



UNIVERSITY OF  
CALGARY

# FINAL REPORT: FLEXIBLE OPTIONS FOR THE CITY OF CALGARY'S SHORT-TERM RENTALS REGULATORY FRAMEWORK: DESIGN, IMPLEMENTATION, AND IMPACT

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# Executive Summary

## Overview

Since the City of Calgary first implemented STR regulations in February 2020, the STR market has continued to evolve. Not only is the market different and much larger but the evidentiary-base related to the social impacts of STRs has significantly expanded. On December 6, 2022, Council unanimously voted to engage the University of Calgary in a multi-phase study to develop an updated regulatory approach that is flexible, aligns with City priorities, and addresses current and emerging challenges.

In the first phase of this study, the objective was to develop a holistic, data-driven, and stakeholder-informed understanding of Calgary’s STR market as well as STR regulation broadly. As part of this phase, the “Phase 1 Report Package” was created containing the foundational evidentiary base. The second phase focused on translating these research findings into improved planning and regulatory processes. This Final Report is the outcome of this work.

In this Final Report, we set out a framework for STR regulations. Within that framework, we identify potential policy objectives that could be selected by the City to improve STR regulation in Calgary. These policy objectives include: managing local impacts (e.g., housing affordability, preservation of neighborhoods), managing the guest experience (e.g., safety and security standards), and managing City impacts (e.g., recouping costs imposed by STR on City resources). Each objective is matched to a range of policy strategies and policy tools that could be implemented to achieve the policy objective. For each policy tool, we examine how it can be effectively implemented, and the impact and trade-offs it could have on the STR market as well as STR-adjacent markets such as housing and tourism. These are summarized in Tables 1 through 3 below.

We do not make any specific recommendations regarding which path the City of Calgary should take. Within Calgary’s policy environment there are competing tensions and actors that must be balanced. We are coming out of a time of unprecedented inflation, housing costs (including rents) have soared, and long-term rental vacancy rates are at historic lows. In addition, the STR market contributes to the financialization of housing. We believe it is up to the elected officials to determine the objectives of the STR regulation, the exact strategy they want to take within that objective and when, and which policy tool they most support given the potential impacts and trade-offs. This policy guide helps them make those decisions both now and in the future.

Having said that, we believe there are some quick wins that could help the City strengthen the STR regulations already in place. They are:

1. Audit the dedicated complaint line (3-1-1) with a focus on STR complaints: identify avenues for improving responses to STR complaints.

2. Work with AHS to revoke/suspend STR licenses of STR properties that have failed a Minimum Health and Housing Standards inspection.
3. Either the City on its own or with the provincial government as a partner, begin discussions with Airbnb and VRBO to move towards active STR regulation enforcement.
4. Require *all* digital platforms to include a mandatory license field that must be filled before an STR listing can be made public.
5. Regularly consult with the fire marshal on gaps in fire and safety issues related to STRs.

## **The STR Market in Calgary**

The City of Calgary had 5,657 active Airbnb/VRBO listings in July 2023, declining to 4,950 active listings in September 2023.<sup>1</sup> 78 percent of those active STR listings were “entire home/apartments” and 71 percent displayed a valid license number.

The revenue earned in the STR market has climbed sharply, from below \$1 million in January 2017 to \$22 million in July 2023, and \$11 million in September 2023. Most of this revenue (91 percent) has accrued to “entire home/apartment” listings. The majority of STR listings and listing growth has been concentrated in Centre communities (particularly the Beltline) and developing communities (particularly Seton, Livingston, and Cornerstone). Permanent listings—STR listings that are rented or available to be rented full-time, spanning multiple years—made up 26 percent of all STR listings in September 2022. The remainder of the listings were temporary (e.g., on the market for two weeks during Stampede) or term listings (e.g., on the market for a semester).

There is a spectrum of “commercial” listings. Using data from July 2023, we estimate 876 (15 percent) were permanent listings, 2,399 (42 percent) listings were listed by a multi-listing host and 2,513 (44 percent) were entire home/apartment listings. However, listings can span two or more of these “commercialization” characteristics. The most commercialized listings are those that span all three characteristics and are permanent entire home/apartment listings listed by multi-listing hosts. In July 2023, 270 STR listings (4.8 percent) spanned all three characteristics. An additional 1,370 listings (24 percent) spanned two of the three commercialization characteristics (e.g., were permanent listings by multi-listing hosts in a private room or were entire home/apartments listed temporarily by a multi-listing host or were permanent entire home/apartment listings listed by a single listing host, etc.). Different STR regulation impacts different parts of this commercialization spectrum.

## **STR Regulations in Calgary and Canada**

It is evident that the regulation of the STR market is an increasingly common and accepted practice in Canadian jurisdictions—licensing or registration requirements are widespread. Restrictions are appearing more frequently in some jurisdictions, but these vary greatly by jurisdiction and legislative environment. There is no “one-size-fits-all” when it comes to the

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<sup>1</sup> STR listings are always higher in July due to Stampede.

regulation of STRs. Regulations span the gamut along two dimensions: complexity and restrictiveness. On this scale, Calgary's current STR regulations are relatively permissive and not complex, focusing on tracking STRs and ensuring guest safety. Some caution is warranted in assuming that restrictive regulations used elsewhere have been effective (e.g., in addressing housing affordability). Causal empirical evidence is sparse, and many regulatory tools have not been causally analyzed.

## **Perceptions of Calgary's STR Market**

We conducted an engagement study that included an online public survey, interviews, and focus groups to understand experiences with and perspectives on Calgary's STR market. STRs in Calgary are polarizing. Over half of survey respondents indicated they were unsupportive of the STR market while roughly one-third noted their support. Survey respondents were most concerned about the extent to which the STR market is causing housing pressures; however, STRs were viewed as a good option for medium-term stays (MTRs; e.g., medical or research/work stays).

Interview and Focus Group participants expressed the view that the STR market is becoming more contentious and visible, and its presence has contributed to the housing crisis. Some participants expressed concerns about regulatory fairness and competitive concerns, with traditional tourist accommodation (e.g., hotels, B&Bs, etc.) being held to higher standards and paying higher property tax rates than STRs. However, others made mention of the benefits of STRs. STR hosts noted their benefits included being able to supplement their income, meet new people, provide a high-quality product that was demanded by the market, and supporting vibrant neighbourhoods. STRs were noted as housing that filled a gap in the housing market, offering short and medium-term rentals to newcomers to Calgary wanting a place to stay for a few months while they looked for permanent housing, to Calgarians facing either renovations or repairs on their current home, and to those from rural Alberta coming to Calgary for lengthy medical treatments.

A large proportion of survey, interview, and focus group participants voiced support for regulation, both in terms of existing regulations and in relation to a strengthening of the framework. Participants were looking for a regulatory framework that balances the benefits of the STR market, protects the right to housing (as established in the National Housing Strategy), and considers the numerous social outcomes. Participants also clearly stated that the City of Calgary needs to consult with the public before making policy decisions and pointed directly to the lack of consultations that occurred in British Columbia (B.C.) on its STR regulations. Overall, participants are eager to see a sophisticated regulatory framework that is co-developed with stakeholders, addresses the many facets of the STR market, and avoids overly restrictive regulations that are not backed by empirical causal evidence or consultation.

## STR Regulatory Analysis

Developing effective and efficient STR regulation consists of three interlocking pieces: defining STRs, selecting policy objectives and corresponding policy tools, and setting effective enforcement. All three pieces work together to form a complete STR regulation. These pieces should not be set on its own without consideration of the other pieces, lest they work against each other to confound the regulatory objective.

### Defining STRs

There are two main approaches to defining STRs: by length of stay and by distinguishing “licensed” rentals from “leased” rentals. Since Calgary first implemented STR regulations in 2020, the STR definition for Calgary has been based on the number of days of a stay. This aligns with the common perceptions of “STRs” and is consistent with the majority of jurisdictions in Canada. However, length of stay definitions incentivizes operators to establish minimum stays at least one day longer than the regulated number, thereby avoiding regulation. This occurred in Toronto, Vancouver, and Montreal after restrictive STR restrictions were introduced.

The definition of STRs could instead be extended to cover all licensed rentals. This would *exclude* long-term rentals covered by a lease agreement but would *include* all STRs and MTRs not covered by a lease. The advantage of this strategy is that it eliminates gaps in regulatory coverage for MTRs, better ensuring the safety of guests and that STR regulatory objectives are better met and not just sidestepped. The disadvantage of this strategy is the potential confusion it causes and the potential for it to pick up other rental types such as Corporate Rentals or medium-term stays in hotels.

### Policy Objectives and Tools

There are three broad policy objectives that STR regulation can address: managing local impacts, managing guest experience, and managing City impacts. For each major objective, we identify potential strategies that may achieve those objectives, and policy tools that could be used. These are summarized in Tables 1-3, showing that there are a wide variety of policy tools a government can use to regulate STRs.

*Table 1: Managing Local Impacts: Policy Measures by Objective, Goal, Strategy, and Enforcement*

Objective	Goal	Strategies	Tools	Enforcement	Comments
Manage local impacts	Housing Affordability	Reduce quantity of STRs generally	Limit STR licenses to one license per person per STR unit License Quota License Moratorium	Can be enforced using a valid drivers license and cross-referencing of addresses. Moratorium requires additional data collection on LTR vacancy rates. Requires platform cooperation and pro-active City enforcement.	If the City of Calgary wishes to restrict STRs with the objective of improving housing affordability, our review suggests that while restricting STRs will likely reduce STR listings, reduce LTR rents, and reduce housing prices, it will not solve the problem of housing affordability on its own, but it has the potential to be part of the

		Reduce quantity of commercial STRs	Personal Residence Requirement (PRR) Night caps	PRR can be enforced using a valid drivers license.  Night caps are very difficult to enforce even with platform cooperation.  Requires platform cooperation and pro-active City enforcement.	<p>solution.</p> <p>Which policy tool is used to do this should be carefully considered as some policy tools are better than others at addressing housing affordability, and all policy tools come with trade-offs.</p> <p>Ability to enforce must be considered for each.</p>
	Reduce quantity of STRs in affordable units	Prohibit STRs in Residential Affordable Housing Units Prohibited Buildings List	Enforced through host attestation, inspections, and cross-referencing addresses.  Requires platform cooperation and pro-active City enforcement.		
	Reduce quantity of STRs in communities with high STR activity	STR License Quota by Community Use of Land Use Bylaw (LUB)	LUB requires additional administrative resources for new processing requirements.  Requires platform cooperation and pro-active City enforcement.		
Preserving Neighbourhoods	Reduce STRs in high-STR activity areas	STR License Quota by Community Use of Land Use Bylaw Restrict proportion of STRs in apartments/condos Specify how far on STR must be from another (spatial restrictions)	Requires platform cooperation and active City enforcement through data analysis.  Condo boards should be consulted.  Requires cross-checking of license applications to ensure apartment/condo and/or spatial restrictions are met.	<p>Neighbourhood preservation is top of mind for many Calgarians when asked about their concerns with STRs. STR regulatory policy tools that can be used to address the objective of neighbourhood preservation address different aspects of neighbourhood preservation. The policy tools that address STR spatial concentration and visibility do not necessarily address adherence with good guest/good neighbour guidelines. Multiple tools should be used to address all aspects.</p> <p>Trade-offs between neighborhood preservation, enforcement, fee collection, and commercial vs. home share STRs should be considered.</p>	
	Enhanced host responsibility/ presence	Live-in-host or manager-on-site requirement Tiered Licensing (personal residence vs secondary residence) STRs in secondary properties require a development permit	Very difficult to actively enforce due to inability to observe host presence.  Physical inspections could be used to support enforcement.  Enhanced by platform co-operation		
	Improved avenues for neighbour involvement and concerns	Dedicated complaint line: audit Neighbour notification through LUB permit application Neighbour notification via licensing regime plus strike system	Requires platform cooperation and active City enforcement through data analysis.		
	Improved parking requirements	Increase the minimum parking stalls for STRs Limit STR guests to parking in the dwelling units' appointed parking stalls	Likely not possible to observe where STR guests park		

Table 2: Managing Guest Experience: Policy Measures by Objective, Goal, Strategy, and Enforcement

Objective	Goal	Strategies	Tools	Enforcement	Comments
Manage guest experience	Guest Safety and Security	Enhance Fire and Emergency Safety	<p>Regularly consult with the Fire Marshal on gaps in fire/emergency safety</p> <p>Identify and apply similar fire codes used for hotels to entire home STRs and/or STRs where host is absent</p>	<p>Enhanced through random fire inspections and platform cooperation</p> <p>Requiring these additional measures only in STRs where the host is absent may be difficult to enforce as it is not possible to observe the presence (or lack) of a host</p>	<p>To date, Calgary STR regulations have focused on guest safety and security. While Calgary has done an excellent job at this, there are some gaps that could still be addressed, particularly compliance with AHS Minimum Health and Housing Standards. This will require working with AHS to determine the best route forward.</p> <p>Regular consultations with stakeholders can identify other guest safety and security gaps experienced/observed.</p>
		Enhance Compliance with Health and Housing Standards	<p>Require a successful AHS inspection for compliance with Alberta's minimum health and housing standards</p> <p>Require compliance with Alberta's minimum health and housing standards. Inform AHS when an STR Becomes Licensed. Work with AHS to maximize enforcement.</p>	<p>Consult with AHS. Depends on AHS resources</p> <p>Enhanced through random AHS inspections and platform cooperation</p> <p>Requires data sharing between AHS and the City, and the revocation of STR licenses for failed inspections</p>	
		Enhance Guest Security	<p>Consult with AHLA and STR hosts/guests to identify best guest security practices</p> <p>Mandate Door and Window Locking Systems</p> <p>Mandate Human and Sex Trafficking Awareness Training</p>	<p>Locking systems enforced through photographic evidence and/or physical inspection.</p> <p>Trafficking training enforced with the production of a certificate/credential</p> <p>All enhanced by platform cooperation.</p>	
	Operational Standards	Aesthetics	Minimum furniture and lighting requirements (including pieces required and quality)	<p>It is likely that these operational standards would be difficult to enforce. While they could be inspected upon an STR license application or renewal, there is no guarantee they would remain this way. Since digital platforms already handle complaints from guests related to operational standards, the best method of enforcement may be to work with digital platforms.</p>	<p>Digital platforms do not currently enforce any operational standards.</p> <p>It is likely that some of these operational standards would be difficult for the City to enforce proactively as they are difficult to observe.</p>
		Odors	Free of strong odors (particularly from waste/garbage)		
		Preventing overcrowding/over booking of guests	<p>Restrict overlapping bookings.</p> <p>Restrict number of guests.</p>		
		Improved parking requirements	<p>Increase the minimum parking stalls for STRs</p> <p>Limit STR guests to parking in the dwelling units' appointed parking stalls</p>		

Table 3: Managing City Impacts: Policy Measures by Objective, Goal, Strategy, and Enforcement

Objective	Goal	Strategies	Tools	Enforcement	Comments
Manage City Impacts	Recover Costs Imposed by STRs and their Guests on the City	Collect fees from STR operators and platforms based on a cost-recovery basis.	Evaluate and increase STR license fees (if required) based on a cost-recovery basis  Impose a license requirement and fee on digital platforms with the fee based on a cost-recovery basis	Effective enforcement requires platform cooperation and active enforcement.  For the platform license and fee, if the fee is based on number of bookings, that data comes from the platform and verification may be difficult. A one-time fee would mitigate this difficulty.	The cost of licensing and enforcing STR regulations is minimal. If the City were to engage in more active enforcement, it is likely that these STR license fees would no longer reflect the cost of administration and enforcement.  STRs impose an externality on the housing market and on neighbours. Such externalities can be internalized through regulatory mechanisms that require STR hosts to internalize their costs.
		Collect fees from STR operators to internalize externalities	Increase Property Taxes on STRs (an STR Mill Rate)  Accommodation Levy	Effective enforcement requires platform cooperation and active enforcement.  The Accommodation Levy requires permission from the province (currently not permitted in municipalities).	STR guests use City services but are less likely to be City residents and thus do not pay for these services. Currently, STRs pay an accommodation levy of 4 percent to the provincial government. The revenue is used to promote Calgary (and Alberta) tourism.
		Collect fees from STR operators to support STR guest use of City services	Increase Property Taxes on STRs (an STR Mill Rate)		All of these will increase the costs of operating an STR—costs that will result in “marginal” STRs leaving the market and increased STR prices for STR guests.
	Maintain/Improve Tourism (and Economic Growth) to Calgary	Ensure STRs pay the same taxes and fees as hotels	Increase Property Taxes on STRs: set STR Mill Rate equal to the commercial mill rate	Effective enforcement requires platform cooperation and proactive City enforcement through data analysis.	Tourism has been cited as a significant driver of economic activity in Calgary. Increased tourism appears to be anticipated and encouraged by organizations including Tourism Calgary and Travel Alberta as a driver of economic activity. STRs are a substitute to and competitive form of accommodation to traditional tourist accommodations. STRs lower the price of all tourist accommodations and increase the variety of accommodations. In this view, the City may choose to regulate STRs with the objective of maintaining STRs as a viable substitute to hotels for tourists: maintaining STRs may lower accommodation prices overall and maintain variety of accommodation choice.
		Ensure the safety and operational standards of STRs are similar to that of hotels	Update Guest Safety and Security Standards and Operational Standards in Line with that Required of Hotels	Enforcement can be made more effective with random fire inspections and platform cooperation.	
		Avoid Over-Restrictions on STRs	No specific policy tool: to be balanced against other objectives.		

## Enforcement

Any regulation is only as good as the possibility of effective implementation, and effective implementation requires effective enforcement. The problem with this is that STRs are visible to the public (e.g., via online platforms like Airbnb) but are not visible to enforcement agencies. For an STR regulation to be enforceable, STRs must be able to be detected and monitored.

Regardless of what decisions the City makes related to STR regulations, tackling the issue of effective and rigorous enforcement so as to achieve the objectives of the regulations needs to be included in the regulatory decision-making process. Enforcement must be co-designed with the regulations to improve implementation success. The best method of enforcement is to enter into a data sharing agreement with STR digital platforms (e.g., Airbnb, VRBO) for information on hosts (their identification), exact locations of listings, and license numbers (or lack thereof). Active checking of these listings for valid license numbers combined with the removal of illegal listings from platforms will increase the likelihood of identifying and removing illegal STR listings.

## **Conclusion**

The goals of this multi-phase study were to gain an in-depth understanding of Calgary's STR market, the challenges and opportunities it presents, and to use this knowledge to develop an updated regulatory approach that was:

- Flexible, effective, and transparent
- Addresses current and emerging challenges
- Aligns with City priorities related to housing, land use, economic development, downtown revitalization, equity, hospitality, and tourism.

Overall, this policy guide provides a set of evidence-based and flexible STR regulatory tools that the City could choose from. The objectives of the City may change over time as the policy environment changes. As the City's objectives changes, this policy guide will continue to be a useful tool in helping the City to determine what policy tools best meet its objectives.

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## **Section 1: Introduction**

In Calgary, as is the case around the world, the expansion of the short-term rental (STR) economy has produced governance questions and policy, planning, legal, and regulatory issues. Following the production of the Short Term Rental Scoping Report by City of Calgary Administration in 2018, on the direction of Council (C2017-1180), the City of Calgary recommended that a new tiered licence category for Tourist Accommodations be brought forward (CPS2018-1328). On September 30, 2019, Council voted to adopt Bylaw 31M2019 that amended the Business Licence bylaws to balance the economic benefits of the Tourist Accommodations and community concerns related to public safety and oversight. These initial regulations came into effect in February 2020. Since that time the STR market has continued to evolve, and it is different—and larger—from that which existed when these regulations were first designed, and the evidentiary-base related to the impact of STRs has significantly expanded.

On December 6, 2022, Council unanimously voted to approve funding from the Council Innovation Fund to engage the University of Calgary in a multi-year study to improve how short-term rentals are regulated in Calgary. The goals of this study were to gain an in-depth understanding of Calgary’s STR market, the challenges and opportunities it presents, and to use this knowledge to develop an updated regulatory approach that is:

- Flexible, effective, and transparent
- Addresses current and emerging challenges
- Aligns with City priorities related to housing, land use, economic development, downtown revitalization, equity, hospitality, and tourism.

The work was split into two phases. In the first phase, the objective was to develop a holistic, data-driven, and stakeholder-informed understanding of both Calgary’s STR market, as well as the challenges and opportunities the market presents in light of the City’s goals to foster resiliency and improve quality of life for Calgarians. To accomplish this objective, we, the research team at the University of Calgary, began collecting and analyzing evidence on the short-term rental (STR) market in Calgary. This evidence included where listings in Calgary are located, what type of listings they are, who operates them, and their potential impacts on the housing market. To complement this data, we also conducted engagement with the public and key stakeholders in Calgary to learn about the perceptions and concerns of the Calgary STR market. In the first phase, we also examined STR regulation broadly. To do this, we conducted a jurisdictional scan of STR regulation in 25 Canadian municipalities, a literature review on the effect of STRs on housing affordability in Canada, and an international literature review on the STR causal literature. All of these first phase reports are found in the “Phase 1 Report” package. We encourage readers to read the Phase 1 Report package as it is the evidentiary base upon which this Final Report rests.

The second phase objective was to translate the phase 1 research findings into improved planning and regulatory processes that will support effective, flexible, and transparent

management of STRs, address stakeholder concerns, and leverage the market in innovative ways to achieve strategic objectives and create value for the community. This Final Report accomplishes this objective through several sections.

After the Section 1 Introduction, Section 2 summarizes the evidentiary base and “What We Learned”. Section 3 establishes the framework we use to analyze STR policy tools. The main analysis that analyzes STR regulatory tools for the City of Calgary is contained in Section 4: the “Policy Guide”. Finally, we conclude in Section 5. While these five sections make up the Final Report, we include several Appendices. The first Appendix is a “Design Guide” Appendix that lays out definitions of the policy tools examined and questions a policy designer should answer when considering how to design the specific policy tools. Appendices two through four are technical briefs that focus on specific areas of STR policy concern and how it relates to Calgary. We look at the rising issue of Medium-Term Rentals (MTRs), an STR property tax rate, making use of the Land Use Bylaw, and the enforcement of STR regulation. Finally, this Final Report ends with an Appendix on “Methodology” that explains how we arrived at the estimates reported in the Section 4 Policy Guide.

In the Section 4 Policy Guide, we set out general policy objectives that could be selected by the City, either now or in the future, to improve STR regulation in Calgary. Within each policy objective, we suggest a range of policy strategies that may meet that objective (e.g., restricting STR broadly, restricting commercial STRs, and/or restricting STRs in affordable housing units) followed by an evaluation of policy tools that may achieve that objective and strategy. For each STR policy tool, we assess it based on a set of evaluative criteria related to effective implementation (including effective enforcement), criteria related to the main objective (e.g., impact on the number of STR listings, housing prices, and building permits), and other criteria where there are potential synergies and tensions (e.g., impacts on home-sharing STR operations and economically disadvantaged hosts, impacts on tourist accommodation, etc.).

Overall, this Final Report provides a set of flexible STR regulatory tools that the City could choose from. The objectives of the City may change over time as the policy environment changes. As the City’s objectives changes, this Final Report will continue to be a useful tool in helping the City to determine what policy tools best meet its objectives. We do not make any specific recommendations regarding which path the City of Calgary should take now or in the future. We believe it is up to the elected officials to determine the objectives of the STR regulation, the exact strategy they want to take within that objective and when, and which policy tool they most support given the potential impacts and trade-offs. This Final Report helps them make those decisions. The STR market will continue to evolve as will the priorities of the City of Calgary and the STR regulatory framework will have to evolve with these.

Having said that, we do identify several “quick wins” that the City could implement immediately to improve the current STR regulations, many of which are focused on health and safety, and prepare for any STR regulatory reforms in the future. These are:

1. Audit the dedicated complaint line (3-1-1) with a focus on STR complaints: identify avenues for improving responses to STR complaints.
2. Work with AHS to revoke/suspend STR licenses of STRs that have failed a Minimum Health and Housing Standards inspection.
3. Either the City on its own or with the provincial government as a partner, begin discussions with Airbnb and VRBO to move towards active STR regulation enforcement.
4. Require *all* digital platforms to include a mandatory license field that must be filled before an STR listing can be made public.
5. Regularly consult with the fire marshal on gaps in fire and safety issues related to STRs.

In this Final Report, we have done our best to consider competing interests and the current policy environment (while simultaneously allowing for potential future policy environments). Calgarians are currently feeling the pinch: we are coming out of a time of unprecedented inflation. Housing costs (including rents) have soared, and long-term rental vacancy rates are at historic lows. This economy has led to many people searching for an affordable (good quality) home to rent (or own), as well as ways to supplement their income so as they can cover the cost of living. This includes not just homeowners and renters, but also cleaners, locksmiths, property managers, and many other sectors that can provide services and supports to the STR market.

We are also aware that the platform-facilitated STR model contributes to the financialization of housing, transforming housing from its use value—something we use as a home—to its exchange value—an asset for financial speculation. This is a message we heard during the consideration of the report from the Housing and Affordability Task Force as well as during the public hearing on ending restrictive zoning. The digital STR platform model has incentivized practices such as commercial STR hosts purchasing (multiple) secondary investment properties as well as “Airbnb rental arbitrage” (e.g., the purchasing of all the leases of an apartment building, then renting them out as STRs, creating a “ghost hotel”)<sup>2</sup>—practices that, while they encourage investment in the housing market, may be contributing to the housing affordability crisis. STRs also have implications for tourism, the hotel industry, the City (as a potential source of revenue generation as well as a cost in terms of administration and enforcement), and guests.

This is a difficult set of competing interests to address, and, regardless of the regulatory choices made by the City, there will be tensions between different groups. While the City may not be able to satisfy everyone, the City can make thoughtful, justifiable choices with respect to STR regulation, consistent with the City’s vision and their policy objectives. This Final Report helps to support that decision-making process and choices by examining evidence-based, potential impacts of STR regulations on different competing interests.

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<sup>2</sup> We use the phrase “ghost hotel” to refer to mid- and large-sized multi-residential buildings (e.g., condominium buildings) where all or a majority of the units are used as short-term rentals.

## Section 2: What We've Learned

### 2.1 Evidentiary Base and Appendices

As mentioned above, our first task was to develop a holistic, data-driven, and stakeholder-informed understanding of both Calgary's STR market and STR regulation generally. As part of this task, we have produced the following research. These are available in the Phase 1 Report package. The name in brackets is how we refer to these reports herein.

- **A Detailed Portrait of the Short-Term Rental Market in Calgary (“Empirical Report”)**: this report compiles a detailed portrait of the STR market in Calgary based on data on Airbnb and VRBO/HomeAway listings. It looks at the size of the STR market over time, where STR activity takes place, compliance with current regulations, multi-listing hosts, STR listing tenure, and the commercialization of Calgary's STR market.
- **Short-Term Rental Study Engagement Report Back: What We Heard (“What We Heard”)**: this report analyzes responses about the STR market in Calgary conducted through interviews, focus groups, and an online survey.
- **The State of Short-Term Rental Regulation in Canada (“Jurisdictional Scan”)**: this report examines STR regulations in 25 municipalities in Canada, drawing comparisons and distinctions across responses to inform a discussion about policy considerations and best practices.
- **Impacts of STRs and STR Policy Tools on the Housing Market: Examination of the Causal Empirical Evidence (“Causal Lit Review”)**: this report is a literature review of the causal empirical evidence on the impact of STRs on the housing market and the impact of STR regulations on STRs. It is international in scope.
- **Canadian Short-Term Rentals and Their Impact on Long-Term Rental Prices (“Canadian Lit Review”)** this report examines and critiques the Canadian evidence of the association between STRs and the long-term rental market. It includes a critique of recent reports out of B.C. and the Conference Board of Canada.
- **The Effect of Short-Term Rentals on the Long-Term Rental Market in Calgary**: this report provides empirical evidence on the association between the supply of STR's and long-term rental prices in Calgary.

As part of our second task—translating the above research findings into improved planning and regulatory processes—we produced technical briefs to deepen understanding and knowledge of several complex issues related to the STR market specific to Calgary. These are included in Appendices to this Final Report and include:

- **Gaps in Coverage: The Emerging Issue of Medium-Term Rentals (“MTR Appendix”)**: we examine the state of the medium-term rental (MTR) market in Calgary, the current gap in regulatory coverage, and what Calgary could do if they chose to regulate MTRs.
- **Property Taxes and Short-Term Rentals: Can Calgary Charge STRs a Different Mill Rate? (“Property Tax Appendix”)**: this appendix looks at the legal and technical requirements of charging STRs in Calgary a higher “STR” residential mill rate.

- **The Use of the Land Use Bylaw as a Short-Term Regulatory Tool in Calgary (“LUB Appendix”)**: this appendix considers the technical requirements of including STRs in Calgary’s Land Use Bylaw.<sup>3</sup>
- **The Enforcement of STR Regulations: Lesson Learned and What Can Calgary Do (“Enforcement Appendix”)**: this report looks at the most effective method for STR regulatory enforcement (e.g., platform cooperation), possible difficulties in achieving that optimal method of effective enforcement, and what can be done in the face nevertheless to achieve high levels of effective enforcement (e.g., other practical options).

Finally, the following are addendums to this Final Report. They include:

- **Design Toolbox (“Design Appendix”)**: this appendix lays out the policy tools examined in Section 4 of this report, defines them, and sets out potential design considerations.
- **Methodology (“Methodology Appendix”)**: this appendix lays out in more detail how we calculate the impact of policy tools on STR listings in Calgary in Section 4 of this report. It also includes descriptive statistics on the impacts (e.g., impact by STR type and impact by community).

We encourage readers to read the Appendices for detailed discussions. In the Section 4 Policy Guide, we rely on this fulsome evidentiary base to evaluate the policy tools, directing readers to the appropriate Appendix or Phase 1 Report section for detailed discussions and citations (which we try not to include here for space purposes and clarity of reading).

## **2.2 The STR Market in Calgary<sup>4</sup>**

The STR market in Calgary has been growing steadily since 2017.<sup>5</sup> As shown in Figure 1, in January 2017 there were 2,783 active Airbnb and VRBO/HomeAway listings.<sup>6</sup> This grew to 4,950 active listings by September 2023—down from 5,657 active listings in July 2023.<sup>7</sup> The majority of these are self-described “entire home/apartment” listings which made up 78 percent of listings in September 2023.<sup>8</sup> While the COVID-19 pandemic slowed the growth of STRs in Calgary, the STR market appears to have re-bounded and is growing at the same month-over-month rate it was growing at pre-Covid. Likewise, the revenue earned in the STR market has climbed sharply, from below \$1 million in January 2017 to \$22 million in July

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<sup>3</sup> As of this writing, STRS are only regulated through Calgary’s Business License Bylaw and *are not* included in the Land Use Bylaw.

<sup>4</sup> This section is a summary of our Empirical Report (Phase 1 Report Package).

<sup>5</sup> Note that all STR data in this report comes from AirDNA.

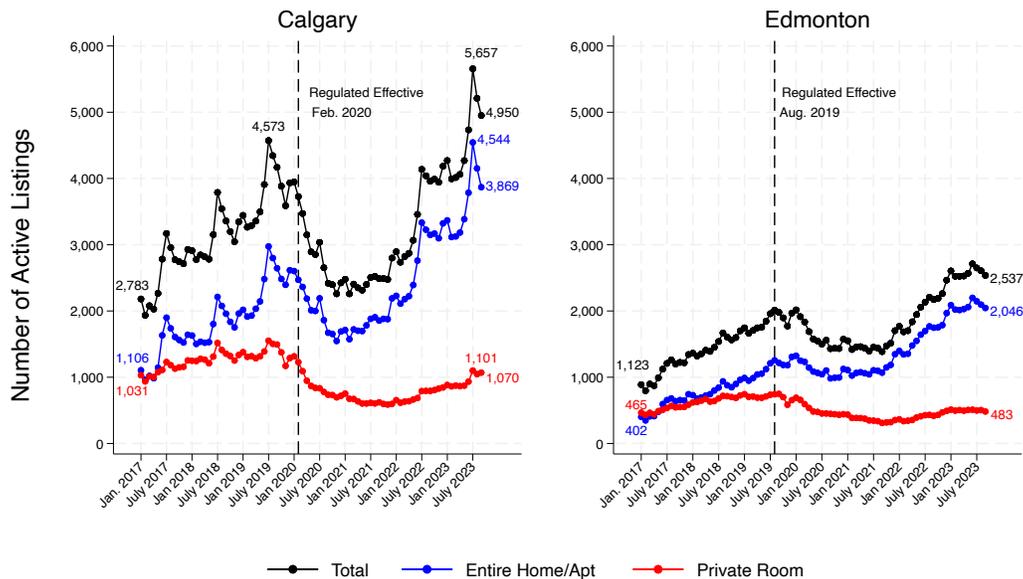
<sup>6</sup> Note that prior to June 2020, VRBO listings were called “HomeAway” listings. Both VRBO and HomeAway are owned by Expedia. Expedia retired HomeAway in June 2020 and re-branded as VRBO to streamline their vacation rentals across countries.

<sup>7</sup> “Active listings” refers to Airbnb and VRBO/HomeAway listings that are available to be booked for rental (whether or not they were booked). This omits listings that can be viewed on the websites but are not available for booking.

<sup>8</sup> As discussed in our Empirical Report (Phase 1 Report Package), many of these “entire home/apartment” listings are actually suites (e.g., entire basement suites).

2023, and \$11 million in September 2023. Most of this revenue (91 percent) has accrued to self-described “entire home/apartment” listings. There is also a clear seasonal pattern to active listings, spiking predictably in July when Calgary hosts Stampede.<sup>9</sup>

Figure 1: Active Airbnb and VRBO/HomeAway Listings, Calgary and Edmonton, Monthly, January 2017 - September 2023



The majority of STR listings and listing growth has been concentrated in Centre communities (particularly the Beltline) and developing communities (particularly Seton, Livingston, and Cornerstone). However, the type of listing differs by community. In Centre communities including the Beltline, STRs are predominantly entire apartment listings whereas listings in developing communities are predominantly entire suite listings (e.g., basement suites or main floor suites). We hypothesize that this is driven by different forces. Centre communities are more tourist- and business-centric and are more likely to have denser forms of housing such as condos, incentivizing entire apartment STRs. Developing communities are less tourist- and business-centric and are more likely to be zoned R-CG (unlike Centre communities), incentivizing the inclusion of secondary suites and accessory dwelling units (ADUs) that may be used as STRs.

Along with the growth of STRs, compliance with STR regulations has also increased. In July 2022 only about 26 percent of STR listings in Calgary included a business license despite the regulatory requirement that all listings include the registration number—29 months *after* STR regulation was implemented. However, by September 2023, we estimate that about 71 percent of Airbnb listings included a valid STR license number.<sup>10</sup> We hypothesize this increase in compliance was brought about because Airbnb began to include a mandatory

<sup>9</sup> The only year that this spike is not present is in July 2020 when Stampede was cancelled due to the COVID-19 pandemic.  
<sup>10</sup> We checked to ensure the license numbers on the listings were actual license numbers registered with the City, and each license number was unique to a property (e.g., did not span multiple property listings).

license field beginning in February 2023 which must be filled in to activate an Airbnb listing in Calgary.<sup>11</sup>

We also found that STR listings are concentrated in multi-listing hosts (e.g., hosts with two or more entire home/apartment or entire suite STR listings in different properties). While multi-listing hosts made up 14 percent of hosts in September 2023, they operated 44 percent of all listings and earned 55 percent of all revenue.

Finally, we also observed there is a wide variety of patterns in the typology of listings. Permanent listings (e.g., STR listings that are rented or available to be rented full-time, spanning multiple years), make up 26 percent of all STR listings in September 2022. “Term” listings (e.g., STR listings that are occasionally listed for a term or semester) are more frequent, making up about 32 percent of listings in September 2022. Temporary listings (e.g., STR listings available only once or twice for a two-week period) and shift listings (e.g., STR listings available occasionally for about two weeks at a time) made up 27 percent and 15 percent of STR listings in September 2022.

To bring it together, we examined the “commercialization” of the STR market. We conceptualized that there are three “indicators” of commercialization: permanency, multi-listing host, and entire home/apartment. Based on these indicators, there is a spectrum of commercial listings, with some listings having one, two, or all three of these indicators in some combination. Using data from July 2023, we estimated that 876 (15 percent) active listings were permanent listings, 2,399 (42 percent) active listings were listed by a multi-listing host and 2,513 (44 percent) were entire home/apartment listings. However, only 270 STR listings (4.8 percent) were extremely commercialized STR listings being permanent entire home/apartment listings listed by multi-listing hosts. An additional 1,370 listings (24 percent) had two of the three indicators of commercialization (e.g., were permanent listings by multi-listing hosts in a private room or were temporary entire home/apartment listings listed by a multi-listing host or were permanent entire home/apartment listings listed by a single-listing host, etc.). Different STR regulations impacts different parts of the commercialization spectrum.

## **2.3 STR Regulations in Calgary<sup>12</sup>**

Currently, the City of Calgary defines STRs 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” (not including lodging houses nor bed and breakfasts).<sup>13</sup> STRs are regulated under the Business License Bylaw. Currently, all STR operators are required to obtain a business license for each STR. As of January 1, 2024, to obtain that license, a STR must pass a fire inspection and adhere to several safety-related provisions including only

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<sup>11</sup> Compliance with the requirement to post the STR license number was much lower for VRBO where there is no mandatory license field.

<sup>12</sup> This section is a summary of our Jurisdictional Scan (Phase 1 Report Package).

<sup>13</sup> <https://www.calgary.ca/for-business/licences/short-term-rentals.html>

permitting two guests per room, not allowing overlapping bookings, and ensuring all rented rooms have egress windows. A floor plan must be provided with all applications that includes information on the location of fire and emergency exits, doors, smoke alarms, fire extinguishers, as well as exit paths, among other things. After receiving a license, the license number must be posted on all advertising, an emergency contact number must be provided, and a guest register must be kept. Overall, Calgary’s STR regulations currently focus on tracking STRs and ensuring guest safety.

In reviewing the regulatory approaches across Canada, we identified three possible policy objectives on which regulations can focus along with key policy goals associated with each of these objectives. We summarize these in below:

- Managing local impacts—housing affordability and preserving neighbourhoods;
- Managing guest experience—guest safety/security and operational standards; and,
- Managing city impacts—recover costs imposed by STRs and their guests on the City and maintain/improve tourism and economic growth.

In observing how other jurisdictions develop regulations with these objectives and goals in mind we observed key messages. First, there is no “one-size-fits-all” when it comes to the regulation of STRs. Each jurisdiction is approaching regulation in different contexts including local dynamics and community impacts. Second, an essential first step in developing regulations is to establish clear definitions and concepts, particularly with respect to defining short-term rentals. Arbitrary thresholds should be carefully considered. Third, jurisdictions need to consider what objective(s) they are trying to achieve and carefully select the regulatory tool(s) that will achieve them. Finally, any regulatory tool(s) selected must be meaningfully enforced. Meaningful enforcement cannot be achieved without placing greater obligations on platforms, including data sharing agreements.

The jurisdictional scan shows that the regulation of the STR market is an increasingly common and accepted practice in Canadian jurisdictions: it is not a question of “if,” but rather a matter of “how” and “to what extent.” Licensing or registration requirements are widespread such that for STR hosts this can now largely be conceived of as merely another step in the process of preparing to list a property on an STR platform. At the same time, it is evident that there are marked differences in the STR regulations present within Canadian municipalities, not only in terms of their restrictiveness, but also when considering their complexity, their constituent elements (including the various frameworks of which they are composed), and the orders of government they involve.

While outside the direct control of the City, one of the promising STR regulatory practices we noted was the involvement of provincial governments in addition to local governments. It is becoming more common for provincial governments to establish STR registries (e.g., BC, Quebec, PEI, and most recently Nova Scotia) and negotiate with digital platforms (e.g., Airbnb and VRBO) on behalf of the municipalities. This aids in enforcement efforts and

reduces costs on individual municipalities within the province (see the Jurisdictional Scan and Enforcement Appendix for more information).

However, some caution is warranted in assuming that regulations used elsewhere have been effective. As more strict regulations have been put in place, more anecdotal evidence is arising related to their effectiveness. Unfortunately, causal empirical evidence is sparse and for many regulatory approaches there is no *causal* empirical evidence supporting either their effectiveness or ineffectiveness. Throughout our work, we make note of where and what evidence is available and where instead assumptions and hypotheses are at play.

## 2.4 Current Policy Environment

While the policy environment is expected to change over time, it is important to outline what the current policy environment is and how it influences the STR market perceptions (discussed next) and policy tools discussed herein. Within Calgary’s policy environment there are competing tensions and actors. The most important policy issues related to STRs in Calgary are:

- **The housing crisis/housing affordability:** the City of Calgary’s 2023 Housing Needs Assessment shows that more Calgarians than ever are struggling with housing affordability. Nearly 1 in 5 Calgarians cannot afford their housing. The median price of a single detached house has increased by 37 percent in the last three years while rent has increased by 40 percent. In 2023, an annual household income of \$156,000 is required to be able to afford to buy a median-priced single detached family home, and \$70,800 is required to be able to afford to buy a median-priced apartment (e.g., so that not more than 30 percent of income is spent on housing). An annual income of \$84,000 is required to afford market rent in 2023, up from \$67,000 in 2022. Rental vacancy rates dropped from 6 percent in 2020 to 3 percent in 2022. Renters are experiencing a higher incidence of housing affordability challenges than home owners (City of Calgary 2023a).
- Related to the housing crisis, the City just recently concluded a record-long public hearing on blanket rezoning that re-designates residential areas that currently only allow detached or semi-detached homes (i.e., R-C1/R1/R-2) to also allow row houses and townhouses (i.e., R-CG) (City of Calgary 2024d).
- **Downtown revitalization:** beginning in 2015 with the oil market crash and continuing into the pandemic, many large corporate actors have left the downtown, increasing commercial building vacancy rates. The downtown revitalization plan is about shifting from “vacancy to vibrancy”. This includes converting vacant office space to residential uses (“commercial conversions”) and the building of a new convention centre (the BMO expansion), event centre, and arts commons (City of Calgary 2024b).

