



COUNCIL REPORT

To: Paul Gipps, CAO

Date: February 23, 2021

From: Hailey Rilkoff, Planner II

File No: P 20-16

Subject: **P 20-16 – Proposed Short Term Rental Program**

RECOMMENDATION

THAT Council give first and second reading to the “City of West Kelowna Zoning Amendment Bylaw No. 0154.99, 2021”; and

THAT Council direct staff to schedule a public hearing.

STRATEGIC AREA(S) OF FOCUS

Economic Growth and Prosperity – Policies and advocacy to enhance economic prosperity; Continued growth in tourism.

EXECUTIVE SUMMARY

This report outlines the proposed Zoning Bylaw amendments and related regulations for short term rental accommodations in the City of West Kelowna. The regulations have been drafted based on regionally consistent practices and the Guiding Principles which prioritize mitigating neighbourhood impacts and protecting long term rentals. The regulations limit the use of short term rentals to within a single detached dwelling operated by the principal resident. The regulations differentiate between the use of *Minor Short Term Rental* (previously Bed and Breakfast) which require the operator to remain on-site and *Major Short Term Rental* which allows the operator to be off-site.

Proposed amendments to the Business Licensing and Regulation, Fees & Charges, Bylaw Enforcement Notice and Municipal Ticket Information Bylaws are also outlined in this report, however these Bylaws will be considered at the time of Third Reading of the proposed Zoning Bylaw amendments.

By regulating short term rentals, the City provides a fair and transparent process for operators as well as clear regulations to encourage compliance. The majority of community feedback was consistent with the City’s draft regulation program. Feedback from the online questionnaire and Council Committees has been incorporated into the draft regulations.

BACKGROUND

Current Regulatory Framework

Under current zoning and business licencing regulations, the use of residential units for less than 30 days are not permitted except for bed and breakfasts, agri-tourism accommodations, or resort apartment and townhouse uses. Agri-tourism accommodations are only permitted on agricultural properties with farm status and resort apartment and resort townhouse uses are permitted on the three resort properties in West Kelowna (Barona Beach, Boucherie Beach and The Cove). The new CD8 (Seclusion Bay) zone also allows for rentals of a single detached dwelling for less than 30 days as a principal use.

Project Timeline

A background of and timeline of the Short Term Rental project is presented below:

- September 17th, 2019 – Council directed staff to prepare a report regarding Air BnB and short term rentals in West Kelowna.
- September 29th, 2020 – Council directed staff to review best practices for Short Term Rentals within the Okanagan Region and to prepare a draft regulatory program for Short Term Rentals.
- November 24th, 2020 – Council received information on a draft Short Term Rental regulation program and directed staff to engage the community and stakeholders on the proposal.
- November 30th 2020 – January 3rd 2021 – Online Questionnaire open for community and stakeholder feedback (Engagement Period).
- December 2020 – January 2021 – Council Committee referrals and discussions (Engagement Period).
- January 26th, 2021 – Council received an information update with a summary of the online questionnaire feedback results.

Regulation Development

The development of the draft regulations were guided by consideration of regional consistency, the West Kelowna context and Council discussions on the topic. The Guiding Principles which guided the development were:

1. Mitigate Negative Neighbourhood Impacts
2. Protect Long Term Rentals
3. Recognize Importance of Short Term Rentals for Tourism
4. Comprehensive Licensing, Compliance & Enforcement

During the Engagement Period, over seven hundred (736) online questionnaire responses were received and two letters from stakeholder groups (Greater Westside Board of Trade and Gellatly Bay Goats Peak Community Association). Staff have reviewed the feedback from the questionnaire, public and stakeholder correspondence,

Council committee comments and resolutions, and ongoing research in the refinement of the proposed Short Term Rental regulations.

PROPOSAL

Proposed Short Term Rental Regulations

The regulations have been drafted based on regionally consistent practices and the Guiding Principles which prioritize mitigating neighbourhood impacts and protecting long term rentals. In addition, efforts were made to provide consistency with terminology and structure of the existing Zoning Bylaw. Feedback received from the community, stakeholders and Council committees has been incorporated in the proposed regulations.

