

# Report to Council



**Date:** February 5, 2024  
**To:** Council  
**From:** City Manager  
**Subject:** Short Term Rental – Property Exemptions  
**Department:** Planning, Climate Action and Development Services

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**Recommendation:**

THAT Council receive for information the report from the Divisional Director of Planning, Climate Action and Development Services dated February 5, 2024 related to Short Term Rental property exemptions;

**Purpose:**

To update Council on exemption options for some Short-Term Rental properties in Kelowna.

**Council Priority Alignment:**

**Affordable Housing**

**Background:**

At the regular meeting of January 15, 2024 Council gave 2<sup>nd</sup> and 3<sup>rd</sup> readings to bylaw changes which added additional local regulations for short term rentals in Kelowna. As part of Council’s consideration of these bylaw changes an addition resolution was adopted directing staff to bring forward a list of properties zoned for short term rentals that could be considered for exemptions.

*Previous Council Resolution*

Resolution	Date
THAT Council receives, for information, the report from the Development Planning Department dated January 15, 2024, with respect to the provincial regulatory changes to short-term rental accommodation;  AND THAT Council directs Staff to bring forth changes to Zoning Bylaw No. 12375 and ShortTerm Rental Accommodation Business Licence and	January 15, 2024

Regulation Bylaw No. 11720 as outlined in the report from the Development Planning Department dated January 15, 2024;	
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AND FURTHER THAT Bylaw No. 12590, being Short-Term Rental Accommodation Regulatory Amendments be forwarded for reading consideration	
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<b><i>THAT Council direct staff to bring forward a list of properties zoned for short term rental for exemption consideration.</i></b>	
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**Discussion:**

As part of the follow-up on Council's resolution staff began working on several different aspects including criteria development, research, strata consultation, and further discussion with the Province of British Columbia ("Province"). Through this additional communication with the Province, it was determined that any City request for exemption for specific building/development sites would not be considered because it would not meet the intent of the legislation.

The legislation provides for the following exemptions specific to buildings (built or planned):

**Accommodation Types Exempt from Principal Residence requirement:**

- Strata titled hotel or motel if the owner may not use the property as a principal residence due to mandatory provisions in a rental pool or rental management agreement.
- Properties where owners hold a fractional interest and cannot use the property as their principal residence due to mandatory provisions in a fractional ownership agreement.
- Time Share properties.
- Home exchanges.
- Lodges, i.e., accommodation
- Living accommodation primarily for students or employees of an educational institution that is owned or operated by the educational institution or a non-profit organization.
- Strata corporation guest suites intended mainly for people visiting strata residents.

For Communities to opt out of the legislation the following criterial must be met:

**Opting Out of the Principal Residence Requirement Eligibility:**

- Municipalities with a population over 10,000 in 2021 Census and a rental vacancy rate of 3% or more for each of the two previous years.

*\*Note Kelowna does not currently meet these criteria.*

## Local Data Summary

Hotel Rooms - Central Okanagan 2022	4500 approx.
Hotel Rooms – Kelowna	3300 approx.
Peak Occupancy Rate (July 2023)	77.2%
Kelowna Licensed Short Term Rentals 2023	1200
Kelowna Licensed Primary Use STR back onto market	700 approx.
Kelowna Potential Licensed Short-Term Rentals (secondary use) 2024	Approx. 500
2023 Kelowna Unlicensed STR	Approx. 1200 during peak season
Hotel Rooms with Building Permit (Kelowna)	143 hotel rooms (2 Building Permits)

### Conclusion:

The provincial principal residence requirement is intended to be a “floor” or minimum standard for regulating short-term rentals (STR). A local government may prefer to be more restrictive. In Kelowna, recent bylaw changes have further restricted short-term rentals as a permitted secondary use in all residential property types.

It originally appeared from the legislation that there may be the ability for local government to request exemptions on a site-by-site basis, but further research has determined that this is not the case. This leaves building owners/operators the option to pursue the exemptions based on the accommodation types listed above with the provincial government. Staff will continue to track the impacts of the changes and will report back to Council in approximately 1 years’ time. At that time staff will give Council additional information related to the local vacancy rate (long-term market) and other impacts/challenges related to changes to short term rental legislation and local bylaw changes. The available data related to accommodation in the community does show some “flexibility” in terms of availability of accommodation during the peak season, however it should be noted that this can vary year-to-year depending on a variety of factors.

In the near-term staff will be bringing several additional Zoning Bylaw amendments to Council to align our bylaws with aspects of the new provincial legislation including tenure length for long term rentals and to remove specific regulations related to a properties principal use as and STR (which is no longer permitted).

### Internal Circulation:

Business Licensing  
Development Planning

**Considerations applicable to this report:**

***Consultation and Engagement:***

Staff have received a large variety of correspondence from the owners and residents of buildings where STR is currently permitted as either a primary or grandfathered primary use. The opinions expressed in that correspondence are mixed in nature without clear support for STR in some buildings where it has historically been permitted.

***Communications Comments:***

Updated information will be communicated via the City's website, by news release and in response to letters from property owners impacted.

**Considerations not applicable to this report:**

***Legal/Statutory Authority:***

***Legal/Statutory Procedural Requirements:***

***Existing Policy:***

***Financial/Budgetary Considerations:***

Submitted by:

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**Approved for inclusion:** Doug Gilchrist, City Manager