



Short Term Rental Scoping Report

CPS2018-1328

December 5, 2018



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Executive Summary

In response to global market trends and local concerns around the Short Term Rental (STR) market, Council directed Administration to gather information about the STR market, including Bed & Breakfasts and Lodging (Rooming) Houses in Calgary and gain an understanding of its scale and impact. In addition to understating the Calgary context for STRs, Council asked Administration to look at possible ways of responding to STRs within the municipality and report back through a scoping report.

The Sharing Economy

Sharing economy is an umbrella term with a range of meanings, often used to describe a system for sharing assets or services between private individuals, either free or for a fee, typically through online transactions. For municipalities, the sharing economy can present certain regulatory challenges. Having a good policy or framework can help municipalities focus resources on the most impactful areas of the sharing economy including revenue generation, public safety, and oversight.

Education and Best Practice

Information sharing with citizens is an important role of the municipality. Within the context of STRs, there is a lot of information to be shared with the public. This includes:

- Calgary Police Service information on how landlords or operators can identify the person renting from them
- Information in relation to provincial legislation such as STRs in condos or rental properties
- Ideas on how to make STRs safer through simple steps such as posting emergency numbers, escape routes, or placing fire alarms in each bedroom.

Administration identified several mechanisms to report concerns, ranging from health concerns like bed bugs, to safety concerns like missing deck railings, to reporting concerns directly to the platform.

The Calgary Context of STRs

The STR Scoping Report Project Team worked with an external consultant to get an in-depth understanding of the breadth and nature of STRs in Calgary. Data was collected during the first week of 2018 April and some highlights from the report are:

- 3,364 Active Rental Units
- 83.8 per cent of operators have just one listing
- the majority of listings, in descending order, are in Ward 7, 8, 11, 4 and 9
- A very high percentage of listings are never to rarely rented, and 38 per cent have been rented for 0 nights
- 30 per cent of units are rented more than 90 nights/year
- 42 per cent of the listings are partial home listings, such as those offering a bedroom or a couch rather than a whole unit.

Stakeholder Engagement

Meetings with stakeholders were very informative and identified some key themes:

- Short Term Rentals are both a need and reality of today's tourism accommodation spectrum

- The main concerns are with commercial operators rather than those offering true home sharing
- Regulation, if implemented, needs to be equitable and straight forward to understand and achieve compliance
- The nuisance concerns expressed are similar to those voiced about rentals/secondary suites in general such as noise, parking, and absentee landlords.

Identifying Options for Regulation

City of Calgary Business Units and external partners, such as Calgary Parking Authority, have many ways to address some of the concerns around STRs while still encouraging their presence in the market, supporting economic empowerment, and providing tourist options. A business licence has been identified as the best tool for ensuring safety and oversight.

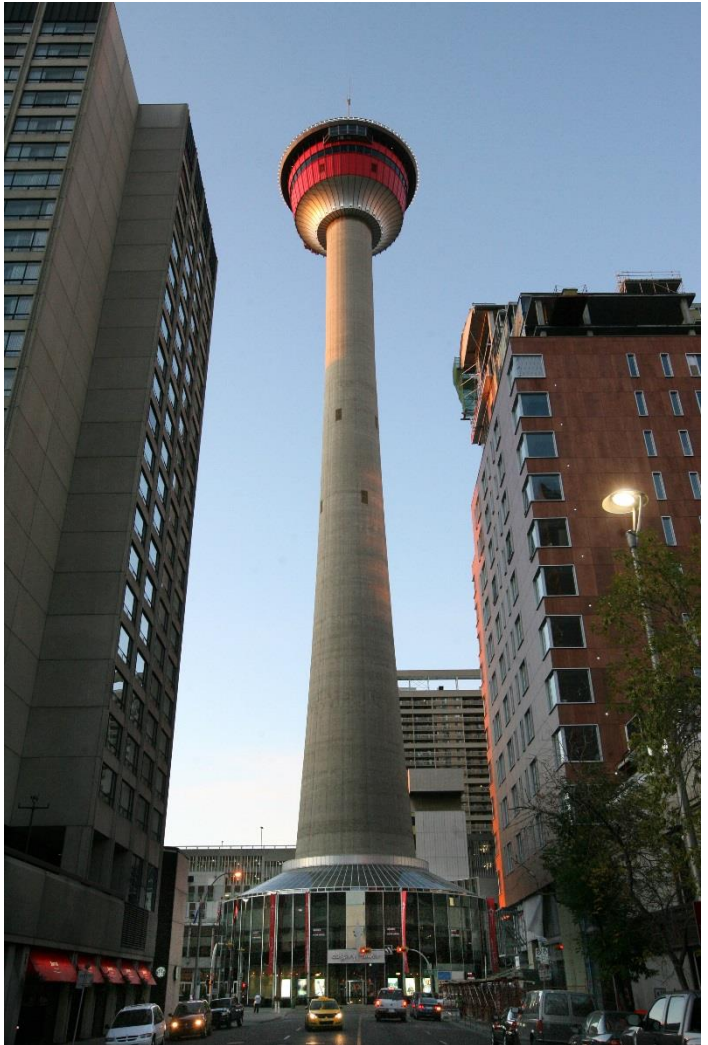


Section 1: Background

On 2017 November 20, through Notice of Motion C2017-1180 Short Term Rentals Policy and Bylaws, Council directed Administration to explore the Business Licence, Land Use, Fire and Safety Codes requirements that would ensure STRs, B&Bs and Lodging Houses are subject to the appropriate level of safety and oversight (commensurate with their scale and purpose), and provide a scoping report with options (including costs of implementation) and recommendations through the SPC on Community and Protective Services no later than 2018 Q4.

Administration was directed to look at STRs given the increasing popularity of online platforms that connect travelers with private accommodations. B&Bs, which have land use requirements, and Lodging Houses which have business licence requirements, are also included as part of this Council-directed work. As well, The City has recently received complaints related to overcrowding in suites, un-permitted construction and fire safety concerns.

In 2018 January, a cross departmental project team was initiated with representatives from Calgary Community Standards (CCS), Calgary Growth Strategies, Calgary Building Services (CBS), Law, Calgary Housing, Calgary Fire Department (CFD), and Intergovernmental and Corporate Strategy. The purpose of this project team was to respond to the Notice of Motion and to develop options to ensure these dwellings are subject to the appropriate level of safety and oversight.



Section 2: What are the Sharing Economy and Short Term Rentals?

Sharing can take many different forms

The level of sharing is dependent on life situations and the degree of desired participation. The sharing ladder (right) illustrates some forms of sharing.

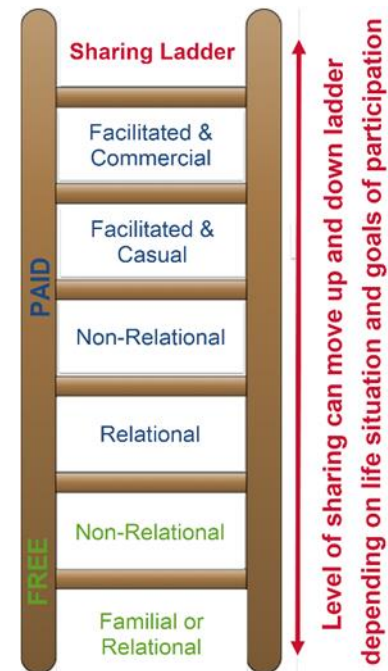
What is the Sharing Economy?

Sharing economy is an umbrella term with a range of meanings, often used to describe a system for sharing assets or services between private individuals, either free or for a fee, typically through online transactions. Originally growing out of the open-source community and referring to peer-to-peer sharing of access to goods and services, the term is now used in a broader sense to describe any sales transactions that are done via online market places, even those that are business to business, rather than peer-to-peer.

What are Short Term Rentals?

A short term residential rental refers to:

- a furnished dwelling unit or a furnished bedroom in a dwelling unit
- rented for a short duration such as one night or one week
- almost always for 30 days or less.



In some cases, operators could be renting out a couch or air mattress, while in other cases they may be renting out multiple rooms within a dwelling to different people.

Common names used for these rentals include Vacation Home Rental, Short Term Vacation Rental, Short Term Rental (STR), Executive Suites, and Apartment Hotel.

They are often advertised online or through apps such as AirBnB or VRBO. Short term rentals generally accommodate visitors or temporary residents as opposed to permanent residents. They are different from hotels in that they usually occur in buildings designed and approved for residential purposes.



