



STAFF REPORT TO COMMITTEE

MEETING TYPE & DATE Electoral Area Services Committee of December 3, 2025
FROM: LAND USE SERVICES - Community Planning
SUBJECT: Short-term Rental Zoning Review
FILE: 6450-20 Short-term Rentals

REPORT SUMMARY

This report proposes an approach to short-term rentals (STRs) and the zoning changes required to cautiously expand the areas where this use is permitted in CVRD electoral areas.

RECOMMENDED RESOLUTION

That it be recommended to the Board:

1. That staff be directed to prepare draft zoning amendment bylaws for all electoral areas, identifying the zones where suites are permitted and allowing short-term rental use as an accessory use to a single detached dwelling, provided that:
 - a. The permanent resident of the principal dwelling is present on the property when the short-term rental guest(s) are present;
 - b. A business licensing bylaw is in effect and a license for the short-term rental has been issued by the CVRD, prior to any short-term rental guest being present;
 - c. The short-term rental use is limited to either an attached suite or a detached suite, or a second dwelling on the property if it is permitted by the zoning, or if the dwelling is lawful non-conforming;
 - d. No Agricultural Land Reserve properties are eligible for short term rental; and
 - e. The proposed whole home rentals will still require a temporary use permit.
2. That the Electoral Area Services Committee review the draft bylaws before consideration of three readings and adoption.

BACKGROUND

On June 11, 2025, the Board made the following resolution:

25-266 That staff be directed to research and report back to the Electoral Area Services Committee on additional short-term rental zoning amendments to support tourism-dependent communities within the region.

Historically, some CVRD electoral areas – perhaps all of them to some extent – have been seasonal recreation areas. This began at Shawnigan Lake, where it was a weekend getaway by E&N train from Victoria, and later evolved to a wider scope. With the advent of mass tourism and the Internet, this region and others on Vancouver Island have become a destination for tourists from all over the world. Tourism infrastructure is minimal in CVRD electoral areas.

Another factor in the development of the region in recent decades is the growing effect of retirees locating to Vancouver Island from other parts of Canada. In some cases, Canadians from other parts of the country have bought their future retirement home some years in advance, intending to move in permanently once they retire. What the owners do with the home before they move there may be to leave it vacant and pay the very high tax rates, rent it out year-round or seasonally to tenants, or have short-term rental (STR) use, which is not permitted at present in the zoning bylaws for most areas.

When the first zoning bylaws were developed for the CVRD, zoning practice was to create a rigid separation of land uses – residential, commercial, industrial, institutional – was the norm. For Shawnigan Lake in particular, the historical reality of seasonal use for recreation was not accommodated, and all properties were put into a residential zone of one type or another.

POLICY AND REGULATORY CONSIDERATIONS

Provincial guidance suggests that curbing or limiting STR use is advisable unless the residential rental vacancy rate is at or above 3%. There is no such data source for the CVRD electoral areas, but this does exist for some municipalities in the CVRD. The latest published data are from October 2024, but the 2025 data are probably in process right now and were released in mid-December of 2024. If this becomes available before the Committee meeting, staff will provide an update.

CMHC notes October 2024 rental apartment vacancy data:

- City of Duncan: 1.6%
- Municipality of North Cowichan: 2.2%
- Town of Ladysmith: 3.1%
- City of Langford (CRD): 4.3%

CVRD municipalities have different housing stock and rental markets than CVRD electoral areas, so making assumptions about electoral area vacancy rates by interpolation from nearby municipalities is challenging. However, municipal vacancy rates may be used as a reference and it appears that for the region, it is possible to assume a vacancy rate of 2-3% in late 2024, close to the Provincial guideline of 3%.

Changes to the rules around temporary use permits (TUP) will offer a pathway to legalize STR use in electoral areas, but the TUP process can be time consuming. It is also temporary – a TUP may be issued for a period of up to 3 years and renewed one time (6 years total). STR use may also be approved through a rezoning process although this can also be time consuming.

With (Bill 35) amendments to the *Local Government Act*, STR uses no longer have lawful non-conforming use protection (as with other land uses). This makes it possible to undertake a pilot project to enable more STR uses in electoral areas through zoning amendments without risking inadvertent and long-term protection of such uses should the pilot be unsuccessful.

COMMISSION / AGENCY / DEPARTMENTAL CONSIDERATIONS

Recycling and Waste Management Division staff have advised that there are no expected consequences should certain suites become available for short-term rentals.

