



City of  
**Kelowna**

# Short-Term Rental Accommodation Provincial Regulatory Changes

# Purpose

- ▶ To provide Council with an update on the provincial regulatory changes to short-term rental accommodation and give the text amending bylaw further reading consideration.

# Background

- ▶ April 2019 – STR regulations adopted
  - ▶ July 2023 – STR Workshop with Council
  - ▶ September 2023 – Housing Needs Assessment
  - ▶ October 2023 – Provincial Short-Term Rentals Accommodations Act
  - ▶ November 21, 2023 – PH to consider proposed amendments
  - ▶ December 2023 – Policy Guidance for Local Governments released
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- ▶ Purpose of provincial legislation
    - ▶ Give local governments stronger tools to enforce STR bylaws;
    - ▶ Return STR to the long-term rental market; and
    - ▶ Establish a new provincial role in the regulation of STR's

# Provincial Principal Residency Requirement

*“the residence in which an individual resides for a longer period of time in a calendar year than any other place”*

- ▶ Effective May 1, 2024
- ▶ Applies to all short-term rentals in Kelowna, with limited exceptions
  - ▶ STR can be in hosts principal residence only
  - ▶ Principal use STR will no longer be permitted (does not meet provincial legislation)
- ▶ Provincial legislation will be enforced by the province
  - ▶ Will help the City verify current secondary use STR

# Changes to Legal Non-Conforming Use

- ▶ Local Government Act (S. 528) establishes non-conforming use
  - ▶ The City has identified 13 properties where it applies
- ▶ Effective May 1, 2024, protections for non-conforming use of property no longer apply to STR
- ▶ Principal use STR no longer permitted on these properties
  - ▶ Not a permitted principal use in the Zoning Bylaw (for those zones)
  - ▶ Provincial principal residency requirement also applies

| Category of Short-Term Rental Accommodation | Current Status   | Status as of May 1, 2024, under Provincial Legislation   | Status if Council Adopts Proposed Bylaw Amendments (TA23-0013)   |
|---|--|--|--|
| <b>Permitted Principal Use</b>              | Both principal and secondary use short-term rentals are permitted in the Zoning Bylaw  | Principal use short-term rentals are no longer permitted under provincial legislation as they do not meet principal residency requirements   | Secondary use short-term rental accommodation would be removed as a permitted use from all zones and no new applications for secondary use short-term rentals would be accepted. Existing secondary use short-term rentals, that have a valid business licence, can continue to operate after May 1, 2024, provided they meet provincial principal residency requirements. |
| <b>Principal Use Legal Non-Conforming</b>   | Principal use short-term rentals have been permitted as legal non-conforming. Secondary use short-term rentals are permitted in the Zoning Bylaw | Current Local Government Act protections for non-conforming use of property will no longer apply to short-term rentals. This means principal use short-term rentals will no longer be permitted, as principal use short-term rental accommodation is not a permitted use in the Zoning Bylaw for the zones of those properties. Principal use short-term rentals are no longer permitted under provincial legislation as they do not meet principal residency requirements |  |
| <b>Permitted Secondary Use Only</b>         | Only secondary use short-term rentals are permitted  | With limited exceptions, the new provincial principal residence requirement will apply to secondary use short-term rentals   |  |

# Exemptions from Principal Residence

- ▶ Legislation does not apply to:
  - ▶ hotels, motels, vehicles (such as RV's) and tents or other temporary shelters
  - ▶ Farm Land (Class 9)
  - ▶ Strata hotels, timeshares, home exchanges, lodges, guest suites in stratas, and formal student accommodations
- ▶ Requests to opt out
  - ▶ Requests submitted when rental vacancy rate > 3% for past two years
  - ▶ Kelowna not eligible to request to opt out at this time
- ▶ Council resolution to Lieutenant Governor in Council
  - ▶ Rental vacancy rate considered
  - ▶ If granted, exemption for a prescribed date & period of time and is not a permanent exemption

# Business Licences

- ▶ Principal use STR licence fees pro-rated for January to April 30, 2024
  - ▶ Permission to operate after May 1, 2024 should not be granted by the municipality
- ▶ October 23, 2023 resolution to withhold applications for new STR business licences
  - ▶ Applications received prior to this date are being evaluated and issued if they meet Zoning Bylaw regulations
  - ▶ This direction expires once Council makes a decision on Bylaw No. 12590.