Section 3: What Accommodation Types are in the Scoping Report?

The market segments that have been identified as in-scope for this report are defined below:

1) Short Term Rental – A short term residential rental refers to a furnished dwelling unit or a furnished bedroom in a dwelling unit, such as a house or condominium apartment, that is rented for a short duration, such as one night or one week, but most often 30 days or less.

In Calgary, a short term rental is considered a dwelling unit in whatever form it takes as is not otherwise defined in the Land Use Bylaw 1P2007 (LUB).

Currently, there are no specific provisions for STRs in the Business Licence Bylaw 32M98, however, many recent complaints regarding overcrowding, bylaw infractions, and fire and safety concerns have been addressed through the Lodging House licence category.

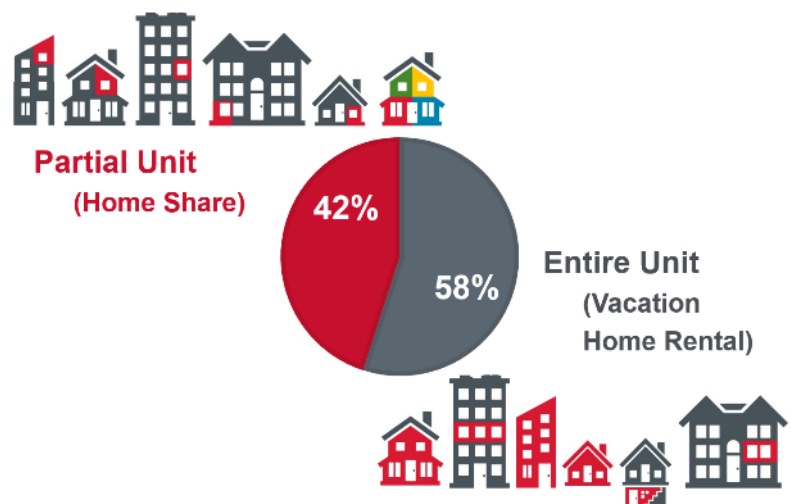


Short Term Rentals fall into two categories:

- **Vacation Home Rental (Entire unit)** - These are generally defined as a furnished dwelling unit rented on a temporary basis and may include a guest suite located on the property of an owner/operator.
- **Home Share (Partial Unit)** - These are generally defined as an arrangement by which two or more unrelated people share a dwelling. Home sharing facilitated via apps or online platforms are in-scope of this report. Long term roommate arrangements, billets, and homestays are out of scope.

In Calgary, data (Appendix 1) shows that 42 per cent of listings fall under the Home Share category and 58 per cent are in Vacation Home Rentals. Based on the data, this shows a relatively even split between STRs in single/semi-detached dwellings and multi-family dwellings within Calgary.

All rentals, regardless of length of stay, are regulated as dwelling units and must meet the Alberta Building Code (ABC) at time of construction, renovation, or change of use. They must also meet the Alberta Fire Code (AFC) for type of building and use, and provincial Minimum Housing and Health Standards.





2) Bed & Breakfasts (B&B) – These are defined in the LUB as a single or semi-detached dwelling offering sleeping accommodations and the option of a morning meal to guests, with a maximum of four guest bedrooms. They must be occupied by the operator. B&Bs offering lodging to four or more people require a business licence under the Business Licence Bylaw as a Lodging House. B&Bs may choose to opt in to the Destination Marketing Fee and are only subject to the Alberta Tourism Levy if they offer four rooms for rent.

3) Lodging/Rooming House – These are generally defined as a private house in which rooms are rented for living or staying temporarily where the owner/operator does not live on site. The Business Licence Bylaw defines this accommodation type under Lodging House as a business providing sleeping or lodging accommodation for compensation, with or without meals, for four or more persons. This definition has been interpreted to include the rental of any type of long or short term rental accommodation not covered by other rental licence categories, but was historically intended to manage ‘rooming’ houses. There is no land use for lodging house or rooming house.



Understanding the Nuance between Bed & Breakfast and Lodging House

The Bed and Breakfast Use and Lodging House Licence are not interchangeable. They have different rules and need to be looked at individually. At this time, two key questions are asked of the owner/operator to determine whether or not they need a development permit, business licence or both. The questions are:

1. Where will you live while renting rooms?

- Bed and Breakfast – the owner must live in the house.
- Lodging House – the owner does not need to live in the house.

2. How many guests will you have at any given time?

- Bed and Breakfast – no more than four rooms.
- Lodging House – no less than four occupants

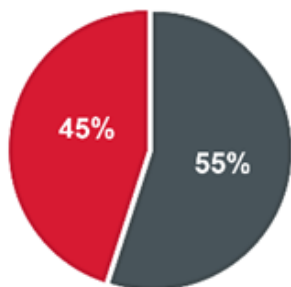
Section 4: Calgary's Short Term Rental Data

To understand the current STR market in Calgary, Administration also worked with a consultant to gather data. This data was collected at two different times to account for market fluctuations: in 2018 April and prior to Stampede in 2018 June (Appendix 1). The consultant's report states that there were 3,364 active rental units listed on various platforms with the majority (88 per cent) listed on AirBnB. A snapshot of the Calgary market showed a high turnover rate in Calgary's STR market from 2017 March to 2018 April, with a total of 5,851 listings posted over that time period. This data indicates the highly fluid nature of the STR market in Calgary.

Presence of STRs in Calgary



Single/Semi-detached

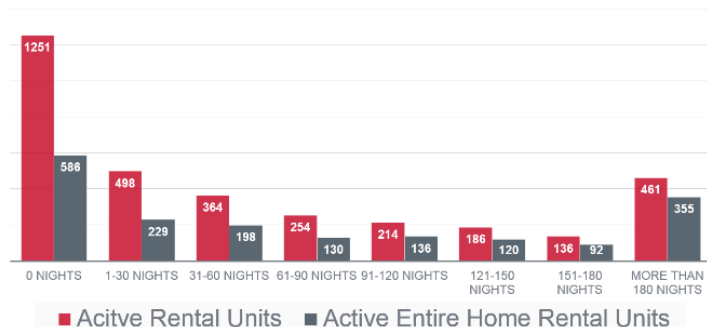


Multi-family

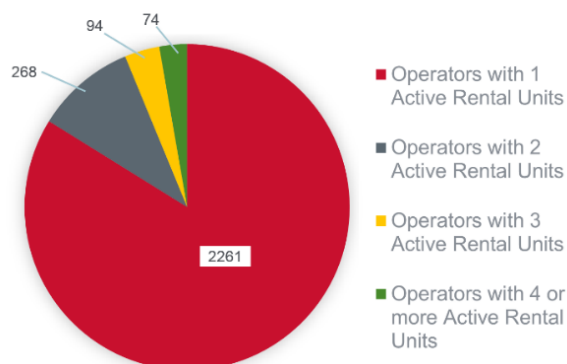
In terms of the types of rentals, 54 per cent are entire home rentals, whole units occupied solely by the guest during their stay. This number represents any entire unit listed on vacation rental platforms, including a furnished suite within a hotel advertised as a standalone unit, an apartment hotel, and a B&B where the owner may vacate the property for the stay of a guest. Also included are condos and single or semi-detached dwellings. The remaining 46 per cent are partial home rental units, offering private or shared room rentals where the host can be physically present onsite during the stay.

Though some exceptions may exist, the listings were for rentals available between 1 and 30 nights. The report notes that 84 per cent of operators had one listing and a very high percentage of these listings are rarely to never rented, and 38 per cent had been rented for 0 nights.

Estimated Annual Nights Rented



Units per Operator



Section 5: Current Regulatory Environment for Market Segments of Short Term Rentals, Bed & Breakfasts and Lodging Houses

To inform work on the scoping report, Administration identified what is currently available to regulate use, activity, and safety to address concerns related to STRs, B&Bs and Lodging Houses, depending on the type of market participant. These include provincial legislation and regulations relating to specific accommodations, public health, and safety codes (building and fire). At the municipal level, business licensing, land use, and bylaw education and compliance may be used to regulate certain activities. In addition, The City partners with other agencies, such as the Calgary Parking Authority, the Calgary Police Service and Alberta Health Services (AHS) to achieve a variety of goals in the community ranging from protecting citizens and visitors to ensuring accommodation meets minimum standards. Administration also identified different tools to collect taxes or fees in the tourist accommodation market including the Alberta Tourism Levy, Destination Marketing Fee and provisions in the Municipal Government Act and City Charter for property tax collection. Each area is explained in the following sections.

