

Next Phase for Short-Term Rentals

PURPOSE

The purpose of this report is to share the outcomes of the Short-Term Rental Study completed by the University of Calgary, as well as to recommend short-term rental policy tools and Business Licence Bylaw amendments based on the study.

PREVIOUS COUNCIL DIRECTION

Council approved *Council Innovation Fund Application – Short Term Rental Economy (EC2022-1240)* at the 2022 December 06 Combined Meeting of Council and directed Administration to report to the Executive Committee on outcomes no later than 2024 Q4.

RECOMMENDATIONS:

That the Executive Committee recommend that Council:

1. Approve Administration's recommended short-term rental policy tools as identified in Attachment 3; and
2. Give three readings to the bylaw amendments as proposed in Attachment 4 to amend the Business Licence Bylaw 32M98.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager Debra Hamilton concurs with this report. The proposed policy and bylaw tools will continue to support short-term rentals as a valuable accommodation option, while providing proactive regulations to mitigate challenges identified through research and engagement.

HIGHLIGHTS

- The proposed policy tools and bylaw changes strike a balance between supporting housing affordability, enhancing the safety of guests, strengthening host accountability, minimizing negative impacts on communities and improving enforcement of regulations, while also supporting the accommodation sector and the economic benefits of short-term rentals.
- The Short-Term Rental Study states that restricting short-term rentals will not solve the problem of housing affordability on its own.

DISCUSSION

Council directed Administration to engage the University of Calgary, under the Urban Alliance partnership, on a two-year comprehensive study of the short-term rental economy to:

- Phase 1: Gain a data-driven understanding of the short-term rental market and regulations; and
- Phase 2: Develop a regulatory framework which contains 35 policy tools that manage local impacts, guest experience, and City impacts. The regulatory framework informs Administration's recommendation to Council on the applicable policy tools to adopt, based on the market situation and impacts that need to be addressed.

Next Phase for Short-Term Rentals

Short-Term Rental Study findings

- Calgary's short-term rental market has been growing and evolving steadily since 2017.
- There are approximately 5,000 short-term rental listings in Calgary. This represents less than one per cent of residential properties.
- Most short-term rental listings in Calgary are non-permanent.
- There is a seasonal pattern to listings, spiking in July around the Calgary Stampede.
- Short-term rentals serve a need beyond tourism in Calgary as they enable more choices for Calgarians and visitors, including providing temporary accommodation for individuals travelling to Calgary for medical purposes, local Calgarians transitioning between homes, new Calgarians in the process of relocating to Calgary and transitory workers.
- While restricting short-term rental units might return some properties to the long-term rental market, there is no conclusive evidence that such restrictions will lead to a decrease in long-term rental prices.

Please see Attachment 2 for the Short-Term Rental Study Executive Summary. The full reports are also available on the University of Calgary's Social Science Research Network: [Phase 1 evidentiary base](#) and [Phase 2 regulatory framework](#).

Recommended short-term rental approach

Although the Short-Term Rental Study reported that short-term rentals are not a significant issue in Calgary at this time, Administration recommends adopting some proactive measures to ensure short-term rentals do not become a concern in the future. Administration's approach recognizes the benefits of short-term rentals and avoids overly restrictive regulations, while still:

- Supporting The City's Housing Strategy;
- Balancing the accommodation sector, tourism, and economic benefits of short-term rentals;
- Strengthening guest and community safety;
- Increasing regulatory compliance and managing impacts on communities; and
- Adopting a flexible and evidence-based approach towards future regulations.

Administration's recommended short-term rental policy tools are to:

- Introduce Primary and Non-Primary Residence business licences with associated fees;
- Enact a business licence moratorium on new Non-Primary Residences when the vacancy rate is below 2.5 per cent;
- Extend the definition of 'short-term rental' to cover up to 180 days;
- Licence short-term rental digital platforms;
- Restrict short-term rentals in affordable housing;
- Form a short-term rental steering committee; and
- Explore short-term rental property tax subclass for Non-Primary Residences.

Please see Attachment 3 for more details regarding these policy tools. The corresponding Business Licence Bylaw amendments, where applicable, are detailed in Attachment 4.

Business Licence Bylaw housekeeping amendment

Administration identified the need for a Business Licence Bylaw housekeeping amendment to remove the condominium board consent requirement from the bylaw. Although this requirement

Next Phase for Short-Term Rentals

came into effect on 2024 January 01, Administration recommends the removal of this clause as condominium boards do not have the legal authority to approve short-term rental applications and must instead follow what is in their condominium's bylaw. Please see Attachment 4 for the amendment to address this matter.

Additional operational actions

On an ongoing basis, Administration will dedicate resources to collaborate with short-term rental digital platforms, as well as collect and monitor short-term rental data for:

- Market trends;
- Effectiveness of the changes proposed in this report;
- Impacts on housing affordability;
- Impacts on guest safety; and
- Impacts on the community.

Administration will also develop strategies to inform Calgarians and short-term rental hosts and guests on best practices of good hosts/guests and licence requirements.

Administration will apply a risk-based approach to fire inspections for short-term rentals to streamline the licence approvals service, improve timelines and align with existing fire inspection processes. If other business practices need to be adjusted to address the evolving short-term rental market, Administration will address this as necessary.

EXTERNAL ENGAGEMENT AND COMMUNICATION

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

Phase 1 engagement, led by the University, engaged the public and interested parties to understand their experiences with and perspectives on Calgary's short-term rental market, including benefits, challenges and opportunities. Engagement included an online survey, focus groups and one-on-one interviews with interested parties, operators and hosts.

Phase 2 engagement, led by The City, was to gain online public feedback on short-term rental regulations, including business licensing. In addition, one-on-one interviews were conducted with external and internal interested parties.

Please see Attachment 5 for the 'What We Heard Report' summaries for both phases of engagement. The full reports are available on The City's engagement [portal](#).

IMPLICATIONS

Social

The recommended policy tools contribute to encouraging more units to the long-term rental market. The tools also ensure affordable housing is not used for commercialized purposes.

Next Phase for Short-Term Rentals

Environmental

Not applicable.

Economic

Calgary's short-term rental market plays a role in contributing to Calgary's economy by attracting tourists during major events, and also by allowing new Calgarians to establish themselves in a new city while in between homes. Short-term rentals outside of the centre city also provide an economic benefit to small businesses in their communities.

Service and Financial Implications

Self-supported funding

Administration will dedicate resources from its operating budget to lead the outreach and collaboration work with the digital platforms and partner agencies.

RISK

Risks associated with not approving the proposed recommendations:

- Without the proposed regulations, The City's ability to monitor and adjust to the market as it evolves will be limited
- Without the bylaw amendments, short-term rentals would continue to operate outside of appropriate regulations

Risks associated with approving the proposed recommendations:

- Without the cooperation of the short-term rental digital platforms, enforcement of short-term rentals will have limited effectiveness
- Some short-term rental licence applicants may contest the proposed moratorium

ATTACHMENTS

1. Background and Previous Council Direction
2. Short-Term Rental Study Executive Summary
3. Recommended Policy Tools
4. Proposed Business Licence Bylaw 32M98 amendments
5. What We Heard Report Summaries
6. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Debra Hamilton	Planning and Development Services	Approve
Katie Black	Community Services	Consult
Jeff Chase	Housing	Consult
Edwin Lee	Assessment and Tax	Consult