

Short-Term Rental Accommodations Act (STRAA)

SRD Questions Posed & Answered by the Ministry of Housing on March 20, 2024

Thank you for your email of March 19, 2024 following up on previous correspondence with the ministry on the *Short-Term Rental Accommodations Act* and the principal residence (PR) requirement. As a Director in the Housing Policy Branch, I am able to reply.

I have included responses to your questions below.

Follow-up questions:

Question 7: *If an STR is not listed on online platforms such as AirBnB could it still operate through private bookings or their own stand-alone website; will these operators be required to register with the Province and will they still be monitored for principal residence requirement?*

- The Act applies to short-term rentals being offered to the public including:
 - Offers hosted by a platform, where people reserve and pay for the rental service (which may include for example, Airbnb, VRBO, Expedia, and FlipKey)
 - Offers on other web listing forums (which may include for example, Facebook Marketplace, Kijiji, and Craigslist)
 - Listings in classified ads in newspapers
- This means that smaller STR platforms offering STRs to the public would fall under the Act and regulations and will need to comply with the new rules. This includes the future requirement to register with the Province.

Further to the above, if an STR operator is only using their own private website to list their STR, would this STR have to comply with the Provincial requirements?

- **To clarify - yes, an STR operator using their own private website to list an STR to members of the public is required to comply with the applicable Provincial rules under the Act and regulations.**

Question 12: *Have you determined drawbacks for which rural areas would not benefit from opting in? What do you visualize as the most beneficial reasons for opting in?*

- Benefits of opting in or out of the principal residence requirement are dependent on the unique needs and circumstances of each community.
- The biggest advantage from opting-in is having provincial enforcement of the provincial PR requirement and broadly the biggest drawback is the inability to create tourist zones that allow commercial STRs to continue to operate (with the exception of strata hotels and timeshares).
- Also note that the regulations allow for eligible communities to opt-in to the principal residence requirement on March 31st of each year – so there will be future opportunities to opt-in future years.
- For clarity, the opt-in process allows exempt communities to opt-in to *the principal residence requirement* under the new short-term rental rules. Other parts of the Act will apply across BC, even in communities where there is no PR requirement. For example, applicable short-term rentals across the province will be required to register through a provincial registry system in later phases of the program. More details on that process will be available soon.

Further to the above, for those areas that opt-in, the local government is not able to create tourist commercial zones to allow for STRs to continue to operate, nor create new zones to allow new STRs to operate outside of the principal residence requirement. So, would this mean that anything that is or will operate in a tourist commercial zone must be either a hotel, motel, or resort with cabin-like accommodations. How would this differ from someone using a tourist commercial zone with multiple residences to rent out as short-term rentals?

- In jurisdictions where the provincial principal residence requirement applies, including any who wish to opt-in to the PR requirement, provincial enforcement of that will apply to the entire jurisdiction and will not be zone specific.
- This means that the PR requirement would apply in all areas, regardless of local government zoning (with the exception of any exemptions outlined in the Act or regulations). For example:
 - The Act does not apply to hotels and motels (as you've identified above), vehicles, or tents and other temporary shelters
 - Exemptions from the PR requirement include:
 - Strata titled hotels or motels.
 - 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.
 - 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.
 - Farm land (whether in the Agricultural Land Reserve (ALR) or not
 - All other property types would be subject to the PR requirement.
- To clarify, local governments can continue to have tourist and other zoning – the PR requirement will just apply the same across zones.
- Also note that while the PR 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.

Question 5: *If someone owns a property with two homes on it and has a long term renter in one of the homes, what is the process for having that renter be registered as the host of the short term rental? Is that done through the BC Govt registry?*

- We recognize that there are arrangements where someone other than the property owner may be operating a unit as a short-term rental.
- For example, there are circumstances where a tenant with a long-term lease for a unit can offer their unit as a short-term rental. In this situation, the tenant could be a 'property host' under the Act as they: are legally entitled to possession of the property (through a long-term lease agreement), and have responsibility for arranging the short-term rental offer
- There are also circumstances where someone other than the owner (such as an individual or corporation) manages a short-term rental on behalf of the owner.

- The Act includes the definition ‘supplier host’ which includes ‘property hosts’ as well as a person who, acting on behalf of, under the direction of or as agent of the property host, has responsibility for arranging for the short-term rental offer, which may include managing the short-term rental accommodation services.
- Both property and supplier hosts under the Act are the persons responsible for arranging the STR listing. Solely cleaning or welcoming guests would differ from arranging an STR offer/listing.
- As for the provincial registration process, more details on the provincial registry are forthcoming.
- By late 2024, the Province will establish a short-term rental registry.

Further clarity on the definition of ‘supplier host’. From the answer to question 5 it sounds like a property host and supplier host are permitted under the STRAA. What deciphers a ‘property host’ from a ‘supplier host’. Can both relate to a long-term tenant? Is a ‘supplier host’ someone off-site?

