

ADMINISTRATIVE REPORT



TO: Board of Directors
FROM: J. Zaffino, Chief Administrative Officer
DATE: March 6, 2025
RE: Business Licence Regulation Bylaw (X2024.014-ZONE)

Administrative Recommendation:

THAT the Regional District of Okanagan-Similkameen Business Licence Regulation Bylaw No. 3100, 2025, Chief Administrative Officer Delegation Amendment Bylaw No. 3033.01, 2025, Fees and Charges Amendment Bylaw No. 3050.04, 2025, and Municipal Ticketing Information Amendment Bylaw No. 2328.05, 2025, be read a first, second and third time;

AND THAT the Board of Directors considers the process, as outlined in this report from the Chief Administrative Officer dated March 6, 2025, to be appropriate notification for the purpose of Section 59(2) of the *Community Charter*.

Purpose:

The purpose of this report is to introduce business regulations and licensing requirements in relation to short-term rental accommodation (STR) in Electoral Areas “A”, “B”, “D”, “E” and “I”.

Background:

At its meeting of October 3, 2024, the Board adopted the *Business Licensing Service Establishment Bylaw No. 3078, 2024*, which would enable the Regional District to regulate and license businesses within Electoral Areas “A”, “B”, “D”, “E”, “F”, “G” & “I”.

At its meeting of December 19, 2024, the Planning and Development (P&D) Committee of the Board considered draft versions of multiple amendment bylaws related to the regulation and licensing of short-term rentals and resolved that each of the bylaws be initiated.

Public Process:

Under Section 59(2) of the Community Charter, the Regional District is required to give notice of its intention to adopt a business licence bylaw, and provide an opportunity for persons who consider they are affected by the bylaw to make representations.

Accordingly, notice of the Regional District’s intent to adopt a business licence bylaw was provided by the following methods:

- posting information to the Regional District’s website,
 - distributing a notice to residents in affected electoral areas via VoyentAlert!;
 - posting a notice to the Regional District’s “Bulletin Board” at 101 Martin Street;
 - notifying the bylaw in local print newspapers (e.g. Penticton Herald and The Western); and
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- mailing notices to all property owners who currently possess a temporary use permit (TUP) approved by the Board for a “vacation rental” use on their property.

All comments received to date in relation to this application are included as a separate item on the Board Agenda.

Analysis:

Administration considers the introduction of a business licence bylaw to be important in ensuring that the Board’s land use objectives, policies and regulations are being adhered to. Specifically, the benefits of a business licence bylaw are seen to include:

- confirmation that a business is operating in an area that has been zoned to permit that specific use (which is also generally related to ensuring that conflicts with adjacent land uses are avoided);
- ensuring that businesses comply with safety and health regulations, such as fire codes and building standards (e.g. creation of a “level playing field” as well as a framework for inspecting and monitoring business to ensure on-going compliance with applicable regulations);
- providing another mechanism for addressing complaints or disputes involving businesses (e.g. reducing the risk of unlicensed or informal businesses gaining an unfair advantage over compliant businesses);
- providing a source of revenue through licensing fees, which can be used by the Regional District to fund bylaw enforcement activities; and
- facilitating the tracking of economic trends within the electoral areas through the creation of a database of businesses operating in the area.

Area of Application:

Based upon the service establishment bylaw (which does not include Electoral Areas “C” & “H”) as well as subsequent feedback from electoral area Directors, it is proposed that Draft Bylaw No. 3100 apply to Electoral Areas “A”, “B”, “D”, “E” & “I” at this time.

Types of businesses to be regulated:

Of note, the Board is asked to be aware that Bylaw No. 3100 has been drafted to facilitate the regulation of any business in future, but is currently proposed to apply only to short-term rental accommodation uses (which will also include bed and breakfast operations).

This is due to the similarity of these uses (e.g. both occur in dwelling units sited in residential neighbourhoods) and it is proposed that comparable regulations be applied to each use under the bylaw in order to create a “level playing field” and to avoid confusion (see below).

Proposed Regulations:

It is being proposed that STRs be required to obtain business licences and meet, amongst other things, the following regulations:

- compliance with the provincial principal residence requirement;
- provision of adequate off-street vehicle parking;

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- completion of a Health and Safety Inspection to ensure minimum health and life safety standards under the BC Building Code; and
 - provision of a fire evacuation plan for the dwelling.

The Board is asked to be aware that it is not being proposed to continue requiring proof of septic compliance in relation to an STR use due to the difficulties in confirming how this can be achieved.

Delegated Authority:

To support the efficient processing of business licence applications, it is being proposed that the Chief Administrative Officer (CAO), or their delegate, be given authority to grant, refuse, suspend or cancel a licence.

Administration further notes that applicants retain the right to have any delegated decision reconsidered by the Board.

Licence Application Fees:

It is recommended that the fee to be applied to short-term rental accommodation businesses on an annual basis be set at \$500.00 and \$100.00 for changes to an existing licence.

Bylaw Enforcement Penalties:

It is recommended that the Regional District's Municipal Ticketing Information Bylaw be amended to introduce an STR Offence category in relation to the Electoral Area zoning bylaws and the proposed Business Licence Regulation Bylaw with a maximum fine of \$3,000 for various STR infractions.

Alternative:

Administration considers the proposed bylaws to reflect the Board's preferred approach to regulating short-term rental accommodation businesses, as indicated at prior workshops and committee meetings.

However, Administration recognizes that alternatives to each of the sub-components of this approach were previously provided at the December 19, 2024 Planning and Development (P&D) Committee meeting.

Accordingly, should the Board wish to make any changes, it may choose to not give first reading to the bylaws and may propose alternatives to any of these sub-components for consideration at a forthcoming Planning and Development (P&D) Committee meeting.

Summary:

Administration is supportive of the Business Licence Regulations Bylaw No. 3100 and associated amendment bylaws.

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.).

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 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 \$500 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 communication strategy followed in relation to this bylaw was considered by the Planning and Development (P&D) Committee meeting of December 19, 2024, and is outlined under the “Public Process” sub-section above.

Alternative:

1. THAT the Regional District of Okanagan-Similkameen Business Licence Regulation Bylaw No. 3100, 2025, Chief Administrative Officer Delegation Amendment Bylaw No. 3033.01, 2025, Fees and Charges Amendment Bylaw No. 3050.04, 2025, and Municipal Ticketing Information Amendment Bylaw No. 2328.05, 2025 be denied.

Respectfully submitted:

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Endorsed By:

CG

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Endorsed By:

A. Fillion

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