- **City finances:** in budget 2024, the property taxes on Calgary home-owners were increased by an average of 7.8 percent (about \$16/month). This tax increase will pay for new and increased services such as: affordable housing supports, public transit (including the Green LRT line, additional transit officers, and reduced transit fares), mental health and addictions, the fire department, and pathways improvements. The tax increase is also a result of the shift from a taxation split of 52:48 of residential-to-non-residential to a taxation split of 53:47. In Alberta, municipal governments cannot run operating deficits: all operating costs must be covered by property taxes and user levies.
- **Population growth:** Calgary is the fastest growing Canadian city (City of Calgary 2024a). This has put increased pressure on the housing supply through increased housing demand, and it increases the demand for services supplied by the City.
- **Cost of living and inflation:** in March 2024, year-over-year inflation for Calgary was 4.2 percent—higher than the national average of 2.9 percent. While some of this is due to a statistical “blip” caused by an energy rebate program in March 2023, the price of rented accommodations increased by 17.7 percent (City of Calgary 2024c). While inflation has come down since a historical high in 2022, concerns over the cost of living is top of mind for many Calgarians (Angus Reid Institute 2024).

## 2.5 Perceptions of Calgary’s STR Market<sup>14</sup>

Within this policy environment and the current STR market, we conducted an engagement study that included an online public survey, interviews, and focus groups to understand experiences with and perspectives on Calgary’s STR market. We heard that STRs in Calgary are polarizing. Over half (1,604) of survey respondents indicated they were unsupportive of the STR market (moderately/very unsupportive), while roughly one-third (953) noted their support (moderately/very supportive). Survey respondents were most concerned about the extent to which the STR market is causing housing pressures; however, STRs were viewed as a good option for medium-term stays (e.g. medical or research/work stays). A large proportion of respondents voiced support for regulation, both in terms of existing regulations and in relation to a strengthening of the framework (though this was not universal).

From a different point of view, survey respondents who are/were guests to Calgary’s STR market indicated they enjoy Calgary’s STRs because of amenities and price. Guest respondents used Calgary’s STRs for a short-term housing option, including a place to stay during renovations on their primary residence, as a stop-gap while moving residences, or during a time of an emergency. Survey respondents indicated a largely positive experience as STR guests.

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<sup>14</sup> This section is a summary of our What We Heard Report (Phase 1 Report Package).

Lastly, survey respondents who were STR hosts described the STR market as an important source of income, a way of meeting and supporting people and a better option than operating a long-term rental. Over two-thirds (283) of host respondents noted that supplementary income is their main reason for operating an STR and nearly two-thirds (263) of host respondents indicated they use their home as an STR (e.g., a personal residence STR). 188 host respondents said they operate their STR(s) as an investment or secondary property.

The interviews and focus groups of stakeholders echoed the comments from the survey, that the STR market is becoming more contentious and visible, and its presence has contributed to the housing crisis. Some participants expressed concern about regulatory fairness and competitive concerns with traditional tourist accommodations being held to a higher standard and paying higher property tax rates compared to STRs. However, other participants made mention of the benefits of STRs, including being able to supplement their income, meet new people, provide a high-quality product that was demanded by the market, and supporting vibrant neighbourhoods. Of note, some participants highlighted the ability of STRs to offer short- and medium-term rentals to newcomers to Calgary wanting a place to stay for a few months while they looked for permanent housing, to Calgarians facing either renovations or repairs on their current home, and to those from rural Alberta coming to Calgary for lengthy medical treatments.

From the engagement, participants are looking for a regulatory framework that balances the benefits of the STR market, protects the right to housing (as established in the National Housing Strategy), and considers the numerous social outcomes. Participants also stated that the City of Calgary needs to consult with the public before making policy decisions and pointed to the lack of consultations that occurred in British Columbia (B.C.) on its STR regulations. Some participants highlighted that the lack of consultations in B.C. has meant that the regulations failed to incorporate the highly complex nature of the STR market in the province including key tourist communities and has resulted in unintended consequences. Overall, participants were eager to see a sophisticated regulatory framework co-developed with stakeholders that addresses the many facets of the STR market and that avoids the mistakes made in other jurisdictions.

## Section 3: Framework For STR Analysis

In the STR Jurisdictional Scan (Phase 1 Report Package), we reviewed the literature on STR regulations and, based on the scan of existing regulatory approaches, developed a framework for STR policy. We draw on this framework to structure our STR regulatory analysis, altering it to better reflect lessons learned throughout the research process.

The over-arching framework consists of three inter-locking pieces: STR definition, choice of objective and policy tool, and enforcement. All three pieces work together to form the complete STR regulation, and these pieces should not be set on its own without consideration of the other pieces lest they work against each other to confound the regulatory objective. We go through each of these pieces in turn.

Municipalities should establish clear definitions and concepts, distinguish between or among operator types, and clarify and define use classifications for STR unit types within planning frameworks. The complexity here is that there is no unique definition of an STR and many definitions of STRs—particularly those based on length of stay—result in unintended consequences (discussed in detail below and in the MTR and Design Appendices). Further, as detailed by Tedds et al. (2021), considerable heterogeneity exists among the actors in the STR market and this needs to be considered in the classifications of operator types and STR units.

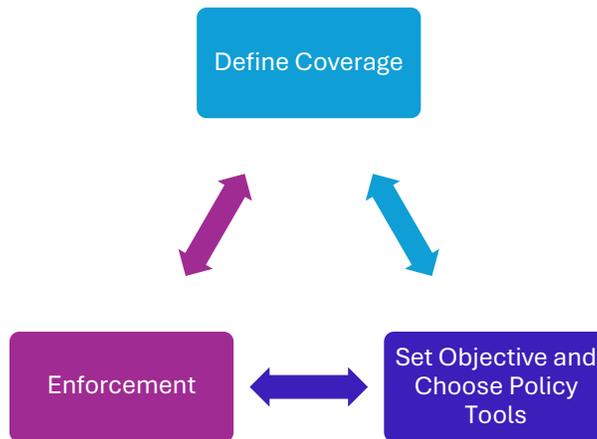
Municipalities also need to establish clear objectives for the STR policy framework and ensure that the objectives are aligned with broader initiatives, such as tourism strategies, comprehensive community plans and goals, and housing strategies. Policy tools (e.g., STR restrictions, licensing requirements, taxes, etc.) should be selected based on those objectives, and their potential impact examined to understand potential market effects, complexities, and their alignment with the objectives and the definition of STRs selected.

Finally, the definition, objectives, and policy tools should be considered within the ability of the municipality to **effectively** enforce those definitions and tools: a lack of effective enforcement could result in the regulatory objective being undermined. For this reason, effective enforcement should be a priority and can—and should—include imposing greater obligations on digital platforms.<sup>15</sup> Digital platforms are active, not passive, players in the STR market. Platforms play a central role in spurring the rise of the STR market and they shape market dynamics. Regulatory approaches that set platforms to the side or ignore them are, as experience shows, weakened (Tedds et al. 2021).

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<sup>15</sup> “Digital platforms” in this context includes websites that connect providers of residential rentals with potential renters. The platforms mediate the interactions, provide a standard set of contractual terms, collect and process payments, handle disputes, and police the behavior of hosts and guests. The platforms do not themselves own the assets nor do they employ the labour to provide the services. They facilitate transactions and collect a commission on each transaction. This includes Airbnb and VRBO but not Facebook marketplace, Kijiji, or Craigslist (neither Facebook Marketplace, Kijiji nor Craigslist mediate transactions).

**Figure 3: Multi-dimensional Understanding of Setting STR Policy**



As suggested, establishing and revising STR regulatory frameworks is an interlocking process that can, when enacted together, support comprehensive and strategic management of the STR market. It also reflects that in practice the components of STR policy are interdependent and mutually-reinforcing. Figure 3 depicts this multi-dimensional understanding. It shows that the process is not and should not be linear. Defining STRs, setting objectives and choosing policy tools, and developing enforcement should all be done concurrently to ensure complementarity between and across the steps. For example, it is possible, that once the definition and setting objectives and choosing policy tools steps are done that you are left with something that cannot be meaningfully enforced. Confronted with that outcome, the first two steps should be reconsidered.

We now turn to applying this framework to detail the options available for STR regulation by the City of Calgary. We begin by examining the definition of STRs for regulatory purposes. We believe this is an important place to begin as it is interconnected with the policy tools chosen by the City and their potential impacts.

## Section 4: The Policy Tool Box

### 4.1 Defining “Short-Term Rentals”

Currently, STRs in Calgary are defined 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” (City of Calgary 2023c). Based on our Jurisdictional Scan, defining STRs based on the length of time of stay (e.g., 30 days) is common in jurisdictions in Canada (though not universal). Currently, most jurisdictions use a length of stay of less than between 28 to 31 consecutive days. An outlier is the province of British Columbia’s new short-term rental rules that came into place on May 1, 2024: there a STR is defined as a length of stay of less than 90 consecutive days.

The problem with defining STRs based on a set number of days is that it arbitrarily sets a threshold whereby units being used for temporary accommodations below the threshold must comply with the STR regulations and units being used for temporary accommodations even one day above the threshold are exempt from the STR regulations. As we examine in the MTR Appendix, using this STR definition means that residential rentals made via digital platforms (e.g., under a license agreement) for stays greater than the arbitrary threshold are not covered by STR regulation. The Residential Tenancies Act (RTA) covers *lease* agreements (sometimes called “long-term rentals” although the defining factor is the lease and not the length of stay).<sup>16</sup> There is a possibility that residential rentals of six months and over may be covered by the RTA when there is no explicit lease agreement; however, this is fact specific. In general, there is a gap in regulatory coverage: there is no regulation/legislation that covers rental *licenses* greater than the STR threshold (i.e., medium-term rentals). MTRs sit in a legal gray area and remain unregulated.

Here we consider two options for the City of Calgary in considering the definition of “STRs”. We consider these two to be the most pertinent to Calgary’s current situation and future of STR regulations. See the Design Appendix for more design considerations when defining STRs.

1. Remain consistent and define STRs based on number of days of stay.
2. Expand the STR definition to cover all licensed rentals regardless of length of stay, leaving leased rentals to the RTA.

We examine these in more detail next.

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<sup>16</sup> A “lease” is a legal agreement that confers an interest in the property/unit to the tenant. A “license” does *not* confer an interest in the property/unit: it gives a right to use. The standard STRs and MTRs available via digital platforms are licenses for use, not leases.

### **Strategy 1: Remain Consistent**

Since Calgary first implemented STR regulations in 2020, the STR definition for Calgary has been based on the number of days of a rental (up to 30 consecutive days). This aligns with the common perceptions of “STRs” and is consistent with the majority of jurisdictions in Canada. Keeping the definition as is would avoid operator and guest confusion. The City could also choose to extend the length of stay: the new legislation in BC defined an STR as a stay 90 days or less.

However, leaving the definition of “STRs” based on the number of days of a rental incentivizes operators to establish minimum length of rentals at least one day longer than the regulated number, thereby avoiding the regulations. While this does not yet appear to be a large issue in Calgary (there are not many MTRs currently), if more restrictive STR regulations are introduced, the MTR market may expand. This occurred in Toronto, Vancouver, and Montreal after STR restrictions were introduced (where the definition of STR was similar to Calgary based on the number of days of stay; Wachsmuth and Buglioni (2024)). This may undermine the STR objectives of the City, particularly the objective of managing local impacts including housing affordability and preserving neighbourhoods.

### **Strategy 2: Expand to Cover All Licensed Rentals**

Instead of basing the definition of STR on length of rental, the definition could instead be extended to cover all licensed rentals. This would *exclude* long-term rentals covered by a lease agreement but would *include* all STRs and MTRs regardless of the length of rental. The advantage of this strategy is that it eliminates gaps in regulatory coverage for MTRs, better ensuring the safety of guests and, if more restrictive STR regulations are introduced, it ensures that STR regulatory objectives are better met and not just sidestepped (e.g., by moving from the STR to MTR market). Calgary would not be the first Canadian jurisdiction to define STR’s as such: Churchill MB and Whistler BC currently define STRs as any rental not falling under the RTA.<sup>17</sup>

The drawback of extending the definition of STR to cover all licensed rentals is it may confuse operators and guests who are unsure whether they are licensed or leased. This could be addressed by an information campaign that precedes changes in regulation. This definition would also encompass corporate rentals who offer temporary (usually monthly) rentals targeted to corporations for employee work stays (these are currently unregulated but are accredited by the International Services Apartments Accreditation Program (ISAAP)). While an exception for corporate rentals could be carved out, this would likely incentivize some commercial STR operators to re-brand and become accredited as corporate rentals particularly if STR regulations become more restrictive (e.g., a personal residence requirement). This could potentially undermine the STR objectives of the City (particularly the objective of managing local impacts including housing affordability and preserving neighbourhoods). But it could also improve guest safety and security to the extent that the ISAAP accreditation has high standards.

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<sup>17</sup> It’s unclear how the new BC STR legislation will affect the Whistler definition.

## 4.2 Policy Objectives and Tools

The next piece of the interlocking STR regulatory process is to establish the objectives of the STR policy framework and select policy tools. In Table 2 (reproduced and adjusted from our Jurisdictional Scan) we examine broad policy objectives that the City may choose from, as well as potential strategies, tools and legislation. The first policy objective is managing the local impacts of STRs including addressing housing affordability and/or preserving neighbourhoods. The second objective is managing the experience of STR guests, including upholding operational standards and consumer protection. The third and final policy objective is to manage City impacts including recovering the costs and promoting tourism and economic growth.

Table 2: Policy Measures by Objective, Strategy, and Relevant Legislation

Policy Objective	Strategies	Example Policy Tools	Relevant Legislation
Manage local impacts (incl. housing affordability and preserving neighbourhoods)	Influence quantity, spatial distribution of STRs Achieve balance across STR types	Full or targeted prohibitions incl. personal residence requirement Night caps Licence quotas or moratoriums Zonal/density-based restrictions Tiered licensing Parking Rules	Land Use Bylaw Business Licence Bylaw
Manage guest experience (incl. operational and safety standards & consumer protection)	Impact/control existence and quality of STRs	Permit/registration system for operators Pre-licence inspections Floor and safety plans Informational requirements Insurance requirements Parking Rules	Land Use Bylaw Business Licence Bylaw
Manage City impacts (incl. recover costs of admin, enforcement & infrastructure impacts; tourism and economic growth)	Tax STR activity	Accommodation tax STR Property Tax License Fees Broadening purposes towards which tax revenues can be applied (e.g., housing)	Municipal Government Act Tax Bylaw Business Licence Bylaw

For each major objective in Table 2, we parse them into smaller objectives and identify potential strategies that may achieve those objectives. For each objective and strategy, we identify policy tools that could be used and evaluate those policy tools based on a set of evaluative criteria that differs by objective. The purpose of this evaluation is to identify potential market effects.

## 4.2.1 Managing Local Impacts

### Housing Affordability

An oft-quoted goal of STR regulation is they should address “housing affordability”. The perception is that an increase in STR activity can have an adverse impact on housing affordability, and that STR regulations should be used to reduce or eliminate this adverse impact. “Housing affordability” is a vague term and can encompass several issues including housing availability including long-term rental (LTR) vacancy rates, and housing prices such as LTR rental prices and house prices. In this section, we discuss all three separately because STRs and STR policy has different effects on each of them.

#### What We Know

In Calgary, the perception that STRs have a negative impact on housing affordability is a key concern. As reported in the What we Heard Report (Phase 1 Report Package), 75 percent of respondents to our STR survey conducted in Calgary were very or moderately concerned about the impact of the STR market on housing pressures in terms of limited supply and price increases. A large number of respondents raised concerns about the role of the STR market in the current housing crisis in the open-ended questions. However, this was not universally true as a few respondents also suggested that the impact of STRs on housing was overstated.

We examined how the What we Heard Report aligns with empirical evidence. It is likely that STRs have an impact on the housing market; however, that impact is imprecisely measured. On the one hand, it is likely that STRs remove LTR housing from the LTR market. How much is unclear. As outlined in our Causal Lit Review (Phase 1 Report Package), the empirical evidence suggests that restricting STRs to personal residences caused STR listings to decrease, with a larger effect on entire home/apartment listings (a reduction of about 50 percent in entire home/apartment listings). What is less clear is what proportion of these STR listings are returned to the LTR market, owner-occupied, or left vacant. Our research on the Calgary STR market suggests that if commercialized STRs were restricted, there would certainly be fewer STR listings. How many fewer depends on the exact regulation pursued (we examine this in more detail below). Despite the ability of STR restrictions to reduce listings, it is unclear what proportion of STR listings would be returned to the LTR market, owner-occupied, or left vacant, although we assume a non-zero number for each.

In addition, there is mixed empirical evidence in the academic literature and in our research from Calgary on whether an increase in STRs have a positive statistically significant effect on LTR rents. The empirical literature suggests that an increase in STRs contribute from five percent to 20 percent of actual rent increases, and that restrictions on STRs can cause a reduction in LTR rents by about 2 percent (Causal Lit Review). Our examination of the effect of the STR market on the LTR market in Calgary suggests that an increase in STRs does not have a statistically significant association with LTR rents in Calgary. We also estimate an

increase of 100 STR units is associated with an increase in LTR monthly rent by between 1.6 to 6.6 percent. These results may be the result of there being fewer STR listings in Calgary compared to other jurisdictions where this effect is examined. We note as well that both our research on Calgary and the empirical literature find heterogenous effects: areas with more STR activity see a larger association/causal effect of STRs on LTR rents and housing prices. Within Calgary, for example, STRs can explain 15 percent (about \$34/month) of the actual increase of LTR rents between 2017 and 2022 in the Beltline—the community with the most STR activity—leaving the remaining 85 percent (about \$197/month) of the LTR rent increase to be explained by other factors.

Likewise, there is empirical evidence that STRs impact house prices (Causal Lit Review). An increase in STRs has been estimated to have a causal, positive impact on house prices (explaining 14 to 33 percent of actual house price increases) whereas restricting STRs has been found to have a causal negative effect on house prices. This effect has distributional effects. Restricting STRs which causes a reduction in house prices can benefit home buyers, making owning a home easier. However, it can also have a negative impact on current homeowners as the value of their home decreases.

The empirical evidence also suggests that restricting STRs can cause a reduction in the number of building permits applied for (for new builds and for structural additions), potentially reducing housing stock in the long-run (Causal Lit Review). The idea is that when STRs are prohibited in certain dwelling types, this reduces the incentive (for some investors) to invest in that dwelling type. This may be important for the City as they look to convert downtown commercial buildings into residential units: this requires private investment. That investment may be more appealing if there is an opportunity to use those new residential conversions as STRs. However, it should also be noted that unless otherwise prevented, there is a possibility that those residential conversions can become “ghost hotels”—apartment buildings with only (or a majority) STRs and no (or very few) permanent residents. This may be contrary to the City’s objectives for the commercial conversions.

Finally, the empirical literature also suggests that some STR regulations may reduce the ability of home sharers (e.g., those who rent out private rooms in their house or secondary suites/accessory dwelling units) and economically disadvantaged hosts (and others associated with the STR market, such as cleaners) to earn income (Causal Lit Review). This may be a worry given the current concern over the cost of living and the higher rent prices that are driving inflation. Likewise, the empirical literature suggests that some STR regulations may reduce commercial STR operations (e.g., those who list investment properties as STRs, including multi-listing hosts). This includes the reduction or prohibition of “Airbnb rental arbitrage” opportunities, e.g., the purchasing of leases in a rental apartment building then listing them all as STRs.

## Strategies

From the What We Heard Report and the Causal Lit Review, the evidence suggests that the most effective type of STR regulation to address housing affordability concerns are restrictions that limit the number of STRs. Restrictions of STRs can be based on different strategies or targets. We examine four broad strategies:

1. Reduce quantity of STRs generally
  - This is a broad-based strategy to reduce the quantity of STR's city-wide with no carve-outs for types of STRs nor communities.
2. Reduce quantity of commercial STRs
  - This strategy focuses on reducing entire home/apartment and entire suite STRs operated by multi-listing, permanent hosts—properties that are the most likely to have been purchased as investments/secondary properties to be used solely as an STR—while permitting home-share STRs to continue (e.g., private room, entire suite, and temporary STRs by hosts with one or two listings. There are more likely to be operated by a resident in their home where they reside).
3. Reduce quantity of STRs in affordable units
  - This strategy focuses on reducing STRs in housing units that could be offered at an affordable price level to a resident. Affordable housing units may include secondary suites, accessory dwelling units (ADUs) including backyard suites and laneway houses, converted commercial spaces, and units managed by Calgary Housing Company or other NGOs.
4. Reduce quantity of STRs in communities with high STR activity<sup>18</sup>
  - This strategy focuses on reducing STR listings in communities where STR activity is considered excessive.

It is possible to use more than one of these strategies at once. For example, STR reduction could focus on reducing commercial STRs, STRs in affordable housing, and STRs in specific communities, all at the same time. However, the more strategies that are introduced, the higher the level of complexity: STR regulation becomes more difficult to administer, enforce, and implement effectively.

## Evaluative Criteria

To evaluate each policy tool and its effectiveness at addressing housing affordability, we compare them on several evaluative criteria (where applicable). The evaluative criteria fall into four broad categories, each with sub-components. We examine:

1. Implementation:
  - a. Administration: how is the policy tool administered? Is administration complex, straight forward, or somewhere in-between? Will administration be costly?

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<sup>18</sup> We revisit this strategy in the section on neighbourhood preservation.

- b. Enforcement: how will compliance with the policy tool be ensured? What enforcement measures need to be taken? What enforcement measures would be nice to have?
  - c. Effective implementation: based on administration and enforcement, can the policy tool be effectively implemented so that the objective is achieved?
- 2. Impacts on housing:
  - a. STR listings: how many STRs listings may be removed from the STR market? We estimate this (where reasonable) using data from the Calgary STR market for September 2023 (the last date for which we have data).
  - b. LTR rents: what is the estimated impact on LTR rents? We estimate this (where reasonable) using data from the Calgary STR market for September 2023.
  - c. Housing prices: what is the likely effect on housing prices? We use the empirical literature to hypothesize the general direction of the effect.
  - d. Building permits: what is the likely effect on building permits for new builds and for additional structures (e.g., secondary suites and accessory dwelling units)? For this, we use the empirical literature to hypothesize the general direction of the effect.
- 3. Impact on commercial operations vs. home-sharing operations:
  - a. Home-sharing operations and economically disadvantaged hosts: what is the likely effect of the STR policy tool on home-sharing operations and economically disadvantaged hosts? We use the empirical literature and our estimates on housing impacts to hypothesize the general direction of the effect.
  - b. Commercial operations: what is the likely effect of the STR policy tool on commercial operations? We use the empirical literature and our estimates on housing impact to hypothesize the general direction of the effect.
- 4. Tourism: how will the STR policy tool likely affect STRs in terms of variety and price? How will the policy tool likely affect the price of traditional tourist accommodations (e.g., hotels)? Here we draw on the literature to form hypothesis. Note that we do not consider the effect of the policy tool on the supply of or innovation in traditional tourist accommodations. This is due to evidence limitations.
- 5. Other: any other impacts of the STR policy tool that should be considered.

We summarize the evaluative criteria for each strategy and policy tool in Table 2. In this Section, we do not report extensively on the methodology used in our estimates. For more details on how the estimates for the Calgary market are reached, and distributional effects (e.g., on type of STRs and by community), please refer to the Methodology Appendix.

## Policy Tools

### *Strategy 1: Reduce Quantity of STRs Generally*

#### **Policy Tool 1: Limit STR licenses to one license per person per STR unit**

**Design:** Current licensing regime remains as is except licenses are limited to one per person. “Persons” does not include commercial/corporate persons, and only includes persons 18 years of age and older.<sup>19</sup>

**Evaluation:**

- Implementation:
  - Administration: this is a straightforward-to-administer policy tool. It requires the City to gather information on the operator licensing the STR and actively cross-reference currently existing licenses to ensure they have no other active STR licenses.
  - Enforcement: in addition to administration, enforcement is enhanced through active platform cooperation (e.g., platform checks license numbers on listing against City registry data to ensure validity and removes those with unlicensed listings) or a platform data-sharing agreement and active verification of listings by the City. That said, this policy tool is easy to get around. For example, a host may list additional STRs under their spouses’ name, their (adult) children’s’ names, their parents’ names, etc. To mitigate this, the design could be changed to limit one STR license *per household*, but it may be difficult to prove who is in a household.
  - Implementation: difficulties in securing platform cooperation and the available work-arounds may reduce the effective implementation of this policy tool. However, this reduction in effective implementation will likely not be as big as for other policy tools where enforcement is close to impossible. At minimum, the City can still actively cross-check license data.
- Housing Impacts:
  - STR Listings: using data from September 2023, if this restriction were effectively applied, we estimate STR listings would decrease from 4,950 to between 3,304 and 3,778 listings—a decline in total listings of between 1,172 and 1,646 listings (21 to 31 percent of all listings). Most of the decline would occur in entire home/apartment listings (-523 to -921 listings, 25 to 44 percent of entire home/apartment listings) and in the Beltline (-135 to -272 listings, 24 to 48 percent of Beltline listings).
  - LTR rents: our estimates suggest that LTR monthly rents may decrease on average by between 0.08 percent and 0.12 percent (all else held equal). This effect would be larger in the Beltline where the model predicts the LTR rents may decrease by between 2.5 percent and 5 percent (all else held equal).

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<sup>19</sup> The policy tool could also be only permitting one STR license per household, but it would be more difficult to prove who is in a household, and this is also easily sidestepped by changing the address on a driver’s license. Further, it has the possibility of causing hardship to households that dissolve.

- Housing prices: the empirical evidence that examines STR restrictions suggests that this policy tool would reduce house prices, thereby benefitting home buyers but negatively impacting homeowners,
- Building permits: the empirical evidence suggests this policy tool will likely decrease building permits, particularly for new residential builds. However, these negative effects are expected to be smaller than for more restrictive regulations, such as the personal residence requirement or a quota.
- Commercial vs. home share hosts:
  - Commercial hosts: multi-listing hosts would no longer be permitted, reducing listings held by multi-listing hosts from 2,086 listings to 238-241 listings (88 percent of all multi-host listings). Permanent listings would decline from 782 listings to 204-281 listings (26 percent to 36 percent of permanent listings) with the majority of decline occurring because of a decline in permanent listings listed by multi-listing hosts. Listings spanning two of the three commercial dimensions would decline from 1,266 to 242-309 listings (a decline of 76-81 percent of listings spanning two commercial dimensions). The most commercialized listings—permanent entire home apartments listed by a multi-listing host—would decline from 234 listings to 5 listings (a decline of 98 percent).
  - Home share hosts: this policy tool is unlikely to have a significant impact on home share hosts as they currently only need one license to operate an STR within their personal home.
- Tourism: while this tool will reduce the number of STRs available for rent, there will still be some STRs available during events such as Stampede. The variety of STRs would likely continue to provide options to guests, though at a reduced quantity. The reduced quantity of STR listings may increase hotel prices.
- Other: this policy tool eliminates Airbnb rental arbitrage opportunities as one host cannot rent out an entire (or most of an) apartment/condo building as STRs (each unit would require a different license, held by a different person). That said, it would continue to allow entire apartment/condo buildings to become STRs (as long as each STR unit was licensed by a different person).

## **Policy Tool 2: License Quota**

*Design:* Maintain the current STR licensing regime and limit the number of STR licenses City-wide. Suppose for illustration purposes, the STR quota was set at 2,200 STR business licenses in Calgary as of September 2022 (this was the actual number of active licenses as of September 1, 2022) and allowed to increase at a rate of one percent of new housing starts. By pegging quota growth to new housing starts, this means that only a fraction of the new housing can be used as STRs. Licenses are allocated on a first-come, first-serve basis and there is a waiting list to determine the order. Renewals are given priority.

### Evaluation:

- Implementation:
  - Administration: this is a straightforward-to-administer policy tool. The quota needs to be set and any license application above the quota need to be put on a maintained waiting list.
  - Enforcement: the more restrictive the quota, the more likely it is that STRs will operate illegally. As the quota becomes more restrictive, effective enforcement *requires* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them and actively verify licenses on listings with platforms removing identified unlicensed/illegal listings.
  - Implementation: if effectively enforced, a license quota could be implemented effectively. Difficulties in securing platform cooperation could reduce effective implementation (dependent on the restrictiveness of the quota).
- Housing impact:
  - STR Listings: if implemented effectively as illustrated above, our data suggests that the number of STR licenses would drop from 4,625 to 3,129 licenses as of September 2023—a reduction of 1,496 licenses or 32 percent of STR licenses.
  - LTR Rents: since we cannot estimate in which communities the license reduction would occur, we cannot use our model to estimate the effect on LTR rents. However, if the decline in STR licenses also results in a decline in STR listings, our regression models and the empirical literature suggest that LTR rents may decline. The decline will likely be of a small magnitude on average with larger declines in communities experiencing larger declines in STR listings.
  - Housing prices: while this specific policy tool is not examined in the empirical literature, the empirical evidence suggests that housing prices would decline, benefitting home buyers but negatively affecting homeowners.
  - Building permits: the empirical evidence suggests a quota may decrease building permits for both new builds and structural additions. This effect may be less than that seen in the literature if the quota is allowed to grow.
- Commercial vs. home share hosts:
  - Commercial hosts: commercial hosts currently operate about 44 percent of STR listings in Calgary. Since commercial hosts are less likely to give up their STR license (e.g., they do not/will not live in their STR), it is possible that the proportion of commercial hosts relative to home share hosts will increase under a license quota.
  - Home share hosts: as above, it is likely that the proportion of home share hosts will decrease. Home share hosts are more likely to let their STR license lapse when they/their family live in their STR.
- Tourism: STRs would remain a part of the Calgary hospitality sector, albeit there will be fewer. The change in the variety of STRs is uncertain, although if the proportion of

commercial hosts increased, it is hypothesized that there will be more entire home/apartment STRs relative to private room STRs. The impact on the price of STRs is uncertain but with the reduction in STR listings and an increase in the proportion of commercial hosts, we hypothesize STR prices will increase. Finally, a reduction in STR listings may result in an increase in hotel prices.

- Other: It is unclear whether such an STR quota scheme would be perceived as “fair”, dependent on the level of competition for licenses: it favors incumbents and commercial hosts over new entrants and home share hosts. A quota would also not address Airbnb rental arbitrage and entire apartment/condos being converted into “ghost hotels”.

### **Policy Tool 3: License Moratorium**

*Design:* Maintain the City’s current STR licensing regime unless LTR vacancies fall below a set threshold, e.g., 3 percent.<sup>20</sup> When LTR vacancies fall below the threshold, no new licenses are issued until LTR vacancies increase above the threshold again. It is also possible under this model to also prohibit license renewals. The license moratorium may be extended to all STRs or just to STRs that are secondary STRs (e.g., not in the personal residence of the host).

*Evaluation:*

- Implementation:
  - Administration: to the best of our knowledge, monthly LTR vacancy rates for the city of Calgary are not tracked. While the CMHC does collect LTR vacancy data once per year (every October), the frequency of collection and reporting is not sufficient to effectively use a license moratorium to affect LTR supply when required. Thus, it is unlikely that this policy tool can be administered without the collection of further data. If further data was collected and LTR vacancies were known in real time, this policy tool is straight-forward to administer: it requires the denial of new STR applications in certain (known) circumstances). This policy tool may be somewhat more difficult to administer if the moratorium is only applied to secondary STRs: it would require information/investigation on new STR application to determine if they are personal residences or secondary STRs. This may be done through the provision of a driver’s license; however, driver’s licenses can be altered.
  - Enforcement: assuming that data on LTR vacancies is available, during a moratorium it is possible that there will be an increase in STRs operating illegally (if they are denied STR licenses). Thus, effective enforcement would require that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses, and with platforms remove identified unlicensed/illegal listings.

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<sup>20</sup> In Regina and Saskatoon licensing bylaws include particular provisions for secondary property STRs that place a moratorium on the granting of new licences if the city’s vacancy rate falls below three per cent.

- Housing impact: we cannot estimate the effect of a license moratorium and there is no empirical evidence on the effectiveness of this policy tool. However, we hypothesize that there will be a mix of new STR operators who are denied an STR license who “wait it out” and those who convert their listings into an LTR. It depends on the expectations of the market and the hosts motives (e.g., they may only want a temporary renter over Stampede, or they may be in need of income, etc.). Because of this, it is possible that a moratorium will not have a large effect on housing affordability as it is a temporary STR restriction and not a permanent STR restriction.
- Tourism: if a period of low vacancy rates overlaps with peak tourist occasions, notably Stampede, the moratorium may result in temporary STRs not being able to obtain licenses thereby limiting the quantity of temporary tourist accommodations. It may also result in increased hotel prices.

### *Strategy 2: Reduce Quantity of Commercial STRs*

#### **Policy Tool 1: Personal Residence Requirement (PRR)**

*Design:* the PRR limits STRs to STRs in the operators’ personal home. Here, we consider a PRR administered and enforced through a licensing scheme that allows for private room STRs, accessory and secondary suite STRs, and entire home/apartment STRs as long as the host lives on the property “ordinarily” (e.g., it is where they return to when they are not working or travelling). The host is not required to be home while the unit is being rented as an STR. This permits those on shift work, “snowbirds”, and other permanent residents who travel temporarily to rent out their entire house/apartment as long as it is ordinarily their personal residence. It prohibits multi-listing hosts (e.g., hosts with 2+ entire home/apartment STRs and 2+ STR licenses) and it prohibits the permanent listing of entire home/apartments (e.g., entire home/apartments listed for 23+ months and 25+ days per month, identified using a cluster analysis in the Empirical Report).

#### *Impacts:*

- Implementation:
  - Administration: administration would require the collection of additional information, e.g., a copy of the applicants’ drivers’ licence and bills to verify the operators address is the same as the address of the STR. The City may also choose to actively inspect STRs before the granting of license to ensure they are personal residences (e.g., look for personal photographs, clothes, etc.); however, this is easy for operators to stage.
  - Enforcement: given that this is one of the most restrictive STR policy tools there is, it will likely increase the number of illegally-operating STRs. Along with the above additional administration requirements, effective enforcement *requires* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses, and have platforms remove identified unlicensed/illegal listings. It is possible that STR operators will try to get around the PRR using various means, including

changing the address on their friends and family's drivers license to match an STR unit (or paying others to do so) and/or changing online listings to appear as if they are MTRs (and thus potentially not covered by STR regulation).

- Implementation: given the work-arounds, and the likely difficulty in securing the cooperation of platforms, this may reduce effective implementation. We expect this reduction to be relatively large given the restrictive nature of this policy tool and the ingenuity of STR operators.
- Housing impacts:
  - STR listings: empirical evidence suggests that a PRR will reduce STR listings. We estimate for Calgary that STR listing in September 2023 would decrease from 4,950 listings to between 3,236 and 3,648 listings—a decline of between 1,302 and 1,714 listings or between 27 percent and 36 percent of all listings. There would be a decline in entire home/apartment STR listings of between 858 and 1,205 listings (41 percent to 57 percent of all entire home/apartment listings). The decline would be concentrated in centre communities such as the Beltline where listings would decline between 213 and 332 listings (between 38 percent and 59 percent of all listing in the Beltline).
  - LTR Rents: our regression evidence suggests that this decline in STR listings would be associated with a decline in LTR rents of between 0.11 percent and 0.15 percent on average in each community. The largest impact would be in the Beltline where the decline in STRs is associated with a decline in LTR rents of between 3.9 percent and 6.1 percent.
  - Housing prices: the empirical evidence suggests that housing prices would decline, positively benefitting home buyers but negatively affecting homeowners.
  - Building permits: the empirical evidence suggests that a PRR will reduce building permits particularly for new builds. There is also the possibility that private capital for commercial conversions will be reduced, negatively affecting the stock of housing in the long run.
- Commercial versus home share hosts:
  - Commercial hosts: the PRR effectively prohibits permanent, entire home/apartment STRs. We estimate that the most commercialized STRs—permanent entire home/apartment listings listed by multi-listing hosts—would decline from 234 listings to zero listings (a 100 percent decline in the most commercialized listings). We also estimate that STRs that span two of the three commercial indicators would decline from 1,266 listings to 20-404 listings (a decline of between 69 percent to 98 percent). Looking at each indicator separately, we estimate permanent listings decline from 782 listings to 329-335 listings (a decline of 57-58 percent), listings by multi-listing hosts would decline from 2,086 listings to 154-625 listings (a decline of 70 to 93 percent) and entire home/apartment listings decline from 2,221 listings to 913-1,101 listings (a decline of by 50 to 59 percent).

- Home share hosts: the PRR only permits home sharing STR operations. There would be no negative effect on home sharers nor economically disadvantaged hosts.
- Tourism: a PRR would result in much fewer STR accommodations. It would also reduce the variety of STRs, particularly entire home/apartments. The effect on STR prices is unclear. Because of the decline in STR listings, it will also likely increase hotel prices.
- Other: noise and nuisance complaints which are highest in multi-family dwellings and in the Beltline would likely be reduced. The PRR would eliminate rental arbitrage and “ghost hotels”. However, there is the potential for spatial relocation of STRs into communities outside of the core into core-adjacent communities where home share STR operations are higher.

## **Policy Tool 2: Night Caps**

*Design:* a night cap limits the number of nights an STR can be reserved for. For illustration, we consider a 180-night night cap. This night cap would be enforced through the STR licensing regime.

*Evaluation:*

- Implementation:
  - Administration: a night cap is straightforward to administer. It needs to be set by the City and operators must be informed.
  - Enforcement: a night cap is likely to be difficult to enforce because it is not readily observed. The City can require host attestation (at the time of the STR license application) and the keeping of guest records and nightly stays. For effective enforcement, these guest records would have to be actively collected and reviewed; however, operator-provided guest records may be easy to manipulate. Alternatively, or simultaneously, effective enforcement requires active platform engagement that includes monitoring of the number of reserved nights (along with business license validity). To get around a night cap, an operator could create a new host profile or new listing (for the same STR unit), thus this would also have to be actively monitored and disallowed by the platforms (in this case, it must be the platforms and not the City who does this due to privacy issues).
  - Implementation: a night cap is likely one of the most difficult policy tools to implement. Significantly more data, information, and resources are required for effective enforcement, without which effective implementation will not be possible.
- Housing impacts:
  - STR listings: we estimate that in Calgary in September 2023, there were 893 listings (18 percent of all listings) that were reserved for over 180 nights within the last year. If we assume that all listings reserved for over 180 nights would

leave the market (a very strong assumption),<sup>21</sup> 893 STR listings would be removed from the market—a decline of 18 percent in listings. The majority of the decline in STR listings would be in entire home/apartments and in the Beltline.

- LTR rents: our estimates suggest that a decline in STR listings because of a night cap would be associated with a decline in LTR rents of 0.076 percent on average across communities. The largest impact would be in the Beltline where a decline in STRs is associated with a 3 percent decline in LTR rents (all else held equal). This again assumes all STRs that are rented for more nights than the night cap are removed from the STR market completely.
- Housing prices: the empirical evidence suggests that housing prices will decline, benefitting home buyers and harming home owners.
- Commercial versus home share hosts:
  - Commercial hosts: a night cap would negatively impact permanent STRs. Looking at the commercial indicators separately, we estimate permanent listings would decline from 782 listing to 378 listings (52 percent), listings by multi-listing hosts would decline from 2,086 listings to 1,495 listings (28 percent), and entire home/apartments would decline from 2,221 listings to 1,716 listings (23 percent). Listings that span at least two of the three indicators would decline from 1,266 listings to 907 listings (a decline of 28 percent). Listings that span all three indicators (the most commercialized) would decline by 73 percent (from 234 listings to 64 listings). This again assumes all STRs that are rented for more nights than the night cap are removed from the STR market completely.
  - Home share hosts: temporary home-sharing STR operations would not be affected by a night cap but it may have a negative impact on full-time home-sharing operations that have more than 180 reserved nights.
- Tourism: a night cap would reduce STR availability. It may also increase costs paid by guests: the cost of operating an STR must be spread over fewer reserved nights, justifying an increase in the cost per night.
- Other: does not address Airbnb rental arbitrage nor ghost hotels.

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<sup>21</sup> This assumes only an extensive effect – that STRs leave the STR market. However, it is likely that this policy tool will have an intensive effect, e.g., reduce the number of nights an STR is reserved for without actually removing it from the STR market. We are unable to estimate the relative behavioral responses. These estimates should be thought of as upper bounds.

### **Policy Tool 1: Prohibit STRs in Residential Affordable Housing Units and Commercial Conversions**

*Design:* Maintain the current licensing regime plus prohibit STR business licenses for STRs in backyard suites (LUB, s. 153.1), accessory residential buildings (LUB, s. 138), secondary suites (LUB, s. 295), and/or downtown commercial conversions.<sup>22</sup>

*Evaluation:*

- Implementation:
  - Administration: administering this policy tool through the licensing scheme is relatively straight-forward. It could require a host attestation that the STR is not in an affordable housing unit (as described above) and a subsequent inspection could confirm this. To ensure the STR is not in a commercial conversion, the address of the proposed STR could be cross-checked against known commercial conversions.
  - Enforcement: in September 2023 in Calgary, 12 to 25 percent of Airbnb and VRBO/HomeAway listings/STR licenses were in backyard or suites. Given the potentially high proportion of listings that are in affordable units, restricting STRs in affordable units may result in a modest number of STR operating illegally. In addition to the administration requirements, the City could conduct random inspections to ensure licensed STRs are adhering to what they claimed to be. For effective enforcement, STR platforms should be *required* to actively cooperate (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses, and have platforms remove identified unlicensed/illegal listings. Platforms should also be required to prohibit the listing of STRs described as “secondary suites”.
  - Effective implementation: it will likely be difficult to secure the cooperation of platforms. There are also work-arounds. For example, a STR host could host an STR out of an illegal secondary suite.
- Housing Impacts:
  - STR listings: based on the AirDNA listings and City of Calgary license data, we estimate that in September 2023, a minimum of 524 licenses and 1,201 listings are either in secondary suites, basements, backyard suites, or other accessory dwelling units. Using the AirDNA data to remove STRs in basement suites and ADUs (but *not* commercial conversions) reduces STR listings by 1,201 listings (24 percent). Developing communities are the most impacted including Livingston (-73 listings or 59 percent of listing in Livingston), Sage Hill

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<sup>22</sup> Note that this could also be implemented concurrently through the Land Use Bylaw by making STRs in backyard suites and secondary suited a discretionary or prohibited use. The advantage to this would be enhanced enforcement provisions under the LUB. A disadvantage to this would be reduced flexibility to change the STR regime in the future.