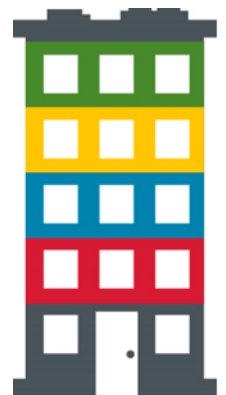
Provincial Regulatory Landscape

1) Residential Tenancy Act – The Act applies only to tenancies of residential premises. It does not apply to a hotel, motel, lodge or tourist camp, tourist home, or B&B if a person resides there for less than six consecutive months. In addition, it includes subleasing and states that written consent of the landlord is required for a tenant to sublease.

2) Condominium Property Act – The Act outlines rules for condominium corporations and owners of condo units, including unit rentals, and bylaws governing the condominium corporation, board members and owners. An owner can rent out their unit once they have advised the corporation of:

- a) their intent to rent the unit;
- b) their service address; and
- c) the rental price.

The corporation may require an owner to pay a deposit to cover repairs or damage to common property. This deposit cannot exceed one month's rent. While a condominium corporation cannot limit the owner's ability to rent out the unit, owners and their renters are required to follow the condo bylaws, such as those addressing noise, disturbances and use of the common property.



3) Innkeepers Act – The Act sets out rights and responsibilities for operating hotels/motels, boarding houses and lodges. This Act has limited provisions, most of which pertain to guest property and unpaid stays.

4) Public Health Act and Regulations – AHS Environmental Public Health enforces the Minimum Housing and Health Standards, which falls under the Housing Regulation (AR 173/1999) of the Public Health Act. These documents are used to protect and promote the health and well-being of occupants of rental housing premises. The Regulations and Standards establish minimum conditions essential to good health and making housing premises safe, sanitary, and fit for human habitation. Owners are obligated to

ensure the housing premises are structurally sound, in safe condition and in good repair. AHS makes a distinction between owner-occupied and non owner-occupied properties, and inspection practices differ depending on the occupancy. AHS considers a dwelling to be rented if an occupant:

- a) is not listed on the land title;
- b) is not a dependent or immediate family member of individuals listed on the land title; and
- c) is or is not paying rent.

5) Tourism Levy Act – The Act outlines that a four per cent tourism levy is collected on the rental price and applies to the purchase price of the accommodation, excluding the cost of meals and other services. The levy is collected at the time of purchase and remitted to the provincial government. The levy must be collected whenever four or more bedrooms are available for rent separately at the same time at the same location. Whether or not the rooms are, in fact, rented is not the determining factor, simply that they are available for rent.

6) Destination Marketing Fee – This fee is voluntarily collected by hotels in some communities, where it is used to enhance tourism marketing and community initiatives. These fees are not legislated by government (see discussion of City Charter below).

7) Alberta Building Code (ABC) and Alberta Fire Code (AFC) – The Codes contain provisions that deal with the safety of persons in buildings and were developed as complementary and coordinated documents to minimize the possibility of their containing conflicting provisions. It is expected that buildings comply with both the ABC and the AFC. The ABC generally applies at the time of construction and reconstruction while the AFC applies to the operation and maintenance of the fire-related features of buildings in use. The scope of each of these Codes with respect to fire safety and fire protection can be summarized as follows:



The ABC covers the fire safety and fire protection features that are required to be incorporated in a building at the time of its original construction. Building codes typically no longer apply once a building is occupied, unless the building is undergoing alteration, change of use or is being demolished.

The AFC includes provisions for:

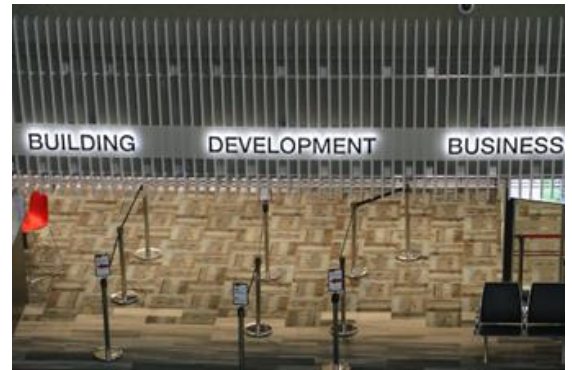
- a) the on-going maintenance and use of the fire safety and fire protection features incorporated in buildings;
- b) the conduct of activities that might cause fire hazards in and around buildings;
- c) limitations on hazardous contents in and around buildings;
- d) the establishment of fire safety plans; and
- e) fire safety at construction and demolition sites.

Buildings altered to provide accommodation to boarders, lodgers or roomers must conform to the ABC that was in effect at the time of the renovation. As a result, provisions for smoke alarms and carbon monoxide alarms vary depending on the time of the build or renovation.

8) The Municipal Government Act (MGA) – The MGA and the City Charter- Part 9, Division 1 of the MGA outlines the parameters for preparing assessments. Calgary is a Charter City and regulations allow for the ability to collect certain fees. Through the City Charter discussions, the Government of Alberta has committed to improving the administration of the existing voluntary Destination Marketing Fee that is charged by some hotels (see above) with the goal of enhancing the transparency and accountability of the revenue generated from the fee.

Municipal Regulatory Landscape

1) Land Use and Development Compliance – Land Use Bylaw 1P2007 (LUB) regulates the use and development of private land. Distinction between uses is typically done through the use, form and intensity of development. It cannot regulate behavior or the type of user. Development Compliance Inspectors ensure development within Calgary is fulfilled in accordance with the Development Authority's approval, and within the legislative requirements of the LUB, the Municipal Government Act, and other applicable legislation.



2) Business Licensing – Business Licensing coordinates business activities by requiring business licenses, conducting inspections of business operations, assessing risk and facilitating compliance with applicable bylaws and provincial statutes. Business Licensing encourages responsible business practices to ensure consumer protection. The Business Licence Bylaw requires certain businesses to have a valid licence where:

- a) there is a clear danger to public safety;
- b) the licensing function clearly assists in legislative compliance such as crime prevention and the recovery of stolen property;
- c) some form of consumer protection is warranted such as supplier qualifications, or limitations on the businesses that are conducted at the potential consumer's residence;
- d) the operation of the business rather than its location can cause negative spill-over effects into the neighbourhood;
- e) the business activity clearly conflicts with the moral values of the citizens of Calgary; or
- f) an alternative to the business tax is needed so that some businesses that do not pay the tax do not have an unfair advantage over those that do.

A Business Licence is issued after requirements for each specific licence have been met. Requirements can include having the correct land use for the business activity, completion of a fire inspection, and/or submitting a recommendation from the Security Clearance Unit of the Calgary Police Service. In addition, a Business Licence can outline operating conditions such as hours for certain activities, requirements for record keeping and carrying insurance. Business Licence Inspectors ensure businesses comply with existing rules.

3) Bylaw Education and Compliance – Bylaws are created to protect public health and safety, the environment, and public and private property. Bylaw education and compliance provides enforcement in relation to 24 municipal bylaws, including the Community Standards Bylaw 5M2004 and Waste and

Recycling Bylaw 20M2001. CCS Community Peace Officers can address issues ranging from property maintenance to waste and unsightly properties. They also have the inspection authority and means to remedy situations, and in many cases, the property owner is ultimately responsible.

CCS is also the steward of the Good Neighbour Practices Reference Guide which is an overview of municipal bylaws governing neighbourhood issues. The guide provides an overview of rights and responsibilities of those in the community and includes general information about bylaws pertaining to property.



Partnering Agencies

1) Calgary Parking Authority – The Calgary Parking Authority fulfills The City's parking mandates and implements the municipality's parking policies by managing on- and off-street public parking facilities, enforcement programs and providing parking advisory services.

2) Calgary Police Service – The Calgary Police Service plays a key role in addressing community safety, as well as ensuring all citizens feel safe. Service members have a wide range of authorities in legislation including the Innkeepers Act and City of Calgary Bylaws.

3) Alberta Health Services – In Calgary, AHS Environmental Public Health enforces the Housing Regulation and, under it, the Minimum Housing and Health Standards. AHS makes a distinction between owner occupied and non- owner occupied properties, and inspection practices differ depending on the occupancy.

