

## ADMINISTRATIVE REPORT



**TO:** Board of Directors

**FROM:** J. Zaffino, Chief Administrative Officer

**DATE:** May 8, 2025

**RE:** Short-Term Rental Accommodation Review – Electoral Areas “A”, “C”, “D”, “E”, “F” & “I” (X2024.017-ZONE)

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### **Administrative Recommendation:**

**THAT the following be notified for public feedback and brought forward for consideration of first reading at a forthcoming Board meeting:**

- **Official Community Plan (OCP) Amendment Bylaw No. 3099;**
  - **Okanagan Valley Zoning Bylaw No. 2800.50;**
  - **Business Licence Regulation Amendment Bylaw No. 3100.01; and**
  - **Fees and Charges Amendment Bylaw No. 3097.01.**
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### **Purpose:**

The purpose of this report is to outline proposed revisions to the policies and regulations to be applied to short-term rental accommodation (STR) uses (i.e. “vacation rentals”).

### **Background:**

At its meeting of March 20, 2025, the Board resolved that consideration of the following bylaws be postponed to a future meeting in order to allow for Directors to provide additional direction to Administration in relation to the regulation of short-term rental accommodations:

- Official Community Plan Amendment Bylaw Nos. 3099 & 3101, 2025;
- Okanagan Valley Zoning Amendment Bylaw No. 2800.50, 2025;
- Business Licence Regulation Bylaw No. 3100, 2025;
- Chief Administrative Officer Delegation Amendment Bylaw Nos. 3033.01 & 3033.02, 2025;
- Development Procedures Amendment Bylaw No. 2500.36, 2025;
- Fees and Charges Amendment Bylaw No. 3050.04, 2025; and
- Municipal Ticketing Information Amendment Bylaw No. 2328.05, 2025.

Following the Board meeting of April 3, 2025, Electoral Area Directors participated in an informal “workshop” at the Regional District office in order to provide direction to Administration regarding short-term rental accommodations. A summary of this direction is provided at Attachment No. 1.

### **Analysis:**

Further to the direction provided by Electoral Area Directors at the STR Workshop on April 3, 2025, the draft OCP and Zoning amendment bylaws have been revised as follows:

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- permit up to two (2) short-term rental accommodation uses to occur on specified properties in Electoral Areas “A”, “C”, “D” & “I”;
  - allow a second dwelling unit (e.g. secondary suite or accessory dwelling) to be used exclusively for the purposes of a short-term rental accommodation use; and
  - prohibit the use of a recreational vehicle (RV) on a property by friends or family of the owner if a business licence for an STR has been issued (NOTE: to be applied to all Okanagan Electoral Areas).

Regarding the request that only one (1) business licence be required for a property upon which multiple dwelling units may be being used for STR purposes, Section 11 (Multiple Uses on a Parcel) of Draft Business Licence Regulation Bylaw No. 3100 proposes to provide discretion to the Licencing Inspector (e.g. CAO) to require only a single licence for a “complimentary business”.

Administration considers this to only be applicable in relation to accessory dwelling units (e.g. secondary suite or accessory dwelling) and not to multiple residential units in an apartment building or townhouse complex.

In these latter scenarios, it is envisioned that each owner of a unit in an apartment building or townhouse complex will be required to obtain individual business licences despite there potentially being multiple STRs occurring on a single parcel.

#### Licencing “Tourist Accommodation” Uses (Area “E”):

With regard to the proposed requirement that other tourist accommodation uses such as hotel, motel and agri-tourism accommodation be required to obtain a business licence to operate in Electoral Area “E”, it is being proposed that:

- an amendment to draft Business Licence Bylaw No. 3100 be prepared to introduce a requirement for “tourist accommodation” uses to obtain a business licence; and
- the Fees and Charges Bylaw No. 3097, 2025, be amended to include a new business licence fee of \$200 for “tourist accommodation” uses.

Administration notes that these changes will generally create a “level playing field” for all tourist accommodation uses in Electoral Area “E”.

#### Property Manager Contact Information:

With regard to the request to provide adjacent property owners with the contact information of a property manager overseeing a licenced short-term rental accommodation business, it is proposed to amend the Business Licence Regulation Bylaw No. 3100 to include the following condition for business licence issuance:

*the provision of contact information or an alternative local contact and/or local property management company, by the Regional District to adjacent property owners within 100.00 metres of the subject property*

#### Next Steps:

Due to the proposed changes to the OCP, Zoning and Business Licence Regulation bylaws to accommodate the direction provided by Electoral Area Directors on April 3, 2025, Administration considers the previously received public and agency feedback to be *potentially* outdated and not reflective of the new direction being pursued.

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Recognizing that statutory requirements exist under the *Local Government Act* to provide reasonable opportunities for public input on proposed changes to these types of bylaws, Administration is recommending that the notification steps completed prior to first reading of these bylaw be redone.

This will include agency referrals, newspaper notification, letters to existing temporary use permit (TUP) holders, posting of updated materials on the Regional District website, public information meetings (PIMs) and VoyentAlert! notification.

In the interim, it is being recommended that the Business Licence Regulation Bylaw No. 3100 and supporting amendments to the CAO Delegation Bylaw, Fees & Charges Bylaw and MTI Bylaw that were previously deferred at the Board meeting of March 20, 2025, be brought forward for consideration of adoption at the regular Board meeting of June 5, 2025.