PLANNING ANALYSIS

Apart from the main land use and residential vacancy rate question, the details of how and under what conditions short-term rentals operate are of primary importance. Zoning powers are inadequate to address such details, and staff are of the opinion that to maximize the chances for a STR pilot to be successful, business licensing must be in place at the same time. This is because:

- Terms and conditions on the safety of the accommodation cannot be established in a zoning regulation but can be set in a license. For example: requiring an inspection by a CVRD Building Official, with their approval being a prerequisite for permit issuance.
- Similarly, performance and nuisance standards specific to STR use can be inserted as mandatory conditions in a business license and violation of these conditions can be grounds for revoking a business license, at which point the use must cease. No simple administrative power of this type exists under zoning, and as noted above, most performance measures cannot be effectively enforced under zoning powers anyway.
- Alternatives to business licensing are wholly inadequate. The most obvious one is covenants, which can be made a condition of STR use in zoning, but covenants require regular inspections to be enforceable, even if there are no complaints or known problems, and there is no cost recovery model for this that is not administratively onerous – such as a rent charge on title.

The nature of the proposed pilot regulation for STR will determine whether it should be permitted. For example, if the approach is to permit whole home STRs where the owner or full-time resident is not present, it would be difficult to find any zone, or even small neighbourhood, where such an experiment would be well-received. Even the search for a suitable area to pilot this most liberal approach to STR would be onerous. Alternatively, a more cautious pilot regulation could be applied in more circumstances and in more electoral areas, if that cautious approach contained built-in safeguards to minimize the chances of nuisance to neighbours.

Staff propose to provide an annual progress report to the Committee concerning an assessment of the pilot program, mentioning the residential rental market vacancy rate, the degree to which there have been complaints about STR operations and any enforcement activities related to business licenses or covenants, plus an assessment of the extent to which the revised regulation has supported tourism and the related economy.

In conclusion, staff recommend a conservative approach to the pilot regulation. All but one of the options presented below are examples of that approach. Note that all options recommend that all nine electoral area zoning bylaws be amended, but if the Committee wishes to limit that to fewer than 9, that could be specified under each of these options.

OPTIONS

Option 1 (STR Pilot with Business Licensing)

1. That staff be directed to prepare draft zoning amendment bylaws for all electoral areas, identifying the zones where suites are permitted and allowing short-term rental use as an accessory use to a single detached dwelling, provided that:
 - a. The permanent resident of the principal dwelling is present on the property when the short-term rental guest(s) are present;
 - b. A business licensing bylaw is in effect and a license for the short-term rental has been issued by the CVRD, prior to any short-term rental guest being present;
 - c. The short-term rental use is limited to either an attached suite or a detached suite, or a second dwelling on the property if it is permitted by the zoning, or if the dwelling is lawful non-conforming;
 - d. No Agricultural Land Reserve properties are eligible for short term rental; and
 - e. Proposed whole home rentals will still require a temporary use permit.
2. That the Electoral Area Services Committee review the draft bylaws before consideration of three readings and adoption.

Option 2 (STR Pilot with Covenants)

1. That staff be directed to prepare draft zoning amendment bylaws for all electoral areas that contain a list of zones in which suites are permitted and within which short-term rental use will be permitted as an accessory use to a single detached dwelling provided that:
 - a. The permanent resident of the principal dwelling is present on the property when the STR guest(s) are present;
 - b. If the CVRD Board declines to enact a business licensing bylaw, that STR use be permitted only if the operator enters into a covenant with the CVRD that sets out in detail the required performance standards and nuisance avoidance measures and that a rent charge be established against the property requiring sufficient annual payment to the CVRD to effect the required annual inspections of the STR premises;
 - c. The STR use is limited to either an attached suite or a detached suite, or a second dwelling on the property if that is permitted by the zoning, or if the dwelling is lawful non-conforming;
 - d. No ALR properties are eligible for STR;
 - e. Proposed whole home rentals will still require a temporary use permit.
2. That the Committee review the draft bylaws in consideration of whether they should proceed to the Board for readings.

GENERAL MANAGER COMMENTS

The proposed STR pilot is an opportunity to test the efficacy of widespread short-term rentals in CVRD electoral areas. Business licensing is a necessary compliment to zoning regulations to ensure the safety of visitors to the region and to protect neighbourhoods from “bad actors” - operations that would create adverse noise, nuisance and parking impacts or offer STR in inappropriate facilities (e.g. garages, chicken barns), while ensuring that well-run STR operations can promote themselves as “safe” and support a healthy tourism market.

Staff anticipate no net negative impacts to building inspection or bylaw enforcement staffing resources would result from the pilot. Notwithstanding, regular reporting on the progress of the pilot will allow an evidence-based evaluation of the program.

CVRD Land Use Services wholeheartedly supports the proposed initiative and opportunity to support a diverse and healthy tourism economy in CVRD electoral areas.

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Concurrence: A. Kjerulf, MCP, RPP, MCIP, GM, Land Use Services Department

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Corporate Officer

Financial Considerations:

Chief Financial Officer
