

MEMORANDUM

DATE May 29, 2025
TO Natalie Gerritsen, Senior Planner
CC Angele Clarke, Long Range Planning Manager
Brent Magnan, Director of Community Development

FROM Daniel Sturgeon, Community Consultant
FILE 2849.0083.01
SUBJECT Analysis of Potential Expansion of Short-Term Rental to the RC3 Zone

1.0 EXECUTIVE SUMMARY

This memorandum investigates expanding zoning permissions for short-term rentals into the RC3 Zone will impact rental housing supply, and further seeks to understand the implications on land use and functionality on lots within the RC3 Zone. There are currently 216 licensed short-term rentals within the City, with the R1 Zone accounting for the majority of the licensed operations. The key findings from this analysis include:

Limited Uptake Anticipated if STR Permissions Are Expanded.

As the 216 existing licensed STRs currently make up only a small portion of lots where this use is already permitted (approximately 2.4% of lots), expanding permissions to the RC3 Zone is not expected to lead to a significant increase in STRs—provided the City continues enforcing the principal residency requirement. Based on current licensing trends, this expansion could result in an approximately 13% increase in annual licenses, or roughly 30 new STR units across the City.

Impact on critical housing needs is likely indirect.

The most urgent housing need in West Kelowna is attainable and/or below-market rental housing. The private market is unlikely to deliver this type of housing without direct government support, non-profit involvement, or subsidies. This is especially true for newer secondary suites, which are typically priced at the higher end of market rates. While STRs may reduce the number of rental units available, their effect on the most critical housing needs is expected to be indirect.

Protecting Long-Term Rental Supply Will Require Active City Action.

Short-term rentals in secondary suites reduce the availability of long-term rental housing. To maintain a healthy housing system—particularly if short-term rental permissions are expanded—it will be important to ensure that both the number of rental units and their share of the total housing stock continue to grow. This is critical to keeping the vacancy rate above 3% and meeting community needs. Achieving this will require the City to actively implement its housing policies and continue pursuing its long-term housing goals.

Some RC3 lots may present challenges due to smaller lot size.

Short-term rentals in the RC3 Zone are not expected to be a widespread issue, as the median lot size is 570 m²—generally large enough to accommodate a double garage, apron parking, parking for a secondary suite, and a typical detached home. However, lots with the minimum permitted width of 12.0 metres may face challenges in meeting parking requirements and further work will be necessary to understand mitigating solutions.

Data Shows Limited Issues with Licensed Short-Term Rentals.

Bylaw enforcement data indicates that short-term rentals (STRs) are well integrated into the City, with minimal to no impact on nearby residents or parking. Only 31 complaints related to STR operators were recorded over the 28-month period ending in April 2025.

In light of the analysis findings, this memo suggests that if the City of West Kelowna proceeds with work to introduce bylaw amendments to expand short-term rentals as a permitted use in the RC3 Zone, the impacts will be relatively minor. This assumes that the existing policy framework and licensing requirements would remain unchained. Should this action be taken, other supporting actions to support city-wide housing needs, alongside attention paid to functional integration of short term rentals into existing neighbourhoods with small lots, will be necessary.

The remainder of this memo includes the following:

- **Coordinated recommendation actions** to support the implementation of this initiative.
- **Context** including key statistics.
- **A summary of key insights** from the analysis.
- Included in the Appendix are
 - **A review of the City's current short-term rental and housing policies**, as well as relevant regional and provincial regulations.
 - **An overview of current short-term rental activity** in West Kelowna, including data on license numbers, geographic distribution, and bylaw complaint volumes.
 - **A detailed examination of the RC3 Zone**, including zoning statistics (e.g., lot sizes, locations, housing types, number of suites, and vacant parcels). This section evaluates potential functional impacts of permitting short-term rentals in RC3, including considerations related to compatibility with permitted housing types, parking and access requirements, and policy alignment.

2.0 SUMMARY OF RECOMMENDED ACTIONS

Proceeding with introduction of bylaw amendments to the RC3 Zone to include permissions for short-term rentals, as an extension of the existing policy and licensing framework is not anticipated to have a drastic impact on housing or existing RC3 neighbourhoods. It will be important for the City to take measures to ensure a continuing increase in the amount and proportion of rental housing stock within the City and minimize the impact of additional on-site parking requirements on lot functionality, neighbourhood aesthetics and available curb-space for on-street parking.

Should the City proceed with this initiative, the following actions are recommended to support implementation of short-term rental permissions in the RC3 Zone. These actions, while recommended, do not all need to be undertaken at the same time as amendments to include STR permissions in the RC3 Zone. They can be implemented when the condition warrants and staff capacity is available.

Engagement

Action #1: Conduct public engagement across the community in advance of bylaw introduction. Incorporate a targeted survey of RC3 property owners throughout the City to understand potential interest in the operation of short-term rentals.

Parking and Landscaping

Action #2: Ensure that the Zoning Bylaw maximum driveway width of 6.5 metres¹ is enforced to maintain on-street parking availability and pleasant streetscape aesthetics a where on-site parking requirements are expected to increase.

Action #3: Consider amending Traffic Bylaw No. 0092, 2009, to decrease the distance between a parked car and the edge of a driveway from 3.0 metres to 1.0 metres to increase the potential on-street parking capacity.

Action #4: Investigate the inclusion of landscaping standards in the RC3 Zone. This policy would help avoid the conversion of front yards into extensive parking areas and impermeable surfaces, along with the negative impacts on streetscape and neighbourhood aesthetics.