Under the proposed amendments, a principal resident would be able to rent rooms in their dwelling while they are present (*Minor Short Term Rental*) or rent out their entire dwelling while they are away (*Major Short Term Rental*). Short term rentals would only be permitted within a single detached dwelling, meaning that accessory dwellings (secondary suites or carriage houses) could not be used for short term rentals even if they are occupied by a principal resident.

There are five bylaw amendments proposed in order to implement regulations for short term rentals. The land use bylaw (Zoning) amendments will be outlined in this report with a summary of proposed regulatory bylaw amendments provided which will be brought to Council for consideration following a Public Hearing on the land use amendments.

- Zoning Bylaw No. 0154 (*Attachment 1 - Zoning Amendment Bylaw No. 0154.99*)
- Business Licensing and Regulations Bylaw No. 0087
- Fees & Charges Bylaw No. 0028
- Bylaw Dispute Adjudication Bylaw No. 0093
- Municipal Ticket Information Utilization Bylaw No. 0095

Zoning Bylaw Amendments

Definitions

Amendments are proposed in order to clearly define and differentiate the uses of residential properties for vacation rentals. This will be achieved with new use definitions of Short Term Rental, Minor (previously Bed and Breakfast) and Short Term Rental, Major:

SHORT TERM RENTAL, MINOR means the licensed use of a single detached dwelling by an occupant of the dwelling as tourist accommodation where the operator remains on-site during guest stays; this use includes bed and breakfasts.

SHORT TERM RENTAL, MAJOR means the licensed use of a single detached dwelling by an occupant of the dwelling as tourist accommodation where the operator may be off-site during guest stays.

Zones

It is proposed that short term rentals be permitted in all of the zones which currently permit bed and breakfast uses. *Minor or Major Short Term Rentals* would be permitted within the Agricultural (A1), Rural (RU1, RU2, RU3, RU4, RU5), Residential (R1 and R1L) and CD1(E) zones and replace the existing use of bed and breakfast.

General Regulations

Establishing regulations for *Minor and Major Short Term Rental* will help clarify to residents how short term rentals can be operated within the City. Table 1 provides a summary of the proposed short term rental regulations within the Zoning Bylaw. Key changes from the draft regulations proposed in November and what has been included in the proposed bylaw amendments relate to maximum occupancy and changes to the bed and breakfast requirements. A redlined version of the Zoning Bylaw with all proposed changes is included as *Attachment 2*.

Table 1 – Short Term Rental Regulations At a Glance		
	Short Term Rental, Minor	Short Term Rental, Major
Permitted Dwelling Forms	Within a principal Single Detached Dwelling	Within a principal Single Detached Dwelling
Parcel Criteria	Not permitted on properties with a Secondary Suite or Carriage House	Not permitted on properties with a Secondary Suite or Carriage House
Maximum Occupancy	3 Guest Rooms; Maximum 2 adults per guest room	4 Guest Rooms; Maximum 2 adults per guest room
Operator	Must be the occupant of the Single Detached Dwelling	Must be the occupant of the Single Detached Dwelling
During Operation	Operator must remain on-site during operation	Operator may be off-site during operation

Parking

Off-street Parking requirements for both the *Minor and Major Short Term Rental* are in addition to the required off-street parking for the residential use(s) on the property. Off-street parking must be provided entirely on the same parcel as the use they serve, and are not permitted to encroach within road right of way. Examples of how the proposed amendments would result in required off-street parking are shown in Table 2 below:

Table 2 – Off-Street Parking Examples				
Property Use(s)	# of Bedrooms	Required Parking for Residential	Dedicated Parking for STR	TOTAL Required Parking
Minor STR	1 Bedroom	2.0 Spaces	1.0 Space	3.0 Spaces
	3 Bedrooms	2.0 Spaces	3.0 Spaces	5.0 Spaces
Major STR	1 Bedroom	2.0 Spaces	1.0 Space	3.0 Spaces
	4 Bedrooms	2.0 Spaces	2.0 Spaces	4.0 Spaces

Rationale for Zoning Amendments

A formal regulation program, as proposed, will allow operators of short term rentals to better understand the neighbourhood expectations of themselves as operators and of their guests as visitors to our West Kelowna neighbourhoods. By regulating short term rentals, the City provides a fair and transparent process for operators as well as clear regulations to encourage compliance.

