



Short-Term Rental Policy Analysis

Township of Esquimalt | March 2026

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Topics

1. Background
2. CRD Jurisdictional Scan
3. Regulatory Options
4. Public Engagement Results
5. Detailed Decisions

Background

Terminology

Short-term rental: any transient accommodation of paying guests in a residential dwelling unit (**B&Bs** are treated as a *sub-type* of short-term rental).

Principal residence: Here used as a synonym for **principal dwelling unit** (the primary dwelling unit used as one's home, not including any other dwelling units on the same lot).

General Impacts of STRs

POTENTIAL BENEFITS

Visitor Accommodation

Quick, “easy”, diverse visitor accommodation

Extra Income

Revenue on dedicated STRs often ~2x that of LTRs

Owner Flexibility & Control

More flexibility and control than long-term rentals (RTA)

POTENTIAL HARMES

Housing Loss

Removes potential homes from the long-term market

Housing Unaffordability

Increases scarcity and raises economic value of housing

Community & Competitive Impacts

Noise, parking, etc.; competes with potential hotels

Provincial Regulations

1 Principal Residence Requirement

STRs limited to operator's home + up to one additional unit on same lot. The “floor” regulation.

2 Provincial Registration

STR operators must register provincially and display their registration and business license # in all listings.

3 Platform Accountability

STR platforms (e.g., Airbnb, VRBO) must verify registration numbers, remove non-compliant listings.

4 Provincial Compliance & Enforcement Unit

Dedicated provincial unit with authority to monitor compliance, issue orders, impose financial penalties.

🚩 *The provincial framework does NOT replace local authority. It establishes a baseline upon which local governments may layer additional regulations.*

Esquimalt Context

Esquimalt Regulations

Short-term rentals are only permitted in the form of:

“Bed and Breakfasts”: RS-4 and RS-4A zones (6 parcels); many specifications for lot and building characteristics; max. 3 bedrooms and 6 adult guests; **only 2 licensed operators**.

“Tourist Accommodation”: For example the Portage West Apartments (former Econolodge) can have up to 45 STR units; **but zero STRs currently operating in this way**.

Marine: West Bay float homes are in a grey area; **occasional STR use**.

Esquimalt STR Market at a Glance

Last 12 months (Feb 2025 to Jan 2026):

64

Average active listings

51

Full-time hotel-unit equivalents

22

Lost potential homes (estimated)