Action #5: Review current parking policies for short-term rentals and for secondary suites (whether operated as a short-term rental or not) with the objective of minimizing the impact of parking on neighbourhood aesthetics and on-street parking availability.

Action #6: Review the maximum number of allowable bedrooms (currently 4) for a short-term rental located within the principal dwelling unit to three, if located within the RC3 Zone, to reduce parking demand associated with larger short-term rental units (this would be consistent with City of Kelowna).

Action #7: Consider education and awareness campaigns surrounding public use of on-street parking in anticipation of the future need to consider new parking demand management in more dense residential neighbourhoods.

Incentives and Monitoring

Action #8: Explore and consider incentives for the construction of secondary suites, such as reduced permit fees and reduction of parking requirements to balance creation of new suites with expansion of short-term rentals. The impact of short-term rentals on rental housing stock is minimized as more rental housing stock is constructed.

Action #9: Monitor the creation of new purpose-built rental units and ensure that the proportion of new rental housing stock continues to increase. If the number of new short-term rental licenses is increasing and the absolute number or proportion of rental housing stock is not increasing, this may indicate that short-term rentals are taking away needed rental housing.

Action #10: Continue to collect and monitor data made available by Harmari on the vacancy rate of licensed short-term rentals. Liaise with commercial accommodation providers to understand market equilibrium on short-term rentals as a means to inform balancing this land use with long-term rentals.

¹ Zoning Bylaw No. 320, Section 4.4.2(d)ii.

3.0 CONTEXT

Short-term rentals are currently permitted across approximately 9,132 lots within several residential zones within West Kelowna. Outside of tourist accommodation zones, short-term rentals are limited to single-detached dwellings or associated secondary suites/carriage houses. The City introduced a short-term rental regulatory framework in 2021.

- In **February 2024**, Council opted out of the **provincial principal residence requirement** for properties located in **designated Tourist Commercial Zones**. This decision was based on the high prevalence of **purpose-built tourist accommodations** already operating as both short- and long-term rentals which would have not longer been able to operate within the new provincial framework. The opt-out allows continued STR use in these zones without applying the principal residence restriction and was contingent on meeting the **provincial vacancy rate threshold**, which the City successfully achieved. The principal residence requirement is a requirement
- In **March 2024**, Council directed staff to prepare a **report outlining the requirements** for including the **RC3 Zone** in the Short-Term Rental (STR) program.
- In **April 2024**, the City adopted **bylaw amendments** aligning the **short-term rental** program with provincial legislation. These amendments did **not extend short-term rental permissions** to RC3 lots.

As of 2024, the **City of West Kelowna has 216 licensed short-term rentals**, comprising:

- 92 short-term rentals
- 124 short-term rental (bed and breakfast)
- 94% of licensed short-term rentals are located within the R1 Zone.
- Short-term rentals are impact less than 1.5% of the total housing stock in West Kelowna.

There are **1,063 RC3-zoned lots**, with an **average lot size of 675m²**, that could accommodate a short-term rental, including:

- **Approximately 88 RC3 lots** with a **secondary suite and a principal dwelling²**, with an average lot size of **887m²**
Approximately 998 RC3 lots with a **principal dwelling but no secondary suite**, with an average lot size of **655m²**

For additional technical data and contextual information, please refer to the Appendix.

² Suite presence is based on BC Assessment data. Actual numbers are likely higher, as this data was not cross-referenced with City building permit records.

4.0 KEY INSIGHTS FROM DATA ANALYSIS AND BACKGROUND REVIEW

The following section provides insight resulting from the policy and data analysis. Important findings are highlighted in bold.

ALIGNMENT WITH EXISTING POLICY

The City of West Kelowna Official Community Plan does not directly address short-term rentals (STRs), but emphasizes the need for diverse, attainable housing and acknowledges STRs may affect the secondary rental market. **As such, an expansion of zoning permissions is not contrary to OCP policy. However, any change should be considered in concert with the City's 2023 Housing Strategy and the needs identified in the 2022 Housing Needs Assessment and 2024 Interim Housing Needs Report.**

The West Kelowna Housing Strategy builds on the broader OCP policy directions and emphasizes the need to protect and expand both market and below-market rental housing. It outlines actions such as incentivizing purpose-built and secondary rental units and continually evaluating how short-term accommodations affect rental supply. **The Housing Strategy also highlights specific risks related to STRs operating in secondary suites, noting that short-term rental operators may be able to generate more revenue than long-term rentals,** potentially reducing the availability of long-term rental housing..

IMPACT ON RENTAL HOUSING

The 2022 Housing Needs Assessment identifies a need for 27% of all new housing in West Kelowna to serve long-term renters. **If the number of licensed short-term rentals increases while the share of rental housing stock remains static or declines, further policy attention may be required to protect long-term rental availability.**

Research from CMHC indicates that potential long-term dwellings (PLTDs)—a subset of short-term rentals that could function as owner-occupied or rental units—represent less than 1% of Canada's total housing stock.³ **While short-term rentals now account for a growing share of the accommodation sector, their overall impact on the national housing supply remains limited.** However, **the research notes that short-term rentals tend to have a greater influence in tourism- and resort-oriented communities.** Given West Kelowna's tourism-driven economy, continued monitoring of STR licensing activity and rental housing indicators is recommended.