Permitted Dwelling Form & Parcel Criteria

Short Term Rentals are proposed to only be permitted within a single detached dwelling (principal dwelling unit). Bed and breakfasts are currently prohibited on properties with a secondary suite or carriage house (accessory dwelling units).

The community feedback survey was almost evenly split as to whether properties with an accessory dwelling unit should be permitted to operate a short term rental. Council committee discussions also echoed this dilemma, and questioned whether restricting short term rentals from within accessory dwelling units was appropriate for West Kelowna.

Without a Housing Needs Assessment with West Kelowna specific data, the proposed bylaws provide a cautious first step in permitting short term rentals within residential neighbourhoods. In alignment with the Guiding Principle to protect long term rentals, staff propose that no short term rentals would be permitted on a property with an accessory dwelling unit. This also reflects the intent of the short term rental regulations to provide opportunities for home sharing as a form of tourism accommodation by only allowing short term rentals within a principal dwelling unit. If secondary suites and carriage houses were permitted as short term rentals, this would be closer to a commercial operation in a residential neighbourhood, as opposed to supplementary home based business type uses¹.

Maximum Occupancy

The original draft regulations proposed limiting the maximum occupancy to 6 guests. Both the community and Council committees reiterated that one of the key reasons short term rentals have grown in popularity is due to the ability for families and groups to travel together. There were concerns that the proposed occupancy limits were not in alignment with the use of short term rental accommodations as an alternative accommodation option for families and groups.

The maximum occupancy for a *Major Short Term Rental*, up to 4 guest rooms with a limit of 2 adults per guest room, results in a maximum of 8 adults. This provides more flexibility for families travelling together and allows greater flexibility for property owners wishing to rent their entire home while they are away. In order to differentiate between major and minor uses it is also proposed that the maximum occupancy for a *Minor Short Term Rental* be 3 guest rooms, with a limit of 2 adults per guest room resulting in a maximum occupancy of 6 adults².

¹ In addition, the ability to provide off-street parking for both an accessory dwelling and a short term rental use on the property would be difficult for many residential properties.

² The City's Business Licensing Department indicated that the majority of B&B licences are for 1 or 2 bedrooms, and that B&B's with 4 bedrooms are not as common. Although this information has not been tracked, staff estimate that less than 10% of B&B's offer up to 4 bedrooms

COMPLEMENTARY BYLAW AMENDMENTS

Summaries of the four additional regulatory bylaw amendments required in addition to the land use bylaw amendments are outlined below. These bylaw amendments will be brought to Council for consideration of first, second and third readings at the same time as third reading of Zoning Amendment Bylaw No. 0154.99.

Business Licencing Bylaw

Amendments to the Business Licencing and Regulation Bylaw No. 0087 will include a new section for Short Term Rentals (see *Attachment 3* for draft regulations). This new section will require that the operator of a *Minor or Major Short Term Rental* obtain a business licence in order to operate within the City of West Kelowna. The application for a Short Term Rental Business Licence would require the operator to provide the following information (see *Attachment 4* for a draft Short Term Rental Business Licence Application Form):

- Owner or Strata Consent/Approval (if applicable)
- Proof of Principal Residence
- Self-Evaluation Safety Audit (1st year requires an inspection)
- Floor Plan of the dwelling unit identifying guest rooms, guest beds and safety features (ie smoke alarms)
- Parking Plan of the site identifying all required off-street parking spaces for the residence and short term rental
- An alternate contact (Local Contact) for times when the operator is away (Major STR Only)

Valid Business Licence

Once licenced, the operator of the short term rental must ensure that any marketing materials or online listings include their valid business licence number. This will assist the Business Licencing department in identifying non-compliant short term rentals as well as link listings to valid business licences which may not have their address or contact information posted through online platforms.

