



THE CORPORATION OF THE  
DISTRICT OF SUMMERLAND  
**REQUEST FOR DECISION**

DATE: August 23, 2021  
TO: Graham Statt, Chief Administrative Officer  
FROM: JoAnn Peachey, Planner II  
SUBJECT: Short-term Rentals – Regulatory Approach Comparison

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STAFF RECOMMENDATION:

That Council pass the following resolution:

***THAT Council direct staff to draft a regulatory framework based on a permissive regulated approach modeled after the City of Penticton, to allow and licence short-term rentals;***

***AND THAT Council direct staff to initiate the public engagement strategy on short-term rentals to receive feedback on the draft regulatory framework and to identify any additional priorities tailored to the District of Summerland context, for consideration.***

STRATEGIC PRIORITY:

**Good Governance** – A regulatory framework for short-term rentals supports the continuation of providing high-quality services to residents of the District.

CULTURAL IMPACT STATEMENT

N/A

PURPOSE:

To present Council with background information on short-term rentals, including a regulatory option and a local jurisdictional comparison and provide a work plan/engagement strategy to create a new short-term rental framework.

BACKGROUND:

***Definition***

Short-term rentals are a type of temporary accommodation and are currently undefined in District of Summerland's Zoning Bylaw No. 2000-450. There is no set definition as to what a "short-term rental" is and there are varying definitions and terms throughout jurisdictions. Some local governments also refer to short-term rentals (STRs) as vacation rentals, tourist accommodation, and seasonal use accommodation.

Other jurisdictions around the world, and throughout British Columbia, have responded to the advent of the “home-sharing” industry through online booking platforms such as Airbnb, VRBO, and HomeAway in a variety of ways.

The “home-sharing” industry offers a variety of accommodation options to potential users. This includes renting an entire home, part of a home (like a suite) or a room in a home. The type of homes being listed for short-term rentals are not limited to single detached dwellings. It could also appear in the form of a duplex unit, secondary suite, carriage house, apartment unit, townhouse or alternative unit (i.e. glamping tent, treehouse).

Although there is a wide range of accommodation types, there are some commonalities between short-term rentals that help shape the definitions:

- Use of a residential unit (not a commercial unit like a hotel)
- Paying guest (a commercial venture)
- Guests staying on a temporary basis (commonly defined as less than a month, or less than 28 days at a time)
- Catering to tourists (guests live elsewhere and are renting on a nightly or weekly basis, not as a full-time residential tenure)

### ***Tourism in residential areas***

In communities where vacancy rates of tourist accommodation are low, additional tourist “beds” can create increased tourism economic activity. Short-term rentals also provide a different form of tourist experience and fill a niche market that would not otherwise be filled by traditional hotels, motels or bed and breakfasts. Short-term rentals have also been touted as a “mortgage-helper” for operators by providing additional income.

However, bringing tourists into established neighbourhoods, particularly low-traffic residential streets, can change the “neighbourhood feel or character”. In some areas, this can be seen as a positive by adding vibrancy while other areas this can be a negative by deteriorating a sense of community when neighbours no longer know each other and there are new groups of people being introduced every day or week next to long-term residents. Short-term rentals can also increase demand of local services (more garbage, more water use, more car trips, more policing and enforcement) and, these costs are borne by the general taxpayer if not recouped directly through additional fees and taxes, or indirectly by supporting local commercial expansion.

### ***Current Status***

The District of Summerland Zoning Bylaw does not explicitly address “short-term rentals”. Although not explicit, the use of a “dwelling” for short-term rental is not a customary residential use, and “short-term rentals” are not a permitted use in any zone. Any type of residential housing (single detached, duplex, cluster, apartment, townhouse, etc.) rented to the travelling public for temporary accommodation is seen as a bylaw contravention (with the exception of a Bed & Breakfast Home).

However, in acknowledgement that the zoning bylaw is not explicit in prohibiting short-term rentals, bylaw enforcement has not actively enforced against vacation rentals. However, response to violations to the Good Neighbour Bylaw have been actively pursued (i.e. noise violations).

The District has 5 recorded complaints and has received 13 calls this year in relation to operation of short-term rentals.

In a report prepared by Granicus Host Compliance, a snapshot was provided for August 2021 indicating that there were 174 unique rental units within the District being advertised on online booking platforms and 90% of these listings were single family homes (approximately 156 homes). 92% of all listings were for entire units while 8% were partial units (i.e. shared).


