

**Planning & Development Services Report to
Executive Committee
2025 May 13**

**ISC: UNRESTRICTED
EC2025-0478**

Limiting Short Term Rental Licences in Incentivized Secondary Suites

PURPOSE

The purpose of this Report is to inform Council of upcoming changes to the Secondary Suite Incentive Program Terms of Reference that restricts suites that received incentive funding to be granted short-term rental licences.

PREVIOUS COUNCIL DIRECTION

Notice of Motion: Restricting Short-Term Rentals for Secondary Suites Developed through Grant Funding (EC2025-0207), directed Administration to develop and implement a policy that:

1. A registered secondary suite which received incentive funding, will not be eligible for a Short-Term Rental license for 2 years after the funds were delivered
2. Requires applicants to the incentive program to acknowledge and agree to this restriction as a condition of receiving funding;
3. Establishes a monitoring and enforcement mechanism to ensure compliance with this restriction;

RECOMMENDATION:

That Executive Committee recommend that Council receive the Report for the Corporate Record.

GENERAL MANAGER COMMENTS

General Manager Debra Hamilton concurs with this report. The changes will ensure that Secondary Suites Incentive funds are used to develop long-term rental units, supporting the immediate needs of more homes for Calgarians.

HIGHLIGHTS

- Secondary suites provide an important source of affordable, long-term housing for Calgarians.
- The Secondary Suites Incentive Program provides qualifying homeowners with up to \$10,000 to build and register a secondary suite.
- Administration is updating the Terms of Reference for the Program to prohibit incentivized secondary suites from being used as short-term rentals for a period of two years.
- This ensures that incentivised suites will be used as long-term housing options for Calgarians.
- This restriction will go into effect 2025 June 3 for all new applications.

DISCUSSION

To restrict incentivized suites from being used as short-term rentals, the following clause has been added to the Terms of Reference:

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Conditions of Use

A registered secondary suite that received incentive funding, will not be eligible for a Short-Term Rental license for 2 years after the funds were received. If at any time within the 2-year period all incentive funds received are repaid, then limitations on a Short-Term Rental license will be removed. This is in effect for any incentive application applied for on or after June 3, 2025.

In addition, the following changes to operational procedures will be implemented:

- An acknowledgement will be added to the secondary suite incentive application form informing the homeowner that receiving the incentive funds will limit their ability to use the suite as a Short-Term Rental for two years.
- Administration will perform a review of all applications for Short-Term Rentals to determine eligibility based on the receipt of the secondary suite incentive.

Applications made prior to the change are exempt from this restriction.

A review of other suite incentive programs showed incentive recipients were held to their obligations of their respective programs for 12-months per \$5,000 - \$8,000 of earned funding. Administration has concluded that a period of two years is appropriate as the maximum amount given to any applicant of the Incentive Program is \$10,000.

Internal research shows that 3.4 per cent of applications to the Secondary Suite Incentive Program had applications for Short-Term Rental licenses. As such, Administration sees little risk that application volumes will be significantly impacted by this change.

The changes to the Terms of Reference were made using the authority granted to Administration through Council approval 2024 May and will be in effect 2025 June 3.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Public engagement was undertaken | <input 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 |

IMPLICATIONS

Social

The adjusted Terms of Reference protect the investment of the incentive program to be focused on long term-rental units. Supporting the immediate needs of more homes for Calgarians.

Environmental

Not Applicable

Economic

Not Applicable

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Service and Financial Implications

No anticipated financial impact

This report has no financial implications.

RISK

1. Risk associated to perceived fairness: over 5000 applications have already been processed through the incentive and cannot be restricted. Restrictions only apply to new applications from the date of implementation.
2. Lack of flexibility for homeowners to use their spaces as they desire may lead to reduced interest in the program.
3. Imposing restrictions for the incentive program may cause some homeowners to choose the illegal suite path, seeing the restriction as not worth receiving the incentive funds.

ATTACHMENTS

1. Background and Previous Council Direction
2. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Debra Hamilton	Planning & Development Services	Approve
Brenda Desjardins	Planning & Development Services	Approve

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