SHORT-TERM RENTALS IMPACTS REPORT

SALT SPRING ISLAND

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INTRODUCTION

The Southern Gulf Islands Tourism Partnership (SGITP) engaged Third Space Planning to prepare a comprehensive analysis of Salt Spring Island's short-term rental (STR) market. This report describes the current scale and nature of STR activity, evaluates its impacts on the island's accommodation and housing markets, and considers how those impacts shape broader economic trade-offs—all in the form of a "Short-Term Rental Impacts Report."

We begin by assembling baseline data on Salt Spring Island's commercial guest accommodation, short-term rental, and housing markets.

Building on this foundation, we then assess the impacts of STR activity—quantifying its role in the local tourism economy, its effects on housing availability and affordability, and its broader economic implications.

Finally, informed by both the assessed impacts and the island's policy context, we identify a set of potential regulatory considerations moving forward.

EXECUTIVE SUMMARY

Online platforms like Airbnb have led to an explosion in short-term rentals ("STRs") across Canada and around the world. Local governments, often using legacy bylaws created before the advent of these platforms, have struggled to effectively regulate the sector, and the intentional obfuscation of listing addresses and other details has made ongoing enforcement difficult.

Helpfully, the province of British Columbia has become a North American leader in regulating the sector, and even if not all local governments are happy with the regulations' central focus on housing, the province's new registry and provincial licensing requirement, data-sharing platform, "platform accountability" provisions, new business licensing authority, higher fees/fines, non-conforming use exceptions, and provincial enforcement team are enabling a step-change in local governments' ability to get a handle on this impactful type of land use.

And one way or the other, short-term rentals are impactful. They provide a diversity of amenity-rich, geographically dispersed, tourism-boosting, profitable, flexible and well-loved accommodation, including for families and larger groups. Simultaneously, they directly compete with traditional/commercial guest accommodation providers, and can lead to significant loss of desperately-needed housing, and higher rents and purchase costs marketwide, in a context where these costs are already at historic highs.

In light of these trade-offs, every community must decide on the goals and priorities guiding their own short-term rental regulations – and as always, these decisions benefit from examination of the available data.

To this end, the present report contains a detailed accounting of the recent scale of STR activity on Salt Spring Island and its assessed impacts on the island's accommodation and housing markets, as well as the broader economy, summarized as follows.

NUMBER AND NATURE OF SHORT-TERM RENTALS ON SALT SPRING ISLAND

We identified 448 STR units that were active at least one day during the reference year. 10% of these units were commercial guest accommodation (CGA) units operated by one of the island's 18 CGA providers. The remaining 90% were STRs taking place on a residential lot, either involving a dwelling unit (369 units) or a non-dwelling unit such as an RV (36 units). The island's STR market has been steadily growing since the pandemic, with a 24% growth in booked nights from 2022 to 2024. Dwelling units of all types have been converted to STRs, from studios to 4+ bedroom homes. Full kitchens are common, though many hosts are hiding their presence, perhaps in an attempt to avoid local enforcement action. Indeed, the analysis reveals a significant degree of likely-non-compliance with local regulations.

ACCOMMODATION IMPACTS

The combined availability of these Salt Spring's residential STRs was equivalent to 191 full-time CGA units, contributing 48% of the island's supply of fixed-roof accommodation, accommodating 47% of annual demand, 56% of peak summer demand, and accounting for 41% ($10.6 million) of annual room revenue. In other words, in ballpark terms, residential STRs make up roughly half the island's fixed-roof accommodation market. Without residential STRs, there would be an estimated shortage of 211 fixed-roof units during the peak summer month of August, and an average shortage of 39 units year-round.

As such, STRs play a clear and significant role in providing accommodation units and generating tourism revenue. One nuance is that these contributions come at a cost to commercial guest accommodation providers through both direct competition – especially in off-peak seasons – and by decreasing the availability and affordability of staff housing, which reduces these commercial providers' ability to operate at capacity, succeed and expand. SGITP reports at least one CGA provider who is operating significantly below capacity due to a lack of staff housing.

10% of the **448** active STR units between May 2024 - May 2025 were

Commercial Guest Accommodation

while **90%** were STR units taking place on a

Residential Lot

The island's STR market has been steadily growing since the pandemic

24%
GROWTH

in booked nights from 2022 to 2024

Residential STRs make up roughly half the island's fixed-roof accommodation market

48%

which is equivalent to

191 full-time

commercial guest accommodation units

HOUSING IMPACTS

It is more than twice as profitable to operate a local dwelling unit as a short-term rental vs. a long-term rental. This economic incentive, along with the flexibility inherent to STR use, is what has driven the long-term growth of residential STRs on Salt Spring Island. During the reference period, STR activity led to the loss of an estimated 150 potential homes, equivalent to ~16% of the island's limited rental housing stock (2.5% of its total housing stock), in a context where anecdotal estimates peg the current rental vacancy rate near or below 1%.

These 150 units are likely contributing to both higher rents and home purchase costs marketwide. Unfortunately, the BC-specific model that has been developed to estimate the degree of impact of STRs on rents begins to break down in SSI's context, such that we can only provide an "educated best guess" that local rents are at least $100/month higher as a result of STRs. If true, this would meaningfully contribute to the current context where ~ 45% of SSI's renter households are living in unaffordable housing (paying more than 30% of their income on rent). In light of the uncertainty in quantitative estimates, we provide advice to local officials about how to factor this category of impact into decision-making, qualitatively.

Overall and as of the 2021 census, 1,695 households (33% of island households) – corresponding to ~3,729 people – were living in unaffordable, inadequate and/or unsuitable housing. The impact of STRs on both housing supply and affordability will have contributed to/exacerbated these underlying challenges.

While it's possible that a small minority of residents may be able to increase monthly homeownership affordability through operation of a non-principal residence STR "mortgage helper" this individual benefit (a) comes at the cost of a marketwide decrease in housing availability and affordability for all local renters and first-time homebuyers; and (b) will be undermined to the degree that STR revenue has already been priced into the unit.

It is more than twice as profitable to operate

short-term rentals

vs.

long-term rentals

Between May 2024 - May 2025 STR activity led to the loss of 150 potential homes

150

POTENTIAL HOMES

that's equivalent to a

~16%

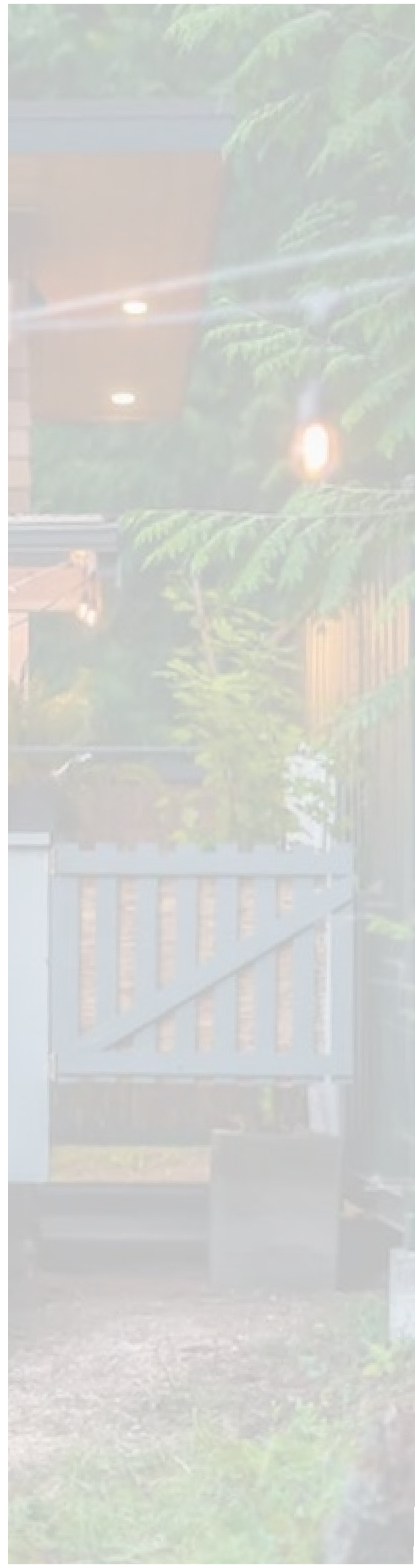
LOSS OF RENTAL STOCK

ECONOMIC IMPACTS AND TRADE-OFFS

The impacts of short-term rentals on local accommodation and housing markets combine in complicated and complex ways to create overall economic impacts. A comprehensive quantitative analysis of these impacts was beyond the scope of the present study, and would require the laborious collection of certain SSI-specific data.

Instead, we provide an example framework for such an analysis to demonstrate the complexity, and provide some select figures that are readily calculable. For example, non-principal residence STRs contributed an estimated $129,000 in MRDT OAP payments to fund pooled regional initiatives over the reference period, were associated with $6.5 million in room revenue, and a rough/uncertain estimate of $20.8 million in total local spending by guests ($132,000 per STR). If these units had instead been used as long-term housing, they might have been associated with a roughly-estimated $10 million in local spending by resident households ($64,000 per dwelling unit). However, these kinds of numbers are both an oversimplification and affected by a lack of SSI-specific data.

In short, a dwelling unit will contribute to the economy whether it is used as a STR or as a long-term residence. Accurately quantifying the net contributions of one vs. the other would require more data, time and resources, but is arguably not required to make sound regulatory and planning decisions – which can be informed through more generalized discussion of key trade-offs and priorities.



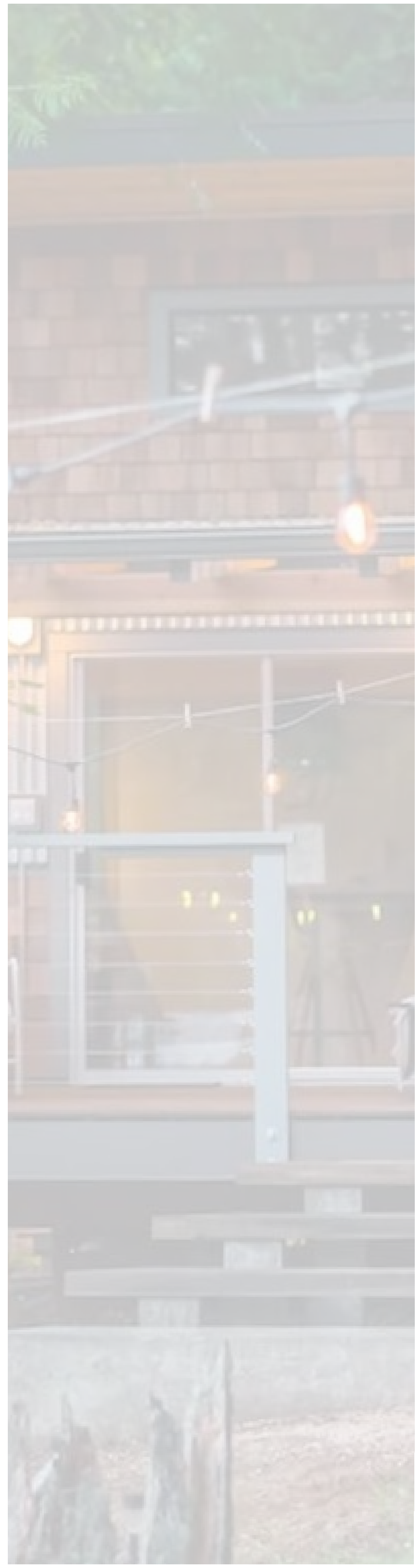
REGULATORY CONSIDERATIONS

Based on this study's findings, the current policy context, and best practices from other jurisdictions, we highlight several regulatory considerations for Salt Spring Island going forward, including opportunities to:

- Further clarify the community's goals for short-term rental regulations.
- Achieve a consensus internal understanding of how the pending provincial principal residence requirement interacts with local bylaws.
- Clarify the current regulations in the Land Use Bylaw.
- Activate the regional district's new business licensing authority to stand up a licensing program for local B&Bs/short-term rentals.
- Combine a clarified local bylaw with a new business licensing system and proactive enforcement – facilitated by new provincial enforcement tools – to achieve and maintain high compliance. And, through compliance, to effectively manage the impacts of short-term rentals and achieve the island's regulatory goals.

It is worth highlighting that a clear bylaw, business licensing, and proactive enforcement work together. It will be very difficult to achieve the island's goals for short-term rental regulations if any one of those three things are missing.

A clear bylaw, business licensing, and proactive enforcement are all required to achieve and maintain high compliance.



TERMINOLOGY

In this analysis, we begin with a broad definition of **short-term rental** that includes *anything* listed on Airbnb or VRBO (the platforms captured by our data provider, AirDNA).

We then manually process the data to disaggregate the listings into 2 basic types (and indicated subtypes), as termed and described in Table 1.

Table 1: STR listing types identified in this analysis

Listing category	Description	Corresponding term(s) in SSI Land Use Bylaw
Non-residential STRs		
Non-residential STR	• STR listings identified as being associated with one of the 18 known commercial guest accommodation (CGA) providers listed in Table 4. In other words, commercial guest accommodation units that were advertised on STR platforms.	• "Commercial guest accommodation"
Residential STRs		
Residential STR	• Includes all STR listings identified as taking place on a residential lot, either: (a) positively identified via listing details and photos, or (b) negatively identified in cases where the listing was no longer active (all inactive listings not associated with a known CGA host ID were assumed to be residential STRs). • This includes both **dwelling unit short-term rentals** and **non-dwelling unit short-term rentals** located on residential lots (e.g. RVs), with these two subtypes being disaggregated in the analysis.	• Some dwelling unit STRs will be compliant "bed and breakfast" "home-based businesses"; others will be non-compliant. • Some non-dwelling unit STRs will be compliant RV/trailer uses; others will be non-compliant.
Entire dwelling unit STR	• A "residential STR" listing that is identified as involving an entire dwelling unit.	
Non-principal residence STR	• An "entire dwelling unit STR" listing that, through methods described elsewhere in this report, is interpreted to not function as someone's principal residence/home.	

