front desk services and provide on-site security and nuisance control internally within their operations, they face an unfair disadvantage.

Do Tourist Accommodation strata properties pay the same Business License fees as Single family short term rentals?

Yes although most strata STNRs are much smaller in bedrooms counts, so the fees are less for Strata STNRs but still based on the number of bedrooms.

Will this not make employee housing more expensive?

Long term rentals do not require a business license and council is hopeful that more owners might consider leasing to reliable long term employees or to Sun Peaks businesses.

Did Council have a review of other resort communities?

The following report provides this information.

It should be noted that several Resort Municipalities communities do not permit any short term rentals within residential subdivisions, namely Whistler and Osoyoos. Tofino has increased fee to support the cost of enforcement and our similar to the recommendation for Sun Peaks. Many of the RM communities are presently reviewing fees for 2024.

Should there be a difference in fees for home rentals as opposed to Tourist Accommodation strata properties?

This was not reviewed in detail as council focused on non front desk properties and believed that the Tourist Accommodation strata properties would be paying smaller amounts because of the number of bedrooms.

Why were STNR properties increased at a higher percentage while other businesses faced increased percentages that were lower?

This was based on the increase in costs for the monitoring and enforcement costs related to the STNR oversight.

Why were STNR businesses not given more notice of these changes and given time to build the new costs into the winter operations?

As the new enforcement costs become obvious, council moved quickly to find a method to recover the increasing costs that was fair to all property owners. In hindsight, it would have been better to have communicated these cost increases with better explanation than in council room discussions and with more notice so that businesses could adjust their pricing.

City of Kamloops:

- City of Kamloops does not currently permit STNRs (only bed & breakfast/boarders & lodgers as per zoning bylaw. Currently 14 licenses for these businesses)
- The City estimates there are about 500 to 600 short term nightly rentals operating illegally in Kamloops

Resort Communities:

Staff canvassed the 13 other resort communities and received the below responses from nine (9) of them. A few things should be noted:

- Many of the existing business license fees for these resort communities were implemented a long time ago (for example, radium hot springs business license fees are from 2001)
- The changes in legislation have prompted many local governments to review their STNR regulations and fees
- Anecdotally from speaking with other resort communities, they have seen an increase in staff resources required to manage STNRs and an increase in bylaw enforcement
- Each resort municipality is different (tax base, budgets, staffing, resources, number of STNRs etc.)

Invermere	The District of Invermere Council is considering proposed amendments to Invermere’s Business Licencing Bylaw to better manage the operation of Short-Term Rental Accommodation units (STRS) in Invermere. \$250 for STR Business License application review (regarding of whether application is approved or not) + annual license fee of \$150
Osoyoos	Currently going through a review (STNRs currently not permitted in Osoyoos but
Tofino	Increased STR fees 50% in 2017 to support the cost of enforcement. Fees are approximately \$504.59 regardless of the number of bedrooms plus \$166.46 for each additional sleeping unit
Revelstoke	Increased to \$500 in 2023
Rossland	Bringing forward increase in fees to Council in early 2024 (currently up to \$250)
Whistler	Not reviewing fees at this time (currently \$190 + \$25 a guest
Ucluelet	Currently \$450 plus \$175 for each additional unit
Harrison Hot Springs	Not reviewing fees at this time (currently \$150)
Radium Hot Springs	Reviewing STNR regulations in 2024 and expectation that fees will be raised at that time (currently \$125)

Bylaw Enforcement

- Complaints are logged manually. Without an online bylaw tracking system or software, the municipality does not have reliable recorded data. Looking to modernize and establish an online bylaw tracking system
- A number of our bylaw issues are derived from STNR properties in residential areas, albeit from a select few properties. The amount of enforcement time dealing with bad STNRs is significant and complex
- Bylaw staff report that complaints and investigations involving STRs compared with other bylaw complaints and investigations take up significantly more time and resources as they usually relate to noise and over-occupancy
- STNR complaints can take more time to resolve, in particular if the on-mountain contact does not respond or is not listed.

Bylaw Enforcement Expenses below:

	2022 YTD	2022 Budget	Estimate YTD 2023	2023 Budget	2024 Budget	
Revenue						
Grants, Contribution & Donations	-	-	7,940	-	8,000	
Sale of Service, Fees & Charges	86,985	84,100	94,073	86,550	259,850	
Revenue Total	95,004	84,100	102,631	86,550	267,850	
Expenses						
Administrative/Office Costs	(2,475)	(5,100)	(29,956)	(32,024)	(35,420)	Granicus
Amortization	(2,650)	-	-	-	-	
Equipment, Supplies & Uniforms	(241)	-	(700)	(600)	(600)	
Other	(15,203)	(15,000)	(17,108)	(15,000)	(15,000)	
Salaries, Wages & Benefits	(67,891)	(99,490)	(82,473)	(86,050)	(281,600)	Includes 2 Full time bylaw & Sup
Staff Development & Recruitment	(1,736)	(3,000)	(607)	(3,800)	(5,500)	
Vehicles	(5,239)	(7,000)	(4,510)	(6,400)	(6,490)	
Expenses Total	(95,433)	(129,590)	(135,354)	(143,874)	(344,610)	
Surplus/(Deficit)	(429)	(45,490)	(32,722)	(57,324)	(76,760)	

Anticipated Business Licence Revenue for 2024 with the increases:

Type	Amount for 2024	Total #
1.1 Non licensed restaurant/snack bar	1,500	5
1.2 Licensed full service restaurant/bar 50	1,200	4
1.2A Licensed full service restaurant/bar 100	2,000	5
1.2B Licensed full service restaurant/bar 101	3,500	7
1.4 Liquor/Beer and Wine/Marijuana Store	1,000	2
2.1 Professional/Contractor Services	19,200	128
2.2A Retail/Rental/Real Estate <93 m2	3,000	15
2.2B Retail/Rental/Real Estate 93-185 m2	2,400	8
2.2C Retail/Rental/Real Estate >185 m2	300	1
2.3 All other business	5,250	35
3.1 Ski Lift Operator	700	1
3.2 Gold Course Operator	700	1
4.1A Hotel/Rental Property Managers < 25	1,400	4
4.1B Hotel/Rental Property Managers 25-100	2,400	6
4.1C Hotel/Rental Property Managers >100	1,000	2
4.2 Short Term Rental Properties-Studio-2BR	85,400	224
4.2A Short Term Nightly Rentals 3+ Bedrooms	120,000	160
Grand Total	250,950	608

Tax Levy showing what the levy would be if short-term night rental properties were taxed at the business rate versus the residential rate:

Tax Levy 2023

Folio #	Based on Residential Mill Rate (100% Class 1)	Based on Business Mill Rate (100% Class 6)	% Increase 100% Class 1 to 100% Class 6	Based Split Class (1/3 Class 6 and 2/3 Class 1)	% Increase 100% Class 1 to 1/3 Class 6 and 2/3 Class 1
380	546,864.53	1,098,539.55	201%	771,043.22	141%
4					
384	546,864.53	1,098,539.55		771,043.22	

New Folios in 2023

STNR Property Levy 546,864.53
 Total Tax Levy 2,590,589.26 21%