



Standing Committee Report

Electoral Area Services Committee

To: Electoral Area Services Committee
From: Director of Development and Engineering Services
Date: June 5, 2025
Subject: Short-Term Rental Current Regulation Status

Objective: To provide an overview of the RDCO's Short Term Rental regulations and recent provincial legislation changes.

Background

Short-Term Rentals

Short-term rental accommodations (STRs) are defined as full or partial units made available for rent through online platforms for short durations, typically between 1 and 30 days. STRs combine elements of traditional housing and tourist accommodation. Over the past decade, their rapid growth has significantly impacted the housing and tourism markets. In the period following COVID, both housing and tourism have experienced significant pressure and market fluctuations. Since the provincial STR restrictions are recent, their full impact may not be immediately understood.

More Homes for People

In 2023, the Province introduced the *More Homes for People* strategy to address the province's housing crisis by creating more affordable and attainable homes, particularly for those who need them most. It focuses on increasing housing supply, supporting vulnerable populations, and creating a market where housing is for people who live and work in the province, rather than speculators. One of the focus areas of the strategy is to support renters by turning short-term rentals (STRs) into long-term housing options.

Short-Term Rental Accommodations Act

Effective May 1, 2024, the Province has implemented a principal residence requirement in some areas of the province which limits STRs to the host's principal residence, plus one secondary dwelling unit. Regional Districts are exempt from this requirement but can submit a request by resolution to the Minister of Housing to "opt-in" to the principal residence requirement. A local government's resolution must be submitted to the Province by March 31 of each year for the change to take effect November 1 of the same year. Currently, the Regional District of Central Okanagan (RDCO) has not opted in to this requirement and therefore does not receive provincial enforcement support.

Secondary Suites

In June 2024, the RDCO authorized secondary suites in eligible residential parcels in compliance with small-scale, multi-unit housing legislation (SSMUH). Current zoning bylaws prohibit short-term rentals (STRs) from being situated within a secondary suite.

Current RDCO Regulation

Short-term accommodation and other forms of tourist accommodation in the RDCO are only permitted on properties where the use is explicitly permitted by Zoning Bylaw No. 871 or Joe Rich Rural Land Use Bylaw No. 1195.

Short-term accommodation *uses* typically fall into three subcategories in the RDCO;

- Dedicated commercial resort areas (C5, C7, C8, RU7 zones)
- Bed and Breakfast (BnB) accommodations
- Agri-Tourist accommodations

RDCO land use bylaws do not permit short-term accommodation uses in single-family dwellings (with the exception of bed and breakfast accommodation), secondary suites or accessory homes.

Requirements for a valid bed and breakfast business license are:

- The applicant must occupy the single-detached home where the bed and breakfast operates;
- There must not be a secondary suite associated with the parcel;
- Cannot be operated in an accessory home.

Bed and breakfasts are therefore limited to guest rooms within a single-detached home that is occupied by the resident of the home. As bed and breakfasts are the only form of residential STR currently allowed in select zones in the Electoral Areas, there currently is a high volume of bed and breakfast business license applications that fail to meet either the zoning or licensing criteria.

Central Okanagan STR Regulation: Municipal Comparison

| Municipality | Principal Residence Requirement | STR permitted in a suite | STR allowed in residential zone(s) | STR and BnB permitted concurrently | Additional Requirements |
|--------------------------|---------------------------------|-----------------------------|------------------------------------|------------------------------------|---|
| City of Kelowna | Yes | Yes | Yes | No | BL*, fire plan, good neighbour agreement |
| City of West Kelowna | Yes | Yes, except detached suites | Yes | No | BL, fire plan, parking plan, good neighbour agreement |
| District of Lake Country | Yes | Yes, except detached suites | Yes | No | BL, parking req's |
| District of Peachland | Yes | Yes, except detached suites | Yes | No | BL, parking plan, bi-annual fire inspection |
| RDCO Electoral Areas | Yes | No | BnB only | No | BL, fire plan |

*BL = Business License

Infrastructure and Safety Considerations

The unique rural geography of Electoral West and East imposes constraints on where short-term rental activity can safely occur. When considering more permissive regulations for STRs within the Electoral Areas, the following table captures some of the servicing and safety considerations that must be considered:

| Constraint | Issue | Implication |
|---------------------------------|----------------------------------|---|
| Private access roads | Emergency vehicle access | STRs may be inaccessible to personal or emergency vehicles if not maintained. |
| Steep driveway grade | Emergency vehicle access | Emergency vehicle access may be inaccessible due to grades > 12%. |
| Increased wastewater flow rates | Health risk | Septic systems may need to be upgraded to accommodate increased use by STR visitors. |
| Fire protection zones | Safety risk | Increase in visitors to areas not covered by a RDCO fire protection service area. |
| Road network volume | Increased traffic and congestion | Increased tourist traffic on roads outside RDCO authority |
| On-site parking | Adequate on-site parking | Sites with limited parking access could spill over into public roadways and require parking management. |

Next Steps:

Short-term rentals (STRs) enable residents and property owners to engage in the region's tourism economy. However, if commercial activity is not appropriately regulated in residential, rural, and agricultural areas, STRs can disrupt neighborhoods, pose safety risks, and harm the environment when not properly managed by an owner/operator. The aim of any future policy or regulatory updates will be to ensure that STRs operate in a safe and responsible manner, without causing disruption to neighborhoods.

Should the Board direct staff to consider updates to the current regulatory regime for STR's, the following bylaws would require coordinated and comprehensive updates:

- Zoning Bylaw No. 871 and/or Joe Rich Rural Land Use Bylaw No. 1195
- Licensing and Regulation of Business Bylaw No. 1555
- Ticket Information and Utilization Bylaw No. 1537

Since all bylaws must align with the Official Community Plans (OCPs), significant work will be required to address the four OCPs and the Joe Rich Rural Land Use Bylaw. This policy review would need to assess whether specific neighborhoods or geographical areas within the Electoral Areas are more suitable for STRs or if a broader application is advisable.

Recommendation:

THAT the Electoral Area Services Committee receives the Short-Term Rental Current Regulation Status report from the Director of Development & Engineering Services dated June 5th, 2025, for information.

Respectfully submitted by: Thor Goodman, Planner I

Report Approved by: Danielle-Noble Brandt, Director of Development & Engineering Service

Approved for Agenda: Sally Ginter, Chief Administrative Officer

Attachment(s): 1. Short-term rental municipality overview
 2. Short-term rental current regulation status presentation