The classification scheme in Table 1 is designed to facilitate an understanding of the nature of the STR market and its impacts on the housing and accommodation markets, and the broader economy (i.e. it is tailored to the purpose of the present analysis). The relation of these listed terms to SSI's current Land Use Bylaw terminology is somewhat nuanced. See "Appendix A" section for more information.

METHODOLOGY

The reference period for this analysis is the 12 months between May 1 2024 and May 1 2025, except where otherwise noted.

We began by compiling baseline data on the **commercial guest accommodation**, **short-term rental**, and **housing markets** on Salt Spring Island. Major data sources are indicated in Table 2, with additional data sources and references indicated in footnotes throughout.

Table 2: Major data sources used in the analysis

Nature of data	Source(s)
Short-term rentals	
Comprehensive individual short-term rental listing/ property data	• AirDna Enterprise Reports, via SGITP (custom processing)
Short-term rental summary trends	• AirDna Dashboard and Tourism Insights, via SGITP
Commercial guest accommodation	
Inventory of commercial guest accommodation providers and units	• BC Ministry of Finance, via SGITP (most recent data is as of 2023)
Occupancy rates amongst commercial guest accommodation providers	• Partial data via SGITP • Partial data via AirDna (custom processing)
Room rates amongst commercial guest accommodation providers	• Partial data via AirDna (custom processing)
Housing	
Population, housing stock, housing need and affordability	• Statistics Canada, 2021 Census • 2022 Salt Spring Island Vital Signs Report
Housing impacts	
Impacts of short-term rentals on long-term rental costs	• Dr. David Wachsmuth, Associate Professor, McGill University

Nature of data	Source(s)
Economic impacts	
MRDT OAP contributions	• SGITP
Visitor spending (national averages)	• Statistics Canada Table 36-10-0230-01
Household spending (national averages)	• Statistics Canada Table 11-10-0226-01

The “custom processing” indicated in Table 2 refers to a detailed manual review of every STR listing ID, including – where the listing was still active – its listing description, photos, and reviews. The information thus gathered was used to:

- Disaggregate commercial guest accommodation units listed on Airbnb and/or VRBO from residential listings (the latter being treated as the “true” STRs for the purposes of this analysis).
- Verify/correct certain listing details recorded in AirDna’s standalone data columns. For example:
  - In the “Kitchen” column of AirDna’s property reports, many listings were recorded as not having a kitchen, but clearly contained a full kitchen based on listing photos, descriptions and/or reviews, leading us to manually correct the data to indicate the presence of a kitchen.
  - Similarly, we corrected the data to more accurately reflect the number of bedrooms, and overall nature of the dwelling unit (e.g. reclassifying “guest houses” as attached suites where this seemed to be the case).
- Further deduplicate the listing data (AirDna already attempts to remove duplicates, but their algorithmic process misses some duplicates).
- Record whether the operator claimed to live onsite (sometimes they would mention this in the listing details).

Based on our findings from the baseline data analysis – including the data processing/ cleaning described above – we then calculate and summarize a range of impacts from local STR activity on the island’s accommodation and housing markets, and overall economy. Further methodological details are noted in each section.

CURRENT POLICY

What follows is our summary understanding of the current policy context on Salt Spring Island. It is based on our review of the SSI Land Use Bylaw (LUB) as well as clarifying correspondence with local government staff. However, there remain areas of potential confusion in interpreting the LUB. Readers should contact their local officials to confirm interpretation, both generally and for specific circumstances. Please see Appendix A for further discussion and details.

Currently, residential dwelling units on SSI can only be used for paid guest accommodation – whether listed on Airbnb, VRBO, or any other platform – if they meet the definition of a "**bed and breakfast**" "**home-based business**", and are in accordance with all associated regulations in the SSI Land Use Bylaw ("LUB").

Our interpretation of the LUB is that it places five main local restrictions on short-term rentals:

1. **Must serve some kind of morning meal and be taking place on the operator's home lot (to qualify as a "bed and breakfast" "home-based business")**
2. **Restricted to certain zones**
3. **Restricted to a single dwelling unit on the operator's home lot**
4. **Not permitted in official or unofficial secondary suites**
5. **Several size restrictions apply**

Bed and breakfasts are not currently required to obtain a local business license (the CRD has not yet chosen to activate its new business licensing authority).

On top of these local restrictions, all bed and breakfast/short-term rental units must be registered with the province, and provincial registration numbers must be included in all advertisemens/listings.

Please see Appendix A, as well as the Regulatory Considerations section, for more discussion and details.

BASE DATA

In this section of the study we lay out a range of “base/baseline” data describing Salt Spring Island’s current commercial guest accommodation, short-term rental, and housing markets. A later section then uses this baseline data to calculate and describe the impacts of STRs on the local accommodation and housing markets, and broader economy.

COMMERCIAL GUEST ACCOMMODATION MARKET

NUMBER OF ACCOMMODATION UNITS

Table 3: Number of commercial fixed-roof accommodation units[2]

Total number of units owned by providers who were operational at some point during the reference period	239
Estimated average number of operational units (annual)	208
Estimated peak number of operational units (August)	214
Estimate number of units active for at least one day during the reference period	214
% of units that are hotel room style	45%
% of units that are cottage/condo style	55%

Salt Spring’s 239 total units owned by providers active at some point during the reference period were distributed across 18 commercial guest accommodation providers, as detailed in Table 4.

2 Source data from SGI Tourism Partnership and AirDna.

Table 4: Fixed roof commercial guest accommodation providers[3]

Property Name	# Units
Cedar Beach	17
Cottages on Salt Spring	31
Cusheon Lake	16
Green Acres Lakeside	20
Harbour House Hotel	52
Hastings House C H Hotel	18
Lightwater Cove	6
Maple Ridge Cottages	5
Mariner's Loft Luxury Suites	7
Quarrystone House B&B	4
Salt Spring Centre of Yoga	10
Salt Spring Inn	7
Spindrift Oceanfront Cottages	6
St Mary Lake Resort	9
Stowel Lake Farm	12
Wetherely Inn & Spa	5
Wisteria Guest House	9
World Peace House	5
Total Units	**239**

3 Source: SGI Tourism Partnership. Is an estimate of the number of units active at least one day during the reference period.

GEOGRAPHIC DISTRIBUTION

Salt Spring's commercial guest accommodation providers are concentrated in and around Ganges, Cusheon Lake, St. Mary Lake and Bullocks Lake, with the remainder scattered across the Island, as shown in Figure 1.

Figure 1: Geographic distribution of commercial guest accommodation providers

Map and map data sourced from Google, 2025.

REVENUE AND RATES

Salt Spring's commercial guest accommodation providers earned an estimated ~$15 million in room revenue over the reference period, from an average daily rate of $312 (average of all units/unit types).[4]

SUPPLY AND DEMAND

The following estimates of annual and peak supply and demand are calculated from data voluntarily provided by a subset of Salt Spring's commercial guest accommodation providers to SGI Tourism Partnership.

Table 5: Estimated 12-month availability, booking demand and occupancy (May 2024 to May 2025)

Estimated available nights	75,787
Estimated booked nights	47,955
Estimated average occupancy	63%

Table 6: Estimated peak availability, booking demand and occupancy (residential STRs, Aug 2024)

Estimated available nights	6,624
Estimated booked nights	5,763
Peak month occupancy	87%

4 Data from AirDna and SGI Tourism Partnership, with processing by Third Space Planning.

SHORT-TERM RENTAL MARKET

NUMBER OF UNITS

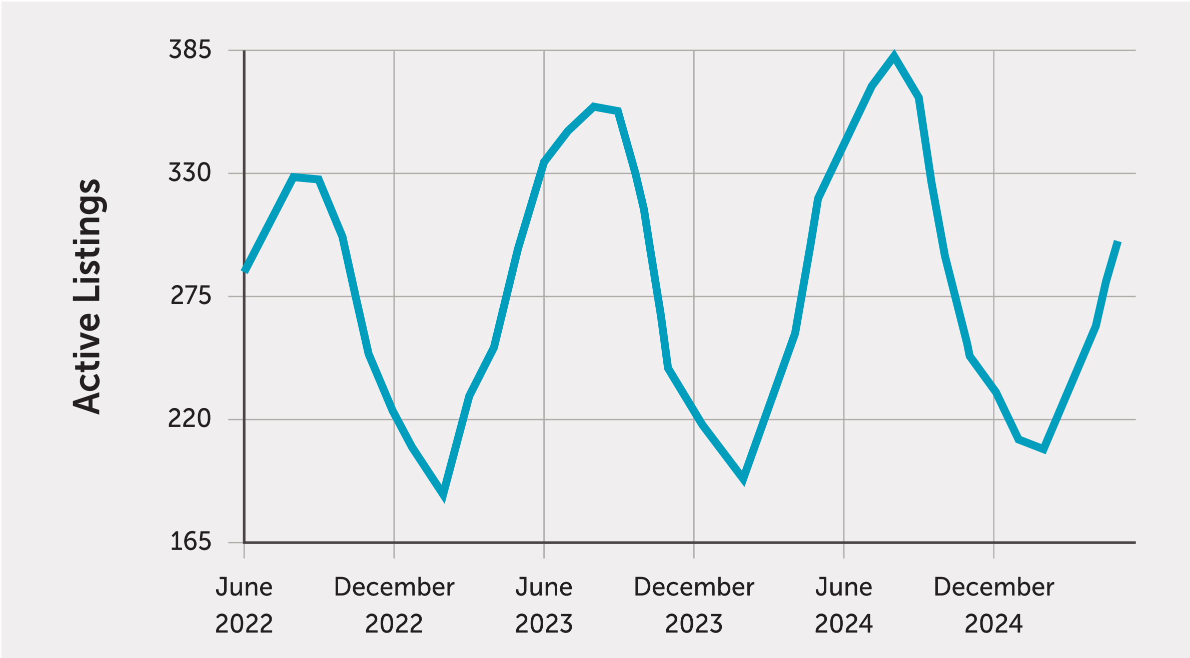
There are three major complications when attempting to determine the number of STR units on Salt Spring Island:

1. STR units are constantly “switching off and on” based on the season or in response to various circumstances of the owners. By comparison, rooms in so-called “traditional accommodation” (e.g. hotel, motel, resort, inns) are easier to count because operators generally keep them on/listed year-round.
2. While some local governments are now gaining access to data directly from short-term rental platforms (via provincial intervention), at time of writing we ourselves do not have access to this data for Salt Spring Island, and as such we must rely on third party data providers to “scrape” STR information from said platforms. Any shortcomings in the underlying scraping methodology will therefore affect the results. This analysis relies solely on data provided by AirDna, and is subject to the following limitations: (a) only Airbnb and Expedia (including VRBO) data are scraped, thus some percentage of overall listings on minor platforms will be missed; (b) there are instances of duplicate listings, and while we have manually deduplicated the data the best we can, some duplicates may remain; (c) scraping is an indirect and imperfect method of data collection and it is hard to say exactly how closely the results reflect reality.
3. On Salt Spring Island, a percentage of the listings on STR platforms are for hotel and resort units, and attempts must therefore be made to manually separate out/disaggregate these units from what we’re calling “residential STR” units in the underlying data.

Because of these complications, there is no single and precise answer to the question: “how many STRs are on Salt Spring Island?” Instead, we can provide a variety of answers that, together, paint a general picture of the scale of local STR activity.

Answer #1: It’s seasonal – As shown in Figure 2, Salt Spring Island’s STR market is highly seasonal, with the number of active listings roughly doubling during the peak summer season, and then dropping back down for the rest of the year.

Figure 2: Seasonality of Salt Spring Island's short-term rental market



Source: AirDna. The main takeaway here is the seasonality, not the absolute numbers, which require more dissection.

Understanding that STR activity is seasonal, we can now turn to a variety of annual figures to get a better sense of overall activity and long-term trends.

> **The annual figures included below are for the 12 month reference period of May 2024 to May 2025, unless otherwise noted.**

Answer #2: A mix of residential and non-Residential STRs – We identified a total of 448 STR listings that were active (reserved or available) for at least one day during the reference period. As shown in Table 7 the vast majority of these listings (90%) were for **units on residential properties** (hereafter referred to as "**residential STRs**").

Table 7: Residential vs. non-residential STR listings

	Total Count	Percentage
Residential STR	**405**	**90%**
Involving dwelling units (entire unit or portion thereof)	369	
Involving non-dwelling units (RVs, yurts, boats, tree houses, glamping, detached tiny houses lacking a bathroom and/or kitchen facilities)	36	
Non-Residential STR [5]	**43**	**10%**
St. Mary Lake Resort	4	
Cusheon Lake Resort	4	
Green Acres Resort	4	
Mariner's Loft	7	
Maple Ridge Cottages	6	
Lightwater Cove	2	
Salt Spring Centre of Yoga	11	
World Peace House	5	
Total Active STR Listings	**448**	**100%**

Answer #3: At maximum – One way to count the number of residential STRs is to identify those that were active at least one day during the reference period, therefore producing a kind of "maximum" estimate. As shown in Table 7, we identified 405 residential STRs active at some point from May 2024 to May 2025. Because the available data only captures Airbnb and VRBO, this can be interpreted as slightly under-representative. "Slightly" because those two platforms remain dominant in the region.[6]

5 Commercial accommodation providers may not list all of their units on STR platforms, and/or may have created more than one listing ID for the same property during the reference period. Unlike with residential STRs, where the listing details allow for thorough manual de-duplication, non-residential STRs are often listed with the same or very similar details to adjacent units, complicating de-duplication. For example, we identified 11 distinct listing IDs at the Salt Spring Centre of Yoga, even though only 10 units were identified by SGI Tourism Partnership as being present.

6 Granicus/Host Compliance (another data provider) scrapes dozens of minor STR platforms and would be able to quantify the number of additional listings (beyond Airbnb and VRBO), but such data was not available for the present study.

Answer #4: Hotel equivalent – Total aggregate **residential STR** availability over the course of the reference period was equivalent to an estimated 191 full-time hotel/motel/resort units.[7]

Answer #5: Non-principal residences – The impacts of STRs on housing availability and affordability are largely driven by residential dwelling units where no one lives (in this study referred to as **non-principal residences**). In this terminology, a "principal residence" refers *only* to the suite of rooms where one lives, not to any separate suites on the same lot; the intention here is to identify separate, livable homes. We estimate that STR activity led to the loss of 150 potential homes over the reference period (details below).