Preliminary evidence suggests that the provincial principal residence requirement is contributing to lower residential rents and a reduction in commercial STR listings, particularly for whole-home rentals. **Maintaining alignment with the provincial principal residence requirement—and enforcing it in zones intended primarily for residential use—may help mitigate the impact of short-term rentals on the local housing market.**

West Kelowna's short-term rental regulations are similar to those in Kelowna and prohibit short-term rentals in apartment buildings. This policy helps protect more attainable ownership options and may also limit the loss of secondary rental units to short-term rental use. However, there is currently no available data

³ Potential long-term dwellings (PLTDs) refer to a subset of short-term rentals (STRs) that are not used as anyone's primary residence but could feasibly serve as long-term housing. PLTDs are defined as entire units listed for more than 180 days per year, excluding vacation-type properties. For more information, see [Short-term Rentals in the Canadian housing market \(2024\)](#).

to assess how effective this regulation has been in preventing the conversion of secondary rental market apartments to short-term rentals.

Research also indicates that the City of West Kelowna actively enforces bylaws against non-compliant STR operators—typically those operating without a license or in contravention of zoning regulations. **Sustaining this enforcement effort and ensuring that monitoring and compliance resources remain adequately funded will be critical to maintaining a balanced housing stock and an effective regulatory framework.**

ANTICIPATED INCREASE IN SHORT-TERM RENTALS IN THE RC3 ZONE

There are a total of 216 licensed short-term rentals⁴ within West Kelowna. 94% of these (N=204) are located within the R1 Zone. Of these, 36% (N=73) are located within secondary suites. There are a total of approximately 8,200 R1 Zoned lots. **The 204 licensed short-term rentals within the R1 Zone represent 2.5% of all R1 zoned lots.** The 216 licensed short term rentals represent 2.4% of the 9,150 lots across all zones that permit a short-term rental.

There are a total of approximately 1,060 RC3 Zoned lots⁵ within the City that could incorporate a short-term rental operations. This number is expected to increase as lands are rezoned and subdivided in accordance with overarching OCP policy. **Based on the current ratio of licensed short-term rentals within the R1 Zone, it could be expected that allowing short-term rentals broadly within the RC3 could see an approximate increase in short-term rental license applications of 14%, resulting in a total increase of approximately 30 short-term rentals.** Based upon the same data and proportions of licensed STR within the R1 zone, this could mean that approximately 5 - 10 secondary suites out of a total of 66 secondary suites within the RC3 may convert to short-term rentals in the near term. **This number is not significant in the context of the total amount of rental housing within West Kelowna but does represent a loss of rental housing and is contrary to housing policy.** Economic conditions and housing availability throughout the region will influence this number.

PARKING AND SITE LAYOUT FUNCTIONALITY IN THE RC3 ZONE

Parking requirements for a short-term rental operated in either a principal dwelling or a secondary suite within a single-detached dwelling are the same as those required for the principal use. **As such, , the introduction of short-term rentals as a permitted use is not likely to have a noticeable impact on existing parking functionality in the RC3 Zone.** However, many owners choose to provide additional parking area and/or utilize their garage for storage and utilize driveways for the required parking. In situations where a 2 bedroom secondary suite is also contained in the dwelling, there can be up to 6 stalls on the site.

⁴ This includes those operating as “short term rental bed and breakfast”, a total of 124 out of 216. While bed and breakfast operations have different licensing requirements, and are not permitted within secondary suites, it is assumed that many of these operate like a short-term rental (as opposed to bed and breakfast where meals are provided). Some bed-and-breakfast operations are assumed to be located within secondary suites that were suites that were constructed without permits, which allows operators to utilize this space as both a rental and extension of the home.

⁵ Excluding large lots and development sites over 4,054m² (N=17) and 62 lots within bare-land strata developments.

Excess on-site parking will have a negative impact on streetscapes. Lack of enforcement of maximum let-down width of 6.5 metres (occurring in some areas of the City based on an examination of aerial imagery), combined with at least 4 parking spaces accessible from the street for each lot, will result in an undesirable urban realm. An example is provided in Figure 1, where several lots can be seen with parking for 4 vehicles in addition to garage parking. **Excessive driveway width reduces the availability of on-street parking and contributes to a decrease in publicly available on-street parking.** This may exacerbate parking challenges associated with short-term rentals and residential (infill) intensification. Enforcement of maximum driveway width regulations, combined with the adoption of new landscaping standards within the RC3 Zone (such as minimum planting areas and greenspace, as permitted by S.527 of the *Local Government Act*) would help to mitigate this issue.



Compared to the City of Kelowna, West Kelowna allows more bedrooms within a short-term rental (a maximum of 4; Kelowna allows up to a maximum of three). **Consideration for a reduction in the maximum number of bedrooms allowed when a short term rental is included within the principal dwelling, particularly within the RC3 zone, where there are smaller lots, would reduce the parking demand associated with short-term rentals.** Also compared to Kelowna, West Kelowna requires more parking for secondary suites, up to a maximum of 2 stalls (whereas Kelowna requires only a single stall). **Consideration for a reduction of required secondary suite parking, alongside associated short-term rental parking, could be considered in combination with enforcement of driveway width maximums and on-street parking management.**

Lot width within the RC3 Zone will be more problematic than lot area. The minimum lot width of 12 metres may be problematic in light of current parking requirements. Figure 1 shows lots that are approximately 775 square metres, and 17 metres wide. Many of these parking scenarios captured by the aerial image are contrary to the maximum driveway width of The same parking, but on lots 12 metres wide, would result in effectively 100% parking across the front yards of these homes.

