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# **A Comparative Analysis of Short-Term Rental Regulations in Six Alberta Municipalities<sup>1</sup>**

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## **Abstract**

Once limited and relatively unknown, Alberta's short-term rental (STR) market has, in the past five years, become a frequent discussion topic in news media and municipal council chambers alike. Facilitated by the arrival of online platforms, such as Airbnb, the now-thriving STR market is viewed as an economic boon by some, but has also stoked longstanding debates about housing access and resident liveability, provoking newer complaints of anti-competitive behaviour, as well as general calls for regulatory intervention. In the context of limited research on Alberta's STR market (and its regulation), this paper presents a comprehensive overview and analysis of regulatory frameworks for STR activity in six Alberta municipalities, alongside an assessment of pertinent provincial measures. The aim of the review is two-fold: (1) to gain an understanding of the nature and extent of regulatory efforts across a range of local contexts that, together, constitute a representative picture of the overall market in the province; and (2) to ascertain the extent to which these approaches are both effective and appropriate, based on what can be discerned about local context, market dynamics, policy objectives, and current and emerging issues. We argue that while some jurisdictions appear to have fared better in implementing generally appropriate and effective measures, all local authorities, in addition to the province, have considerable room to improve their framework. We draw particular attention to ensuring regulations are developed in response to local issues, reflect the actual and projected state of the market, contain clear and measurable objectives aligned with broader community strategies, and invite ways for local authorities to leverage the power, insights, and resources of platforms.

**Keywords:** short-term rentals; Airbnb; regulatory approaches; municipal policy

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## **Introduction**

In Alberta, the online short-term rental (STR) market has expanded considerably in recent years, with market revenue climbing from \$8 million in 2015 to reach \$151 million in 2018 (Statistics Canada 2019b). As has been made clear in cities around the world, the rapid growth of STR activity has both benefits and drawbacks, particularly depending on whether one is considering the market from the perspective of hosts, guests, other sectors, residents, or local authorities (Tedds et al. 2021). Though a flourishing STR market can produce economic benefit (Statistics Canada 2019a), provide low-cost and unique alternatives to hotels (Guttentag 2015; Tussyadiah 2015), and is framed as a potential source of economic security for hosts (Goyette 2021; Kerzhner 2019; Stabrowski 2017), the proliferation of STRs has also generated negative impacts in communities, fueling complaints of overcrowding and over-tourism (Cocola-Gant and Gago 2019; de la Calle-Vaquero, García-Hernández, and de Miguel 2021; Nieuwland and van Melik 2020), disrupting peace and perceptions of safety, and in some cases, influencing the supply and affordability of housing (Barron, Kung, and Proserpio 2021; Combs, Kerrigan, and Wachsmuth 2020; Lee 2016; Wachsmuth and Weisler 2018; Zou 2019). Further, the hospitality industry has raised concern over the fact that commercial STR operations are neither held to the same operational standards nor required to pay the same taxes as traditional accommodation providers, suggesting that this discrepancy gives such operators an unfair competitive advantage (Alberta Hotel & Lodging Association 2018; Hotel Association of Canada 2018).

Given the above dynamics, provincial and local authorities in Alberta have increasingly sought to impose some degree of control over STR market activity. At the provincial level, the Government of Alberta has recently extended the four percent Alberta Tourism Levy to STR operations, requiring all STR hosts to register with the provincial tax authority and remit the

appropriate amount owed. Though municipal governments in Alberta do not have the authority to impose similar levies—they are restricted to collecting licence and permit fees and imposing differential property taxes—many have introduced regulatory frameworks for the STR market. In fact, the mountain towns of Banff, Jasper, and Canmore have had STR-relevant regulations in place for two decades or longer, and have only made small adjustments to these frameworks in recent years, suggesting that STR-type activity provoked attention in these communities even prior to the rise of Airbnb and the STR market boom. Other jurisdictions, such as Calgary and Edmonton, have only recently entered the regulatory fold against a backdrop of considerable market growth and increased pressure to regulate. In any case, comparisons of STR regulatory frameworks in Alberta have received little attention in Canadian analyses and beyond.