In the future, two new methods may become available to count the number of these units more accurately:

1. If/when the Capital Regional District gains access to BC's provincial STR host registry, including principal residence information, it will be possible to obtain a relatively accurate count of such units (to the extent there is compliance with the registry, and with the caveat that there may still be some difficulty disaggregating separate dwelling units at the same address).
2. To obtain the *most* accurate count of non-principal residence STRs, the Capital Regional District would need to require operators to apply for a regional district business licence – using its new authority to do so – and then integrate site visits and other information requirements into business licence approval, during which the precise nature of the units could be verified.

7 This was calculated by taking the total number of reserved days plus the number of available (but not reserved) days across all of the identified residential STR units over the reference period, and dividing by 365.

At present, we are limited to methods that aim to estimate the number of these units based on their intensity of use, of which three options have recently been developed.

1. Researchers at McGill University have developed the use of the "Frequently Rented Entire Home (FREH)" metric, which counts the number of STR units that have been listed for at least 183 days over a 12-month period, and booked for at least 90 days in that period. Based on these thresholds for intensity of use, these listings are deemed to be unlikely to be someone's principal residence.
2. The authors of a 2024 Statistics Canada study developed an alternative, though similar, "Potential Long-Term Dwelling (PLTD)" metric that counts all units listed as available for at least 180 days in a 12-month period, without regard to the number of actual days booked.[8]
3. A 2023 Conference Board of Canada study developed another metric, which they term "high-use Airbnb," referring to units rented out for more than 30 nights in the previous three months, and therefore likely to be a full-time short-term rental (and unlikely to be a host's principal place of residence).[9]

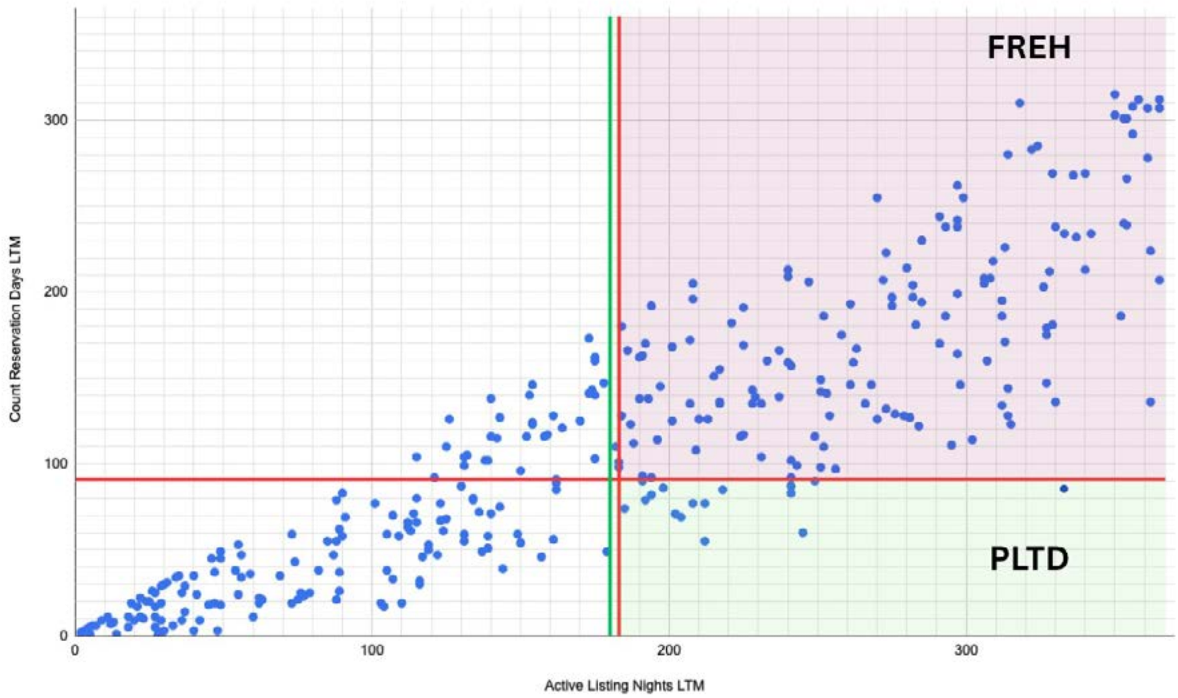
Figure 3 is a scatterplot of the number of days listed and booked for each of Salt Spring's residential STRs over the 12 month reference period, as well as the areas of the distribution captured by both the FREH and [modified] PLTD metrics.[10]

8 Larry Arbenser, Marie-Christine Bernard, Andrew Dormer and Owen Vipond, "Short-term rentals in the Canadian housing market", Statistics Canada (2024).

9 Conference Board of Canada. (2023, October 11). "Airbnb Activity and Rental Markets in Canada: Analyzing the Impact of Short-Term Rentals", Conference Board of Canada (2023).

10 Here, we actually use a modified version of the PLTD metric that *includes* units self-categorized as "cottages" or "cabins." The original PLTD metric excludes these units, but based on our comprehensive manual scan of all STR listings on Salt Spring Island it is clear that many units aesthetically (for marketing purposes) labeled "cottage" or "cabin" are fully-functional dwelling units capable of being used as a long-term home. We do not include the Conference Board of Canada "high-use Airbnb" method because it is a 3-month metric (it doesn't align with the 12-month reference length used in our study).

Figure 3: Intensity of entire-home STR use on Salt Spring Island



Source: AirDna, with further data processing by Third Space Planning (manual removal of known commercial guest accommodation units listed on Airbnb and VRBO, and reclassification of units based on listing descriptions and photos).

By revealing the fairly smooth distribution of intensity of use, Figure 3 shows that the application of specific intensity thresholds (e.g. FREH or PLTD) is both somewhat arbitrary and somewhat conservative. For example, it is easy to imagine that many of the units booked for more than 90-100 days in a year (top left quadrant) are *also* unlikely to be a long-term home, even though they are not captured by either the FREH or PLTD methodologies.

Nonetheless, both the FREH and PLTD methods give a sense of the *general scale* of potential home loss to STR use. Averaging the results of these two methods, we can estimate that during the reference period, STR activity on Salt Spring Island led to the loss of 150 potential homes.[11]

11 150 being the average of the two indicated methods: 143 (FREH method) and 157 (PLTD).

Answer #5: A growing number – The final answer we can provide is that the scale of STR activity on Salt Spring Island is growing. For example, comparing peak-month (August) statistics between 2022 and 2024:

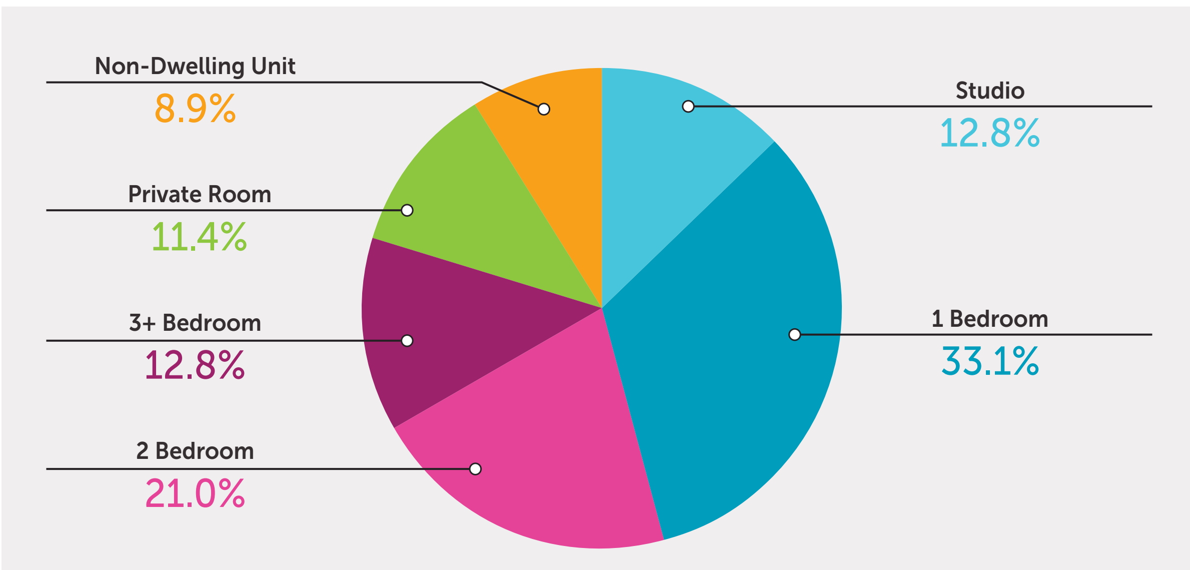
- There has been a 17% growth in peak-month active listings.
- There has been a 24% growth in listing nights booked.

Refer back to Figure 2 for a basic visualization of this growth.

UNIT TYPES

As shown in Figure 4, private rooms and non-dwelling units (campers, boats, yurts, etc.) each account for roughly 10% of residential STRs, with the remaining ~80% of rentals involving entire homes (dwelling units), from studios to 3+ bedroom units.

Figure 4: Residential STR unit types

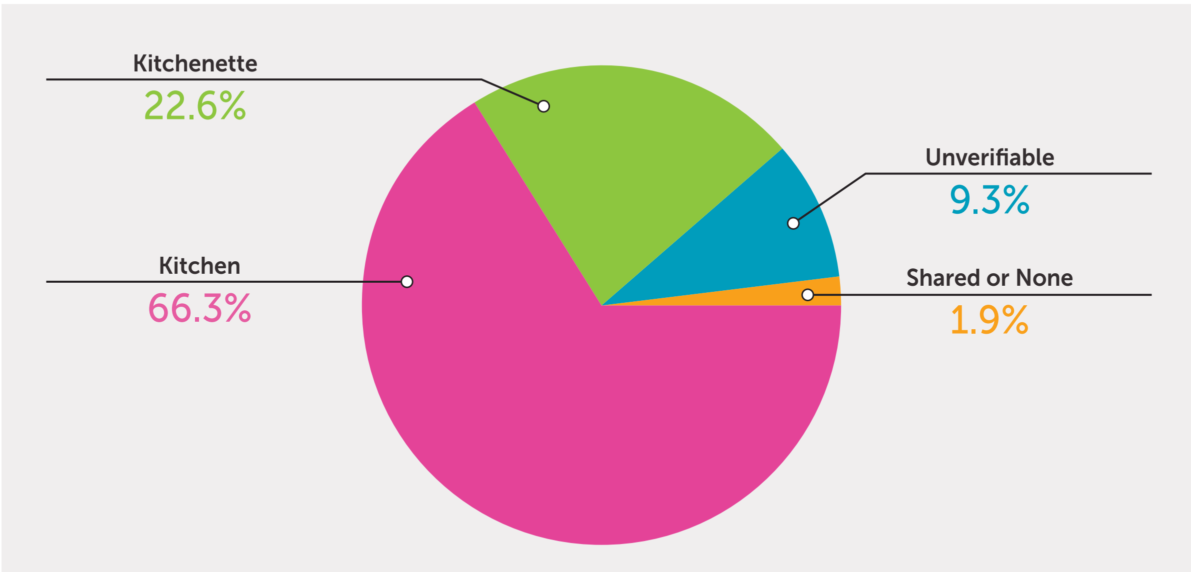


Roughly half of the entire-home rentals appear to be attached units (attached to another dwelling unit); the other half appear to be detached units.

As shown in Figure 5, amongst residential STRs taking place in entire dwelling units:

- 66% appear to have a full kitchen
- 23% appear to have a kitchenette
- 2% have a shared kitchen or no kitchen
- And 9% are unverifiable via listing details

Figure 5: Cooking facilities

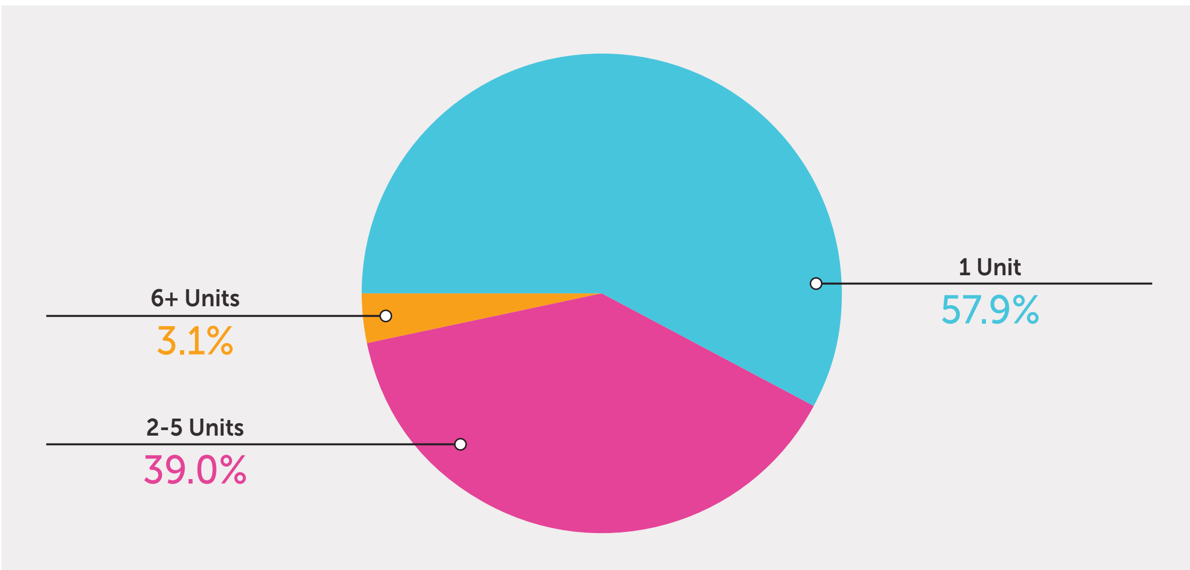


HOST TYPES

AirDna categorizes hosts by the number of individual STR units they operate. However, in true B&B style operations – where individual bedrooms are rented out/listed – these individual bedrooms will count as separate listings, somewhat muddying interpretation. Arguably the most helpful thing to know in this domain is how many *entire dwelling* units each host operates as a dedicated STR (the size of their STR portfolio, in terms of whole homes).