Principal Residence

The operator of a short term rental must confirm that the dwelling in which they propose to operate is their principal residence. This could be confirmed by providing a minimum of two supporting documents including the homeowners grant, driver's licence, utility bills or government records in the operator's name at that address. This requirement is to ensure that the operator maintains the dwelling as their principal residence (where the operator lives, conducts daily affairs, and is generally the residence used for government records).

Local Contact

A local contact is required to be identified as part of the application for a Short Term Rental business licence. The local contact must be available to respond to City staff concerns within a reasonable time frame when the operator of a short term rental is away.

Good Neighbour Agreement

Operators applying for a Short Term Rental business licence will be required to sign a Good Neighbour Agreement, which outlines a code of conduct and expectations for the operator to adhere to, which will reiterate the applicable City bylaws and regulations, such as the Good Neighbour Bylaw. Operators who are found to be non-compliant with the Good Neighbour Agreement may be subject to a licence suspension if determined appropriate by the Licence Inspector (see *Attachment 4*).

Inspections

An initial Fire and Building Inspection will be required for all short term rentals as part of the initial application requirements. This is consistent with inspection requirements for bed & breakfasts which, as of 2020, only require an 'Initial Inspection' when they first apply for their business licence. Operators applying for a short term rental business licence will also be required to complete a Self-Evaluation Safety Audit annually, however inspections may be conducted randomly upon renewal or if necessary. Operators would complete the safety audit to attest that required safety devices and procedures are in place such as smoke alarms, fire extinguishers, carbon monoxide alarms, and fire safety plans.

Fees & Charges Bylaw

It is proposed that the Business Licence Fee for a Short Term Rental be set with the goal to offset the anticipated costs of implementing and ongoing provision of this program as shown in *Table 3*. The minor short term rental fee is consistent with the existing Licence Fees for bed and breakfasts (currently classified under Home Occupations).

Table 3 – Proposed Business Licence Fees	
Business Licence Category	Business Licence Fee
Resort Rental (Resort Apartment, Resort Townhouse, Single Detached Dwelling in CD8 Zone) ³	\$60
Minor Short Term Rental	\$135
Major Short Term Rental	\$500

Bylaw Notice and Municipal Ticket Information Utilization Bylaws

Fourteen (14) new bylaw ticket offences are defined in relation to various short term rental zoning and business licencing regulations. The maximum daily fine within the City's Municipal Ticket Information Utilization Bylaw No. 0095 (MTI Bylaw) will increase from \$500 to \$1,000 to act as a deterrent for non-compliance. Tickets under the MTI Bylaw can only be served in person and cannot be mailed.

A stepped level of offences is proposed for both contravening the Short Term Rental rules as outlined in *Table 4*.

³ New fee. Would only be applied if these units were being rented (short or long term) which is consistent with the City's regulations and fees for secondary suites or carriage houses.

Table 4 – Proposed New Bylaw Offences

Zoning Bylaw Offences	Maximum Daily Fine	
	Bylaw No. 0093 (Bylaw Notice)	Bylaw No. 0095 (MTI Bylaw)
Contravene Short Term Rental rules (1 st Offence)	\$250	\$250
Contravene Short Term Rental rules (2 nd Offence)	\$350	\$350
Contravene Short Term Rental rules (Continuing Offence)	\$500	\$1,000
Business Licencing Bylaw Offences	Maximum Daily Fine	
	Bylaw No. 0093 (Bylaw Notice)	Bylaw No. 0095 (MTI Bylaw)
Contravene Short Term Rental rules (1 st Offence)	\$250	\$250
Contravene Short Term Rental rules (2 nd Offence)	\$350	\$350
Contravene Short Term Rental rules (Continuing Offence)	\$500	\$1,000
Market short term rental without licence number	\$100	\$100
Fail to display local contact Information	\$100	\$100
Fail to display fire evacuation plan in each short term rental guest room	\$100	\$100
Fail to attend short term rental within required time period	\$250	\$250
Operate short term rental contrary to licence conditions	\$500	\$1,000
Permit multiple bookings at one time	\$500	\$1,000
Use unauthorized secondary suite or carriage house for short term rental	\$500	\$1,000
Use unauthorized guest room for short term rental	\$500	\$1,000