In this paper, we take stock of regulatory approaches adopted in six Alberta municipalities—Banff, Canmore, Jasper, Calgary, Edmonton, and Wood Buffalo (often referred to as Fort McMurray)—to assess the state and nature of government response to the STR market in the province. We also consider relevant provincial measures. Through this analysis, we aim to uncover the market context in each jurisdiction, the regulatory approaches taken in response, whether these efforts have been appropriate and effective, and ultimately, what this suggests for future regulatory efforts. The six municipalities selected for analysis were chosen based on their significance (either economically, politically, or culturally) and because they reflect a diversity of community types that, when considered collectively, offer a good representation of the Alberta landscape. For example, Banff and Jasper are small mountain tourist towns located inside national parks, while Canmore, though also a mountain town, is significantly larger and located outside park boundaries. Calgary and Edmonton are Alberta’s large urban centres and home to over half of the province’s population; Edmonton is also the seat of the provincial

government. Finally, Wood Buffalo is the third largest municipality in Alberta and is a fly-in fly-out hub for workers employed in Alberta's oil sands.

We begin with a comprehensive overview of regulatory responses in each jurisdiction, providing for each locality key background information and context, including an overview of local issues that may interact with or affect the STR market, as well as a detailed examination of regulations that pertain to STR activity. We also discuss relevant measures implemented at the provincial level. We then turn to analyzing the stringency, appropriateness, and effectiveness (including compliance rates) of STR regulations, ultimately offering a series of jurisdiction-specific recommendations. We conclude with a summary of trends and best-practice guidelines.

As expected, the management approaches adopted in Alberta jurisdictions vary in terms of stringency, appropriateness, and effectiveness; they can also be distinguished based on the policy objectives undergirding them. The most stringent mechanisms are found in Banff and Jasper, likely due to longstanding tourism pressures, housing concerns, and development constraints. Wood Buffalo, on the other hand, does not regulate the STR market. Frameworks in Canmore, Calgary, and Edmonton all reflect stringency in certain instances, but are broadly permissive with no residency or live-in rules for operators. Of the three, Canmore's framework is the most complex, as STRs can fit multiple zoned uses, each of which carries distinct restrictions. Regulations in Calgary and Edmonton are focused on ensuring guest safety and curtailing neighbourhood impacts, such as noise and nuisance. In most cases, regulations reflect at least some issue responsiveness, with approaches in Banff, Jasper, and Wood Buffalo constituting the most appropriate and effective measures. While Canmore's regulations may have originally been well-matched to local dynamics, this is no longer the case, particularly given growing housing issues. Given their recent introduction, and the fact that implementation

coincided with COVID-19, approaches taken in Calgary and Edmonton are difficult to evaluate; however, compliance with some licensing requirements appears low in both cities. Finally, though the Alberta Tourism Levy responds to concerns regarding competitive fairness, the province has not yet capitalized on opportunities to partner with STR platforms to facilitate levy collection, and it is unclear how collected revenues are being invested.

## **Comprehensive Overview of STR Regulations in Alberta Municipalities**

In this section, we examine local dynamics and STR regulations in six Alberta municipalities. Four summary tables, which provide ease of reference and a comprehensive comparison of the six regulatory frameworks in question, can be retrieved in the Appendix.

### **1. Town of Banff**

An incorporated municipality located in Banff National Park—which is among the most popular tourist attractions in Canada—the Town of Banff hosts four million visitors each year (Town of Banff 2021c). The resident population is small by contrast, totaling around 8,000 for the past decade (Government of Alberta 2021a). The Town has the same powers as other Alberta municipalities but is unique due to its location in Banff National Park and the jurisdictional overlap this produces. Town boundaries are set by federal Orders in Council and land cannot be annexed for expansion, property owners lease from the federal government, and the federal government has authority over land use planning and development (Government of Canada 1989). To reside in Banff, one must have primary employment or operate a business in the park.<sup>2</sup>

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<sup>2</sup> As established in the *National Parks Lease and License of Occupation Regulations* (Government of Canada, SOR 92-25). Eligible residents also include First Nations persons and retired individuals who worked in Banff. Further, those who own property in Banff but do not reside there are not required to meet eligible resident requirements.

