

Improving Short Term Rental Community Impact and Safety

RECOMMENDATION(S):

That the Executive Committee recommend that Council give three readings to the bylaw amendments as proposed in Attachment 3 to amend the Business Licence Bylaw 32M98.

HIGHLIGHTS

- Council directed Administration to update the business licence requirements, best practice guides, and fee structure for short term rentals.
- **What does this mean for Calgarians?** Modernizing the short term rental business licence strengthens the accountability of the hosts and property owners, reduces negative impacts on the community, and improves the safety of their guests.
- **Why does this matter?** The proposed bylaw amendments will provide assurance to Calgarians and guests that the short term rental meets important standards, such as fire safety features and community impact considerations; greater equity in the approvals process with other home-based businesses; and improved tools for compliance.
- Previous Council Direction and Background is included as Attachment 1.

DISCUSSION

A short term rental is defined in The City's Business Licence Bylaw as the business of providing temporary accommodation for compensation, in a dwelling unit or portion of a dwelling unit for periods of up to 30 consecutive days. Short term rentals do not include lodging houses or bed and breakfasts as those are regulated separately.

Current state

There are presently over 3,900 licensed short term rental accommodations in Calgary. In partnership with the University of Calgary under the Urban Alliance Project on the *Short Term Rental Economy* (EC2022-1240), please see Attachment 2 for an infographic on the short term rental market in Calgary between June 2017 and June 2021. Key observations are:

- Calgary's short term rental regulations are focused on the safety of guests and community impact (e.g. noise, disturbances).
- The short term rental regulations were implemented in February 2020. The COVID-19 pandemic started shortly thereafter, plummeting the short term rental market to record-level lows. The University of Calgary will continue to extend the data analysis up to 2023 in future phases of their research to determine if the collapse was temporary or if it persists in Calgary.

Approvals and service enhancements

In response to the *Addressing Short Term Rental Licensing* Notice of Motion (EC2022-0829), several approvals and service improvements are in place to begin adjusting to changing market conditions. The proposed Business Licence Bylaw amendments (see Attachment 3), if approved, will come into effect on 2024 January 01, and apply to new and renewing short term rental licences.

The approvals and service improvements will provide:

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1. Greater accountability of the short term rental host and property owner

The licence application will require proof of the property owner's consent (in addition to proof of the condominium board's consent, if relevant) for the short term rental to be offered to guests for compensation.

2. Enhanced safety of the occupants

To ensure the safety of a short term rental and to mitigate any safety concerns before the licence issuance, the licence approvals process will require:

- A fire safety plan, which includes the floor plan required to be posted inside the short term rental;
- A fire inspection to ensure safety standards are met, and to validate the allowable number of guests, not including minors under the age of 12; and
- Proof of liability insurance coverage for the short term rental.

3. Improved community impact

Calgarians are encouraged to inform The City of concerns in their communities by submitting a 3-1-1 service request. This allows Administration to triage, track, investigate, and action as appropriate. To improve the impact on the neighbours and the community, the short term rental licence approval will include a review of the property for prior concerns. The licence application may be refused, or an existing licence revoked, where the person applying for the licence, or the licence holder, has operated the property containing the short term rental in a manner that causes or permits a nuisance or is reasonably likely to disturb the peace of any other individual.

4. Coordinated response to short term rental concerns

Coordination exists within Community Services to address short term rental property concerns. This coordination will be further strengthened through several ongoing improvement initiatives, such as:

- Community Services' response to the *Problem Properties* Notice of Motion, which will recommend additional bylaw amendments, advocacy opportunities, and details on a new coordinated operational structure that includes social serving agencies;
- The development of the One City Records Management System to modernize, automate, and streamline the collection of enforcement-related data, providing analytical reporting and a holistic view for Administration to action as appropriate; and
- The sharing of aggregate data with the University of Calgary for their research analysis around short term rental properties and complaints associated to them.

5. Expanded customer service to support accommodation-related businesses

The licence approval introduces new requirements and an enhanced review process and timeline, in line with other home-based businesses. The City is committed to helping businesses navigate through the approvals milestones from beginning to end. Once all approvals are in place, the issuance of the business licence is fast and simple. As of March 2023, the Business Experience Representative team expanded their service to include accommodation-related businesses, such as short term rentals, hotels, and motels. The Business Experience Representatives team:

- Provides the applicant with consistent support throughout their entire approvals journey to start or renew a business;

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- Guides the applicant through the permit and licence processes, provides advice, and acts as a conduit with subject matter experts on the approvals; and
- Helps to reduce approvals timelines for the applicant.

6. Promoting respectful behaviour expected of short term rental hosts and guests

Communication actions are in place to generate awareness about the best practices and respectful behaviour expected of hosts and guests:

- The updated “Good Host Guide” and the updated “Good Guest Guide” will be attached with the digital business licence;
- A QR code will be launched for hosts to post in the short term rental, directing guests to The City’s short term rental website with the most current information;
- A marketing campaign will promote the Guides to hosts and prospective guests; and
- Webinars will be held to increase awareness about the enhanced licence approval.

Next steps

Short term rental challenges that are out-of-scope for this report have been shared with the University of Calgary, as part of their in-depth study of the gaps and opportunities for a tailor-made short term rental policy framework that adjusts to changing market conditions. The University is on track to provide Administration with their recommendations by December 2024.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Later this year, the University of Calgary, under the Urban Alliance Project, with the guidance and cooperation of City Administration, will be conducting public engagement on Calgary’s short term rental market challenges.

Also, collaboration with a short term rental platform company is ongoing, most recently to work towards ensuring the short term rental properties listed publicly are properly licenced and safe.

IMPLICATIONS

Social

The City fosters resiliency and improving the quality of life for Calgarians.

Environmental

There are no environmental implications anticipated.

Economic

By improving the regulation and ensuring the safety of short term rentals, we are increasing the appeal and likelihood of tourism in Calgary, thereby boosting our economy through tourism revenues.

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Service and Financial Implications

The service improvements outlined in this report will be implemented using existing resources. Administration will continue to monitor the evolving hospitality industry and request a mid-cycle budget adjustment in 2024, if needed.

Administration is not recommending short term rental fee structure amendments at this time. Fee structure amendments are pending:

- The Corporate review of the User Fee Policy; and
- The University of Calgary's short term rental engagement and research recommendations by December 2024.

RISK

- Negative response from short term rental hosts on the addition of a fire inspection, increased fees due to the fire inspection, more thorough application requirements, and elimination of the instant licence approval timeline.
- Regulatory changes that do not fairly address concerns of short term rental owners and the Calgarians that short term rentals impact.

ATTACHMENT(S)

1. Previous Council Direction and Background
2. Infographic
3. Proposed Business Licence Bylaw 32M98 amendments
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning and Development Services	Approve
Katie Black	Community Services	Approve