Traffic Bylaw No. 0092, 2009 requires 3.0 metres between the edge of a driveway and a parked car. This regulation significantly decreases the availability of on-street parking in areas with narrow lot widths. In situations where RC3 lots are built to the minimum width (12 metres) and include a 2-car wide driveway at the zoning bylaw minimum parking width (5.5 metres), there remains only 3.5 metres of usable street along the frontage of a lot. Unless driveway locations are coordinated and paired for side-by-side RC3 lots, this parking restriction effectively removes any possibility for on-street parking. **A reduction to 1.0 metres would improve the situation and allow for on-street overflow parking.**

MISCELLANEOUS

Bylaw Enforcement Data. Bylaw enforcement data suggests that short-term rentals are well integrated into the City and are having minimal to no impact on surrounding residents or parking functionality. **A total of 31**

complaints associated with short-term rental operators were recorded over a 28-month period up to April 2025, out of 216 licensed operations. (This excludes complaints associated with those operating without a license or contrary to zoning). As such, provided Good-Neighbour agreements continue to be utilized and bylaw enforcement continues, expansion of short-term rentals is not expected to have a negative impact on surrounding properties and broader neighbourhoods.

Property Owner Finances. Common reasons why property owners choose to pursue operation of a short-term rental include avoiding the responsibility and commitment associated with long-term tenants, having flexibility to rent a suite for only part of the year, having more control over when their suite is occupied or available for their own use, and for potential additional revenue over and above what a long-term rental may offer. Some owners may choose to rent their secondary suites as a long-term rental for a portion of the year (such as September–April for university students) and then operate a short-term rental for the summer months. This aligns with the practicalities of university scheduling and the region's tourist season. This scenario may offer a financial advantage to owners: a \$1,500/month 1-bedroom suite would generate \$12,000 rental income over 8 months, and \$18,000 over 12 months. Operating a short-term rental for \$150/night throughout four summer months, at 50% occupancy, would generate \$9,000. Combined with 8 months of long-term rental revenue, this amounts to \$21,000 annually, which is \$3,000 more than providing long-term rental year-round (and could increase based on price flexibility and occupancy). A scenario such as this does not necessarily have a negative impact on the long-term rental market. **Providing this flexibility to homeowners is a sound and reasonable justification for the expansion of short-term rentals, provided that efforts are made to ensure housing stock is addressing the various needs of the community in terms of cost and tenure.**

APPENDIX A: BACKGROUND AND TECHNICAL SUMMARY

This appendix summarizes technical data, regulatory context, and background information on the City of West Kelowna's short-term rental (STR) program. The material supports the main memo's analysis of potential impacts related to permitting STRs in the RC3 Zone, with particular focus on the use's compatibility within the zone and its implications for the rental housing supply.

4.1 SHORT TERM RENTAL CONTEXT – LOCAL, REGIONAL AND BEYOND

A Short-Term Rental is a form of accommodation where part of a principal residence is rented to visitors for periods of less than 30 days. The City of West Kelowna defines two primary categories of Short-Term Rentals (STRs) that are regulated under Zoning Bylaw No. 0320:

***SHORT-TERM RENTAL** means visitor accommodation provided within a single detached dwelling, secondary suite or carriage house by a principal resident and owner in exchange for a fee for a period of time less than 30 consecutive days, where the rental must be in accordance with the Short-term Rental Accommodations Act.*

***SHORT-TERM RENTAL (BED AND BREAKFAST)** means a short-term rental providing visitor accommodation within a single detached dwelling by a principal resident owner in exchange for a fee for a period of time less than 30 consecutive days. The owner must reside in the dwelling during the visitors stay, provide breakfast to all visitors, provide a free-flowing and interconnected space, and have no separate kitchen/cooking facilities.*

West Kelowna also permits STRs in Resort Apartment and Resort Townhouse Zones (C5, C6, CD2, and CD7) under the Short-Term Rental - Resort Zone category. These properties are exempt from standard STR regulations, including the principal residency requirement, and are licensed separately.

CWK SHORT TERM RENTAL POLICY CONTEXT AND REGULATION HISTORY

Official Community Plan (2023)

The City of West Kelowna adopted the new Official Community Plan Bylaw No. 300 in September 2023, replacing OCP No. 0100. While the OCP does not speak directly to STRs, it does speak to prioritizing attainable housing, including diverse forms and notes the impact STRs have had on secondary suites, which play an important role in West Kelowna's housing market, as a large number of renters find housing in the secondary rental market.

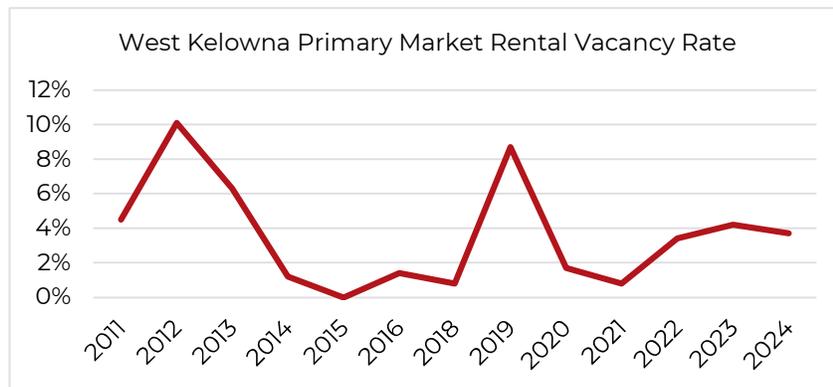
The City of West Kelowna Housing Strategy (2023)

The Strategy identified STRs as a key barrier influencing housing supply and affordability challenges highlighted in the 2022 HNA. This impact is partly attributed to the profitability of STRs compared to long-term rentals and perceived risks associated with reduced availability in the secondary rental market. The Strategy speaks to the need to protect and increase market and below-market rental housing (Key Direction #2, pg. 20). Related actions focus on incentivizing purpose-built and secondary rental units and evaluating the impact of short-term accommodations on the rental supply (Strategy 2.3, pg. 22).

