

FAQ

Why make short-term rental operators apply for a business licence?

The City of Nelson recognizes the benefits that short-term rentals can provide, from secondary income for residents to increased tourism. Regulatory fairness is essential. While hotels and bed & breakfasts are complying with municipal bylaws by obtaining business licences and undergoing safety inspections, as well as paying income, sales, and tourism taxes, there are clearly numerous unlicensed, illegal accommodation providers in the City of Nelson. Airbnb.com alone has nearly 100 listings in the city, although there are no more than a couple dozen licenced tourist accommodation providers. The city has an interest in providing a fair market, enforcing council-approved land-use regulations that have undergone public hearing, ensuring that building and safety codes are enforced, and working to protect neighbourhood integrity.

Isn't this an easy fix under existing laws? Why bother conducting a study? Find those who are violating zoning bylaws and give them a ticket.

It is important to keep in mind that short-term rental accommodators, being located in private residences, are very difficult to track. Ascertaining locations of illegal short-term rentals has proven to be very resource-intensive. For example, most web platforms do not provide addresses or host names until a booking has been paid for. Numerous cities in North America have been grappling with similar policy questions and have found their short-term rental regulations difficult to enforce, or have had to spend hundreds of thousands of dollars to enforce them. The City of Nelson is exploring how it can create a fair regulatory system while avoiding cumbersome requirements that make regulations difficult to enforce to citizens' expectations.



Have your say. Get involved.

Next Steps

Proposals for new Short-Term Rental regulations were made to City Council on August 8th, 2016 and were endorsed, but not yet adopted as bylaw, at that meeting. The documents presented to Council are [available here](#).

Updates



The Short-Term Rental Project

During summer 2016, the City of Nelson engaged in a four-month project to revisit the way we handle short-term rentals (STR).

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I have been renting out rooms short-term for years. Will I be in trouble if I come and register now?

No fines will be imposed if you voluntarily come forward and inquire about business licensing. You may come to City Hall and discuss your case confidentially, without disclosing your address. In the case that your short-term rental complies with zoning, you can apply for a business licence. If your property is not eligible for short-term rental, we will advise you to cease operations or risk a fine in the coming weeks.

What if I don't get a licence?

You may be subject to a \$500 per day zoning-contravention fine.

How do I apply for a business licence?

Every business within the City of Nelson is required to hold a valid business licence, including those that provide short-term accommodation. This licence must be renewed annually and can be applied for in-person at City Hall. Please consult the [Business Licence Application](#) [PDF – 61 KB] and its fee schedule for more information. A safety inspection of the premises will be required.

What type of business licence do I need?

This depends on the number of guest rooms you provide, regardless of how many days per year each room is available for rent. If you offer no more than two rooms, you require a "Home Occupations" licence (\$80). If you offer three rooms or more, you require a "Bed & Breakfast/Hostels" licence (\$160). Larger operations may require a motel licence (\$260) or a hotel licence (\$625).

As an Airbnb/short-term rental host, what provincial laws and taxes am I subject to?

Income tax is generally levied on secondary income. When someone offers four or more accommodation units for short-term rental, those sales will generally be subject to Provincial Sales Tax and the 2% Municipal and Regional District Tax. The provincial *Strata Act* may also come into effect in situations where a short-term rental unit is being offered in a strata property. The Real Estate Board of Greater Vancouver offers a helpful [article](#) on the laws that short-term rentals are subject to in British Columbia.

Why don't "Airbnb" listings have to pay the 2% regional tourism accommodation tax? Other cities enforce a tourism tax.

Municipalities in British Columbia do not have the jurisdiction to create a sales tax. The 2% Municipal and Regional District Tax (MRDT) is levied on hotel room visits by the Provincial Government. In Nelson and area, any accommodation providing four units of accommodation or more for short-term rental is required to collect a 2% MRDT on all accommodation charges. This money is paid to the Nelson Kootenay Lake Tourism agency and used exclusively for the purposes of marketing the region. The four-room requirement only applies if those rooms are serviced (i.e. have electricity). Any person who offers less than four units of accommodation or charges \$30 or less per day is exempt. By this definition, not all short-term rental properties are subject to the MRDT. Only if one individual manages four or more units across British Columbia are they then required to collect the MRDT.

Why don't "Airbnb" listings have to pay commercial property tax?

Property tax assessment is outside of a municipality's authority. BC Assessment is responsible for assessing the tax required of each property in the province. BC Assessment may not be aware that commercial activity is taking place on a given property, especially if no business is registered at that address. Calculations are also based on the land use regulations that apply to the property in question (i.e. residential or commercial) and whether it is used as a primary residence or not. For example, many bed and breakfasts are assessed as residential property.

Does my standard homeowner's or tenant's insurance policy cover me as a host?

This varies case-by-case. You are strongly advised to consult with a licensed insurance broker. Canadian media reports indicate that many residential insurance policies are void if commercial activities like short-term renting take place. This includes both property damage and liability insurance.

What if I use a site like Airbnb to rent for more than one month?

If you are renting a room in a home (a "roommate") or an

entire home, there are no restrictions, provided that the room is rented to one individual continuously for at least one month. Even if you use a short-term rental platform to rent the space, it is considered a long-term rental and is governed by the provincial *Residential Tenancy Act*. In the case of a secondary suite (a dwelling unit provided within and accessory to a single-detached dwelling unit), the secondary suite must be a legal suite.

May I rent out a detached unit on my property?

A detached accessory dwelling unit, such as a carriage or laneway home, may only be rented out on a short-term basis in R6 zoning.

I am coming to Nelson for less than 30 days as a visitor and need affordable accommodation. I usually rely on websites like Airbnb. Where do you expect me to stay?

There are numerous legal accommodation options in Nelson, with 19 different businesses including one hostel, hotels, motels, and bed & breakfasts. Some listings on short-term rental platforms like Airbnb are in fact legal and hold a licence to operate. You may wish to contact hosts and ask.

Next: [What is the issue?](#)

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