This can be expressed both in the number of dedicated STRs they own **worldwide**, and on **SSI specifically**.

Figure 6: Number of units owned worldwide by hosts of SSI STRs



Host ownership (worldwide)

As shown in Figure 6, amongst hosts of entire dwelling unit STRs on Salt Spring Island:

- 187 hosts (58%) are single-unit hosts (meaning this is their only unit, worldwide)
- 126 hosts (39%) are hosts of 2-5 units (at least one of which is on SSI)
- 10 hosts (3%) are hosts of 6+ units (at least one of which is on SSI)

Host ownership (SSI)

Of the 136 hosts who operated more than one entire dwelling unit worldwide (see Figure 6), 25 of these hosts were renting multiple entire dwelling units on Salt Spring Island.

COMPLIANCE COMMENTARY

As part of the analysis, we viewed the complete listing details of every residential STR active for at least one day during the reference period. Informed by this manual scan, as well as the statistics provided above, we can provide the following general commentary with respect to the compliance of the identified STRs with local and provincial regulations.

- Some of the **36 listings** of non-dwelling units would likely require zoning permission to operate a "campground," and may not have this permission or are otherwise likely not permitted by the Land Use Bylaw.
- **25 hosts** had more than one active, entire dwelling unit listing on Salt Spring Island. Because the Land Use Bylaw effectively limits B&Bs to one dwelling unit on one's home lot, one or more of these hosts' units would be non-compliant (i.e. if they were operating simultaneously).
- **140 listings** appeared to be for attached studio, 1 and 2 bedroom units. These smaller attached units (especially studio and 1 bedrooms) are unlikely to be the "principal dwelling unit" on the lot; and as attached units, would also not classify as a "seasonal cottage." Given the aforementioned, these units are likely non-compliant with the Land Use Bylaw.
- We identified many instances where the presence of full kitchens was hidden or obfuscated (e.g. not present in the listing details or platform-listed amenities, but mentioned repeatedly in reviews). This pattern can sometimes be related to attempts by hosts to avoid the classification of their STR as a separate/discrete dwelling unit, for example in communities like Salt Spring Island where, under local bylaws, the separateness of these units would make them non-compliant.
- **26 listings** that were active during a point-in-time scan during the last week of June, 2025 failed to include a provincial registration number, and were therefore non-compliant with current provincial regulations.
- While the exact locations of STR listings are hidden by the platforms, from the listing descriptions and general locations it appears as though a number of STRs are currently located in zones where bed and breakfast use is not permitted.

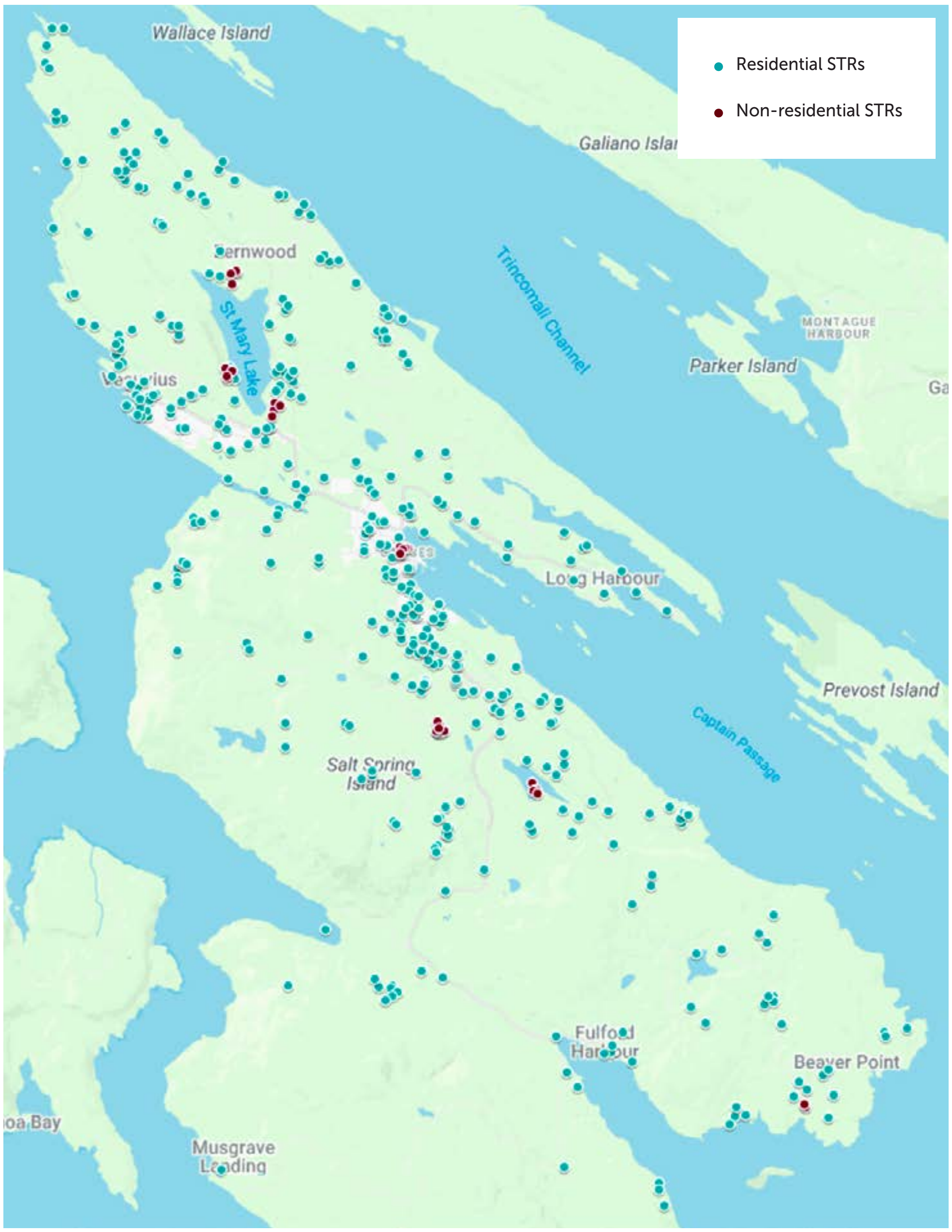
Overall, while a thorough compliance audit was outside the scope of this report, the above statistics are provided in order to point out a significant degree of apparent non-compliance with Salt Spring Island's current Land Use Bylaw.

As discussed in the Regulatory Considerations section, a local business licensing system is likely necessary if SSI wishes to achieve and maintain a high degree of compliance with current B&B/STR restrictions in its Land Use Bylaw.

GEOGRAPHIC DISTRIBUTION

As shown in Figure 7, the 410 residential STR listings active for at least one day during the reference period (blue icons) were distributed widely across the island, with non-residential listings (commercial tourism accommodation) concentrated in Ganges, around Cusheon and St. Mary Lake, and at the Salt Spring Centre of Yoga.

Figure 7: Geographic distribution of active STR listings



Map data by Google (2025), using Lat/Long data by AirDna. Blue icons indicate residential STRs, and red icons indicate non-residential STRs (commercial accommodation providers listing their units on STR platforms). 20% of the blue icons are exact locations, the remaining 80% are approximate locations (their exact locations being obfuscated by the hosts and platforms).

REVENUE AND RATES

As shown in Table 8, **residential STRs** earned $10.6 million during the reference year. The average potential revenue one could earn by operating a residential short-term rental ranged from $30,000 for a 1-bedroom unit to $65,000 for a 3+ bedroom unit.

Table 8: STR room revenue on Salt Spring Island, May 2024 to May 2025 ($CAD)

Total actual 12-month revenue (all residential STRs)	$10,586,518
Average 12-month **potential** revenue for a 1 bedroom STR	$30,750
Average 12-month **potential** revenue for a 2 bedroom STR	$46,342
Average 12-month **potential** revenue for a 3+ bedroom STR	$64,932
Average 12-month **potential** revenue (all types)	$47,341

Source: Data from AirDna, with further processing by Third Space Planning (manual reclassification of unit types based on listing descriptions and photos). "Potential revenue" for individual listings are calculated by AirDna using a proprietary model that takes into account unit characteristics and local market conditions.

As shown in Table 9, average daily rates for residential STRs over the reference period – not including cleaning fees – ranged from $170 for studio units to more than $800 for the largest homes.

Table 9: Average daily rates for STR listings of different sizes, May 2024 to May 2025 ($CAD)

Unit size	Average daily rate
Studio	$169
1 bedroom	$201
2 bedroom	$301
3 bedroom	$475
4 bedroom	$615
5 bedroom	$812

SUPPLY AND DEMAND

Table 10: Residential STR availability, booking demand and occupancy (May 2024 to May 2025)

Available nights	69,682
Booked nights	42,065
Annual average occupancy	60%

Table 11: Peak residential STR availability, booking demand and occupancy (Aug 2024)

Available nights	8,655
Booked nights	7,394
Peak month occupancy	85%

LISTING AND LICENSING STATUS

The **residential STR listings** identified as active for at least one day during the reference period were checked – using their recorded listing IDs – on July 6, 2025 to determine their status. Out of 405 total listings active at some point from May 2024 to May 2025:

- 151 were no longer listed at that ID (37%)
- 254 were still listed with the same ID (63%)
- Of the 254 that were still listed:
  - 228 (90%) included a provincial registration number
  - 26 (10%) did not include a provincial registration number and are therefore non-compliant with current provincial regulations.

HOUSING MARKET

CURRENT POPULATION AND HOUSING STOCK

As shown in Table 12, and characteristic of the Gulf Islands overall, a relatively large number of dwellings on Salt Spring Island are not occupied by usual residents (1 in 6 on Salt Spring compared to e.g. 1 in 13 in Victoria), and a relatively small proportion of households rent (18.5% on Salt Spring compared to e.g. 60.5% in Victoria).

Table 12: Population, dwelling and household characteristics

Population	11,635
Private residential dwellings/households	6,105
Dwellings occupied by usual residents	5,120 (83.9%)
Owner households	4,170 (81.4%)
Renter households	945 (18.5%)

Source: 2021Census

HOUSING NEED

One way to assess a community's housing need is to count the number of households currently living in situations that are below one or more of Canada's national "adequacy," "suitability," and "affordability" standards.

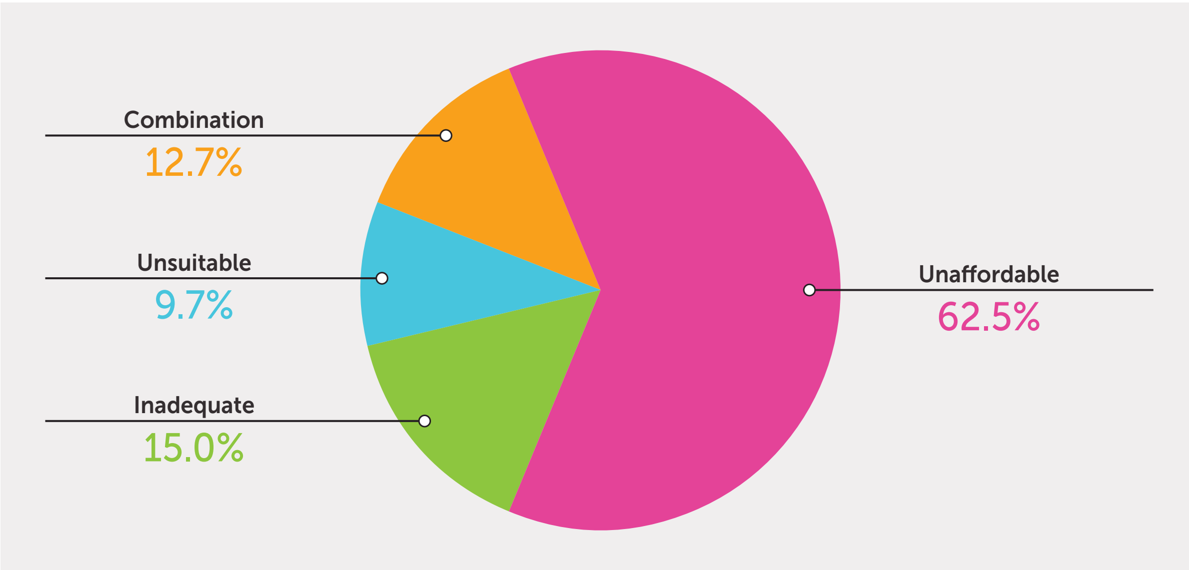
As defined by the Canada Mortgage and Housing Corporation:

- Housing is considered **adequate** when it isn't in need of major repairs. Major repairs include defective plumbing or electrical wiring, or structural repairs to walls, floors, or ceilings.
- Housing is considered **suitable** when there are enough bedrooms for the size and make-up of resident households, as set out in Canada's National Occupancy Standard (NOS) requirements.
- Housing is considered to be **affordable** when housing costs less than 30% of before-tax household income.

As of the 2021 Census, 1,695 (~33%) of Salt Spring's households – corresponding to ~3,729 people – were living in unaffordable, inadequate and/or unsuitable housing.[12]

The number of households below one or more of these standards breaks down as shown in Figure 8.

Figure 8: Number of Salt Spring households in one or more categories of housing need



A household in some kind of housing need – as defined above – is said to be in "**core** housing need" if they would have to spend 30% or more of their before-tax household income to access alternative local [rental] housing that meets the national adequacy and suitability standards (i.e. is in good repair and large enough).[13]

As of the 2021 Census:

- ~300 households (~6% of total resident households) were technically in "**core** housing need," including an estimated:
- 143 owner households (3.5% of owner households); and
- 157 renter households (16.5% of renter households).[14]

12 2021 Census – See statistic for "Total - Households 'spending 30% or more of income on shelter costs' or 'not suitable' or 'major repairs needed'". 1,695 households is multiplied by the census-reported average household size of 2.2 to reach the ~3,729 figure.