2022 and 2024 Housing Need Assessments – Renter Households and Short-Term Rentals

The 2022 Housing Needs Assessment indicated that the rental market in the City of West Kelowna underwent significant changes between 2011 and 2020. During this period, the average vacancy rate was 3.86%, and rental unit supply increased by 56% annually, reaching 629 units in 2021—an overall growth of 853%. Despite these increases, many renters continued to rely on the secondary rental market, with rents rising by 5.77% annually since 2018. Housing affordability was identified as a concern, with 45% of renter households earning under \$60,000 and facing core housing need, while 25.1% earned less than \$40,000 and experienced severe housing need.

Recent data from CMHC shows similar figures: the CMHC Rental Market Survey found that there were 771 private apartment units in the Primary Rental Market in October 2024, with an overall vacancy rate of 3.9.⁶ The Rental Vacancy rate in West Kelowna has fluctuated significantly since 2011, with the most recent drop below 3% beginning in 2020 and ending in 2022. A minimum of 3% vacancy rate is considered healthy.



In late 2024, the City of West Kelowna completed an Interim Housing Needs Assessment (IHNA) to meet provincial requirements. The assessment reaffirmed findings from the 2022 Housing Needs Assessment, estimating that as of 2023, there were approximately 824 purpose-built rental units in the City. However, with 2,425 rental households in total (based on 2021 census data), it is assumed that many renters likely rely on the secondary (privately owned) rental market – a difference of approximately 1,600 units. Some of these rentals will be apartments and whole-home rentals; however, many will be secondary suites. Secondary market rentals are not easily tracked.

The 2022 HNA projects a need to increase the proportion of housing stock that is rental tenure, following historical trendlines, and estimates that 27% of all new housing constructed by 2041 would need to be rental. The 2022 HNA estimates a total housing need of approximately 1,443 rental units and 3,940 ownership units.

The IHNA estimates the City will require a much larger increase in housing units over the same time frame - 10,290 units over the next 20 years to accommodate anticipated demand. The 2022 HNA further states that new housing production in West Kelowna may not be meeting need, putting upward pressure on rental and ownership prices. The total estimate from the IHNA, combined with the amount of tenure from the previous HNA, suggests a need for at least 2,778 rental housing units by 2041.

⁶ These figures were sourced from the CMHC Housing Information Portal. For more details, visit the West Kelowna Data Profile: [www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/5935029/4/West Kelowna \(CY\) \(British Columbia\)](http://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/5935029/4/West_Kelowna_(CY)_%28British_Columbia%29)

The 2022 HNA conducted an analysis on the profitability of short-term rentals as compared to long-term rentals of the same property. That analysis suggests a short-term rental operator could increase monthly revenue by 300% as compared to long-term rental income.⁷ The 2022 report may overestimate potential income by not taking into account platform and advertising fees, income tax implications, and operating costs.⁸

Housing Target Order (2024)

On August 1, 2024, the City of West Kelowna received a Housing Target Order, setting a five-year target of 2,266 net new housing units by July 31, 2029, representing 75% of the Provincial Housing Needs Estimate. This target is measured by occupancy permits (final or completion) minus demolitions. Of the 2,266 units, 930 are recommended to be rental units, distributed between market-rate and below-market housing.

Opt-Out of Principal Residence Requirement (2024)

- February 27, 2024: The City of West Kelowna (CWK) opted out of the provincial principal residence requirement. This was in part to accommodate the high number of purpose-built vacation-oriented rental units in the City, including those in the Tourist Commercial Zones (C5, C6, CD2, CD7, and CD8). By opting out, the City of West Kelowna was able to determine a best-fit approach for residency and determine where a principal residency requirement applies. The STR program in other zones was maintained and continues to require principal residency. The opt-out ability remains conditional upon the City meeting a 3% vacancy rate threshold, as established by the Province, which CWK successfully achieved.

STR Zoning and Bylaw Amendments (2024)

- March 26, 2024: Council gave third reading to Zoning Amendment Bylaw No. 0265.20, 2023, which updated Zoning Bylaw 0265 to consolidate Short-Term Rentals (STRs) and Short-Term Rentals - Bed and Breakfast (STR B&Bs) under a single section with two distinct models. The amendment maintained existing regulations but added consideration for the Provincial definition of Principal Residence and Improved language consistency within the bylaw text. A motion was also made at this same meeting, which directed staff to provide a report to Council identifying the required scope for the addition of the RC3 Zone in the Short-Term Rental program.
- April 9, 2024: During its regular meeting, Council adopted the Short-Term Rental Regulation Bylaw amendments for the following Bylaws:
 - Business Licensing and Regulations Amendment Bylaw No. 0087.17, 2023
 - Municipal Ticketing Utilization Amendment Bylaw No. 0095.52, 2023
 - Bylaw Enforcement Amendment Bylaw No. 0093.54, 2023
 - Fees and Charges Amendment Bylaw No. 0028.79, 2023

⁷ [CMHC Rental Market Survey](#). Data suppressed for 2013.