(-43 listings or 64 percent of listings in Sage Hill) and Seton (-38 listings or 37 percent of listings in Seton).

- LTR rents: our estimates suggest that if basement suites and ADU's were no longer listed as STRs, this would be associated with an average reduction in LTR rents of 0.10 percent. The largest effect would be in Livingston where a decline in STRs would be associated with a decline in LTR rents by 1.3 percent.
- Housing prices: the effect on housing prices is uncertain: there is no empirical evidence on this specific policy tool. Given we are examining secondary suites, the proportion of units that return to the market may be smaller than other policy tools examined in the literature (e.g., the PRR and outright bans); however, it also reduces what one can use a house for. Thus, we hypothesize that housing prices would decrease due to a declining opportunity cost.
- Building permits: the empirical evidence suggests that building permits for structural additions would decline.
- Commercial versus home share hosts:
  - Commercial hosts: this policy tool will prohibit commercial hosts that are purchasing commercial conversions to use as STRs (but we cannot estimate this). Using the AirDNA data to estimate the effect of the removal of STRs in secondary suites and ADUs, we estimate that this policy tool will only have a small impact on commercial STRs. Looking at each commercial indicator separately, we estimate permanent STRs would be reduced from 782 listings to 595 listings (24 percent), listings by multi-listing hosts would be reduced from 2,086 listings to 1,802 listings (14 percent). Listings that span two of the three commercial dimensions are estimated to be reduced from 1,266 listings to 1,206 listings (5 percent). The most commercial STRs—permanent entire home/apartment listings listed by a multi-listing host—are estimated to decline from 234 listings to 231 listings (one percent).
  - Home share hosts: a prohibition of STRs in residential affordable housing units may have a negative effect on home sharers and economically disadvantaged hosts: it reduces the options available to them for under-used space.
- Tourism: this policy tool would reduce lower-cost STR options, increasing the average STR price. It will also decrease the variety of STRs.
- Other: this policy tool may reduce the incentive to develop residential affordable housing units, opting instead for illegal secondary suites or illegal backyard suites, etc. It may also incentivize the use of secondary suites as the personal residence of the operator/permanent resident while making use of the main residential unit as an STR. Finally, it may reduce private investment in commercial conversions.

## **Policy Tool 2: Prohibited Buildings List**

*Design:* to reduce STRs in affordable housing units, a prohibited buildings list could be created. For buildings on the list, STRs licenses would be denied. This list could include: commercial conversions, social housing (e.g., units managed by Calgary Housing Company), housing built using funds from the Housing Accelerator Fund and by Attainable

Homes Calgary, any other housing units designated as affordable units, and apartments/condos where a certain percentage of units are already licensed STRs.

*Evaluation:*

- Implementation:
  - Administration: administration would be straightforward. It would require checking license applications against the prohibited building list.
  - Enforcement: effective enforcement would require active platform engagement in actively validating licenses on listings and ensuring no listing is permitted in a building on the prohibited building list or the active checking of license validity on listings by the City of Calgary (using a data sharing agreement with platforms) and the platform removal of identified illegal listings.
  - Effective implementation: with platform co-operation, this policy tool could be effectively implemented. Given experience in other jurisdictions, securing platform cooperation may be difficult, reducing effective enforcement.
- Housing Impact: we cannot directly estimate this impact because the STR data we have is randomized over a radius of 200m and we do not have all the locations of buildings that could be on the prohibited buildings list. Nevertheless, this would protect affordable housing units from being rented out as STRs, leaving them for residents. It is unlikely that this policy tool will have a widespread impact on LTR vacancy rates, rents, or housing prices (assuming the prohibited buildings list is not extensive). Its impact is limited to units on the prohibited buildings list.
- Commercial vs. home-sharing operations: this policy tool would reduce both commercial operations and home-sharing within prohibited buildings. It may have a negative impact on economically disadvantaged hosts who can no longer use under-used space in an affordable rental unit space as an STR. It may also negatively impact private investment in commercial conversions as STRs in commercial conversions would no longer be permitted.
- Tourism: assuming the prohibited buildings list is not extensive, there would be little effect on STRs as tourist accommodations.
- Other: by prohibiting STRs in apartments/condos where a certain percentage of units are licensed STRs, this will reduce rental arbitrage opportunities. The City should consider how this aligns with condo bylaws.

*Strategy 4: Reduce quantity of STRs in Communities with High STR Activity*

**Policy Tool 1: STR License Quota by Community**

*Design:* like the broad-based license quota, a license quota by community would cap the number of STR licenses permitted in each community. Suppose for illustration's sake, the license quota was set by community in September 2022 at the then current levels of licenses, and that license quotas were permitted to grow at a rate of 25 annually in

developing communities but held constant in established communities.<sup>23</sup> Licenses are allocated on a first come-first serve basis using a waiting list. Renewals are given priority.

*Evaluation:*

- Implementation:
  - Administration: this is a straightforward-to-administer policy tool. STR licenses by community would need to be tracked and compared against quotas. STR license applications would need to be denied and added to the waiting list as quotas are met.
  - Enforcement: the more restrictive the quota, particularly in certain communities (i.e., the Beltline), the more STRs that may operate illegally. Effective enforcement would *require* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City had platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
  - Effective implementation: if effectively enforced, a license quota by community could be implemented effectively; however, it requires cooperation of STR platforms and/or additional resources for effective enforcement and implementation which may be difficult to obtain.
- Housing impact:
  - STR listings: using the City of Calgary license data, a quota such as the above would reduce licenses in September 2023 by 2,210—a decline of 52 percent in licenses—with the largest decline in the Beltline, and other Centre and developing communities that have seen large STR growth within the last year.
  - LTR rents: because the license data is used and not the AirDNA data, we cannot estimate associated effects on LTR rents of this policy intervention. However, it may be hypothesized that as STR licenses and thus STR listings decrease, our regressions suggest that there may be an associated decline in LTR rents though the magnitude is not expected to be large, with the largest impacts being in communities that see the largest declines in STR listings.
  - House prices: while this policy tool is not specifically examined in the empirical literature, the empirical literature suggests that a community quota would reduce house prices, particularly in communities targeted by the quota, benefitting home buyers in those areas but harming homeowners.
  - Building permits: while this policy tool is not specifically examined in the empirical literature, the empirical literature suggests that a community quota may decrease building permits for both new builds and structural additions. This effect may be less than that seen in the literature if the quota is allowed to grow.
- Commercial vs. home share operations: it is possible that commercial STR operations would increase proportionately whereas smaller home shares may decline proportionately. This is because commercial operations are more likely to

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<sup>23</sup> We do not have housing starts nor housing growth by community.

continue renewing their licenses while home share hosts are more likely to let their STR licenses lapse when they are not using them. However, this is uncertain. A quota would not specifically limit commercial operations: multi-listing hosts and entire home/apartment STRs would still be permitted.

- Tourism: STRs would remain a part of the Calgary hospitality sector, albeit a lesser amount. The variety of STRs may stay the same; however, it may also trend towards more entire home/apartments and away from shared spaces. The change in the mix is uncertain. A quota would reduce the number of accommodations available for tourists. This may increase STR and hotel prices.
- Other: It is unclear whether an STR quota would be perceived as “fair”, dependent on the level of competition for licenses: this may be community specific. A quota favors incumbents over new entrants and the first-built sections of new communities.

## **Policy Tool 2: Use of Land Use Bylaw**

*Design:* the Land Use Bylaw (LUB) can be used to restrict the quantity of STRs in an area by designating STRs as a “discretionary use” in the targeted zoned area and requiring a development permit. After a development permit is obtained, a license may or may not be required; although we assume a license will still be required (and have the same general requirements as currently; this is standard practice in jurisdictions with permits). In this example, it is assumed that STRs in all residential land uses are designated as a discretionary use and that STRs must obtain the development permit in order to obtain the STR license (e.g., there is no PRR requirement, license quota, limit on number of licenses, etc., though these could be implemented simultaneously if desired). We also assume the development permit requirement applies to all existing and new STRs.

### *Evaluation:*

- Implementation:
  - Administration/enforcement: as detailed in our LUB Technical Review (Petit and Tedds 2024d), incorporating STRs into the LUB will require new provisions in the LUB and applying them to currently existing and new STRs. This will require additional resources to review the development permits. There may be a larger up-front cost to process the existing STRs.
  - Enforcement: dependent on the difficulty in securing a development permit, including processing time and fees, this may result in more STRs operating illegally. Effective enforcement would *require* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City had platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
  - Effective implementation: given the higher administrative requirements, if effectively enforced, a license quota by community could be implemented effectively; however, it requires cooperation of STR platforms and/or additional resources for effective enforcement and implementation which may be difficult to obtain.

- Housing Impacts:
  - STR listings: if the City will use their discretionary power over development permits to refuse STRs where the level of STR activity is not compatible with the neighbourhood/community and the provisions are effectively enforced, we assume that the number of STRs will decline.
  - LTR rents and housing prices: if STR listings decline, the empirical evidence suggests that monthly LTR rents will decline, and housing prices will decline (benefitting home buyers though negatively affecting homeowners) in areas of higher STR activity that are actively targeted. By how much is dependent on the use of the City's discretionary power.
  - Building permits: how building permits will be affected is uncertain and likely depends on the expectation of the City's use of discretionary power. It is likely that these negative effects will be smaller compared to other policy tools (e.g., the PRR) as labelling an STR as a discretionary use still allows STRs to exist within entire home/apartments and personal residences.
- Commercial operations versus home sharing operations:
  - Commercial hosts: the use of the LUB on its own will likely not have a large impact on commercial STR operations. It is another cost. For commercial operations that are efficient and can pass the cost on to the guests and across their STRs, there will be a small impact. For marginal commercial hosts who are not efficient, they will be removed from the market.
  - Home share hosts: this policy tool will likely have a negative impact on home sharing hosts as the requirement for a development permit increases STR costs. This may negatively impact economically disadvantaged hosts who cannot afford the additional fees.
- Tourism: The costs paid by STR guests will likely increase as a development permit increases the cost of operating an STR. The impact on the variety of STRs is uncertain.
- Other: defining STRs as a discretionary use allows the City more flexibility and control in determining spatial allocation and concentration of STRs.

## Discussion

If the City of Calgary wishes to restrict STRs with the objective of improving housing affordability, our review suggests that while restricting STRs will likely reduce STR listings, reduce LTR rents, and reduce housing prices, it will not solve the problem of housing affordability on its own, but it has the potential to be part of the solution. Which policy tool is used to do this should be carefully considered as some policy tools are better than others at addressing housing affordability, and all policy tools come with trade-offs (i.e., potential negative impacts on other sectors/aspects). Further, if the City of Calgary pursues STR policy with an objective of improving housing affordability it should do so within the context of the City of Calgary's housing strategy to ensure an integrated and complementary approach to this important objective.

There are some general conclusions we can make following our review of policy tools that address housing affordability to consider within the context of the housing strategy. First, STR regulatory tools in this section are difficult to effectively enforce, as other jurisdictions have experienced. At the extreme end, a night cap is likely unenforceable.<sup>24</sup> For the remaining policy tools, platform cooperation (the sharing of information and the removal of illegal listings) should be sought for the most effective enforcement. Without platform cooperation, enforcement may be done through physical inspection and in-house or third-party data analysis, but this may be less effective, compromising the ability to meet the policy objective, and more time consuming, meaning that additional resources for enforcement will need to be considered.

Second, some STR policy tools may not have a large effect on improving housing affordability (i.e., increasing potential LTR units and decreasing LTR monthly rents). For example, a night cap on its own and a prohibited building list on its own will likely not have a large effect on housing affordability. But they can address other housing objectives. For example, a night cap may decrease permanent STRs, and a prohibited buildings list may ensure affordable housing units remain available for those who need them. These tools could be paired with other STR policy tools that have larger impacts on housing affordability if that is the City's objective.

Third, there are distributional effects within the housing market. While these STR restrictions may increase potential LTR units and decrease LTR monthly rents, they may also decrease housing prices—benefitting home buyers and harming homeowners—and they may decrease building permits for either new builds or structural additions (policy dependent) and private capital required for the downtown commercial conversions. Overall, while there may be positive impacts for renters and home buyers, this may also negatively affect seniors' retirement plans and reduce the housing stock in the long-term. The City should be prepared for these trade-offs if an STR policy tool that addresses housing affordability is implemented.

Fourth, there are interactions between housing affordability, commercial operations, and tourism. STR policy tools intended to improve housing affordability by prohibiting commercial STR operations (e.g., the PRR) will likely have a relatively large positive affect on housing affordability (i.e., for renters and home buyers) but have relatively large negative effect on tourism accommodations through the reduction of STR accommodations and STR accommodation variety, as well as a potential increase in hotel prices. Likewise, policy tools that are less restrictive but still hamper commercial operations (e.g., only allowing one STR license per person) will likely have a positive effect on housing affordability (less so than the PRR), but they still have a potential negative effect on tourism through the reduction of STR accommodations (but less so than the PRR). On the other hand, increasing the cost of operating an STR without prohibiting commercial operations (e.g., development permits) has a smaller impact on housing affordability (compared to PRR or limiting STR licenses to one

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<sup>24</sup> Note that STR regulatory reviews in other Canadian cities have reached the same consensus. See for example the policy options for Ottawa (Maclaren Municipal Consulting Inc. 2019).

per person), but will also likely maintaining STR accommodation and variety for tourists (albeit at an increased cost to STR guests). If the City wants to minimize impacts to tourism while addressing housing affordability, the balance between housing affordability, commercial operations, and tourism impacts should be considered (and priorities determined).

Much ado has been over the personal residence requirement (PRR) with many STR opponents suggesting it be used. Our review suggests that the PRR would be one of the most effective policy tools in reducing STR units, likely lowering LTR rents and housing prices especially in communities with high levels of STR activity. Other municipalities with larger, more problematic STR markets have employed the PRR (e.g., Vancouver, Toronto, Ottawa). While it is an option, it should be kept in mind that the PRR will also reduce entire home/apartment STR rentals that some tourists prefer over hotels due to available amenities (see: the What We Heard Report), may reduce building permits for new builds and structural additions, reduce private investments in commercial conversions reducing housing in the long run, reduce the economic opportunities for entrepreneurial hosts, and increase hotel prices.

An alternative policy tool that may be considered to reduce these negative trade-offs (assuming housing affordability is the main policy objective for the City of Calgary when it comes to STRs) is limiting STR licenses to one per person and pairing this with a prohibited buildings list. This policy tool may not have as large an effect on housing affordability (compared to the PRR). However, it would still likely reduce STR units, LTR rents, and housing prices. Like a PRR, limiting STR licenses to one per person will likely not require a substantial amount of new resources to implement (if done through the licensing framework already in place), and is minimally enforceable even if platform cooperation is not obtained (e.g., through the denial of licenses, physical inspections, the data analysis). Unlike the PRR, it may result in relatively more STR variety that is preferred by some tourists (e.g., entire house/apartment rentals), allow small commercial hosts (limiting them to one STR unit as opposed to multiple units like we see now or banning them completely as under the PRR), and keep open the opportunity to use commercial conversions as STRs (for better or worse; decreasing risks associated with investing in the conversions). The prohibited buildings list would concurrently prohibit rental arbitrage and the conversion of entire apartments or condos in STR “ghost hotels” and protect affordable housing units from being converted into STRs.

Other alternatives are possible—including a license quota and the use of the Land Use Bylaws—to address housing affordability. The license quota favors incumbents and initial implementation (if the quota is set to a lower level than current STR licenses) will have to determine who keeps their STR license and who must give up their STR license. Likewise, the LUB is possible and may give the City more flexibility in determining where STRs are located but it may only have a small effect on housing affordability (dependent on how it is administered) and many of the same restrictions that could be placed in the LUB may also be done through the current licensing regime (with less flexibility over location).

Overall, the choice of policy tool that best addresses housing affordability depends on the choices of the City in what policy objectives and aspects they wish to emphasize, and which aspects they are comfortable trading off against. To a lesser extent, this choice depends on what is effectively enforceable. While in general enforcement is difficult and should not be the ultimate determining factor in which tool to select, policy tools that are completely unenforceable will not be effective in addressing housing affordability.

A final note is related to our multi-dimensional understanding of setting STR policy. As policy tools are considered so should the definition of STRs. In some cases, the policy tools outlined here challenge the length of stay approach to defining STRs. In particular, if the City of Calgary maintains the current length of stay definition of an STR then these policy tools would only apply to such STRs. As we noted in the MTR Appendix, these regulations are avoidable by STR hosts by simply posting that their minimum stay is one day more than the regulated length of stay. If the definition of STRs is expanded to include MTRs, there is the problem that corporate rentals will also be affected by any new regulations. Decision makers at the City of Calgary need to give due consideration to such outcomes and the implications for meeting their policy objectives related to housing affordability versus tourism.

Table 3: Impact of Selected Policy Tools on Housing Affordability by Strategy

Strategy	Policy Tool	Impacts										
		Implementation			Impacts on Housing Affordability				Impact on Commercial vs. Home Share STR Hosts		Tourism	Other
		Administration	Enforcement	Implementation	Impact on Number of STRs (estimated September 2023)	Impact on LTR Rents (estimated for September 2023)	Impact on housing prices (empirical literature)	Impact on Building Permits (empirical literature)	Home Sharers	Commercial Hosts		
Reduce Quantity of STRS Generally	Limit STR Licenses to one per person	Straightforward: check already-collected license data.  Will require some additional data analysis.	Enhanced through platform cooperation & active enforcement	Possible work-arounds and difficulty of securing platform cooperation may reduce effective implementation.	Decline of 981 to 1,455 listings  Largest impact in Beltline: decline of 135 to 272 listings.	An average decline of 0.08% to 0.12%.  Impact largest in Beltline: a decline of 2.5% to 5%.	Likely relatively small decline.  Good for home buyers, negative for homeowners.	Likely relatively small decline, particularly for new builds.	No expected negative impact.	Reduction in listings by multi-listing hosts: -88%  Reduction in permanent listings: -26% to -36%.  Reduction in listings that span 2 out of 3 commercial dimensions: -75% to -81%  Reduction in most commercialized: -98%	Reduced STR accommodations.  Maintains variety of STR types.  May see increase in hotel pricing.	Eliminates rental arbitrage opportunities.  Allows entire apartments/condos to be STR ghost hotels (with each unit owned by a different operator).
	City-wide License Quota	Straightforward: track already-collected license data.  Will require some additional data analysis (but it's not complex).	Requires platform cooperation & active enforcement  Becomes more important as the quota becomes more restrictive.	Difficulty in securing platform cooperation may reduce effective implementation.	Decline of 1,496 licenses.	Likely decline. Estimates not available.	Likely decline.  Good for home buyers, negative for homeowners.	Likely decline, though mitigated if quota allowed to grow.	Potential decrease in share.	Potential increase in share.	Reduced STR accommodations.  Potential increase in STR prices.  May see increase in hotel pricing.	Favors incumbents.  Does not address rental arbitrage and ghost hotels.
	License Moratorium	Will require the collection of real time data on LTR vacancies.  Otherwise, straightforward to administer. Requires denying new STR application in certain conditions.	Requires platform cooperation & active enforcement  Becomes more important during an active moratorium.	Difficulty in accessing real time LTR vacancy data and in securing platform cooperation may reduce effective implementation.	We cannot estimate this. No empirical literature. We hypothesize given the temporary nature, will likely only have a small affect on housing affordability.				Uncertain.		Reduced STR accommodations during active moratorium.  May see increase in hotel pricing during active moratorium + tourism season.	
Reduce Commercial STRs	Personal Residence Requirement (PRR)	Requires collection of new info for verification of PRR. Potentially requires an inspection (if the City chooses).	Due to restrictiveness of this tool, requires ongoing platform cooperation & active enforcement	Possible work-arounds and difficulty of securing platform cooperation reduces effective implementation.	Decline of 1,302 to 1,714 listings.  Largest impact in Beltline: decline of 213 to 332 listings.	An average decline of 0.11% to 0.15%.  Impact largest in Beltline: a decline of 3.9% to 6.1%.	Likely relatively large decline.  Good for home buyers, negative for homeowners.	Likely relatively large decrease, particularly for new builds.  May impact available	Likely no negative impact.	Prohibition of permanent entire home/apartments.  Reduction in listings by	Reduced STR accommodations.  Reduced variety of STR types (particularly entire home/apartments).	Potential spatial re-location into communities outside of Centre.  Potential noise and nuisance

								capital for commercial conversions.		multi-listing hosts: -70%-93%  Reduction in permanent listings:- 58%.  Reduction in listings that span 2 out of 3 commercial dimensions: - 68 to -98%  Reduction in most commercialized: -100%	May see increase in hotel pricing.	complaint reduction.  Eliminates rental arbitrage ghost hotels
	Night Cap (e.g., 180 nights per year)	Inform operators.	Host attestation.  Require and actively monitor guest records.  Requires relatively higher active cooperation of platforms, incl. monitoring of nightly stays and fake profiles/duplicate listings  Possibly the most difficult policy tool to enforce.	Difficulties in observing plus possible work-arounds and difficulty of securing platform cooperation reduces effective implementation.	Assuming all STRs with bookings more than 180 nights are removed from STR market:  Decline of 892 listings.	An average decline of 0.076%  Impact largest in Beltline: a decline of 3%.	Uncertain. Likely decline.  May not be large if STRs over night cap just sit empty and are not removed from the STR market.	Uncertain.	Negative impact on full-time home sharers.  Likely no impact on temporary home-sharers.	Reduction in listings by multi-listing hosts: -28%  Reduction in permanent listings:- 52%.  Reduction in listings that span 2 out of 3 commercial dimensions: - 28%  Reduction in most commercialized: -73%	Reduced STR accommodation availability.  Potentially maintains variety of STR types.  Higher costs likely passed on to guests.	Does not affect rental arbitrage nor ghost hotels.
<b>Reduce STR's in Affordable Units</b>	Prohibit STRs in residential affordable housing units and commercial conversions	Administration is straightforward – ensure through license application, inspection, and checking addresses.	Requires platform cooperation & active enforcement  Random inspections for type of dwelling unit.	Work arounds (e.g., operating out of illegal secondary suites) and lack of platform cooperation reduces effective implementation.	Reduction of 540 licenses and/or 1,569 listings (all in secondary suites/basement/ADUs)	An average decline of 0.10%  Impact largest in Livingston: a decline of 1.3%.	Uncertain. Likely a decline.  Good for home buyers, negative for homeowners.	Likely decline for structural additions.  May impact available capital for commercial conversions	Negative effect. Less options for use of under-used space.	Prohibition of rental arbitrage in commercial conversions  Reduction in listings by multi-listing hosts: -14%  Reduction in permanent listings:- 11%.  Reduction in listings that span 2 out of	Reduced lower-cost STR options.  Reduced variety of STR types.	Lots of “gray area”: e.g., what about an illegal secondary suite (e.g., entire basement STR)? Or an entire main floor STR? May incentivize illegal suites and/or STRs on entire main floors.

										3 commercial dimensions: -5%		
										Reduction in most commercialized: -0%		
	Prohibited Building List	Administration is straightforward – ensure through application, checking of address of STR against prohibited building list, and inspection.	Requires platform cooperation & active enforcement.	Lack of platform cooperation reduces effective implementation.	Likely a small decline. Confined to prohibited buildings.	Likely a small decline.	Uncertain. Small to no change.	Uncertain. May impact available capital for commercial conversions	May have a negative effect on economically disadvantaged hosts. Negatively affects home share hosts in prohibited buildings.	Negatively affects commercial hosts in prohibited buildings.	Likely small to no change. Maintains variety of STRs outside prohibited building list.	Protects certain affordable housing units from being used as an STR. Eliminates rental arbitrage and ghost hotels. Should consider/consult affected condo's or co-ops, etc.
Reduce STR's in High-Activity STR Areas	License Quota by Community	Straightforward: track already-collected license data. Will require some additional data analysis (but it's not complex).	Requires platform cooperation & active enforcement, particularly in communities where quota is restrictive and STR listings are high (i.e., Beltline)	Likely effective if enforcement is effective. Lack of platform cooperation reduces effective implementation.	Decline of 2,210 licenses.	Likely a decline. Estimates not available.	Likely decline. Good for home buyers, negative for homeowners.	Likely decline, though mitigated if quota allowed to grow.	Potential decrease in share (uncertain; no empirical evidence).	Potential increase in share (uncertain; no empirical evidence).	Reduced number of STRs. Maintains variety of types. May increase hotel prices.	Favors incumbents and first developments in new communities. Does not address rental arbitrage and ghost hotels.
	Use of Land Use Bylaw	Complex – create new provisions in LUB. Additional resources required for processing (assuming STRs become a discretionary use requiring a development permit).	Requires platform cooperation & active enforcement.	Likely effective if enforcement is effective. More resources will be required.	Likely reduced (if discretionary permits used effectively). More effect in targeted communities	Likely reduced (if discretionary permits used effectively). More effect in targeted communities	Likely decline (if discretionary permits used effectively). Good for home buyers, negative for homeowners.	Uncertain. Depends on development permit expectations	Potential negative effects especially for economically disadvantaged hosts who cannot afford fee.	Reduce inefficient commercial operations. Likely relatively small effect compared to home share hosts.	Increased cost of STR operation passed on to STR guests.	Likely most effective if paired with a licensing scheme. Increases City flexibility/control over spatial concentration of STRs.

## Preserving Neighbourhoods

### What We Know

A common complaint often heard about STR's is that they are disruptive of neighbourhoods. This was confirmed for Calgary in our What We Heard Report: survey respondents noted that the presence of STRs often cause disruption, noise, problems with parking and garbage and safety issues—ultimately undermining a sense of community. However, others were less concerned, noting a positive influence on neighbourhood vibrancy, that good operational standards neutralize issues, and that community disruptions are equally caused by long-term residents and neighbours (p.22).

When thinking about “preserving neighbourhoods” in this section, we are thinking about how STRs potentially undermine a sense of community, security of a community, and community well-being, interests, and norms. As discussed in Paulsen (2023)—while not specific to Calgary—she suggests that STRs disrupt a neighbourhood because of the extreme transitory nature of STRs. Transitory STR guests disrupt the ability of permanent residents to evaluate neighbourhood safety and order, while also violating local norms and forcing neighbours to become unpaid security (particularly when the host is an absentee host), having to call bylaw or confront the guests. As STRs within a spatial area increase, so too do these issues. Paulsen (2023) also argues that there is a perceived difference between investor-STR operators and owner-occupier STR operators: owner-occupiers STR operators are members of the community whereas investor STR operators may not be part of the community.

### Strategies

When the preservation of neighbourhoods is examined from this point of view, it suggests a number of strategies that the City could implement to reduce negative neighborhood impacts. Note that while we understand waste and noise can be a problem, there are specific Calgary by-laws that deal with these issues generally and are applicable to STRs. Here we focus on STR-specific strategies which in turn may be expected to reduce waste and noise issues. The strategies we examine here are as follows:

1. Reduce number of STRs in areas with high STR activity
  - The purpose of this strategy is to reduce the presence and visibility of STRs in neighbourhoods and buildings (e.g., apartments/condos) where STR activity and/or STR disruption is high.
  - While this strategy was examined in the previous section, it was examined from the point of view of improving housing affordability. Here, we examine it from the point of view of neighbourhood preservation.
2. Increased host (or on-site manager) presence
  - The purpose of this strategy is to encourage live-in hosts (or on-site managers) and/or discourage absentee hosts that do not maintain a presence at the STR

property. This may reduce the need for neighbours to act as security and assumes that if a host is at the STR at the same time as guests, the guest will be better behaved and are more likely to adhere to good neighbour/guest guidelines (note that there is no empirical evidence to support/refute this assumption).

3. Improved avenues for neighbour involvement and concerns
  - The purpose of this strategy is to increase neighbour knowledge about STRs and how best to reach bylaw enforcement concerning STRs and/or to increase neighbor involvement in the decision of whether or not an STR is permitted in a neighbourhood in the first place. Overall, it ensures neighbors have their voices and concerns over local STRs heard.
4. Improved parking requirements/restrictions
  - The purpose of this strategy is to reduce parking issues related to STRs (e.g., STR guests parking in the wrong spot or blocking other properties, etc.).

## Evaluative Criteria

The evaluative criteria examined here differ from when housing affordability was the main objective: they are specific to neighborhood preservation. The evaluative criteria we examine in this section are:

1. Implementation:
  - a. Administration: how is the policy tool administered? Is administration complex, straight forward, or somewhere in-between?
  - b. Enforcement: how will compliance with the policy tool be ensured? What enforcement measures need to be taken?
  - c. Effective implementation: based on administration and enforcement, can the policy tool be effectively implemented?
2. Preservation of neighbourhoods:
  - a. Spatial concentration: how will the policy tool affect the number of STRs in a particular community with a focus on high STR activity neighbourhoods (e.g., Beltline, Cornerstone, etc.)? Will STR activities be displaced into low-activity STR neighborhoods?
  - b. Visibility: how will the policy tool affect the proportion of dwelling units are STRs compared to permanent residents? How far apart (spatially) will they be? How will affect the “business” of STRs in the neighbourhood (e.g., are there a lot of guests all the time or a few guests some of the time, etc.)?
  - c. Adherence to good guest/neighbour guidelines: will the policy tool make guests more likely to adhere to good guest/neighbour guidelines?
3. Impact on commercial operations vs. home-sharing operations:
  - a. Home-sharing operations and economically disadvantaged hosts: what is the likely effect of the STR policy tool on home-sharing operations and economically disadvantaged hosts? We use the empirical literature and our estimates on housing impacts to hypothesize the general direction of the effect.

- b. Commercial operations: what is the likely effect of the STR policy tool on commercial operations? We use the empirical literature and our estimates on housing impact to hypothesize the general direction of the effect.
- 4. Other: these are other impacts of the policy tool that may be relevant for the policy tool being examined.

Table 3 provides a summary of the impacts of the policy tools in this section on neighborhood preservation by strategy.

## Policy Tools

### *Strategy 1: Reduce STRs in High-STR Activity Areas*

#### **Policy Tool 1: Community-based License Quota**

**Design:** a license quota by community would cap the number of STR licenses permitted in each community. Suppose for illustration's sake, the license quota was set by community in September 2022 at the then current levels of licenses, and that license quotas were permitted to grow at a rate of 25 annually in developing communities but held constant in established communities.<sup>25</sup> Licenses are allocated on a first come-first serve basis through the use of a waiting list. Renewals are given priority (note: this same quota was evaluated in the Housing Affordability section above in relation to housing affordability objectives).

**Evaluation:**

- Implementation:
  - Administration: this is a straightforward-to-administer policy tool. STR licenses by community would need to be tracked and compared against quotas. STR license applications would need to be denied and added to the waiting list as quotas are met. Note here that we are assuming no current licenses will be revoked/the quota will not be less than the current license number.
  - Enforcement: the more restrictive the quota, particularly in certain communities (i.e., the Beltline), the more STRs that may operate illegally. Effective enforcement would *require* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City had platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
  - Effective implementation: if effectively enforced, a license quota by community could be implemented effectively; however, it requires cooperation of STR platforms and/or additional resources for effective enforcement and implementation which may be difficult to obtain.

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<sup>25</sup> We do not have housing starts nor housing growth by community.

- Neighborhood preservation:
  - Spatial concentration: using the City of Calgary license data, a quota such as the above would reduce licenses in September 2023 by 2,210—a decline of 52 percent in licenses—with the largest decline in the Beltline, and Centre and developing communities that have seen large STR growth within the last year. The empirical evidence suggests that a community-based quota could potentially displace STRs to neighbourhoods with no quota or looser quotas (this is dependent on the quota design).
  - Visibility: a community-based quota can potentially reduce the ratio of STRs-to-permanent residents where current STR activity is high and concentrated (and where quotas target, dependent on quota level set). It could also reduce the overall frequency of guests to neighbourhoods where current STR activity is high (assuming there would be fewer STRs within a community though there is no empirical evidence supporting this assumption). A community-based quota would not likely not affect the frequency of guests in the STRs that remain (again, this is an assumption with no empirical evidence supporting this assumption). A quota also does not guarantee a set distance between STRs.
  - Adherence to good guest/good neighbour guidelines: a community-based license quota does not address adherence to good guest/good neighbour guidelines. It may make adherence worse if commercial operations make up a larger proportion of STRs than home share operations (discussed below), assuming guests are less likely to be good guests if the host is an absentee host (no evidence on this assumption so it may not hold).
- Commercial vs. home share operations: it is possible that commercial STR operations would increase proportionately whereas smaller home shares may decline proportionately. This is because commercial operations are more likely to continue renewing their licenses while home share hosts are more likely to let their STR licenses lapse when they are not using them. However, this is uncertain. A quota would not specifically limit commercial operations: multi-listing hosts and entire home/apartment STRs would still be permitted.
- Other: a quota favors incumbents over new entrants, and it favors the first-built sections of new communities over later built sections. It does not address rental arbitrage nor ghost hotels, continuing to allow for whole apartments/condos to be STR units. A quota will also decrease the number of STRs (dependent on how the quota is set) available for tourists. This in turn may result in an increase in hotel prices (based on empirical evidence)

## **Policy Tool 2: Use of Land Use Bylaw**

*Design:* the Land Use Bylaw (LUB) can be used to restrict the quantity of STRs in an area by designating STRs as a “discretionary use” and requiring a development permit. After a development permit is obtained, a license may or may not be required; although we assume a license will still be required (and have the same general requirements as the development permit; this is standard practice in jurisdictions with permits). For discussion here, we

assume the only restriction on STRs is that they obtain the development permit in order to obtain the license (e.g., there is no PRR requirement, license quota, limit on number of licenses, etc., though these could be implemented concurrently if desired).

*Evaluation:*

- Implementation:
  - Administration: as detailed in our LUB Appendix, incorporating STRs into the LUB will require new provisions in the LUB and applying them to currently existing and new STRs. This will require additional resources to review the development permits. There may be a larger up-front cost to process the existing STRs.
  - Enforcement: dependent on the difficulty in securing a development permit, including processing time and fees, this may result in more STRs operating illegally. Effective enforcement *requires* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
  - Effective implementation: if effectively enforced, this policy tool is effectively implementable, although it will require higher administration costs.
- Neighborhood preservation:
  - Spatial concentration: if the City will use their discretionary power over development permits to refuse STR permits where the level of STR activity is not compatible with the neighbourhood and the provisions are effectively enforced, we assume that the number of STRs within targeted land use areas will decline in areas of higher STR activity. By how much is dependent on the use of the City's discretionary power (note: no empirical evidence; based on hypothesis).
  - Visibility: if the City will use their discretionary power over development permits to refuse STR permits where the level of STR activity is not compatible with the neighbourhood and the provisions are effectively enforced, we assume that the ratio of STR-to-permanent residents will decline within targeted land use areas. If used effectively, it could also ensure spatial/geographic separation between STR units. It could also reduce the overall frequency of guests to neighbourhoods where current STR activity is reduced from current levels. It is unlikely that the use of the LUB in this manner will affect frequency of guests in remaining units.
  - Adherence to good guest/good neighbour guidelines: this policy tool does not address adherence to good guest/good neighbour guidelines. It may make adherence worse if commercial operations make up a larger proportion of STRs than home share operations (discussed below), assuming guests are less likely to be good guests if the host is an absentee host (no evidence on this assumption so it may not hold).

- Commercial operations versus home sharing operations:
  - Commercial hosts: the use of the LUB on its own will likely not have a large impact on commercial STR operations. It is another cost. For commercial operations that are efficient and can pass the cost on to the guests and across their STRs, there will be a small impact. For marginal commercial hosts who are not efficient, they will be removed from the market.
  - Home share hosts: this policy tool may have a negative impact on home sharing hosts. A development permit (+ related fee) increases STR costs. This may negatively impact economically disadvantaged hosts who cannot afford the additional fees. This will depend on the fee.
- Other: defining STRs as a discretionary use allows the City more flexibility and control in determining spatial allocation and concentration of STRs. The costs paid by guests will likely increase as a development permit increases fixed costs.

### **Policy Tool 3: Restrict proportion of STRs in apartments/condos**

*Design:* this policy tool restricts the number of STR licenses an apartment and/or condo building (e.g., high rise residential buildings) can have (e.g., only 30 percent of units in an apartment building can be licensed STRs). In determining who is issued an STR license, it is first-come-first-serve with renewals given priority and a waiting list is maintained. Because many condos already have condo by-laws that address STRs, care must be given as to how this policy tool would interact with condo bylaws.

#### *Evaluation:*

- Implementation:
  - Administration: initial implementation would require that some specific questions be answered, including: how will condo bylaws be treated? How would already-existing STRs be treated (if there are more STRs than permitted under the new policy tool)? This policy tool will be particularly contentious in condos with a permissive stance towards STRs and with a high level of current STR activity. Additionally, impacts on MTRs and corporate rentals should be considered. Once these questions are answered, administration requires data on the number of units per building. This data can then be cross-checked against STR license applications/renewals to determine if an STR license should be granted.
  - Enforcement: should include informing condo boards and apartment property managers of the policy tool as they can aid in enforcement through observation and reporting. Because this policy tool prohibits certain large-scale commercial STR operations, effective enforcement *requires* that STR platforms become actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
  - Effective implementation: consultations with condo boards, and consideration of MTR and corporate rentals may make initial implementation

tricky to navigate. If these issues are dealt with and enforcement is effective, this policy tool can be effectively implemented.

- Neighborhood preservation:
  - Spatial concentration: would reduce the proportion of STRs located in condos/apartments. We are unable to estimate the number of STRs that would be affected as our STR data does not contain the building nor precise addresses. STRs may be displaced outside of apartments/condos (some empirical evidence shows that restricting STRs in one neighbourhood displaces STRs to adjacent neighbourhoods but does not look at building type).
  - Visibility: would reduce the ratio of STR-to-residents and overall frequency of guests in a condo/apartment building. It would increase distance between STRs in apartments/condos. It is unlikely that this policy tool will affect the frequency of guests in remaining units.
  - Adherence to good guest/good neighbour guidelines: this policy tool does not address adherence to good guest/good neighbour guidelines.
- Commercial operations versus home sharing operations:
  - Commercial STR hosts: reduces commercial STR operations in apartment/condo buildings. Reduces Airbnb rental arbitrage opportunities. That said, commercial operations may be displaced outside of apartments/condos (some empirical evidence shows that restricting STRs in one neighbourhood displaces STRs to adjacent neighbourhoods but does not look at building type).
  - Home share hosts: may reduce home sharing operations in apartments/condos, but negative effects are not expected to be large as very few STRs in Calgary are home sharing operations in apartment/condos (see our Empirical Report).
- Other: may reduce apartment/condo development and commercial conversion (empirical evidence shows that restricting STRs can reduce new building permit applications generally but evidence is not building specific). This policy tool favors incumbents – those that have an STR first in a building. Will reduce the number of STRs that are entire apartment STRs, removing some variety of STRs for tourists.

#### **Policy Tool 4: Specify how far one STR must be from another (spatial restrictions)**

*Design:* using either the Business License Bylaw or the LUB, this policy tool specifies how far away STRs must be from other STRs. For example, an STR must be the only STR within a 150-meter radius.<sup>26</sup> Due to logistics, this may only apply to low-density residential districts (e.g., it may not be practical in high-rise apartment and condo buildings, in which case the previous policy tool limiting the percent of units in a building that can be used as an STR may be used). In determining who is issued an STR license, it is first-come-first-serve with renewals given priority and a waiting list is maintained.

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<sup>26</sup> Note: 150 radius is used in Montreal. Austin, Texas uses a 100 ft radius. Louisville Kentucky limits STRs to a 600 ft radius.

### Evaluation:

- Implementation:
  - Administration: initial implementation would require that some specific questions be answered including: how would already-existing STRs be treated, particularly where there is more than one STR in the set radius? Would the spatial restrictions apply or would non-conforming STR be “grandfathered” in? If spatial restrictions apply to all existing STR, how will it be determined who will lose their STR license? This will likely be very contentious in communities with a high level of current STR activity such as the Beltline, Centre communities, and developing communities. After addressing initial implementation issues, this tool would be straightforward to administer. It would require cross-checking of license applications to ensure there are not multiple STRs within the set radius.
  - Enforcement: because this policy tool prohibits some STR operations, effective enforcement *requires* that STR platforms became actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
  - Effective implementation: initial implementation may be tricky to navigate. If these issues are dealt with and enforcement is effective, this policy tool can be effectively implemented.
- Neighborhood preservation:
  - Spatial concentration: this policy tool would reduce the number of STRs in the same neighborhood if applied to all STRs (including currently existing STRs). It would guarantee a set distance between STRs. However, it may displace STRs to lower activity STR neighborhoods. We are unable to estimate the exact impact as our data does not have precise STR addresses.
  - Visibility: while there is no empirical evidence, this policy tool would likely reduce the ratio of STR-to-residents in a neighbourhood where current STR activity is high and concentrated. It could also reduce the overall frequency of guests to neighbourhoods where current STR activity is high and concentrated. Within remaining STR units, guest frequency is not expected to change.
  - Adherence to good guest/good neighbour guidelines: this tool does not address whether guests adhere to good guest/neighbour guidelines.
- Commercial operations versus home sharing operations:
  - Home share operations: this tool could reduce home sharing operations as STRs within a neighbourhood would potentially be reduced.
  - Commercial operations: while this policy tool would also affect commercial operations, it is more likely to displace commercial operations rather than significantly reduce commercial operations.
- Other: this policy tool favors incumbents—those that have an STR first in a neighbourhood (within the set radius).