13 The "core housing need" statistic in the 2021 Census only captures owner and tenant households with household total income greater than zero and shelter-cost-to-income ratio less than 100%, in non-farm, non-reserve private dwellings. Non-family households with at least one maintainer aged 15 to 29 attending school are considered not to be in 'core housing need' regardless of their housing circumstances. Attending school is considered a transitional phase, and low incomes earned by student households are viewed as being a temporary condition.

14 2021 Census. Number of owner and renter households calculated by multiplying the percentage of each reported as in core housing need by the total number of owner and tenant households, respectively; 300 figure calculated by summing the previous numbers.

The remaining households in some form of need – as defined above – are not technically considered in "core" need because they are assessed as being hypothetically able to spend less than 30% of their pre-tax income on alternative rental housing that is both adequate and suitable.

However, when rental vacancy rates are very low – as is currently the case on Salt Spring Island (see below) – the hypothetical notion of finding alternative rental housing that meets all three standards will be unrealistic for many households (because nothing suitable and/or adequate is available).

As such, we recommend interpreting the available data as suggesting that there is something closer to ~1,695 households currently living in unaffordable, unsuitable, and/or inadequate housing, and for whom there is currently no realistic alternative (until rental vacancy rates improve).

RENTAL HOUSING AVAILABILITY

Formal rental vacancy statistics are not available for Salt Spring Island. Nearby proxies where vacancy statistics *are* available include:

- The Duncan Census Subdivision (2.2% primary rental market vacancy in Oct 2024)
- Victoria Census Metropolitan Area (2.6% primary rental market vacancy in Oct 2024)[15]

However, recent anecdotal information includes the suggestion that "very low vacancy rates in existing stock are increasing rental rates and pushing renters off Salt Spring."[16] With the most recent (2022) Salt Spring Island Vital Signs report suggesting a vacancy rate below 1%.[17]

A 3% vacancy rate is sometimes used as a rough rule-of-thumb benchmark for a "balanced/neutral" rental market, where a "balanced" market refers to a situation where inflation-adjusted rents are neither increasing or decreasing. This rule-of-thumb is derived from historical data of a sample of Canadian cities, but we cannot say for certain how applicable it is to Salt Spring Island (this would need to be separately studied).

15 CMHC Housing Market Information Portal accessed July 9, 2025.

16 "Summary of Current Housing Initiatives on Salt Spring Island", Salt Spring Exchange, May 2024

17 "2022 Salt Spring Island's Vital Signs", Salt Spring Island Foundation.

To achieve a balanced rental market – whatever local vacancy rate this happens to correlate with – the Island would need to (a) clear the current backlog (latent demand), the size of which is currently unknown; (b) keep up with annual increase in demand; and (c) build a healthy surplus on top of that. Even if achieved, it would likely be difficult to maintain a balanced vacancy rate if neighbouring communities' vacancy rates (and BC vacancy rates more broadly) remain low, due to the effect this differential would have on in-migration.

HOUSING AFFORDABILITY (OWNERSHIP)

- 20% of owner households (816 households) are spending more than 30% of their income on shelter costs (i.e. their current housing is considered unaffordable).[18]
- Technically speaking, 3.5% of owner households (143) are in "core housing need;" however, if we assume that Salt Spring's rental vacancy rate remains very low, then practically speaking the percentage of owner households in core housing need should be thought of as closer to the full 20% spending more than 30% of their income on shelter costs.[19, 20]
- In 2021, the average sale price for a non-waterfront, single-family home on Salt Spring was $1,081,286. This is 83.8% higher than in 2016 ($588,346); in other words, over five years home prices nearly doubled.[21]

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18 2021 Census

19 2021 Census. "Core housing need" means the household is currently living in a home that costs more than 30% of their pre-tax income or is in need of repair or overcrowded, and where they would have to spend 30% or more of their total pre-tax income to pay the median rent of alternative local housing that is acceptable (attains all three housing indicator thresholds).

20 I.e. 673 of the 816 owner households cited above are not considered in "core housing need" because they are theoretically able to find acceptable alternative housing in the rental market that is affordable. However, Salt Spring's apparent <1% vacancy rate rental market makes this theoretical notion unrealistic for many households.

21 Supra note 17.

HOUSING AFFORDABILITY (RENTING)

- 45% of renter households (423) spend more than 30% of their income on shelter costs (i.e. their current housing is considered unaffordable).[22]
- Technically speaking, 16.5% of renter households (157) are in "core housing need;" however, if we assume that Salt Spring's rental vacancy rate remains very low, then practically speaking the percentage of renter households in core housing need should be thought of as closer to the full 45% spending more than 30% of their income on shelter costs.[23, 24]
- The average rental cost for all long-term rental housing on Salt Spring Island was $1,126 in 2021, an increase over the $1,007 reported in the 2016 Census. This figure includes many long-term, rent-controlled units. Current market rents for new tenancies will be much higher than this. The only estimate of market rents we could find, also from 2021, is included in the 2022 Salt Spring Vital Signs report, which notes a long-term rental average of $1,866 per month.[25]

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22 2021 Census

23 2021 Census

24 I.e. 266 of the 423 renter households cited above as spending more than 30% of their income on shelter are not reported to be in "core housing need" because they are considered theoretically able to find acceptable alternative housing in the rental market that is affordable. However, Salt Spring's apparent <1% rental vacancy rate makes this theoretical notion unrealistic.

25 Supra note 17.

IMPACTS OF SHORT-TERM RENTALS

This study uses the term "impacts" to include both positive impacts (benefits) and negative impacts (harms), recognizing that whether a particular impact is a benefit or harm depends to some extent on individual perspectives (e.g. higher housing costs can be a benefit to current homeowners, while simultaneously a harm to renters and first-time home buyers).

In this section of the report, we use the baseline data documented above to calculate and describe the impacts of STRs on Salt Spring's accommodation and housing markets, and overall economy.[26]

ACCOMMODATION IMPACTS

SUMMARY

Residential STRs contribute an estimated 48% of Salt Spring's available full-time equivalent fixed roof accommodation units, accommodate 47% of annual demand, 56% of peak summer demand, and account for 41% of annual room revenue. In other words – as a ballpark figure – residential STRs make up roughly half of Salt Spring's fixed roof accommodation market. Residential STRs are dispersed much more widely than commercial guest accommodation providers, and with one exception provide the only accommodation options in and around Vesuvius, Long Harbour and Fulford Harbour. Without residential STRs, there would be an estimated shortage of 211 fixed-roof units during the peak summer month of August, and an average shortage of 39 units year-round. At half the current market, residential STRs play a significant role in providing accommodation units and generating tourism revenue. However, these contributions come at a cost to commercial guest accommodation providers through both direct competition (especially in off-peak seasons), and by decreasing the availability and affordability of staff housing, which reduces these businesses' ability to operate at capacity, succeed and expand.

DETAILS

More overall availability

The aggregate residential STR availability equivalent to ~191 full-time units[27] equates to ~48% of Salt Spring's total stock of fixed-roof, full-time/year round accommodation units over the reference period.[28]

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26 "Neighbourhood character" impacts are also a top concern in many communities; however, assessing this type of impact – e.g. via resident complaints or surveys – was beyond the scope of the present study.

27 See "Hotel Equivalent" data, above.

28 Calculation: 191 / (191 rSTR units + 214 CGA units)

Diversity

A significant number of private rooms, 1 bedroom and 2 bedroom units can be found in both the commercial guest accommodation and residential STR markets (including a large proportion with kitchens). However, with a few exceptions, residential STRs provide the only 3+ bedroom units on the Island.

In more places

Residential STRs are dispersed much more widely than commercial guest accommodation providers, and with one exception provide the only accommodation options in and around Vesuvius, Long Harbour and Fulford Harbour (e.g. compare Figures 1 and 7).

Accommodation of annual demand

Residential STRs accommodated an estimated 47% of annual booking demand for fixed roof accommodation over the reference period.[29]

Accommodation of peak demand

Residential STRs accommodated an estimated 56% of peak monthly booking demand in August 2024.[30] Without residential STRs, there would have been an estimated shortage of 211 fixed-roof units during the peak month of August, and an average annual shortage of 39 units.[31]

Share of room revenue

Residential STRs accounted for an estimated 41% of annual room revenue generated by fixed-roof accommodation units.[32]

Competition

Residential STRs compete with traditional accommodation providers, and therefore economically impact these providers and their ability to operate at capacity, succeed and expand. The figures above (e.g. STRs accounting for roughly half of the market) give a rough sense of the scale of this impact.

Staff housing

STRs decrease the availability and affordability of staff housing (SGI Tourism Partnership has heard from providers that staff housing shortages mean they cannot operate at capacity).

29 Calculation: 42,065 / (42,065 + 47,955)

30 Calculation: 7,394 / (7,394 + 5,763)

31 To produce this estimate we imagine an alternate August 2024 in which no residential STRs were available but the overall booking demand was the same.

32 Calculation: $10,586,518 residential STR revenue / ($10,586,518 + $14,961,985 estimated commercial guest accommodation room revenue)

HOUSING IMPACTS

SUMMARY

It is currently more than twice as profitable to operate a local dwelling unit as a year-round short-term rental vs. a long-term rental. This economic incentive, along with the flexibility inherent to STR use, is what has driven the long-term growth of residential STRs on Salt Spring Island. During the reference period, the estimated 150 non-principal residence STRs (dwelling units where nobody lived) was equivalent to ~16% of the island's limited rental housing stock (2.5% of its total housing stock).

These 150 units can be considered as lost potential housing, and are likely contributing to both higher rents and home purchase costs marketwide. The best-available, BC-specific estimates of the degree of impact on local rents are arguably those produced by researchers at McGill University; however, these researchers' model begins to break down in contexts like SSI, which (a) is relatively small, and (b) has a relatively extreme concentration of STRs compared to its long-term housing stock. As such, an educated "best guess" might be that STRs have raised local rents by at least $100 per month; but in light of the uncertainty, we advise local officials to lean less on precise estimates of affordability impacts, and more on first principles and general philosophies and/or on the much-clearer impact of STRs on housing availability.

The impact of STRs on the cost to purchase a home has not been similarly modeled in BC; however, first principles and studies from elsewhere suggest a decrease in purchasing affordability has almost certainly occurred. While it's possible that a small minority of residents may be able to increase monthly homeownership affordability through operation of a non-principal residence STR "mortgage helper" this *individual* benefit (a) comes at the cost of a *marketwide* decrease in housing availability and affordability for all local renters and first-time homebuyers; and (b) will be undermined to the degree that STR revenue has already been priced into the unit.

DETAILS

Incentive to convert

Using a dwelling unit on Salt Spring Island as a dedicated short-term rental can be roughly expected to generate 2 to 3.5 times the annual revenue as compared to a long-term rental.[33] Combined with the considerable homeowner flexibility inherent in short-term renting (e.g. the freedom to take a unit on and off the market at whim), the incentive to convert dwelling units into STRs is strong.

Lower housing availability

The estimate of 150 non-principal residence STRs[34] is equivalent to 2.5% of the island's total housing stock, and 15.9% of the island's current rental housing stock. In other words, Salt Spring Island can be considered to have "lost" a number of potential homes to residential STRs equivalent to 15.9% of its current rental housing stock, or 2.5% of its total housing.[35] For perspective, recall Salt Spring's rental vacancy rate, which is anecdotally reported as being below 1%. Informed by our manual scan of every single STR listing active during the reference period, we can back up the quantitative estimates of housing loss with a qualitative conclusion that local STRs include a diversity of many high-quality, fully-functional self-contained dwelling units that would make comfortable homes for long-term renters or owners.

Higher rents

STRs can lead to increased costs to buy or rent a home via two main effects: (a) dwelling units converted to STRs shrink the supply of housing, which drives prices up (this is an effect that is most pronounced when supply is low); (b) the increased revenue potential of STRs increases the economic value of housing marketwide.

As summarized by Norman and Bartlett (2023),[36] a "significant amount of research has gone into determining the impacts of STRs on local housing markets," and "research has established that there is a relationship between the prevalence of STRs in a community and higher rents for [long-term rentals]." The size of the impact varies from study to

33 This estimate is calculated by taking the average "potential revenue" for all STR unit types on the island ($47,341, see Table 8) and comparing it to the potential 12-month revenue earned by an average long-term rental, as reported by Salt Spring Solutions ($1,866 x 12). This produces a result of 2.1x; in other words, if you acquired a new dwelling unit unoccupied by current tenants it would be more than twice as profitable to put that unit on the short-term rental market vs. the long-term rental market. If, instead, average long-term rental costs from the 2021 census are used (which include many long-term rent-controlled units), then this would yield a result of 3.5x. In other words, if one owned a unit with tenants already in it (with the rent therefore likely to more closely resemble the 2021 census figure), there would be a stronger (3.5x) incentive to somehow terminate the lease and convert that unit to a short-term rental.

34 See "STR Market - Number of Units" section, above.

35 "Potential" meaning that if these units were not used as a short-term rental, it is not the case that all of these units would be returned to the long-term housing market (either as rentals or owner occupied units); however, over time the economic incentive to transition these units to long-term housing would mount (regardless of what any given owner might claim they would do in such circumstances, in the present moment). In any case, this figure represents a pool of potentially "freeable" homes.

36 Kari Norman and Randall Bartlett, "Could Restricting Short-Term Rentals Help Alleviate Canada's Housing Crisis?", Desjardins (2023).

study, and by jurisdiction. Perhaps the most contextually relevant studies to Salt Spring Island include those recently conducted by David Wachsmuth and colleagues at McGill University, focusing on the BC housing market.[37, 38]

These studies estimate that local, monthly rents increase by $48.65 for every FREH STR unit per 100 local long-term rental homes. However, the model used in these studies was tailored to larger communities, and begins to break down (a) at smaller community sizes, and (b) when other model inputs are at the extreme; both of which apply to Salt Spring.[39] This is made obvious when applying the $48.65 figure to SSI data, which suggests local rents are $735/month higher compared to a zero FREH scenario; this result is not plausible on its face. In conversations with the studies' lead author, an educated guess given the overall picture on SSI would be that the "real" impact is at least $100/month in additional rent as a result of total STR activity, but as stated this is a best-guess.