Local dynamics have direct implications for how Banff might approach the management of its STR market. First, while tourism drives Banff's economy, accounting for more than 50 percent of GDP and supplying an estimated 89 percent of total community income in 2016 (Grant Thornton 2016), over-tourism has emerged as a key issue in recent years (Ellis 2019a; Rocky Mountain Outlook 2020; Stuart 2021). Second, there is limited space for new residential and non-residential development, due both to the town's boundary (Government of Canada 1989, Article 3) and a cap on the development of commercial space (Deloitte 2014). These factors complicate Banff's ability to meet demand for residential and tourist accommodation and ensure short- and long-term housing supply. Presently, Banff is facing a housing crisis, characterized by a shortage of affordable homes, rentals, staff accommodation, and accessible housing (Town of Banff 2014, 6). Obtaining housing is especially difficult for transient workers and those with low or moderate wages, many of whom compose the backbone of the town's tourism sector. Indeed, the median income in Banff is lower than those provincially and nationally (Deloitte 2014, 46).

Within this context, the growing popularity of STRs raises several questions. On the one hand, listing on the STR market unused living space could aggravate the already dire housing situation by removing potential long-term units from the market. Further, while growth in STR listings would increase tourist accommodation options, it is possible that such an increase could cause further tensions related to over-tourism and resident well-being. On the other hand, operating an STR could be a potentially lucrative venture and thus constitute a welcome income stream, particularly for lower-wage workers. Temporary workers may also see STRs as a viable alternative given the dearth of housing options.

## ***Key Elements of Banff STR Regulation***

Since 1990, the Banff Land Use Bylaw (2019b), which regulates zoning and development within the town,<sup>3</sup> has included provisions related to the STR market. Referred to as “Bed and Breakfast Homes”<sup>4</sup> (B&B homes) in the Bylaw, STR operations that do not comply with the definition of and stipulations for B&B homes are not permitted in Banff. Alongside the Business Licensing Bylaw, the Land Use Bylaw establishes accepted forms of activity and use, operation standards, permits and business licences (and fees), quotas, and fines and enforcement.

These regulations have changed little over time. In 1998, Parks Canada limited commercial development in Banff, which resulted in the establishment of a B&B quota (which is still in effect and discussed below) as well as minimum indoor and outdoor space for B&Bs. The next relevant amendments were made in 2012 to enable a corporation to operate an STR in a shareholder’s primary residence (Town of Banff 2019a). At this time, parking requirements and a cap on the maximum number of rental units (e.g., bedrooms or suites) per B&B were also introduced. There have been no further relevant amendments since.

### *Accepted Forms of Activity and Use*

The Banff Land Use Bylaw defines a B&B home as

“a single detached dwelling of an owner or as joint tenants or tenants in common who is an eligible resident in Banff National Park and resides therein as his/her principal residence containing one bedroom for his/her exclusive use and containing accessory guest accommodations in rooms for the purposes of supplying temporary living accommodations to the public for a fee. An owner may be a corporation of not more than two shareholders who reside therein as their principal residence.” (s. 2.3.3).

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<sup>3</sup> The Banff Land Use Bylaw is under the authority of the Town of Banff. Thus, Banff town council has the power to amend the Bylaw, provided changes are in accordance with the Incorporation Agreement.

<sup>4</sup> There is an exception for Bed and Breakfast Inns, which are larger commercial operations (up to ten bedrooms) in residential properties that must have been underway before 1990. No new B&B Inns may be opened.



