

Short-Term Rentals Public Engagement

2017-02-21

Senior Citizen's Drop In Centre

FERNIE
CITY OF FERNIE

Short Term Rentals

What is the Solution for Fernie?

What is an STR (short-term rental)?

Short-term rental (STR) is the accommodation of guests in a residential unit, secondary suite, or house for less than 30 consecutive days. The owner is on-site and do not operate as a taxed, commercial business.

Tourism Industry Association of BC (TIABC): Those that benefit from tourism promotion should contribute towards it. Hospitality workers need affordable accommodations. Guests and visitors deserve quality, safety and consumer protection. (Source UBCM.CA)

What is the Solution for Fernie?

Who has authority over short-term rentals?

In BC, municipalities have authority over short-term rentals. Rental periods of less than 30 consecutive days are typically considered tourist accommodation.

Tourist accommodations are often booked under online platforms such as AirBnB or VRBO. While they have been around for quite awhile, they are gaining in popularity. Municipalities are now faced with updating regulations and bylaws to respond to this growing trend and to make the situation fair and equitable to the accommodation sector, address complaints made by residents and to ensure the safety of visitors to Fernie.

Depending on the municipality, short-term rentals may be:

- allowed under a specific bylaw
- allowed under a residential zoning bylaw, for example, if the property owner is on-site and runs a legal bed and breakfast (B&B)
- not allowed
- not dealt with yet

I want to operate a short-term rental...



I want to rent a room in my home to a shift-worker. The lease will be on a month-to-month basis. This will help supplement my income and help pay my mortgage.

Is this allowed?

YES, this type of use is not only allowed, it is encouraged. You live in your home full time and you are renting the room for periods of 30 days or more. You are helping the issue of affordable housing in our community.



I bought a second home in Fernie. I only come to visit Fernie every second weekend so I would like to list my home on AirBnB and make some money on the side.

Is this allowed?

NO, this type of use for a home is not allowed in Fernie. Most residential areas in Fernie are zoned R1 and R1B. This means that unless the homeowner is present, no commercial activity will take place. A bed and breakfast is allowed in these residential areas provided that the homeowner is present.

STR Public Engagement Session

Senior Citizens Drop In Centre

February 21, 2017

On February 21, 2017 the City of Fernie hosted a public information session on Short Term Rentals (STRs) in Fernie at the Senior Citizens Drop In Centre. The purpose of the engagement was to gain feedback from the public on how STRs affect individuals and our community. Approximately sixty (60) people attended the session from a broad spectrum of stakeholders: STR operators, hotel accommodators, realtors, business owners and concerned citizens.

Engagement Model

The engagement session was facilitated by Jeff Zukiwsky of Zumundo Consultants. Norm McInnis, Chief Administrative Officer for the City of Fernie introduced the issue to the group noting there were eight (8) strategic questions that the group would be asked to respond to.

Mr. Zukiwsky explained the dot-mocracy format for the evening where participants are provided dots and asked to place them on the question boards in answer to the eight questions followed by group discussion of each question.



Rating and Comments	
<p>Q1: How important is it to regulate STRs in Fernie?</p> <p><i>Very Important / Not Important</i></p>	<p><i>Strong majority of participants indicated it was Very Important with a few midway between Very and Not Important.</i></p> <ul style="list-style-type: none"> • Needs to be regulated • Issues and obligations regarding safety and inspections • Negative affect – parking • Provide more clarity • Zoning bylaws to protect the neighborhoods • Designate certain areas in town • Have a level playing field – be equitable • Open up market for affordable housing • Under-utilized housing market • Houses sitting empty • Short term rentals affect the long term • Long term rental converted to STRs for profit
<p>Q2: Does STR help or hinder Fernie's tourism sector?</p> <p><i>Help / Hinder</i></p>	<p><i>Respondents were fairly evenly split between Help and midway between Help/Hinder.</i></p> <ul style="list-style-type: none"> • STR's displace the long-term people • Allows people to supplement their income • Tourist's want the option of STRs • People are opting out of long term rentals; • Long term rentals are less active • Nuance question, brings benefit to tourism • Hotels can't handle everything • STRs now biggest "hotel" in Fernie • STRs not paying commercial tax rate, do not pay for marketing- value of a hotel is the highest tax based on how much money it makes • If you do not regulate what are your options • People are visiting longer because STRs more affordable • Broad range availability for rates • Not a lot of inventory - STRs competing with everyone • Kids, parents, grandparents can travel together affordably in a home instead of having to rent several rooms in a hotel • Provincial taxation issue • BC is not set up yet as other provinces are - others are charging taxes • Recognize sharing economy is here to stay – couple years ago limited inventory – now growing

Rating and Comments

Short Term Rentals

DOT-MOCRACY

dot-mocracy:
participants place dot stickers next to ideas with which they agree

Question	Responses	
Q1. How important is it to regulate STRs in Fernie?	Very Important	Not Important
Q2. Does STR help or hinder Fernie's tourism sector?	Help	Hinder
Q3. What effect does STR have on the character of our neighborhoods?	Positive Effect	Negative Effect

Q3: What effect does STR have on the character of our neighborhoods?