Instead of attempting to calculate a specific number for the impact of STRs on SSI rents, another approach is to look towards published results for adjacent or analogous communities. Table 13 includes some selected results for Victoria, Vancouver Island, and Summerland – chosen for their proximity or similarity to Salt Spring Island. The cited reports include many variations of the general finding (higher rents due to STRs).

Table 13: Impact of non-principal residence STRs on rents (Wachsmuth et al.)

Victoria	• Between 2017 and 2019, rents increased by a total of **$51/month ($612/year)** as a result of *the growth* in non-principal residence (FREH) STRs over this period.	• See footnote 37
Summerland	• Between 2017 and 2019, rents increased **$68/month ($816/year)** as a result of *the growth* in non-principal residence (FREH) STRs over this period.	• See footnote 37
Vancouver Island	• In 2022 (a single year), growing STR activity increased rents by a median of **$14/month ($168/year)**.	• See footnote 38

Given the uncertainties discussed above, we advise local officials to lean less on precise estimates of impact, and more on first principles and general philosophies.

37 Wachsmuth et al., "The impact of short-term rentals on housing affordability in British Columbia: Market overview, trend modelling, and regulatory recommendations", Urban Politics and Governance research group, McGill University (2022).

38 David Wachsmuth, "The housing impacts of short-term rentals in British Columbia's regions: Summer 2023 update" Urban Politics and Governance research group, McGill University (2023).

39 In addition to having a small population, the STR concentration on SSI is much higher than in the communities used in the model, and the proportion of dwellings used as long-term rentals on SSI–especially primary market rentals– is also much lower. As such, the model's utility for interpreting specific SSI impacts is tenuous.

The relevant first principles would be that less supply (especially in tight markets) and higher inherent economic value (STR revenue potential compared to LTR revenue potential) will tend to be associated with higher rents. The relevant general philosophies would include whether local officials wish to be relatively proactive when it comes to avoiding rent impacts vs. reactive e.g. only when there is more confidence that impacts of a certain magnitude are already present.

Higher home buying costs

Unlike with rents, we do not yet have any economic modeling quantifying the impacts on home buying costs in BC. As summarized by Norman and Bartlett (2023), "the impact on home prices is less well established [here in Canada and internationally], but the data points in the same direction. That means STRs are likely contributing to the erosion of housing affordability in Canada and around the world." The mechanisms by which STRs increase home purchase costs are the same as for renting: (a) dwelling units converted to STRs shrink the supply of housing, which drives prices up (this is an effect that is most pronounced when supply is low); (b) the increased revenue potential of STRs increases the economic value of housing marketwide.

Mortgage helper scenarios

It is likely that some STR operators on Salt Spring Island can be thought of as operating an STR as a so-called mortgage helper. The "mortgage helper STR" is often held up as a way in which STRs can *increase* housing affordability. However, even in a permissive regulatory environment this potential benefit will only ever be available to a small percentage of residents (there's only so much tourism demand to go around), and – when involving non-principal dwelling units – comes at the cost of worse housing availability and affordability for everyone else (via the marketwide impacts discussed above). The ability to operate a STR may even worsen housing affordability for operators themselves, as laid out in the more detailed discussion, below.

There are two basic types of mortgage helper scenarios. The first is "true homesharing" and is where the principal resident short-term rents – in whole or in part – the actual suite of rooms where they live. By definition true homesharing is not associated with the loss of potential long-term housing[40] and as such this version can be interpreted as helping the operator afford their home *without* negatively impacting community-wide housing availability and affordability.

40 The exception being those cases where a roommate is foregone in favour of short-term renting one or more rooms in a shared home.

The second basic mortgage helper scenario is where the principal resident short-term rents a separate dwelling unit on the same lot as their home (e.g. a basement suite or garden suite, or perhaps even a unit on a wholly separate lot although this deviates from what is normally meant by the “mortgage helper” term). By contrast, this version is associated with the loss of potential[41] long-term housing (short-term renting what may otherwise be a long-term rental suite, or purchasable home) and therefore comes at the cost of decreased community-wide housing availability and affordability.

In both cases, the “mortgage helper” effect will be offset by the fact that costs to actually purchase a home will have increased marketwide in response to STR activity; i.e. the supplemental income potential may have already been priced into the unit such that the perceived “affordability” gain has either already been opaquely wiped out, or exists largely at the level of monthly payments and not in the purchase price itself (this effect being similar to the effect of low interest rates which can make monthly payments more affordable even as they inflate purchase prices).

In any case, (a) current/long-time owners will benefit the most from the mortgage-helper effect while most future homeowners on Salt Spring Island will face higher purchase prices as a result of STR activity (see above), and (b) potential mortgage-helper STR revenue will only ever be available to a slim minority of residents (because there’s only so much tourist demand to go around).

As such, if local governments are looking to give residents opportunities for STR mortgage-helper revenue without causing community-wide deterioration in housing availability and affordability, they have the option of turning to strict principal dwelling unit restrictions (only permitting STRs in the suite of rooms where the resident operator actually lives).

41 “Potential” because the likelihood of any given unit being added to/returning to the long-term rental market – if not permitted as an STR – is highly dependent on the individual circumstances and choices of the property owner. Many owners (e.g. during community consultations or debate) may initially claim that – in the face of STR restrictions – they won’t add the unit to the long-term market; however, this initial claim can quickly give way to the economic costs of holding on to largely-empty dwelling units.

ECONOMIC IMPACTS

SUMMARY

Of the three types of impacts within the scope of the present study (the impacts of STRs on the island's **housing market**, **accommodation market**, and **broader economy**), the broader economic impacts are the most difficult to assess.

In the case of short-term rentals taking place *within* someone's home dwelling unit, one can qualitatively say that there's economic benefit from both the accommodation and residential activity; something of a "best of both worlds" scenario.

However, when it comes to the estimated 150 *non-principal residence STRs* on Salt Spring Island, the analysis immediately enters a world of sharp trade-offs. The trade-offs being related to the economic benefits of using that dwelling unit as dedicated guest accommodation vs. as a dedicated long-term residence.

On the one hand, non-principal residence STRs (many of which will be non-compliant with current bylaws), are estimated to have contributed an estimated $129,000 in MRDT OAP payments to fund pooled regional initiatives over the reference period, were associated with $6.5 million in room revenue, and a rough/uncertain estimate of $20.8 million in local spending by guests ($132,000 per dwelling unit). On the other hand, if these units had instead been used as long-term housing, they might have been associated with a roughly-estimated $10 million in local spending by resident households ($64,000 per dwelling unit). However, these kinds of numbers are both a vast oversimplification and affected by a lack of SSI-specific data.

DETAILS

To be clear, a dwelling unit will contribute to the local economy whether it is used as a non-principal residence STR or as a long-term residence. The nature of the contribution will simply be different. Attempting to quantify and compare the net contribution of one use vs. the other – including specifically for Salt Spring Island – is made challenging by a lack of precise data and other significant sources of uncertainty and complexity. This complexity is sketched in Table 14.

Table 14: Example framework for a comprehensive economic impact analysis of dedicated short-term rentals vs. long-term residences

Short-Term Rental (non-principal residence STR)	Long-Term Rental	Owner Residence
Room revenue	Rent	Imputed rent
Total local spending by guests	Total local spending by resident household	Total local spending by resident household
Indirect local spending (B2B)	Indirect local spending (B2B)	Spending on property maintenance
Induced spending by guest-supported employees	Induced spending by resident-supported employees	Induced spending by resident-supported employees
▼ direct and indirect business revenue associated with ▼ workforce housing	▲ direct and indirect business revenue associated with ▲ workforce housing	▲ direct and indirect business revenue associated with ▲ workforce housing
Induced higher local rents	Induced lower local rents	Induced lower local purchase costs
Impacts of lower vs. higher housing costs on in/out-migration, demographics, and local productivity.		
MRDT OAP contributions	*Per-capita* funding from senior levels of government	*Per-capita* funding from senior levels of government

This table is labeled an "example" framework because it is intended to demonstrate the variety of things that might go into a comprehensive economic analysis vs. intending it as a formal, standardized framework for such analysis.

The kind of analysis sketched in Table 14 was beyond the scope of the present study. However, we can estimate the following discrete components.

- **OAP contribution:** During the reference period, $248,404 in MRDT OAP payments were contributed across the entire Southern Gulf Islands Tourism Partnership's service area. During this time, bookings on Salt Spring accounted for 59% of total regional booking revenue reported by AirDna, and residential STRs accounted for 88% of all booking revenue on Salt Spring Island. As such, we can roughly estimate that residential STRs on Salt Spring Island contributed an estimated $129,000 in MRDT OAP payments to fund pooled, regionally coordinated initiatives over the reference period.

  Here, it is important to note (a) the pooled nature of MRDT OAP contributions, such that their associated economic impacts are best considered at the regional level, and (b) the fact that all OAP contributions are currently directed towards affordable housing initiatives.

- **Local spending by STR guests vs. residents:** As part of a more comprehensive analysis, one can seek to quantify the average total, annual, local spending of non-principal residence STR guests vs. the local spending of a comparison resident household. Table 15 describes some example results, along with the associated methodologies and sources of uncertainty.

Table 15: Local spending – comparing non-principal residence STR use to residential

Avg. total, annual, local spending of non-principal residence STR guests	Avg. total, annual, local spending of a resident tenant household
Method Using Statistics Canada Table 36-10-0230-01, which tracks total tourism spending across major categories of goods and services. From this, one can use the known room/accommodation revenue to estimate total local spending by selecting tourism expenditure categories that seem most relevant to SSI.[42]	**Method** Using Statistics Canada Table 11-10-0226-01, which tracks annual household spending in rural areas. From this, and using supplemental data on average rent costs, one can sum the total expenditures one might reasonably expect a renter household to spend locally.[43]
Result Non-principal residence STRs (PLTDs) on Salt Spring, during the reference period, were associated with an estimated **$20.8 million** in total, annual local tourist spend, or **$132,000** per dwelling unit.	**Result** If all non-principal residence STRs (PLTDs) identified during the reference period were converted to long-term rental housing, these newly-occupied dwellings could be associated with an estimated **~$10 million** in annual, local household spending, or **~$63,500** per dwelling unit.
Sources of uncertainty • National averages for tourist / visitor expenditures may not closely reflect visitor expenditures on rural SSI. For example, some studies have shown that visitors to rural areas tend to be disproportionately domestic visitors, spending less than international visitors who tend to congregate in major urban centres.[44] • Contrary to the "average" accommodation unit across Canada, a minimum of 60% of the non-principal residence (PLTD) listings on SSI have a kitchen. Having a kitchen will arguably be associated with lower average spending on food and beverage, leading to an overestimate of local spending from STR guests. • By definition, non-principal residence STRs are operated by people who don't live in the unit. Some proportion of these operators won't live on SSI at all, such that the "room revenue" portion of spending would arguably not be local, leading to an overestimate of local spending from STR guests.	**Sources of uncertainty** • National averages for rural household spending may not closely reflect household spending on SSI. • The method by which expenditure categories were classified as plausibly "local" was coarse (e.g. not accounting for Amazon purchases, retail shopping off-island in Duncan or Greater Victoria, etc.), which may lead to an overestimate of local spending by residents. • In this method, we're treating rent payments as local spending; however, some proportion of landlords may not live locally, such that rent payments would arguably not be local, leading to an overestimate of local spending.

42 Details: Using Q4 2024 data of Statistics Canada Table 36-10-0230-01, treat the following as local spending: Interurban, charter and tour bus transport; Vehicle repairs and parts; Vehicle fuel; Other transportation; Accommodation, Food and beverage services; Recreation and entertainment; Travel services; Convention fees. Summing those items, "accommodation" expenses are 31.6% of the total. One can then divide reported room revenue by 0.316 to arrive at an estimate of total local spend.

43 Details: Using 2023 data of Statistics Canada Table 11-10-0226-01, sum all expenditures excluding "other accommodation", "household operation", "communications", "income taxes", "personal insurance payments and pension contributions"; then, add in best-available estimate of current local market rents (in this case $1,866 per month, see "Housing affordability - Renting" section of this report).

44 Roland Beshiri, "A visit to Canada's countryside: rural tourism," Rural and Small Town Canada Analysis Bulletin, Vol. 6, No. 5, Statistics Canada (2002).

Looking at the estimates in Table 15 , one might conclude there is an economic benefit to more permissive regulations. However, this would be an oversimplification; a truly comprehensive analysis would need to consider a broader range of factors such as those illustrated in Table 14.

A basic takeaway is that both short-term rental and residential use of dwelling units can be shown to produce economic benefits. Rather than attempting to pit one against the other in complex quantitative analysis, our general advice for communities is to:

- Make a basic value judgement about which use of dwelling units (tourism use or residential use) is more needed / important / prioritized at a given point in time.
- Maximize opportunities to advance the "win-win" of home-based, principal dwelling unit short-term rentals ("true homesharing"), of both kinds:
  - Rental of private rooms(s), while the operator is present in the dwelling unit.
  - Rental of the entire dwelling unit while the resident is away / staying elsewhere.
- Determine whether a "maximum desired capacity" can be defined for one's guest accommodation market (e.g. in terms of the number of full-time equivalent units, peak season units, etc.). For example, informed by:
  - Any local resource constraints such as water or developable / serviced land;
  - Community conversations about desired tourism levels.

If the desire is "maximum tourism," then the exercise would be more of an "accommodation needs analysis."

The desired / needed capacity then becomes a planning goal that a community can work towards in a more intentional way. For example, by identifying opportunities for new purpose-built guest accommodation that does not directly compete with housing, and methods to mitigate any priority, non-housing impacts of tourism.

Like many communities, Salt Spring Island has an extremely seasonal tourism market. As such, the above conversations could include ideas for "smoothing out" tourism demand throughout the year (e.g. off-season initiatives, offerings, events, marketing).

REGULATORY CONSIDERATIONS

Informed by the Impacts Analysis detailed above, we can flag three major areas for further local conversation: (a) achieving clarity about pending provincial policy; (b) considering a suite of potential clarifications to the Land Use Bylaw; and (c) the role of business licensing and proactive enforcement in achieving the island's goals.

