

Date: Tuesday, July 15, 2025

To: Elizabeth Tracy, Chief Administrative Officer

From: Gwendolyn Kennedy, Manager, Corporate & Legislative Services

Subject: Short-Term Rental Regulations

PURPOSE

The purpose of this report is to present to the Committee of the Whole information on short-term rental regulations and seek the Committee's input on changes to Business Licence Amendment Bylaw No. 984, 2025.

BACKGROUND

At Regular Council Meeting No. 1621, held Tuesday, May 27, 2025, Council received a [staff report](#) presenting Business Licence Amendment Bylaw No. 984 for first, second, and third readings and passed the following resolution:

THAT Council gives first and second readings to Village of Pemberton Business Licence Amendment (Short-Term Vacation Rentals) Bylaw No. 984, 2025;

AND THAT Council directs staff to bring back the bylaw to a future meeting of Council for consideration of third reading, incorporating the following proposed amendments:

- Removal of the two-year maximum licence requirement
- Implementation of a process to manage unused licences
- Consideration of removing or increasing the current 5% cap
- Exploration of alternative methods for waitlisted individuals to obtain a licence

Since the May 27th meeting, staff have, in collaboration with students at University of Victoria's Master of Public Administration program, completed an economic analysis of short-term rental regulations in Pemberton, attached to this report as **Appendix A**. Unlike an analysis commissioned by the Village, this report was not tailored to answer specific questions of Council. However, the report provides an analysis of regulatory policy specific to the Pemberton context, and as such offers valuable insights that can assist Council with evidence-based decision making.

Staff have also compiled information in response to the concerns expressed by Council at the May 27th meeting for the Committee's consideration and comment prior to drafting the requested amendments to Bylaw No. 984.

DISCUSSION & COMMENTS

Economic Analysis of Short-Term Rental Regulations in the Village of Pemberton

The economic analysis compares three regulatory policy options: the status quo, a tightening of restrictions prohibiting short-term rental of potential long-term dwellings, and a subsidy intended

to encourage short-term rental operators to move their rental units to the long-term market. The three policy options are evaluated for effectiveness, efficiency, fairness, simplicity, and acceptability. The evaluation summary table is reproduced as Table 1 for ease of reference.

Table 1. Summary of economic analysis of three short-term rental policy options

Policy Option	Criteria				
	Effectiveness	Efficiency: CBA	Fairness	Simplicity	Acceptability
Option 1: Status Quo	0.00%	-\$2.1M	Low	High	Medium
Option 2: Prohibit STR of a PLTD	0.98%	\$5.8M	High	Medium	Low
Option 3: Subsidy	0.62%	\$8.2M	Medium	Low	High

Effectiveness measures the percent increase to the pool of housing units in the Village. Efficiency is measured through a cost-benefit analysis over a ten-year period with a discount rate of 3.6%. Fairness, simplicity, and acceptability are qualitative measures intended to capture important considerations not represented by the quantitative measures of effectiveness and efficiency.

Option 1, the status quo, represents a net loss of \$2.1 million to the community over ten years and scores “low” on fairness because it distributes benefits to a small number of short-term rental operators while the costs are borne by the broader community. The status quo receives a rank of “high” for simplicity because local and provincial programs are in place for administration of the regulations. The option is ranked “medium” for acceptability because it has been in place since 2019 and generates few complaints despite its high degree of compulsoriness.

Option 2, maintaining existing regulations and adding the prohibition of short-term rental of self-contained dwelling units, is the most effective, potentially increasing the housing supply by 0.98%. It is more efficient than the status quo, turning the net loss of \$2.1 million into a net gain of \$5.8 million over ten years. It scores “high” for fairness because costs and benefits are more equitably distributed. Simplicity receives a score of “medium”. Acceptability, however, is rated as “low” because compulsory regulations are generally perceived negatively, and the small number of short-term rental operators who would lose under this policy would voice their objections strongly.

The report recommends Option 3, the offer of a subsidy to encourage short-term rental operators to give up their business licences and move their accommodation units to the long-term rental market. Most short-term rental operators would see increased revenue by moving their units to the long-term rental market; only a few of the highest earners would suffer a loss by making the switch. The subsidy, set at \$1,000, is intended to nudge those who would gain financially to make the switch once they have full information on the personal financial gains and on the benefit of improved equity to the community. Option 3 would result in a net financial benefit of \$8.2 million over ten years and an increase of 0.62% to the housing supply and would achieve these benefits with a high degree of acceptability. The need to develop a new administrative framework gives a score of “low” for simplicity to this option.

The economic analysis is limited by assumptions that were made where local data were not available. However, all assumptions were based on reputable data and studies and are detailed in the appendices to the policy brief. Further research could be undertaken to gather more data specific to Pemberton.