### **Policy Tool 1: Live in host or manager-on-site requirement**

*Design:* this policy tool requires that as part of STR licensing or development permit requirements, a host live on site or that a property manager be present on site while the unit is being rented as an STR. This would mean that home share STR hosts like snow birds and those who travel for work could not rent their house as an STR while travelling unless they hired an on-site manager. It would allow for commercial STRs as long as a property manager was on site. This restriction could be implemented through the current business licensing regime or through the Land Use Bylaw (if used).

*Evaluation:*

- Implementation:
  - Administration: administration would be straightforward, requiring, for example, a host attestation that someone will be on site.
  - Enforcement: enforcement of this policy tool would be difficult because it is difficult to observe the presence of a host/property manager while the STR is being rented out even with platform cooperation. It would require active, frequent physical inspection.
  - Implementation: it may not be possible to effectively implement this provision due to the inability to enforce it.
- Neighborhood preservation:
  - Spatial Concentration: if effectively enforced, this policy tool may reduce the number of STRs, particularly entire home/apartment STRs where there is often not a live-in host/manager (no empirical evidence, based on hypothesis and assumption that acquiring an on-site property manager is an additional cost).
  - Visibility: if STRs were reduced, this may decrease the STR-to-resident ratio. Further, if STRs were reduced, the frequency of guests overall in a neighbourhood may decline.
  - Adherence with good guest/good neighbour guidelines: this tool may improve guest adherence with good guest/neighbour guidelines assuming that the on-site host/manager is a responsible community member and has control over the conditions of the STR (there is no empirical evidence for this).
- Commercial operations versus home sharing operations:
  - Home sharing operations: this provision will not affect home sharing operations where the host is ordinarily on site. This provision will decrease home sharing operations where the host lists their unit when they are temporarily away.
  - Commercial operations: this policy tool may reduce marginal commercial operations where it is not economically viable to have an on-site property manager. For commercial operations that remain operational, this policy tool will likely increase the cost of STR rentals as the cost of the on-site manager is passed on to guests.
- Other: this policy tool may increase the cost of STRs to tourists.

## **Policy tool 2: Tiered Licensing (personal residence vs. secondary residence vs. non-resident)**

*Design:* licenses are split into three tiers. The first tier is for STRs that are operated in a personal residence (which may or may not have the requirement that the host be on-site). The second tier is for STRs that are operated in secondary properties (e.g., properties that the host does not live in nor intend to live in) but the host is a resident of Calgary. The third tier of licenses are for STRs operated by non-residents who do not live in Calgary. The first tier of licenses has a smaller fee than the second tier of licenses which have a smaller fee than the third tier of licenses. As an example, Drumheller recently set their fees to \$245 (personal residence STR), \$810 (secondary STR), \$1,010 (non-resident STR).<sup>27</sup> The idea is to raise the price of certain STRs to disincentive them and/or to re-coup additional externalities.

### *Evaluation:*

- Implementation:
  - Administration: administration is straight-forward. The STR license application already contains a question on whether an STR is in a personal residence or not and whether the STR operator is a resident of Calgary. A question that will need to be answered is what to do if an STR changes type (e.g., from a personal residence to a secondary property or vice versa).
  - Enforcement: this may be an easy provision for a host to work around (e.g., lie about an STR being a personal residence). Physical inspections (e.g., as part of the fire inspection) could be used to support enforcement. To support enforcement, platform cooperation would be complimentary (e.g., ensuring listings have valid licenses) but not necessary (as platforms also do not observe whether the STR listing is a personal residence or secondary property).
  - Implementation: a concern may be raised as whether tiered license fees adhere to legal constraints related to such fees being solely used for cost recovery. Tiered licencing with different fees may be justified on a cost recovery basis if the City can show that secondary STRs are more problematic, e.g., require more bylaw visits, than personal residence STRs (in this case, costs include not just the processing fee but the total cost to the taxpayer of permitting these STRs to operate).
- Neighborhood preservation:
  - Spatial Concentration: this policy tool may reduce the number of STRs. Those most likely to be removed from the market are those that cannot afford the additional license fees. We hypothesize that the effect of this policy tool on the number of STRs will be small, only removing marginal STRs from the market (albeit this depends on the size of the STR fee).
  - Visibility: while this tool may reduce the number of STRs and thus frequency of guests, we hypothesize this effect would be small given we expect a relatively small reduction in STRs.

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<sup>27</sup> <https://www.drumheller.ca/do-business/start-a-business/short-term-rentals>

- Adherence to good guest/good neighbour guidelines: the idea of this tool is to incentivize live-in hosts. If the fee is set appropriately and if enforceable, there may be an increase in live-in host STRs. If hosts are responsible, this may increase adherence with good guest/good neighbor guidelines (though there is no empirical evidence to support/refute this). We do not expect this effect to be large (it depends on the size of the fee).
- Commercial operations versus home sharing operations:
  - Home sharing operations: as long as the fee for the personal residence STR license is not set higher than currently, we expect no impact on home-sharing STR operations.
  - Commercial operations: as long as the fee is not set prohibitively high for secondary and non-resident STR licenses, we do not expect a large impact on commercial operations. The increased cost may be passed on to STR guests.
- Other: higher costs of licensing secondary and non-resident STRs will likely be passed on to guests.

### **Policy Tool 3: Require a development permit for STRs in secondary properties**

*Design:* the policy tool would require STR hosts whose STRs are in a secondary property or STRs with no on-site host to obtain a development permit under the LUB (before being approved for an STR license). STRs could be a discretionary use and thus subject to additional considerations for obtaining an STR development permit (e.g., neighbour notice and opportunity to voice concerns, discussed below).<sup>28</sup>

*Evaluation:*

- Implementation:
  - Administration: as detailed in our LUB Technical Review, incorporating secondary STRs into the LUB will require new provisions in the LUB and additional resources for reviewing STR applications under the LUB. A question for implementation will be whether existing secondary STRs will be required to apply for a development permit. If so, this may require more up-front resources to process permits. STR license applications already ask whether STRs are in personal residences or secondary properties – this will need to be cross-checked against development permits.
  - Enforcement: there are longer processing times and higher fees associated with development permits. Because of this, STR operators may decide to operate illegally or present fraudulently as a personal residence. This may be easy for an STR host to do. Physical inspections (e.g., as part of the fire inspection) could be used to support enforcement. To ensure STR licenses are obtained in the first place, effective enforcement requires platform cooperation. To ensure secondary STRs are obtaining development permits,

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<sup>28</sup> In the City of Edmonton, the Land Use Bylaw requires live-in hosts to apply for and obtain a development permit. STRs in secondary properties are not required to obtain a development permit. Here, we reverse this for Calgary as STRs in secondary properties are often perceived as more disruptive to a neighbourhood. We are not aware of any legal challenges to this set-up in Edmonton, but it is always a possibility.

platform cooperation would be complimentary (e.g., ensuring listings have valid licenses) but not necessary (as platforms also do not observe whether the STR listing is a personal residence or secondary property).

- Effective implementation: requiring a development permit for only one type of STR license may not be effectively implementable due to difficulties with enforcement.
- Neighborhood preservation:
  - Spatial concentration: if the City will use their discretionary power over development permits to refuse STR development permits and the provisions are effectively enforced, we assume that the number of secondary STRs within targeted land use areas will decline. By how much is dependent on the use of the City's discretionary power (no empirical evidence).
  - Visibility: assuming that the City will use their discretionary power over development permits to refuse secondary STR permits, and the provisions are effectively enforced, we hypothesize that the ratio of STR-to-permanent residents will decline within targeted land use areas. It could also reduce frequency of guests to neighbourhoods where current STR activity is reduced from current levels.
  - Adherence to good guest/good neighbour guidelines: the idea of this tool is to discourage secondary STRs. If effectively enforced, there may be an increase in the proportion of STRs with live-in host STRs. If hosts are responsible, this may increase adherence with good guest/good neighbor guidelines (though there is no empirical evidence to support/refute this).
- Commercial operations versus home sharing operations:
  - Home-sharing hosts: this policy tool will have no effect on STR home-sharing operations.
  - Commercial hosts: this policy tool may reduce commercial operations if obtaining a development permit is seen as burdensome and if enforcement is effective and if the City uses its discretionary power to decline secondary STR permit applications. For remaining commercial operations, higher STR costs may be passed on to STR guests.
- Other: defining STRs as a discretionary use allows the City more flexibility and control in determining spatial allocation and concentration of STRs. STR costs paid by STR guests will likely increase.

### *Strategy 3: Improved avenues for neighbour involvement and concerns*

#### **Policy Tool 1: Dedicated Complaint Line: Audit**

Calgary currently uses the 311 line as the STR complaint line. Callers can currently track their service request to see its status and the complaint line is offered in multiple languages. As this number is well-known in Calgary, an additional complaint line increases complexity. However, an audit of 311 with respect to how STR complaints are handled may help to identify avenues for improvement.

## **Policy Tool 2: Neighbour Notification Through the LUB Permit Application**

*Design:* in jurisdictions that list STRs as a discretionary use in their Land Use Bylaws, there can be an additional requirement that when an STR development permit is applied for or renewed, notification must be mailed to neighbours of the STR application, and neighbours may be permitted an opportunity to respond with their concerns (in writing).<sup>29</sup> When the City determines whether the STR development permit will be granted or renewed, the neighbour responses may be taken into account. Currently Calgary does not include STRs in their LUB. We considered the inclusion of STRs in the LUB in the previous section. Here, we assume that STRS are included in the LUB and focus on the neighbour notification requirement specifically.

### *Evaluation:*

- Implementation:
  - Administration: assuming that STRs are made a discretionary use in the LUB, adding a neighbour notification requirement may require additional resources. It would require administrators to confirm that all relevant neighbours have been notified, the processing of additional paper work related to neighbor notifications and responses, and additional time for the processing of development permits.
  - Enforcement: this policy tool will increase the amount of time needed to establish an STR, fees associated with STRs, and risk (e.g., may be declined based on neighbor input). This all may increase illegal STRs. To ensure STR licenses are obtained, effective enforcement requires platform cooperation; however, platforms cannot observe whether development permits are obtained nor whether neighbors are notified. That must be done by the City through the careful processing of development permits and STR licenses.
  - Implementation: this policy tool may not be effective in neighbourhoods with disengaged or otherwise busy neighbours. However, if enforcement is effective, this policy tool may be effectively implemented although it will require more City resources.
- Neighborhood Preservation:
  - Spatial concentration: depending on how much weight neighbour concerns carry in permit application approval; this may reduce the number of STRs in a given neighbourhood (no empirical evidence; based on hypothesis).
  - Visibility: potentially reduces the ratio of STR-to-residents (particularly where STRs are problematic to neighbours). It may reduce the frequency of guests by reducing STR units where guests have become problematic (no empirical evidence; based on hypothesis).
  - Adherence to good guest/good neighbour guideline: this policy tool could reduce the number of problematic STRs. It incentivizes hosts to take more responsibility for their STRs or face having their permit or license revoked (no empirical evidence; based on hypothesis).

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<sup>29</sup> See Banff for example.

- Commercial operations versus home sharing operations: it is unclear what effect this provision would have on home sharing and/or commercial operations if any. We hypothesize that it depends on neighbourhood dynamics, local perceptions of home share versus commercial hosts, and the exercise of discretion by permit officials.
- Other: a neighbour notification requirement improves localized information important to determining whether an STR development permit/renewal should be approved and provides an opportunity for neighbours to participate in the STR approval process.

### **Policy Tool 3: Neighbour Notification via Licensing Regime plus Strike System**

*Design:* this policy tool would require that for the granting of an STR business license, neighbours be notified. This could include the simple mailing of information to neighbours or obtaining signed letters from their neighbours indicating that their neighbours have been notified of the STR. This may be coupled with a “strike” system whereby if there are some number of verified complaints made against a specific STR (e.g., three strikes), that STR’s license is revoked and no future STR licenses at that address are permitted.

*Evaluation:*

- Implementation:
  - Administration: administration will require the collection of more information and processing/confirming it. The extra steps require examining the proposed STR location, determining how many neighbours there are, and mailing notices to the neighbours. If signed neighbor notices are required, the onus could be placed on the STR host to ensure the neighbours submit the signed forms. It also requires active tracking of STR complaints.
  - Enforcement: the City will need to ensure that an STR license is denied if there has been no neighbour notice as well as prompt investigation of STRs with complaints and license revocation if required. Effective enforcement *requires* that STR platforms become actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
- Neighborhood preservation:
  - Adherence to good guest/good neighbour guideline: this could reduce the number of problematic STRs. It incentivizes hosts to take more responsibility for their STRs or face having their permit or license revoked (no empirical evidence; based on hypothesis).
- Other: increase neighbour knowledge about STRs in their neighbourhood and empowers them in the case of problem STRs.

#### Strategy 4: Improved Parking Requirements

An oft-heard complaint is that STRs reduce resident parking in neighbourhoods. Under the current Land Use Bylaw, the minimum number of parking stalls depends on the use and on the district. For example, in multi-residential districts, a dwelling unit is required to have a minimum of 0.625 parking stalls per unit or per suite (s. 558(a)). These requirements are reduced by 0.25 if the dwelling unit is located within 600m of a train stop or 400m from a bus stop (s. 560). In the case where the minimum number of required parking stalls is not a whole number, the next highest whole number is the minimum requirement (s. 121(1)). Likewise, low-density residential districts (e.g., R-C1, R2, etc.) have a minimum parking stall requirement of two stalls for single detached dwellings and for each unit in semi-detached dwellings (s. 423). There are no additional parking requirements if the dwelling unit has a secondary suite: e.g., a single detached dwelling with a secondary suite has a minimum of two parking stalls. Housing districts (H-G0) have a minimum parking requirement of 0.5 parking stalls per dwelling unit (s. 1411).

#### **Policy Tool 1: Increase the minimum parking stalls for STRs**

*Design:* define “STRs” as a new use category in the Land Use Bylaw. Then, for each district, set the minimum number of parking stalls per STR unit. For example, the parking requirements could be increased to one plus the current minimum parking requirement for the district and land use. For example, this would increase the minimum number of parking stalls to 1.625 (rounds up to two) for multi-dwelling units and three parking stalls for low-density residential dwelling units. Continue to require an STR license where a license requirement is to show proof of an STR permit.

*Evaluation:*

- Implementation:
  - Administration: introducing STR parking requirements into the Land Use Bylaw will require the creation of new LUB sections, the permitting of STRs under the LUB, and ensuring that STRs have the required minimum number of parking stalls.
  - Enforcement: additional parking requirements can be enforced by the City, first by ensuring the required parking stalls exist (i.e., inspection, paper work requirements, etc.) and secondly through the licensing regime that only allows permitted STRs to be approved for a STR license. Effective enforcement then *requires* that STR platforms become actively engaged (e.g., cross-check inputted license numbers to ensure license number on listings are valid) or the City have platform data shared with them, actively verify licenses on listings, and the platform remove identified illegal listings.
- Neighborhood preservation:
  - There is no empirical evidence to determine what the impact will be on spatial concentration or visibility. However, we hypothesize that an increased parking requirement will both reduce and displace the number of STRs. There may be a reduction in STRs without the required number of parking stalls. Some of

these may be displaced to new STRs with the required number of parking stalls.

- Other: this may reduce on-street parking, parking in front of neighbour's units, and in neighbours parking stalls.
- Commercial operations versus home sharing operations:
  - Home Share hosts: this may reduce current home share operations as we assume that already-built dwelling units and apartments meet the current parking requirements but not necessarily increased parking requirements. It is less likely that a home share host will move so they can operate an STR.
  - Commercial hosts: this may reduce and displace commercial operations. Commercial operations may close STRs that do not meet the additional parking requirements and re-open them in other dwelling units where the additional parking requirements can be met.
- Other: this will increase demand for residential parking, increasing the amount of land allocated to parking and decreasing the amount of land for other purposes. It is possible that not all STR guests have/bring/require cars thus the additional space allocation to parking stalls may be unwarranted. Finally, increased parking stalls for STRs may also incentivise STR guests to rent/bring cars, increasing the amount of driving.

## **Policy Tool 2: Limit STR guests to parking in the dwelling units' appointed parking stalls**

*Design:* the objective of this policy tool is to ensure that STR guests park in their appointed stalls for the STR. Under the STR licensing, it is mandatory that an STR guest park in the STR parking stalls.

### *Evaluation:*

- Implementation:
  - Administration: this policy tool is straightforward to administer through host attestation as part of the licensing process.
  - Enforcement: this policy tool is difficult to enforce as it is not possible to always observe where STR guests park. Enforcement relies on STR host and guest cooperation and diligence. The host is responsible for informing guests of parking requirements and highlighting where they are to park.
- Neighborhood preservation:
  - This policy tool will likely not affect spatial concentration or visibility.
  - Adherence to the good guest/good neighbour guidelines: this policy tool may improve adherence with good guest guidelines by bringing parking issues to the direct attention of hosts.

## Discussion

Neighbourhood preservation is top of mind for many Calgarians when asked about their concerns with STRs. There is a plethora of STR regulatory policy tools that can be used to address the objective of neighbourhood preservation; however, different tools address different aspects of neighbourhood preservation, and some tools are better than other at

meeting this objective. As in the previous section, there are some general observations that can be made.

First, enforcement of these STR restrictions will be difficult. Effective enforcement includes platform cooperation, which may be difficult to obtain, and active enforcement: this ensures that the City's objectives are met. Having said that, it is likely that some of these policy tools including the requirement that a host or property manager be on-site and that guests park in appointed parking stalls are not enforceable even with platform cooperation: there is no way to verify this information.

Second, how an STR is defined may affect the impact these policies have. We have written the above assuming that the definition of "STR" remains as it currently is (a rental of less than 30 days). If any these policy tools were implemented, it is possible that STRs may decrease but medium-term rentals (MTRs) increase. This is because MTRs are not currently regulated and, even if listed as an "MTR" on a website like Airbnb, hosts can still rent out the unit for less than 30 days (Airbnb does not impose a restriction). Likewise, if the definition of "STR" was altered to include MTR's, other rental models such as corporate rentals may become regulated. The City must determine whether this is desirable.

Third, the policy tools that address spatial concentration and visibility do not necessarily address adherence with good guest/good neighbour guidelines (and vice versa). If neighbourhood preservation is the primary objective of the City, the City may consider using multiple tools to address all aspects of neighbourhood preservation. One example would be to use the LUB and list STRs as a discretionary use and, as part of the development application process, require neighbour notification and increased parking stalls. Another example would be to use spatial restrictions and/or restrict the proportion of units in an apartment/condo that can be used as STRs while also implementing a neighbour notification requirement into the licencing requirements.

Fourth, there are trade-offs. The policy tools that disincentivize STRs in secondary properties through increased costs and administrative procedures (as opposed to prohibiting them), such as the tiered licensing and requirement for development permits for secondary STRs, are likely to have the smallest impact on spatial concentration. These policy tools disincentivize the "marginal" hosts that would no longer find it profitable to operate; however, those hosts that are able to pass on the additional costs to guests will remain in the market. The outright restrictions, such as the community license quota and spatial restrictions, will likely have a larger impact on spatial concentration but may induce more STRs going "underground", requiring more active enforcement activities. These trade-offs must be considered.

Finally, we note that this section revealed a "quick win". A quick win is a STR policy tool that the City could implement immediately to improve the current STR regulations. The quick win here would be to audit the 3-1-1 line with respect to STRs with the objective of understanding whether STR complaints are being adequately addressed. In particular, the audit could seek

to answer questions along the line of: how many complaints are being made about STRs? How are they being dealt with? How quickly are they addressed? Is the person who made the complaint being adequately informed of the steps taken to resolve the complaint? Etc.

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*Quick win:*

*Audit the dedicated complaint line, 3-1-1, with respect to STRs to determine if STR-related complaints are being adequately dealt with.*

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Table 4: Impacts of Select Policy Tools on Neighborhood Preservation by Strategy

Strategy	Policy Tool	Impacts								
		Implementation			Neighborhood Preservation				Commercial and Home Share Hosts	Other
		Administration	Enforcement	Implementation	Spatial Concentration	Visibility	Adherence to good guest/neighbor guidelines			
<b>Reduce number of STRs in areas with high STR activity</b>	License Quota by Community	<p>Straightforward: track already-collected license data.</p> <p>Will require some additional data analysis (but it's not complex).</p>	<p>Requires platform cooperation &amp; active enforcement, particularly in communities where quota is restrictive and STR listings are high (i.e., Beltline)</p>	<p>Likely effective if enforcement is effective.</p> <p>Lack of platform cooperation reduces effective implementation.</p>	<p>Decrease in licenses by 2,210 or 52%, particularly in Beltline, Centre, and developing communities.</p> <p>May displace STRs into communities with no STR quotas/unfilled quotas/slower growing quotas.</p>	<p>Potentially reduces proportion of STRs-to-residents dependent on how quota is set.</p> <p>Likely does not impact use/frequency of guests per remaining unit but may reduce guest frequency overall.</p> <p>Does not guarantee distance between STRs</p>	<p>Does not address likelihood that guest will follow good guest/neighbor guidelines.</p> <p>Potential reduction in proportion of STRs with on-site manager/host if proportion of commercial operations increase.</p>	<p>Potential decrease in share of home share hosts and potential increase in share of commercial hosts (uncertain; no empirical evidence).</p>	<p>Favors incumbents and first developments in new communities.</p> <p>Does not address rental arbitrage and ghost hotels.</p> <p>Reduces number of STRs. Potentially increases hotel prices.</p>	
	Use of Land Use Bylaw	<p>Requires the creation of new provisions in LUB.</p> <p>High up-front costs to process existing STRs.</p> <p>Additional resources required for processing (ongoing).</p>	<p>Requires platform cooperation &amp; active enforcement.</p>	<p>Likely effective if enforcement is effective.</p> <p>More resources will be required for administration.</p>	<p>May reduce the number of STRs in targeted communities where granting permit would disrupt character of neighborhood.</p> <p>*Dependent on how discretion is used and STR as a use is defined.</p>	<p>May reduce proportion of STRs-to-residents in targeted areas, increase spatial distance between units, and reduce guests overall.</p> <p>May not impact frequency of guests (in remaining units)</p> <p>*Dependent on how discretion is used and STR as a use is defined.</p>	<p>Does not address likelihood that guest will follow good guest/neighbor guidelines.</p> <p>Potential reduction in proportion of STRs with on-site manager/host if proportion of commercial operations increase.</p>	<p>Potential decrease in share of home share hosts and potential increase in share of commercial hosts (uncertain; no empirical evidence).</p>	<p>Increases City flexibility/control over spatial concentration of STRs.</p> <p>Higher STR costs likely passed on to STR guests.</p>	
	Restrict proportion of STRs in apartments/condos	<p>Initial condo consultation and evaluate impact on MTRs/corporate rentals required.</p> <p>Requires data on number of units per building and cross-checking of STR addresses.</p>	<p>Inform condo boards and property managers.</p> <p>Requires platform cooperation and active enforcement.</p>	<p>Likely effective implementation if enforcement is effective &amp; initial implementation difficulties dealt with.</p>	<p>Restricts STRs in apartment/condo buildings.</p> <p>Potential displacement into other building types (houses).</p>	<p>Reduces proportion of STRs-to-residents in apartments/condos.</p> <p>Increases distance between STRs in apartments/condos.</p> <p>Restricts STR guest frequency in a building.</p>	<p>Does not address likelihood that guest will follow good guest/neighbor guidelines.</p>	<p>Potential decrease in home share STRs. Relatively small since most apartment STR are entire unit STRs (as opposed to private rooms/home share).</p> <p>Commercial operations in apartment/condos would also decrease (larger impact).</p>	<p>Potential reduction in apartment/condo development and commercial conversions.</p> <p>Elimination of rental arbitrage and ghost hotels.</p> <p>Favors incumbents.</p> <p>Reduces variety of STRs for tourists.</p>	
	Spatial Restriction (e.g., no STRs within certain radius of another)	<p>Initial implementation questions: what to do with already existing STRs in contravention of</p>	<p>Requires platform cooperation and active enforcement.</p>	<p>Likely effective implementation if enforcement is effective &amp; initial implementation difficulties dealt with.</p>	<p>Restricts the number of STRs in neighborhoods.</p> <p>Guarantees a set distance between STRs.</p>	<p>Reduces proportion of STRs-to-residents in a guaranteed spatial radius</p>	<p>Does not address likelihood that guest will follow good guest/neighbor guidelines.</p>	<p>Potential decrease in home share STRs.</p> <p>Potential (smaller) decrease and displacement in</p>	<p>Favors incumbents.</p>	

		<p>spatial restrictions?</p> <p>Administration is straightforward – ensure through license application and inspection.</p> <p>Will require some additional data analysis</p>			Potential displacement into low-STR activity neighborhoods.	Restricts guest frequency in high-STR activity neighborhoods.		commercial STR operations.	
<b>Enhanced host responsibility/presence</b>	Live in host or manager-on-site requirement	Straight-forward: could require a simple host attestation.	Likely not enforceable: no way to verify if/when host or manager is on site.	While easy to implement and administer, not possible to enforce = not effectively implementable.	May reduce the number of STR listings.	<p>May reduce STR-to-resident ratio in neighborhoods .</p> <p>May reduce guest frequency.</p>	If enforceable and if hosts are responsible and in control, may increase likelihood that guest will follow good guest/neighbor guidelines (no empirical evidence).	<p>Will not affect home-sharing operations of live-in hosts who are ordinarily present.</p> <p>Will reduce home-sharing operations of hosts who rent units while temporarily travelling.</p> <p>May reduce and/or increase cost of commercial operations</p>	Potentially increases the operating cost of STRs – costs that may be passed on to guests.
	Tiered licensing: live-in host vs. secondary vs. non-resident	Straight-forward: information already collected on licence application	<p>Easy work-arounds.</p> <p>Physical inspections required.</p> <p>Supported by platform cooperation.</p>	<p>Possible issues: fees set on cost recovery basis?</p> <p>While easy to implement and administer, difficult to enforce = not effectively implementable.</p>	May reduce the number of STR listings (particularly “marginal” secondary & non-resident STRs). Effect expected to be small.	<p>May reduce STR-to-resident ratio in neighborhoods.</p> <p>May reduce guest frequency overall. Effect likely to be small.</p>	May increase adherence if incentive to be a live-in host is effective. Depends on size of fee, enforcement, and responsible host.	<p>Will not affect home-sharing operations – no fee change.</p> <p>May reduce and/or increase cost of commercial operations. Reduction expected to be small.</p>	Higher costs in secondary and non-resident STRs passed on to guests.
	Require a development permit for STRs in secondary properties	<p>Requires the creation of new provisions in LUB.</p> <p>Additional resources required (e.g., for processing permit applications).</p> <p>Will existing STRs be required to obtain a permit?</p>	<p>Easy work-arounds.</p> <p>Physical inspections required.</p> <p>Supported by platform cooperation.</p>	<p>Likely effective if enforcement is effective.</p> <p>More resources will be required for administration.</p>	May reduce secondary STRs (no empirical evidence; based on hypothesis).	<p>May reduce STR-to-resident ratio in neighborhoods.</p> <p>May reduce guest frequency where secondary STR operation reduced.</p>	May increase adherence if disincentive to be a secondary STR is effective. Depends on discretionary power, enforcement, and responsible host.	<p>Will not affect home-sharing operations – no change.</p> <p>May reduce and/or increase cost of commercial operations.</p>	Higher costs in secondary STRs passed on to guests.
<b>Improved avenues for neighbor involvement and concerns</b>	Dedicated Complaint Line Audit			Identify avenues for improvement.			May increase adherence if response to complaints is improved.		
	Neighbor Notification (LUB – permit requirement)	Requires increased administration resources due to increased	Requires platform cooperation (for license check).	May fail to be effective in neighborhoods where residents are disengaged.	Potentially reduces the number of STRs in specific neighborhoods – informed by	Potentially reduces proportion of STRs-to-residents.*	If neighbor concerns are given high priority, especially at renewal, this tool may improve good	Uncertain. Depends on neighborhood dynamics.	Provides direct opportunity to residents to participate in STR approval process.

		requirements and paperwork	Enforced by City through permit requirements.	Likely effective if enforcement is effective.  More resources will be required for administration.	neighbor responses.*  *Dependent on how discretion is used.	Potentially reduces frequency of guests particularly in STRs where STR guests have been problematic.*  *Dependent on how discretion is used.	behavior through increased host responsibility.		
	Neighbor Notification via Licensing Regime plus Strike System	Requires additional information, steps in the license process, and tracking STR-related complaints.	Requires platform cooperation and active enforcement.  Requires inspection of complaints.	Likely effective if enforcement is effective.	Uncertain.	Uncertain	May improve good behavior through increased host responsibility.	Uncertain.	Increased neighbor knowledge.
Improved Parking Requirements	Increase minimum number of parking stalls for STRs	Requires the creation of new provisions in LUB.  High up-front costs to process existing STRs.  Additional resources required for processing (ongoing).	City ensures parking stalls exist. License only if permit obtained.  Requires platform cooperation and active enforcement.		Uncertain.  Potential reduction and displacement to dwelling units that meet minimum parking requirements.	Uncertain	Other: reduce on-street parking, parking in front of neighbour's units, and in neighbours parking stalls	Uncertain.  May decrease home share hosts – less likely to move to meet additional parking requirements.  May displace commercial hosts	Increased demand for residential parking.  May not be needed dependent on frequency of driving by STR guests.  Increased vehicles/driving by STR guests.
	Limit STR guests to parking in the dwelling units' appointed parking stalls	Straightforward: host attestation	Difficult: cannot be directly observed. Required host cooperation and diligence.	Likely not effective as it cannot be enforced.	Uncertain. Likely no effect.	Uncertain. Likely no effect.	May improve by bringing parking to direct attention of host.	Uncertain. Likely no effect.	

## 4.2.2 Managing Guest Experience

### Guest Safety and Security

#### What we Know

Based on our jurisdictional scan, it is uncommon for guest safety and security to be the *primary* objective of STR regulation. Nevertheless, most jurisdictions that regulate STRs include provisions for guest safety and security. This is especially critical following the fire in a building with several Airbnb's in Montreal in August 2023 that killed seven people (Leavitt 2023). At the outset, it is important to note that digital platforms are not liable for the safety and security of guests: the legal responsibility for the safety and security for the guest is placed on the host (Binns and Kempf 2021).<sup>30</sup>

Hotels and STRs are subject to some of the same regulations. To start, hotels and STRs are (likely) both subject to the Public Health Act: Housing Regulations (Alta Reg 173/1999, s. 1(b)) and the corresponding Minimum Housing and Health Standards (M.O. 57/2012).<sup>31</sup> The housing regulations apply to “any structure that is used or intended to be used wholly or partly for accommodation purposes and includes...a dwelling unit [and] a hotel/motel” (s. 1(b)) but the regulation does not apply to housing premises or to that part of the housing premises that is occupied solely by the owner and the owner's dependants (s. 2). For those to whom these regulations apply, they must ensure that the premises are structurally sound, in a safe condition, and in good repair (s. 3(a)). Furthermore, the occupants must be supplied with sanitary facilities (e.g., a washroom), heating facilities, water safe for human consumption, space for sleeping purposes, and the common areas of the housing premises, its fixtures and any furnishings provided by the owner must be maintained in a clean and sanitary condition (s. 3(b)-(c)).

The Housing Regulations are generally enforced based on a complaint basis. If a complaint is made about health or housing standards, it falls to (provincial) Alberta Health Services/public health investigators to investigate. Public inspection orders for residential units are made public (including the address) but do not indicate whether the residential unit inspected is a leased rental or STR (Alberta Health Services 2024). Further, it is not clear if these (failed) public inspections are currently cross-checked against the STR license registry by the City. If these inspection orders or not checked against the license registry, it is possible that currently licensed STRs in Calgary have outstanding (failed) public health/housing inspections.

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<sup>30</sup> Digital platforms broker trades but neither provide nor own the accommodation—the host does. Note that this also precludes the ability to hold Airbnb liable for fraudulent STR listings (e.g., the “bait-and-switch”, listings that are not as pictured, etc.). Further, it is unlikely that local government could hold hosts liable for fraudulent listings (it is a criminal matter). For these reasons, we do not examine fraud here.

<sup>31</sup> There have been no cases brought with the question of whether the Public Housing Act applies to STRs.

Hotels and STR hosts are also both subject to the Occupiers Act (RSA 2000, c O-4) that generally covers liability for accidents and incidents occurring on the hotels/STR hosts property. Under s. 5, “[a]n occupier of premises owes a duty to every visitor on the occupier’s premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which the visitor is invited or permitted by the occupier to be there or is permitted by law to be there.” With respect to hotels, hotels have been found liable for slips/trips/falls that have occurred to guests under this provision. While there is no case law on the Occupiers Act application to STRs in Alberta, we infer it would apply in a similar manner (dependent on the facts of the case). Airbnb offers up to \$1 million USD in host liability insurance in the case that a host is found legally responsible for a guest getting hurt or a guests belongings getting damaged or destroyed while staying at the host’s property (Airbnb n.d.-b).

Hotels are also subject to more stringent regulations than STRs. In Calgary (and Alberta generally), hotels are subject to hotel-specific provisions in the National Building Code and the National Fire Code. These hotel-specific provisions are more stringent than what would be found in a residential dwelling unit (where STRs are located). For example, residential dwelling units do not need marked exits because residents living in residential units are assumed to be much more familiar with the layout of their home (e.g., where the exits are located) compared to an occupant of a hotel who may need additional signage to find the exit.<sup>32</sup> The problem that arises with STRs is that occupants of those residential units are *not* familiar with the layout of the residence. The Building Code and Fire Code are generally enforced through permits and inspections: plans must be submitted and evaluated to obtain the appropriate permit.

In January 2024, the City of Calgary introduced new STR license application requirements. One of the new requirements is a fire safety plan and fire inspection. STRs in Calgary are now inspected at time of application for smoke alarms, carbon monoxide monitors, fire extinguishers, and fire exits, among other things, and they must be outlined on floor plans (City of Calgary 2023b). However, prior to this change, there was no such inspection or clear requirements. While platforms like Airbnb “strongly urge” certain safety practices (e.g., the installation of smoke detectors and carbon monoxide monitors, even going so far as to offer them at no cost to hosts; Airbnb (n.d.-a)), they do not require hosts to undertake such measures nor do they ensure that the free-of-charge equipment is properly installed, if at all.

Hotels are also subject to security regulations and standards that STRs are not. On the one hand, hotels are subject to the Innkeeper’s Act (RSA 1980 c I-4) while STRs are likely not.<sup>33</sup> The

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<sup>32</sup> In the current STR license requirements in Calgary, STRs are not required to have exit signs, but they must have a floor plan with exits clearly marked (and fire extinguishers).

<sup>33</sup> While this has not been tested in court, the Alberta Innkeepers Act likely does not apply to STRs because they do not “provide lodging to any person who presents himself or herself as a guest, who appears able and willing to pay a reasonable sum for the services and facilities offered and who is in a fit state to be received” (Innkeepers Act, s. 1). However, it is possible that the liability covered by the Innkeepers Act for hotels may also be covered under the Occupier’s Act for STRs (fact dependent).

Innkeepers Act makes an innkeeper liable for property (including vehicles) stolen, lost, or damaged on their property through the willful act, default or neglect of the innkeeper or their employees (s. 5 & 7). Further, to be awarded an “approved” status from the Alberta Hotel and Lodging Association (AHLA), a hotel must have locks on the doors, windows, patio doors, and connecting doors. Doors must be self-locking and have a secondary locking device (e.g., deadbolt) (Alberta Hotel and Lodging Association 2013). There is no such requirement for STRs: in a private room STR, there is no requirement that the door to the bedroom lock.

Overall, while STR regulations have continued to improve guest safety and security, the standards for guest safety and security in STRs remains below that required of hotels. The reasons for this are: (1) STRs are hosted in residential units which have lower safety and security requirements generally; and (2) enforcement of health and housing standards are complaint based and when a violation does occur, without monitoring of these orders there are no repercussions for the STR operator (e.g., suspension/revocation of STR license, etc.).

### Strategies

If the objective is to improve on guest safety and security in STRs, we start from the premise that Airbnb cannot be held liable for guest security and safety: the onus falls on the STR hosts who may be regulated by the City. With that in mind, some strategies that the City could pursue to further enhance guest safety and security are:

1. Enhance fire and emergency safety
2. Enhance compliance with minimum health and housing standards
3. Enhance guest security and the identification/prevention of crimes

### Evaluative Criteria

1. Implementation
  - a. Administration: what are the administration requirements?
  - b. Enforcement: How will it be enforced? Can it be enforced effectively?
  - c. Effective Implementation: given administration and enforcement, will implementation be successful?
2. Guest safety & security
  - a. Improved guest safety: does the policy tool improve guest safety?
  - b. Improved guest security: does the policy tool improve guest security?
3. Other

## Policy Tools

### *Strategy 1: Enhance Fire and Emergency Safety*

#### **Policy Tool 1: Regularly consult with the Fire Marshal on gaps in fire/emergency safety**

*Design:* undertake regular consultation meetings with the fire marshal to identify gaps in fire and emergency safety for STRs. As fire inspections on STR increase, it is likely that more systematic issues will be observed by inspectors that may be worth considering in future amendments to STR requirements. With real time data and information sharing, parties can work collaboratively to determine if those gaps can/should be filled. Likewise, consulting broadly and regularly can also identify best safety practices that can/should be followed.

*Evaluation:*

- Implementation:
  - Administration: meetings between affected City departments and the fire marshal can be planned and monitored by the Business Licenses administration team (who are currently responsible for STRs).
  - Enforcement: meetings could be noted, and the agenda made public on City websites. Enforcement of chosen stop-gap measures can be made more effective with random fire inspections and platform cooperation (to ensure only licensed STRs are listed on platforms and platforms reporting and removing listings with multiple fire/emergency complaints against them).
- Guest Safety and Security:
  - Improved guest safety: by identifying gaps in fire safety and determining if/when to close them, STR guests will be safer.
- Other: in determining which fire/emergency practices to implement, how onerous they are to undertake for STR hosts should be considered. While some additional effort/costs for the hosts are expected, this should be balanced against the gain in guest safety and the ability to enforce it.

#### **Policy Tool 2: Identify and apply similar fire codes used for hotels to entire home STRs and/or STRs where host is absent**

*Design:* there are still some gaps between the safety requirements for hotels and the safety requirements for STRs. The largest gap is for residential homes that are *not* high-rise buildings (e.g., single family detached and semi-detached homes, rowhouses, etc.). Notably, STRs in non-high rise residential units do not require exits to be signed, emergency lightning, and fire code reporting requirements (e.g., confirming monthly/annual checks in a “life-saving report” binder under NFC(AC) c.2.2.1.2). At minimum, these could be required in STRs that are non-high rises (e.g., “entire home” STRs) *and* where the hosts are absent. Alternatively, it could also be required in all STRs.

*Evaluation:*

- Implementation:
  - Administration: these requirements could be added on to what is already required in the application/renewal fire inspection for STR licenses.

- Enforcement: requiring these additional measures only in STRs where the host is absent may be difficult to enforce as it is not possible to observe the presence (or lack) of a host. It would be straightforward to enforce these additional measures regardless of host presence. Enforcement could be made more effective with random fire inspections and platform cooperation (to ensure only licensed STRs are listed on platforms and platforms report and remove listings with multiple fire/emergency complaints against them).
- Guest Safety and Security:
  - Improved guest safety: requiring more well marked exits and emergency lighting for STR guests in a residential home that is unknown to them can help them navigate the unfamiliar space in the case of an emergency. Further, requiring the maintenance of records ensures that STR hosts are diligently checking potential fire hazards.
- Other: additional fire safety requirements may make it more expensive to (legally) operate an STR. Those additional costs may be passed on to guests.

*Strategy 2: Enhance Compliance with Health and Housing Standards*

**Policy Tool 1: Require a successful AHS inspection for compliance with Alberta’s minimum health and housing standards**

*Design:* In Alberta, all rental properties must be in compliance with the province’s minimum health and housing standards. This (likely) includes STRs.<sup>34</sup> Currently, this is not mentioned in the material for Calgary STRs. The City could require, for the approval of an STR business license (new and/or renewals), that the STR host successfully complete a public health inspection for compliance with the minimum health and housing standards.<sup>35</sup>

*Evaluation:*

- Implementation:
  - Administration: this policy tool would be straight-forward for the City to administer if it were made a requirement for an STR business license. However, it would require the cooperation of AHS (and additional resources for AHS to conduct these additional inspections). AHS will need to be consulted before initial implementation.
  - Enforcement: enforcement could be made more effective with continuing random AHS inspections and platform cooperation (to ensure only licensed STRs are listed on platforms and platforms report and remove listings with multiple health/housing complaints against them).
- Guest Safety and Security:
  - Improved guest safety: this policy tool would improve the health and living standards in STRs, preventing overcrowded, un-livable rentals. It would improve sanitary conditions, including the identification of rodents and pests

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<sup>34</sup> Legal advice should be sought.

<sup>35</sup> To the best of our knowledge, this is not required in any other jurisdiction in Canada.

(e.g., bed bugs), water unfit for human consumption, and adequate containers suitable for the storage of garbage and refuse.

- Other: this may make it more expensive to (legally) operate an STR. Those additional costs may be passed on to guests.