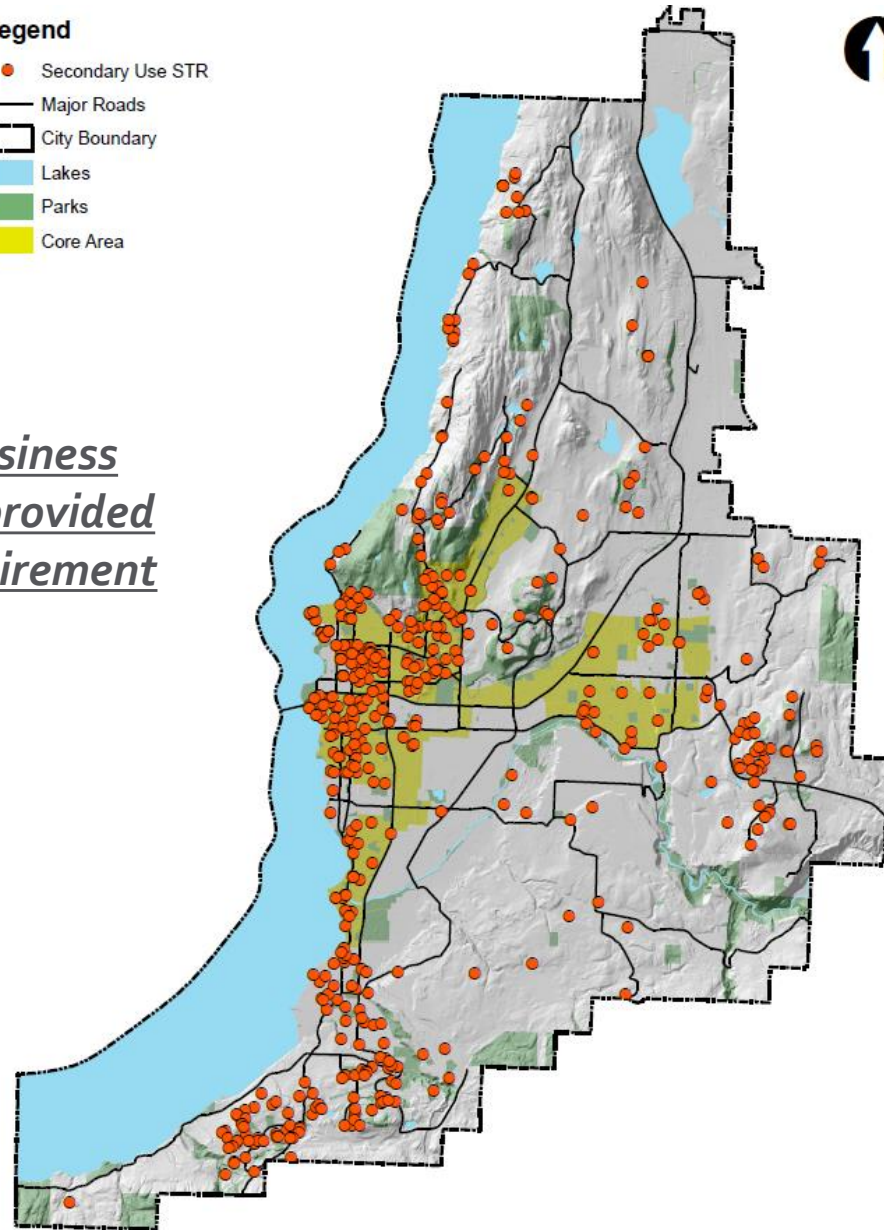
# Staff Proposed TA23-0013 (Bylaw No. 12590)

- ▶ To remove STR as a secondary use from all zones
  - ▶ Existing regulations are challenging to enforce, contradict guiding principles of the program, and STR is a contributing factor to the housing crisis
- ▶ Confirmation that the City will have discretion to determine whether STR previously granted legal non-conforming use status may continue to be permitted, provided they are consistent with the principal residence requirement in the provincial legislation
  - ▶ 498 currently licenced secondary use STR can continue to operate, even after May 1, 2024, if they confirm principal residency requirements with the province
- ▶ Provincial regulations are a minimum standard and local government can choose to be more restrictive

# STR Valid Secondary Use Licences

## Legend

- Secondary Use STR
- Major Roads
- City Boundary
- Lakes
- Parks
- Core Area



November 3, 2023

STR with valid secondary use business licence may continue to operate, provided they meet principal residence requirement by the Province of BC

## Licence conditions:

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

# 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>*Apply to all STR's, with limited exceptions</i>    |   |

# Conclusion

- ▶ The provincial Short-Term Rental Accommodation Act will affect all STR in Kelowna
  - ▶ Most significant changes to principal use and non-conforming properties
- ▶ Staff recommend support for Bylaw No. 12590
  - ▶ Remove STR as a secondary use from all zones
  - ▶ STR with valid secondary use business licences could continue to operate, even after May 1, 2024, provided they meet provincial principal residence requirements
- ▶ Additional Zoning Bylaw amendments to align with provincial legislation



*Questions?*

For more information, visit [kelowna.ca](http://kelowna.ca).