“Temporary accommodation for the travelling public” is permitted under the following defined uses: *Bed & Breakfast Homes, Hotels, Motels, Campgrounds* and *Agri-Tourism Accommodation*. The use of a dwelling for short-term accommodation is limited to the operation of a *Bed & Breakfast Home* within a single detached dwelling by a live-in resident as the operator.

There are currently 31 business licences issued for operators of temporary accommodation businesses within the District (22 Bed & Breakfasts, one Hotel, three Motels and five Campgrounds) and the annual business licence fee for such uses is \$200 (except there is a \$125 fee for a bed & breakfast home of 1-3 bedrooms).

Attachment No. 1 provides a summary of temporary accommodation uses within the Zoning Bylaw, including definitions, permitted zones, and regulations.

### **Regional Context**

Of the six municipalities and two regional districts closest to Summerland, five of the eight have licencing or permitting requirements that allow for some form of short-term rental. There are a range of approaches locally, and throughout BC, as each has different guiding principals.

<b>Jurisdiction</b>		<b>Whole Unit STRs Allowed</b>	<b>Notes</b>
City of Penticton	✓	Permitted in Rural, Urban Residential and Commercial Zones	Permissive regulations for up to 6 guests; public process for 7+ guest occupancy
Regional District of Okanagan-Similkameen		By Temporary Use Permit (except select areas like Apex Mountain)	Public process; supported use in OCPs for Residential
District of Peachland	⊗	Not Permitted	Vacation resort residential allowed in Resort Commercial zone
West Kelowna	✓	Permitted in Single Detached Dwelling or secondary suite or carriage house (if principal residence is on property)	Residency requirements; occupancy limits
City of Kelowna	✓	Rural Residential, Urban Residential, select Commercial zones for Secondary Use (Principal Use in Commercial and Health District zones)	Residency requirements when a secondary use (residential areas); occupancy limits
Regional District of Central Okanagan	⊗	Not permitted	Resort apartments allowed in Tourist and Resort Commercial
Town of Oliver	✓	Low Density Residential, Resort Commercial, Agriculture zones (Rural)	Owner requirements; residency requirements outside resort commercial zone; occupancy limits
Town of Osoyoos	⊗	Not Permitted	Resort residence with minimum one-week stay in Commercial Residential, select CD zones

Of the local jurisdictions noted above, the District of Peachland, Regional District of Central Okanagan and Town of Osoyoos have not undergone a review of their bylaws to specially address short-term rentals.

### **Key Considerations**

Common key topics include impacts to housing stock, neighbourhoods/neighbours, the tourism industry and the hospitality industry.

#### *Loss of long-term rental stock and increased cost of housing*

When dwelling units are no longer used or intended to be used as permanent residences, in favour of short-term rental use, there can be a cumulative impact on the available housing supply and on the rental housing vacancy rates within a community. When vacancy rates and housing supply are low, there can also be upward pressure on long-term rental rates and housing sale prices.

The use of a dwelling unit as a short-term rental does not always remove a unit from available housing stock, as there are instances where a dwelling unit is not a permanent residence and the owner has no intention of renting or using it as a residence (i.e. second home). Also, there are some short-term rentals that only occur occasionally or are shared units, which allow for the dwelling unit to continue as a principal residence.

There is a wide spectrum of approaches to limit potential impact to housing stock through zoning regulations, where identified as an issue.

<b>Approach</b>	<b>The Idea</b>	<b>Example Communities</b>
Not Permitted	Maintains housing stock for permanent residents	Richmond, Peachland, Osoyoos, RDCO
Shared Units Only	Unit is shared with permanent resident and whole units are not removed from housing stock	City of North Vancouver
Limiting zones	Impact to housing stock limited to specified areas and allows STRs where desired	Whistler
Capping	Specifying number of units for conversion	Nelson; Revelstoke
Operator residency	Only year-round resident can operate a STR so dwelling unit is primarily used for a permanent residence and not removed from housing stock	District of Squamish; Kelowna*; West Kelowna, Nelson***, Oliver
Limiting duration	Restricting number of days to be used as STR (implied availability as residence for rest of year)	RDOS, Kelowna*, Revelstoke
Limiting dwelling unit type	Restricting STR of secondary suites and carriage houses that are typically used for long-term rentals	District of Squamish**; Kelowna*, Oliver
Permitted	Provides permissions for STRs in residences of all types/zones	Penticton

\*Kelowna limits for residential zones when a secondary use only. No residency/duration restrictions in the permitted Commercial and Health District zones.

