

LOOKING AHEAD, WHAT THIS MEANS FOR SHORT TERM RENTAL OPERATORS IN AREA “D”...

Short Term Rental (STR) operators will have to:

- Comply with the Short Term Rental Accommodation Act (STRAA) that applies across the province
 - e.g., all units must be registered in a provincially-administered registry (subject to certain exemptions) expected to be online late 2024.
- Comply with the ‘Principal Residence’ (PR) requirement of the STRAA, that applies in other areas of the province and in all towns or cities in the South Okanagan
 - e.g., all advertised rentals are the operator’s principal residence, plus one of either a secondary suite or accessory dwelling unit, where the PR is “...the residence in which an individual resides for a longer period of time in a calendar year than any other place.”
- Obtain and comply with Regional District of Okanagan-Similkameen (RDOS) required approval process (to be determined) such as a Business License and/or Temporary Use Permit (TUP). Additional details to be established by RDOS.

STR operators cannot publicly advertise units other than those that comply with the PR requirement. Many cities already had similar PR-related bylaws (Vancouver, Victoria, Oliver, Summerland, Peachland). Now, the PR requirement is a provincially legislated requirement, e.g. Areas “D”, “F” and “I”.

The PR requirement allows homeowners to rent their property while they are away, plus a secondary suite or accessory dwelling unit. Many owners can comply with these requirements and their units can be publicly advertised and rented legally. Some people might suggest this is what Airbnb, VRBO and other rental platforms were intended for when they started up several years ago.

While units that are not a PR cannot be publicly advertised, we are told they may be rented. If correct, these units could be rented to friends, past clients, extended family and similar privately contracted rentals. While more restrictive than in the past, this allows people to rent out summer cabins and other second homes so long as it’s not publicly advertised.

Units that are not a PR can be advertised and operated on farmland, as farmland is excluded from the PR requirement. For example, vineyards and wineries can advertise and operate several units on their farmland.

WHAT THIS DOESN’T MEAN...

STRs are not banned. They are legal so long as they are registered and in compliance with the province’s Short Term Rental Accommodation Act that is applied equally across the province, and the PR requirement that is in place in all towns or cities in the South Okanagan.

WHEN DOES THIS TAKE EFFECT?

The province’s registry is expected to be operating in late 2024. The ‘opt-in’ to the PR requirement takes effect on November 1, 2024.

FUTURE CHANGES TO CONSIDER...

Stratas could convert to a ‘strata hotel.’ A strata comprised largely of STR units might chose this permitted exclusion from the PR requirement.

If incorporation proceeds a mayor and council could ‘opt out’ and allow STRs without the PR requirement, in zones under a new enforcement model. These changes could be achieved easier through municipal governance than in a regional district.

WHY DID AREA “D” ‘OPT-IN’ TO THE ‘PRINCIPLE RESIDENCE’ REQUIREMENT?

Had we stayed out, Okanagan Falls would be the only town OR city in the South Okanagan without a PR requirement. Homes in Area “D” would be more attractive to STR investors – as publicly advertising on STR platforms generates more income. That opportunity to generate greater income would tend to increase house prices and rents in Area “D”, in turn reducing the number of houses available at lower prices and the supply of rental homes.

Following the ‘opt in’ recommendation it’s unlikely that all the existing STRs would be converted to occupied-homes. However it’s quite likely that fewer of the homes sold in the future are repurposed as an STR investment and I think that’s the objective.

Yes tourism is an important and significant industry in the area, supporting restaurants and wineries and local shops. But tourism and the operation of STRs should not be at the expense of homes for people with local jobs driving year-round economic growth.

Background on Electoral Area “D” (“F” and “I”) ‘Opting-in’ to the ‘Principal Residence’ Requirement

Families and workers in Okanagan Falls and Area “D” need houses as homes, both rented and owned, for existing and new residents and workers. As the primary town for Area “D”, Okanagan Falls is a year-round community and is not ‘dependent’ on tourism. People live and work here 12 months of the year. Their children go to school here. They’re employed at Structurlam (now Mercer), UEE, SUTCO and Avery Farms. Several of these employers have grown recently, adding new jobs and bringing new workers to the community. More are expected as 2 – 3 businesses begin to plan new operations at the new business park.

Our elementary school provides a good example of the impact this growth is having on the community’s overall economy. Enrolment has increased from less than 75 students to more than 115 in the past four years. Enrolment will increase further as new families come for new jobs in new businesses. As another example, a benefactor is in the early stages of developing a mid-sized and licenced daycare facility to meet this growth. These children and their families live here year-round and they need homes too.

RESPONDING TO A FEW STATEMENTS...

“Okanagan Falls – and Area “D” – is ‘dependent’ upon tourism, and will collapse as a result of this decision.”

We’ll still have tourism, although perhaps fewer out-of-town owned STRs. And people are still going to rent out their second homes, though possibly less than before.

Looking ahead this legislation will not convert every STR to year-round occupancy though certainly there will be some – for owners or tenants. Many and probably most families will keep their summer cabin / second home. Fewer houses will be sold as STR investments however, and more will stay as homes that are occupied by owners or renters. In my opinion, that’s a good thing.

Okanagan Falls has a growing year-round economy. People live here year-round and they need homes too. Year-round occupancy builds a year-round economy.

“This one piece of legislation and this one decision to ‘opt-in’ aren’t going to fix the ‘housing crisis’.”

Correct.... No ‘silver bullet’ for the housing market.

A number of things are being done however. The province passed four pieces of housing-related

legislation intended to: increase the number of homes permitted on most lots, reduce steps in the development process, and (this legislation) reduce the number of homes bought and repurposed as STR investments. As well, significant federal / provincial investment is required and just beginning - Area “D” just received funding for a 36-unit low- and mid-income housing project. Over time this package is intended to make a difference and increase the number of houses available for people to live in.

“We just need to fix the current RDOS system.”

The RDOS has tried three different approaches to TUPs in the past ten years. While current prices are less than \$1,000 / year when averaged over a four-year period – additional inspection costs also required – prices have been as low as \$350 / year for the required TUP.

Regardless the approach, there’s been minimal uptake to the current TUP-based system. With more than 100 STRs thought to be in Area “D” – a significant increase over the past 5 years -- only five have a TUP and comply with current RDOS bylaws.

The current TUP based system has also proven difficult to enforce under the RDOS’ enforcement model. Enforcement on a TUP infraction takes significant staff time, often pits neighbour against neighbour, and is generally very difficult to successfully prove.

To date, the only option available to Regional Districts has been Temporary Use Permits (TUPs). This legislation provides the Regional Districts with the authority to issue business licences and other tools to more effectively regulate STRs.

“We can do whatever we want in our house.”

No. And disagreeing with a bylaw or legislation isn’t grounds for not complying.

While many STRs are excellent, RDOS sees examples of: overcrowding, unsafe / illegal / unpermitted construction; and RV homes. Residents voice concerns about peak season activity, and the ‘dark houses’ and ‘dark communities’ that arise when STRs occupy a large portion of a community.

Like many industries, the STR industry started with little or no regulation. While any new regulation is an easy target for criticism, a regulatory framework of some kind is needed to address utility, safety and community / economic growth aspects and ensure balanced growth.

Respectfully, Matt Taylor, Area “D” Director, RDOS