A number of features of this definition merit attention. First, an STR operator must be an eligible resident of Banff: they must work or own a business in the town, or be a retiree formerly employed therein (or be the spouse of such a person). This means it is not permissible for a non-resident to purchase a property in Banff for the sole purpose of operating an STR. Further, if an individual wishes to operate an STR out of a rented property (i.e., a primary residence they do not own), they must first obtain a letter of consent from the owner (s. 4.3.2(d)(i)). Second, STRs may only be operated by a live-in host as a secondary use of their primary residence, which must be a single detached structure (i.e., not a duplex, apartment building, etc.). As a result, only individual bedrooms, guest suites, or accessory structures on the same property as the single detached residential home (e.g., a guest house) can be used as an STR. However, there is an exception for heritage properties: an STR can be operated without regulatory conformity on a heritage site (s. 10.3.8). Third, corporations of not more than two shareholders can operate an STR, provided the property is their principal residence. This means an eligible resident can incorporate (for the purpose of operating an STR) as a means of liability protection.

### *Operation Standards*

The Land Use Bylaw also limits the type of space in which an STR can be operated. Specifically, a maximum of four units may be rented (s.10.3.2(n)), each of which must comply with size and indoor and outdoor space requirements (s. 10.3.2) and none of which may contain a kitchen (s. 10.3.2(f)). Below-grade units (e.g., basement suites) are not encouraged (s. 10.3.2(j)).

Additional provisions exist to minimize community impacts. First, STR operations cannot change the character, use, or external appearance of the property (s. 10.3.2(e)). Further,

vehicular traffic generated by an STR cannot exceed that which is characteristic of the district (s. 10.3.2(m)), guests staying in an STR are not allowed to park on public roadways (s. 10.3.2(b)), and the number of listable rooms is limited based on the property's dedicated parking spaces, minus those used for the resident's vehicle(s) (s. 10.3.4). There are no provisions that address directly the impact of STRs on the use of neighbourhood amenities or issues such as noise and odours. However, Banff does have a Community Standards Bylaw (Town of Banff 2000) with which STR operators and guests must comply.

The Land Use Bylaw also outlines minimal administrative requirements for STR operators in Banff. STR hosts must display copies of the development permit and business licence in a prominent and visible location in the home and in every rented bedroom (s. 10.3.14) and must maintain a daily guest register containing information on which rooms were occupied and when, as well as guest licence plate information (s.10.3.11).

#### *Permits, Licences, and Related Fees*

To operate an STR, a host must obtain a development permit and business licence. As outlined in the Land Use Bylaw, development permit applications require submission of a home description and floor plan, photos of the interior, exterior, and bedrooms to be rented, a note about proposed advertisement, and a letter of consent from the owner if the operator is a renter (s. 4.3.2). The unit must also pass an inspection for application consistency and compliance with the Bylaw and provincial health and safety rules (s. 10.3.10). The Development Approving Authority may also consider the concerns of neighbours when awarding permits (s. 10.3.9). To this end, immediate neighbours are notified of the application (s. 4.4.8), and within seven days, the applicant must post on the property for 21 days a sign regarding the application (s. 4.4.1., s.

4.4.2). Once granted, a permit is valid for two years, and must be renewed before or upon expiration (s. 4.11.1, s. 10.3.13). In 2021, the permit application fee was \$1,500 plus \$100 per rented room, and the renewal fee was \$300 plus \$50 per rented room (Town of Banff 2019a, 12).

As set out in the Business Licensing Bylaw (Town of Banff 2021a), STR operators must also acquire a business licence (s. 3), applications for which are obtained by showing that a development permit has been secured (s. 11). In 2021, the cost was composed of a base Resident Business Licence Fee of \$180 (the minimum rate paid by all STR operators) and an additional fee of \$46.53 per rentable pillow (s. 15 & Schedule B). Further, if the STR earns \$30,000/year or less, then \$90 of the original \$180 fee is allocated towards covering other fees owing (s. 19).

#### *STR Quotas*

The Land Use Bylaw caps the number of B&B home business licences at 65 and allocates this quota across 11 districts (s. 10.3.3 & Schedule D). The quota has not changed since 1998 (Ellis 2019b) and, as a result of less popular districts not meeting their particular quotas, has never been reached (Town of Banff 2020, 6). As of June 1, 2021 there were a total of 43 licensed STRs (Town of Banff 2021d). If the quota were to be met, prospective hosts would need to wait for an opening to be granted a licence (i.e., a current host would have to decide against renewing or choose to cancel their licence). In the case of multiple applicants, a lottery would determine which application would be processed first (s. 10.3.6).

