



City of
Kelowna

Short-term Rental Accommodation Regulatory Changes

TA23-0013

Purpose

- ▶ To amend the Zoning Bylaw by removing short-term rental accommodation as a secondary use from all zones. |

Background

- ▶ The three guiding principles are:
 1. Ensure short-term rental 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 accommodation providers.

- ▶ Created based on Kelowna's housing context, concerns about potential nuisance impacts in residential areas, and establishing a fair approach among short-term accommodation providers

Background

- ▶ April 8, 2019 – STR Regulations were adopted
- ▶ July 10, 2023 - STR Workshop with Council
- ▶ Sept 11, 2023 - Housing Needs Assessment
- ▶ October 16, 2023 – Province of BC introduces STR legislation

Proposed Amendments

- ▶ **Proposal: Remove short-term rental accommodation as a permitted secondary use from all zones**
- ▶ **Proposed Amendments #1 to #4**
 - ▶ Amend current short-term rental accommodation definition
 - ▶ Remove reference to secondary use
 - ▶ Ensure all regulations are consistent with proposed changes
 - ▶ Parking requirements and max. sleeping units

Proposed Amendments

- ▶ **Proposal: Remove short-term rental accommodation as a permitted secondary use from all zones**

- ▶ **Proposed Amendments #5 to #13**
 - ▶ Removal of short-term rental accommodation as a permitted secondary use from all zones.
 - ▶ This includes the following zones:
 - ▶ A1, A2, RR1, RR2, RU1, RU2, RU3, RU4, RU5, MF1, MF2, MF3, C1, C2, CA1, VC1, UC1, UC2, UC3, UC4, UC5, CD17, CD18 (Area II, Area III and Area IV), CD20, CD22 and CD26

- ▶ Future amendments may be required based on the Province of BC's STR Accommodations Act & any associated regulations

Permitted Uses

- ▶ At this time, STR would remain permitted:
 - ▶ as a principal use in CD18 – McKinley Beach Comprehensive Development Zone Area I Village Centre
 - ▶ as a principal use on properties with approved Site-Specific Regulations
 - ▶ permitted on properties with recognized non-conforming/exemption status
 - ▶ on any other properties (not included above) with valid STR business licences
 - ▶ Non-conforming properties – Section 528 LGA
- ▶ Will be subject to change pending regulation by the Province of BC
- ▶ Ongoing monitoring for compliance with licence conditions