- Under the new rules, there are requirements for both owners (or long-term tenants) renting their property as a short-term rental, as well as third-party STR property managers managing properties on behalf of an owner or long-term tenant.
- The terms ‘property host’ and ‘supplier host’ are used in the Act to help distinguish between these different requirements.
- “Property host” means a person:
 - who is legally entitled to possession of the property with the short-term rental (e.g. an owner or long-term tenant), and
 - is responsible for arranging for the short-term rental offer on the property.
- As above, the “supplier host” includes a person:
 - is responsible for arranging for the short-term rental offer, *and*
 - a person who, acting on behalf of, under the direction of or as agent of the property host and is responsible for arranging the STR offer (or managing different aspects of the STR)
- This distinction is helpful, for example, under the description of the PR requirement, which refers to a ‘property host’s’ principal residence.
- Depending on the arrangement, a ‘supplier host’ may or may not be a person operating off-site of the property.
- Implications of the Act for a long-term tenant would be dependent on the specific circumstances. For example, in communities where the PR requirement applies, a long-term tenant occupying the home as their principal residence could rent out that home as an STR (subject to an applicable lease agreement).

Additional questions:

1. Under the principal residence requirement, if a property is already commercially zoned will it be able to run STRs if the property is NOT the primary residence of the host?
 - As stated above, in jurisdictions where the provincial principal residence requirement applies, including any who wish to opt-in to the PR requirement, provincial enforcement of that will apply to the entire jurisdiction and will not be zone specific.
 - This means that the PR requirement would apply in commercially zoned areas.
 - If a property or type of accommodation is not exempt under the Act or regulations, STRs would be limited to a host’s principal residence plus one secondary suite or accessory dwelling unit on the same property.

2. Will communities that opt-in to the principal residence be able to rezone properties to commercial and have it be used for STRs if the property is NOT the primary residence of the host?
 - **As with the response above, the PR requirement would apply in all areas including commercially zoned areas.**
3. If a regional district electoral area opts out, does this mean they can disregard enforcing regulations on STRs in residential zones (if they choose), or will cooperation with the province to enforce on non-conforming STRs still be mandatory?
 - **In areas where the PR requirement does not apply, local governments may still regulate STRs in a PR (if they choose) at the local level. The Province will not enforce local regulations.**
 - **Note that some elements of the Act will apply to all communities across the province. For example, when the provincial registry is established, STR hosts will be required to register their STR, even in areas without a PR requirement.**
 - **While the Province will be responsible for enforcing the new provincial rules, local governments will remain responsible for implementing their own bylaws at the local level.**
4. What information will the province require from STR owners for the short-term rental registry?
 - **Additional details on the Provincial registry will be available in later phases of the program. The registry is anticipated by late 2024 or early 2025.**
5. What if any research has been done on the potential impact in the tourism sector, and the potential job loss that may arise from removing STRs, especially in areas where there are little hotels or hotels in those areas have been turned into housing initiatives for the homeless.
 - **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 overall approach to short-term rentals aims to balance the goal of returning units of housing back to the long-term housing market, with the rights of property owners, and the needs of tourism dependent communities.**
 - **We also recognize that the tourism sector has been impacted negatively by the current housing crisis and workforce housing is a top priority for many in the sector.**
6. What consultation process did the provincial government engage in with municipalities, electoral areas, tourism representatives, citizens and stakeholders beyond the hotel industry when drafting this legislation. It is many citizens understanding that this legislation was drafted utilizing the “McGill Report” which was funded by the BC Hotel Association (which should be a clear conflict of interest).
 - **The Province undertook extensive engagements with partners and stakeholders including Indigenous partners, other Provincial ministries, local governments, industry experts, tourism organizations, platform service providers and the Union of BC Municipalities (UBCM).**
 - **In 2021, the Joint UBCM-Province Advisory Group on Short-Term Rentals released a final report outlining recommendations related to local needs and regulation of STRs.**
 - **This report was also used to inform development of the legislation.**

7. Is the province aware of the federal GST implications for those forced to change their property's use. For anyone who switches from a majority income producing use back to a personal or exempt use (like renting out as a long term rental) or selling, there would be a GST implication applied to the current market value of the property that gets triggered. Forcing a tax implication this large on homeowners can force them to sell or lose their home and put them at financial risk, has the province considered this collateral damage when creating this new legislation?
- **We appreciate you raising this concern, which the program team is aware of.**
 - **The Province understands that the principal residence requirement, and legislation broadly, may affect some homeowners – but today in BC there are too many people who cannot find a place to live.**

Thank you again for taking the time to write. We hope you find this information helpful. Please let us know if you have any additional follow-up questions.

Sincerely,

Hannah Rabinovitch
Director
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Ministry of Housing

cc: Mark Hosak