**Policy Tool 2: Require compliance with Alberta’s minimum health and housing standards. Inform AHS when an STR Becomes Licensed. Work with AHS to maximize enforcement.**

*Design:* as an alternative to the policy tool 1, the City could instead work with AHS by informing AHS of new and renewed STR licenses. AHS could conduct inspections for compliance with the minimum health and housing standards as they see fit.<sup>36</sup> AHS and the City could then also share data so that any licensed STR that fails an inspection has their license suspended/revoked.

*Evaluation:*

- Implementation:
  - Administration: this policy tool is straight-forward for the City to administer: the City informs AHS of STR licenses. AHS then determines when to conduct inspections. AHS would need to be consulted before initial implementation.
  - Enforcement: enforcement of health and housing standards would be improved because of the data sharing between AHS and the City and the suspension/revocation of licenses by the City for failed inspections (there are currently licenses STR rentals in the City with outstanding failed health inspections). Enforcement could be made more effective with random AHS inspections and platform cooperation (to ensure only licensed STRs are listed on platforms and platforms report and remove listings with multiple health/housing complaints against them).
- Guest Safety and Security:
  - Improved guest safety: this policy tool would improve the health and living standards in STRs, preventing overcrowded, un-livable rentals. It would improve sanitary conditions, including the identification of rodents/pests and water unfit for human consumption. While this would not be guaranteed (like in the above policy tool 1 that required inspections) as inspections would be random, it would still be an improvement upon the current situation (i.e., where there are limited inspections and no data sharing nor consequences).
- Other: this may make it more expensive to (legally) operate an STR. Those additional costs may be passed on to guests.

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<sup>36</sup> Edmonton currently advises AHS of STR licenses.

**Policy Tool 1: Consult with AHLA and STR hosts/guests to identify best guest security practices**

*Design:* consult with the Alberta Hotel and Lodging Association (AHLA) and/or STR hosts and/or STR guests to identify best guest security practices. Determine if those best security practices can/should be followed (acknowledging that these groups have both valid insights and their own personal interests and agendas).

*Evaluation:*

- Implementation:
  - Administration: consult with stakeholder groups
  - Enforcement: following consultation, in determining which guest security practices to implement, it should be kept in mind they should be enforceable. This can be done during a fire inspection (for license application and renewal), host attestation, and/or supported by photographs. Enforcement can be made more effective with random inspections and platform cooperation (to ensure only licensed STRs are listed on platforms and platforms report and remove listings with multiple guest security complaints against them).
- Other: in determining which guest security practices to implement, how onerous they are to undertake for STR hosts should be considered. While some additional effort/costs for the hosts are expected, this should be balanced against the gain in guest security and the ability to enforce it.

**Policy Tool 2: Mandate Door and Window Locking Systems.**

*Design:* when a private room or secondary suite in a house is rented as an STR, there is currently no requirement that the door locks (e.g., to prevent entry by the hosts or the hosts other guests). The AHLA currently requires (for approved status) that doors, windows, and patio doors lock and that doors have an additional lock (i.e., a deadbolt). This could be required for STRs as a license requirement under the Business License Bylaw. Note that dependent on how the requirement is designed/worded, it may require the City to define and differentiate between private room STRs, secondary suite STRs, and entire home/apartments STR.

*Evaluation:*

- Implementation:
  - Administration: the requirement for a door locking system could be required as part of the STR business license requirement.
  - Enforcement: it could be enforced through photographic evidence (submitted with license application and renewal) and/or during the fire inspection. Enforcement can be made more effective with platform cooperation (to ensure only licensed STRs are listed on platforms and platforms report and remove listings with multiple guest security complaints against them).
  - Implementation: in the case that this policy tools only applies to STRs shared with a host or other guests, administration and enforcement may be tricky as it is tricky to identify what type of STR an STR is and STRs may be fluid between

types (e.g., being used as a private room for one booking and an entire house/apartment the next booking).

- Guest Safety and Security:
  - Improved guest security: a locking door can protect guests and their property from hosts, other guests, and intruders.

### **Policy Tool 3: Mandate Human and Sex Trafficking Awareness Training**

*Design:* human trafficking is a particular issue in the hospitality industry (Paraskevas and Brookes 2018). Many hotels currently have mandatory human trafficking training (Hotel Association of Canada n.d.). This training is currently not required in STRs, but human trafficking has been reported as an issue in STRs (Ardis 2019). At a minimum, the City of Calgary could develop information for short-term rental operators on human and sex trafficking, something that has been done in a number of jurisdictions including the City of Winnipeg (The City of Winnipeg n.d.). The City could also require STR hosts and property managers to take mandatory human trafficking training (i.e., a certification course) as part of their business license requirement. Several online and in person options for such courses already exist.

*Evaluation:*

- Implementation:
  - Administration: the requirement for human trafficking training (e.g., proven via a completion certificate) could be included as a requirement for an STR business license. Acceptable courses would need to be identified (or developed if no acceptable course exists).
  - Enforcement: it can be enforced with the production of a certificate/credential (submitted with license application and renewal). Enforcement can be made more effective with platform cooperation (to ensure only licensed STRs are listed on platforms and platforms report and remove listings with multiple guest security complaints against them).
- Guest Safety and Security:
  - Improved guest security: human trafficking training can increase identification of human trafficking situations.

### **Discussion**

Calgary's STR by-laws currently seek to ensure guest safety. While the by-laws have recently been updated to improve guest safety, we have identified some gaps in coverage. Consultations with experts in guest safety and security may identify additional gaps.

The major trade-off with STR regulations that seek to improve guest safety and security is that as guest safety and security is increased, the cost of doing so for STR hosts increases. This may result in some STR operations choosing to operate illegally to avoid safety and security regulations. The most effective form of enforcement in this case is to work with digital platforms to ensure active enforcement, including the sharing of STR listing data and the

active checking of listings to ensure they have a valid license number and removal of those that do not. For more information, see the Enforcement Appendix.

We end this section with some notes:

### *The Use of Land Use Bylaws*

For the above policy tools targeting guest safety and security, for each policy tool we considered adding the tool to the already existing STR licensing regime in Calgary. They could also be added to a permit regime under the Land Use Bylaw instead. That is, STRs could be defined as a “use”, and then designated as either a permitted, discretionary, or prohibited use in the already-existing zoned types. The advantage of requiring a permit in addition to a license and including guest safety and security policy tools under the permitting requirements is this may allow city planners and concerned neighbours to better manage the impacts of STRs on the character of neighbourhoods (particularly if the STR use is a discretionary use requiring notification of neighbours). That is, the advantage of using the land use bylaw relates to achieving other non-safety/security related objectives. If the only objective is to address guest safety and security, the use of the Land Use Bylaw and a permit in addition to a license is not efficient: it adds an extra layer of administrative requirements without improving on guest safety and security (compared to just using a licensing regime with the same guest safety and security standards).

### *Definition of STRs*

Currently, the definition of “STRs” in Calgary does not encompass MTR’s. It is possible that increased guest safety and security regulation may result in some STRs becoming STRs to avoid regulations. This may undermine the City’s objective of improving guest safety and security. This may be mitigated by changing the definition of STR to encompass MTRs as discussed in the MTR Appendix. If the definition of STRs were to include STRs and MTRs (e.g., all licensed but not leased rentals), the policy tools discussed in this section would further strengthen guest safety and security in *all* licensed rental types.<sup>37</sup> While other business models such as Corporate Housing may be included in the expanded definition of STRs, they are already required to meet guest safety and security standards in line with their accreditation agencies, and thus extending guest safety and security requirements to them should not create undue hardships (although consultations should be undertaken).

## **Operational Standards**

In this section, we examine policy tools that can be used to meet the objective of maintaining a minimum operational standard. Here we focus on appearances and comfort.

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<sup>37</sup> There is nothing that prevents any of these policy tools from being applied to long-term rentals (LTRs), however regulating LTRs were beyond the scope of this research.

To receive “approved” status from the AHLA or to operate corporate housing, certain operations standards must be met. These include the mandatory provision of certain items of furniture, adequate lighting, free of odors, and good state of floors, linens, furniture, and walls (e.g., stain free, hole free, etc.). Digital platforms do not enforce any operational standards aside from holding hosts responsible for providing an accurate description and pictures, the amenities listed on their listings, maintaining “cleanliness” (no description provided), and cleaning between guests including vacuuming and wiping down surfaces (Airbnb 2024b).

## Strategies

If the City chose to regulate STRs to maintain a minimum standard of quality, some of the strategies they may employ are:

1. Aesthetics: minimum furniture and lighting requirements (including pieces required and quality)
2. Odors: free of strong odors (particularly from waste/garbage)
3. Preventing overcrowding/overbooking of guests: while this is required under the fire code already, the City could choose to limit guests further. We note that preventing the overlapping booking of guests is likely difficult to enforce as the City does not observe how many guests there are in any unit and when they visit. The best way to enforce this would be through platform cooperation.
4. Parking requirements: parking requirements are already required by the Land Use Bylaw. To improve guest comfort, the City may require additional parking for STR units (this was discussed in the previous section on “Neighborhood Preservation”)

## Discussion

We do not provide a full evaluation of these operational standards. Parking was dealt with extensively under “Neighborhood Preservation”. Overcrowding/overbooking of guests is already regulated for under the objective of addressing guest safety (see previous section on Guest Safety and Security). The remaining operational standards—aesthetics and odors—are possibly better dealt with through an STR association (similar to AHLA, of which, there currently is not an STR association) or by digital platforms. Regardless, we make the following notes:

### *Enforcement*

It is likely that, aside from the parking requirements, these operational standards would be difficult to enforce. While they could be inspected upon an STR license application or renewal (e.g., through an inspection or pictures), there is no guarantee they would remain this way. Since digital platforms already handle complaints from guests related to operational standards, the best method of enforcement may be to work with digital platforms to ensure the minimum amenities required are listed in listings and shown in listing pictures. Hosts are

then subject to digital platform’s “ground rules” and it is up to the digital platform to remove listings that do not have the amenities listed/where the picture does not match the actual unit.

#### *Definition of STRs*

If the definition of STRs were extended to include MTRs, this would pick up other business models such as Corporate Housing. Accredited Corporate Housing already has operational standards related to amenities. Consultations could be conducted to determine if they should be included or excluded from operational standards.

### **4.2.3 Managing City Impacts**

#### **Recover Costs Imposed by STRs and their Guests on the City**

##### *What We Know*

Under the current STR regulations in Calgary, we assume that the cost of licensing and enforcing STR regulations is minimal. STR hosts must pay for their own fire inspections, enforcement is done on a complaint basis as opposed to active enforcement, and the administration requirements are minimal. Currently the licensing fees are \$100 and \$172 for a Tier I and Tier II STR respectively, with the fees for the STR Tier I license lower than fees for other business licenses in Calgary and the fees for the STR Tier II license identical to fees for other business licenses in Calgary. These license fees are likely justified on a cost-recovery basis: the current City of Calgary User Fee Policy (CP2024-02) directs that license fees must be set based on a cost recovery basis (to finance the scheme) or to alter individual behavior (s. 6.2(a)). We do not have relevant data; however, in the case that application processing and complaints for STRs are similar to other licensed businesses, the fees are likely cost-recovery. Other than the business license fee, STR operators do not pay any other taxes/fees to the City of Calgary.<sup>38</sup>

If the City were to enact new, more restrictive STR regulations and/or more active enforcement under the licensing regime, it is likely that these STR license fees would no longer reflect the cost of the licensing scheme. Active enforcement is resource intensive, requiring additional personnel to monitor STR listings and conduct data analysis. This stems from the unique nature of STRs: they are not physically visible, existing primarily online (see Enforcement Appendix). Furthermore, dependent on the STR regulation implemented, there may also be more costly administrative processing requirements (e.g., the personal residence requirement may require a cross check of drivers licenses with land titles, etc.).

Additionally, STRs may be thought of as imposing an externality on the housing market and on neighbors: economic costs are imposed on those not part of the direct STR transaction. The

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<sup>38</sup> STR operators are expected to collect and remit GST and income tax on rental income to the federal government, and the accommodations tax to the provincial government.

empirical evidence supports the argument that STRs remove housing from the housing market for residents, increase long-term rental prices, and increase housing prices (see the Causal Literature Review). Neighbors may experience excess garbage and noise, and reduced safety from STRs but none of the benefit from STRs (e.g., revenues/profit). Economic theory suggests that such externalities can be internalized through regulatory mechanisms that require STR hosts to internalize their costs. This can include targeted taxes (e.g., a tax on STR hosts) where the tax is returned to/spent on those who are harmed (e.g., on affordable housing or increased by-law enforcement).

Finally, STR guests use City services including roads, sidewalks, parks, public facilities, etc. However, STR guests may not be City residents (i.e., since STRs cater to tourists) and thus do not pay for these services. This is an argument for imposing an accommodation tax/levy on STRs. Currently in Calgary, STRs pay an accommodation levy of four percent to the provincial government. The revenue is used to promote Calgary (and Alberta) tourism. The City of Calgary currently has no authority under the Municipal Government Act to charge an accommodation tax/levy.

## Strategies

The above review points to the following possible strategies the City could use to recover costs imposed by STRs on the City and City residents.

1. Collect fees from STR operators/platforms based on a cost-recovery basis.
2. Collect fees from STR operators/platforms to internalize externalities.
3. Collect fees from STR operators/platforms to support STR guest use of City services.

Note that none of the above strategies is directed at addressing housing affordability nor neighborhood preservation nor addressing competition with the hotel industry. The above strategies are directed at recouping costs associated with STRs and their guests. This is a subtle but important point. While these strategies may result in a decrease in STRs due to the higher cost of operating, this is not the direct objective. These strategies may be combined with strategies in other sections dependent on the objectives of the City.

## Evaluative Criteria

As before, the evaluative criteria in this section are aligned with the objective of recovering costs imposed by STRs and their guests on the City.

1. Implementation
  - a. Administration: how is the policy tool administered? Is administration complex, straight forward, or somewhere in-between? Will administration be costly?
  - b. Enforcement: how will compliance with the policy tool be ensured? What enforcement measures need to be taken? What enforcement measures would be nice to have?

- c. Effective implementation: based on administration and enforcement, can the policy tool be effectively implemented so that the objective is achieved?
2. Impact on City
  - a. Revenues: what would be the likely increase in revenues for the City?
  - b. Revenue impact: where could the additional revenue be spent? What sectors/issues could it address? Will it have an impact?
3. Commercial versus home share STRs: will the policy tool have differential effects on commercial and home share STRs? How so?
4. Impact on housing market and neighborhood preservation
  - a. Housing affordability: will the policy tool impact the number of STR listings? If so, how will it affect LTR rents, home prices, building permits, etc.?
  - b. Neighborhood preservation: will the policy tool impact spatial concentration, visibility, or adherence to good guest/neighbor guidelines? How so?
5. Tourism: will the policy tool affect the number of STR accommodations, accommodation variety, and accommodation prices (for guests)?
6. Other: any other impacts of the STR policy tool that should be considered.

## Policy Tools

*Strategy 1: Collect fees from STR operators/platforms based on a cost-recovery basis.*

### **Policy Tool 1: Evaluate and increase (if required) STR license fees based on a cost-recovery basis**

*Design:* After determining whether and what form STR regulation reform will take (including enforcement), the City of Calgary should conduct a cost analysis to determine how much it costs (will cost) to administer and (actively) enforce STR regulations. Based on that analysis (and considering the fees on STR platforms, if any), STR business license fees for STR operators could be set accordingly. This may require a higher business license fee than for other license types currently charged by the City because active enforcement of STRs may be more costly than enforcement for other types of licenses. Cost analysis should be completed at regular intervals to capture changes in the STR market and regulatory environment.

#### *Evaluation:*

- Implementation:
  - Administration: once a cost analysis is complete, administration of license fees is relatively straightforward: it applies to the current licensing regime.
  - Enforcement: a higher license fee may result in more STR operators operating without a license. Effective enforcement can be done through platform cooperation including data sharing by the platforms and the removal of listings with no valid license numbers.
- Impact on City:
  - Revenues: we cannot calculate expected revenues for this policy tool as the cost of administration and enforcement is not known to us. However, assuming that license fees increase to match the cost of STR licensing

(including enforcement), revenues from STRs licenses will increase. However, it is on a cost recovery basis so there will be no excess revenues/profit.

- Revenue impact: as suggested, since this is a cost-recovery tool, license revenues will be spent on STR administration and (active) enforcement. If set right, this can ensure that any other STR policy tool being used (in conjunction with STR licensing fees) is meeting objectives. It also suggests that other general source revenues (e.g., property taxes) would finance less of STR administration and enforcement costs (assuming the cost of these increase, e.g., due to active enforcement).
- Commercial and home sharing STRs: if STR license fees increase, this may push marginal STR hosts out of the STR market. These are more likely to be smaller hosts charging lower per night rates, and hosts that are less/not efficient, i.e., charging a higher license fee may push home share STR hosts out the market, increasing the proportion of STR hosts that are commercial hosts.<sup>39</sup> One potential way to mitigate this effect is to charge a difference license fee to commercial hosts and home stays. However, this may be somewhat more difficult to monitor and enforce (see the section on the Personal Residence Requirement and on Tiered Licensing for secondary STRs versus home shares).
- Impact on housing: as suggested, a higher STR license fee may push marginal hosts out of the STR market, decreasing the number of STR listings. However, it may incentivize commercial hosts to increase their number of STR listings to spread the cost more broadly. It may also incentivize hosts to move from the STR market to the MTR market (if the definition of STR does not cover the MTR market).<sup>40</sup> The overall effect on the number of STR/MTR listings is unclear thus the overall effect on housing markets is unclear.
- Tourism: this policy tool may decrease the variety of STRs (e.g., decrease private room STRs) and increase the price of STRs (e.g., a pass through of the increased license fee).

## **Policy Tool 2: Impose a license requirement and license fee on digital platforms with the fee on a cost-recovery basis**

*Design:* the City of Calgary could require STR digital platforms operating in the City (e.g., Airbnb, VRBO, etc.) to obtain an STR business license for platforms. The City of Calgary should conduct a cost analysis to determine how much it costs (will cost) to administer and (actively) enforce STR regulations (dependent on STR regulations and reforms if any). Based on that analysis (and considering the fees on STR operators, if any), STR business license fees for STR platforms could be set accordingly.<sup>41</sup> The fee could be based on the number of nightly rentals (which will require regular data reports from the platform) or be a one-time fee (like the current

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<sup>39</sup> This effect was observed in Denmark after Denmark increased the taxes on STR hosts (Garz and Schneider 2023).

<sup>40</sup> See the MTR Appendix.

<sup>41</sup> The new STR regulation in BC is requiring platforms to register with the province. Jurisdictions in the US, including Seattle for example, require platforms to have a platform license.

fee paid by STR hosts).<sup>42</sup> Basing the fee on nightly stays ensures that larger platforms that impose more costs on the City pay a larger share of those costs.

*Evaluation:*

- Implementation:
  - Administration: administration will require additional analysis. A cost analysis must be undertaken. Data from platforms must be submitted to the City and the City examine and platform data and prepare invoices for the platforms. This will take more time if the platform license fee is based on nightly stays as opposed to a one-time fee.
  - Enforcement: given that the license fee is on the platforms and platforms are generally few in number and large entities, ensuring platforms pay the license fee should be relatively straight forward to enforce. The difficulty lies in if the fee is based on nightly stays, that data comes from the platform and verification may be difficult. A one-time fee would mitigate this difficulty.
- Impact on City:
  - Revenues: we cannot calculate expected revenues for this policy tool as the cost of administration and enforcement is not known to us. However, if done correctly, the revenue from STR platform licenses should match the cost of administration and enforcement of the STR regulations. While this may increase revenues, it is on a cost recovery basis so there will be no excess revenues/profit.
  - Revenue impact: as suggested, since this is a cost-recovery tool, revenues will be spent on STR administration and (active) enforcement. If set right and enforcement is active, this can ensure that any other STR policy tool being used (in conjunction with STR licensing fees) is meeting objectives. It also suggests that other general source revenues (e.g., property taxes) would finance less of STR administration and enforcement costs.
- Other: it is unclear how a STR platform license will affect housing affordability, neighborhoods, and tourism. If the platform license fee is passed on to STR operators, this will have similar effects as discussed for STR operator license fees above. To what extent depends on the license fee and the pass-thru rate.

*Strategy 2: Collect fees from STR operators to internalize externalities.*

**Policy Tool 1: Increase Property Taxes on STRs (an STR Mill Rate)<sup>43</sup>**

*Design:* implement a higher residential property tax mill rate on all properties that are used in whole or in part as an STR. For illustration purposes, suppose that the mill rate on STR properties is set equal to the commercial mill rate and mill rates were adjusted so that the

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<sup>42</sup> Note in Seattle, the fee for platforms is \$4 per night booked based on program revenue and expenditure costs. It is payable on a quarterly basis. This is in addition to a fee of \$75 per unit for STR operators paid annually (SMC 6.600.030).

<sup>43</sup> This section should be read in combination with the Property Tax Appendix that discusses property taxes in Calgary in more detail.

total property tax revenue collected by the City remained constant (revenue neutral). Property owners would have to declare (to Assessment and Tax) annually whether their property will be used as an STR (and would have to wait until the next tax year to change their declaration). If the property owner does not declare that their property will be used as an STR, the default should be the residential property tax mill rate. Further, to be approved for a new STR license, the property owner must prove they have declared their STR-use intent with Assessment and Tax.<sup>44,45</sup>

### *Evaluation:*

- Implementation:
  - Administration: STR license data collected by the City could be combined with assessment roll data to determine which residential properties are licensed STRs. Higher mill rates could then be applied to those properties. However, property owners would only have one opportunity a year to declare whether their property will be used as an STR or not. The City would have to determine what would happen in the case of renters and what would happen in the case of a property sale/new owners. This tool is more administratively complex than other policy tools examined here. There is also the potential for a legal challenge.<sup>46</sup>
  - Enforcement: It's likely that compliance would be high given the high use of TIPPS (60 percent) and low property tax arrears rate (three percent)<sup>47</sup> assuming cooperation between City units. Effective enforcement could be supported by active platform engagement (e.g., verifying license numbers against City data) or active City verification of listings (through a data sharing agreement with platforms).
- Impact on City
  - Revenues: we cannot directly calculate the impact on revenues. However, if the mill rates are adjusted so that, after adding the STR mill rate, the remaining mill rates are adjusted to be cost neutral, this can increase the proportion of property taxes that come from STRs (i.e., income-generating properties) while decreasing the mill rate for residential properties that are not used as STRs.
  - Revenue impact: property taxes cover general services provided by the City including bylaw enforcement, fire services, waste management, and the provision of roads, pathways, and parks used by STR guests.

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<sup>44</sup> See our report on Property Tax Appendix for a more detailed discussion on the legality and implementation of a STR-residential property tax.

<sup>45</sup> Canmore uses a similar declaration method to levy their “tourist home” property tax (e.g., a higher residential-class tax on properties zoned as tourist homes and declared as an STR by the property owner). Canmore also currently sets its tourist home property tax mill rate equal to the commercial mill rate. See: [https://www.canmore.ca/your-community/residential-services/taxes/thpu#:~:text=The%20property%20is%20then%20taxed,than%20double%20the%20residential%20rate\).](https://www.canmore.ca/your-community/residential-services/taxes/thpu#:~:text=The%20property%20is%20then%20taxed,than%20double%20the%20residential%20rate).)

<sup>46</sup> STRs is a “use” and not a residence type—which is generally the basis for different property tax rates. While this has not been legally challenged in Canmore, it is not out of scope.

<sup>47</sup> <https://www.calgary.ca/service-lines/2023-2026-city-services/taxation.html?service-line-budget-bar-chart-serviceplanbudget-xview=2023&service-line-budget-bar-chart-serviceplanbudget-view-open=>

- **Housing impact:** we cannot estimate the impact this will have on STRs on Calgary. However, we hypothesize that because an increased property tax will increase the operating costs of STRs, STRs that cannot re-coup those costs (e.g., from guests), will be driven out of the market (or into the MTR market, dependent on the definition of STRs), reducing STRs. Marginal STR operations will be driven out of the STR market, with the exact number dependent on how large of an additional cost it is. This could potentially increase LTR units, reduce LTR rents, and reduce house prices (benefitting home buyers). However, these effects are not expected to be large (if the property tax is implemented as the only policy tool) as long as STRs remain a potential property use (e.g., are not otherwise restricted) and if there's an option to switch into the MTR market and avoid taxes. Overall, an STR property tax will likely not have a significant impact on housing affordability relative to other tools examined in the housing affordability section.
- **Commercial operations vs. home sharers:** while the exact effects are uncertain, the empirical evidence suggests that it is likely that a higher property tax on STR operations will reduce home sharing STR operations and increase commercial STR operations. Commercial operators are better positioned to recoup higher operating costs than home sharers. The empirical evidence also suggests that a higher property tax will have a disproportionately negative effect on economically disadvantaged hosts.<sup>48</sup>
- **Tourism:** STRs would remain available during events. Variety may be maintained, although private rooms may decrease. STR rental prices are likely to increase as the property tax increases are likely to be passed on to STR guests. Taxes on STRs would be “on a level playing field” with hotels.

## **Policy Tool 2: Charge an Accommodation Levy on STRs**

*Design:* in this policy tool, the City charges an accommodation tax/levy on STR listing revenue (to be collected by the platform and remitted to the City). Accommodation taxes/levy revenue is then used to address issues specific to STRs such as bylaw/enforcement, inspections, place promotion, etc.

### *Evaluation:*

- **Implementation:**
  - **Administration:** currently, the City does not have the authority to levy such a tax. Under the current Municipal Government Act (MGA), municipalities can only collect revenue through property taxes and user levies. Only the provincial government can currently levy an accommodation tax in Alberta, and they currently levy an Alberta Tourism Levy of 4 percent on STRs. Because an accommodation tax is currently not within the City's power, the City would have to lobby the Government of Alberta to have this power devolved to them. If power were devolved and platforms made to collect and remit the accommodation tax/levy, administration would be straight forward.
  - **Enforcement:** assuming that the STR license requirement remains in place, an accommodation levy is best enforced with platform cooperation including the

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<sup>48</sup> See Garz and Schneider (2023) and the Causal Literature Review.

collection and remittance of the levy by the platform and regular data/financial updates from the platform that may be subject to audit.

- Impact on City:
  - Revenues: if the City were to implement a 2 percent accommodation tax on the revenues of STR operators, in September 2023 alone the revenue from Airbnb and VRBO would have been \$202,982. Within one year, from October 2022 to September 2023, the revenue would have been about \$1.5 million. A levy of 4 percent would have earned the City just over \$3 million.
  - Revenue impact: as suggested, the revenue from the accommodation tax should be spent on issues related to STRs such as active enforcement, bylaw generally (e.g., noise & waste complaints), the 3-1-1 line, and waste management.
- Housing impact: we cannot estimate the impact this will have on STRs on Calgary. However, we hypothesize that because an increased cost of operations in the form of an accommodation tax/levy will increase the operating costs of STRs, STRs that cannot re-coup those costs (e.g., from guests), will be driven out of the market (or into the MTR market, dependent on the definition of STRs), reducing STRs. Marginal STR operations will be driven out of the STR market, with the exact number dependent on how large of an additional cost it is. This could potentially increase LTR units, reduce LTR rents, and reduce house prices. However, these effects are not expected to be large (if the accommodation tax/levy is implemented as the only policy tool used) as long as STRs remain a potential property use (e.g., are not otherwise restricted) and if there's an option to switch into the MTR market and avoid taxes. Overall, an STR accommodation tax/levy will likely not have a significant impact on housing affordability relative to other tools examined in the housing affordability section.
- Commercial operations vs. home sharers: while the exact effects are uncertain, the empirical evidence suggests that it is likely that an accommodation tax/levy on STR operations will reduce home sharing STR operations and increase commercial STR operations. Commercial operators are better positioned to recoup higher operating costs than home sharers. The empirical evidence also suggests that a accommodation tax/levy will have a disproportionately negative effect on economically disadvantaged hosts.<sup>49</sup>
- Tourism: STRs would remain available during events. Variety may be maintained, although private rooms may decrease. STR rental prices are likely to increase as the cost increases are likely to be passed on to STR guests. If this accommodation tax/levy is not imposed on hotels, STRs will be a higher accommodation tax/levy than hotels.

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<sup>49</sup> See Garz and Schneider (2023) and the Causal Literature Review.

*Strategy 3: Collect fees from STR operators/platforms to support STR guest use of City services.*

### **Policy Tool 1: Increase Property Taxes on STRs (an STR Mill Rate)**

See strategy 2, policy tool 1 on property tax above. Design and Evaluation are identical.

## **Maintain/Improve Tourism (and Economic Growth) to Calgary**

### **What we Know**

In 2023, 8.4 million people visited Calgary with that number expected to increase to 8.7 million in 2024 (CBC News 2024). Tourism has been cited as a significant driver of economic activity in Calgary and is estimated to have brought in about \$156 million in economic impact in 2022 and a projected \$200 million in 2023 (Calgary Economic Development 2023). A large driver of tourism is high profile events hosted in Calgary including the Calgary Stampede. Currently in Calgary, there does not appear to be an issue of over-tourism (as is sometimes claimed in European cities). Increased tourism appears to be anticipated and encouraged by organizations including Tourism Calgary and Travel Alberta as a driver of economic activity.

There is no rigorous empirical evidence on the impact of STRs on tourism nor economic activity. However, Airbnb claims that STRs generate economic benefits: Airbnb claims that Airbnb's increased economic benefits in BC by \$2.5 billion and by \$10 billion in Canada in 2023 (Airbnb 2024a, 2024c). We would caution using these results because they likely use a form of economic modelling (Impact Assessment Modelling) based on multiplier analysis that is misleading.<sup>50</sup> They do not consider that STRs and hotels are substitutes: if STR guest had not stayed in STRs, it is possible that many would have stayed in a hotel, having about the same economic impact. That is, it is unlikely that Airbnb *caused* an increased in economic impact: it is more likely they shifted economic impact away from hotels to STRs.<sup>51</sup>

A better way to think about the impact of STRs on tourism may be to view STRs as a substitute to and competitive form of accommodation to hotels/traditional tourist accommodations. In this view, STRs may lower the prices of all accommodations (due to increased supply of accommodations) and increase the variety of accommodations. There is empirical evidence to support this view. Zervas, Proserpio, and Byers (2017) find that a 10 percent increase in STR listings in Austin, Texas decreases hotel room revenue by 0.4 percent driven by a decline in room prices. This price response was larger for lower-priced hotels and during peak tourist events. Dogru, Mody, and Suess (2019) find a similar result when examining 10 US cities. Further, in our What We Heard (see the Phase 1 Report Package), we heard that guests to the

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<sup>50</sup> While we do not have proof specific to the cited articles, earlier work on economic impact done by Airbnb was commissioned out to NERA Economics Consulting. In their 2017 report, they use an Impact Assessment Model with multipliers to determine the economic impact of Airbnb on various geographies (NERA Economic Consulting 2017).

<sup>51</sup> For more information, see Bivens (2019).

Calgary STR market prefer STRs over hotel due to amenities (e.g., kitchens, laundry, etc.) and price (p. 11).

In this view, the City may choose to regulate STRs with the objective of maintaining STRs as a substitute to hotels for tourists: maintaining STRs may lower accommodation prices overall and maintain a variety of accommodation choice. This may be especially important during events such as the Calgary Stampede when in 2022 and 2023, it was estimated that hotels were at 90 percent capacity (Calgary Economic Development 2023), leaving few accommodations available for last-minute travellers. From a policy perspective, in this view, there is an argument to be made that STRs should then be regulated similar to hotels/traditional tourist accommodations and that the number of STRs should not be too restricted, allowing for continued variety and fluctuations in supply in response to demand.

Currently STRs are somewhat less heavily regulated than hotels and do not comply with as high as standards as those imposed on the hotel industry by the hotel industry (e.g., AHLA standards for an “approved” hotel). Further, illegal STRs are not complying with some or all STR regulation. This potentially gives STRs an unfair competitive advantage over hotels.

However, gaps in regulation are becoming smaller. Calgary STRs are required to pay accommodation taxes, GST, and income taxes, and STRs are now subject to fire code inspections. Remaining differences between STR and hotel regulations (excluding the standards imposed on hotel by hotels) include health and safety inspections and property taxes (see previous sections on Guest and Safety and Property Taxes in this report).

We note in passing that STRs pay an accommodation levy of 4 percent to the provincial government. The revenue is used to promote Calgary tourism. The City of Calgary currently has no authority to charge an accommodation levy.

### Strategies

From the above, the discussion suggests that the most effective type of STR regulation to improve/maintain tourism and economic growth is to ensure that STRs are regulated similar to hotels while avoiding a significant decline in the supply or variety of STRs. This can be done through the use of the following strategies:

1. Ensure STRs pay the same taxes/fees as hotels.
2. Ensure the safety and operational standards of STRs are similar to that of hotels.
3. Avoid a large reduction in STR activity

### Evaluative Criteria

1. Implementation
  - a. Administration: how is the policy tool administered? Is administration complex, straight forward, or somewhere in-between? Will administration be costly?

- b. Enforcement: how will compliance with the policy tool be ensured? What enforcement measures need to be taken? What enforcement measures would be nice to have?
- c. Effective implementation: based on administration and enforcement, can the policy tool be effectively implemented so that the objective is achieved?
2. Impact on tourism
  - a. STR listings: will STRs listings may be removed from the STR market? Which ones? Commercial or home share? Entire home/apartment or private rooms?
  - b. Variety of accommodations: how will the STR policy tool affect STR and hotel accommodations in terms of variety?
  - c. Price of accommodations: how will the STR policy tool affect STR and hotel accommodations in terms of price?
  - d. Comparison to hotel regulations: how alike or different does the policy tool make STR regulation compared to hotel regulation?
3. Impact on housing: will the impact on STR listings affect the housing market? How so? E.g., LTR rents, home prices, building permits.
4. Other: any other impacts of the STR policy tool that should be considered.

## Policy Tools

### **Policy Tool 1: Implement an STR property tax (mill rate) equal to the commercial mill rate**

*Design:* implement a higher residential property tax mill rate on all properties that are used in whole or in part as an STR. For illustration purposes, suppose that the mill rate on STR properties is set equal to the commercial mill rate and mill rates were adjusted so that the total property tax revenue collected by the City remained constant (revenue neutral). Property owners would have to declare (to Assessment and Tax) annually whether their property will be used as an STR (and would have to wait until the next tax year to change their declaration). If the property owner does not declare that their property will be used as an STR, the default should be the residential property tax mill rate. Further, to be approved for a new STR license, the property owner must prove they have declared their STR-use intent with Assessment and Tax.<sup>52,53</sup>

#### *Evaluation:*

- Implementation:
  - Administration: STR license data collected by the City could be combined with assessment roll data to determine which residential properties are licensed STRs. Higher mill rates could then be applied to those properties. However,

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<sup>52</sup> See our report on Property Tax Appendix for a more detailed discussion on the legality and implementation of a STR-residential property tax.

<sup>53</sup> Canmore uses a similar declaration method to levy their “tourist home” property tax (e.g., a higher residential-class tax on properties zoned as tourist homes and declared as an STR by the property owner). Canmore also currently sets its tourist home property tax mill rate equal to the commercial mill rate. See: [https://www.canmore.ca/your-community/residential-services/taxes/thpu#:~:text=The%20property%20is%20then%20taxed,than%20double%20the%20residential%20rate\).](https://www.canmore.ca/your-community/residential-services/taxes/thpu#:~:text=The%20property%20is%20then%20taxed,than%20double%20the%20residential%20rate).)

property owners would only given one opportunity a year to declare whether their property will be used as an STR or not. The City would have to determine what would happen in the case of renters and what would happen in the case of a property sale/new owners. This tool is more administratively complex than other policy tools examined here. There is also the potential for a legal challenge.<sup>54</sup>

- Enforcement: It's likely that compliance would be high given the high use of TIPPS (60 percent) and low property tax arrears rate (three percent)<sup>55</sup> assuming cooperation between City units. Effective enforcement could be supported by active platform engagement (e.g., verifying license numbers against City data) or active City verification of listings (through a data sharing agreement with platforms).
- Tourism
  - STR Listings: we hypothesize that because an increased property tax will increase the operating costs of STRs, STRs that cannot re-coup those costs (e.g., from guests), will be driven out of the market (or into the MTR market, dependent on the definition of STRs), reducing STRs. However, an STR property tax will likely not have a significant impact on STR listings relative to the policy tools examined in the housing affordability section.
  - Variety of accommodations: variety of STRs may be maintained, although private rooms and temporary STRs may decrease relatively.
  - Price of accommodations: an increased property tax on STR will likely increase the price of STRs. It is unlikely to impact hotel prices.
  - Comparison to hotel regulations: a STR mill rate set equal to the commercial mill rate will result in the same tax rate on STRs and hotels.
- Housing impact: we cannot estimate the impact this will have on STRs on Calgary. However, we hypothesize that because an increased property tax will increase the operating costs of STRs, STR listings will decrease. Marginal STR operations will be driven out of the STR market, with the exact number dependent on how large of an additional cost it is. This could potentially increase LTR units, reduce LTR rents, and reduce house prices (benefitting home buyers). However, these effects are not expected to be large (if the property tax is implemented as the only policy tool) as long as STRs remain a potential property use (e.g., are not otherwise restricted) and if there's an option to switch into the MTR market and avoid taxes. Overall, an STR property tax will likely not have a significant impact on housing affordability relative to other tools examined in the housing affordability section.
- Other: while the exact effects are uncertain, the empirical evidence suggests that a higher property tax on STR operations will reduce home sharing STR operations and

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<sup>54</sup> STRs is a "use" and not a residence type—which is generally the basis for different property tax rates. While this has not been legally challenged in Canmore, it is not out of scope.

<sup>55</sup> <https://www.calgary.ca/service-lines/2023-2026-city-services/taxation.html?service-line-budget-bar-chart-serviceplanbudget-xview=2023&service-line-budget-bar-chart-serviceplanbudget-view-open=>

increase commercial STR operations.<sup>56</sup> It may also result in a slightly decrease in the tax rate on residential properties (if the tax change is revenue neutral). An STR mill rate may also be justified on the ground of addressing externalities and costs imposed by STRs and STR guests on the City generally.

## **Policy Tool 2: Update Guest Safety and Security Standards and Operational Standards in Line with that Required of Hotels**

*See the discussions in “Managing Guest Experience” related to health and housing inspections, fire inspections, and operational standards.*

### *Evaluation:*

- Tourism:
  - STR listings: any additional fire and safety requirements imposed on STRs may reduce STR listings, particularly those in non-compliance where compliance costs are high and/or the STR operation is inefficient. We hypothesize that the decline in STR listings will not be as large as if policy tools under the “housing Affordability” section are used.
  - Variety of STRs: we hypothesize that any additional fire and safety requirements imposed on STRs will likely maintain the variety of STRs though private rooms and temporary STRs may decrease relatively (compliance costs may be a larger barrier to these).
  - Price of accommodation: we hypothesize that any additional fire and safety requirements imposed on STRs may increase the cost of STRs to guests as increased costs of compliance are passed on. This should not affect hotel pricing.
  - Comparison to hotel regulations: additional fire and safety requirements imposed on STRs may result in the same guest safety and security regulation on STRs and hotels (dependent on what is chosen).

### *Strategy 3: Avoid a Large Reduction in STR Activity*

There are no specific policy tools for this strategy. Rather, this strategy should be balanced against policy tools chosen to meet other objectives. For example, suppose the City chooses to set the objective of STR regulation to address housing affordability. The Personal Residence Requirement will address housing affordability but, by reducing STR listings significantly, it will also result in a significant reduction in STR accommodations and STR variety and a possible increase in hotel prices. This may discourage certain tourists from staying in Calgary (e.g., those with low or modest incomes, those who price shop, families with children, tourists seeking particular amenities like kitchens, etc.).

A discussion of these trade-offs is available throughout the policy tools examined (all were examined for impacts on tourism).

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<sup>56</sup> See Garz and Schneider (2023) and the Causal Literature Review.

### 4.3 Enforcement

While we have included enforcement as an evaluation criterion in all the policy tools examined, it bears repeating here: a policy tool that cannot be adequately enforced will likely fail to meet its objective. For most policy tools, particularly those that restrict STRs, active enforcement is required. Active enforcement includes either digital STR platforms actively checking for valid license number on listings and removing those without a valid listing, or platforms sharing listing data with the City where the City actively checks listings for valid license number and reports illegal STRs to platforms who then removes those listings. This active enforcement is in addition to administrative-related enforcement (e.g., checking an STR application is not located in a prohibited building) and physical investigation, where required. For a detailed discussion of these enforcement issues, see the Enforcement Appendix.

Regardless of whether the City chooses to reform the STR regulations or not, we would suggest that the City, either on its own but preferably with the provincial government as a partner, began discussions with digital platforms (e.g., Airbnb and VRBO) regarding active enforcement. This would improve the ability of the City to enforce current STR regulations and any STR regulations introduced in the future.

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#### *Quick Win*

*The City, either on its own but preferably with the provincial government as a partner, should began discussions with digital platforms (e.g., Airbnb and VRBO) regarding active enforcement.*

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Lastly, we note that with both the current STR regulations and any STR regulations implemented in the future, the City should monitor and evaluate to ensure that objectives are being met. For example, under the current STR regulations, continual monitoring the STR market (e.g., data on STR listings) would help the City understand the STR market. Regular consultations with the fire chief would help identify gaps in fire safety coverage. For future objectives, this may be expanded to include monitoring and evaluation of the LTR market (e.g., rental prices and vacancies) in comparison to the STR market, regular consultations with AHS on Health and Housing standards observed in STRs, etc.