Resolving Issues with STRs Today

If a citizen is having issues with a current STR, there are several existing options for them to consider:

- Issues with AirBnB properties – use their online reporting tool for issues with properties listed on their platform (88 per cent per cent of STRs operating in Calgary are listed on AirBnB).
- Nuisances related to loud parties – call the Calgary Police Service non-emergency number at 403-266-1234 (call 9-1-1 for emergencies or crimes in progress).
- Nuisances such as unsightly property (i.e. overflowing waste bins, accumulation of cigarette butts) – call 311 to request a community peace officer to investigate.
- Unlicensed and unpermitted B&Bs or Lodging Houses – call 311 to request an inspection by Development Compliance and Business Licensing respectively.
- Signage on the property indicating it is an STR – call 311 to report a sign on private property concern and request a community peace officer to investigate.
- Parking concerns – call the Calgary Parking Authority at 403-537-7000.
- Tenants subletting for STRs – landlords can call the Calgary Residential Rental Association (CRRRA) and they may be able to assist.
- Public health concerns – call AHS' Calgary office for Environment Public Health at 403-943-2295.
- Unsafe condition of the building (e.g. missing deck railing) – call 311 to report a building code or fire code issue.

Section 6: Jurisdictional Scan

Municipalities across North America have adopted different approaches to regulating STRs dependent on policy goals. Policy makers have acknowledged the need to strike the right balance between encouraging tourism and regulating activity. Some municipalities that experience low rental vacancy, exacerbated by short term rentals, prohibit the short term rental of secondary properties (homes with no live-in owners or renters), and only permit the short term rental of spare bedrooms in their primary homes, or their whole home while they are away.

Municipalities have also tried to mitigate nuisance and safety concerns and provide oversight by administering licenses that require the operators to meet certain standards. These standards include restricting the number of adult guests on site, requirements for safe operation, and/or requirements to provide a 24/7 emergency contact number for the host or other local contact.



The table below is a summary of Short Term Rental regulations, providing a high level summary of other jurisdictions. Due to the constantly evolving nature of STR regulations, this scan can only be considered a snapshot at the time of writing.

Jurisdiction	Development Permit	Operator Licence or Registration	Operator Fees	Company Licence	Principal Residence Only	Annual Cap on Number of Nights	Safety Provision	Nuisance Provision	Hotel Tax Applied	STR Specific Tax
Vancouver	Yes – Conditional Use	✓	✓	✗	✓	✗	✓	✓	✗	✓
Toronto	No – Permitted Use	✓	✓	✓	✓	✗	✗	✗	✗	✓
Austin, TX	No – Permitted Use	✓	✓	✗	✗ ✓ ¹	✗	✓	✓	✓	✗
Chicago, IL	No – Permitted Use ²	✓	✓	✓	✗ ³	✗	✓	✓	✓	✓
Denver, CO	No – Permitted Use ⁴	✓	✓	✗	✓	✗	✓	✓	✓	✗
Portland, OR	Yes – Type B requires Land Use Conditional Review	✓	✓	✗	✓	✓	✓	✗	✓	✗
San Francisco, CA	No – Permitted Use	✓	✓	✗	✓	✓	✓	✗	✓	✗

¹ Licenses granted to allow non-owner occupied short term renting is being phased out.

² Districts' permitted use of STR can change through successful petitioning of restricted residential zoning. As well, STR companies must not allow shared housing units or vacation rentals from being short term rented if the unit is located in the prohibited buildings list.

³ This is heavily restricted.

⁴ Homeowners' Associations may prohibit STRs through private covenants and rules

Section 7: Stakeholder Engagement Summary

In 2018 spring, the Short Term Rental (STR) Project Team conducted stakeholder engagement in the Calgary market. Interviews were conducted with several organizations using the same series of questions. Nine of the fourteen stakeholders identified participated in the interviews and are categorized into three groups:

- STR Platforms;
- Community Organizations; and
- Rental, Hotel and Lodging Associations.



The interviews identified the following common key themes under the categories of Issues, Impacts, and Opportunities.

Issue, Impact, Opportunity Type	Concerns
	<u>Issues</u>
Public safety, including consumer protection	<ul style="list-style-type: none"> • Safety and insurance concerns, as B&Bs are currently exempt from the commercial dishwasher/fire compression system, health and safety should be regulated provincially • Most other regulations should be established by the municipality • Different safety pieces related to hosted versus non-hosted STRs • STRs are not regulated at the same level in terms of safety and insurance as other operations • Requested a review of the current safety codes in place
Effect on other planned and regulated businesses such as hotels	<ul style="list-style-type: none"> • The regulation of STRs creates an uneven playing field in terms of safety, insurance and standard of appropriate accommodation • A decline in hotel room blocks for events such as weddings • Hotel business models are shifting to adjust to the reality of STRs in the market
Community concerns	<ul style="list-style-type: none"> • Short term renters do not have a connection to community • No opportunity to build real connection • City should consider community perspective in regulations • Different community groups will have different comfort levels with STRs • City should educate operators on best practice, importance of good relationships with neighbours, and where to direct concerns
Non-customary uses	<ul style="list-style-type: none"> • Important to understand impact due to commercialization of residential communities • STRs outside city centre spreading economic benefit across city • Events spreading across city (e.g. weddings)

Impacts

- | | |
|---|--|
| Effect on housing stock | <ul style="list-style-type: none">• Potential loss of housing stock |
| Nuisance concerns such as Parking and Waste | <ul style="list-style-type: none">• Rely on municipal bylaws to address nuisance concerns• Parking main concern• City should consider relaxing parking requirements• inadequate parking• Owner not present is big issue for unsightly properties• Continuous turnover of people could lead to nuisances and property damage• Nuisances and disruptions are a concern—hotel business model addresses these concerns |

Opportunities

- | | |
|---|---|
| Modernize current bylaws | <ul style="list-style-type: none">• Modernize current bylaws• Potential to regulate short term rentals• Educate public• Educate operators on best practices• Modernize B&B provisions in Land Use Bylaw• Clarify business licensing rules on residentially zoned areas |
| Create equity for market participants | <ul style="list-style-type: none">• Create level playing field• Collect a Destination Marketing Fee more broadly• Apply Provincial Tourism Levy to more operators• Address property tax discrepancies between residential and non-residential zoned properties |
| Give property owners the option to utilize their properties | <ul style="list-style-type: none">• Potential for operators to make extra income• Opportunity to increase networking between operators• STRs are often in non-traditional tourist areas• Operators are expected to follow tax requirements for the income• Introducing diversity to the market• Not opposed to home sharing as it is different from whole home rentals and understand that homeowners want a recovery on investment, comparable to hotels |
| Encourage additional tourism | <ul style="list-style-type: none">• Opportunity for additional tourism• Would like to see STRs as a recognized accommodation• Result of evolution of tourism and a preferred method of travel for some• City should consider the impacts of STR market growth and increased tourism and networking opportunities• Opportunity for visitors to access a flexible supply of accommodation during Calgary events• Has led to increased tourism in non-traditional stays outside the city centre• Tourism partners see benefits and need for STRs |
| Cover cost of enforcement | <ul style="list-style-type: none">• Other jurisdictions fund enforcement through permitting and/or licensing; and a portion of the Destination Marketing Fee given to the municipal government to cover the costs to regulate the industry |

Section 8: Improving Safety and Oversight

The City already has existing methods to address most concerns related to STRs, B&Bs, and Lodging Houses. Administration identified that the STR market in Calgary comprises less than one per cent of the housing stock. Based on Council's direction, Administration investigated business licence, land use and safety code (ABC and AFC) requirements to ensure an appropriate level of safety and oversight of citizens and visitors to Calgary. In addition, Administration considered bylaw education and compliance as part of regulatory oversight. Each of the areas is examined below. Other considerations, such as taxation, collection of fees or levies, or zoning restrictions, would require further direction from Council.



Business Licence

A business licence is a useful tool for providing regulatory oversight for STRs and rooming houses. There are two key reasons for licensing:

- To help ensure consumer protection.
- When the operation of the business rather than its location can cause negative spill-over effects into the neighbourhood.

In the case of STRs and rooming houses—though one is primarily a tourist accommodation and the other a long term rental situation—consumer protection is warranted when multiple rooms are being rented to unrelated people. In addition, a business licence would allow for safety provisions depending on the type of dwelling and business operation (e.g. type of home, ownership, meal included in accommodation), such as ensuring there are functioning smoke detectors, requiring a 24/7 contact person, posting local emergency numbers with a fire exit plan, and maintaining guest records.