⁸ The 2022 HNA analysis assumed \$285 nightly rental rates and a 69% occupancy rate, resulting in a monthly revenue of \$5,981. 2024 median rent for a 2-bedroom in West Kelowna, as reported by CMHC in the 2024 Rental Market Report, was \$1,959.

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Recent Zoning Update (2025)

- April 22, 2025: Council adopted Zoning Bylaw No. 0320, replacing Bylaw No. 0265. Under the new bylaw, STRs continue to not be permitted in the RC3 Zone. Future amendments would be necessary to allow STRs to operate in this zone.

REGIONAL CONTEXT

Municipality	Regulations Overview	Notable Differences
Kelowna	<p>In 2023, Kelowna had 1,217 licensed short-term rentals; 701 as a principal use, and 516 as a secondary use (a peak of all years 2020 – 2024 from available data).⁹ This represented approximately 1.8% of the total 62,209 dwelling units occupied by usual residents (using 2021 Census data).</p> <p>Kelowna prohibited short-term rentals as a principal use in early 2024 and within secondary suites and carriage homes, in response to provincial principal use legislation and extremely low rental vacancy rates. In 2024, the number of licensed rentals dropped to 427.</p> <p>Regulations were updated in April 2025 in response to stabilized vacancy rates. STRs are now permitted throughout the City in all dwelling types but restricted to principal residences and an accompanying rigorous licensing regime. Further time will be necessary to monitor the scale of increase in the number of licenses.</p>	<p>Focused on vacancy management; stricter controls.</p>
Penticton	<p>STRs are permitted in multifamily buildings (in addition to other dwelling types), and street parking is allowed in some cases. Licensing is based on guest capacity; Major STR – High Occupant allows 7+ guests with staff review.</p>	<p>More flexible multi-unit permissions and guest-based licensing.</p>
Vernon	<p>Least restrictive with minimal specific policies.</p>	<p>Most relaxed approach among the three.</p>

PROVINCIAL/NATIONAL CONTEXT

STRs have become a growing segment of Canada’s accommodation sector, with their share of industry revenues rising from 7.0% in 2017 to 15.2% in 2021.¹⁰ Despite fluctuations during the COVID-19 pandemic, STR activity remains a significant contributor to the tourism market.

Long-Term Dwelling Stock Considerations

⁹ <https://kelownapublishing.escribemeetings.com/filestream.ashx?DocumentId=50316>

¹⁰ (Arbenser, L., Bernard, M., Dormer, A., and Vipond, O., 2024). Short-term rentals in the Canadian housing market, Analysis in Brief. StatsCan. [Short-term rentals in the Canadian housing market](#)

A 2024 StatsCan study examined the impact of STRs on the Canadian housing market, focusing on Potential Long-Term Dwellings (PLTDs)—STRs listed for more than 180 days per year and not used as primary residences. In 2023, there were approximately 107,266 PLTDs in Canada, representing less than 1% of the national housing stock, with concentrations highest in tourist destinations like ski resorts.

Between 2017 and 2023, total STR listings grew by 60%, while PLTD listings rose by 80%, increasing their share from 27.2% to 30.2%. During the COVID-19 pandemic, total STR listings fell by 19.2%, and PLTDs declined by 28.1%, suggesting many converted to long-term rentals temporarily. British Columbia and Prince Edward Island had the highest shares of PLTDs, and Whistler reported 35% of housing units as PLTDs in 2021, indicating potential local housing pressures. The study suggests that while PLTDs are a small portion of the national market, their localized impact in tourism-heavy regions may affect housing availability.

Principal Residence Requirements and Regulatory Impacts

Early evidence suggests that provincial principal-residence restrictions on STRs are contributing to lower residential rents and a reduction in commercial STR listings. A 2024 study by Wachsmuth and St-Hilaire found that neighbourhoods with these restrictions saw average rents \$50 per month lower than comparable areas, amounting to a 3.3% difference.¹¹ In British Columbia, municipal STR regulations led to an estimated 5.7% decrease in rents, saving renters over \$600 million in 2023. Additionally, the principal-residence restriction significantly reduced frequently rented entire-home (FREH) listings in regulated areas by 15.8% between April and July 2024. The largest declines were noted in regions with existing local regulations, whereas unregulated areas showed no similar drop, indicating the restrictions had a direct impact on reducing STR availability.

This research suggests that regulating STRs to protect housing stock and availability, especially in high-tourism areas, may be significant and merit policy consideration. Further analysis and policy consideration may be necessary to understand the extent of these impacts and assess potential measures to address housing availability in affected regions.

4.2 SHORT TERM RENTALS - CURRENT CONDITIONS IN WEST KELOWNA

STR are permitted only within single detached dwellings, or within secondary suites or carriage houses that are accessory to a single detached dwelling. Each parcel is limited to a maximum of one STR use, regardless of the number of dwelling units on the property. STRs must be operated by the property owner, who is also required to be the principal resident. Rentals are limited to less than 30 consecutive days per stay.

Short-Term Bed and Breakfast (STR B&B) operations may only be conducted within a single detached dwelling where no secondary dwelling unit exists on the same parcel. The STR B&B must be operated by the property owner, who must also be the principal resident. Additionally, the STR B&B is required to provide breakfast to visitors and may only be rented for less than 30 consecutive days per stay.

Neither STRs nor STR B&Bs are permitted to accommodate more than two adults per bedroom. Furthermore, STRs and STR B&Bs are restricted to a maximum of four bedrooms for short-term rental use per dwelling.