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#### *Quick Win*

*Begin continual monitoring and evaluation of STR including data on STR listings and regular consultations with the fire chief on gaps in fire safety in STRs.*

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## **Section 5: Conclusion**

In this final report we have set out a framework for the implementation of STR regulations. Within that framework, we argued that a city like Calgary who is considering STR regulation needs to consider: the definition of STRs, the objectives of the STR regulations, and the enforcement of STR regulations. These three considerations are interconnected. For example, if the definition of STR is not considered and restrictive STR regulation is brought in, there's a possibility that STRs will re-brand as MTRs to escape restrictive regulation, foiling the City's objective. Likewise, if restrictive STR regulation is brought in but there is no way to enforce it, there's a possibility that STRs will increasingly operate illegally since they know they will not get caught, again foiling the City's objective.

We then proposed several objectives that the City may choose to pursue with respect to STR regulation. The City's objective may change over time with the changing housing, economic, and social environment. Within each objective, we outlined a number of strategies and policy tools that the City could consider implementing to meet their objective. For each policy tool, we evaluated it based on several criterion related to the objective.

We do not make any specific recommendations. It falls to the elected representatives of the City to determine what the objective for STR regulation should be, what policy tool they want to pursue to meet that objective, and what trade-offs they are comfortable with. Regardless, we have noted some quick-wins that could be implemented quickly to improve the current STR regulation and STR regulation that may be implemented in the future. They are:

1. Audit the dedicated complaint line (3-1-1) with a focus on STR complaints: identify avenues for improving responses to STR complaints.
2. Work with AHS to revoke/suspend STR licenses of STR properties that have failed a Minimum Health and Housing Standards inspection.
3. Either the City on its own or with the provincial government as a partner, begin discussions with Airbnb and VRBO to move towards active STR regulation enforcement.
4. Regularly consult with the fire marshal on gaps in fire and safety issues related to STRs.

# Appendix 1: Design Toolbox

## Introduction

Experts have identified a broad array of policy, planning, legal, and regulatory measures and tools—which we refer to collectively as the STR policy toolbox—from which authorities draw to piece together regulatory and management approaches for the STR market.<sup>57</sup> In this Appendix we go through the tools in the STR policy toolbox: we define them and set out a list of questions to guide their design. This document draws from our Jurisdictional Scan (Phase 1 Report package) where we examined the STR regulations in 25 municipalities in Canada. We encourage readers to read the background paper to understand where and when these STR policy tools have been used. This document does not argue for or against any of the policy tools nor analyze their impact. This is a neutral design guide to help guide the consideration of how to design STR policy tools. Section 4 - the Policy Guide – of this Final Report analyzes these policy tools in the specific context of the Calgary market and given specific policy objectives.

In this Design Appendix we begin by examining the design of the definition of STRs (see also the MTR Appendix). We then categorize STR policy tools into categories: prohibitions, licensing systems and standards, and taxation of market activity. This is somewhat different than in the Section 4 Policy Guide where we examine policy tools based on objective; however, here we have a different purpose—to look at design. Finally, we look at the design of compliance and enforcement strategies. As discussed in our Policy Guide, these dimensions of definition, policy tools, and enforcement are interlocking: when enacted together, they support the comprehensive and strategic management of the STR market. Further the various tools within these dimensions and the dimensions themselves are co-dependent and mutually-reinforcing: each dimension relies on the others to be effective.

Most of the policy tools we focus on here are policy tools that can be enacted by municipal governments. However, we end with STR regulatory considerations for the provincial government: this was identified as a best practice in our Jurisdictional Scan (Phase 1 Report package)

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<sup>57</sup> The scholarship that has shaped our understanding of STR policy and spans case studies (e.g., Ferreri and Sanyal 2018; Grimmer, Vorobjovas-Pinta, and Massey 2019; Lee 2016; Valentin 2020; Verdouw and Eccleston 2023), comparative papers (e.g., Colomb and Moreira de Souza 2021; Dredge et al. 2016; Furukawa and Onuki 2019; Hübscher and Kallert 2022; Jamasi 2017; Nieuwland and van Melik 2020; von Briel and Dolnicar 2020), and general regulatory analyses (e.g., Finck and Ranchordàs 2016; Gurran and Phibbs 2017; Interian 2016; Jefferson-Jones 2015; Leshinsky and Schatz 2018; Miller 2016).

## Defining an “STR”

### What is it?

The definition of “short term rental” delineates which rentals will be covered by subsequent STR-related bylaws, and which will not. Here we examine the broad-based STR definition. Prohibitions are left to the following section.

### Design Considerations

The definition of an STR can include one or more of the following:

- **Number of days of rental:** e.g., an STR can be defined as a temporary rental of up to 30 days. This is the most common definition of STRs but potentially leaves the door open for a rental unit to be available as a rental for one more day and escape regulation: it leaves a gap in regulatory coverage for “medium term rentals (MTRs)”.<sup>58</sup>
  - What should the number of days be?
    - In Canada, for jurisdictions that define STRs by number of rental days, STRs are generally rentals of 28-30 days/one month or less. However, the new BC legislation defines STRs as rentals less than 90 days.<sup>59</sup>
    - Under the Excise Tax Act, rentals (including lease and licenses) of over one month to the same individual are exempt from GST (Sch. V, Part I, para.6).
- **What it’s not:** e.g., STRs are rentals that do not fall under the Residential Tenancies Act (RTA). This would cover MTRs. However, it’s application can become complex in situations where it is unclear if a lease exists.<sup>60</sup> This would then also include other rental types, such as corporate rentals.
- **Tourist accommodation:** e.g., an STR is a temporary accommodation *for tourists*. While true in some circumstances, STRs do not cater solely to tourists. Many STR guests are residents and/or business people.
- **Platform mediated-rental:** e.g., an STR is any rental made via Airbnb or VRBO or other digital platform. This leaves STRs that are offered off digital platforms (e.g., on private websites, Kijij, Facebook Marketplace, etc.) not covered by either STR bylaws nor the RTA.
- **Compensation or fee:** if included, means that freely-provided STRs will not be covered by STR regulation.
- **Some or all:** will the definition of an STR include all the above points, or will each of the above points be indicative of but not necessary to indicate an STR?

Other considerations for the definition of STR (and STR regulatory coverage):

- **Commercial vs. Homestay:** Will the definition of STRs differentiate between “commercial” STRs and “homestay” STRs? How will these each be defined?

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<sup>58</sup> See the MTR Appendix for a more detailed discussion on this gap in legislation.

<sup>59</sup> See the Jurisdictional Scan for a list of time limits used in municipalities across Canada.

<sup>60</sup> In Alberta, a written lease is not required for a rental to fall under the RTA. Rentals can fall under the RTA based on oral agreements. Mid-term rentals may fall under the RTA provided they are for the purpose of residing.

- The purpose of differentiating is to apply different regulations to different types of STRs. For example, there may be different license types (with different license requirements, fees, quotas and/or moratoriums) or prohibitions on commercial STRs (discussed more below).
- In general, homestays are in the “personal residence” of the host while commercial STRs are located in secondary/investment properties.
- While some jurisdictions do differentiate (notably in Quebec and municipalities in Saskatchewan), it also requires additional information gathering and enforcement (see the personal residence requirement below).
- **Exclusions/Exceptions:** Will the definition of STR’s specifically exclude particular STRs?
  - Examples include: hotels, shelters, boarding houses, bed & breakfast, NGO or government provided stays, corporate rentals, etc.

## **Prohibitions**

The policy tools in this section place limits on the scope, nature, and operation of STR activity. Land-use designations and zoning, for example, are tools used by local authorities to draw bounds around and manage the types, extent, and spatial dimensions of land use in a given community and include stipulations regarding building types and characteristics, as well as the uses that can be carried out within them. Licensing bylaws can also contain similar provisions, such as quotas and moratoriums on licenses.

## **Prohibited Dwellings**

### **What is it?**

The prohibition of STRs in certain types of dwellings.

### **Design Considerations:**

- What type of dwellings will be prohibited from being used as an STR?
  - These are generally (but not universally) units that are more likely to be low-cost long-term rental or permanent homeowner units.
  - Examples from Canada include:
    - Affordable housing
    - Community housing
    - Employee housing
    - Entire single detached dwellings
    - Entire apartments or multi-family dwellings including duplexes, townhouses and rowhouses
    - Secondary suites and accessory dwelling units (ADU’s)
    - Group homes

- Properties that have not been a personal residence for some specified time (e.g., four years)
- Vehicles, tents, trailers, and other temporary structures.
- Other specific considerations for Calgary:
  - Converted office space downtown
- Will this apply to only certain land use designations/zonings or communities?

## Personal Residence Requirement

### What is it?

The personal residence requirement requires that STRs only be in/on a personal residence.

### Design Considerations:

- How will “personal residence” be defined?
  - The phrase “principal residence” has a specific definition under the federal Income Tax Act (ITA). Because of this, we would suggest avoiding the phrase “principal residence” to prevent confusion. In short, a principal residence under the ITA must be owned (alone or jointly); the owner, their spouse or dependent children must have lived in the residence at some point during the year; and it must be designated as the principal residence (for tax purposes). A property whose main purpose is to produce income is not considered a principal residence under the ITA (though this is fact specific).
  - We suggest using the phrase “personal residence” or “primary residence”. Regardless of what is used “personal residence” or “primary residence” should be defined in the relevant bylaw. Some design questions to guide this definition are:
    1. What is required for a property to be a “personal residence”?
      - This could be a percentage of time lived in, i.e., over a calendar year.<sup>61</sup>
      - This could also be a concept more akin to “ordinary residence”: “the place in which a person's lifestyle is centered and to which the person regularly returns if his or her presence is not continuous”.<sup>62</sup>
      - It could also be tied to other services, e.g., where you live for bills, government identification, taxes, and/or insurance.<sup>63</sup>
      - What is chosen will determine what type of information will be required for enforcement (see below).
    2. Can only the property owner designate the property where the STR unit is as a personal residence? Or can a renter also designate a property as their personal residence?
- Other questions:<sup>64</sup>

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<sup>61</sup> In BC: “the residence an individual lives in for a longer period during a calendar year than any other place.”

<sup>62</sup> *Hardy v. Hardy* (1969) 7 DLR (3d) 307 (OHC); *Girardin v. Girardin* (1974) 42 DLR (3d) 294 (SQB). *Nielsen v. Nielsen* (1971) 16 DLR (3d) 33 (OHC).

<sup>63</sup> In Vancouver: “principal residence – the home where you live, as an owner or tenant, and use for bills, identification, taxes, and insurance”.

<sup>64</sup> If “principal residence” as defined under the ITA is used, some of these questions may be answered or restricted by the ITA. Consistency across legislation should be checked.

1. Does someone (e.g., the host or property manager) have to be present while the unit is being operated as a personal residence STR?
  - If yes, this limits STR's to only a portion of the property, and not the entire property.
2. Can ADU's and/or secondary suites that are part of the personal residence be rented out as an STR?
  - Relatedly, will there be a limit on the proportion of the property that can be used as an STR? E.g., can the main building be used an STR while the property owner/renter occupies/lives in the backyard garden house?
3. Relatedly, will some dwelling types be prohibited as an STR even if they are a personal residence?
  - Examples from Canada include: affordable housing, community housing, employee housing, single detached dwellings, apartments or multi-family dwellings, duplexes, townhouses, secondary suites, accessory dwelling units (ADUs), group homes, properties that have not been a personal residence for some specified time (e.g., four years), vehicles, tents, trailers, and other temporary structures.
  - Specific considerations for Calgary: converted office space downtown
4. Will there be exemptions to the personal residence requirement writ large, or portions thereof, in certain circumstances?
  - For example, if a host must ordinarily be present while renting the unit as an STR, this may be waived at certain times, e.g., Stampede week, Christmas holidays, or in certain circumstances, e.g., for "snow birds" and other travellers who vacation outside of Calgary (and how long of a vacation?), etc.
  - Another example are corporate rentals: these are not in personal residences and are generally MTRs. If the definition of STR is expanded to include MTRs, and the personal residence requirement is implemented, corporate rentals will be prohibited *unless* there is an exception made for them.<sup>65</sup>
5. Will the personal residence requirement be applicable across the entire city or only in certain communities/zones?

### **Enforcement Considerations**

Enforcement can be thought of as being done in two steps. First is at time of STR licensing/permit application. Second is active enforcement for illegally-operating STRs.

- At STR licensing/permit application: pre-license/permit information gathering, host attestations, and inspections could be required. What exactly is required depends on the definition of "personal residence" decided on. This should be updated regularly such as annually or upon license renewal.
  - Information could include: a copy of the hosts driver's license (to ensure their address is the same as the unit's), utility bills, and/or tax returns; and/or property

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<sup>65</sup> "Corporate rentals" are accredited corporate rentals with ISAAP.

blueprints/floor plans that indicate what portion of the property will be used as an STR and as a personal residence.

- Host attestations could include an attestation whereby the host attests that the unit to be licensed/permitted is their personal residence.
- Inspections could include a “fact check”, e.g., for personal belongings on the property suggesting it is used as a personal residence; and/or inspections to ensure the STR area is as indicated on the submitted floor plans.
- Ongoing enforcement measures could include:
  - Public online registry of STRs, their address, and license number
  - Posting of the STR license number in a visible place in the unit and on online listings
  - Platform cooperation: mandatory license fields for all listings plus data sharing with the City
  - Active data analysis and active enforcement
- Evasion of the personal residence requirement is possible by changing a partners’ or adult child’s driver’s license to match the address of an STR the host has no intention of using as a personal residence (this is being observed anecdotally in BC and Toronto).

## **STR Quotas**

### **What is it?**

An STR quota restricts the number of STRs legally permitted to operate in a City or community by placing a cap on the number of STR business licenses.

### **Design Considerations:**

- Will the quota on the number of STR business licenses be applied city-wide? Or will each community/sector/quadrant have its own quota?
- Will there be different quotas for different STR types, e.g., entire home/apartments, secondary suites/ADUs, private rooms, etc.?
- Will the quota only apply to STRs within the same structure, e.g., within an apartment building or townhouse complex, etc.?
- Will there be different quotas for STRs in personal residences (homestays) versus commercial/secondary investment STR properties?
- What will the quota be? Will it be an actual number, e.g., 4,500 licenses City-wide, or will it be a percent, e.g., 35 percent of an apartment building’s units?
- How will quotas be allocated? On a first-come first-serve basis? A lottery? Some other mechanism?
- Will current STR licenses be grandfathered in? What if they exceed the quota?
- Will the quota change with changing market conditions, e.g., long-term rental vacancy rates, number of dwelling units in the City, etc.

## **Enforcement Considerations**

It is possible that by placing a quota on licenses, if the quota is too low, STR activity will go underground. In the case of quotas, enforcement should focus on actively identifying illegally-operating STRs including:

- Public online registry of STRs, their address, and license number
- Posting of the STR license number in a visible place in the unit and on online listings
- Platform engagement: mandatory license fields for all online listings that are checked against license data in real time; and data sharing with the City
- Active checking of online STR listings for valid license numbers (by the City).
- Opportunities for neighbors and guests to validate STR's and report unlicensed STRs.
- Public education campaigns

## **STR Moratorium**

### **What is it?**

An STR moratorium is a temporary pause in the granting of STR licenses. This pause can be triggered based on market factors, for example, if the city's vacancy rate falls below a pre-set threshold.

### **Design Considerations**

- What specific market factors will trigger (and, conversely, rescind) an STR moratorium?
- Is such data available in real time?
- Will the moratorium apply only to new STR license applications? Or will it also apply to STR license renewals?
- Will the moratorium apply to all STR licenses, or will some types of STR licenses still be permitted, e.g., a moratorium on STR licenses for entire homes/apartment but not for secondary suites or ADUs, etc.

### **Enforcement Considerations**

- An STR moratorium based on market factors will require the City to monitor the relevant market factors and clearly communicate when the moratorium thresholds are met. This data must be available in a timely fashion.
- During a moratorium, licenses, STR activity will likely go underground, particularly if STR license renewals are included in the moratorium. Enforcement should focus on actively identifying illegally-operating STRs including:
  - Public online registry of STRs, their address, and license number
  - Posting of the STR license number in a visible place in the unit and on online listings
  - Platform engagement: mandatory license fields for all online listings that are checked against license data in real time; and data sharing with the City
  - Active checking of online STR listings for valid license numbers (by the City).

- Opportunities for neighbors and guests to validate STR's and report unlicensed STRs.
- Public education campaigns

## Night Caps

### What is it?

A night cap limits the number of nights an STR unit can be rented out as an STR.

### Design Considerations:

- How many nights can an STR unit be rented out?
  - Night caps have been imposed anywhere from 30 nights per year (Amsterdam) to 180 nights per year (Toronto and Iqaluit).
- Will the night cap apply to all STRs? Or only a subset (e.g., a particular community, land use designation or zoning area, entire house/apartment STRs/ commercial STRs that do not meet the personal residence requirements, etc.)?
- Will night caps apply only if specific market factors are met, e.g., similar to a moratorium?

### Enforcement Considerations

- During licensing/permitting, a host can be made aware of and attest to adhere to a night cap.
- It is unlikely that a city can/does collect data on the number of nights a given STR is rented out in a year. Thus, the only way to monitor and enforce a night cap is to have timely platform engagement, active enforcement, and data sharing.

## Zoning Prohibitions

### What is it?

Authorities may also impose zone- and site-based rules through the use of Land Use Bylaws. This includes the prohibition of the use of STRs in areas with particular land use designations or zones and the designation of exception zones (e.g., a main commercial street, plaza, or particular site) in which primary use STRs are permitted.

Types of spatial prohibitions:

- Prohibiting STRs in specific-zoned areas or land use designations; or
- Only allowing STRs in specific-zoned areas or land use designations (e.g., “permitted use” or “discretionary use”).

## Design Considerations

- In what zones or land use designations will STRs be prohibited/permitted use/discretionary use?
  - For permitted use, permits are more straightforward: they must meet zoning requirements but in general, are granted.
  - For discretionary use, determining whether or not to give a permit can depend on aspects outside of the generally applicable zoning requirements, e.g., does it fit the character of the neighborhood? Etc.<sup>66</sup>
- Will there be exceptions, e.g., prohibitions of STRs in residential-zoned buildings (e.g., R-1, R-2, etc.) except for areas with higher tourist activity, around hospitals and post-secondary institutions, etc.?
- Will a STR business license also be required (in addition to the permit)?

## Enforcement Considerations

- At the time of permitting, the address of the STR can be checked against zoning to ensure permitted STRs are only operating in permitted or discretionary zones.
- It is possible that in zones where STRs are prohibited, STR activity will go underground. Enforcement can include:
  - Requiring an STR licence (where a requirement of the license is to have a permit)
  - Public online registry of STRs, their address, and license number
  - Posting of the STR license number in a visible place in the unit and on online listings
  - Platform engagement: mandatory license fields for all online listings that are checked against license data in real time; and data sharing with the City
  - Active checking of online STR listings for valid license numbers (by the City).
  - Opportunities for neighbors and guests to validate STR's and report unlicensed STRs.
  - Public education campaigns

## Discretionary Use in the Land Use Bylaw

### What is it?

STR's can be made a “discretionary” use in a zoning/land use designation, and thus require approval through a discretionary development permit process prior to licensing (if also required). This has the potential of providing more flexibility to the municipality to control spatial distribution of STRs and recruit feedback from the neighborhood/community.<sup>67</sup>

### Design Considerations

- In what zones/land use designations will STRs be designated as a discretionary use?
- Will only certain types of STR's be a discretionary use (e.g., entire home/apartments) while others are a permitted use (e.g., home share STRs)?

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<sup>66</sup> See Petit and Tedds (2024d) for more information on the use of Land Use Bylaws as an STR regulatory tool.

<sup>67</sup> See Petit and Tedds (2024d) for more information on the use of Land Use Bylaws as an STR regulatory tool.

- What information and documents will be required from the STR host for the granting of the development permit?
  - This may include: proof of ownership or owner consent; a property and unit description; floor and site plans; photos; and information regarding any proposed signs; proof of insurance; expected visits per week; parking availability; a traffic impact assessment; proof that neighbors have been notified, etc.
- Will there be a notification requirement and period, e.g., of close neighbors? Will the opinions of neighbors be considered in the granting of a permit?
- Under what conditions will a development permit be denied?
  - This may include: it is not in keeping with the character of the neighborhood, will be disruptive to the community, failure to provide adequate information/documents, etc.
- Will a STR business license also be required (in addition to the permit)?

## **Licensing**

After determining definitions, prohibitions, use types, and spatial and locational restrictions, licensing frameworks then rest on and operate according to that foundation. These frameworks require authorities to establish licence categories (which are often linked to use type and/or unit characteristics), operational restrictions, requirements related to guest management, safety, and experience, as well as a process for registration. Given the elements of these frameworks—which can include restrictions on the number of units per dwelling and guests per room; prohibitions of overlapping bookings; parking requirements; safety rules (e.g., means of egress, window and secondary lock requirements), and provisions related to advertising, record keeping, and guest information—they draw on aspects of business licensing and zoning.

## **Broad Based Licensing Regimes**

### **What is it?**

All STRs fall under the same licensing regime (and pay the same licensing fees). All STRs fall under the same STR definition. Any and all prohibitions apply to all STR licenses.

### **Design Considerations:**

- Will the licensing regime require one license per STR or one license per host?
- Does the host (e.g., land owner or renter) have to apply for the license or can a property manager apply for the license?

- What will the fee be? Will it be based on a cost recovery basis? What “costs” are being recovered, e.g., administration, licensing, impact on city services, etc.?<sup>68</sup>

## Use Based Licensing Regimes

### What is it?

There are different licencing regimes (and fees) based on whether the STR is in a personal residence or a secondary/investment property. STR license fees and prohibitions may differ by license type.

### Design Considerations:

- Will the licensing regime require one license per STR or one license per host per license type?
- Does the host (e.g., landowner or renter) have to apply for the license or can a property manager apply for the license? Does this differ by license type?
- How will the information and/or inspection requirements differ by license type?
- What will the fee be? Will it be based on a cost recovery basis? What “costs” are being recovered, e.g., administration, licensing, impact on city services, etc.? Will the fee differ by license type?

## Unit Based Licensing Regimes

### What is it?

There may be different STR licenses (and fees) based on unit characteristics of the STR, e.g., number of bedrooms. STR prohibitions may also differ by license type.

### Design Considerations:

- How many different license types will there be?
- What will the specific unit characteristic threshold be, e.g., one license type for four and less bedrooms, and one license type for five and more bedrooms?
  - Different license types should be justified based on health/safety or other policy considerations.
- Will the licensing regime require one license per STR or one license per host per license type?
- How will the information and/or inspection requirements differ by license type?

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<sup>68</sup> A fee attached to a licensing scheme is a regulatory charge. As detailed in Tedds (2020), “...a regulatory charge is a charge related to a right or privilege grant by a government.” Revenues from regulatory charges *must* be used to recover the costs of the regulatory scheme, in whole or in part, and cannot be used as general revenues.

- What will the fee be? Will it be based on a cost recovery basis? What “costs” are being recovered, e.g., administration, licensing, impact on city services, etc.? Will the fee differ by license type?

## Time Based Licensing Regimes

### What is it?

There may be different STR licenses (and fees) based on how long the STR is active for, e.g., one week, one month, six months, one year, etc. STR prohibitions may also differ by license type.

### Design Considerations:

- How many different license types will exist?
- What is the time threshold for each license type, e.g., one week, one month, annual?
- Will the licensing regime require one license per STR or one license per host per license type?
- How will the information and/or inspection requirements differ by license type?
- What will the fee be? Will it be based on a cost recovery basis? What “costs” are being recovered, e.g., administration, licensing, impact on city services, etc.? Will the fee differ by license type?

## Limiting the Number of STR Licenses per Person/Household

### What is it?

Under a licensing regime, the number of STR licenses may be restricted to some number of STR (per unit) licenses either per person or per family/household.

### Design Considerations:

- What number of licenses will a person/family/household be permitted to hold?
  - Limiting STR licenses to one per person/family/household ensures that either the STR is in the personal residence or that there is only one secondary/investment property to be used as an STR permitted. This effectively prohibits commercial STR hosts who operate multiple entire unit STRs.
  - Permitting more than one STR license per person/family/household loosens the effective prohibition on STR hosts who operate multiple entire unit STRs.
- What will the unit of restriction be?
  - If the restriction is on licenses *per person*, do “persons” include any person or adults 18 years of age and older only?
  - If the restriction is on licenses *per family*, who is included in a “family”? Does it include the applicant, their partner, their adult children, extended family (e.g.,

aunts/uncles, cousins, grandparents)? If extended family is included, does it only include those living on the same property?

- If the restriction is on licenses *per household*, who is included in a “household”? Does it include people living under the same roof/on the same property as the applicant?

### **Enforcement Considerations**

- If the restriction is on licenses *per person*, is the current data collected on STR applications sufficient to identify “persons” and flag/prohibit persons from being granted more than the permitted number of STR licenses?
- If the restriction is on licenses *per family* or *per household*, is the current data collected on STR applications sufficient to identify those in the same family/household and flag/prohibit families/households from being granted more than the permitted number of STR licenses?
- If the restriction is on licenses *per family* or *per household*, how will the system handle “work-arounds”, e.g., family/household members changing their address on their driver’s license to the address of a secondary STR (without physically moving themselves) to appear as if they are a different family/household?

## **Operational and Guest Safety Standards**

### **What is it?**

Along with the definitions and prohibitions discussed, there may also be operational and safety standards that must be met to obtain a license. These are intended to keep guests safe and to preserve the character of a neighborhood.

### **Design Considerations:**

- What will operational standards include? Examples are:
  - A limit on the maximum number of rooms that can be rented within one dwelling
  - Guest limits
  - Rules on/prohibitions of overlapping bookings
  - Unit size
  - Parking requirements
  - Rule on/prohibition of hosting events like weddings and other commercial activity
- What standards will be set to ensure guest safety? Examples include:
  - Rules on/prohibition of serving food and alcohol
  - A designated contact person or on-site host with their contact information available in unit, their availability, and how long they have to respond to guests (either in-person or virtually)
  - Posted floor plans, fire safety plans, evacuation routes, etc., within the STR unit
  - A copy of the good guest guide/respectful neighbor guide available in unit

- STR business license number posted in unit and on online advertisements
- Required inspections
- Presence and testing of smoke alarms, carbon monoxide monitors, and fire extinguishers
- Lighting of exterior entry-ways
- Signed fire and emergency exits
- Rights based language: treatment of guests with disabilities and service animals
- Will hosts be required to comply with legislation currently required by hotels including the Innkeepers Act (RSA 2000) and Minimum Housing and Health Standards (M.O. 57/2012) – either for all STR licenses or only a subset (e.g., commercial hosts, entire home/apartment rentals, different license types, etc.)?
- In cases where food is served in STRs, will those STRs be required to comply with food safety legislation including the requirement of food handling certification and food safety inspections?
- If there are different licensing regimes/types, how will the operational and safety standards change by license type?

## **Application Process**

### **What is it?**

The process and information required to obtain and maintain an STR business license. Adherence to zoning rules and compliance with definitions, prohibitions, and operational and safety standards are confirmed during the application process.

### **Design Considerations:**

- What information will the host be required to submit as part of their application package? This will depend on the definitions and prohibitions in place. Examples include:
  - The application itself including the hosts personal information (name, address, contact information) and basic STR unit information (e.g., address, type of dwelling, etc.)
  - A floor plan, including fire extinguishers, fire plan, sleeping units and beds, etc.
  - A parking plan
  - A safety plan
  - An operational plan (e.g., how many guests, how often, procedures for check-in and check-out, procedures for dealing with complaints, etc.)
  - Proof of personal residence in dwelling
  - Attestations (e.g., for personal residence requirement)
  - Designated responsible person/information about property management company
  - Good neighbor agreement
  - Proof of strata/owner consent
  - Proof of insurance

- Proof of required inspections (e.g., fire inspection, minimum health and housing standards inspection, etc.)
- Proof that secondary suite or ADU is legal/meets safety requirements (where STR is in a secondary suite/ADU)
- Proof that STR meets required legislation (e.g., Minimum Housing and Health Standards, food handling certification, etc.).
- Development permit
- Platforms used for advertising/copy of advertising used on platforms
- Number of units in building if in a multi-family building
- Criminal record check from police services (jurisdiction where STR located and/or where applicant is located if different)
- If there are different licensing regimes/types, how will the information requirements change by license type?

## **Taxation**

Taxation is a management tool about which stakeholders in the traditional hospitality industry have been vocal since the emergence and expansion of the STR market. Hotel associations have argued that without such equalizing taxation measures, STR operators benefit from an uneven playing field that gives them unfair competitive advantage over traditional accommodation providers that have to collect and remit tax on accommodation sold (Hotel Association of Canada 2018, 7; Vigliotti 2019). Other potential justifications for the taxation of STRs include: STRs are commercial activities (despite being located in residential units) and should be taxed as commercial activities, STR guests make use of municipal services and should be taxed for the use of those services, STR hosts benefit from government promotion of localities (e.g., as a tourist destination) and thus should pay for that benefit, etc. There are a number of different taxes/levies that can be levied on STRs dependent on the purpose of the tax/levy; however, the level of government that has the jurisdiction to implement the tax/levy differs by tax/levy type.

## **Sales Taxes**

### **What is it?**

Sales taxes (e.g., GST, HST, PST, and QST, or some combination thereof depending on the province or territory), are charged on goods and services. In Alberta, currently under the Excise Tax Act, if the owner of the short-term rental is a GST registrant<sup>69</sup> then the GST must be paid on rentals that are less than one month in duration to the same individual and where the rent charged is more than \$20 per day. Collection and remittance of the GST may be facilitated

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<sup>69</sup> If the owner of the short-term rental is considered to be a small supplier—where gross revenues do not exceed \$30,000 in the last four consecutive calendar quarters, or in any single calendar quarter—then the owner is not required to be a GST registrant but can do so voluntarily.

through a digital platform, but currently in Canada the host is directly responsible for collecting and remitting the GST to the Canada Revenue Agency (CRA). Alberta does not have a sales tax (though the GST still applies) and, under the Municipal Government Act (MGA), Alberta municipalities do not have the jurisdiction to levy sales taxes.

## Accommodation Taxes & Levies

### What is it?

Accommodation taxes, also sometimes called tourism levies, are taxes/levies<sup>70</sup> on the purchase of accommodation, including traditional accommodations such as hotels and motels, and, potentially on STRs. They are often introduced as a direct way of recouping the costs that result from increased tourist activity at the local level, particularly in terms of pressure on or need for additional infrastructure, amenities, and facilities. Accommodation levies are in the provincial governments' jurisdiction and must be devolved to municipalities if a municipality is to levy one. In Alberta, jurisdiction over accommodation levies lies with the provincial government: municipalities cannot currently levy an accommodation tax or levy.

### Design Considerations:

- Will jurisdiction over accommodation taxes be devolved to municipalities or retained by the provincial government?
  - It is possible to devolve a portion of the accommodation tax to municipalities, e.g., over online marketplace/platform accommodations
- What rate will the accommodation tax be set at? Will it be the same rate as that paid by traditional tourist accommodations?
- Will the rate be progressive, e.g., a higher rate for more expensive STRs and a lower rate for less expensive STRs?
- Will the rate be phased in, e.g., set at 2 percent in the first year, 4 percent the next year, and 6 percent in the third year, etc.?
- What will the definition of "STR" for the accommodation tax be? If the province retains jurisdiction over the accommodation tax, will the definition of "STR" be deferential to the definition of "STR" used by municipalities, or will the province have their own definition of "STR" (in which case, consistency may be an issue)?
- Who is responsible for collecting and remitting the accommodation tax, particularly for STRs transaction facilitated through a platform?
- What will the accommodation tax revenues be used for?
  - On many cases, accommodation tax revenue is used to support tourism activities and impacts, such as maintaining infrastructure heavily used by tourists (incl,

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<sup>70</sup> While we refer to these as accommodation taxes, the charge is not necessarily a tax and varies from province to province. For example, in Alberta the Tourism Levy is not a tax whereas in Ontario the Municipal Accommodation Tax is a tax. When we refer to an accommodation tax in the next section we are not being prescriptive as to whether the tool should be a tax or a user levy.

- roads, garbage, water & sewer, and waste water facilities), providing guest services, and marketing the destination.
- In other cases, accommodation tax revenue has been allocated back to municipalities where it was collected from, and the municipalities have used the revenues for local projects including: funding local affordable housing initiatives, and rental housing grant programs.
- Will revenue collection and spending be reported to the public in a transparent manner?

## Property Taxes

### What is it?

Property taxes are taxes levied on homeowner of a municipality by the municipality. The revenue collected goes back to the local government to provide a range of services. In Alberta, municipalities can set different property tax rates for commercial properties and residential properties. Within each of these, a municipality can designate sub-classes of commercial and residential properties and charge different property tax rates to those sub-classes.<sup>71</sup> It is possible to designate a residential sub-class as a sub-class for STRs and charge STRs a property tax rate different than the property tax rate on non-STR residential properties.

### Design Considerations:

- What type of STRs will be charged the different property tax rate?
  - E.g., all STRs, commercial STRs only, etc.
- If the different property tax rate will only be applied to “commercial” STRs:
  - How is a “commercial” STR defined? Is it based on length of time listed on a platform? Number of bookings? Number of listings operated by the host? Whether or not a host is a property manager? Not falling under the personal residence requirement? etc.
  - Once defined, how will information on whether an STR is “commercial” or not be ascertained? Will it be through the licensing application process? What about STRs that already have licenses but the relevant information has not been collected?
  - Commercial STRs could also be identified through zoning: how would zoning have to change?
- What will the STR property tax rate be?
  - Will it be the same as the commercial rate? Between the commercial and residential rate? Etc.
- What happens if a property owner changes their property use, e.g., from an STR to an LTR or from an STR to only a personal residence? Would the STR property tax rate still apply and for how long? How would the property owner inform the City of the change?

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<sup>71</sup> For more information see the Property Tax Appendix.

- Would the entire property be charged the STR property rate? Or only a portion, e.g., if the STR is only in a secondary suite with the remainder of the house being used as a personal residence, would the STR property tax rate be applied to the portion of the property that is a secondary suite and the residential property tax rate be applied to the remainder?
- Would this unintentionally implicate other home-based businesses? That is, does this create policy inconsistency if STRs are charged a higher property tax rate while other home-based businesses are charged a lower residential property tax rate?

## **Compliance and Enforcement**<sup>72</sup>

### **Soft Strategies**

#### **What is it?**

Strategies to foster voluntary compliance and inform residents of STR regulations. Examples include:

- Webpages
- Information/media campaigns
- Citizen engagement

#### **Design Considerations:**

- Are the resources/information accessible and comprehensive?

### **License-Orientated Measures**

#### **What is it?**

Compliance with STR regulations can be done partially through the license application (and renewal) process (discussed above).

### **Complaints and Neighbor/Guest Opportunities**

#### **What is it?**

Compliance with STR regulations can be done partially through opportunities for neighbors and guests to learn and verify information, as well as issue complaints. Examples include:

- Complaint telephone line (e.g., 3-1-1)
- Hiring of a third-party service to manage complaints.
- Neighbour notification period of STR license/development permit, with an opportunity to express thoughts

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<sup>72</sup> For an in-depth report on enforcement, see our companion brief on enforcement (Petit and Tedds 2024a).

- Online, public list of active STR business licenses (including the address and license number of the STR)

## **Active Enforcement**

### **What is it?**

Active enforcement of STR regulations (as opposed to waiting for a complaint). Strategies can include:

- Active and continuous data monitoring, cross-checking, and analysis (e.g., of online STR listings to ensure they match up with license application information)
- Hiring of a specialized third-party service to perform the data analysis
- Spot checks on STRs
- Use of audit and inspection powers

## **Platform Engagement**

### **What is it?**

Platforms (e.g., Airbnb) can be engaged in compliance and enforcement efforts. This may be through negotiated agreements and/or platform registration. Platforms can play an active role in:

- Creating mandatory business license fields to create a STR listing
- Cross-checking business licenses entered in mandatory fields against municipal business license registries to ensure the business license number is valid
- Processes for removing listings and handling problem hosts
- Data sharing agreements
- Ensuring compliance with other aspects of STR regulations where possible and practical.

## **Role of Provincial Governments**

In most provinces in Canada, regulating STRs is a local issue. However, provincial governments can also play a role in regulating STRs. Some provincial policy tools are as follows.

## **Provincial STR Registration System**

### **What is it?**

Some provinces (BC, Quebec, and Nova Scotia) have provincial STR registration systems whereby once an STR is licensed by their local government, that STR must then also register

with the provincial government. Provincial STR registries can aid in data collection and enforcement of STR regulations.

### **Design Considerations:**

- Will the province set the STR legislation (based on overarching provincial needs), or will the province allow local government to set the STR legislation (based on the locality's unique needs)?
  - In the first case, a high level of provincial government consultation is required to ensure that different local needs are met.
  - In the second case, less provincial government involvement is required. Local governments would determine their own STR legislation/regulation and, if the STR meets those regulations (and has proof, e.g., a license, thereof), the province's role is simply adding the STR to the registry.
- Will the registry be publicly available (omitting any personal information)?

## **Provincial Government Engagement with Platforms**

### **What is it?**

As discussed in the compliance and enforcement section, the active engagement of platforms is crucial to enforcement of STR regulations. While municipalities could individually negotiate with platforms, it would be more efficient for the province to negotiate with platforms on behalf of all municipalities in the province. Negotiations could include:

- Data sharing agreements between the province and platforms (e.g., for tax collection purposes, to verify registration/license numbers on listings, etc.).
- Requiring platforms to include mandatory business license fields to create an STR listing on their platform.
- The active involvement of platforms in ensuring valid business license numbers and compliance with other STR regulations within the platform's capability.

## **Provincial Government Enforcement**

### **What is it?**

Assuming that a provincial STR registry is created and maintained, and/or the provincial government enters into an agreement with STR platforms, the provincial government could take a key role in enforcing these aspects (see, for example the provinces of Quebec and British Columbia). This may include increasing penalties for digital platforms and STR hosts who are not compliant with STR regulations. Currently, municipalities in Alberta cannot impose a fine greater than \$10,000 (MGA, s. 7(i)(ii)).

**Design Considerations:**

- Given the provinces involvement, resources, and data, what aspects of STR regulations can the provincial government enforce? Examples include:
  - Platform compliance with negotiated deals
  - Host compliance with registration
- What levels of fines and/or imprisonment should be imposed? This may differ between hosts and platforms, and offence.

## Appendix 2: Gaps in Coverage: The Emerging Issue of Medium-Term Rentals

### Introduction

In general, short-term rentals (STRs) are envisioned to be residential rentals available to tourists for short periods of time (e.g., a week or a weekend) via digital platforms such as Airbnb and VRBO. In Canada, STRs generally do not fall under provincial Residential Tenancies Acts (RTA; which governs the relationship between landlords and tenants) as there is no lease agreement and no intention to reside therein. For the most part, local governments across Canada now regulate STRs through Land Use Bylaws and/or licensing schemes. However, the waters have become murky. Guests of STRs have expanded beyond tourists to include local residents (e.g., as they complete renovations on their primary residence), persons planning on becoming local residents (e.g., persons that are looking for home rentals/purchases), and those in the City for temporary residing purposes (e.g., for work, medical stays, etc.). Residential rentals now also cater to these guests, offering medium-term rentals (MTRs) of greater than one month.

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*MTRs (e.g., residential rentals of greater than 30 days not covered by a lease agreement) are generally not covered by legislation/regulation: in most municipalities including Calgary, they do not fall under local STR regulation because STR regulation defines STR as rental less than one month. And they do not fall under the provincial RTA's because there is no lease agreement. This leaves a gap in coverage for MTRs.<sup>73</sup>*

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In this brief, we examine the situation in Calgary as it relates to MTRs: what is the gap in coverage and why does it exist? What does the MTR market currently look like? And what can the City of Calgary do to address the gap in MTR coverage (if they choose to do so)? To be clear, in this brief “STR” refers to residential rentals of less than 30 days. “MTR” refers to residential rentals of 30 days or greater that are not covered by a lease agreement. An “Airbnb/VRBO listing” is a residential rental of any length available for rent via the digital platforms. Note as well that in this brief we do not consider the municipal regulation of rentals covered by lease agreements (sometimes referred to as “long-term rentals” (LTRs)). This is because on the one hand they already fall under the RTA and on the other hand, as we think about STR regulation, it may not be appropriate to extend STR regulation to LTRs (e.g., we may not want to restrict LTRs to personal residences or to one per person, but this may be desirable for STRs and MTRs).

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<sup>73</sup> In some cases, it may be unclear whether there is a (oral or implied) lease agreement, particularly where the transaction is not conducted via a digital platform or where the parties have conducted business off of digital platforms—this becomes a fact-finding exercise in the case of a conflict.

## Calgary's Gap in MTR Coverage

In Calgary, a short-term rental is currently defined under the Business License Bylaw (BLB) 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**” (s. 58.1(1)). Likewise, in Alberta the Residential Tenancies Act applies to “only to tenancies of residential premises” (s. 2(1)). A tenant is defined as “a person who is permitted by the landlord to occupy residential premises under a residential tenancy agreement” (s. 1(1)(t)(i)). A residential premise is defined as “any place occupied by an individual as a residence” (s. 1(1)(l)). And a residential tenancy agreement is defined as “a written, oral or implied agreement to rent residential premises” (s. 1(1)(m)). Note here that unlike other provinces, there is no requirement that there be a written lease agreement for the RTA to apply.<sup>74</sup> The RTA *does not apply* to a “tourist home...if a person resides there for less than 6 consecutive months” (s. 2(1)(d)).

The major difference between a lease covered under the RTA and rentals via digital platforms such as Airbnb and VRBO is that lease confers a legal interest in the land/unit whereas a rental via a digital platform confers no such interest. A recent Alberta court case found just this: the judge in Condominium Corporation No 042 5177 v Kuzio (2020 ABQB 152) found that rentals via digital platforms such as Airbnb and VRBO are licenses, not leases. A license is a contractual right to use the land but is not an interest in the land (paras. 19-26).