In general, The City has seen a high level of compliance by businesses requiring licenses. Licensing requirements can cause some operators to reconsider participation in the market, while others may choose to operate without obtaining a licence or meeting the licence requirements. While issuing business licences is based on specified requirements and not community consultation, it does provide a mechanism for community members to report complaints against business owners who do not comply with laws or the conditions of the licence.

Tourist Accommodation Licence Category



Business Licensing provides a unique opportunity to create tiered licenses for STR operators to ensure they meet requirements specific to their type of operation while administering licence conditions to reduce nuisances, ensure safety requirements are met, and provide cost recovery for enforcement related activities. B&Bs would all require a Tourist Accommodation Licence as well.

As Calgary has the lowest supply of purpose-built rentals at seven per cent, compared to Canada's seven largest cities (Big Cities Report, 2018), it is important that the licence category specifically targets temporary tourist accommodations offered on a shared platform, such as AirBnB, so as to not introduce regulation for all rental supply.



To provide rental housing market context, the table below compares Calgary's rental market to Toronto and Vancouver.

	Vacancy Rate¹	Average Monthly Rent²	Purpose Built Rental Stock (% of total housing supply)⁶
Vancouver	0.9 %	\$1,297	14 %
Toronto	1.1 %	\$1,296	11 %
Calgary	6.3 %	\$1,128	7 %

1 Refers to the primary rental market, which only includes rental units in privately initiated apartment structures containing at least three rental units. CMHC Rental Market Report (2017).

2 Housing in Canada's Big Cities Report, City of Calgary (2018).

There are four main benefits to creating a Tourist Accommodation Licence:

1) Public Safety

Implementing a tiered licence category would allow for Business Licensing to set requirements for obtaining a Tourist Accommodation Licence as well as placing conditions on the licence commensurate with the scale and type of operation. For instance, conditions could include the requirement to post the business licence number with any advertisement for rent, giving guests and other parties a number for directing concerns, and fire safety requirements such as having an operational fire alarm. It would also make it easier to identify those operating without a licence.

Business Licence Inspectors would be able to suspend licenses if operators are not complying with laws, acts, bylaws, or licence conditions, an option not available with land use provisions.



2) Consumer protection

The City has many current tools to investigate complaints regarding poor operations such as those violating ABC, AFC, and/or minimum health and housing standards. At this time, Business Licensing, in conjunction with internal and external partners, relies on complaints about STRs and cannot take a proactive role in investigating tourist accommodation complaints because it is not known where they are operating. Specifically, a Tourist Accommodation Licence would provide the

opportunity to disallow multiple or overlapping bookings and hourly rentals in addition to outlining advertising conditions so consumers are aware of the true nature of a booking.

3) Service Quality

A business licence for tourist accommodation would clearly outline requirements and conditions so operators would know the expectations and obligations for operating this type of business in Calgary, ensuring service quality for guests. In addition, Business Licensing would be able to provide best practice information for operators interested in offering the highest standard of accommodation.

Consumer Protection

"I wasn't aware it was a shared house, and that there was security cameras inside which made us feel violated."



"There are 6 rooms available in the same house"

"Since there are other guests, house is never locked and rooms have no locks or keys. If you are security minded, then this wouldn't work for you."



"First of all it is NOT a BnB, we didn't even get a breakfast and that is why it shouldn't be called a BnB..."

Customer reviews from Calgary STR listings

4) Monitoring and Reporting



At this time, the effects of STRs on Calgary's housing stock are minimal as STRs represent only 0.6 per cent of Calgary's overall housing supply. Furthermore, with a 6.3 per cent rental vacancy rate, Calgary does not face the same housing pressures as other major cities, such as Vancouver and Toronto, which have around a one per cent rental vacancy rate (CMHC 2017). A business licence category for STRs could track the STR market, provide insight into trends, and could also provide an avenue for more regulation should STRs have a greater impact on the rental market in the future.

A Tourist Accommodation Licence category with clear rules would ease the investigation process, cover the cost of enforcement, and result in timely resolution of complaints. On the other hand, some may choose not to participate in the STR market due to the increase in requirements. Business Licensing would work to minimize the requirements and costs for infrequent or part-time STR operators while still ensuring safety of citizens and visitors. Before amendments are proposed, Administration recommends targeted stakeholder engagement be conducted to ensure the proposed tiers and associated licence requirements and conditions align with expectations of operators and the public.

Current Lodging House Licence Category



The current licence category of Lodging House is problematic and Administration recommends making revisions. The term "Lodging House" is not reflected in other municipal bylaws including the Land Use Bylaw. References to lodging houses in provincial legislation can be found in Acts related to tourist accommodation and safety codes. As a result of that lack of clarity, this licence category is not applied consistently across the city.

Revising the Lodging House Licence category to reflect its original intent of protecting tenants of rooming and boarding houses, generally those in a long-term rental arrangements, is likely to lead to higher compliance and would increase the consistency of applications across the city. It would also

allow Business Licensing to address concerns from the public about operators who rent multiple rooms in a home to unrelated people without an operator on site.

If Council directs Administration to revise the Lodging House Licence category, a new name for the category as well as a clear definition would better align language with the ABC and AFC. This licence category would then reflect the longer-term rental situations existing in these types of arrangements, which are essential to the affordable housing mix. The revised category would continue to require fire and health inspections to ensure that tenants live in dwellings that adhere to minimum safety and health standards.

Without a revision, the Lodging House Licence category will remain a catch-all for complaints related to rentals without having clear definitions for length, number of rooms rented, and type or number of tenancy agreements. Currently, two Business Licence Inspectors have been taken away from other duties to follow up on the increasing number of complaints for this licence category and without revision, licensed businesses will continue to provide the funding for these investigations. Moving forward with revisions would also outline clearer expectations about the licence category and ensure citizen complaints are directed correctly.

Following amendments to the Business Licence Bylaw, a public education campaign would be required in relation to residential rental properties, including short term rentals. This campaign could include information from the Calgary Police Service on how to verify the identification of a person renting an STR, share information about complying with current bylaws or codes, and outline best practices for those providing rental accommodation.

Land Use

The Land Use Bylaw (LUB) regulates the use of a building or parcel of land but does not regulate duration of tenancy or the relationships between occupants. Once a parcel is approved for a specific land use or a permit is granted for a specific use, it continues until superseded by a new permit or revoked pursuant to the LUB. Enforcement under this bylaw focuses on ensuring land and building use according to applicable rules and that development is completed according to the Development Authority's approval. It is not an appropriate regulatory mechanism for safety and oversight of STRs.

Bed & Breakfasts are defined in the LUB and they require a development permit as they offer hotel-like lodging in up to four separate bedrooms, and may provide food onsite and require parking to accommodate their guests. If Council was interested in regulating STRs or Rooming Houses in the LUB, Administration would need to develop the appropriate definitions, rules and districts for the uses. It would need to be clear as to why the land use impacts of an STR and Rooming Houses are different from a guest staying at a dwelling unit or friends sharing a dwelling unit.



Adding a new use(s) to the LUB to provide safety and oversight to STRs is not being proposed at this time as no planning issues have been identified. Developing new use categories without a policy goal could add unnecessary regulation with unintended consequences.

Safety Codes (ABC and AFC)

The Codes each contain provisions that deal with the safety of persons. The ABC generally applies at the time of construction and renovation, while the AFC applies to the operation and maintenance of the fire-related features of buildings in use. Safety Codes recommendations are not being proposed at this time as they apply regardless of how a dwelling unit is used.

Bylaw Education and Compliance

Bylaws are created to protect public health and safety, the environment, and public and private property. Bylaw Education and Compliance provides enforcement in relation to 25 municipal bylaws, including the Community Standards Bylaw 5M2004 and Waste and Recycling Bylaw 20M2001, to address issues ranging from property maintenance to waste and unsightly concerns. Community Peace Officers have the inspection authorities and means to remedy situations, and in many cases, the property owner is ultimately responsible. While no amendments are recommended to those bylaws at this time, Administration identified the need to increase the number of Community Peace Officers able to respond to nuisance complaints, especially those generated by the sharing economy, through the One Calgary process.