¹¹ (Wachsmuth, 2024). Short-term rental regulations in British Columbia. UPGo, McGill University. [UPGo_BC_01](#)

EXISTING ZONING REGULATIONS

STRs and STR Bed and Breakfasts are currently allowed to operate in the following zones:

- Agricultural Zone (A1)
- Country Residential Zone (RU1)
- Rural Residential Small Parcel Zone (RU2)
- Rural Residential Medium Parcel Zone (RU3)
- Rural Residential Large Parcel Zone (RU4)
- Rural Resource Zone (RU5)
- Single Detached and Duplex Residential Zone (R1)
- Large Parcel Single Detached and Duplex Residential Zone (R1L)
- Residential Plex Zone (RP1)
- Comprehensive Development Zone (Westlake); CD1(D) Hillside Housing Cluster Development.

PARKING REQUIREMENTS

Single-detached principal residences are required to provide two parking stalls. Parking stalls must have a minimum width of 2.75 m and a minimum depth of 6.2 m if located between the garage and a curb or sidewalk. Where there is no curb or sidewalk, the minimum depth is 6.0 m to the property line. These same stalls can be used for Short-Term Rentals. Similarly, Short-Term Rentals within secondary suites must maintain the same required parking as is required for the suite; there is no additional parking required.

Short-Term Rental Bed and Breakfast operations have additional parking requirements based on unit size. A one or two-bedroom STR must provide at least one additional parking space, while a two, three or four-bedroom STR requires two additional spaces above what is required for the dwelling unit. For example, a 4-bedroom house operating as a short-term rental would be required to provide 4 stalls total. A secondary dwelling (secondary suite or carriage house) is not permitted on a lot that also contains a Short-Term Rental Bed and Breakfast.

As such, the maximum required parking for a lot which contains a both a Short-Term Rental and Secondary Suite, or a Short-Term Rental Bed and Breakfast, is four stalls.

Tandem parking is permitted for single detached dwellings, manufactured homes, short-term rental (including B&Bs), secondary suites, and carriage houses. This allows required parking for these various uses to be configured in many ways on a given lot.

The District of West Kelowna Traffic Bylaw (No. 0092, 2009) specifies that no vehicle shall be parked on the street within 3 metres of a public or private driveway and may not be continuously parked for a period of more than 24 hours.

BUSINESS LICENSE REGULATIONS

Under Business Licensing and Regulations Bylaw No. 0087, all Short-Term Rental (STR) operators are required to obtain a valid business licence from the City. The application process includes a one-time, non-refundable application fee of \$250 and an annual Business Licence Fee of \$500.¹² Unlike other types of business licences,

¹² As of May 1, 2025, all hosts, platforms, and strata hotel platforms operating Short-Term Rentals (STRs) in British Columbia are required to register with the Province. Business Licence application and annual fees are separate and in addition to any fees associated with the Provincial registration process.

STRs and STR Bed and Breakfasts are not eligible for annual fee reductions or refunds, even if operations cease during the calendar year.

To obtain a Business Licence for Short-Term Rental (STR) operations, applicants must submit a completed Application Form along with supporting documentation, including:

- Alternative Local Contact Information
- Good Neighbour Agreement
- Fire Safety Plans
- Parking/Site Plan
- Floor Plan
- Proof of Ownership
- Proof of Principal Residency
- Strata Consent Form *(if applicable)*

Following submission, applicants must also schedule a safety inspection with the Licence Inspector to verify compliance with the BC Building Code, BC Fire Code, and City Bylaws. A separate business licence application is required for STR operations in Resort Apartment or Resort Townhouse Zones (C5, C6, CD2, and CD7). STR regulations do not apply in these zones, and operators must follow specific licensing requirements for the Short-Term Rental - Resort Zone designation.

Non-Compliance Penalties for Short-Term Rental Business Licences

Owners who fail to operate in accordance with the terms of their business licence may be subject to fines ranging from \$100 to \$3,000 per day, per offence, at the discretion of bylaw enforcement. In cases of repeated violations, higher daily fines may be imposed, with the potential for suspension or revocation of the Short-Term Rental Business Licence.

EXISTING SHORT-TERM RENTALS

As of the most recently available licensing data, there are approximately 216 active Short-Term Rental (STR) licenses issued in West Kelowna, with the majority of licences issued in the R1 Zone.¹³

Zone	STR - Bed and Breakfast	STR - Carriage House	STR - House With Suite	STR - Secondary Suite	Grand Total
A1	3			1	4
CD1(E)	1				1
R1	115	6	16	67	204
R1L	1				1
R2	1				1
RP1			1		1
RU1	2				2
RU3	1				1
RU4		1			1
Grand Total	124	7	17	68	216

¹³ This figure does not include STRs operating under the Short-Term Rental - Resort Zone category, which applies to Resort Apartment and Resort Townhouse Zones (C5, C6, CD2, and CD7). These zones are exempt from standard STR regulations, and properties are licensed separately.

The above data represents a small increase from findings contained in the 2022 Housing Needs Assessment, which reported a total of 210 licensed bed and breakfasts and short-term rentals within the City (also excluding short-term rentals in Resort Zone locations). Excluding Bed and Breakfasts, there are a total of 92 short-term rentals. 79 of these are located within the R1 Zone.

Within West Kelowna, there are approximately 8,200 lots zoned R1 with dwellings. Approximately 1,130 of these contain secondary suites.¹⁴ The 204 licensed short-term rentals noted above represent approximately 2.5% of total lots. The 67 short-term rentals located within secondary suites within R1 lots represent approximately 6% of the total number of R1 lots with suites.