\*\*Squamish issued a limited number of temporary use permits for secondary suites/carriage houses to be used for short term rental (14 in total).

\*\*\*Nelson has a 4-month STR permit, subject to approval from the Director of Development Services that allows for a non-resident to operate for up to 4 months. This is generally used in conjunction with rental housing geared towards students where the unit is not used during summer months.

### **Key Considerations: Disruption to neighbours**

When dwelling units are used as temporary accommodation, there may also be unintended impacts to neighbours and neighbourhoods. Common examples include instances of noise disturbance from “party houses”, unruly behaviour of guests, lack of pet control, and on-street/illegal parking.

There are also instances where paying guests do not have local awareness on issues where their behaviour may impact others or the community at large. Such concerns include risk of causing wildfire, improper protocol with wildlife (attracting bears), increased water use, improper septic system care, trespassing on private property, and lack of awareness of agricultural practices. Such behaviour can lead to increase pressure of local services (police, bylaw enforcement, fire) and conflict between residents and guests.

The use of a dwelling unit as a short-term rental does not always result in disruption to neighbours, as it is determined by the behaviour of individual guests. Enforcement of business licence conditions and good neighbour bylaws/agreements, increasing guest awareness, limiting occupancy or a combination of approaches can be used to design a system where disruption to neighbours is either prevented or resolved through enforcement.

<b>Approach</b>	<b>The Idea</b>	<b>Example Communities</b>
Limiting total occupancy	Lower occupancy deters “party houses”, and reduces probability of behavioural issues with guests	Kelowna, Penticton*, Nelson, Revelstoke, Squamish**, North Vancouver, West Kelowna
Limiting guests per bedroom	Prevents overcrowding and allows higher occupancy in larger units	Oliver, RDOS
Additional parking	Additional parking required on-site to minimize impacts on street parking	Kelowna, Squamish**, Penticton*
Good neighbour agreements	Additional mechanism to shut down “party houses”/repeat offenders	Penticton, Kelowna

\*Penticton allows for “High Occupancy Major” Vacation rentals for occupancy of 7 or more guests, subject to a public process where immediately adjacent neighbours are given opportunity to support/not support. If 40% or more of the neighbours oppose, the licence is denied. Additional parking required.

\*\*Squamish indirectly limits occupancy with a maximum number of additional parking spaces (no more than 3, which equates to 6 bedrooms). Occupancy limits under their Building Bylaw and Fire Service Bylaw.

Neighbours often are concerned with lack of resources available to address noise complaints in a timely manner. Although some jurisdictions have 24/7 bylaw enforcement, others have limited afterhours bylaw enforcement. Jurisdictions like Penticton and the RDOS provide operator phone numbers to neighbours so that complaints can be resolved directly. Alternatively, monitoring services feature 24/7 hotlines to act as a hub to receive complaints and escalate enforcement as needed.

### **Key Considerations: Leveling the playing field**

Where there is a discrepancy between the standards applied to traditional tourism accommodation and short-term rentals, the difference in operational or start-up costs can provide a competitive advantage. This is a common comment of traditional tourist accommodators like hotel operators who pay higher rates for property taxes (and potentially higher utility rates), collect sales (PST) and hotel taxes (MRDT), and have higher building standards but are forced to

compete with short term rentals of residential properties that may not “play by the same rules”. Historically, short term rentals have benefitted from destination marketing without contributing directly to such programs due to exemptions.

Some platforms such as Airbnb are registered to collect the Municipal and Regional District Tax (MRDT) tax on behalf of the Province when required while other platforms rely on operators to submit their own taxes.

The District of Squamish is the only known example of applying higher water utility and sewer fees for short term rentals than residential units. As property tax rates are based on land classification from BC Assessment, no instances were found where dwelling units used only for vacation rental purposes were classed as commercial.

In response to building standards, health and safety inspections are a common licencing requirement to ensure safe conditions and also to make standards more consistent across accommodation types.