This will allow for the licencing of permitted short-term rental accommodation businesses at Apex Mountain Resort as well as existing “vacation rental” TUP holders in a timely manner.

### **Financial Implications:**

The financial implications of implementing a Business Licence Regulation Bylaw will primarily be in relation to the administration of the bylaw (e.g. receiving, reviewing and determining licence applications, responding to complaints, etc.).

The proposed changes related to the number of businesses regulated through a single business licence and the introduction of a business licence requirement for “tourist accommodation” uses in Electoral Area “E” will have financial implications. However, the considerations previously raised by Administration in relation to business licence fees are also seen to apply to these changes.

Namely, that calculating the administrative costs of processing applications, conducting inspections, and enforcing compliance for a program that the Regional District has no direct experience administering is seen to present a significant challenge to accurately determining financial implications of the proposed business licencing program.

If business licencing fees are set too low, they are unlikely to cover the cost of the program (e.g. staff time, IT systems, enforcement, etc.), resulting in any deficiencies being covered by tax payers. If the fee is set too high, it may be deemed unreasonable and could discourage compliance.

Based upon a review of the fees being charged by other local governments in the Okanagan, Administration considers the proposed \$200 fee to be appropriate, but is aware that a higher fee may be required in future if the intent is for the program to run on a full cost recovery basis.

For this reason, Administration is anticipating that a review of this fee will be required following the conclusion of the 2025 or 2026 licencing years to identify all direct and indirect costs incurred by the Regional District in administering with the program and bringing forward recommended fee changes in response.

### **Communication Strategy:**

The proposed changes to the OCP, Zoning and Business Licence Regulation bylaws to accommodate the direction provided by Electoral Area Directors on April 3, 2025 are seen to require further consultation in accordance with the statutory requirements of the *Local Government Act* and the *Community Charter*.

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In relation to the proposed OCP and Zoning amendment bylaws, this would include referrals to affected agencies and First Nations, a Public Information Meeting, posting information to the Regional District's project webpage, VoyentAlert! notification, and holding a Public Hearing.

Due to the limited scope of these changes, and previous Board direction by Electoral Area Directors on April 3, 2025, Administration considers it appropriate to hold one (1) on-line public information meeting (PIM) and to not seek input from the applicable Electoral Area Advisory Planning Committees.

In relation to the proposed amendment to the Business Licence Regulation bylaw, the requirements for notifying and hearing from residents under Section 59 of the *Community Charter* are similar in nature to the requirements for a public hearing in support of a land use bylaw and therefore it is being proposed that the bylaw be notified as follows:

- posting information to the Regional District's website,
- distributing a notice to residents in all electoral areas via VoyentAlert!;
- posting a notice to the Regional District's "Bulletin Board" at 101 Martin Street; and
- notifying the bylaw via two (2) consecutive advertisements in local print newspapers (e.g. Penticton Herald and The Western).

**Alternatives:**

1. THAT the following bylaws not be initiated:
  - Official Community Plan (OCP) Amendment Bylaw No. 3099;
  - Okanagan Valley Zoning Bylaw No. 2800.50;
  - Business Licence Regulation Amendment Bylaw No. 3100.01; and
  - Fees and Charges Amendment Bylaw No. 3097.01.

**Respectfully submitted**

Ben Kent

Ben Kent  
Planner II

**Endorsed by:**

C. Garrish

C. Garrish  
Senior Manager of Planning

**Endorsed by:**

A. Fillion

A. Fillion  
Managing Director, Dev. & Infrastructure

Will a PowerPoint presentation be presented at the meeting?      Yes

Attachments: No. 1 – Short-Term Rental Accommodation Workshop Summary (2025-04-03)

**Electoral Area “A”**

- Allow up to two (2) STRs per parcel;
- Allow one (1) business licence to authorize up to two (2) STR businesses per parcel.

**Electoral Area “C”**

- Allow up to two (2) STRs per parcel;
- Allow one (1) business licence to authorize up to two (2) STR businesses per parcel.

**Electoral Area “D”**

- Allow up to two (2) STRs per parcel;
- Allow one (1) business licence to authorize up to two (2) STR businesses per parcel;
- Allow 2<sup>nd</sup> dwelling unit to be used exclusively as an STR (e.g. up to 12-months a year).

**Electoral Area “E”**

- Allow one (1) STR per parcel;
- Introduce draft OCP policy regarding “Principal Residence Requirement” (e.g. similar language to “D”, “F” & “I” OCP amendments);
- Introduce a business licence requirement for all other types of tourist accommodation uses (e.g. hotel, motel, agri-tourism, etc.);
- Explore prohibition against the creation of “de facto” dwelling units within a principal dwelling unit (e.g. closing internal doors to create a separate wing in a house for STR patrons).

**Electoral Area “F”**

- Allow one (1) STR per parcel.

**Electoral Area “I”**

- Allow up to two (2) STRs per parcel;
- Allow one (1) business licence to authorize up to two (2) STR businesses per parcel;
- Explore inclusion of contact information for property managers as a business licence condition (e.g. to be provided to neighbours within a specified radius);
- Preclude the use of an RV on a property by friends or family of the owner if a business licence for an STR has been issued.