POLICY REVIEW & ENGAGEMENT

Official Community Plan Bylaw No. 0100

The City's Official Community Plan (OCP) identifies the importance of the diversity and character of neighbourhoods which contribute to the unique identity of the community. Neighbourhood objectives include maintaining and enhancing the character and livability of existing neighbourhoods. Residential policy encourages non-residential activities which do not cause substantial increases in traffic, parking demands or noise.

The OCP identifies the critical need to maintain the existing stock of affordable housing and increase opportunities for the development of new affordable housing. Affordable housing in the context of the City's OCP includes affordable home ownership, affordable rental accommodation and subsidized housing. The OCP supports secondary suites as a form of affordable infill housing, however the OCP's objectives, policies and actions do not currently address short term rentals. In terms of public health and safety, the OCP

aims to foster the development of a community where sense of place and neighbourliness are actively promoted and supported.

When considering tourism, the OCP's Economic Sustainability objectives encourage a sustainable tourism economy with a strong economic mix and providing services to a broad range of user groups. The OCP supports growth and change in the local economy, while placing importance on protecting residents' quality of life. Additional relevant OCP Policy is included in *Attachment 6*.

Council Committee Feedback

The draft Short Term Rental Regulations were presented to all three Council Committees between December 2020 and January 2021. The Agricultural Advisory Committee (AAC) discussed the benefits that fruit stands or wineries could experience with having tourists staying close by. The AAC did not provide a resolution for Council.

The Economic Development Committee (EDC) was generally supportive of regulation of short term rentals. There was some discussion as to whether the occupancy limit of 6 guests was appropriate and a desire for more flexibility in occupancy based on the size of the home. The committee discussed opportunities for accessory dwellings and structures, such as garages or yurts, without kitchen facilities to be used for short term rentals as they would not impact long term rental inventories. There was also discussion around the benefits that short term rentals may have in allowing visitors to stay longer in the community and how they can complement the hotel industry in the summer season while competing with hotels in the shoulder and off seasons. The EDC felt that the fee structure for short term rental licences should be revenue neutral. The EDC passed the following resolution for consideration by Council:

THAT the Economic Development Committee support the adoption of the Short Term Rental regulations with consideration for:

1. Evaluate:
 - a. Number of occupants permitted in a Short Term Rental
 - b. Use of accessory buildings for Short Term Rentals
2. Suggest clarification in materials regarding:
 - a. Single detached dwellings (strata properties)
 - b. On-site parking
3. Additional consultation with Economic Development Committee regarding proposed fee structure.

The Advisory Planning Commission (APC) also was generally in support of regulating short term rentals. The APC felt that prohibiting secondary suites to be used for short term rentals would eliminate a high number of existing operators in the City. The APC noted that many visitors choose short term rentals specifically in order to have their own kitchen and private space. The APC discussed consideration of a range of short term rental classifications and the need for user friendly regulations for everyone impacted by short term rental operations (operators and residents). There were discussions around compliance and enforcement in order to ensure that non-compliant properties are able to

be addressed effectively. There was a desire to see additional bylaw resources and a concern that third party monitoring may not assist in addressing ongoing nuisances. The APC passed the following resolution for consideration by Council:

THAT the Advisory Planning Commission recommend support for the adoption of Short Term Rental regulations subject to reconsideration of the following:

1. Council consider permitting the use of secondary suites and accessory homes for Short Term Rentals; and
2. Council consider providing more bylaw enforcement resources to address nuisance complaints in relation to Short Term Rentals.