Section 9: Options

Administration has identified five options in response to Council's direction. These options are not mutually exclusive and Council may wish to consider them individually or in combination. The options take into account the issues, impacts, and opportunities identified by internal and external stakeholders, practices in other jurisdictions, and the goal of ensuring STRs, B&Bs, and Lodging Houses are subject to the appropriate level of safety and oversight commensurate with their scale and purpose. The options for consideration are explored below, with implementation plans following the descriptions.

Option 1: Maintain Status Quo

While not recommended, the first option is to maintain the status quo and utilize the current legislative and enforcement tools available to ensure minimum levels of public safety. The number of STRs identified in Calgary represent 0.6 per cent of the housing stock and, if the number increases or complaints continue to rise, further options could be considered again in the future. Maintaining the status quo will not allow for the modernization of bylaws, specifically the Business Licence Bylaw's Lodging House definition as discussed above. In addition, Business Licensing will continue to bear the cost of enforcement without a mechanism to cover that cost. Currently, two Business Licence Inspectors are working on complaints related to the Lodging House category, taking them away from regular duties. Administration has determined that the cost of maintaining the status quo is \$320,000 annually. In the absence of clarity to the current Lodging House category, and to address the increased complaints, a request to fund these positions through the Business Licence Reserve Fund was included in One Calgary.

Option	Funded by Current Business Licence Fees	Funded by Mill Rate	Funded by New Business Licence/Fire Inspection Fees
Option 1	\$320,000/yr. (annual enforcement cost for two Business Licence Inspectors funded by the Business Licence Reserve Fund)	\$0	\$0

Option 2: Undertake broad-based public engagement

The second option is to conduct a broad-based public engagement on the direction The City should take on STRs. Given that the current STR market comprises less than one per cent of Calgary housing stock, Administration does not recommend proceeding with a broad-based public engagement at this time. Administration estimates that the one-time cost of this option is \$100,000, which would need to be funded by the mill rate. Moreover, the targeted stakeholder engagement included as part of option 3 would collect specific feedback to inform amendments to the Business Licence Bylaw that are recommended in this report.

Option	Funded by Current Business Licence Fees	Funded by Mill Rate	Funded by New Business Licence/Fire Inspection Fees
Option 2		\$100,000 (one-time cost for public engagement)	

Option 3: Develop a Tiered Business Licence for Tourist Accommodation Operator

The third option, recommended by Administration, is to develop a tiered business licence category for Tourist Accommodation Operator, capturing both STRs and B&Bs, applying requirements and conditions appropriate to scale and type of operation. This option allows for the ongoing monitoring of the STR market in Calgary and would give Administration data to report to Council in the future should the situation in Calgary change. Administration has determined that the one-time cost of technology upgrades associated with developing the new category would be \$10,000 and the targeted stakeholder engagement cost would be \$20,000, both funded from the Business Licence Reserve Fund. In addition, two existing Business Licence Inspector positions currently funded by the Business Licence Reserve Fund, would more appropriately be funded by licence fees for the new category as cost recovery. Based on approximately 2,500 inspections annually, CFD would require up to two new Fire Safety Codes Officer positions dependent on the final approved tiers. The maximum cost for these positions would be \$356,000 annually for operations and a one-time capital cost of \$34,500 per officer for equipment, which would be funded by fire inspection fees.



Option	Funded by Current Business Licence Fees	Funded by Mill Rate	Funded by New Business Licence/Fire Inspection Fees
Option 3*	<p>\$10,000 (one-time technology upgrades)</p> <p>\$20,000 (targeted engagement)</p>		<p>\$356,000/yr. (up to two Fire Safety Codes Officers)</p> <p>\$320,000/yr. (two Business Licence Inspectors previously funded by the Business Licence Reserve Fund)</p> <p>\$69,000 (one-time cost of equipment for up to two new Fire Safety Codes Officers)</p>

*Recommended option

Option 4: Revise the Lodging House Business Licence Category

The fourth option, also recommended by Administration, in conjunction with option 3, is to revise the current category of Lodging House to reflect its original intent of protecting tenants of rooming and boarding houses and align with language in the ABC and AFC. Administration has determined that the one-time cost to revise this licence category is \$5000, to be funded by the Business Licence Reserve Fund.

Option	Funded by Current Business Licence Fees	Funded by Mill Rate	Funded by New Business Licence/Fire Inspection Fees
Option 4*	\$5,000 (one-time technology costs)		

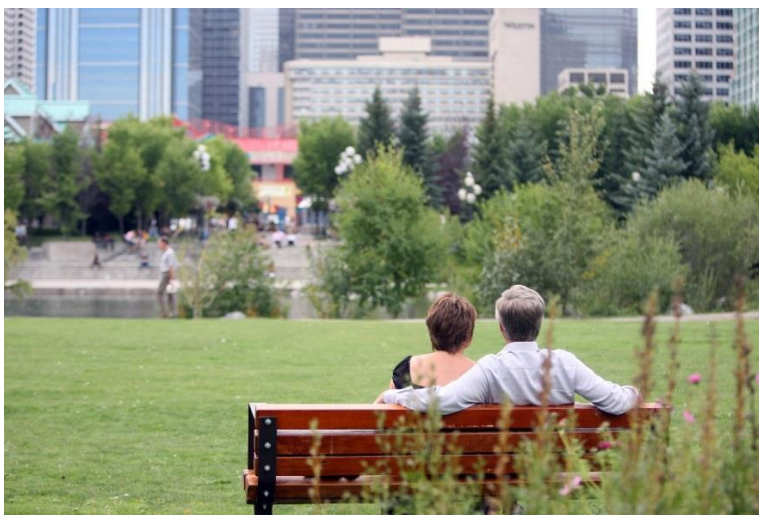
*Recommended option

Option 5 - Funding for Public Education

The fifth option recommended by Administration is to undertake a public education campaign in relation to rental properties, including short term rentals. A public education campaign would inform operators of short term rentals of their obligations as well as share best practices on fire safety, health, and guest/renter identity verification information. In addition, citizens with concerns about short term rentals would be informed of where to direct their concerns. Finally, visitors to the city would be able to verify information about what to expect when renting in Calgary. This option acknowledges the potential for increased complaints due to more public awareness. Administration estimates that the one-time cost for a public education campaign is \$32,000 to be funded by the Business Licence Reserve Fund.

Option	Funded by Current Business Licence Fees	Funded by Mill Rate	Funded by New Business Licence/Fire Inspection Fees
Option 5*	\$32,000 (one-time cost for public education)		

*Recommended option



Implementation Overview for Options

The following chart outlines the activities needed to implement the options outlined in the section above.

OPTION	IMPLEMENTATION PLAN
1) Maintain Status Quo	None – current state
2) Undertake broad-based public engagement	Working through Engage!, conduct a broad public engagement in relation to Short Term Rentals.
3) Develop a Business Licence category for Tourist Accommodation	<p>Developing a tiered business licence category for Short Term Rentals, including app or online platform facilitated home sharing and vacation home rentals, and Bed & Breakfasts, in the Business Licence Bylaw would include:</p> <ul style="list-style-type: none"> a) undertaking a targeted engagement; b) establishing tiered licence requirements, operating conditions, and fee schedule in relation to different tourist accommodation market segments; c) drafting a bylaw amendment; and d) creating an online processing system.
4) Revise the Lodging House Business Licence Category	<p>Revising the Lodging House Licence category would include:</p> <ul style="list-style-type: none"> a) undertaking a targeted engagement; and b) drafting a bylaw amendment.
5) Funding for Public Education	<p>Developing a public education campaign would include:</p> <ul style="list-style-type: none"> a) adding information to calgary.ca; b) designing and distributing print communication; c) preparing and planning for information via social communications channels; and d) providing updated information to 311.

Appendix 1: Calgary: Short Term Rental Market Overview

Calgary: Short term Rental Market Overview

By Host Compliance, LLC



Methodology

As a software, data and consulting services provider exclusively focused on helping more than 116 local governments overcome enforcement challenges associated with short term rentals, Host Compliance has developed a set of proprietary data and analytics tools that can provide deep insights into the scale and scope of the short term rental activity in any community and make the enforcement of short term rental regulations effective and economical. In this report, we will provide our findings for Calgary.

Host Compliance's data is collected weekly and for purposes of this report Host Compliance collected, aggregated and de-duplicated all listing data, reviews, calendar info and photos across the world's 50 top short term rental listing sites. We estimate this represents 99 per cent of the total short term rental universe in the City of Calgary's jurisdiction.

