

Report to Council



Date: February 9, 2026
To: Council
From: City Manager
Subject: Short Term Rental Zoning Bylaw Changes
Department: Development Planning

Recommendation:

THAT Zoning Bylaw Text Amendment No. TA26-0001 to amend the City of Kelowna Zoning Bylaw No. 12375 as outlined in Schedule "A" attached to the Report from the Development Planning Department dated February 9, 2026, be considered by Council;

AND THAT final adoption of the Zoning Bylaw Text Amending Bylaw be considered subsequent to the approval of the Ministry of Transportation and Transit;

AND FURTHER THAT final adoption of the Zoning Bylaw Text Amending Bylaw be considered subsequent to exemption from Short Term Rental Accommodation Act by the Ministry of Housing and Municipal Affairs.

Purpose:

To update the Zoning Bylaw to introduce the str – Short-Term Rental Accommodation subzone and to allow Short-Term Rental Accommodation as a principal permitted use on properties with the subzone.

Background

Resolution	Date
THAT Council receives, for information, the Report from the Development Planning Department dated November 3, 2025, related to the Short Term Rental Accommodation Program and the provincial principal residence exemption process; AND THAT Council directs Staff to report back to Council with a strategy that aligns with Option 2, as outlined in the report from the Development Planning Department dated November 3, 2025;	November 3, 2025

AND FURTHER THAT Council directs staff to reduce the proposed minimum requirement of 70 units to capture properties that were lawfully permitted to operate short-term rentals as a principal use prior to May 1, 2024	
<p>THAT Council receives, for information, the report from Development Planning dated January 12, 2026, with respect to vacancy rates and Short-Term Rental Accommodation Act (Bill 35) exemption eligibility and opportunities.</p> <p>AND THAT Council directs staff to apply for an exemption from the Provincial Government's Short Term Rental Accommodation Act (Bill 35);</p> <p>AND THAT Council directs staff to action intergovernmental relations advocacy work to request an accelerated timeline to the exemption request;</p> <p>AND FURTHER THAT Council directs that this advocacy can be shared and communicated publicly as needed to advance advocacy efforts.</p>	January 12, 2026

Discussion:

On November 3, 2025, Council directed staff to begin efforts to restore Short-Term Rental Accommodations as a permitted principal use for select properties affected by Provincial changes. Staff are proposing changes to multiple sections of the Zoning Bylaw by amending definitions, regulations, and affected zones. The proposed zoning bylaw changes will only be adopted if the Ministry of Housing and Municipal Affairs grants an exemption from the Short Term Rental Accommodation Act.

The definition of Short-Term Rental accommodation is being expanded to create a 'major' and 'minor' category, referring to non-principal resident and principal resident operators respectively. In order to be permitted to operate a Short-Term Rental, Major the subject property would be required to rezone to the Short-Term Rental (str) 'str' subzone. This subzone would not be permitted on properties that already have the 'r' Rental Only subzone. This restriction ensures that properties benefiting from the 'r' subzone, Revitalization Tax Exemption, and parking reductions in exchange for long-term rentals in perpetuity, do not reduce the City's long term rental supply.

The regulations for Short-Term Rental Accommodation, found in Section 9 – Specific Use Regulations, are being retained, but reorganized into a table format. This new table presents the regulations in a more user-friendly manner by displaying requirements for Short-Term, Major and Short-Term, Minor accommodations in separate columns.

The 'str' subzone is being added to all Village Centre, Urban Centre, Multi-Dwelling, and Comprehensive Development zones. The intent is that principal use STRs will only be permitted within Apartment Housing units which have the 'str' subzone. Short-Term Rental Accommodation, Minor will continue to be permitted within all residential uses.

Next Steps

Should Council advance initial consideration of the text amendment outlined in this report, the following process will be initiated:

- 1) Staff will return to Council with rezoning applications to restore historic licenses (str subzone).
- 2) Business Licensing will begin accepting and reviewing business licence applications for short-term rentals as a principal use in eligible properties only.
- 3) Licence approvals will be contingent upon both Council zoning approval of eligible properties and provincial approvals.

Staff will provide Council with an update on the STR program in July 2026 to determine whether any changes or adjustments should be considered for 2027. The program update will include the number of subzone applications applied for and adopted, the number of business licence applications applied for and issued, and supplementary information provided by external partners such as Tourism Kelowna. Staff will also provide draft criteria for Official Community Plan policy and regulations required to review future STR subzone applications. Depending on reported data and Council guidance, OCP and/or bylaw recommendations could occur before 2027.

Internal Circulation:

Intergovernmental Relations

Business Licencing

Long Range Planning

Report prepared by:

Jason Issler, Planner II

Reviewed by:

Jocelyn Black, Development Planning Manager

Reviewed by:

Nola Kilmartin, Development Planning Department Manager

Approved for Inclusion:

Ryan Smith, Divisional Director, Planning, Climate Action & Development Services

Attachments:

Schedule A: Proposed Text Amendments

cc:

A. Bazett, Intergovernmental Relations Manager

S. Krakower, Business Licensing Manager

R. Miles, Long Range Planning Manager

D. Edstrom, Divisional Director, Partnerships & Investments

L. Paley, Building and Business Services Department Manager