**DISCUSSION:**

There are a variety of approaches on how to regulate short-term rentals. Generally, there is a set of guiding principals or overarching philosophy that drives the approach taken. For discussion, there are three example options provided from the regional communities of Penticton (regulated approach), Kelowna (two-tiered approach) and Peachland (restrictive approach) explained further below:

<b>Approach</b>	<b>Penticton</b>	<b>Kelowna Secondary Use</b>	<b>Kelowna Principal Use</b>	<b>Peachland</b>
Where permitted	Rural zones (RA, AG, RC), Urban Residential Zones, Commercial Zones, CD zones	Rural Residential, Urban Residential, select Commercial Zones	Commercial and Health District Zones	Prohibited in all zones, except Resort Commercial zone
Who can operate	Property owner or tenant	Resident of unit	Anyone, with owner/strata permission	n/a, except “Vacation resort residential” -strata rental pools
What is permitted	Rental of any type of dwelling unit	Dwelling units except secondary suite or carriage house or B&B	Dwelling units except secondary suite or carriage house or B&B	“Vacation resort residential” allowed in Resort Commercial zone
Operator requirements	Owner permission	Residency of more than 240 days/year in unit to operate	Owner permission; strata permission	n/a
Restrictions	2 persons per bedroom, up to 6 guests*	2-3 sleeping units; 2 persons per sleeping unit	2-3 sleeping units; 2 persons per sleeping unit	n/a
When permitted	Year-round**	Up to 125 days/year	Year-round	Prohibited
How is it permitted	Business licence	Business licence	Business licence	n/a

Licencing Fees	\$185-410	\$345	\$750	n/a
Licencing requirements	Health & Safety Inspection, good neighbour agreement	Parking plan, good neighbour agreement, self-evaluation fire & safety	Parking plan, good neighbour agreement, self-evaluation fire & safety	n/a
Fines	\$450/day/offence	Up to \$500/day/offence (ads:\$250)	Up to \$500/day/offence (\$250 for ads)	\$250

\*More than 6 guests require additional parking and public consultation for a “major high occupant vacation rental”. Licence is denied if 40% or more of the neighbours are not in support (decision can be appealed to Council).

\*\* Rentals of less than 14 days in year-no permitting required.

***Permissive Regulated approach (Penticton model)***

The City of Penticton has a permissive regulated approach to allow property owners the flexibility to rent dwelling units throughout the year. This has increased their available sleeping units for tourists within Penticton. It is also attractive for investors or property owners looking for an income-generator. Penticton staff advised there are approximately 375 vacation rental units with active licences within the City and approximately 450 total were licenced since the programs inception in October 2018.

Under this approach, occupancy is limited to six persons except for a major high occupant vacation rental. A major high occupant vacation rental requires additional public consultation before it can operate. Immediately abutting neighbours are given the opportunity to support or not support the application and City staff will deny the licence if more than 40% of the neighbours document non-support (decision can be appealed). The rationale behind this approach is that it places the onus on the operator to create dialogue and obtain neighbourhood consensus.

The guiding principles for this more permissive approach are to:

- Provide the same opportunities for short term rental regardless of unit type
- Ensure that renters do not cause a nuisance

The advantage of a permissive regulated approach is that it rewards responsible operators that wish to abide by the rules and establishes a framework where bylaw enforcement can easily respond to “problem” operators (i.e. those operating without a licence or those causing nuisances).

This approach also introduces short-term rentals throughout residential zones and leaves whether a dwelling unit is used as a residence or tourist accommodation in the hands of the market. This model does not address concerns over the use of housing stock for short term rentals by incorporating caps, residency requirements, limits on type of unit, or restricting to commercial or tourist zones.

***Two-tiered regulated approach (Kelowna model)***

The City of Kelowna has a two-tiered model that allows for year-round vacation rentals in commercial and health district zones and vacation rentals as a secondary use in rural residential, urban residential and some commercial zones. In residential zones, a residency requirement is in place so that the primary use of the unit remains residential and the use of a dwelling unit for short-term rental is limited to up to 4 months of the year (125 days). Kelowna also limits occupancy to up to 6 adults. The guiding principles for this approach are to:

- Ensure short-term rental accommodations do not impact the long-term rental housing supply in a negative way
- Ensure short-term rental accommodations are good neighbours
- Ensure equity among short-term accommodation providers

The advantage of a two-tiered approach is that short-term rentals are allowed in areas where other types of tourist accommodation are provided (i.e. commercial areas) while balancing the protection of the housing stock in residential areas from conversion to tourist accommodation with flexibility for residents to earn additional income and provide additional tourist beds as a secondary use.

