

4 October 2022

Executive Committee of Council

Re: Council Innovation Fund request for Study about Short-Term Rentals

In June, the Executive Committee of Council approved a Notice of Motion (“Addressing Short-Term Rental (STR) Licensing – EC2022-0829), which focuses on short-term rentals’ effects on hotels. This is valuable, but does not consider short-term rentals’ broader impacts including effects on long-term rentals and the housing market.

Given that cities are complex, adaptive systems, it is reasonable to expect that short-term rentals can constrain supply and influence long-term rents. As Shane Phillips writes, "Some skeptics don't believe that adding houses to the market can lower rents, but at the same time they believe very firmly that taking houses off the market can raise rents. Both cases are true, of course, and those who are serious about housing production should also be concerned about policies and programs—and businesses—that remove housing from the market."¹

The proposed Council Innovation Fund request should clarify short-term rentals’ relationships to secondary suites, long-term housing supply, and the hotel industry. If the researchers think they are able to determine it, it would be wise to add the question "Are short term rentals impacting long term rental pricing?" and those effects in terms of price to the scope.

This information will help Administration and Council make better policy recommendations and decisions in trying to respond to the wickedest of wicked problems: housing.

Thanks,

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¹ Shane Phillips, *The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There)*, (Washington, DC: Island Press, 2020), 83.