The 216 licensed short term rentals in West Kelowna represents less than 1.5% of the total number of dwelling units in West Kelowna occupied by usual residents (13,974 based on 2021 Census Data.)

Short-Term Rental (STR) Complaint Summary (January 2023 – April 2025)

A total of 86 complaints were recorded during this period for the following reasons:

Reason for Call	No.	%
Business Licence	48	56%
Garbage	8	9%
Garbage/Parking	2	2%
Parking	4	5%
Noise	17	20%
Zoning - Not Permitted	7	8%
Total	86	

The Business Licence Call Problem refers to operating short-term rentals without a valid business licence. To identify unlicensed STRs, the City conducts regular searches of listing platforms (e.g., Airbnb, VRBO) and compares them to its list of active business licences. Discrepancies are flagged and forwarded to Bylaw Enforcement for review and action. Of the 48 complaints related to unlicensed short-term rental operations, 24 complaints were submitted by the general public (often neighbours) and 24 complaints were identified through Harmari data searches.

Outside of complaints related to unlawful short-term rental operations (business license and zoning), there were a total of 31 complaints, equalling approximately 13 complaints per year. This represents 1 complaint for approximately every 17 licensed short-term rental locations.

4.3 RC3 ZONE

The Compact Single Detached and Duplex Residential Zone (RC3) is intended to accommodate single detached and duplex residential uses on parcels of land that are 325 m² or larger and at least 12 metres in width.

¹⁴ BC Assessment Data. The actual number is likely much higher.
304 - 1353 Ellis Street, Kelowna, BC V1Y 1Z9 | T: 250.762.2517

Permitted Uses:

- Duplex Residential
- Single Detached Dwelling

Secondary Uses:

- Minor Care Facility
- Carriage House
- In-Home Child Care (Minor)
- Major Home-Based Business
- Secondary Suite

Distribution, Average Lot Size, and Secondary Suites

The City of West Kelowna has approximately 1,105 RC3 zoned lots potentially able and/or suitable to include a short-term rental use based on zoning parameters from other zones.¹⁵ Basic lot statistics, depending on vacant (no dwelling yet constructed) and the presence of a secondary suite, are detailed below. As can be seen in the chart below, the average and median lot size of existing lots are considerably larger than the minimum lot size permitted at subdivision by the RC3 Zone.¹⁶

Lot Description	Lot Area	Number of lots
Average size of all RC3 lots	675m ²	1,105
Median Size of all RC3 lots	575m ²	1,105
Average size of lots with a secondary suite and building¹⁷	887m ²	88
Average size of lots with dwelling but without secondary suite	655m ²	998

RC3 lot size varies by neighbourhood, with the largest average lot size in the Smith Creek neighbourhood and the smallest average lot size in the South Boucherie neighbourhood. The majority of lots containing secondary suites (79%) are located in the Shannon Lake neighbourhood. A breakdown of RC3 lots containing dwellings with and without suites, by neighbourhood, is shown below.

Neighbourhood	RC3 Lots		RC3 Lots with Suite			RC3 Lots without Suite		
	Count	Average Lot Size (m ²)	Count	% of Total	Average Lot Size (m ²)	Count	% of Total	Average Lot Size (m ²)
Glenrosa	39	470	7	12%	596	32	82%	443
Goats Peak / Gellatly	190	527	0	0%	-	190	100%	527
Shannon Lake	502	745	67	13%	914	435	87%	719
Smith Creek	71	980	6	8%	1151	65	92%	964
South Boucherie	81	483	2	2%	676	79	98%	478

¹⁵ Data presented here excludes 17 lots in excess of 4,054m. Many parcels above this size are development sites with future subdivision potential, areas not suitable for residential use, such as common spaces (within RC3 zoned bareland strata developments), properties lacking road access, or portions of lots which contain large amount of steep slope. A further 42 lots were excluded as they are within strata developments, are restricted from accommodated short-term rentals.

¹⁶ Average parcel size data excludes 62 lots from bareland strata developments. These 62 lots have an average size of 315m².

¹⁷ Presence of suite based on BC Assessment Data. Actual number of properties with secondary suites is likely higher. Data was not cross referenced with West Kelowna Building Permit data.

West Kelowna Estates / Rose Valley	82	666	3	2%	567	79	98%	670
Westbank	98	613	0	0%	-	98	100%	613
Total	1063	670	85	8%	887	978	92%	654

Building Permit Data (Related to Dwelling Size, Lot Size, Parking Requirements)

Building permit data is incomplete. However, average dwelling unit sizes based on available data from 2020 – 2024 is listed below. Based upon these averages, a typical building footprint range (based on a 2 - 2.5 storey dwelling) can be extrapolated. Based on average lot size, an approximate site coverage can be further assumed. This can help understand the impact of additional parking requirements on RC3 lots that are associated with short-term rentals.

Year of Construction	Approximate Average/ Typical Building Size (m ²)	Approximate Building Footprint	Range of lot coverage based on average RC3 lot size of 670m ²
2020	270	108 - 135	16 – 20%
2021	236	95 – 118	14 – 18%
2022	320	128 – 160	19 – 24%
2023	309	124 – 155	19 – 23%
2024	275	110 - 138	16 – 21%

The range of lot coverages above is consistent with spot analysis done using the online Westmap GIS viewer. However, the lot coverage amount does not account for steep slope areas of RC3 lots that are undevelopable, and which are prevalent in West Kelowna. It is likely that lot width, building placement, driveway length, parking stall access, and driveway width will have a larger influence on parking constraints than lot size.