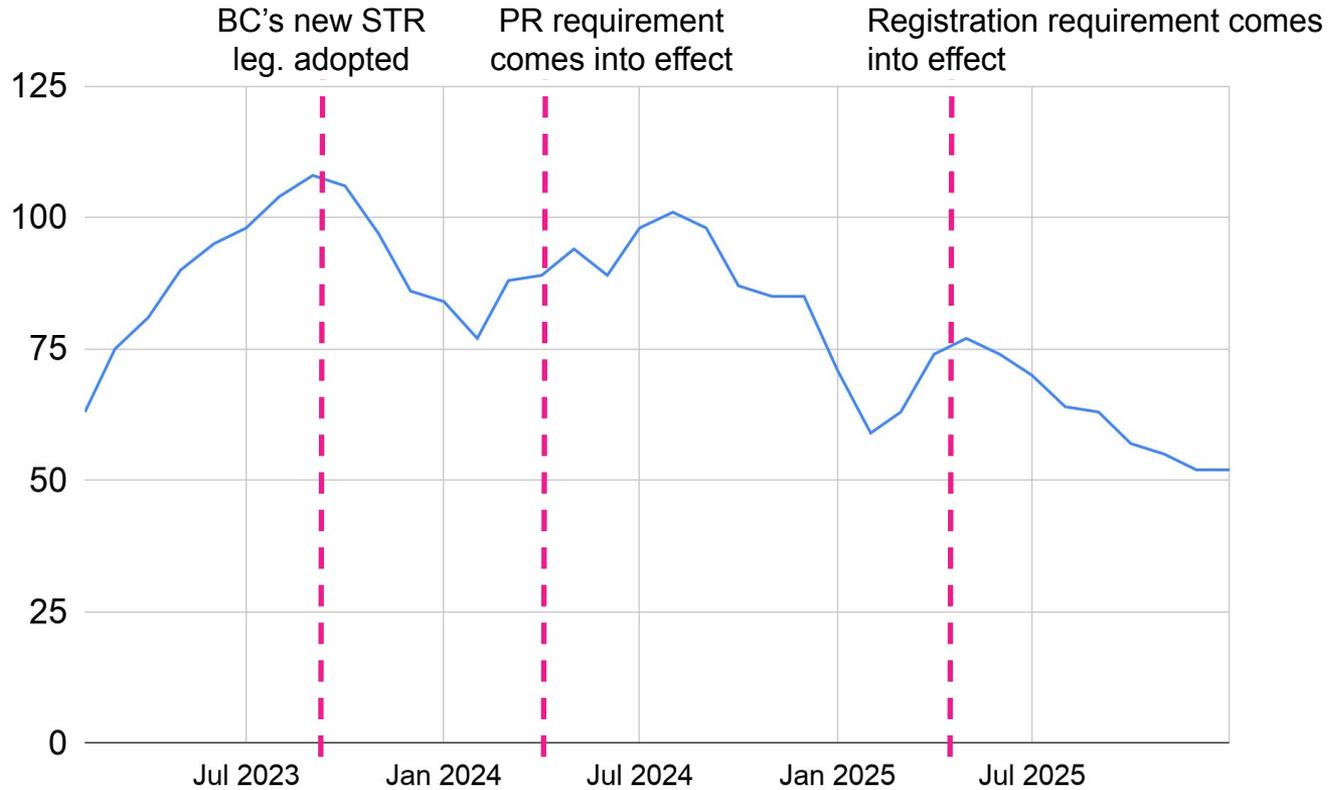
\$2.8M

Annual STR room revenue

81% of listings are entire-home rentals

77% average occupancy rate

Number of active STR listings in Esquimalt over the past three years (data from AirDna)



Local Considerations

1

Very Limited Licensed Tourist Accommodation

Rosemead House Hotel + 2 licensed B&Bs are the only licensed visitor accommodation.

2

Home to CFB Esquimalt

Multi-month deployments and temporary assignments potentially generate steady STR supply *and* demand.

3

Significant New Housing in the Pipeline

Helps to mitigate – but not eliminate – the impacts of STRs on housing supply and affordability.

OCP Direction

16.4 Tourism

Objective: “Consider land use decisions that help promote tourism”

Policy: “Consider short-term vacation rentals within legal dwelling units, where the dwelling unit is an owner or tenant’s principal residence, for up to 60 days per year.”

CRD Jurisdictional Scan

How Are Esquimalt's Regional Neighbours Regulating STRs?

CRD Scan: Key Findings

- **There is significant variety in how municipalities regulate STRs.**
- No two approaches are the same.
- There is no single, “most common” approach.

CRD Scan: Key Findings

7 of 12

Municipalities explicitly
regulate STRs
(beyond B&Bs)

9 of 12

Municipalities exceed
the provincial floor
regulation (are more
housing-protective)

4

Municipalities signalling
near-term amendments

Municipality	STRs explicitly regulated?	Comparison to BC 'floor'
Victoria	<u>Yes (comprehensive)</u>	Far exceeds
Saanich	Yes (basic prohibition)	Far exceeds
Central Saanich	Yes (basic prohibition)	Far exceeds
View Royal	Yes (basic prohibition)	Far exceeds
Oak Bay	Yes (basic prohibition)	Far exceeds
Sidney	<u>Yes (comprehensive)</u>	Exceeds
Sooke	<u>Yes (comprehensive)</u>	Exceeds
Colwood	Partial (in BLB, not in LUB)	The same/very similar
Metchosin	Partial (in BLB, not in LUB)	Unclear
North Saanich	No (non-B&Bs banned by omission)	Far exceeds
Langford	No (non-B&Bs banned by omission)	Exceeds
Highlands	No (non-B&Bs banned by omission)	The same/very similar

Victoria

- Can only short-term rent the dwelling unit where you live (cannot operate other units/suites on the same lot).
- Can rent whole unit up to 160 nights/year (while you're away).
- Or up to 2 bedrooms while you're there.

Sidney

- Only 2 bedrooms can be used for STR per lot. For example:
 - 2 bedrooms in your home; or
 - 2 bedrooms in a separate suite; or
 - Some combination.

Sooke

- Only allowed in single-family residential zones.

Regulatory Options

1

IN-HOME PERMISSIONS

STRs permitted only within the operator's principal dwelling unit. Renting a room(s) while present, or the whole home while away. No secondary/garden suites.

PRIORITY:
Housing Protection

2

HOME LOT PERMISSIONS

STRs permitted in the principal dwelling unit AND up to one additional unit on the same lot (e.g. basement suite). Aligns with the provincial floor regulation.

PRIORITY:
Homeowner Flexibility &
Accommodation

3

CUSTOMIZED REGULATIONS

For example:

- **3A: Option 1**, but with a max. # of nights per year (per 2018 OCP).
- **3B: Option 2**, but with a max. # of licenses for dedicated STR units (“virtual hotel”).

PRIORITY:
Variable / Calibrated

1 In-Home Permissions

STRs permitted **only within the operator's principal dwelling unit** (renting a room(s) while present, or the whole home while away).