#### *Taxes and Levies*

In addition to paying development permit and licence fees to the Town, STR operators must also remit, if applicable, the Alberta Tourism Levy to the Government of Alberta and GST

to the Canada Revenue Agency. Property taxes paid by STR operators are assessed in the same way and at the same rate as other properties (Town of Banff 2021b).

### *Enforcement and Fines*

Several mechanisms exist to encourage and enforce compliance, including proactive inspections and fines for bylaw contravention. The most egregious offence is the lack of a development permit, the fine for which is between \$100 and \$2,500; a further \$50 is added for each day the offence continues. One can be jailed for up to six months for unpaid fines (Banff Land Use Bylaw, s. 6.3.1). Further, an offence ticket may be issued for violation of all other provisions under the Bylaw, with penalties of \$50 for the first offence and \$250 for subsequent offences (s. 6.4.1 & s. 6.4.2).

Business licences are inspected by the Licence Inspector or a bylaw officer. A Licence Inspector may suspend or revoke a licence if they believe the business poses a health, welfare, or safety danger to the public, or in the case of non-compliance with licence requirements (Banff Licensing Bylaw, s. 49). Fines are set out in Schedule C of the Bylaw. The fine for operating without a valid business licence is \$500, plus \$100 for each day the violation continues. Further offences and fines include failure to post a business licence in a conspicuous place (\$200) and refusing to allow a licence inspector or bylaw officer to conduct an inspection (\$500). For any violation not mentioned in the Bylaw, the fine is a minimum of \$200 and a maximum of \$500.

## 2. Municipality of Jasper

Jasper is a specialized municipality located in Jasper National Park and is governed jointly by the Municipality and the federal government.<sup>5</sup> A small mountain town with a big tourist draw, Jasper has a population of only 4,738 but welcomed 2.5 million tourists in 2019 (Parks Canada 2019a). To reside in Jasper, one must have primary employment in or operate a business in the park.<sup>6</sup> In this sense, Jasper has many similarities to Banff. However, Jasper does not have the authority to make or change land use bylaws (Jasper Order, Appendix C, Articles 4.1 & 5.1), while Banff can do so, subject to Parks Canada approval (Banff Incorporation Agreement, Article 5). For this reason, the majority of regulations pertaining to the STR market in Jasper—such as the Zoning Regulations (C.R.C, c. 1111) and Land Use Policy ("Jasper Land Use Policy", Parks Canada 2021b), which fall under the Parks Act—were established and are ultimately overseen by Parks Canada.

Though less of a factor than in Banff, tourism is a major economic driver in Jasper, contributing 27.5 percent to GDP and accounting for 48 percent of total community income in 2016 (Grant Thornton 2016, 41, 48). It is also a point of concern for residents, given the impact of tourist activity and related development on local infrastructure needs (Fitzhugh 2016) and the environment (Chow-Fraser 2020). Further, Jasper has little room for new development, given inalterable boundaries defined under the Jasper Order (Appendix C, Article 2) and limitations on space available for industrial and commercial development (Parks Canada 2020b, 8). As is the

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<sup>5</sup> The Municipality of Jasper was created in 2001 through an Order in Council under s. 83 of Alberta's *Municipal Government Act* ("MGA", RSA 2000, c. M-26) (the "Jasper Order", O.C. 279/2001). Through the "Jasper Agreement," the federal government devolved to the municipality power over Jasper's function and operation. This agreement was then accepted by the province.

<sup>6</sup> Eligible residents also include retired individuals who worked in Jasper and First Nations persons. Those who own property in Jasper but do not reside in the town are not required to meet the eligible resident requirements.

case in Banff, this places pressure on housing: the vacancy rate has been close to zero for years (Government of Alberta 2017, 57) and rental costs are 19 percent higher in Jasper than in Alberta overall (but 65 percent lower than in Banff) (Government of Alberta 2017, 29). This is a problem for not only workers, but also employers who struggle to house seasonal labourers (Kraus 2018).