Another recent case out of Ontario also suggests that as long as there is no lease agreement and the rental is mediated via a digital platform, it will not fall under the RTA. In Porter v Ning (LTB-L-014978-23), the arbitrator ruled that a rental agreement for 10 months made via Airbnb did not fall under the RTA due to the nature of the accommodations, e.g., the rental was mediated by Airbnb, it was for a fixed period of time (10 months), the property owner declined to enter into a lease, and the amenities were typical of a vacation service. To the best of our knowledge, no such cases have been brought in Alberta.

Between the Calgary BLB and the Alberta RTA, a number of rental arrangements are clearly covered by one or the other. The rental of residential properties for less than 30 days by a paying guest falls under Calgary's BLB and the rental of residential properties that are governed by a lease agreement (written, oral, or implied) falls under the RTA.

There are also rental arrangements that are not covered by either legislation because there is a gap in coverage. In particular, we are interested in residential rentals made via a digital platform where there is no lease but where the length of stay is greater than one month.

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<sup>74</sup> For example, in Ontario for the RTA to apply, there must be a written and signed “standard lease” agreement between the landlord and tenant.

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*These types of rental accommodations—rentals of residential units that sit between STRs of 30 days or less and rentals governed by lease agreements under the RTA—have been referred to as “medium term rentals” (MTRs) in the literature. They sit in a legal gray area: it is unclear which level of government should regulate them and within Calgary, they remain unregulated.*

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## **The Medium-Term Rental Market**

Residential rental listings for greater than 30 days are becoming more numerous on platforms such as Airbnb and VRBO in jurisdictions such as Toronto, Vancouver, and Montreal (Wachsmuth and Buglioni 2024). This may be because of new restrictive STR regulations (e.g., Toronto has recently limited STRs to personal residence and defines STRs as rentals less than 28 days) combined with Airbnb’s new model whereby a host can offer and a guest can rent a residential property monthly.<sup>75</sup> Airbnb has also recently been quoted as “planning a move into medium-term rentals”<sup>76</sup> and has been cited as being responsible for shifting listings to a minimum stay of greater than 28/30 days if they lack a license number (Wachsmuth and Buglioni 2024, 73): this then avoids the need for Airbnb to remove unlicensed listings.

Using data from AirDNA, Figure A1 shows active Airbnb and VRBO listings in Calgary where the “minimum stay” is 30 days or greater.<sup>77</sup> We cannot state conclusively that these are MTR’s because we do not know if there will be a lease agreement, but given that Airbnb/VRBO discourages communications outside of their platforms, and because case law suggests Airbnb/VRBO listings are most likely licenses, these are the most likely listings to be MTRs. The left panel of Figure 1 plots the percent of Airbnb and VRBO active listings that are likely MTRs and the right panel shows the number of likely MTRs. Figure 1 suggests that the MTR market in Calgary is small, both in terms of percent and number.<sup>78</sup> This may be because STR regulations in Calgary are less restrictive than in other jurisdictions where MTRs are more numerous (e.g., Toronto and Vancouver).

If STRs continue to be defined as residential rentals of less than 30 days and STR regulations become more restrictive, we hypothesize that the number of Airbnb/VRBO listings with a minimum stay of greater than 30 days in Calgary would grow (as observed in Toronto). While this would indicate a growth in the MTR market, there is also a loophole and some Airbnb/VRBO listings with a minimum stay of greater than 30 days would continue to operate as STRs. That is, even if the “minimum stay” posted by an Airbnb/VRBO host is 30 days or greater, the Airbnb/VRBO host can still rent out their Airbnb/VRBO listing for less than 30 days: they are not restricted by Airbnb/VRBO to a certain length of reservation. Examining Calgary

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<sup>75</sup> See: <https://www.airbnb.ca/sublets>

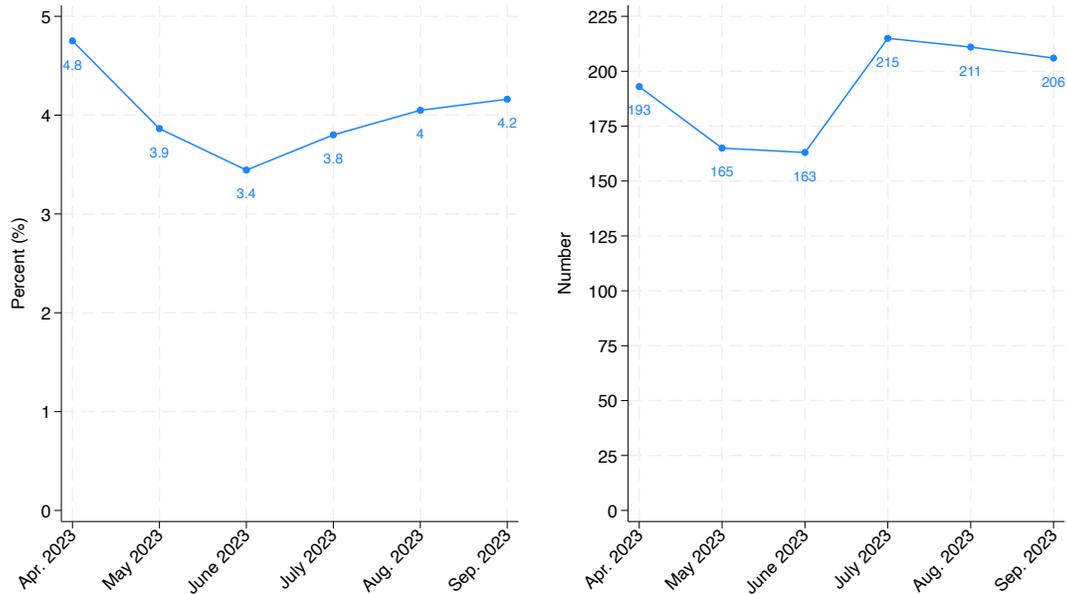
<sup>76</sup> <https://aimgroup.com/2023/10/04/airbnb-getting-into-long-term-rentals/>

<sup>77</sup> The “minimum stay” is posted by the operator/host.

<sup>78</sup> In Toronto, MTRs made up almost 60 percent of Airbnb/VRBO listings in May 2023. In Montreal and Vancouver, MTRs made up around 20 percent of Airbnb/VRBO listings in May 2023 (Wachsmuth and Buglioni 2024).

Airbnb/VRBO listings where the minimum stay is 30 days or greater, (e.g., supposed MTRs), we see that about 20 percent per month (30 – 60 listings) have three or more bookings per month suggesting that at least one of those reservations is less than 30 days (e.g., they are booking as if they are an STR).

Figure A2: Airbnb/VRBO Listings with a Minimum Stay greater than or equal to 30 days in Calgary



In these cases, STR regulation may be more difficult to enforce. That is, rental operators may claim they have an MTR and point to their Airbnb/VRBO listing where they have posted a minimum stay of greater than 30 days, thereby escaping STR regulation. However, they can turn around and still rent out their Airbnb/VRBO listing for less than 30 days if they choose. Data from Airbnb/VRBO on the actual length of bookings would be required for enforcement (this information is not available on the public facing Airbnb/VRBO listing).<sup>79</sup>

## How Could the MTR Market be Regulated?

The RTA defines its application based on the presence of a lease, which may be implied (if not written) based on the purpose of the rental, e.g., the intention to reside (e.g., as a resident and not a tourist) and the nature of the accommodation (e.g., less likely to be furnished, does not offer cleaning services, not rented via digital platform, etc.). Stays less than six months in tourist homes are prima facie not covered by the RTA because the purpose of a tourist home is not to reside, they tend to be furnished, and rented via a digital platform. Likewise, an STR is defined as residential rentals of less than 30 days. As discussed, this leaves stays of residential rentals made via digital platforms of between 30 days and six months not covered

<sup>79</sup> See Petit and Tedds (2024a) for more information on enforcement.

by any legislation/regulation in Calgary. This may also leave residential rentals made via digital platforms (where there's no written lease) for greater than six months not covered, dependent on the facts of the case.

We would argue that since MTRs rented via a digital platform are more likely a license to use the land as opposed to a lease conferring an interest in the land, MTRs fall under a municipal government's authority to regulate, the same as STRs.<sup>80</sup> Furthermore, MTRs are related (and pose challenges to) planning given their impact on housing and neighborhoods.

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*To address this regulatory gap, the City could extend its current STR regulation (and any future STR regulation) to cover MTRs as well as STRs and rename "STRs" to "licensed rentals" in the regulations.*

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The general gist of this would be to ensure that the definition of "licensed rental" include all residential rentals where there is no lease (written, oral, or implied), but where instead it is a license. The definition of "licensed rental" should not include a time limit on the rental and should include a number of potential characteristics that point towards a rental being a licensed rental but are not all necessary to make the finding of a licensed rental. This listing of characteristics borrows from the Town of Canmore's definition of "tourist home" and provides flexibility in defining what does fall under the definition.

For example, a licensed rental could be defined as "the business of providing temporary accommodation for compensation, in a dwelling unit or portion of a dwelling unit that is provided via license and does not fall under the Residential Tenancies Act. The characteristics that distinguish a licensed rental from a dwelling unit may include any of the following:

- The intent of the occupant to stay for vacation purposes rather than use the property as a residence; and/or
- A commercial nature; and/or
- The management or advertising of a dwelling unit as a "tourist home", "vacation accommodation", "short-term rental", "medium-term rental", and/or "temporary accommodation"; and/or
- The use of a digital platform such as Airbnb, VRBO, Expedia, and/or HomeStay to mediate the rental agreement; and/or
- The provision of amenities similar to that of traditional tourist accommodations including furnishings, cleaning services, toiletries, cooking implements, etc."

There are a number of notable features in this definition:

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<sup>80</sup> Note that this is not a legal opinion. Legal advice should be sought.

## **1. LICENSED RENTALS AS ANY RESIDENTIAL RENTAL NOT UNDER THE RTA.**

Rentals that do not fall under the RTA encompasses all licenses to use a residential property for any length of time while omitting licenses covered by a lease. This then covers both STRs and MTRs.

In uncommon fact situation where it is unclear whether the RTA will apply a priori or where the rental alternates between short leases and short licenses, the rental must comply with licensed rental regulation. This means, at minimum, all rentals will be covered by at least one form of legislation/regulation. In the case of a dispute where the RTA may apply depending on the facts, such disputes would need to be brought to the Residential Tenancy Dispute Resolution Service to determine if the RTA applies (the same as what is currently required).

## **2. THE USE OF A DIGITAL PLATFORM SUCH AS AIRBNB, VRBO, EXPEDIA, AND/OR HOMESTAY TO MEDIATE THE RENTAL AGREEMENT.**

This addition has been proposed by Wachsmuth and Buglioni (2024): the means of transaction can distinguish a licensed rental from a leased rental. That is, licensed rentals would include rentals mediated by platforms that collect and process payments, handle disputes, and police the behavior of hosts and guests—this would then capture MTRs, and any length of rental arranged via digital platform (assuming the reference to the time of rental is excluded). It is also important to note that sites such Facebook, Craigslist, and Kijiji are *not* digital platforms: they do not mediate rentals like Airbnb and VRBO do. Rather, they bring together landlords and tenants who then must enter into direct dealings (e.g., face-to-face, on the phone, personal email, etc.). Given the more likely presence of a standard lease agreement in these situations, the RTA would more likely apply.

### **Potential Difficulties**

While this definition of licensed rentals would capture STRs and MTR's (and any other length of rental that is a license and not a lease), the drawback of using this type of definition is that it may cause some confusion for operators and guests. A priori, it may not be clear whether a rental is a license or lease, particularly where there is not written lease, but a lease may be oral or implied, and thus it may be unclear which legislation/regulation applies.

This definition may also create tensions with corporate short-term rentals. Corporate rentals, such as Imperial Suites and Premier Suites, provide furnished temporary residential accommodations targeted to business persons, generally offered through the operator's personal website (as opposed to a digital platform like Airbnb, but this is not universal), and based on monthly occupancy (as opposed to daily). Corporate rentals are a license to use a property and not a lease conferring an interest. In short, this business model appears similar to commercial STR operator models except for the medium-term rental length (e.g., greater than 30 days) and the potential use of a personal website instead of a digital platform.

Defining licensed rentals to include MTRs will encompass these corporate rentals. If licensed rental regulation remain permissive (e.g., as they are now for STRs), this is unlikely to be an issue. However, if licensed rental regulations become more restrictive (e.g., a personal residence requirement), this may be an issue as it may limit or completely prohibit corporate rentals. The City could carve out an exception for corporate rentals; however, this may incentivize licensed rental operators to re-brand themselves as corporate rentals.

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*In developing new regulations to the STR market in Calgary, the City of Calgary should balance its policy objectives with unintended consequences. Jurisdictions that have not considered the incentive effects of its strict STR regulations on the MTR market have found that they have to play catch-up after the fact, impeding their ability to achieve the stated objectives of their STR regulations.*

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# **Appendix 3: Property Taxes and Short-Term Rentals: Can Calgary Charge STRs a Different Mill Rate?**

## **Introduction**

A question that has been asked during our work on STRs is whether the City of Calgary could (if it chooses to) charge a higher mill rate on residential units operated as short-term rentals (STRs). The argument in favor of such a move is that STR guests use local infrastructure and, in some cases, impose a negative externality on the neighborhood through increased parking requirements, noise, and nuisance. These costs can be re-couped through property taxes. Since STRs operate in a commercial manner (e.g., are involved in the selling of accommodations to make money), they should pay commercial taxes: it would “level the playing field” between traditional tourist accommodations and STRs.

Currently, Calgary has three property tax mill rates: one for residential property, one for non-residential (e.g., commercial), and one for farmland. Since STRs are located in or on residential properties, properties that host an STR pay the residential mill rate. However, there are examples of jurisdictions where properties that host STRs pay a mill rate higher than the standard residential mill rate. In Canmore, STRs pay the “tourist home” mill rate (e.g., a subclass of the residential classification) that, since 2022, has been equal to the non-residential mill rate that hotels, motels, inns, B&Bs, and other tourist accommodations pay. The question this brief seeks to answer is: can Calgary legally (under the Municipal Governance Act) charge STRs a higher-than-residential mill rate? If so, how would Calgary do this and what are implementation and policy issues?

This brief first presents background on STRs and property taxes in Calgary. It then discusses the potential legality of an STR mill rate (note: this is the authors’ opinion only and legal advice should be sought), the process by which to introduce such a mill rate, and implementation and policy issues.

## **Background**

The STR market in Calgary has been growing steadily since 2017: between January 2017 and September 2023, the number of Airbnb and VRBO listings has increased from 2,783 to 4,950—an increase of 78 percent. Revenues collected by STR operators has also increased—from 0.89 million a month in January 2017 to \$10.95 million a month in September 2023—an increase of 1,130 percent (Petit and Tedds 2023). During this time, the City of Calgary introduced STR regulations that require STRs in Calgary to obtain a business license (for a small fee), but otherwise do not restrict STRs in Calgary (City of Calgary 2023c). In addition, the Government of Alberta has implemented an Alberta Tourism Levy on STRs that require STR operators to pay 4 percent of their revenue to the province (Government of Alberta 2021).

Other than these two fees, there have been no other large government involvement or fees specific to the STR market in Calgary.<sup>81</sup>

An oft-heard argument presented by the hotel and lodging industry is that STRs are not treated as if they are on the same “playing field” as traditional tourist accommodations (e.g., hotels, motels, inns, B&Bs) though they offer similar services. Likewise, STRs have been argued to impose costs on local communities and municipalities such as increased use or need of infrastructure and services (e.g., parking). These arguments support the position that STRs should be treated as a commercial entity and taxed accordingly, if nothing else to recoup the costs they impose on the community.

One way of doing this would be to impose a property tax mill rate on STRs that is as high as the non-residential mill rate. Their property taxes would then be the same as that of traditional tourist operations and the taxes would accrue to the municipality where the STR activity occurs. Currently, Calgary has three mill rates: one for residential property, one for non-residential, and one for farmland. Ignoring farmland, the mill rate set by the City of Calgary in 2023 was 0.0043319 for residential property and 0.0184334 for non-residential property: the non-residential rate is 4.26 times higher than the residential rate. STRs are taxed at the residential rate—much lower than the non-residential rate.

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*The question for consideration is can Calgary charge STRs a higher mill rate if it chooses? The short answer to the question of whether Calgary can charge STRs a higher mill rate is likely yes. However, the process is complex.*

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## **STR Mill Rates & Municipal Governance Act**

Property taxes in Alberta, including setting the mill rates, is devolved to municipal governments under the Municipal Governance Act (MGA). In this section, we walk through the relevant provisions under the MGA that may allow for Calgary charging STRs a higher mill rate.<sup>82</sup>

To begin, the MGA defines residential and non-residential property. Residential property is defined as “property that is not classed by the assessor as farmland, machinery and equipment or non-residential.” (s. 297(4)(c)). Likewise, the MGA defines non-residential property as “linear property, components of manufacturing or processing facilities that are used for the cogeneration of power or other property on which industry, commerce or another use takes place or is permitted to take place under a land use bylaw passed by a council, but does not include farm land or land that is used or intended to be used for permanent living accommodation;” (s. 297(4)(b)). Currently, STRs fall under residential property: STRs are

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<sup>81</sup> Note that STR operators are required to pay income tax on the income generated from their STR as well as collect and remit GST; however, these are not STR specific.

<sup>82</sup> This brief is the opinion of the authors and is not a legal opinion. Legal advice should be sought.

generally operated in dwellings that are intended to be used as a permanent living accommodation. Under the MGA, residential properties are also called “Class 1” properties.

In taxing residential properties under the MGA, “a tax rate must be set for each assessment class or sub-class referred to in section 297” and “[t]he tax rate may be different for each assessment class or sub-class referred to in section 297” (s. 354(1)(2)-(3)). This applies to Class 1 residential properties. Further in the MGA, under s. 297 “a council may by bylaw divide class 1 [residential properties] into sub-classes on any basis it considers appropriate”. All of this means that, if Calgary chose to, they could sub-divide residential properties into residential properties and STRs for property taxation purposes if they consider it appropriate.

This is what the Town of Canmore does. In By-Law 2013-01 “A Bylaw for the Town of Canmore in the Province of Alberta, to Provide for the Division of Class 1 Property into Subclasses For Property Assessment Purposes”, Class 1 properties are subdivided into: residential, tourist home, tourist home-personal use, and residential vacant serviced land (s. 3.1). The definition used for tourist home is found in Canmore’s Land Use Bylaws and is:

“a Dwelling Unit operated as a temporary place to stay, with or without compensation, and includes all vacation rentals of a Dwelling Unit. The characteristics that distinguish a Tourist Home from a Dwelling Unit used as a residence may include any of the following:

- a. The intent of the occupant to stay for short-term vacation purposes rather than use the property as a residence; and/or
- b. The commercial nature of a Tourist Home; and/or
- c. The management or advertising of the Dwelling Unit as a Tourist Home or “vacation property”; and/or
- d. The use of a system of reservations, deposits, confirmations, credit cards or other forms of electronic payment. These examples do not represent an exhaustive list of operating practices that may constitute a Tourist Home.”

(s. 13, Canmore Land Use Bylaw 2018-22).<sup>83</sup>

In 2023, Canmore charged residential properties and tourist homes-personal use a mill rate of 2.05. Tourist homes were charged a mill rate of 6.72—over triple the mill rate for residential properties not used as STRs.<sup>84</sup>

## **Process to Introduce STR Mill Rate**

The previous section argued that it is likely that Calgary could charge a higher mill rate to STRs if Calgary were to designate STRs as a sub-class of residential properties for property tax

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<sup>83</sup> The “tourist home” designation in the Land Use Bylaw (1999/2000) and the inclusion of the sub-class of tourist homes for property taxation (2013) in Canmore occurred before the take-off of Airbnb and other home sharing sites. That is, Canmore did not have to undertake a systems change to with the growing STR market as they already have provisions in place.

<sup>84</sup> See: <https://www.canmore.ca/your-community/residential-services/taxes/taxrates>

purposes. The City of Calgary does not currently make use of sub-classes (for either Class 1 Residential nor Class 2 non-residential—although sub-classes for Class 2 have been considered and rejected). In this section we examine what would be required for Calgary to implement an STR sub-class to Class 1 properties.

The City of Calgary would need to introduce a municipal by-law, in force before January 1 of the implementing year, that clearly delineates the sub-classes of residential properties including the STR subclass. The By-law should also set out a process by which the City may collect and verify the requisite information to identify properties as belonging to the STR subclass.

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*Calgary currently requires all STRs to be licensed. As part of the licensing process, the STR address is collected. That license information could be used to identify STRs to charge a new mill rate.*

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Assessment and Tax and the Business License should share data to ensure that STR operators are compliant both with STR property taxes and STR license requirements.<sup>85</sup>

To reduce administrative difficulties, property owners and/or STR operators should be required to declare to Assessment and Tax whether their property will be used as an STR once per year (e.g., before assessment or after assessment but before property taxes are determined). That declaration should then be valid for one full calendar year, at which point the property is then assumed to *not* be an STR and taxed at the residential rate unless the declaration is renewed.<sup>86</sup>

## **Issues in Implementation**

There are two minor issues. The first is renters who operate STRs. If a renter wishes to operate an STR, permission from the property owner should be required so that the property owner can ensure compliance with the property tax regime.<sup>87</sup> The second issue is when a property changes hands, e.g., is bought by new owners. An administrative process would need to be designed and implemented to allow new owners to submit an STR declaration or be removed from a previous STR declaration. A larger issue is license compliance: not all STR operators are in compliance the City of Calgary's STR license requirements.

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<sup>85</sup> It is also possible that the City of Calgary could consider incorporating the STR activity into the assessment process. However, we acknowledge that would raise both complexity and fairness considerations, particularly if other home-based business are not treated similarly.

<sup>86</sup> A similar process is used in Canmore.

<sup>87</sup> Under current City of Calgary STR regulations renters much provide evidence of permission from the property owner.

In the Empirical Report (available in the Phase 1 Report Package) we estimate that 71 percent of Airbnb listings in Calgary are compliant with license requirements, leaving 29 percent non-compliant. Further, an additional tax on STRs may disincentive STR operators from obtaining a business license, further decreasing compliance and the ability of the City to identify STRs. Canmore uses their Land Use Bylaw and zoning requirements to identify their tourist homes as opposed to a licensing regime—this does not rely on self-reporting. It would be resource intensive to implement the same zoning regime in Calgary.

Calgary could address this issue by actively engaging STR platforms. To enforce STR license requirements platforms could actively verify that business license numbers reported on their listings match a business license registered with the City and, if not, remove those listings. This is a process that has been implemented by the Province of Quebec and noncompliance by both the platform and the listing host come with very punitive provincial fines. Alternatively, platforms could share their listing data with the City so that the City can actively compare listings and license registry information. This model would come with increased costs on the City of Calgary in terms of enforcement.

## **Policy Issues**

The argument in favor of a higher property tax rate for STRs is more applicable to commercial operations than to home-sharing operations. Commercial STRs tend to be in entire home/apartments and are listed full-year by commercial hosts who operate multiple STR properties. On the other hand, home-sharers tend to operate their STRs in their own homes (e.g., private rooms, basement suites, accessory dwellings), and are more likely to be temporary or listed as an STR occasionally. However, applying a higher property tax rate only to commercial STR operations would be difficult due to information requirements: it would be difficult to distinguish between commercial STRs and home-share STRs. The City may want to think about remediation measures for home-share STRs where the property owners or renters are low-income.

Taxing STRs at a higher mill rate raises the potential of policy inconsistency. STRs are home-based commercial operations. Currently, other home-based commercial operations are taxed at residential rates (e.g., child care providers, caterers, online retailers, etc.). These businesses also have the potential to impose negative externalities on their neighborhood and make use of local infrastructure while not paying commercial property tax rates.

Finally, empirical evidence suggests that an increase in taxes on STRs increases the costs by guests and increases commercial STRs relative to home-share STRs (Garz and Schneider 2023). This is because an increase in taxes increases the operating cost of STRs. Those operating costs are passed on to guests. The STRs that are less likely to be able to pass those costs on are small home-share operations who may not be able to offer a higher-quality STR experience like the commercial STR operators can (thereby justifying their higher costs). Thus, increasing the property tax rate on STRs may increase commercial STRs in Calgary and decrease home-share STRs.

## **Conclusion**

Overall, in our opinion Calgary could tax STRs at a mill rate higher than the residential mill rate if they chose. Implementation would be straightforward if the current STR license information is used. Implementation would be the most effective if platforms were actively engaged in enforcing the STR licensing requirement. Despite this, there are policy issues and inconsistencies that the City should be prepared to face if STRs were charged a higher mill rate. Finally, while implementation is fairly straightforward, enforcement of such a policy would be complex and the City should evaluate its appetite to set up and fund a rigorous enforcement scheme. Enforcement by complaint may reduce effective implementation and the intent of the policy.

# **Appendix 4: The Use of the Land-Use Bylaw as a Short-Term Rental Regulatory Tool**

## **Introduction**

To date, the City of Calgary (the “City”) has chosen to regulate short-term rentals (STRs) through its Business Licensing Bylaw. The City currently requires all STR operators to obtain a license for each dwelling unit used as an STR. Provided that a unit passes a fire inspection and is in compliance with other minor administrative requirements (e.g., posting the license number on platform listings and within the unit, etc.), there are no restrictions on STR licenses. However, in our jurisdictional review (A. Cameron and Tedds 2023a) we outlined how some jurisdictions—including Banff, Jasper, Canmore, Edmonton and, most recently, Nova Scotia—are using land use planning, in combination with or as an alternative to licensing, to regulate short-term rentals.<sup>88</sup> Land use planning and bylaws are particularly relevant to achieving policy goals related to managing local impacts, preserving neighbourhoods, and support housing affordability (A. Cameron and Tedds 2023a, 7).

All municipalities in Alberta are required to prepare a land use bylaw that establishes the rules and regulations for land development. The City of Calgary’s current Land Use Bylaw IP2007 was approved by City Council on July 23, 2007 and was last updated on September 19, 2023 (City of Calgary 2007). In this brief, we consider how the Land Use Bylaw (LUB) could be used to regulate STRs in Calgary. Overall, we conclude that while the LUB potentially provides more flexibility to the City in determining where and how many STRs there are in an area, the administrative costs of doing so are likely high and there are some prohibitions/restrictions that cannot be enacted through the LUB that require a licensing scheme (though both could be used concurrently).

## **General Set-Up of the Land Use Bylaw**

We begin by setting out the general scheme of LUBs and the Calgary LUB as it potentially applies to STRs. LUB’s generally divides all the parcels of land in a jurisdiction into “districts” (sometimes called “zoning”). For each district, there is a set of general rules about what any building built on that land should look like (e.g., setbacks, patios, balconies, driveways, other objects, etc.). For each district, there is also a set of “uses” that are permitted in that district. For example, in residential districts, this may include singled detached houses, garages, accessory dwelling units, etc.

STRs are a type of “use”. The current Calgary LUB defines various “uses” in Part 4, e.g., accessory residential building (s. 138), backyard suite (s. 153.1), home occupation (s. 207), secondary suite (s. 295), etc. STRs are not currently included in this list of uses and are not considered to fall under one of the already-enumerated uses.

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<sup>88</sup> We summarize how land use planning and bylaws are used in Banff, Jasper, Canmore, and the City of Edmonton to regulate STRs in the Appendix.

Following the definition of “uses”, the Calgary LUB then sets out a number of districts, including low-density residential districts, multi-residential districts, downtown, centre city districts, commercial residential districts, mixed use districts, and housing districts.<sup>89</sup> Each district has a number of divisions. For example, within the low-density residential districts, divisions include one-dwelling, narrow parcel one-dwelling, large parcel one-dwelling, two-dwelling, low-density multiple-dwelling, grade-orientated infill, mixed housing, etc.

Within each of these divisions, there are permitted uses and discretionary uses. For example, in residential one-dwelling districts (R-1), accessory residential buildings and home occupations (Class 1) are permitted uses, while backyard suites, secondary suites, and home occupations (Class 2) are a discretionary use. If a use is not listed, it is neither a permitted nor discretionary use (i.e., it is prohibited). For both permitted and discretionary uses, a development permit is required (s. 23) unless it is specifically exempt (s. 24-25). For permitted use development permits, if the application shows that the development conforms to the applicable requirements, a permit is granted (s. 28). For discretionary use development permits, several considerations can be taken into account including the appropriateness, servicing requirement, access and parking, and compatibility with neighborhood (s. 35): the granting of a permit is not automatic.

## **The Application of the Land Use Bylaw to STRs**

The structure of the LUB, along with information from other Alberta jurisdictions that use their LUB to regulate STRs, suggests that the LUB could be used to regulate STR’s through two main channels. First, the LUB would have to define “STR” as a “use”. Within this definition, there can be STR limitations. For example, an STR may be defined as “a temporary accommodation for compensation in a dwelling unit otherwise intended for residential purposes that does not fall under the Alberta Residential Tenancies Act”, broadly. This “use” definition may also include a limitation such as “STR are an incidental use by the resident of the dwelling unit and must have residents of the dwelling unit on the parcel where the use is located and when the use is occurring” (e.g., a type of personal residence requirement) and/or “STRs may/may not be in a backyard suite or a secondary suite where these are listed uses in the applicable land use district.” This STR use definition should be consistent with the definition of “STR” in the Business License Bylaw (BLB) if an STR license will also be required.

Because this is the Land Use Bylaw and not a licensing scheme, certain prohibitions cannot be implemented. For example, the LUB cannot restrict STRs to one per person nor can it be used to implement a licence quota: the BLB must be used for these types of restrictions. It should be noted that the BLB could also be used for the personal residence requirement and restricting STRs in secondary suites: the BLB can include more types of prohibitions than the LUB.

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<sup>89</sup> Note that an STR could likely not be a “district”.

Next, once the STR “use” is defined, the LUB can be used to restrict STRs in specific land use districts. For example, if the City decides that STRs should be restricted in the City Centre districts, STRs could be listed as a discretionary use in all city centre districts (e.g. centre city multi-residential high rise district, centre city mixed use district). This would provide the City considerably more flexibility in determining whether or not to approve STRs in specific districts, thereby controlling the concentration of STR activity. It is unlikely that this same flexibility can be achieved through the BLB as, in general, as long as license requirements are met, a license is granted. Likewise, if the City decides that STRs are to be prohibited in City Centre districts, STRs could be omitted as both a permitted use and discretionary use in those districts.<sup>90</sup>

The requirements for the discretionary permit can also be used to introduce an opportunity for neighbors to speak out against STRs. For example, within the requirement to get a discretionary STR permit, one requirement could be that notice must be given to neighbors within a certain radius of the STR to inform them of the permit application and allow them a set number of days to lodge concerns, if any. These neighbor concerns could then be taken into consideration in the decision of whether to grant a permit.

There are four notes here. First, if STRs are to be listed as a discretionary use in certain districts, this will increase the administration associated with STRs. Development permit applications will have to be examined, and a determination will have to be made as to whether or not a permit will be granted.

Second, if STRs are to be listed as a discretionary use, the question will be what is to be done with currently existing STRs that have (before now) not needed a development permit. Will they be allowed to continue to exist without a permit? Will they be grandfathered in as a permitted use? Will they be required to submit an application for a discretionary development permit (and what administrative costs and back logs will result)?

Third, the inclusion of STRs as a use (or not) in a district is dependent on how the LUB already sets out land use districts. For example, if the City wished to restrict STRs in a specific community (e.g., the Beltline), it would first have to be determined which land use districts cover the Beltline. STRs could then be restricted in the land use districts that cover the Beltline, but this would also apply to other communities. In other words, it is difficult to target communities using the LUB. This may be better done through a licensing scheme (e.g., the BLB).

Finally, the City is examining changing most of its residential zoning to R-CG/R-G. If STRs become a discretionary use in R-CG/R-G, the administrative resources required to determine whether or not to permit STRs could become quite large. While this would provide the City more flexibility in controlling the quantity and concentration of STRs, the City would have to

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<sup>90</sup> Note that this is what Canmore does: “tourist homes” are only permitted in commercial districts and two residential districts. In the majority of residential districts, tourist homes are neither a permitted nor a discretionary use (i.e., they are prohibited).

determine if the flexibility offsets the administrative cost, and/or whether reduced flexibility provided through the BLB at lower cost would be sufficient to meet the City's policy objectives.

Overall, using the LUB to regulate STRs in land use districts potentially increases the City's flexibility in controlling the concentration of STRs in specific districts compared to the BLB. However, this increased flexibility likely comes at an increased administrative cost. In particular, more resources would be required to examine development permit application. Likewise, the LUB can also prohibit/restrict STRs (e.g., to personal residences or not in secondary suites, etc.) similar to the BLB; however, it cannot enact all prohibitions/restrictions that the BLB can (but the BLB can be used concurrently to overcome this).

# **Appendix 5: Enforcement of Short-Term Rental Regulations: Difficulties in Harnessing the Power of Digital Platforms**

## **Introduction**

Any regulation is only as good as the possibility of effective implementation, and effective implementation requires effective enforcement. Effective enforcement is shaped by several factors. These factors include: human and financial resources that are at the disposal of enforcement authorities, influence of elected officials and interest groups, the discretion and judgement of inspectors, and the available knowledge and information (Colomb and Moreira de Souza 2023). This knowledge and information can come from multiple sources including citizen complaints, on-site inspections, administrative data, cooperation with various department and organizations (e.g., Google street view, Airbnb, VRBO), and, more recently, data scientists (e.g., to create software that detects illegal STRs). We focus on the collection of information required to effectively enforce STR regulations and the difficulties in that collection in the face of platforms that control crucial data about STR listings, notably street addresses and host identities (while being sensitive to the resources that are at the disposal of enforcement authorities).

Effective enforcement of short-term rental (STR) regulations presents unique challenges. Currently, in the City of Calgary most STRs are digitally mediated by “platforms”—for-profit tech companies—that organize interactions between market actors, take a commission, and own all the data accumulated therein (which they then argue are protected by privacy laws in the country in which they are incorporated and subsequent agreements). However, often overlooked is that there also exists STRs that are not listed on such platforms, but that are listed on various websites (e.g., corporate rental sites, rental management sites) and various social media platforms (e.g., Facebook marketplace, Kijiji). It is difficult to physically detect an STR from the outside as they are interwoven unevenly into the housing fabric. The problem with this is that STRs are then very visible to the public (e.g., via online platforms like Airbnb) but are not visible to enforcement agencies: online listings may not include the host’s real name nor the exact location of the listing (i.e., street address and legal description).

In this brief, we examine STR enforcement mechanisms generally, how they have fared in other jurisdictions, how Calgary currently enforces its STR regulations, and how enforcement could be made more effective (this is particularly important if the City wishes to effectively implement more restrictive STR regulations).

## **STR Regulatory Enforcement**

For an STR regulation to be enforceable, STRs must be able to be detected and monitored. To do this, it is necessary to (1) identify a unit as being used as an STR, and (2) associate that STR with a physical and legal entity (e.g., identify who is responsible for the STR). Given that some

STRs are listed and operated by third parties, regulators may also need to identify these third parties as well as the owner of the STR. In order to impose fines and penalties for illegal STR activity, an inspector must also be able to prove that the unit being used as an STR is an illegal STR (e.g., it is not in compliance with one or more STR regulations). There are two main ways short-term rental (STR) regulations can be (and are) enforced: (1) through street-based investigations, often relying on neighbour complaints and supported by (city) STR license registries—physical enforcement; and (2) through access to the data owned by the digital mediation platforms, websites, and social media pages—digital enforcement. Dependent on the nature of the non-compliance, after identifying an illegal STR and its host, the illegal STR’s owner (and possibly the third parties involved in operating the STR) can then be made aware of their non-compliance (and asked to comply), fined, imprisoned (in extreme cases), and/or have their listing removed from the digital platforms (assuming the listing site co-operates in this regard).<sup>91</sup>

With respect to physical enforcement, inspectors must find tangible evidence of the unit being both an STR and not conforming to STR regulations. This requires identification of suspected illegal STRs, repeated visits, piecemeal observations, and street-level interactions (Colomb and Moreira de Souza 2023): a resource-intensive and time-consuming process, the success of which depends heavily on the ongoing availability (financial) resources. The resources devoted to physical enforcement differ greatly by jurisdiction. Colomb and Moreira de Souza (2023) find that in Europe, among those cities with STR regulations, the number of street level inspectors ranged in mid-2018 from 70 in Amsterdam to 22 in Madrid.

Digital enforcement is a more reliable and less resource intensive method of enforcement. Data held by digital platforms, websites, and social media pages would allow jurisdictions to know the identity of who is offering the STR, the exact address of where the STR is located, and how often it is booked as an STR, greatly reducing the amount of time required for physical inspection. Several cities have asked for this data through a variety of methods including negotiations (Barcelona), formal legal requests through courts (Berlin), or through national laws (Paris). In some cases, data sharing pressure has come from national and/or tax authorities (Vienna, Prague, Madrid, Barcelona, Rome, and Milan) (Colomb and Moreira de Souza 2023). That said, most of these actions are focused solely on procuring data from STR platforms, notably Airbnb, and neglecting other ways in which STR units are listed, notably other types of websites and social media pages.

Airbnb, the digital platform with the most STR listings in Calgary, has been cited as being unwilling partner in data sharing. Colomb and Moreira de Souza (2023) found that of 12 jurisdictions in their sample that requested Airbnb data, only two managed to secure an agreement with Airbnb to obtain regular detailed listing information—Barcelona and Paris. In both, public authorities reported that the first sets of data transmitted by Airbnb were

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<sup>91</sup> In Calgary, maximum penalties (e.g., fines and imprisonment) for the violation of bylaws are legislated by the provincial government under the Municipal Government Act (MGA).

incomplete or incorrect, with 60-70 percent of listings displaying incorrect or missing addresses in Barcelona and 7 percent incorrect in Paris.

While waiting for access to regular Airbnb data, some cities have requested data for a limited number of listings where local authorities can prove the listing is illegal, and to have Airbnb remove those listings. This has also been met with difficulty. In Barcelona, Airbnb agreed to remove unlicensed listings in 2017; however, in December 2020, Barcelona authorities identified more than a thousand unlicensed listings. Likewise, in Vienna, it took until fall 2021 and a formal request (after an agreement was reached in 2017) to remove illegal Airbnb listings (Colomb and Moreira de Souza 2023).<sup>92</sup>

In Canada, the province of Quebec has made it a legal requirement that STR platforms are responsible for ensuring listings have the STR registration number and expiry date, and for the verification of that information, it is unclear whether and how this is being enforced (Tourist Accommodation Act, CQLR, c H-1.01, s. 20.2). Further, while Quebec attempted to make it a legal requirement that STR platforms share their data, this provision has yet to come into force (Tourist Accommodation Act, CQLR, c H-1.01, s. 20.2(2)). Airbnb has suggested that it now shares information with Quebec via its “Airbnb City Portal”<sup>93</sup>; however, it is unclear what data is available via this portal. The website is sparse, saying it includes “tools to enforce fair, balanced short-term rental policies” (<https://www.airbnb.ca/cityportal>). A paper by Wang et al. (2023) suggests that the Airbnb City Portal can be used by local governments to identify “a particular listing, select a particular reason for action, and forward it to Airbnb staff to address”. This suggests that with Airbnb City Portal, the onus remains on the City to identify illegal STRs (e.g., by examining online listings themselves for valid license numbers or use), then the City must rely on Airbnb to take corrective action, with the identification of the host and exact location of the listing remaining unknown to City officials.<sup>94</sup>

In the absence of data-sharing agreements, some jurisdictions have resorted to using web-scraped listings data (e.g., from AirDNA or collected directly from platforms) to help inspectors with physical enforcement (Colomb and Moreira de Souza 2023). This can be done in-house or through third-parties. Web-scraped data does not contain information on the hosts (outside of a potential first name which may or may not be their actual name) nor does it contain precise locations of STRs. Rather, the web-scraped data must be visually compared to the STR through a physical inspection. It combines both elements of digital enforcement and physical enforcement.

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<sup>92</sup> It should be noted that in the EU legal context, platforms have no legal obligation to monitor and verify the content of STR listings.

<sup>93</sup> <https://www.cbc.ca/news/canada/montreal/airbnb-listings-permits-quebec-government-1.6789949>

<sup>94</sup> The province of British Columbia is currently setting up its STR enforcement system under the new provincial STR legislation whereby short-term platforms will be required to “share data with the Province” and where “local governments can request that a platform remove listings that do not display a valid business licence”. This is expected to come into effect May 1, 2024. What form this takes and its success remains to be seen (<https://news.gov.bc.ca/releases/2024HOUS0020-000590>).

## **STR Regulation Enforcement in Calgary**

Currently, the City of Calgary relies on initial STR license inspections and neighbor complaints (through the 311 line) to identify problematic STRs. There is currently no dedicated personnel who examine online STR listings or web scrapings thereof. Airbnb has recently (February 2023) included a mandatory business license field as a requirement to post an STR listing in Calgary; however, the business license number entered in that field is not actively verified by either Airbnb or the City.

Given Calgary's current STR regulatory scheme that focuses on guest safety through a simple licensing requirement, this may be sufficient for compliance. The licensing fee is not overly expensive (see A.I. Cameron and Tedds (2023b) for a comparison of STR license fees in Canada). Further, the mandatory business license field on the Airbnb website may aid in informing potential STR hosts of their responsibility to obtain a business license (even if the license numbers are not actively verified). In Petit and Tedds (2023), we estimated that about 71 percent of Airbnb listings are in compliance with the requirement to obtain a business license—a relatively high level of compliance compared to Edmonton.

It is also worth noting that in Calgary, our qualitative evidence suggests that the professional hosts we interviewed have tried to demarcate themselves from illegal STRs by ensuring they are in perfect compliance with current STR regulations. We are unaware if the same can be said of home-sharing hosts.