Permitted Use and Non-Conforming Areas

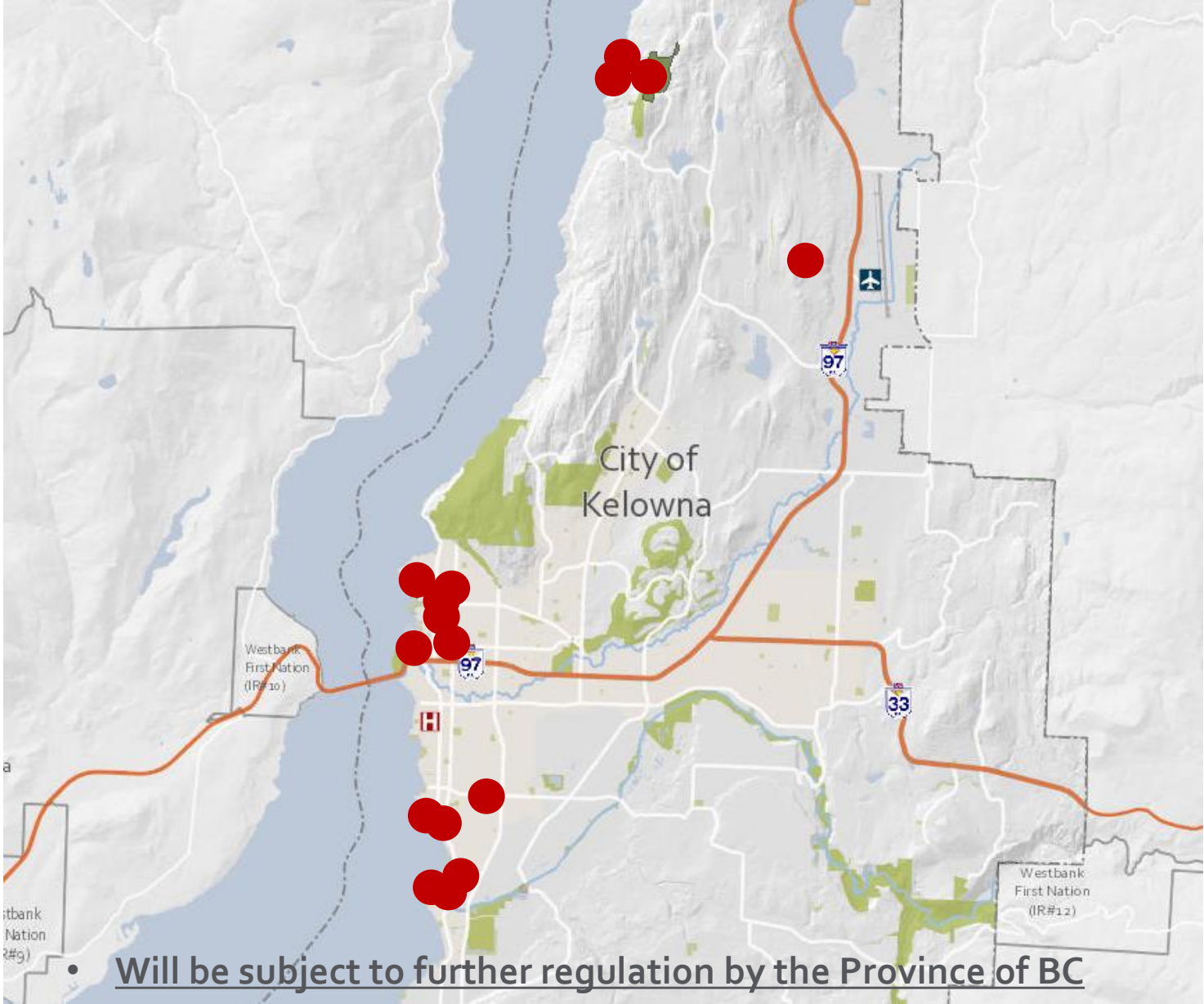
The proposed amendment to remove STR as a secondary use does not affect current principle use on these properties

Principal Use	Principal Use with 6-month restriction *	Principal Use, Permitted Non-Conforming
3699 Capozzi Rd	1088 Sunset Dr	1873 - 1875 Country Club Dr
3700 Capozzi Rd	1128 Sunset Dr	1350 St Paul St
3800 Capozzi Rd	1075 Sunset Dr	1290 St Paul St
<i>(Aqua Project - Permitted in Zoning Bylaw No, 12375, Section 14.15 Site Specific Regulations, Item #5)</i>	1083 Sunset Dr	1215 St Paul St
	1089 Sunset Dr	1471 St Paul St
	1093 Sunset Dr	1585 Abbott St
	1099 Sunset Dr	3477 - 3499 Lakeshore Rd
CD18/ Area I Village Centre <i>(Permitted in Zoning Bylaw No. 12375 CD18 – McKinley Beach Comprehensive Development Zone, Section 15.4.3 – CD18 Permitted Land Uses)</i>	1123 Sunset Dr	925 Leon Ave
	1129 Sunset Dr	1083 KLO Rd
	1133 Sunset Dr	3880 Truswell Rd
	1139 Sunset Dr	3398 McKinley Beach Lane
648-654 Cook Rd <i>(Permitted in Zoning Bylaw No, 12375, Section 14.15 Site Specific Regulations, Item #9)</i>	<i>(Permitted in Zoning Bylaw No, 12375, Section 14.15 Site Specific Regulations, Item #8)</i>	3475 Granite Close / 3434 McKinley Beach Dr
		3377 Lakeshore Rd