Online Questionnaire and Community Feedback Summary

The majority of feedback from the online questionnaire and public correspondence was consistent with the City's draft regulation program. Key themes from the online questionnaire are highlighted for each of the Guiding Principles. Throughout this section, quotes from respondents to the online questionnaire have been integrated to provide voices to the valuable comments and varied perspectives heard from the community.

Mitigating Negative Neighbourhood Impacts

Impacts to neighbours and neighbourhoods was the most commonly referenced concern or topic. This reiterates the priority placed on mitigating negative impacts to the community as the number one Guiding Principle for the development of short term rental regulations. Some common themes were:

- Noise was the number one concern raised in relation to potential neighbourhood impacts.
- Increased traffic in neighbourhoods from multiple vehicles for each booking and new guests on a nightly or weekly basis.
- Protect the residential character of neighbourhoods.
- Regulate short term rentals to create a culture of respect.

"There are good ones and bad ones. Short Term Rental [Operators] who push the boundaries beyond acceptable should be curtailed, those who provide a good service and do not compromise their neighbours should be encouraged"

"Renters tend to be on vacation and are not always considerate of permanent residents and this can create problems in the neighbourhood"

In consideration of the locations and areas that short term rentals should be considered within, most comments reiterated concerns that this use has on residential neighbourhoods with common recommendations to:

- Use of neighbourhood limits or licence caps;
- Ensure only principal residences were permitted as short term rentals
- Support for the existing integration of bed and breakfasts

- Adequate off-street parking would be necessary to mitigate concerns related to parking and traffic on neighbourhood streets.

Many submission responses related to the proposed occupancy limits of short term rental:

- Larger groups travelling together have the potential to have more impact on neighbourhoods.
- Many families choose short term rentals as a more cost effective and convenient accommodation option.
- Short term rentals can provide amenities not always available at traditional accommodations such as kitchen facilities, separate bedrooms for children, and outdoor yard space.

"Parking is very important and many streets in West Kelowna do not have room for additional cars to park. Short Term Rentals should only be allowed where there is adequate parking on the property for all residents of the rentals."

"It is helpful for people with young children or pets especially that may need access to a kitchen to allow them to stay longer in the area and stick to their budget"

Protecting Long Term Rentals

The impacts on long term rentals did not receive very much direct attention from respondents. However, important key takeaways were:

- Short term rentals can be more attractive than long term rentals for property owners who have had negative experiences with some long term tenants.
- Short term rentals provide flexibility as well as the increased income potential as a "mortgage helper",
- Increases in short term rentals may lead to the increased cost and scarcity of available long term rentals.

The feedback received on the type of dwellings that short term rentals should be permitted within was fairly evenly split:

- Clear desire within the community for reconsideration of the opportunity to offer short term rentals on properties with secondary suites.
- A short term rental within a secondary suite was viewed as less likely to cause negative neighbourhood impacts.
- Difficulties for those moving to or within West Kelowna to find affordable rental accommodations.
- Concern over the transition of existing rentals from the market.

"Short term rentals should be allowed in carriage houses or in basement suites as long as parking is available. Owners who rent to students from September to April be able to switch from month to month rent to short term rental in the summer months"

"I did have an Airbnb rental in my home but changed it to a long term rental when I saw that west kelowna was not permitting them. I changed my mind as I evaluated the disadvantages of a month rental and so not currently run any rental opportunity in my home."

Recognize Importance of Short Term Rentals for Tourism

Many respondents spoke to the growing need to complement the existing tourism and accommodation industry with short term rentals, and to ensure consistency with neighbouring tourism destinations, such as Kelowna:

- Short term rentals bring to attract tourists to stay within the community near wineries and frequent local businesses
- Draw new residents to the community who get to experience the residential neighbourhoods
- Provide options for people to rent short term in between property transactions or during moves

"All of the short term rentals that I have provided in West Kelowna brought in individuals from outside of West Kelowna to stay and spend their money in our community. Without the option for cheaper accommodations, there is a significant possibility that these visitors would choose another place to visit that is more affordable."

