



City of
Kelowna

Council Workshop for Proposed Changes to Short-Term Rental Regulations

Purpose

- ▶ To facilitate a discussion with Council on the short-term rental regulations and review options for potential regulatory changes

Background

- ▶ Short-term rental regulations were adopted April 2019
- ▶ A commitment made to revisit the regulations after two tourist seasons
 - ▶ Timing of review was impacted by COVID-19 pandemic

Guiding Principles

- ▶ Council previously endorsed guiding principles, which helped direct the development of the STR regulations:
 1. Ensure STR accommodations do not impact the long-term rental housing supply in a negative way;
 2. Ensure short-term rental accommodations are good neighbours; and
 3. Ensure equity among short-term rental accommodation providers.

Discussion

- ▶ Healthy Housing Strategy (2018)
 - ▶ Key direction is to promote and protect rental housing
 - ▶ Action item to update regulations to protect the rental stock from the impacts of STR's
- ▶ Primary vs. Secondary rental market
 - ▶ Primary rental market = purpose-built rentals
 - ▶ Secondary rental market units less secure than primary rental market

Discussion

- ▶ CMHC Report (2020)
 - ▶ The impact of short-term rentals on Canadian Housing
 - ▶ Key findings:
 - ▶ Short-term rentals have been a major cause of housing financialization in Canada, providing revenue outside of traditional rentals.
 - ▶ The majority of short-term rentals are owned by large-scale commercial operators, and not by private individuals.
 - ▶ The financial incentives of short-term rentals place pressure on housing, leading to long-term rentals being converted into short-term ones.
- ▶ UBCM Report (2021)
 - ▶ Priorities or Actions on Short-Term Rentals

Discussion

- ▶ STR's supplement the accommodation market and provide homeowners with additional income opportunities
- ▶ Appropriately regulated process required to ensure housing stock preserved for long-term rentals while managing tourism impacts
- ▶ Challenge for municipalities to find a balance in regulation of STR activity to enhance benefits and opportunities of the industry, while reducing any detrimental effects on housing and neighbourhood livability

Review Findings

- ▶ Program considered to be functioning adequately
- ▶ Key concerns regarding:
 - ▶ Current principal residency requirements
 - ▶ Difficult to regulate and enforce
 - ▶ Local government capacity
 - ▶ Licencing #'s indicates continued STR growth
 - ▶ Uncertain impact on secondary rental market
 - ▶ ~70 secondary suite decommissioning permits -> STR licences to-date
- ▶ Province of BC anticipated to table related legislation

Zoning Bylaw No. 12375

Regulation	Agriculture & Rural Zones	Single & Two Dwelling Zones	Multi-dwelling Zones	Core Area & Other Zones
Short-term rental accommodation means the temporary overnight accommodation for a period of 29 days or less.				
Maximum # of adults per sleeping unit	2	2	2	2
Maximum # of sleeping units per dwelling unit	3	3	2	2
Maximum # of bookings at a time	1	1	1	1
Minimum # of parking spaces ¹	1 space per 2 sleeping units	1 space per 2 sleeping units	No additional parking required	No additional parking required
Allowed in secondary suites / carriage houses / boarding or lodging / group home	No	No	n/a	n/a
Operator principal residence ²	Yes	Yes	Yes ³	Yes ⁴
Business License to operate	Required			

¹Short-term rental accommodation parking spaces may not use required visitor parking spaces

²Short-term rental operator must reside at the dwelling unit for more than 240 days (8 months) of the year

³Properties with permitted principal use with 6-month restriction (Table 2) are not restricted to the operator's principal residence

⁴Properties with permitted principal use, and permitted non-conforming (Table 2) are not restricted to the operator's principal residence

Zoning Bylaw No. 12375

The City of Kelowna allows short-term rentals accommodation as a secondary use in the following zones:
A1, A2, RR1, RR2, RU1, RU2, RU3, RU4, RU5, MF1, MF2, MF3, C1, C2, CA1, VC1, UC1, UC2, UC3, UC4, UC5,
HD2, CD17, CD18, CD20, CD22, CD26

The City of Kelowna allows short-term rental accommodation as a principal use in the following exemption areas:

Principal Use	Principal Use with 6-month restriction	Principal Use, Permitted Non-Conforming
3838 Capozzi Rd	1088 Sunset Dr	1873 - 1875 Country Club Dr
	1128 Sunset Dr	654 Cook Rd
	1075 Sunset Dr	1350 St Paul St
	1083 Sunset Dr	1290 St Paul St
	1089 Sunset Dr	1215 St Paul St
	1093 Sunset Dr	1471 St Paul St
	1099 Sunset Dr	1585 Abbott St
	1123 Sunset Dr	3477 - 3490 Lakeshore Rd
	1129 Sunset Dr	925 Leon Ave
	1133 Sunset Dr	1083 KLO Rd
	1139 Sunset Dr	3880 Truswell Rd
		CD18/ Area I Village Centre
		3398 McKinley Beach Lane
		3475 Granite Close

Business Licencing

- ▶ Regulated by Short-term Rental Accommodation Business Licence and Regulation No. 11720
- ▶ Number of Approved Short-Term Rental Business Licences Per Year Since 2020

Year	Approved STR as a Principal Use	Approved STR as a Secondary Use	Total Approved STR
2020	252	378	630
2021	333	477	810
2022	466	666	1132
2023 (as of June)	471	668	1139

Business Licencing

- ▶ Host Compliance
 - ▶ Tool to find and enforce STR non-compliance
 - ▶ Proactive in helping Staff identify STR's operating without a licence and bring them into compliance without requiring Bylaw Enforcement
 - ▶ 796 properties brought into compliance using software
 - ▶ Approximately 200 still outstanding
- ▶ Non-compliance
 - ▶ Approx. 200 known non-compliant properties, plus additional properties flagged by Host Compliance for further identification
 - ▶ Challenges with identification in the multiple dwelling housing context
- ▶ Review of fees as part of a separate process

Bylaw Enforcement

- ▶ From 2019-2022 there were 294 STR related service requests
 - ▶ 2019 – 104
 - ▶ 2020 – 62
 - ▶ 2021 – 51
 - ▶ 2022 – 77
 - ▶ Often related to parking, solid waste, noise and nuisances and zoning bylaw related complaints
- ▶ Difficulties in proving and enforcing current principal residency requirements

Proposed Amendments

- ▶ **Option #1 – Minor Amendments (Staff recommended)**
 - ▶ **Zoning Bylaw No. 12375**
 - Prohibit STR from operating on properties with a rental-only subzone
 - Amend existing wording related to residency requirements
 - new requirement for the property owner to reside for more than 240 days of the year at that dwelling unit (where STR is a permitted secondary use)
 - Clarify language regarding principal and secondary use
 - Establish minimum parking requirements for STR on MF1 and MF2 zoned properties,
 - ▶ **City of Kelowna STR Accommodation Business Licence and Regulation Bylaw No. 11720**
 - Amend wording to be consistent with any amendments to Zoning Bylaw No. 12375
 - Consider:
 - new additional annual requirements for demonstrating principal ownership
 - prohibition of corporate ownership for STR business licence issuance and establishment of a restriction of one short-term business licence per person (where STR are a permitted secondary use)
 - Establish a requirement for STR property managers to hold a valid business licence, as well as to only advertise locations that have a valid and issued municipal business licence
 - Changes to improve administrative processing of applications

Proposed Amendments

- ▶ **Option #2 – Major Amendments**
 - ▶ **Zoning Bylaw No. 12375**
 - As outlined under “Minor Amendments”
 - Remove short-term rentals as a permitted use from townhouse and apartment housing land use categories
 - ▶ **City of Kelowna STR Accommodation Business Licence and Regulation Bylaw No. 11720**
 - As outlined under “Minor Amendments”

Proposed Amendments

▶ Option #3

▶ Zoning Bylaw No. 12375

- Removal of short-term rentals as a permitted use from all zones

▶ **City of Kelowna Short-Term Rental Accommodation Business Licence and Regulation Bylaw No. 11720**