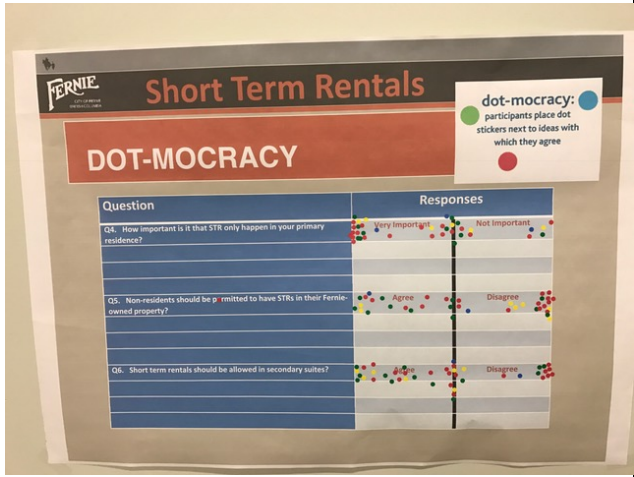
Positive Effect / Negative Effect

Majority choose Negative Effect.

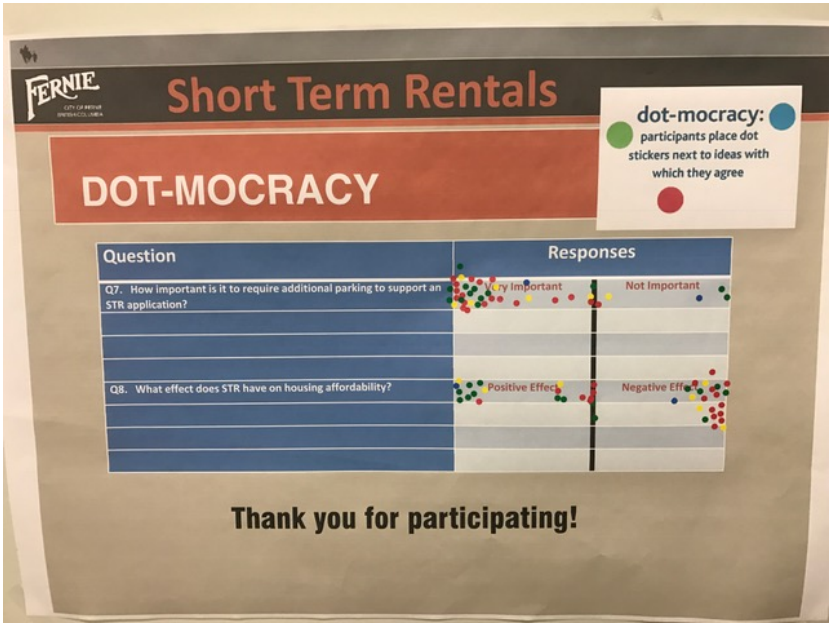
- Can leverage STR for financing especially if owner is registered
- Instead of being a dark house have it animated
- Parking is important; if enough shouldn't be problem
- Depends on whether or not the owner is in control of what is going on – strict rules
- Seasonal rental very noisy, could also happen with the STR
- Limit age of people, have to be families; older people can be just as rowdy
- Multigenerational opportunities
- Great family experience
- Doesn't have to be a party house, control it
- No pets, if people don't adhere to local rules of picking up after their pets
- Positive aspect – real estate more affordable if owner subsidizes with STRs