The data used for the report was collected during the first week of April, 2018 and the data contained in this report is believed to be highly accurate and representative of the scale and scope of the short term rental market in Calgary as of the date of this report. That said, it is important to acknowledge that the numbers presented, represent a moment in time, a snapshot of the marketplace as it looked like on the day of collection. Short term renting is a dynamic, rapidly evolving industry, with individual operators and entire listing platforms changing on a moment's notice. Absolute numbers change daily and can never truly be captured in a report. Instead, consider the themes, ratios, and trends as indicative of the scale, scope and direction of the market-place.

Gathering data across so many rental platforms presents unique presentation problems. As an example, one physical rental unit may be advertised on multiple sites or might be listed in multiple forms on the same site. Host Compliance therefore de-duplicated all listing data to give a more accurate picture of the true number of unique rental operating in each area of the city. To give a complete picture of the activity we also provide a breakdown of Active Listings, listings that qualify as short term rentals, and unique Rental Units.

For the purposes of this report:

- "Listings" are defined as online advertisements for short term rental units. Examples of listings are found on websites such as airbnb.com, vrbo.com and flipkey.com.
- "Active Listings" are defined as any listing that has either had its booking calendar changed or received a review in the last year. These are strong indicators that a host is still actively managing the listing.
- "Rental Units" are defined as a plot of land, structure or part of a structure offered for use, in return for payment, as sleeping quarters for a single person or group of people, or any grounds, or other facilities or area promised for the use for overnight accommodation and includes, but without limitation, apartment units, boarding houses, rooming houses, mobile home spaces, RVs, boats, tents, treehouses, and single or multi-family dwellings.
- "Active Rental Units" are defined as Rental Units for which there is at least 1 Active Listing.

- “Entire Home Rental Units” are defined as Rental Units that are rented out in their entirety and includes Rental Units where the operator is not physically present in the unit during the stay or the unit is a separate Rental Unit within the operator’s home.
- “Partial Home Rental Units” are defined space within a Rental Units such as a couch or a bedroom and are not Entire Home Rental Units.

Unless noted otherwise, the analysis in this report is based on Active Rental Units i.e. Active Listings de-duplicated within and across platforms. Due to rounding, some data tables may not add up to 100 per cent.

Calgary Short term Rental Market Overview

Overall Market Observations

While there are currently 4,169 Listings online for short term rental properties in Calgary, the current number of Active Listings – those that have been updated, edited, or reviewed in the last year is slightly less: 3,780. After de-duplication listings to account for the fact that some rental units are being advertised simultaneously on multiple online platforms - there are currently 3,364 unique Active Rental Units operating in the city. Of the 50 websites included in this study, 88.00 per cent of Calgary's short term rental Active Listings were posted on Airbnb.

55 per cent of Calgary's short term rentals are operated out of single-family homes and 45 per cent are rentals located in multi-family dwellings. In term of the types of rentals, 54 per cent are for Entire Home Rental Units, whole units occupied solely by the guest during their stay. The remaining 46 per cent are Partial Home Rental Units, units offering a private or shared room rentals where the host can be physically present onsite during the stay.

The sizes of the city's Entire Home Rental Units vary: 3 per cent are listed as studios, 36 per cent as 1BR, 35 per cent as 2BR, 13 per cent as 3BR and 6 per cent as 4BR rentals. Only 5 per cent of the city's Entire Home Rental Units are listed as having 5+ bedrooms.

While 3,780 Active Listings and 3,364 unique Active Rental Units may seem like very large numbers, the intensity of use varies dramatically from one short term rental to another and many of Calgary's short term rentals are never or seldom rented, whereas others operate at occupancy rates similar to traditional lodging providers. Specifically, the market in Calgary is slightly dumbbell-shaped, with 52 per cent of the city’s short term rental units showing annualized rental activity for 30 or fewer nights per year while 30 per cent of units show annualized rental activity for more than 90 nights per year.

Estimated Annual Rental Frequency for All Rental Units

	<u>0-30 nights</u>	<u>31-60 nights</u>	<u>61-90 nights</u>	<u>91-120 nights</u>	<u>121-150 nights</u>	<u>151-180 nights</u>	<u>181 plus nights</u>
# of Active Rental Units	1749	364	254	214	186	136	461
% of Total Active Rental Units	52 %	11 %	8 %	6 %	6 %	4 %	14 %
997 Units / 30 % of Total Active Rental Units							

Focusing exclusively on Entire Home Rentals: 44 per cent of Entire Home Rental Units are rented for 30 or less nights per year, whereas 38 per cent show more than 90 nights of annualized rental activity.

Estimated Annual Rental Frequency for Entire Home Rental Units

	<u>0-30 nights</u>	<u>31-60 nights</u>	<u>61-90 nights</u>	<u>91-120 nights</u>	<u>121-150 nights</u>	<u>151-180 nights</u>	<u>181 plus nights</u>
# of Active Entire Home Rental Units	815	198	130	136	120	92	355
% of Total Active Entire Home Rental Units	44 %	11 %	7 %	7 %	7 %	5 %	19 %
703 Units / 38 % of Total Active Entire Home Rental Units							

In terms of the number of Rental Units per operator, the majority (83.80 per cent) have only 1 Active Rental Unit under management. That said, these numbers may understate the true number of multi-unit operators as many professional operators have begun listing their units under different operator IDs to avoid scrutiny.

	# of Active operators	% of Active operators	Cumulative % of Active operators
Operators with 1 Active Rental Units	2261	83.80 %	83.80 %
Operators with 2 Active Rental Units	268	9.90 %	93.80 %
Operators with 3 Active Rental Units	94	3.50 %	97.30 %
Operators with 4 Active Rental Units	34	1.30 %	98.50 %
Operators with 5 Active Rental Units	13	0.50 %	99.00 %
Operators with 6 Active Rental Units	13	0.50 %	99.50 %
Operators with 7 Active Rental Units	2	0.10 %	99.60 %
Operators with 8 Active Rental Units	1	0.00 %	99.60 %
Operators with 9 Active Rental Units	3	0.10 %	99.70 %
Operators with 10 Active Rental Units	1	0.00 %	99.70 %
Operators with 11 plus Active Rental Units	7	0.30 %	100.00 %
Calgary Total	2697	100.00 %	100.00 %

Market Growth and Turnover

To give a bit of historical context, Host Compliance also ran the numbers for Calgary on March 18, 2017, roughly one year ago. At the time there were 2,948 listings in the city, representing 2,631 unique short term rental units. Compared with April 2018, this implies a growth rate of just over 50 per cent in twelve months. Still, these net growth rates do not properly account for the very large month-to-month and quarter-to-quarter turnover in the city's short term rental market. Specifically, the 50.4 per cent net listing growth rate doesn't show that a total of 1,682 listings have been deactivated since last year, while a total of 2,656 new listings have been created and 247 previously inactive listings have been reactivated over the same time. This implies that 69.6 per cent of Calgary's current listings are new within the last 12 months.

Finally, over the 12-month time-period, a total of 5,851 listings were active in the Calgary market. These are important facts to keep in mind as they paint a clearer picture of 1) the transitory and seasonal nature of the market, and 2) the importance of constantly monitoring the STR market place for compliance if/when the new regulations are adopted. Below, please find more details on this analysis.