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • <u>Aligns with 2018 OCP</u> policy direction (though Option 3A is closer). • <u>Would permit many licensed STRs</u> (private rooms, whole home rentals while away, e.g. navy deployments) • <u>Aligns with best practice for protecting long-term housing</u> supply and affordability. 	<ul style="list-style-type: none"> • <u>Would prohibit dedicated* STR accommodation</u> (including many currently-operating, well-utilized units). <i>*Dedicated as in: not used for residential purposes, purely an STR.</i> • <u>Less flexibility, control, and revenue potential for homeowners.</u>

Regional comparison: similar to Victoria

2

Home Lot Permissions

STRs permitted **in the principal dwelling unit and up to one additional unit on the same lot** (e.g. basement suite). Aligns with the provincial floor regulation.

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• <u>Aligns with the provincial “floor”</u> regulation (less confusion).• <u>Would permit the maximum number of STR accommodation units</u> within provincial rules.• <u>Maximum flexibility, control, and revenue potential for homeowners.</u>	<ul style="list-style-type: none">• <u>Would provide the minimum amount of housing protection</u> (both supply and affordability). I.e. more local dwelling units would be converted to STRs.• <u>Would worsen the business case for new purpose-built guest accommodation</u> (to the extent this is a possibility at all).

Regional comparison: similar to Colwood

3

Customized Regulations

Two illustrative variations:

OPTION 3A

Most like Victoria

Option 1 + Annual Night Cap

Most similar to 2018 OCP

What it does: Same as Option 1, but adds an annual cap on whole-unit rentals while away.

Purpose: Guards against fraudulent principal residency claims. 160-180 night limit would accommodate navy deployments; 60-night limit (per Esquimalt OCP) would target very occasional use.

Precedent: Victoria uses 160-night limit. Oak Bay directing staff toward 60 nights.

OPTION 3B

Most like Nelson

Option 2 + License Quota

Middle ground between Options 1 and 2

What it does: Same as Option 2, but caps total business licenses for non-principal dwelling unit STRs.

Purpose: Enables a set number of dedicated STRs while putting an upper limit on housing loss. Licenses on first-come-first-served basis; non-transferable.

Precedent: City of Nelson uses a quota system. Think of it as a 'virtual hotel' of permitted STR suites distributed across the community.

Public Engagement Results

Summary Engagement Results

179

Online survey
respondents

51

Open house
participants

⚠ Caution: Informal conversations at the open house suggested attendance included a high proportion of STR operators or their families. Results should be interpreted as illustrative, not statistically representative.

Regulatory Preference: Option 1 vs. Option 2

Online Survey

46% Option 1

54% Option 2

Open House

6%

94% Option 2

Summary Engagement Results

Priority Goals

Online survey: Priority goals closely divided between protecting housing (aligns with Option 1) and providing homeowner flexibility/accommodation supply (aligns with Option 2). Neutral goals (parking, noise) also rated highly.

Open house: Priority goals clearly aligned with Option 2 – more permissive approach. Relatively little emphasis on housing protection.

Renters (18 online): 72% preferred Option 1.

Homeowners (153 online): 62% preferred Option 2.

Detailed Decisions

Detailed Policy Decisions Required

In addition to selecting Option 1, 2, or 3, the Township will need to decide:

1

Zoning Bylaw Terms

Unify B&Bs with a new STR term? What about “tourist accommodation”?

2

Time Thresholds

Define STR use using a 90-day threshold (aligning with the province), 30 days, or no fixed threshold?

3

Definition of Home

How to define 'principal dwelling unit' / 'home' in the bylaw? Include residency duration criteria?

4

Enforcement Approach

Proactive enforcement (best practice, more staff time) or complaints-based?

5

Business License Fees

Higher fees for non-principal dwelling unit STRs to reflect greater impact and enforcement costs?

6

Owner & Strata Permissions

Require proof of owner/strata permission as part of the licensing application?

7

Guest Safety Requirements

Require safety attestation (smoke/CO detectors, fire extinguisher) and/or initial site inspection as a licensing condition?

8

Designated Responsible Person

Require a locally available contact who can respond to complaints or emergencies when the primary operator is absent?

9

Parking Requirements

What's a local balance between parking concerns and operator feasibility?

10

Penalties

Set fines appropriate to contraventions for meaningful deterrence; consider progressive penalties for repeat violations.

11

Municipal & Regional District Tax (MRDT)

Should Esquimalt begin the process of becoming an MRDT registered municipality?

An aerial photograph of a coastal town, likely Seattle, Washington, showing a dense residential area with various colored roofs and trees. In the background, a large body of water (Puget Sound) is visible, with a small island in the distance. The sky is overcast and grey.

Thank You!