"A substantial portion of tourism for West Kelowna is based around our wineries, agriculture, and outdoor activity amenities. The guests that coming for these activities are the prime demographic for short term rentals in unique locations, they don't want to stay in cold hotel rooms."

Comprehensive Licensing, Compliance & Enforcement

When asked about what regulation measures should be considered, almost 20% of the responses to this question mentioned the need for effective enforcement measures supported by fines. Key themes regarding licencing and compliance were:

- Desire for more bylaw department resources.
- Clear policy for operators who do not comply with the regulations and bylaws.
- Regulations that are simple and easy to navigate for potential operators.
- Neighbours of unregulated short term rentals are currently experiencing frustration.
- Weight of complaint based enforcement for short term rentals is unfairly placed on residents.
- Desire for proactive enforcement of short term rentals.

"Don't over regulate specifics. Lay out good operating practices with a way to fine those that don't follow them. Create a low cost licensing requirement. Recognize the values of \$ they bring into the area"

"My biggest issue is that there is some consideration of neighbours ability to enjoy their home. Not sure how best to deal with parking and noise violators, but having enforcement of these issues would be helpful to curb issues."

DISCUSSION

Impacts of proposed regulations on STR Market in West Kelowna

As of July 2020, there were approximately 378 short term rental units operating within the City of West Kelowna. Pre-pandemic, there were 420 active short term rental units in West Kelowna (January 2020). Most short term rental listings in West Kelowna are entire

dwelling (82%) and single detached residential properties (76%). These numbers include listings for secondary suites and carriage houses.

As it is proposed that short term rentals would only be permitted within single detached dwellings, this means that a minimum of 24% of existing operators would not be eligible for a short term rental business licence (multiple family residential). Out of existing operators, this would leave between 280 and 320 eligible properties based on the type of dwelling alone (single vs. multiple residential). However, as this number includes properties with secondary suites, a large percentage would be ineligible for a licence.

Other municipalities (City of Kelowna) experienced an overall reduction of 62% of active short term rental listings with the introduction of regulations for short term rentals. If West Kelowna experienced a similar rate of reduction (60%), there could be approximately 150 to 170 short term rentals operating in the City post regulation.

Temporary Use Permits for Non-Adhering Short Term Rentals

Throughout the engagement period, staff heard comments and discussion around the use of accessory dwelling units (secondary suites and carriage houses) for short term rentals. Staff understand that many existing operators of short term rentals may be operating from a secondary suite or carriage house. If the proposed Zoning Bylaw amendments are adopted, these properties would be ineligible to be used for short term rentals.

Council has the authority under the *Local Government Act* to issue a Temporary Use Permit (TUP) to allow a use that is not permitted in the applicable zoning regulations. A TUP may allow a use on a property for up to three years and specify conditions under which the use may be carried out. Any property owner whose zoning does not allow for short term rentals, or whose property cannot meet the Zoning Bylaw regulations, may apply for a Temporary Use Permit application to request the use of their property for a short term rental.

Council may wish to consider providing direction to staff if it is desired to have a higher application fee or business licence for such operators. Another alternative for Council to consider would be the implementation of a more formalized intake program to facilitate a batch of applications. This approach has been used in other municipalities where there was a desire to acknowledge the importance that short term rentals have in the tourism accommodation industry, while still prioritizing the use of accessory dwelling units for long term rentals. It is also a similar approach used for the intake of non-medical cannabis retail store rezoning applications in the City of West Kelowna.

Bylaw Compliance & Enforcement Program

The proposed Short Term Rental Compliance & Enforcement Program (*Attachment 5*), anticipates required staff resources, enforcement measures, identification of listed properties and proactive enforcement.