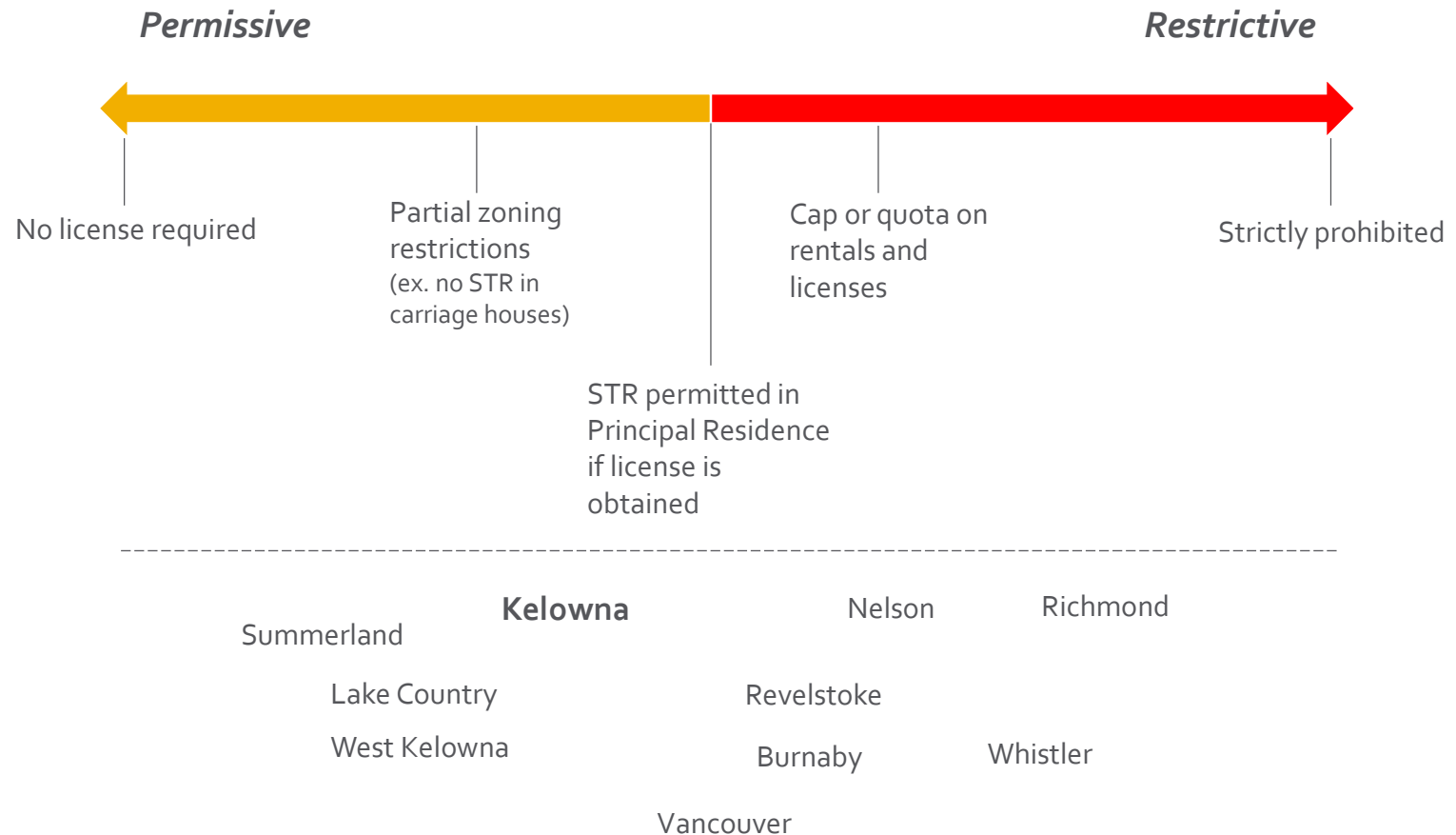
- As outlined under “Minor Amendments”
 - Specific attention to managing non-conforming licences

Proposed Amendments

- ▶ Staff recommended option #1
 - ▶ Addresses the most pressing Staff concerns
 - ▶ Rental only subzone
 - ▶ Current principal residency challenges
 - ▶ Maintains existing program framework

Municipal Comparison

STR Regulation Spectrum



Conclusion

- ▶ Local government capacity may continue to be challenged as the STR program grows
- ▶ Illegally operating STR's likely to always exist and require enforcement, regardless of regulations

Next Steps

- ▶ Following Council direction on preferred options, Staff will return with proposed text amendments to Zoning Bylaw No. 12375 and the City of Kelowna STR Accommodation Business Licence and Regulation Bylaw No. 11720 for further consideration
 - ▶ Proposed amendments to help ensure the three guiding principles for short-term rentals are still being achieved