Given these local dynamics, operating an STR in Jasper has the potential to be lucrative but could also produce repercussions. On the one hand, the lack of housing and the high rate of tourism combine to make listing a room or accessory structure a profitable venture. An increase in the number of STRs could also relieve struggles to house seasonal workers. On the other hand, offering surplus living space in the STR market removes a potential long-term rental (LTR) from the already over-stressed market and can drive up the cost of the available housing stock.

### ***Key Elements of Jasper STR Regulation***

Jasper has had regulations for STRs (called private home accommodations (PHAs) in the municipality) in place since 2002 and, save for minor amendments in 2005, these rules have not changed substantially since being implemented. Parks Canada manages land use through the Town of Jasper Zoning Regulations (C.R.C., c. 1111) and Town of Jasper Land Use Policy (Parks Canada 2021b), both of which apply to the STR market. Further, the Municipality oversees STR licensing under the Town of Jasper Business Licensing Bylaw (Municipality of Jasper 2008b), as well as community impacts under the Noise Bylaw (Municipality of Jasper 2008a) and Nuisance Bylaw (Municipality of Jasper n.d.-b).

It is worth noting that, in 2019, the Municipality and Parks Canada jointly commissioned a review of PHAs and accessory dwelling units (ADUs), with the objective of gaining an understanding of the status of, and issues related to, PHAs and ADUs in Jasper (see Municipality

of Jasper 2021b). The final report (Toop 2019) contained a series of recommendations aimed at encouraging more housing for eligible residents and managing impacts of tourist accommodations on affordable housing supply. Though regulations have not yet been updated based on the conclusions of the report and public feedback, on April 30, 2020, Parks Canada placed an indefinite suspension on new PHA applications, which remains in place today.

### *Accepted Forms of Activity and Use*

The Land Use Policy sets out accepted forms of activity and use for STRs in Jasper. STRs are referred to as “private home accommodation,” defined as “licensed visitor accommodation in a one or a two-dwelling unit for transient paying guests on a short-term basis” (s. 3.02(a)). Under the Land Use Policy, an STR must be of secondary use in a one- or two-unit dwelling (s. 31.02(a)(i)). To operate an STR, one must be the lessee of record and reside on the property (s. 31.02(a)(iii)). Operating an STR does not provide eligible residency (s. 31.02(a)(vi)).

These regulations have a number of implications. First, STRs are only permitted as a secondary use within a principal residence, and only individual bedrooms, basement suites, or accessory structures can be listed: entire-home STRs where the home is the only structure on the property are not permitted. Second, the dwelling in which the STR is located can be either a single detached structure or a two-unit dwelling. This means that an STR can be operated in a duplex; however, the requirement that an STR be only of secondary use ensures someone who owns both sides of a duplex may not rent out an entire side as an STR (Parks Canada 2020c). Third, as is the case in Banff, persons who are not eligible residents cannot operate an STR. As a result, a non-resident cannot purchase property in Jasper for the sole purpose of operating an STR. Finally, Jasper does not permit the operation of STRs by renters: the operator must be the

“lessee of record” (s. 31.02(a)(iii)), that is, the person leasing the property from the Crown. This distinguishes Jasper from most jurisdictions.