Table 5 - Proposed Short Term Rental Compliance & Enforcement Program	
Additional Staff Resources	<ul style="list-style-type: none">• Senior Business Licensing Officer;• Term 0.5FTE secretary/clerk reviewed for full-time status;

	<ul style="list-style-type: none"> • Casual clerk during initial intake period
Enhanced Enforcement Measures	<ul style="list-style-type: none"> • Short Term Rental regulations within Zoning & Business Licencing Bylaws; • Bulletin outlining requirements and expectations; • 14 Additional Offences and Fines with new regulations; • Increased maximum daily fine of \$1,000 under MTI Bylaw
Identification of Short Term Rental Properties	<ul style="list-style-type: none"> • Third party contractor to identify listings on multiple sites; • Ongoing identification of new listings
Proactive Enforcement	<ul style="list-style-type: none"> • Third party contractor to send automated compliance letters; • Second letter to be sent within 30 days if no response received; • Referred to Bylaw for enforcement action if compliance is not achieved.

NEXT STEPS

If the proposed short term rental Zoning Amendment Bylaw receives 1st and 2nd readings, a Public Hearing will be scheduled.

Bylaw amendments will be drafted to regulate the operation, licencing and enforcement of short term rentals for Councils consideration of 1st, 2nd and 3rd readings, to be considered following a Public Hearing and 3rd reading of the proposed short term rental Zoning Amendment Bylaw.

Approval from the Ministry of Transportation and Infrastructure will be required prior to adoption of the Zoning Amendment Bylaw.

FINANCIAL IMPLICATIONS

It is not anticipated that Business Licencing fees for short term rentals would be able to completely cover the required resources necessary to implement the program. Council has provided preliminary budget approval for a Senior Business Licencing Officer position within the Business Licencing department. Additional resources will be required to be allocated to the Short Term Rental program to achieve the proposed compliance and enforcement program including casual staff and extending or considering full time status for the 0.5 FTE Secretary/Clerk term position.

Based on the proposed regulations, estimations of post-regulation licencing eligibility and listing reductions, staff provide the following revenue projections for consideration based on the proposed fees:

Table 6 – Major Short Term Rental Revenue Estimations				
	Fee	Low 90 Licences	Med 130 Licences	High 170 Licences
Major Short Term Rental Business Licences	\$500	\$45,000	\$65,000	\$85,000

Potential annual costs for third party monitoring (based on a projected number of listings post regulation of up to 170) are estimated at \$3,000 CAD for compliance monitoring and \$5,000 CAD for address identification. This cost may be higher in the first year of regulation if listing numbers are higher.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
January 26, 2021	Information Update for Council on Short Term Rental Engagement Results	-
November 24, 2020	THAT Council direct staff to further engage the community and stakeholders on the proposed Short Term Rental program as outlined in this report.	C300/20
September 29, 2020	Council provided direction to staff that short term rentals be regulated, and that the creation of regulations for short term rentals be done through the review of regional practices and consultation with both stakeholders and the public. Council's direction followed the decision points presented to Council.	-
September 17, 2019	THAT Council direct staff to investigate and report back to Council regarding Air BnB and short term rentals in West Kelowna within the next 6 months.	C327/19

ALTERNATIVE MOTIONS

Alternative Motion 1 – First Reading Only

THAT Council give first reading to the “City of West Kelowna Zoning Amendment Bylaw No. 0154.99, 2021”.

Should Council wish to only give first reading to the bylaw, to indicate support in principle, it is requested that Council provide specific direction as to additional information Council requires or changes which should be made to the bylaw. Staff would bring back an amended Bylaw for consideration of second reading.

Alternative Motion 2 - Postponement

THAT Council postpone readings to the “City of West Kelowna Zoning Amendment Bylaw No. 0154.99, 2021”.

Should Council wish to postpone readings, it is requested that Council provide specific direction as to which changes should be made to the bylaw amendment prior to reconsideration.

REVIEWED BY

Brent Magnan, Planning Manager

Mark Koch, Director of Development Services

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps

Powerpoint: Yes ☒ No ☐

Attachments:

1. Zoning Amendment Bylaw No. 0154.99 (Short Term Rental Regulations)
2. Redlined Zoning Bylaw Changes
3. Draft Business Licencing Regulations for Short Term Rentals
4. Draft Business Licence Application Form for Short Term Rentals
5. Short Term Rental Compliance & Enforcement Program
6. OCP Policy in relation to Short Term Rentals