Rating and Comments	
<p>Q4: How important is it that STR only happen in your primary residence?</p> <p>Very Important/Not Important</p>	<p><i>Respondents were fairly evenly split between Very Important and midway between Very Important/Not Important.</i></p> <ul style="list-style-type: none"> • Tough question to answer • Zone for proper use • Despite the zoning bylaw should you use it for your primary residence • Affordability – renting residences in Fernie to make rentals affordable is not true • There is a large wave of people who would like to buy for the purpose of STR that realtors are holding back • Residential property used commercially will bring up the price to something that no one can afford to buy • If you brought in R1 then enforce the R1 rules in the community • Young people can't afford to live here • Rental suites in the house, units should be in proper zoning • Business next to residential not right • Zone it away, regulate it. Ask the question what do the 5000 people want? • It's not a simple question; Its' not black and white • Is a long-term rental a business? • STR's are not the bad guy. Some home owners are bad owners, it doesn't have to be a rental to be a bad neighbor • Zoning matters, slippery slope, zoning is the law • Zoning is part of mechanism to regulate • Bigger issue than STR - zoning is a bigger issue for the City as a whole • Bylaw enforcement is an issue • Shutting down STR's in Fernie is not the issue • More options for tourism • Can you tax short term rentals? Below GST recording threshold • Hoteliers want STRs to pay tax - could be paid at point of sale • This is a Provincial Government choice at this time • Business licence should be required - are you breaking the law if you are operating and don't have a business licence • Opening STRs to residential will not make real estate more affordable – many buyers looking for STRs vs long-term • Is long-term rental also a business? • Need flexible, modern zoning bylaw

Rating and Comments	
<p>Q5: Non-residents should be permitted to have STRs in their Fernie-owned property?</p> <p>Agree/Disagree</p>	<p><i>Slight majority of respondents chose Agree; evenly split between Disagree and midway between Agree/Disagree.</i></p> <ul style="list-style-type: none"> • Line between a legal and an illegal secondary suite • Are you encouraging people to make their existing suites less legal? no inspections • Encouraging people to be dishonest • How does it affect the community as a whole? • OCP is it at its “shelf life” - do we need a new OCP and Zoning Bylaw? • Everyone wants money; you can’t put the genie back in the bottle, the issue is here • Affordable Housing is currently being written • R1B zoning homes can have a secondary dwelling - the zoning bylaw has not solved the question • Suites are rented nightly and weekly we are losing ground • Some people have switched from long to short term rentals • Helped with affordability; no inventory on the market • Deny people due to zoning bylaw, tell people in the City the zoning bylaw doesn’t allow it • Draws people to the community as a tourist, shift away from the long term • Pro’s and Con’s for both • Buying property – then some using for unauthorized use • How do realtors advise people who want to buy? • More enforcement, more regulation and what does it look like • The needs of the tourists are different from the needs of the residents, they have separate needs and wants • Is a secondary home owner a resident or tourist • There is a need for both but regulation needs to happen; make it safe and a good experience • Fernie solution – “we don’t need to re-invent the wheel” • R1B brought in for second dwellings to assist affordable housing hasn’t solved problems • Many out of town buyers looking to purchase STRs • Long-term rental costs going up because less on market

Rating and Comments	
<p>Q6: Short term rentals should be allowed in secondary suites?</p> <p>Agree/Disagree</p>	<p>Majority of respondents chose Agree and evenly split between at midway between Agree/Disagree.</p> <ul style="list-style-type: none"> STR providers willing to get licence Need of tourists is different from residents - need to control by zoning STRs just as legitimate but don't need to be next to each other Expectations when purchase made in residential neighborhoods Once a month STR or long term party house - what is the difference between someone who has long term need or STR Fernie is a follower in this issue – smart things done elsewhere – tons of good examples to look to
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<p>Q7: How important is it to require additional parking to support an STR application?</p> <p>Very Important/Not Important</p>	<p>Strong majority of respondents chose Very Important.</p> <ul style="list-style-type: none"> Who can enforce the parking? Already parking issues everywhere in Fernie No bylaw enforcement for parking
<p>Q8: What effect does STR have on housing affordability?</p> <p>Positive Effect/Negative Effect</p>	<p>Majority of respondents chose Negative Effect.</p> <ul style="list-style-type: none"> Revelstoke capped the number of nights STR permitted per year Concerns that young adults can't afford to rent good places Bring down commercial tax rate Look at other models, Whistler has tough regulations regarding secondary suites No apartment buildings being built Viable opportunity Recognize complexity of issue

Rating and Comments	
	<ul style="list-style-type: none"> This is a much bigger question than the eight (8) discussed tonight Other impacts on affordability besides STRs



Next Steps:

Mr. McInnis noted this is a very complex issue and the City is committed to working with stakeholders to find a solution.

- BC has an exception for MRDT for 4 units and under
- Is this a commercial activity – home based business; regulate with business licencing?
- Zoning is being re-done, OCP is not a static thing, is it time to change or are they sound;
- Make changes – education – goal to have something in place before next winter;
- Currently no process for STR applications

Interested participants were invited to join a task force to develop questions for a public survey. A second public session will follow the survey.

Thank you to everyone who participated and provided their feedback on this important issue in our community!