### *Operation Standards*

The Land Use Policy also contains provisions regarding the nature of the space, the number of allowable guests, parking requirements, and signage. Grandfathered STRs (operational before March 2005) may rent up to three bedrooms, while all others may rent a maximum of two bedrooms (s. 31.02(a)(iv)). In all cases, the STR portion of the home may not occupy more than ten percent of the gross floor area (s. 30.05(a)(iv)). A maximum of six guests may be accepted if the unit has only one full guest bathroom; eight guests are permitted if two or more full bathrooms are provided (s. 31.02(a)(iv)). One-bedroom STRs operational before April 2002 do not have to provide on-site parking; however, those offering more than one bedroom must provide at least one on-site stall (s. 31.03(b)). For STRs that began operations after April 2002, one on-site stall per licensed bedroom must be provided (s. 31.03(c)). Final determination regarding the number of required parking stalls is at the discretion of the Superintendent (s. 31.03(d)). Finally, an STR may display up to three signs: one with a valid business licence number inside the unit; one free standing or fence-affixed vacancy sign outside the property; and one wall-mounted inside the dwelling (s. 31.06(a)(i)). No sign may be displayed above the first storey of the property (s. 31.06(a)(i)(5)). STR hosts are allowed to provide tea and coffee, but serving food requires a Food Establishment Permit (Parks Canada 2021b, 2020c).

The Land Use Policy also includes measures aimed at protecting community character and peace (s. 30.05(a)). In particular, the STR unit must not diverge in appearance from neighbourhood character and aesthetic and its operation must not create disturbance: it must not



interfere neighbour privacy, impact local amenities, or generate traffic or parking in excess of natural levels. Further, advertisement signs are not permitted. These provisions apply to all home-based businesses and are in addition to the Noise and Nuisance Bylaws.

### *Zoning Restrictions*

Though Jasper does not have an STR quota, the Land Use Policy restricts STR operations to five zones: one- and two-family dwelling districts, the Old Town Jasper historic district, and Cabin Creek one- and two-unit dwelling districts (Articles 18 – 23). Districts in which STRs are not permitted—multi-family dwelling and commercial districts, specifically—constitute a limited portion of the town (most of the town is zoned for two-family dwellings). Jasper does not allow STRs in dwellings classed as staff accommodation (Municipality of Jasper 2011, 32).

### *Permits, Licences, and Related Fees*

To operate an STR in Jasper, one must obtain a development permit and a business licence. The PHA development permit is obtained from Parks Canada by filing an application that includes site and floor plans showing compliance with operating requirements, proof of residency of the STR operator, a building code inspection, and a Certificate of Insurance with a minimum of \$2 million per incident liability that includes Parks Canada as an additional insured (Parks Canada 2020c, 2021b). Note that in addition to this being a large amount, no other jurisdiction in our study requires proof of minimum insurance. Once submitted, the application is reviewed for regulatory compliance, including through an on-site inspection. Development permit approval may also require a public consultation, at the discretion of Parks Canada (Parks Canada 2020a). Upon approval, the STR operator must obtain a membership from the Jasper

Home Accommodation Association.<sup>7</sup> There is no permit fee (Parks Canada 2021a), which distinguishes Jasper from other jurisdictions. Permits are not transferrable when home ownership changes (Land Use Policy, s. 31.04(b)).

A prospective STR operator applies for a business licence by presenting proof of a development permit (and related documentation) to the Municipality of Jasper (Parks Canada 2020c). A business licence must be renewed on April 1 of each year. At the time of renewal, a current copy of the \$2 million insurance policy must be provided (Municipality of Jasper 2021a). The current business licence fee and yearly renewal fee are both \$165 (Municipality of Jasper n.d.-a). These fees are comparable to those charged by other municipalities in our study.

#### *Taxes and Levies*

In addition to paying licence fees to the Town, STR operators must also remit, when applicable, the Alberta Tourism Levy to the province and GST to the Canada Revenue Agency. This applies to all jurisdictions in our study. Operators must also pay commercial property tax rates on the assessed value of the portion of the residence used as an STR (Municipality of Jasper 2011, 32). This requirement is similar to rules in Canmore (discussed below), which in some cases require operators to pay double the residential property tax rate (Town of Canmore 2021h), but distinct from those in Banff, in which operators pay residential property tax rates.

#### *Enforcement and Fines*

Jasper's Land Use Policy is enforced by park wardens under Section 18 of the *Canada National Parks Act* (s. 2.01). A park superintendent may inspect an STR property to ensure

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<sup>7</sup> The JHAA operates an online accommodation service (similar to Airbnb) where only those with Jasper development permits may list their STRs.

compliance with the Land Use Policy and Zoning Regulations (and other relevant regulations and codes). In the case of a violation, the operator has 60 days to correct discrepancies, after which an unaddressed violation will result in a loss of licence (Jasper Land Use Policy, s. 31.05(a)). Neither the Land Use Policy nor the *Canada National Parks Act* (and associated regulations and code) specify details related to violations.