PENDING POLICY

Salt Spring Island has opted into the provincial "principal residence requirement," a change which will take effect November 1, 2025.

This new provincial regulation does not legally override or conflict with SSI's local regulations; rather it serves to *layer on top of them*. The province is clear that the intent of the regulation – in this layering framework – is to serve as a "floor".

In our interpretation (see Table 16 and Appendix A), SSI's Land Use Bylaw already exceeds this provincial floor (is more restrictive/housing protective) than the provincial regulation, meaning the layering of the provincial principal residence requirement on top of the island's local regulations produces no meaningful change in the degree of legal restriction/permission (absent any change to the local bylaw(s)).

Table 16: Comparing BC's principal residence restriction to SSI's current bylaw restrictions

Current SSI bylaw restrictions (more restrictive)	Provincial principal residence requirement (less restrictive)
Must serve a morning meal to qualify as a "bed and breakfast"	No morning meal required
Restricted to certain zones	No zoning restrictions
Restricted to a single dwelling unit on the operator's home lot	Up to two dwelling units can be used as a short-term rental on the operator's home lot (the operator's principal residence/dwelling unit, plus one other)
Not permitted in secondary suites (including both legal and illegal secondary suites)	Permitted in secondary suites No distinction is made at the provincial level between legal/illegal suites (this is left up to local governments to identify/enforce e.g. through business licensing).
Several size restrictions apply	No size restrictions

Because the provincial principal residence requirement adds no new restrictions on top of those already set out in the Land Use Bylaw, the main effect of opting in is gaining access to additional provincial assistance with enforcement (see the "Business licensing and proactive enforcement" section for more details).

However, in some of our project correspondence it was communicated that an intent is/may be to align Salt Spring's local enforcement of short-term rentals with the newly-adopted principal residence requirement such that so long as a unit is compliant with *either* the Land Use Bylaw or the provincial regulations, no local enforcement action will be taken.

If this is indeed the intended approach, it could be characterized as one of the following:

- A policy choice about enforcement discretion, in the absence of any change to the actual bylaw-dictated legality of STRs.
- A misunderstanding of how the pending provincial principal residence requirement interacts with current local bylaws – the misunderstanding being that provincial permissions inherent in the associated regulations override current local restrictions, whereas they do not.
- Accompanied by changes to the Land Use Bylaw that have the effect of removing current local restrictions in order to bring the island's regulatory approach "all the way down to" the provincial "floor" regulation.

If any of the above is the case, this would have the effect of opening up Salt Spring Island to significantly more short-term rentals (more accommodation, more housing loss) after November 1, 2025.

This would be consequential and is therefore worthy of clarification, as discussed further in the following section.

OPPORTUNITIES FOR CLARIFICATION

In conducting this analysis, we encountered a number of areas where there are opportunities to clarify Salt Spring's approach to short-term rentals.

CLARIFY THE ISLAND'S REGULATORY GOALS

As stated by the Salt Spring Island Local Trust Committee's (LTC) in an August 2025 statement, the goals driving the island's approach to short-term rentals and the decision to opt into the provincial principal residence requirement include:

- protecting long-term housing
- preserving community character
- ensuring fair enforcement of short-term rental (STR) regulations
- streamlining enforcement efforts (making it easier to identify unlawful STRs)
- reducing pressure on local housing and infrastructure
- balancing the need for visitor accommodations with the urgent need for housing
- maintaining Salt Spring Island as a liveable, resident-focused community.

This list of goals is consistent with a restrictive approach to short-term rentals, with the only tension point being within the goal to "balance the need for visitor accommodations with the urgent need for housing."

Some additional clarity is possible by better defining the desired balance, for example:

- By quantifying the amount of housing loss that is acceptable in service of providing visitor accommodation (recalling that "true home-sharing" style Airbnbs and purpose-built commercial guest accommodation are not associated with housing loss; just entire-unit STRs).
- By clarifying whether the desired balance is more aligned with the current Land Use Bylaw restrictions, or further restrictions, or fewer restrictions (e.g. closer to the provincial "floor").

CONFIRM THE INTENDED APPROACH TO ENFORCEMENT AFTER NOVEMBER 1, 2025

As discussed above, if the island deems all provincially-compliant short-term rentals as locally tolerated, then this would have the effect of opening up the island to significantly more short-term rentals.

This would be consequential, and is therefore a significant opportunity for clarification.

A related opportunity is to make the island's current Land Use Bylaw clearer, and therefore easier to proactively enforce, as discussed below.

“SHORT-TERM RENTAL” IS NOT FORMALLY DEFINED IN THE LUB

The only reference to short-term rentals/short-term vacation rentals in the LUB is a short Information Note in Section 3.16 (Secondary Suites) that reads: “Pursuant to other provisions of this Land Use Bylaw, short term vacation rentals are not permitted in residential areas.”

However, the cited “short term vacation rental” term is not formally defined in the LUB.

In lieu of a formal definition of “short-term vacation rental” in the LUB, what we understand – from our correspondence with staff – is that there has been a working definition whereby the key distinction is whether a morning meal is being served. Such that:

- If a dwelling unit is being used as guest accommodation and is serving a morning meal (including simple baked goods), the unit has the potential to be deemed a “bed and breakfast” as per the bed and breakfast definition in Section 1.1 of the LUB, and permitted pursuant to the LUB.
- If a morning meal is <u>not</u> being served, the rented dwelling unit has *informally* been considered a “short term vacation rental” (as distinct from a B&B) and entirely prohibited (*informally* as in the absence of a formal definition).

This informal/working definition of a short-term vacation rental is confusing when paired with other official statements, such as an August 2025 release by the Salt Spring Land Trust Committee that states that “existing land use regulations […] only permit STRs in the form of home-based Bed and Breakfasts…”

The confusion being that it is unclear to permit STRs *in the form* of B&Bs (the implication being that B&Bs are a sub-category of STRs), while simultaneously treating the two as mutually exclusive.

There is an opportunity to clear all of this up by formally defining “short-term rental” in the LUB, including the potential for it to wholly replace the historic “bed and breakfast” term.

A related opportunity is to reconsider the utility of any kind of breakfast-based distinction going forward, as discussed below.

RECONSIDER THE UTILITY OF BREAKFAST-BASED DISTINCTIONS AND DEFINITIONS

The way the LUB formally defines “bed and breakfast” as lodging that serves ‘a morning meal’ (rather than ‘may serve’), and the informal/working definition that seeks to sharply distinguish “short-term vacation rentals” as ‘no breakfast’, are both difficult to justify from a policy/public interest perspective.

They are difficult to justify because the presence or absence of e.g. a selection of baked goods is not an obviously impactful aspect of land use.

An example of a classic distinction between legacy "bed and breakfasts" and most modern "short-term rentals" that is more impactful, from a land use perspective, is where bed and breakfasts are defined as/restricted to the renting of *private rooms* within the host's home dwelling unit – as contrasted with most modern short-term rentals that involve the renting of an *entire dwelling unit*. The impactful land use distinction being in the difference in lost housing (none for B&Bs and some for STRs).

However, even this classic distinction can cause confusion if the "breakfast" aspect is maintained. For example, do hosts *have* to serve breakfast? What is sufficient to be deemed a morning meal/breakfast? Does a fresh breakfast have to be provided every day, or can a selection of shelf-stable baked goods be left out for several days?

This is why many communities have dropped the "bed and breakfast" terminology altogether, and have moved to a "short-term rental" definition – sometimes a set of defined sub-categories of short-term rentals – that no longer touch on the presence or absence of breakfast, and instead focus on the nature of the rooms and dwelling unit being rented out as guest acoommodation, in particular their relation to potential long-term housing.

The opportunity, then, is to consider dropping any consideration of breakfast/no breakfast in the LUB, and focusing on the aspects that more directly relate to the island's stated goals for short-term rental regulations.

CLARIFY THE DEFINITION OF "HOME-BASED BUSINESS" IN THE LUB

In SSI's LUB, "home-based businesses" are only permitted where the operator is "... permanently residing on the premises in which the home-based business is conducted." Further clarity could be achieved by further defining "permanently residing". For example:

- Does it mean full-time/no other residence;
- Does it mean/align with the provincial definition of "principal residence" that refers to the place where the operator lives longer than any other place during the year; or
- Is there a specific time threshold such as 6 or 9 months of the year?

"Premises", in the aforementioned excerpt, could also be more explicitly defined by clarifying whether it refers to the lot or the specific dwelling unit (the former is assumed in the present study).

CLARIFY WHAT IS MEANT BY "PRINCIPAL DWELLING UNIT"

The LUB restricts bed and breakfasts to either a "principal dwelling unit" or "seasonal cottage" on the operator's home lot.

However, "principal dwelling unit" is not defined in the LUB. The component term "principal" *is* defined to mean "in relation to a use conducted or a building or structure constructed on a lot: **primary and most important**". But what constitutes primary and most important is not made explicit. Combined with the definition for "secondary suite", "principal dwelling unit" takes on an *implied* meaning of 'the largest dwelling unit on the lot', but this altogether is worthy of clarification.

CLARIFY THE KITCHEN/SEPARATE ENTRANCE CLAUSES OF THE LUB

With reference to LUB sections 3.11.3 and 3.11.4, B&B/STR operators wishing to circumvent local regulations will often obfuscate the nature of their unit or physically modify it in order to avoid its classification/interpretation as a separate dwelling unit – e.g. by hiding the presence of a kitchen or turning what could be a kitchen into a kitchenette, or by maintaining an internal connection between separate suites that is designed in such a way as to nonetheless preserve their function as separate, private suites.

This inevitably becomes a "game of cat and mouse" within local enforcement programs.

Bylaw officers' jobs can be made easier by amending bylaw terminology to achieve maximum clarity and enforceability of these kinds of informal/illegal STR suites.

CONFIRM THE INTENT BEHIND – AND CONSIDER SIMPLIFYING/REMOVING – SIZE RESTRICTIONS

The current LUB includes different kinds of size restrictions on bed and breakfasts. In our review (see Appendix A), the effect of these size restrictions in permitting or prohibiting specific types of B&Bs/short-term rentals can become quite complicated and unclear.

There is an opportunity to revisit the original intention, as well as the current practicality and utility of these size restrictions. Could the island's major goals for short-term rental regulations be achieved without them, or with a simplified approach?

CLARIFY THE PERMISSIBILITY OF DIFFERENT TYPES OF NON-DWELLING UNIT SHORT-TERM RENTALS

Section 3.18 of the LUB allows for RVs/trailers to be used as "camping units" on residential lots up to 90 days in a year so long as appropriate sewage facilities are present. And, in our reading, nothing in the definition of "camping unit" would seem to preclude the use of these units for the accommodation of paying guests as listed on Airbnb or any other platform.

However, in some of our correspondence with local government staff it was suggested that this is not permitted. Clarification is therefore warranted.

There is also an opportunity to achieve greater clarity with respect to other types of non-dwelling unit STRs. Per legal convention, any uses not explicitly permitted in the Land Use Bylaw are de facto prohibited. For example, constructing a "tiny home" style accessory building and using it as guest accommodation on a residential lot is not explicitly permitted, therefore it is prohibited. However, we identified several of these units as currently operating. For clarity, it might be worthwhile to add a note to the bylaw explicitly prohibiting them (or permitting them, if there's a desire to do so).

REVISIT THE "SEASONAL COTTAGE" DEFINITION/REGULATIONS

Currently, it seems the only detached accessory dwelling units permitted on SSI are (a) those used by onsite staff for certain operations, or (b) "seasonal cottages" that cannot be used as permanent residences without case-by-case zoning approval. The need for special approval to use these ADUs as a long-term residence, combined with the higher revenue potential of STR units, likely leads many owners of these detached dwellings to allocate them towards STR use, and owners' capital towards building new guest accommodation vs. "gentle density" long-term rental units. The standing restriction against using these ADUs as permanent residences may also lead to inefficient use of dwelling units in some cases; for example, a 2-person owner household may prefer to live in their "right-sized" detached cottage and rent out the main dwelling unit on the lot to a larger tenant household, but may be dissuaded from seeking the zoning approval to do so.

If SSI wished to consider broadly opening up the seasonal cottage use to permanent residencies (e.g. transition to a "cottage" term), this would also be a good time to revisit the bed and breakfast/short-term rental regulations. If SSI wished to transition to more of a "true homesharing" framework (e.g. Victoria, Vancouver), the B&B regulations could be simplified to only permit them in one's home dwelling unit (regardless of the nature of that unit, whether a primary suite, secondary suite, or detached cottage). In the other direction, if SSI wished to allow e.g. up to 1 dwelling unit anywhere on one's home lot to be used as a B&B/short-term rental (still more restrictive than the province's maximum of two; or perhaps SSI might decide to align with the province's framework entirely), that could similarly be permitted without needing to worry about the nature of the dwelling unit. In any case, this would arguably simplify interpretation and enforcement of local regulations.

Altogether, given (a) the numerous opportunities for clarification described above; (b) the Land Use Bylaw review that was ongoing as of August 2025; and (c) the pending provincial principal residence requirement and associated enforcement tools, it may be worthwhile to consider a wholesale modernization of local regulations governing bed and breakfasts and short-term rentals.

With additional bylaw clarity, SSI could then seek to combine this **newly-clear bylaw** with a CRD-enabled **business licensing system** and provincially-assisted **proactive enforcement** to achieve and maintain a high level of compliance – and through compliance – achieve the island's stated goals for short-term rental regulations.

BUSINESS LICENSING AND PROACTIVE ENFORCEMENT

WHAT TO EXPECT FROM THE PROVINCE *WITHOUT* LOCAL BUSINESS LICENSING

As noted in the previous section, because the provincial principal residence requirement adds no new restrictions on top of those already set out in the Land Use Bylaw, the main effect of opting in is gaining access to additional provincial assistance with enforcement. Specifically:

- Ideally, the province should *already* be proactively triggering the removal of listings that do not include a valid provincial registration number; as discussed in the Compliance Commentary section we found 26 such listings in our own point-in-time scan (which had not yet been removed).
- After November 1, the province should proactively trigger the removal of existing provincially-registered listings that are, per the information submitted by the host in their provincial application form, not compliant with the new principal residence requirement.
- After November 1, the province should start rejecting all new provincial registration applications for units that are not compliant with the new principal residence requirement.