The economic analysis provides evidence of the effectiveness and efficiency of short-term rental regulations in Pemberton. It would be interesting to compare the status quo to an unregulated scenario and to a scenario in which the neighbourhood cap is relaxed or eliminated. However, work by Wachsmuth and St-Hilaire¹ confirms the effectiveness of short-term rental regulations in British Columbia, and research consistently shows that short-term rentals have negative impacts on long-term housing and on hotels. A relaxation of the regulations, allowing more short-term rentals to enter the market, is likely to have a negative impact on the community, from both financial and equity viewpoints. This study offers evidence that regulations in Pemberton deliver an overall benefit to the community, and that the highest efficiency may be achievable through a politically acceptable subsidy.

Neighbourhood Cap

Council asked staff to consider increasing the neighbourhood cap or eliminating it. As shown in the policy brief discussed above, the addition of new short-term rentals to the market would reduce the long-term rental housing supply, negatively impact hotels, and result in a net financial loss to the community. As such, staff do not recommend relaxing the neighbourhood cap.

Exemptions to Neighbourhood Cap

On direction from Council, staff added a provision to Zoning Bylaw No. 832, 2028, permitting exemptions to the neighbourhood cap for homeowners wishing to rent their homes on a short-term basis while away on vacation. Section 7.24 (a) (i) reads as follows:

Where permitted, a lot may be exempted from the maximum five percent limit, on application to the Village,

Short-term rentals permitted under this exemption would not affect the long-term housing supply, although they would affect hotel occupancy. Development Services staff are drafting a policy to guide the issuance of such exemptions and will present the policy to Council for approval at a future meeting.

Managing Unused Licences

Council asked staff to propose a means to encourage or require short-term rental business licence holders who do not use their licences to give them up. There are currently three licensed short-term rental businesses that are not listed on Airbnb. However, the absence of an Airbnb listing is not proof that a short-term rental business is not active. A short-term rental operator could be advertising on one of numerous small online rental platforms that are not consistently monitored or could be relying on word-of-mouth and repeat business.

¹ Cited in Wachsmuth, D. (2024). Short-term rental regulations in British Columbia. McGill University. https://upgo.lab.mcgill.ca/publication/bc-str-2024/Wachsmuth_BC_STR_2024.pdf

If Council wishes to revoke unused licences, Council will need to give staff this authority through an amendment to Business Licence Bylaw No. 855, 2019, along with a requirement that short-term rental business licence holders submit receipts annually before renewal of a business licence as proof that they are operating an active short-term rental.

A less coercive and more politically acceptable approach would be to offer a subsidy to any short-term rental business licence holders who voluntarily relinquish their licences. Any negative impacts could be avoided by permanently eliminating these licences rather than issuing them to waitlist applicants. If Council's objective remains to increase long-term rental housing by reducing short-term rentals, revoking unused licences and giving the licences to waitlisted applicants may accomplish the reverse. Staff are seeking input from the Committee on this potential bylaw amendment because it does not align with Council's strategic priorities.

Summary

Staff are seeking input from the Committee on the management of the short-term rental neighbourhood cap and of unused licences. With this information, staff will prepare an amendment Business Licence Amendment Bylaw No. 984, 2025, for Council's consideration of third reading at a future meeting. The amendment will remove the two-year expiry of short-term rental business licences as requested by Council at the May 27th meeting and will incorporate input received today from the Committee. Also, staff require direction from Council to provide public notice of Council's intent to consider third reading of Business Licence Amendment Bylaw No. 984, 2025.

COMMUNICATIONS

There are no communications requirements associated with the Committee of the Whole's consideration of short-term rental regulations.

LEGAL CONSIDERATIONS

Council's authority to regulate in respect to business is set out in section 8 of the *Community Charter*.

BUDGET & STAFFING

The Committee's review of short-term rental regulations has no impact on the budget or staff hours.

INTERDEPARTMENTAL IMPACT

The Committee's review of short-term rental regulations has no impact on other departments.

COMMUNITY CLIMATE ACTION PLAN

The Committee's review of short-term rental regulations has no impact on the Community Climate Action Plan strategies.

STRATEGIC PRIORITIES

Because short-term vacation rentals affect long-term rental housing supply, the Committee's review of short-term rental regulations aligns with Council's commitment to *plan and manage growth*.

IMPACT ON THE REGION

The Committee's review of short-term rental regulations has no impact on the region.

ALTERNATIVE OPTIONS

There are no alternative options for consideration.

RECOMMENDATIONS

THAT the Committee of the Whole directs staff to incorporate the following changes into Business Licence Amendment Bylaw No. 984 and present the bylaw to Council for third reading at a future meeting of Council:

- *The Committee of the Whole to list the changes to be incorporated into Bylaw No. 984*

THAT the Committee of the Whole recommends to Council to direct staff to provide public notice of Council's intention to consider third reading of Business Licence Amendment Bylaw No. 984, 2025, by posting the notice once in the Pique Newsmagazine, at the public notice posting places, and on the Village website.

ATTACHMENTS:

Appendix A: Improving the supply of long-term rental housing through regulation of short-term rentals in Pemberton, British Columbia: A Multi-Attribute Trade-Off Analysis

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