Calgary's Short-term Rental Listing Growth and Turnover

A. Total Listings as of March 18, 2017	2,948
Plus: B. New Listings added since March 18, 2017	+2,656
Plus: C. Listings re-activated since March 18, 2017	+247
Minus: D. Listings that became inactive between March 2017 and April 2018	-1,652
= Total Listings as of April 5, 2018	4,169

Active Listings/Rental Units by Ward

The four largest Wards in terms of Active Rental Units are Ward 8, Ward 7, Ward 11, and Ward 4. In combination 57.30 per cent of all of Calgary's Active Rental Units are located in these four areas:

Calgary's Short-Term Rental Market by Ward

<u>Ward</u>	<u>Active Listings</u>	<u>% of Total</u>	<u>Active Rental Units</u>	<u>% of Total</u>
Calgary Ward 8	664	17.60 %	609	19.90 %
Calgary Ward 7	676	17.90 %	582	19.00 %
Calgary Ward 11	496	13.10 %	460	15.00 %
Calgary Ward 4	329	8.70 %	271	8.90 %
Calgary Ward 9	289	7.60 %	254	8.30 %
Calgary Ward 1	230	6.10 %	198	6.50 %
Calgary Ward 2	170	4.50 %	156	5.10 %
Calgary Ward 6	160	4.20 %	153	5.00 %
Calgary Ward 13	158	4.20 %	142	4.60 %
Calgary Ward 3	151	4.00 %	140	4.60 %
Calgary Ward 12	142	3.80 %	129	4.20 %
Calgary Ward 14	124	3.30 %	103	3.40 %
Calgary Ward 5	98	2.60 %	84	2.70 %
Calgary Ward 10	93	2.50 %	83	2.70 %
Total Calgary	3780	100.00 %	3364	100.00 %

Observed Market Changes Between Early April and Late June 2018

The explicit purpose of this updated analysis was to study the effects of the Calgary Stampede on Calgary's short term rental market relative to the baseline data gathered in early April 2018 and as expected we observed several noteworthy changes:

1. While there was slight growth (1.3 per cent) in the number of Active Listings and Active Rental Units between early April and late June on a city-level, the Wards located on the outskirts of the City and furthest away from the Stampede grounds saw double-digit percentage declines in supply. For example, Wards 1, 2, 5 and 13 saw their respective numbers of Active Rental Units decline by 12.1 per cent, 9.0 per cent, 8.3 per cent and 10.6 per cent over the 3-month time-period. This was partially offset by supply growth in Wards 4, 9 and 10 which are all closer to the Stampede grounds.
2. Advertised nightly rental rates decreased considerably from April to June, with the biggest rate cut observed for private and shared room rentals which fell 7.1 per cent and 22.1 per cent respectively. On a citywide basis, the advertised nightly rates for Entire Home listings "only" declined by 5.5 per cent
3. The advertised nightly rate decreased were most pronounced in the Wards located furthest away from the Stampede grounds such as Ward 1, 6 and 14 which saw the advertised nightly rate for entire home listings fall by 14.3 per cent, 25.9 per cent and 20.9 per cent respectively
4. The decline in Active Listings and Active Rental Units in the Wards furthest away from the Stampede grounds was related to a corresponding decrease in the number of Active Hosts in those areas of

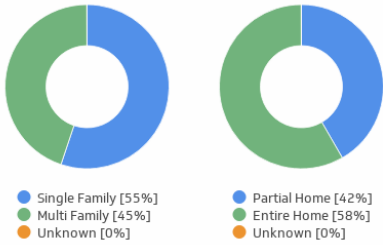
the City. The decreased participation in the “sharing-economy” was broad-based and the decline in supply appears to have been a function of regular Calgary residents choosing to capitalize on the expected influx of out-of-town visitors for the Stampede by advertising and making their homes temporarily available for short term rent leading up to the event, but choosing to not pursue such business after having found renters during the festivities. On the contrary, the increase in Active Rental Units in the Wards closes to the Stampede seems to have been driven by “Super-operators” who added additional inventory over the study period.

There were surprisingly few observable changes in Calgary’s short term rental market over the 3 months of study. In other words, while the observed temporary market changes appear to have been driven by the Stampede, the less than 1-year study period makes it impossible to conclude if there may also be other seasonal and economic factors playing into the data, or if the data reflects secular trends or broader based changes in Calgary’s short term rental market. For the same reason we believe that the findings and statistics compiled in our original April 2018 report still provides a good baseline for understanding the scale, distribution and utilization of Calgary’s short term rentals and updating all of the subsequent data will just add more confusion than clarity to the policy debate.

3780
Active Listings

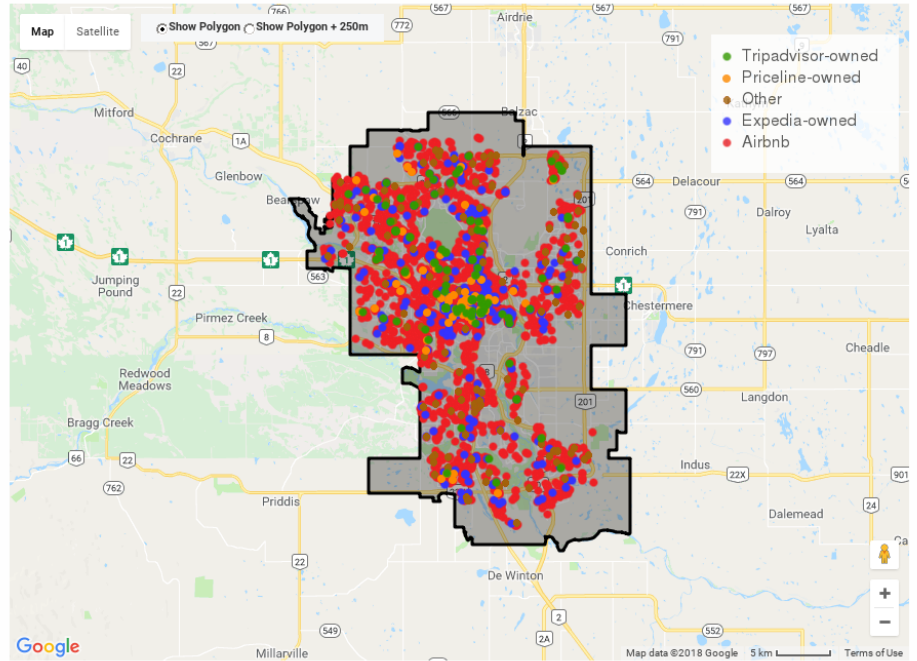
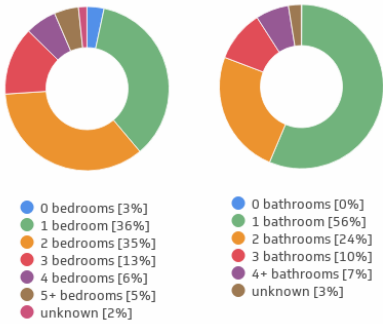
3,364
Active Rental Units

Listing Types

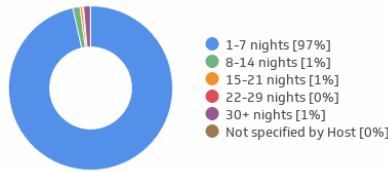


Bedrooms / Bathrooms

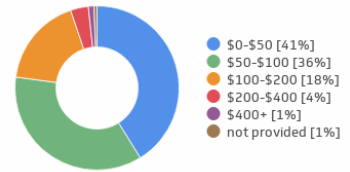
% of Active Entire Home Listings



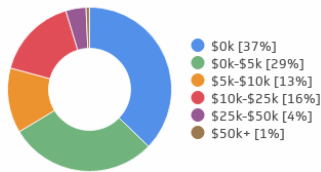
Minimum Nights



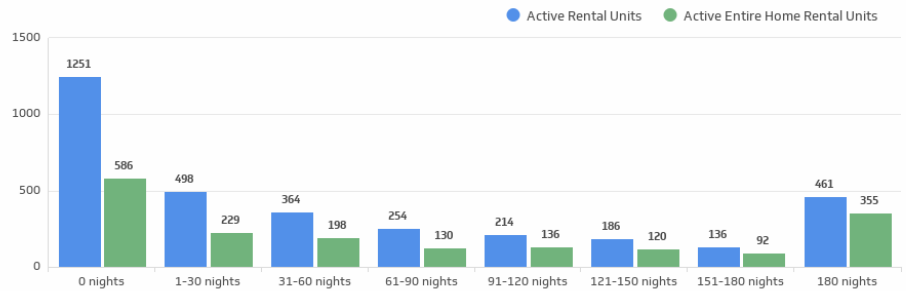
Nightly Rate



Estimated Annual Rental Revenue



Estimated Annual Nights Rented



Appendix 2: Cost of Options with Funding Source

Option	Funded by Current Business Licence Fees	Funded by Mill Rate	Funded by New Business Licence/Fire Inspection Fees
Option 1	\$320,000/yr. (annual enforcement cost for two Business Licence Inspectors funded by the Business Licence Reserve Fund)	\$0	\$0
Option 2		\$100,000 (one-time cost for public engagement)	
Option 3*	\$10,000 (one-time technology upgrades) \$20,000 (targeted engagement)		\$356,000/yr. (up to two Fire Safety Codes Officers) \$320,000/yr. (two Business Licence Inspectors previously funded by the Business Licence Reserve Fund) \$69,000 (one-time cost of equipment for up to two new Fire Safety Codes Officers)
Option 4*	\$5,000 (one-time technology costs)		
Option 5*	\$32,000 (one-time cost for public education)		

*Recommended options