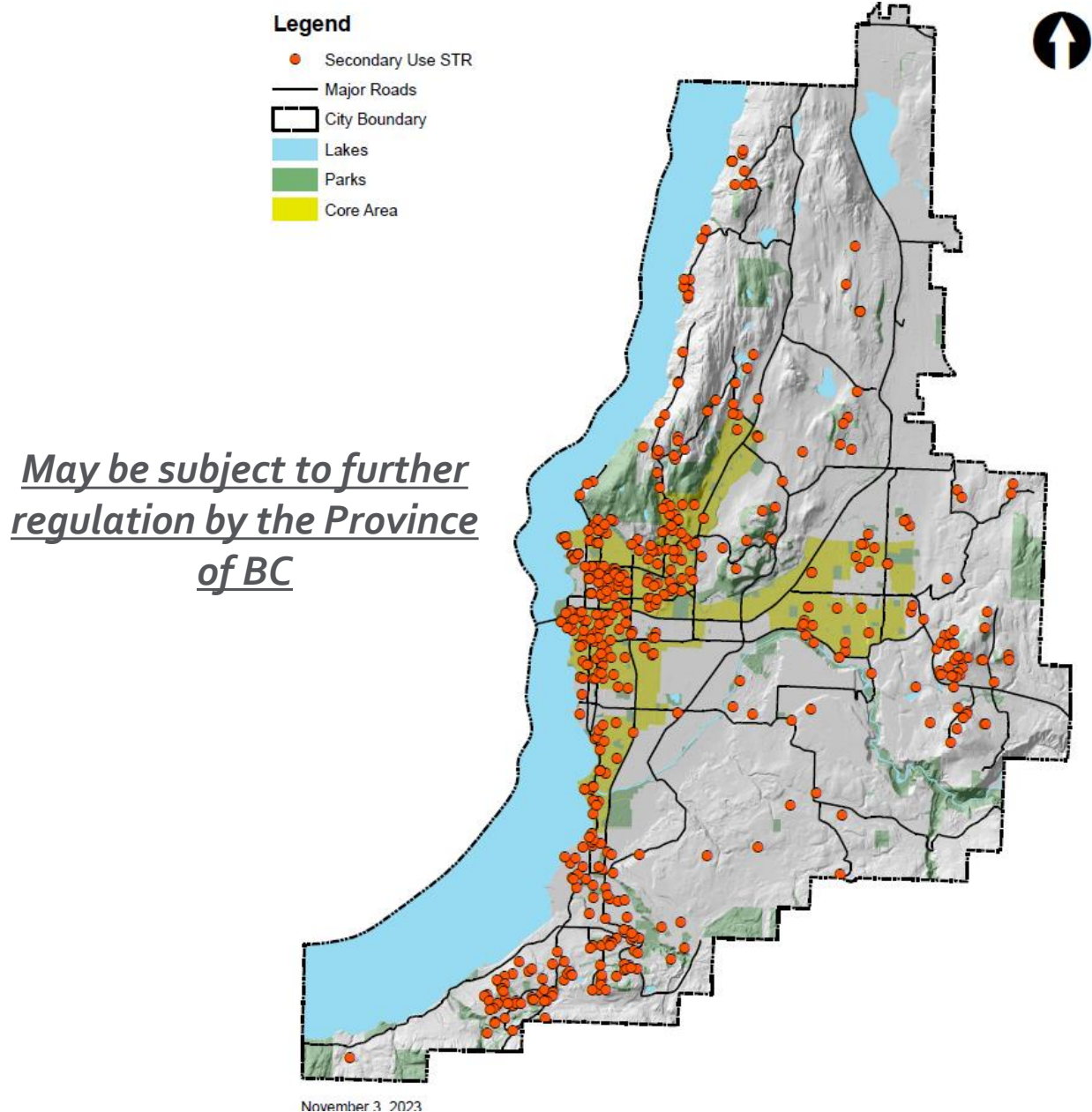
As of September 2023, there are:

- 764 Active STR business licences in these areas
 - 74 principal residence
 - 690 non-principal residence
- Several buildings still under construction
 - Aqua (415 units) – Permitted principal use
 - Caban (127 units) – Permitted non-conforming
 - McKinley Beach - Area I – Permitted principal use - Still actively being built out
- **Will be subject to change based on the Province of BC's Short-Term Rental Accommodations Act and any associated regulations**

STR Principal Use and Non-Conforming Areas



STR Valid Secondary Use Licences



Licence conditions:

- Not permitted within a secondary suite or carriage house
- Max. # of sleeping units
- Max. # of adults per sleeping unit
- On-site parking (where applicable)
- Principal residence requirements

Provincial Changes vs. Staff Recommended Changes

Provincial Changes*	Staff Recommended Changes
New principal residence requirement	Remove STR as a secondary use from all zones
Changes to legal non-conforming use protections	Associated amendments to ensure consistency in Zoning Bylaw regulations
Establishment of a Provincial Host & Platform Registry	
Data Sharing (Platforms -> Province -> Municipalities)	
New Provincial Compliance and Enforcement Unit	
Increasing Fines	
<i>*Anticipated to apply to all STR's (pending review of regulations)</i>	