Related to the fact that the island's LUB is more restrictive than the provincial principal residence requirement, all units that are provincially non-compliant with this requirement will also *happen to be* locally non-compliant with the LUB.

It is this subset of locally non-compliant units that the island will be getting "free" proactive provincial enforcement help with, as a result of opting in. However, we believe this subset is likely the minority of locally non-compliant listings.

This is informed by:

- Observations of likely-non-compliant units during our point-in-time scan (see the Compliance Commentary section). From the information available, it appears that there are a significant number of units that are currently locally non-compliant, but may very well be provincially compliant.
- Our understanding of historical local enforcement efforts that have – at least at times – focused on the "easier-to-enforce" category of local non-compliance whereby the operator does not live on the lot (this category of non-compliance happens to align with the new provincial principal residence requirement). These historical enforcement efforts will therefore have had the effect of weeding out a number of units that would have otherwise [also] been provincially non-compliant come November 1.

  By contrast, a significant number of units will have historically fallen into "harder-to-enforce" categories of local non-compliance; for example STRs taking place in legal or illegal secondary suites on the operator's home lot. These units may therefore account for a disproportionate amount of current local non-compliance.
- The fact that the bed and breakfast regulations in the LUB are significantly more restrictive/housing protective than the provincial principal residence requirement (refer back to Table 16). The magnitude of this *difference in permission level* seems likely, on its own, to result in a high number of provincially compliant but locally non-compliant listings.

Furthermore, there will be a strong incentive on the part of local STR operators to – in their provincial registration paperwork – claim that a STR unit is on their home lot when in fact it is not. In some cases the province may be able to catch these claims by cross-referencing with other datasets; but in other cases they will not.

All of this is to say that, after November 1, local business licensing will still be required if the island seeks to achieve and maintain high compliance – and through compliance – its goals for short-term rental regulations.

WHAT LOCAL BUSINESS LICENSING ENABLES

A local business licensing process provides:

- The opportunity to proactively verify the nature of a STR unit (e.g. via pre-approval site inspection), including evidence of residency in the unit and/or on the lot, which can be cross-checked with provincial data.
- The opportunity to attach additional conditions to the license, for example related to guest safety, the maintenance of a guest register, the submission of landlord or strata approvals, etc. Many communities use this as an opportunity to level the playing field, somewhat, with commercial accommodation providers.
- Cost recovery for enforcement programs – many communities charge special and relatively high license fees to cover the cost of proactive enforcement.
- The ability to proactively enforce non-compliance **much more efficiently** than prior to BC's new provincial legislation and systems.

  Now, if a locally non-compliant operator is identified – who either lacks a license or is violating a condition of the license – the local government can immediately trigger the provincially-mediated removal of the listing(s) on online platforms.

  In the absence of local business licensing, achieving the removal of non-compliant listings will remain a much more complicated, time and resource-intensive process, disincentivizing the choice to proactively enforce the island's LUB.

In other words, a local business licensing system enables efficient, proactive enforcement of a community's LUB.

For SSI, such a licensing process would need to be managed by the CRD, and would represent a new scope of activity for the district.

Standing up new activities/capacity is always challenging, especially in the context of a jurisdiction like the CRD that includes many individual islands and rural areas with their own distinct land use bylaws.

These challenges must be weighed against the benefits of achieving compliance, which include the effective protection of long-term housing and achieving the island's other stated goals.

Altogether, established best practices for local short-term rental regulations include ensuring clear goals, clear bylaws, and a system of business licensing and proactive enforcement to ensure a community's goals are achieved.

CONCLUSION

Salt Spring Island's short-term rentals are a growing presence in both the island's accommodation and housing landscapes. The analysis presented in this report confirms that residential STRs now comprise approximately half of Salt Spring's fixed-roof accommodation market—contributing materially to accommodation supply and revenue, particularly during peak seasons. These rentals provide flexible, distributed, and often well-appointed lodging options that many visitors prefer; though they also directly compete with commercial (non-residential) accommodation providers.

At the same time, the growing presence of STRs—specifically entire-home listings not functioning as principal residences—has reduced the availability of long-term housing on the island, contributing to tighter rental markets and likely adding significant upward pressure on rents and purchase prices. This effect is especially important in a context where costs are at or near historic highs and vacancy rates extremely low.

The basic trade-offs are clear. STRs support tourism, with the nuance that they also compete with traditional accommodation providers; and they simultaneously constrain housing access and affordability. Broader economic considerations are complicated by the fact that dwelling units will contribute to the economy whether they are used as guest accommodation or as long-term residences, and attempting a strict quantitative comparison is not possible with currently-available data, nor was this within the scope of the present study. It is the role of local policymakers to decide how to navigate these trade-offs and uncertainties. The data and commentary in this report are intended to inform that decision-making process—not by prescribing a specific regulatory approach, but by clearly articulating the scale of current activity and its assessed impacts. In all communities, a sound path forward depends not only on confirming local goals and values, but also on a regulatory and enforcement framework that reflects those priorities with clarity and consistency.

APPENDIX A: DETAILED INTERPRETATION OF CURRENT POLICY

As per an August 2025 statement by the Salt Spring Island Local Trust Committee, a summary of the island's "existing land use regulations [is that they] only permit STRs in the form of home-based Bed and Breakfasts operated by permanent residents, and only in zones where Bed and Breakfasts are permitted as a home based business."

In our reading of the Land Use Bylaw (LUB), we can expand on this short statement by interpreting five main restrictions on dwelling unit short-term rentals:

1. **They must serve some kind of morning meal and be taking place on the operator's home lot (to qualify as a "bed and breakfast" "home-based business")**
2. **They are restricted to certain zones**
3. **They are restricted to a single dwelling unit on the operator's home lot**
4. **They are not permitted in official or unofficial secondary suites; and**
5. **Several size restrictions apply**

Table A1 provides additional details and references for this interpretation. This interpretation is the author's own. Readers should contact their local government officials to confirm regulations related to their specific circumstances or line of inquiry.

Table A1: Summary effect of Salt Spring Island's current Land Use Bylaw

Restriction	Details
Dwelling unit STRs ***Permitted only in the form of "bed and breakfast" "home-based businesses"***	
Must serve a morning meal	• Per LUB section 1.1 definition: "a home-based business that provides temporary overnight accommodation and a morning meal to paying guests."
Only allowed in certain zones	• 4 of 12 Residential zones • 4 of 7 Rural zones • 1 of 3 Comprehensive Development zones • 2 of 2 Forestry zones • 2 of 2 Agricultural zones
Operator must permanently reside on the premises/lot	• LUB Section 3.13.3

Restriction	Details
Dwelling unit STRs ***Permitted only in the form of "bed and breakfast" "home-based businesses"***	
Restricted to one dwelling unit on one's home lot	• LUB Section 3.13.3 (has to be home lot) • LUB Sections 3.13.8 (1) and (2) combine to limit STRs to a maximum of one dwelling unit on your home lot.
The one dwelling unit per home lot used for B&B-STR can either be: • **The "principal dwelling unit" on the lot (i.e. the largest dwelling unit on the lot);** **OR** • **A "seasonal cottage", where zoning allows, and not in agricultural zones without special permission.**	• LUB 3.13.8 (2) • LUB Section 1.1.1. Defines "principal" as "primary and most important", but in relation to the definition for "secondary suite" and the size restrictions on "seasonal cottages," the term "principal dwelling unit" seems to take on the practical meaning of the largest dwelling unit on the lot. • LUB Section 1.1.1. Defines "seasonal cottage" as an accessory dwelling unit occupied or intended to be occupied on a temporary basis primarily for recreation by someone who lives elsewhere. • An information note in LUB Section 3.13.8 has the effect of prohibiting use of seasonal cottages in agricultural zones without special permission.
Not allowed in legal secondary suites	• LUB 3.13.8 (2) ("secondary suites" are neither a "principal dwelling unit" or "seasonal cottage")
STRs are not allowed in suites that function as unofficial/illegal secondary suites (by virtue of having separate external access and/or a separate kitchen)	• LUB 3.11.3 and LUB 3.11.4 (STRs must take place in a single dwelling unit – either a PDU or a seasonal cottage – and a single dwelling unit cannot have unofficial separate suites or separate kitchens within them).
If you're short-term renting a *private room(s)* in a dwelling unit on your home lot, some size restrictions apply.	• LUB 3.13.8 (4) limits the total floor area to no more than 50% of the total floor area of the single family dwelling on the lot plus any seasonal cottage on the lot.

Restriction	Details
Dwelling unit STRs ***Permitted only in the form of "bed and breakfast" "home-based businesses"***	
The renting of an *entire dwelling unit* as a B&B-STR is only allowed if: • **It's your home dwelling unit and the principal/largest dwelling unit on the lot (e.g. while you are away or temporarily staying elsewhere on the lot).** • **It's a seasonal cottage** • **The principal dwelling unit on the lot, if you permanently reside elsewhere on the lot and the PDU is only occasionally dedicated to STR use (*not primarily* dedicated to STR use).** • **The principal dwelling unit on the lot, if you permanently reside elsewhere on the lot, if the PDU is dedicated to STR use, and if the PDU happens to be less than 50% of the total floor area of (a) a single family dwelling on the lot, which might contain two official suites, plus (b) a seasonal cottage; and is less than 100m^2.**	• LUB 3.13.8 (4) does not put size restrictions on a B&Bs/STRs if no part of the dwelling unit is "primarily dedicated" to guest accommodation. • LUB 3.13.8 does not put any size constraints on seasonal cottages used for STR beyond the inherent size limit of seasonal cottages, so they can be used as STRs in their entirety. • The math of LUB 3.13.8 (4) seems to allow at least a couple of other scenarios where an entire principal dwelling unit could be listed as a short-term rental on one's home lot. In cases where the PDU is primarily dedicated to STR use, the total floor area used cannot exceed 100m^2.
Due to zoning, residents of multi-family buildings are not currently allowed to rent their home condo/apartment as a B&B-STR.	• Nothing about the LUB Section 1.1.1 definitions of "principal" and "dwelling unit" would seem to prohibit the renting of a home in a multi-family building. And the size restrictions of LUB Section 3.13.8 (4) don't apply to units/rooms that are not "primarily" used for guest accommodation (i.e. an apartment primarily used as your home). • However, at the present time all zones that allow for multi-family dwellings do not include bed and breakfasts as a permitted use, so this is effectively prohibited.
The maximum number of bedrooms used for B&B-STRs are limited to either 3 or 4, depending on lot size.	• LUB 3.13.8 (3) (3 bedroom max on lots less than 1.2 ha; 4 bedroom max otherwise).
There are also parking and signage requirements for all STRs/B&Bs.	• See LUB 3.13.8 (6) and (7)

Restriction	Details
Non-dwelling unit STRs *(RVs and trailers, mobile tiny homes)*	
Seemingly allowed on any lot where dwelling units are allowed, up to a maximum of 90 days per year.	• LUB Section 3.18
Restriction	**Details**
Non-dwelling unit STRs *(yurts, tents, glamping, non-mobile tiny homes, etc.)*	
Prohibited outside of approved campgrounds.	• See LUB Section 1.1.1 definitions of "camping unit", "campground", and "campsite"
Restriction	**Details**
Non-dwelling unit STRs *(boats)*	
Prohibited	• By virtue of the lack of explicit permission to do so in the LUB.

Because the pending provincial principal residence requirement will layer on top of existing local regulations (it doesn't override or replace them), and because the only dwelling unit short-term rentals permitted by the island's current LUB are "bed and breakfasts" – as regulated per Table A1 – it is our interpretation that no new permissions will be effective as of November 1, 2025. The only change will be in additional enforcement tools and resources enabled by the opt-in.

In other words, in the layering of the island's LUB with the new provincial principal residence requirement, it's not permissions that stack, it's restrictions.

APPENDIX B: TRADE OFFS AND PRIORITIZATION OF GOALS

Coherent and effective regulations flow from clarified and prioritized goals.

When prioritizing goals, it is important to understand the various trade-offs inherent to any given issue.

For short-term rentals, Third Space Planning has identified at least seven key trade-offs that local governments end up addressing, either implicitly or explicitly. By discussing these trade-offs explicitly, communities can more easily clarify and prioritize their own local STR regulatory goals.

The following graphic arranges these seven key trade-offs on a spectrum that generally ranges from restrictive approaches to **residential STRs** (on the left) to permissive approaches (on the right).

Figure B1: Key trade-offs on the issue of short-term rentals

RESTRICTIVE	⟷	PERMISSIVE
Encourage revenue from LTR	SOURCE OF HOMEOWNER REVENUE	Encourage revenue from STR
Encourage commercial guest accommodation	NATURE OF TOURISM UNITS	Encourage residential guest accommodation
Residential use of residential zones	NEIGHBOURHOOD CHARACTER	Commercial use of residential zones
Rely on presence of operator	NEIGHBOURHOOD DISTURBANCES	Rely on other forms of accountability
No tolerance for housing loss	HOUSING AVAILABILITY	High tolerance for housing loss
Support future owners	HOMEOWNERSHIP AFFORDABILITY	Support current owners
Support renters	RENTER vs. CURRENT OWNERS	Support current owners
From more residents visitors	ECONOMIC STRENGTH	From more visitors

The outcomes on the left of this diagram tend to go together, and the outcomes on the right tend to go together.

If one was to map the nature of a community's individual regulations on these trade-off spectrums, and they all tended to bundle towards one side of the diagram or the other, that would be an indication of clear goals and priorities, and a more coherent and cohesive program.

If, instead, some land on the right and some land on the left, or all of them aim for the middle, this is a sign of internal tension and potentially insufficient clarity on priorities, which will often produce a less coherent regulatory program overall.

We recommend that every community discuss these seven trade-offs, and confirm where they'd like to land on each, noting that the broader economy can be stimulated at either end of Figure A1 (see "Economic Impacts" section for more discussion).

THANK YOU

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