This approach also establishes a framework for bylaw enforcement; however, operators that do not meet such residency requirements or wish to operate year-round may try to operate without a licence since a licence will not be provided to them or in violation of licence requirements. This places an expectation to neighbours that non-residents cannot operate a short-term rental in their neighbourhood and places pressure on bylaw enforcement to respond to complaints where it is difficult to prove the violation of non-residence.

### ***Restrictive Approach (Peachland model)***

The District of Peachland does not permit short-term rental of any residential units except as a bed and breakfast. This approach provides the most protection to housing stock if bylaw enforcement is active to shut down operators. It is noted that bylaw enforcement is difficult without dedicated staff and monitoring programs routinely identifying ads and operations across dozens of online platforms occurring in Peachland.

In a situation where bylaw enforcement is complaint-driven, a restrictive approach rewards those that do not abide by the rules while keeping those that wish to operate legally from being able to do so. This approach does not provide flexibility to residents to earn additional income, does not provide additional tourist beds, and cannot offset costs of monitoring services or additional bylaw enforcement with licencing fees.

Peachland has not reviewed their zoning bylaw to address short-term rentals specifically and bylaw enforcement is currently complaint-driven. The City of Richmond is an example of a jurisdiction that has specifically addressed short-term rentals and elected to prohibit them.

### ***Recommended Approach***

It is recommended that Council direct staff to draft a regulatory framework based on the permissive regulated approach (City of Penticton model) as a starting point. Through public and stakeholder consultation, additional priorities can be identified and incorporated to make a “Summerland model” that aims to allow for short-term rentals as a form of additional tourist accommodation while also being responsive to other community needs (such as housing).

This approach would include:

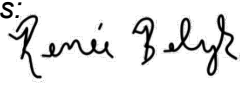
- Introducing a definition of “short-term rental” into the Zoning Bylaw
- Introducing “short-term rental” as a permitted use in residential, rural residential and commercial zones where dwellings are permitted (mixed-use) and parking requirements for such use
- Amending the business licencing bylaw to add “short-term rental” as a business type
- Establishing licencing requirements such as a health and safety inspection, good neighbour agreement and parking plan requirement
- Limiting occupancy to 6 guests, without further approvals



- Amending the Bylaw Notice Enforcement Bylaw to identify specific infractions subject to fines (including advertising without licence, operating without licence, and violating terms of licence)
- Amending the fees and charges bylaw to add business licence fees for “short term rentals”
- Evaluating options for bylaw enforcement support, including use of third-party monitoring services

LEGISLATION and POLICY:

- *Official Community Plan*
- *Zoning Bylaw 2000-450*
- *Business Licencing Bylaw 95-004*
- *Bylaw Notice Enforcement Bylaw 2000-375*
- *Fees and Charges Bylaw 98-001*
- *Good Neighbour Bylaw 2021-023*

Reviewed by Financial Services:  


FINANCIAL IMPLICATIONS:

Financial implications will be dependent on the implementation of the preferred approach and will be presented along with the bylaws at a later date. However, staff predict there will be many budgetary impacts related to the implementation of short term rentals, including additional licensing fee revenue, ticketing revenue, and additional bylaw enforcement resources and monitoring services required. It is planned that these impacts will be known prior to the drafting of the 2022 budget so that they may be included in the event that the proposed regulatory approach is adopted by Council in early 2022.

SUPPORTING DOCUMENTS:

1. Summary of temporary accommodation uses within the Zoning Bylaw
2. Project Charter
3. Engagement Strategy
4. Presentation Slides


CONCLUSION:

District Staff are recommending Council support the drafting of amendments to applicable bylaws to allow short-term rentals of dwelling units subject to business licencing requirements. District Staff are also recommending public engagement that aims to identify any priorities from the community that may not already be incorporated into the selected approach.

OPTIONS:

1. Move the motion as recommended by staff.
2. Refer to staff for other options.

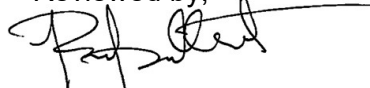
Respectfully submitted,



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*JoAnn Peachey*  
*Planner II*

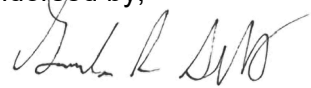
Reviewed by,



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*Brad Dollevoet*  
*Director of Development*  
*Services*

Endorsed by,



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*Graham Statt*  
*Chief Administrative*  
*Officer*

Presentation: Yes  No