STR Currently Has a Valid Business Licence

Permitted Principal Use

- Includes Aqua, Playa del Sol, McKinley Beach Area I and Sunset Dr Properties* (* with restrictions).
- Use permitted to continue at this time
- Will be subject to new provincial principal residence requirement effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Permitted Non-Conforming

- Includes several properties on St. Paul St., in Quail Ridge, McKinley Beach (outside of Area I), Caban etc.
 - See Attachment A for complete list.
- Use permitted to continue at this time
- Will be subject to new provincial principal residence requirement and changes to legal non-conforming use protections effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Current Permitted Secondary Use

- Currently approx. 427 valid business licences
- Conditions of business licence to continue to be enforced
 - Includes restrictions to max. number of sleeping units
 - Transfer of licences not permitted

If TA23-0013 is Supported by Council

- **Use permitted to continue on all properties with a valid business licence at this time**
- Will be subject to new provincial principal residence requirement effective May 1, 2024
 - Existing Zoning Bylaw principal resident requirement has been challenging to enforce and many properties operating not in compliance

STR Currently Has a Valid Business Licence

Permitted Principal Use

- Includes Aqua, Playa del Sol, McKinley Beach Area I and Sunset Dr Properties* (* with restrictions).
- Use permitted to continue at this time
- Will be subject to new provincial principal residence requirement effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Permitted Non-Conforming

- Includes several properties on St. Paul St., in Quail Ridge, McKinley Beach (outside of Area I), Caban etc.
 - See Attachment A for complete list.
- Use permitted to continue at this time
- Will be subject to new provincial principal residence requirement and changes to legal non-conforming use protections effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Current Permitted Secondary Use

- Currently approx. 427 valid business licences
- Conditions of business licence to continue to be enforced
 - Includes restrictions to max. number of sleeping units
 - Transfer of licences not permitted

If TA23-0013 is Supported by Council

- **Use permitted to continue on all properties with a valid business licence at this time**
- Will be subject to new provincial principal residence requirement effective May 1, 2024
 - Existing Zoning Bylaw principal resident requirement has been challenging to enforce and many properties operating not in compliance

STR Does NOT Currently Have a Valid Business Licence

Permitted Principal Use

- Includes Aqua, Playa del Sol, McKinley Beach Area I and Sunset Dr Properties* (* with restrictions).
- Use permitted to continue at this time
- Applications for new business licences will be accepted following outcome of TA23-0013
- Will be subject to new provincial principal residence requirement effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Permitted Non-Conforming

- Includes several properties on St. Paul St., in Quail Ridge, McKinley Beach (outside of Area I), Caban etc.
 - See Attachment A for complete list.
- Use permitted to continue at this time
- Applications for new business licences will be accepted following outcome of TA23-0013
- Will be subject to new provincial principal residence requirement and changes to legal non-conforming use protections effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Current Permitted Secondary Use

- Applications for new business licences not being accepted at this time, pending the outcome of TA23-0013

If TA23-0013 is supported by Council

- No new secondary use STR
- Non-compliant properties operating without licences to be brought into compliance

If TA23-0013 is NOT supported by Council

- Licences for new secondary STR's will be accepted
- Existing regulations challenging for Staff to enforce and contradict guiding principles
- New provincial registry in late 2024
- Will be subject to new provincial principal residence requirement

STR Does NOT Currently Have a Valid Business Licence

Permitted Principal Use

- Includes Aqua, Playa del Sol, McKinley Beach Area I and Sunset Dr Properties* (* with restrictions).
- Use permitted to continue at this time
- Applications for new business licences will be accepted following outcome of TA23-0013
- Will be subject to new provincial principal residence requirement effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Permitted Non-Conforming

- Includes several properties on St. Paul St., in Quail Ridge, McKinley Beach (outside of Area I), Caban etc.
 - See Attachment A for complete list.
- Use permitted to continue at this time
- Applications for new business licences will be accepted following outcome of TA23-0013
- Will be subject to new provincial principal residence requirement and changes to legal non-conforming use protections effective May 1, 2024
 - Staff to review regulations late Nov/early Dec
 - Staff to return to Council in early 2024 with interpretation & application

Current Permitted Secondary Use

- Applications for new business licences not being accepted at this time, pending the outcome of TA23-0013

If TA23-0013 is supported by Council

- No new secondary use STR
- Non-compliant properties operating without licences to be brought into compliance