If the City of Calgary chooses to implement more restrictive STR regulations (e.g., the personal residence requirement, spatial restrictions, license quotas, etc.), it is likely that compliance with STR regulations will decrease without further enforcement measures. As discussed, STRs (legal or illegal) are not visible from the street and without more advanced data and data analysis, the probability of being identified as an illegal STR is low.

If Calgary were to introduce more restrictive STR regulations, the best method of enforcement would be to enter into a data sharing agreement with STR digital platforms (e.g., Airbnb, VRBO) for information on hosts (their identification), exact locations of listings, and license numbers (or lack thereof). However, it is important to note that focusing solely on data from these platforms means that some STRs will escape being identified if the STRs are listed in alternative ways.

Focusing specifically on Airbnb, it is unlikely that Airbnb will share this data with the City (observed by difficulties in other jurisdictions), an alternative method of effective enforcement is to gain access to the Airbnb City Portal and dedicate personnel (or a third party) to monitoring and verifying listings data against STR license registrations. This will necessarily entail additional (financial) resources but is also necessary to ensure effective implementation of any new, more restrictive STR regulation. While web scraping from Airbnb may be an alternative, there is a potential that this data is already contained in the Airbnb City

Portal, making the effort redundant, and leaving the City without any recourse in the case they find an illegal listing.

Additionally, the City should enter into discussion with other STR platforms including VRBO (Expedia), Kijiji, and Facebook to ensure that those listing their units as an STR are required to enter a license number (not currently required on any site other than Airbnb), and for similar data access as provided by Airbnb City Portal. While this would require more resources to be successful, it is important because if STR regulations are only enforced on some sites and not all sites, STR listings may move to a different platform.

Lastly, the City could consider hiring a third-party STR enforcement firm. In general, these firms have developed data analytics and software that can more accurately identify the location of STR listings (while it is likely that some error remains, this error will be lowered), monitor listings for compliance, and streamline outreach efforts with non-compliant hosts. The advantage of these third-party enforcement partners is that they have developed the expertise in STR enforcement.

Regardless of what decisions the City makes related to STR regulations moving forward, tackling the issue of effective and rigorous enforcement so as to achieve the objectives of the regulations needs to be baked into the regulatory decision-making process. This ensures that enforcement is co-designed with the chosen regulations, improving the implementation success of the regulations.

## **Appendix 6: Methodology and Distribution Summary** **Statistics**

This appendix states the method used and the distributional results cited in the main text of the Final Report.

### **Data**

The main data source for the estimates is STR listing data from AirDNA. This same data was used in our input papers for this project. AirDNA scrapes data on all STRs listed on Airbnb and VRBO/HomeAway. This scraped data includes two linkable data sets: the “property” data set that contains information on the characteristics of the listing itself (as reported by the host) such as the property type (e.g., apartment, condo, townhouse, etc.), listing type (e.g., entire house/apartment or single room), the number of bedrooms, and the published nightly fee. In the data from April 2023 to September 2023, the property data set also contains a business license number if an STR listings includes on in its listing (although the license number entered is not validated by the listing platform nor the City thus it could be a fake number like 123456 or a telephone number). The second data set is the “monthly” data set. It contains aggregate monthly transaction data for each listing that includes the number of bookings per month, the number of days available in a month, the occupancy rate, and the monthly revenue. Unlike the property data, the transaction data has had to be estimated by AirDNA from 2015 onwards as Airbnb and VRBO/HomeAway does not provide information on bookings. AirDNA uses machine learning algorithms based on an enormous historical dataset to perform the estimations. This introduces uncertainty; however, Calgary’s STR market is somewhat large so the number of observations in the historical dataset reduces the uncertainty. Outside of data supplied directly from STR platforms, we believe that this is the best available data set on the STR market.<sup>95</sup>

The data provided by AirDNA is raw data that must be reviewed and properly prepared for analysis. To this end, we undertook several data cleaning steps which are novel in this space. First, some listings are posted by traditional tourist accommodations such as hotels, motels, lodges, inns, and hostels. While these may be listed on STR sites, they are not what we consider as STRs, which are accommodations that are in or on a property that could otherwise be used for residential purposes by permanent residents. Thus, we manually checked all hosts and listings in our data to ensure that traditional tourist accommodations were excluded from the analysis.

Second, to get a better understanding of hosts, we manually inspected every host in our data. We categorized hosts into several categories including property managers, corporate hosts,

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<sup>95</sup> This data is also widely used by other authors looking at STRs in Canada and/or the effects of STR regulation. See for examples: Combs, Kerrigan, and Wachsmuth (2020); DiNatale, Lewis, and Parker (2018).

and individual hosts. “individual” hosts were the default host type if there was insufficient information to categorize a host as a property manager or corporate host.

Third, since hosts personally choose how to describe their STR listing, this results in similar words being used to describe dissimilar listings. For example, suppose a host has listed a bedroom, bathroom, and living/rec room in their basement of a single detached house as their STR listing (where the host lives upstairs). Some hosts may refer to this as a “private room” in a residential house while other hosts may list it as an “entire house/apartment” in a residential house. To standardize listing characteristics, we manually checked listings in our data for April 2023 – September 2023 and re-categorized the listing type (e.g., private room versus entire home/apartment) and property type (e.g., apartment, house, etc.). Together, these data cleaning steps allows us to provide a more accurate picture of the STR market.

Two other features of the AirDNA data of which to be aware. First, listings are more proliferate than then number of private dwellings/properties used as an STR. Some hosts have multiple listings for the same private dwelling. For example, a host may have one listing for an entire single detached house, plus separate listings for separate rooms in the same house, plus separate listings for the upstairs and downstairs. Another common example is one host separately listing various rooms in one private dwelling. In both examples, there is only one private dwelling. This issue cannot be resolved with precision and must be borne in mind in the interpretation of results.

Second, some hosts use Airbnb not to list STR’s but to list dwellings that they intend to rent for more than 28 days (an MTR or LTR). While we have removed those listings that, on our manual check indicated they were only medium or long-term, it is unclear the proportion of listings that are used in this manner. In our analysis we assume all remaining listings are for STRs (less than 28 days), but this may not be the case.

## **Estimation Notes**

In estimating the effects of various policies on STR listings, we use the available data to estimate how many STRs are of a particular characteristic (e.g., the characteristic being prohibited) and assume that those listings will be removed. We do not estimate behavioral effects. That is, in some cases, STR listings with the prohibited characteristic may be removed from the market but a new listing may be added as well (e.g., if listings are prohibited in the Beltline, we estimate how many listings in the Beltline would be removed but we do not estimate how many new listings outside of the Beltline may be added).

## Housing Affordability

### **Strategy 1: Reduce Quantity of STRs**

#### **Policy Tool 1: Restrict Licenses to one per person**

If licenses are restricted to one per person, hosts with multiple licenses will have to drop their multi-licenses and keep only one license for one property (assuming they comply with regulations and do not use a “work-around” such as listing an STR in a family member’s or friends name, etc. – a strong assumption). Using the AirDNA data, as of September 2023, there were 4,950 active Airbnb/VRBO listings in Calgary. We cannot identify whether VRBO listings are listings by multi-listing hosts because there is no host number nor requirement to post a license number. Dropping VRBO listings leaves us with 4,759 Airbnb listings. Of those, 43.8 percent of listings (2,086 listings) are operated by “multi-listing hosts”—hosts that operate 2 or more entire home/apartment or suite listings in different properties or 4 or more private room listings (see our Empirical Report for more details).

This STR policy tool does not directly affect other “commercialized” STRs including permanent listings and entire house/apartment listings: these are permitted to operate under this policy tool. They are, however, indirectly affected if they are held by a multi-listing host.

To estimate the impact of this policy tool on STR listings, we begin with all active Airbnb listings in September 2023 (4,759 listings). We identify listings listed by multi-listing hosts where hosts have more than one license. For listings with no license number on the listing, we assume every listing by that host is in a separate dwelling unit and should have a separate license for each.

For hosts with more than one license who are property managers, they may be treated one of two ways in the data. First, property managers with multi-listings may be allowed to retain all of their STR licenses/listings. This follows from the assumption that property managers manage STR units for individuals. If STRs were limited to one license per person, property managers may require the dwelling units’ owner to obtain their own STR license (as opposed to the property manager obtaining it for them). Second, property managers with multi-listings may be restricted to one listing (the same treatment as individual multiple license hosts). The reason for this is that some property managers may list many of their own properties as STRs while they work to start up property management of other’s properties. Since we cannot observe how property managers behave, we run the data under both scenarios and provide an estimated range.

For multi-listing hosts with more than one license, they are permitted to retain one license but must drop all their other licenses/listings. We assume the license they retain will be for the highest earning listing. Thus, we keep only the listings associated with the license that together have the highest revenue of all licenses held by a host. This means that a host with multiple private room listings but one license number, for example is permitted to keep all their listings. However, a host with multiple entire home/apartment listings each with a

different license number, must drop the listings with the lower revenue and only keep one license/listing with the highest revenue.

Using this method, we estimate that Airbnb listings will decline between 981 to 1,455 listings— between 21 to 31 percent. Tables 1 and 2 summarize the change by listing type and the change by the top 10 communities.

Table 5: Impact on STR Type of One License Per Person, Estimated for September 2023

STR Listing Type		Listings Before	Listings After	Change in Number of Listings	Percent Change
Entire Accessory Unit	Lower	30	27	-3	-10
	Higher		27	-3	-10
Entire Home/Apartment	Lower	2,118	1,595	-523	-24.6
	Higher		1,197	-921	-43.5
Entire Suite	Lower	1,478	1,273	-205	-13.9
	Higher		1,227	-251	-17.0
Private Room	Lower	947	742	-205	-21.6
	Higher		736	-211	-22.3
Shared Room	Lower	4	4	0	0
	Higher		4	0	0
Unknown	Lower	182	137	-45	-24.7
	Higher		113	-69	-37.9

Table 6: Impact on Community of One License Per Person, Estimated for September 2023

Community	Listings Before	Listings After	Change in Number of Listings	Percent Change in Listings	Estimated Percentage Change in LTR Rents
BELTLINE	566	431	-135	-23.9	-2.48
DOWNTOWN COMMERCIAL CORE	83	48	-35	-42.2	-0.64
CRESCENT HEIGHTS	95	63	-32	-33.7	-0.59
BANKVIEW	44	19	-25	-56.8	-0.46
CHINATOWN	65	42	-23	-35.4	-0.42
CLIFF BUNGALOW	55	34	-21	-38.2	-0.39
CAPITOL HILL	43	23	-20	-46.5	-0.37
LOWER MOUNT ROYAL	34	16	-18	-52.9	-0.33
BRIDGELAND/RIVERSIDE	69	52	-17	-24.6	-0.31
SUNNYSIDE	84	67	-17	-20.2	-0.31
BELTLINE	566	294	-272	-48.1	-5.00
DOWNTOWN COMMERCIAL CORE	83	27	-56	-67.5	-1.03
CRESCENT HEIGHTS	95	54	-41	-43.2	-0.75
SUNNYSIDE	84	48	-36	-42.9	-0.66
CLIFF BUNGALOW	55	25	-30	-54.5	-0.55
BANKVIEW	44	15	-29	-65.9	-0.53
CHINATOWN	65	37	-28	-43.1	-0.52
DOWNTOWN EAST VILLAGE	56	29	-27	-48.2	-0.50
CAPITOL HILL	43	16	-27	-63.0	-0.50
BRIDGELAND/RIVERSIDE	69	44	-25	-36.2	-0.46

The top line (black text) is for if we assume property managers only have STR listings for other individuals and thus will not be impacted. The bottom line (orange text) is for if we assume property managers are not true property managers but rather list only their own properties as STR listings and thus will be fully impacted. We see that the largest impact is on entire home/apartment rentals (a decline of between 523 and 921 listings) and centre communities, particularly the Beltline (a decline of between 135 and 272 listings).

We also examine the impact of a decline in STR listings on LTR rents. To do this, we use the regression model estimated in our paper “The Effects of Short-Term Rentals on the Long-Term Rental Market in Calgary” and multiply the estimated change in the number of STRs by the estimated coefficient on “Number of STRs” from the baseline model with controls for each community. This assumes that all else is held equal. We report estimates for the change in LTR rents at the community level, averaged across communities. These results are also reported in Table 2 above for the top 10 affected communities.

Lastly, we examined what effect this policy tool would have on commercialized STRs. We reproduce the Venn diagrams. To do this, we assume that if hosts that were previously multi-listing hosts only have one license and *less than* four listings under this new policy tool, they are no longer multi-listing hosts. For four or more listings, there’s a possibility that these are in different dwelling units (i.e., the host has not been truthful in filling out the business license field on their Airbnb listing). We show two “commercial” Venn diagrams in Figures 1 and 2: one where we assume property managers are operating Airbnb listings for other single individuals and one where we assume that property managers are operating only their own personal Airbnb listings.

Figure 3: Estimated Commercial STRs, property managers assumed to hold listings for individuals, September 2023

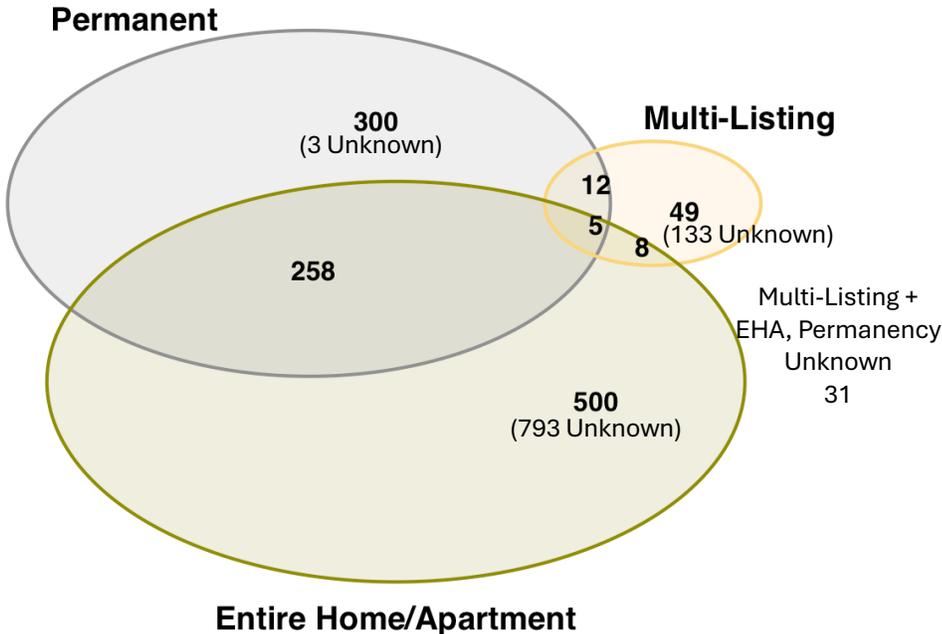
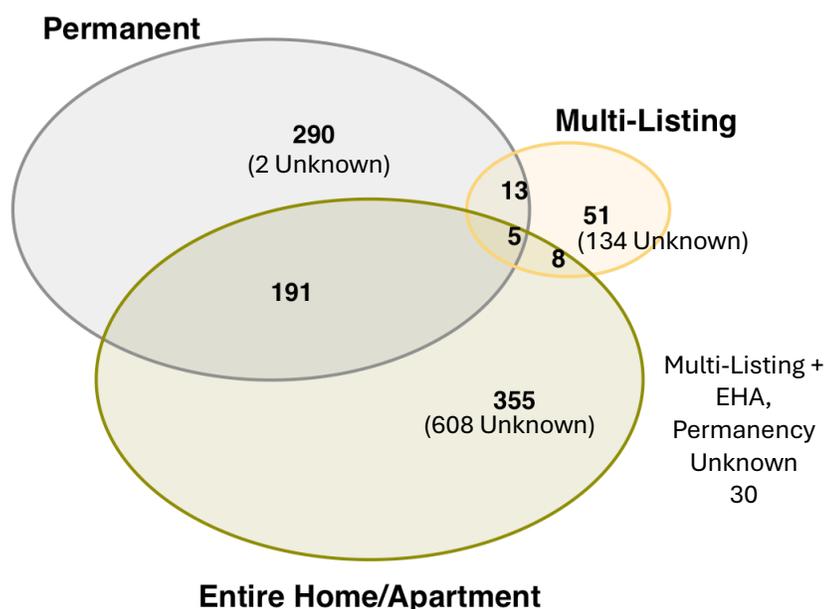


Figure 4: Estimated Commercial STRs, property managers assumed to hold listings of their own, September 2023



We make the following observations:

- There is very little difference between Figures 1 and 2.
- We estimate that under this policy tool, listings held by multi-listings hosts would decline from 2,086 to between 238-241 listings (88 percent of multi-listing listings).
  - There are still listings held by multi-listing hosts under this policy tool. This is picking up hosts who have listed four or more Airbnb listings under the same license as well as hosts who are not truthful in the inputting of their license. For example, there are three hosts who collectively have 13 Airbnb listings that are “entire home/apartments”. This suggests that each host has at least two “entire house/apartment” listings under the same license number. At least one of these, if not both are illegal STRs.
- We estimate that permanent listings decline from 782 listings before the policy tool to 501-578 after (26 to 36 percent of permanent listings). This policy tool does not directly affect permanent listings except indirectly through its effect on listings listed by multi-listing hosts
- We estimate that entire home/apartment listings would decline from 2,221 listings to between 1,197 and 1,595 listings (28 percent to 46 percent of entire home/apartment listings).
- Listings that span any two of three commercialization dimensions decrease from 1,266 listings to 303 listings—a decline of 76 percent to 80 percent of listings that span 2 of the 3 commercial dimensions.
- Listings that span all three dimensions of commercialization—permanent entire home/apartment listings listed by a multi-listing host—decrease significantly from 234 to 5 listings—a decline of 98 percent.

- Overall, commercialized listings are significantly fewer regardless of the type of commercialization examined.

## **Policy Tool 2: STR License Quota City-Wide**

To estimate the effects of a City-wide STR License quota, we use the City of Calgary’s license data (*not* the AirDNA data) along with the City of Calgary’s monthly economic indicator data. We use the City’s license data because of the policy tool being examined: number of licenses. Airbnb did not make licenses mandatory (and thus did not begin collecting license data) until February 2023 while VRBO still does not have a mandatory license field on their platform (and thus does not have data on licenses).

Using the license data, we begin by examining how many licenses were active in September 2022. We set this as the initial quota, and then grow the quota monthly by one percent of the number of new housing starts in the previous month. Overall, we find that in September 2022, there were 2,200 active STR licenses—we set this as the initial quota. By September 2023, the quota would grow to 3,129 licenses following this method. However, the actual number of licenses in September 2023 were 4,625. Thus, had the quota been implemented in September 2022, there would have been 1,496 fewer active STR licenses than there were actually. The effect on communities and types of STR is difficult to estimate without data on application date.

## **Strategy 2: Reduce Quantity of Commercial STRs**

### **Policy Tool 1: Personal Residence Requirement**

To estimate the effect of a PRR in Calgary in September 2023, we use the AirDNA data. We also return to our conceptual approach to commercial STRs in Section 7 of the Empirical Report. We saw there that a PRR without a live-in host requirement would affect permanent STR listings in entire home apartments and all listings by multi-listing hosts except for potentially one listing that the multi-listing host may live in (but they would then no longer be multi-listing hosts—they would be single listing hosts). Permanent listings by single listing hosts that are private rooms/suites/other will more likely *not* be affected by a PRR as they are more likely to be in a permanent residence. Entire home/apartments that are non-permanent and/or listed by a single listing host will more likely *not* be affected by a PRR as they are more likely to be in a permanent residence (e.g., while the host is on a temporary vacation).

Drawing on this logic, we begin with all active STR listings in September 2023 (4,950 listings). As before, we cannot identify which VRBO listings are listed by multi-listing hosts. Permanent entire home/apartment listings are removed. Recall that the “permanent” designation was determined by a cluster analysis and are listings that are permanently actively listed in Calgary on Airbnb/VRBO (see our Empirical Report). Also recall that there is a statistical issue: we can only designate a listing as “permanent” if they were created on or before September 2022; otherwise, there is not enough evidence to determine their cluster type. Thus, the reduction in listings estimated here should be thought of as a lower bound.

Next, we identify hosts that have more than one license. For listings with no license number on the listing, we assume every listing by that host is in a separate dwelling unit and should have a separate license for each.

We then remove listings posted by multi-listing hosts. We allow multi-listing hosts to keep one listing (or one license number) with a preference for listings/licenses in accessory dwelling units, suites, and private rooms as these are more likely to be a personal residence.

For hosts with more than one license who are property managers (where those licenses are *not* permanent entire homes/apartments), they may be treated one of two ways in the data. First, property owners may be allowed to retain all of their STR (temporary) licenses/listings. This follows from the assumption that property managers manage STR units for individuals and will continue to do so under the PRR. If STRs were limited to personal residences, property managers may require the dwelling units' owner (who is not the property manager) to obtain their own STR licenses (as opposed to the property manager obtaining it for them). Second, property owners may determine under the PRR that their business model is no longer profitable (at least in the STR market) and pull out. In this case, in the data we treat property managers as if they were an individual host with multiple licenses (e.g., we drop all but one license with preference for private rooms). Since we cannot observe how property managers will behave, we run the data under both scenarios and provide an estimated range.

Using this method, we estimate that listings will decline between 1,302 listings and 1,714 listings —between 27 and 36 percent. Tables 3 and 4 summarize the change by listing type and the change by the top 10 communities.

Table 7: Impact on STR Type of PRR, Estimated for September 2023

STR Listing Type	Listings Before	Listings After	Change in Number of Listings	Percent Change in Listings
<b>Entire Accessory Unit</b>	30	28 27	-2 -3	-6.7 -10
<b>Entire Home/Apartment</b>	2,118	1,260 913	-858 -1,205	-40.5 -56.9
<b>Entire Suite</b>	1,478	1,298 1,259	-180 -219	-12.2 -14.8
<b>Private Room</b>	947	742 742	-205 -205	-21.6 -21.6
<b>Shared Room</b>	4	4 4	0 0	0 0
<b>Unknown</b>	182	125 100	-57 -82	-31.3 -45.1

The top line (black text) are for if we assume property managers only have STR listings in personal residences for other individuals and thus will be completely not impacted. The bottom line (orange text) is for if we assume property managers will no longer see their model

as feasible under the PRR and no longer serve the STR market (we allow them to keep one license regardless as if they were any other host type). We see that the largest impact is on entire home/apartment rentals (a decline of between 858 and 1,205 listings): this decline is much larger than under the single license restriction. Likewise for communities, centre communities see a large decline in Airbnb listings, particularly the Beltline (a decline of between 213 and 332 listings). This decline is larger than the decline under the single license restriction.

Table 8: Impact on Community of PRR, Estimated for September 2023

Community	Listings Before	Listings After	Change in Number of Listings	Percent Change in Listings	Percent Change in LTR Rents
BELTLINE	566	353	-213	-37.6	-3.92
DOWNTOWN COMMERCIAL CORE	83	40	-43	-51.8	-0.79
CHINATOWN	65	24	-41	-63.1	-0.77
CRESCENT HEIGHTS	95	54	-41	-43.2	-0.75
SUNNYSIDE	84	50	-34	-40.5	-0.63
BANKVIEW	44	17	-27	-61.4	-0.50
CLIFF BUNGALOW	55	28	-27	-49.1	-0.50
SUNALTA	53	27	-26	-49.1	-0.48
BRIDGELAND/RIVERSIDE	69	45	-24	-34.8	-0.44
DOWNTOWN EAST VILLAGE	56	33	-23	-41.1	-0.42
BELTLINE	566	234	-332	-58.7	-6.13
DOWNTOWN COMMERCIAL CORE	83	20	-63	-75.9	-1.16
CRESCENT HEIGHTS	95	47	-48	-50.5	-0.90
CHINATOWN	65	19	-46	-70.8	-0.85
SUNNYSIDE	84	43	-41	-48.8	-0.75
CLIFF BUNGALOW	55	19	-36	-65.5	-0.66
DOWNTOWN EAST VILLAGE	56	22	-34	-60.7	-0.63
BANKVIEW	44	13	-31	-70.5	-0.57
BRIDGELAND/RIVERSIDE	69	39	-30	-43.5	-0.55
SUNALTA	53	26	-27	-50.9	-0.50

We also estimate the associated decline in LTR rents in each community and as an average across communities. To do this, we again use the regression model estimated in our paper “The Effects of Short-Terms Rentals on the Long-Term Rental Market in Calgary” and multiply the estimated change in the number of STRs by the estimated coefficient on “Number of STRs” from the baseline model with controls by community. This assumes that all else is held equal. These results are also reported in Table 3 above for the top 10 affected communities.

We then estimate what the remaining “commercial” STRs would look like. To do this, we first re-coded hosts who were previously multi-listing hosts as not multi-listing if they only have one license left after the PRR, but less than four listings associated with that license number (otherwise we assume either not all listings are in the same residence or there is an untruth associated with the way the host has inputted license numbers). The Venn diagram is shown in Figure 5 and Figure 6 for the two scenarios examined. We see that of the remaining

commercial STR listings, none are permanent entire home/apartment listings under the PRR. Listings by multi-listing hosts have significantly declined compared to no PRR, but similar to what was seen under the one license restriction. Under the PRR, there are zero listings that are permanent entire home/apartment listings listed by a multi-listing host (the “most commercialized”) down from 234 listings. Further, listings that span two of the three commercial characteristics decrease from 1,266 to 20 to 404 listings (a reduction of 68 percent to 98 percent). Looking at each characteristic separately, permanent listings decline from 782 listings to 329-335 listings listings (57-58 percent of permanent listings), listings by multi-listing hosts decline from 2,086 to by multi-listing hosts decline to 154-625 listings (a decline of 70 percent to 93 percent of multi-listing listings) and entire home/apartment listings decline from 2,221 listings to 913 -1,101 listings (a decline of 50 percent to 59 percent of entire home/apartment listings).

Figure 5: Commercial STRs, PRR Policy Tool, Property Managers Stay in Market, Estimate September 2023

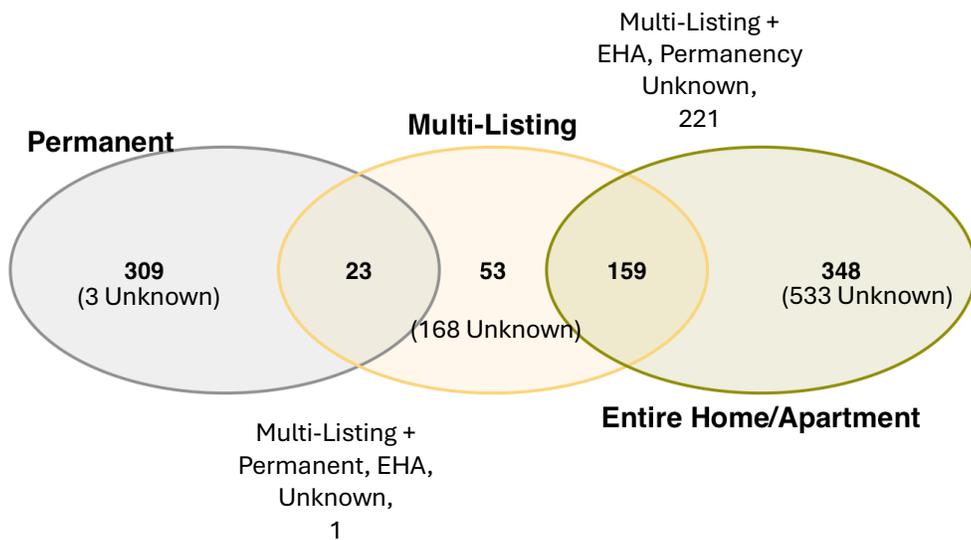
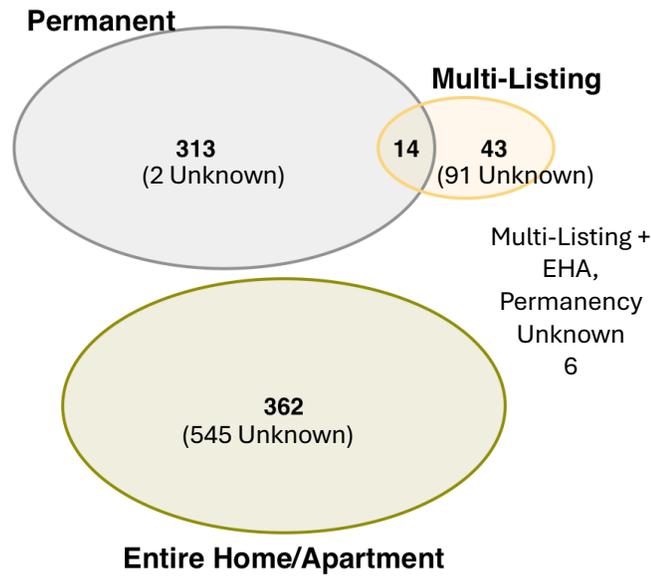


Figure 6: Commercial STRs, PRR Policy Tool, Property Managers Exit Market, Estimate September 2023



### Policy Tool 2: Night Cap

To estimate the effect of a night cap on STR listings, we again use the AirDNA data: this data contains the number of nights within the year-to-date that a listing has been reserved for. We assume that listings that are reserved for greater than 180 nights within the last year would be removed from the market if there were a night cap. This is a very strong assumption: some of these would likely remain on the market but reduce their reserved nights to 180. That is, we assume that there is only an extensive effect, not an intensive effect and this is highly unlikely. The exact behavioral effect is unknown. Thus, the estimates should be thought of as upper bounds.

Overall, there are 893 listings in September 2023 that have been reserved for greater than 180 nights over the last year. If those were dropped, the results by type and community are reported in Tables 5 and 6.

Table 9: Impact on STR Type of 180-Night Night Cap, Estimated for September 2023

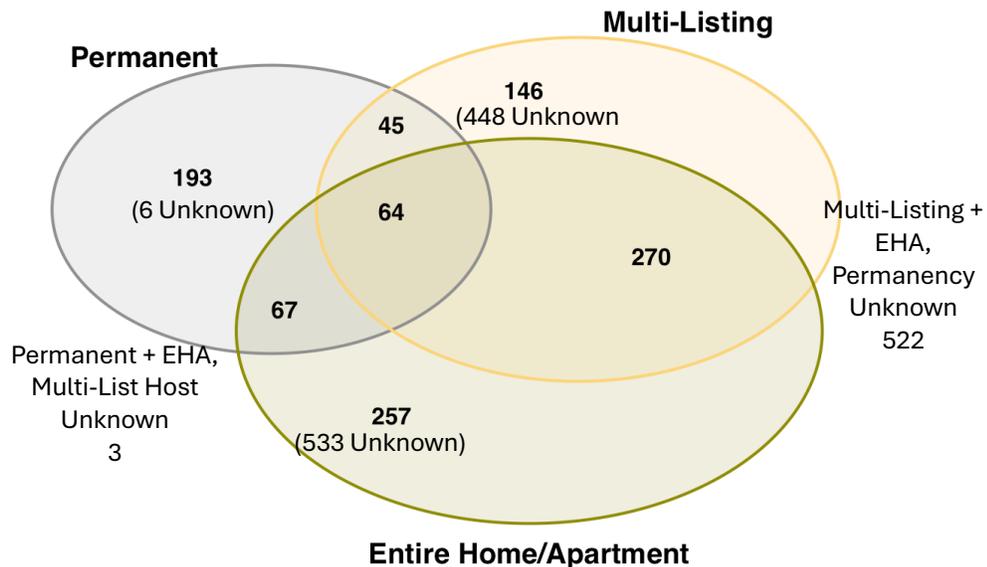
STR Listing Type	Listings Before	Listings After	Change	Percent Change
Entire Accessory Unit	30	24	-6	-20.0%
Entire Home/Apartment	2221	1716	-505	-22.7%
Entire Suite	1539	1332	-207	-13.5%
Private Room	961	801	-160	-16.6%
Shared Room	4	3	-1	-25.0%
Unknown	195	181	-14	-7.2%

Table 10: Impact on Community of 180-Night Night Cap, Estimated for September 2023

Community	Listings Before	Listings After	Change	Percent Change in Listings	Percent Change in LTR Rents
Beltline	579	418	-161	-27.8%	-2.96
Chinatown	66	33	-33	-50.0%	-0.61
Sunnyside	88	62	-26	-29.5%	-0.48
Downtown East Village	58	36	-22	-37.9%	-0.40
Crescent Heights	98	77	-21	-21.4%	-0.39
Seton	103	82	-21	-20.4%	-0.39
Huntington Hills	40	26	-14	-35.0%	-0.26
Sunalta	53	40	-13	-24.5%	-0.24
Banff Trail	48	35	-13	-27.1%	-0.24
Livingston	123	110	-13	-10.6%	-0.24

Figure 7 estimates commercial STRs if a night cap of 180 nights were implemented. We see that the most commercial listings (permanent entire home apartment listings listed by a multi-listing host) are reduced from 234 to 64 under the night cap—a reduction of 73 percent. A night cap reduces the number of listings that span two of the three commercial identifiers from 1,266 listings to 907 listings (a decline of 28 percent). Looking at each commercial identifier separately, the night cap reduces permanent listings from 782 listing to 378 listings (52 percent), listings by multi-listing hosts from 2,086 to 1,495 (28 percent), and entire home/apartments from 2,221 listings to 1,716 listings (23 percent).

Figure 7: Commercial STRs with a Night Cap of 180 Nights, Estimated, Sept. 2023



### Strategy 3: Reduce Quantity of STRs in Affordable Units

#### Policy Tool 1: Prohibit STRs in Residential Affordable Housing Units

In September 2023, of the 4,950 active STR listings in the AirDNA data, 30 (0.6 percent) were in accessory dwelling units and 1,539 were “entire suites” (1,171 of which were in a basement; 24 percent). “Entire suites” are STRs with no shared living spaces, but which are only a part of a residential unit, not the entire residential unit. This definition is not the same as the definition of a “secondary suite” under the Land Use Bylaw. That is an “entire suite” may not be entirely self-contained (e.g., it may share an entrance with the main unit. A secondary suite must be entirely self-contained) and it may or may not have a kitchen (a kitchen is required in a secondary suite). It is unclear how many of these “entire suite” listings are true secondary suites.

Making use of the City of Calgary license data available as of September 9, 2023, of the 4,342 STR licenses, 540 (12 percent) were licenses for either a “suite in a house” or a “coach/lane house”.

Overall, we estimate that between 540 licenses and 1,201 listings in Calgary in September 2023 were in residential affordable housing units (e.g., secondary suites or accessory dwelling units).

To examine the effects on STR types and communities, we use the AirDNA data and removing all basement suites and accessory dwelling units (note: this estimation does *not* include commercial conversions). This leaves us with 3,749 listings, a reduction of 24 percent of listings. From Tables 7 and 8 we see that the largest effect is on accessory units and suites. Some suites remain – these are upper floor suites. Further, this policy tool mainly affects developing communities, particularly Livingston where STR listings are estimated to decline by 59 percent.

Table 11: Impact on STR Type of Prohibition of STRs in Affordable Residential Units (basement suites and accessory dwelling units), Estimated for September 2023

STR Listing Type	Listings Before	Listings After	Change	Percent Change
Entire Accessory Unit	30	0	-30	-100%
Entire Home/Apartment	2221	2,221	0	0
Entire Suite	1539	368	-1,171	-76%
Private Room	961	961	0	0
Shared Room	4	4	0	0
Unknown	195	195	0	0

Table 12: Impact on Community of Prohibition of STRs in Affordable Residential Units (basement suites and accessory dwelling units), Estimated for September 2023

Community	Listings Before	Listings After	Change in Listings	Percent Change in Listings	Percent Change in LTR Rents
LIVINGSTON	123	50	-73	-59.3	-1.34
SAGE HILL	67	24	-43	-64.2	-0.79
SETON	103	65	-38	-36.9	-0.70
CORNERSTONE	72	40	-32	-44.4	-0.59
EVANSTON	60	29	-31	-51.7	-0.57
MAHOGANY	51	22	-29	-56.9	-0.53
NOLAN HILL	54	25	-29	-53.7	-0.53
CARRINGTON	59	32	-27	-45.8	-0.50
PANORAMA HILLS	62	35	-27	-43.5	-0.50
SHERWOOD	37	13	-24	-64.9	-0.44

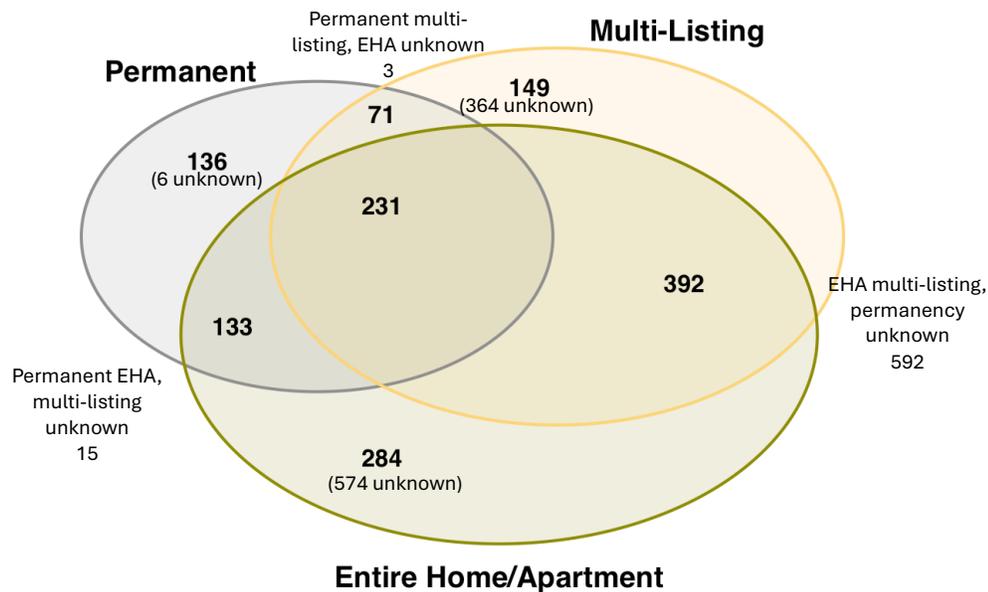
We also estimated the associated decline in LTR rents in each community and as an average across communities. To do this, we again use the regression model estimated in our paper “The Effects of Short-Term Rentals on the Long-Term Rental Market in Calgary” and multiply the estimated change in the number of STRs by the estimated coefficient on “Number of STRs” from the baseline model with controls. This assumes that all else is held equal. These results are also reported in Table 8 above for the top 10 affected communities. Again, the estimated associated decline in LTR rents is small with the largest associated decline being in Livingston of 1.3 percent.

To examine the effect on commercial STRs, we begin again by removing all basement suites and accessory dwelling units from the AirDNA data (note: this estimation does *not* include commercial conversions). Multi-listing hosts who are left with one listing are re-classified as non-multi-listing hosts. Figure 6 shows the remaining commercialized STRs.

Figure 6 shows that there is not much change in commercial STRs under this policy tool.

- Permanent STRs decrease from 782 listings to 595 listings—a decline of 24%.
- Listings by multi-listing hosts decline from 2,086 listings to 1,802 listings—a decline of 14%
- Entire home/apartment listings do not change—they remain at 2,221 listings
- The most commercialized listings—permanent entire home/apartment listings listed by a multi-listing host—declines from 234 listings to 231 listings—a decline of 1%.
- Listings that span two of three commercial dimensions decrease from 1,266 listings to 1,206 listings—a decline of 5%.

Figure 8: Commercial STRs with a Prohibition on Affordable Residential Listings, Estimated, Sept. 2023



## Strategy 4: Reduce quantity of STRs in Communities with High STR Activity

### Policy Tool 1: STR License Quota by Community

As with the City-wide quota, we again use the City’s license data with accurate address information to simulate an STR-by-community quota. As before, as of September 1, 2022, there were 2,200 active STR licenses registered with the City. As of September 1, 2023, there were 4,625 active STR licences registered with the City.

Suppose that a community-based quota was implemented in September 2022. For established and complete communities, the quota is set to the number of active licenses in that community as of September 1, 2022, and held constant. For developing and future communities, the quota is set to the number of active licenses in that community as of September 1, 2022, plus 25 percent growth per year. For communities that had no active STR licenses in September 2022, the quota is set to the number of STRs as of September 1, 2023 (“as if” their quota is set as of September 1, 2023).

If the quota was set as such, the number of active licenses as of September 1, 2023 would be 2,210—52 percent fewer licenses than were actually active. As the table below shows, the largest decline would be in the Beltline: they would have 315 fewer STR licenses if such a quota were imposed. The other centre communities of Crescent Heights, Bankview, and Lower Mount Royal would see declines of licenses by between 63 and 78 percent. The developing communities of Livingston, Carrington, Cornerstone, and Sage Hill would also have curtailed growth of STR licenses by between 63 to 74 percent.

Table 9: Simulated Impact of a City-wide Quota on STRs in Calgary, Estimated for September 2023

<b>Community</b>	<b>Licenses Before (Actual, Sept. 2023)</b>	<b>Licenses With Quota</b>	<b>Change</b>	<b>Percent Change</b>
Beltline	617	302	-315	-51.1%
Livingston	126	45	-81	-64.3%
Crescent Heights	78	29	-49	-62.8%
Carrington	62	16	-46	-74.2%
Cornerstone	78	33	-45	-57.7%
Bankview	65	24	-41	-63.1%
Evanston	59	19	-40	-67.8%
Sage Hill	59	20	-39	-66.1%
Lower Mount Royal	49	11	-38	-77.6%
Bowness	52	14	-38	-73.1%

We cannot estimate the impact on type of STR as it is unclear which STR licenses would have been denied. We also cannot estimate the impact on commercialized STRs as that requires the AirDNA data. We did not use the AirDNA data because of a lack of precision in the location of the STR listings.

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