If TA23-0013 is NOT supported by Council

- Licences for new secondary STR's will be accepted
- Existing regulations challenging for Staff to enforce and contradict guiding principles
- New provincial registry in late 2024
- Will be subject to new provincial principal residence requirement

Licensing

- ▶ Currently 1,191 valid business licences for STR (Sept 2023)
 - ▶ 693 as an approved principal use
 - ▶ 498 as an approved secondary use
 - ▶ Majority would become recognized as a non-conforming use (Section 528 LGA)
 - ▶ Approx. 427 STR valid business licences would receive non-conforming status
 - ▶ Would be subject to confirming principal residence requirement regulated by the Province of BC
 - ▶ 60+ applications currently in queue to be reviewed
- ▶ 89% increase in STR business licences since 2020

Revenue/Expenses

▶ Revenue

- ▶ 2023 (to-date) revenue generation from STR BL's is \$682,740
- ▶ 2023 revenues from the Online Accommodation Platforms are estimated at just shy of \$1.0 M.

▶ Expenses

- ▶ 0.5 FTE in Bylaw Enforcement Department
- ▶ 1.0 FTE in Business Licensing Department
- ▶ 2022 - \$70,300 on a contract with Host Compliance

Housing Needs Assessment

- ▶ Target of 440-600 long-term market rental units required annually
 - ▶ Any new housing used for STR does not contribute towards the housing target
 - ▶ When long-term rental units are converted to STR, this detracts from this target
- ▶ Concern STR is operating contrary to guiding principle #1
 - ▶ 2019-2022 – 70 decommissioning permits for suites -> subsequent application for STR BL
 - ▶ STR affecting housing availability and affordability
- ▶ New Provincial housing legislation
 - ▶ Proactively ensuring new dwellings will be for long-term housing needs

Enforcement and Staff Capacity

- ▶ Challenges in 2023 Tourist Season for multiple departments
- ▶ Business Licensing
 - ▶ Host Compliance
 - ▶ Software to find and enforce STR non-compliance
 - ▶ Recommended to continue use at this time
 - ▶ Approximately 900+ non-compliant properties currently identified
- ▶ Provincial Registry to launch in late 2024
 - ▶ Requires platforms to remove listings without valid provincial registry numbers

Enforcement and Staff Capacity

- ▶ Bylaw Enforcement
 - ▶ Current regulations are difficult to enforce
 - ▶ Common STR-related complaints to Bylaw Enforcement are some of the most challenging to gather evidence and lay charges on
 - ▶ Operating contrary to guiding principle #2
- ▶ Increased enforcement is pivotal to mitigate further loss of the long-term housing supply and bring properties into compliance
- ▶ Proposed changes will not eliminate the need for dedicated Staff time
 - ▶ Ongoing Staff capacity for enforcement and ensuring compliance

Questions from Initial Consideration

- ▶ Temporary Farm Worker Housing and Agri-Tourism
 - ▶ Separate use categories in Zoning Bylaw
 - ▶ Not affected by this proposal
 - ▶ Agri-Tourist Accommodation was removed as a permitted use in Oct 2016
 - ▶ Province is looking in to Agri-tourism & more details may be forthcoming in regulations
- ▶ CD20 – University
 - ▶ Does not meet regulations for a secondary use STR (operated by resident who resides for more than 240 days in that dwelling)
 - ▶ No current business licences for STR
 - ▶ Hotels/Motels are a permitted secondary use in CD20

Summary

- ▶ Staff are proposing a text amendment to the Zoning Bylaw
 - ▶ Remove short-term rental accommodation as a *secondary use* from all zones
 - ▶ Ensure Zoning Bylaw regulations are consistent with the proposed changes
- ▶ Current permitted principal use and non-conforming properties will be subject to the Province of BC's Short-Term Rental Accommodations Act and any associated regulations

Staff Recommendation

- ▶ Staff recommend support for the proposed Text Amendment
 - ▶ July 2023 – Direction from Council workshop
 - ▶ September 2023 - Housing Needs Assessment
 - ▶ Ongoing Enforcement and Staff Capacity Concerns
 - ▶ Determine next implementation steps of STR regulatory changes from the Province
- ▶ Staff will report back to Council in 2024
 - ▶ Provide update on implementation of Provincial regulatory changes
- ▶ Amendment to the City's Short-Term Rental Accommodation Business Licence and Regulation Bylaw No. 11720 to further align with these changes and to strengthen enforcement options to follow



Questions?

For more information, visit kelowna.ca.