The provisions of the Business Licensing Bylaw are also enforceable. The Chief Licence Inspector can inspect STRs for compliance at all reasonable times (s. 12.1) and can refuse to issue, renew, suspend, or cancel a business licence (s. 8.1). Fines are \$250 for a first offence and \$500 for each subsequent offence, and can be charged for operating without a business licence, renting out more rooms than permitted, occupying more than ten percent of the gross floor area, operating a business contrary to the conditions laid out by the Chief Licence Inspector, and any other violation not specified in the bylaw. Continuing to operate a business after the licence has been revoked incurs \$500 fine for each violation.

The Noise Bylaw and Nuisance Bylaw are also enforceable, and offences carry fines; however, enforcement and fines are general (i.e., not unique to STR-related activity).

### **3. Town of Canmore**

The Town of Canmore is a mountain resort town in Alberta with a resident population of 15,990, making it nearly twice the size of Banff and over three times larger than Jasper. Sitting 25 kilometres east of the Banff National Park boundary, Canmore is a popular location for tourists and welcomes roughly 3.7 million visitors each year (Expedition Management Consulting 2019, 26). Due to its location outside of the park, the Town of Canmore is not subject to the *Canada National Parks Act*, meaning the Town has authority over zoning and land

development. Relatedly, there is no eligible residency requirement, making Canmore a prime destination for those seeking second vacation houses in the Rockies. In fact, roughly 30 percent of the population are non-permanent residents who own recreational properties and spend only a portion of the year in the town (Town of Canmore 2021j).

Compared to Banff and Jasper, Canmore's economy and labour force are less reliant on tourism, which accounted for 10.2 percent of GDP, roughly 25 percent of jobs (Statistics Canada 2017), and 17.6 percent of total community income in 2016 (Grant Thornton 2016, 48). However, there is growing resident concern about the impacts of tourism, the non-permanent resident population, and over-crowding, with a 2021 survey indicating worries about over-development, traffic congestion, and parking (Town of Canmore 2021i). Housing availability and affordability have also been critical issues in Canmore for many years (Grant Thornton 2016). In October 2021, the median rent was \$1,800/month—the highest of the municipalities in our study for which we have data—and the vacancy rate was three percent (Canada Mortgage and Housing Corporation 2022). The pandemic has likely exacerbated these issues: as work moved online in 2020, there was a marked increase in demand for recreational properties and home prices have risen as a result (Labby 2021).

The above context points to particular tensions for the STR market. First, given housing issues similar to Banff and Jasper, but no eligible residency requirement, Canmore's permanent resident and transient worker populations compete with visitors, tourists, and non-permanent residents for limited housing supply. Second, given high rates of tourism that make STR hosting particularly lucrative, many non-residents purchase properties in Canmore as investments, with the intention of operating them as STRs. Indeed, Town Administration in Canmore has

characterized STR market regulation as a “wicked problem” with which the community and successive councils have wrestled for decades (Town of Canmore 2021f, 48).

### ***Key Elements of Canmore STR Regulation***

In Canmore, regulations pertaining to STR operations are set out in the Land Use Bylaw (2021c). An STR can fall into one of three use categories—tourist home, visitor accommodation, or bed and breakfast—depending on how the dwelling is zoned. Each use type is subject to specific regulations. Rules for visitor accommodations and B&Bs have existed since before 2000, and the definitions pertaining to these operations do not appear to have changed over time. In 2000, an additional use type, “tourist home,” was added to the Bylaw, along with provisions regarding development permits (Town of Canmore 2000b) and enforcement and fines (Town of Canmore 2000a). A business licence has also been required since 2000. In 2012, the definition of tourist home was expanded to include residences rented casually (i.e., a few times each year) (Canmore Land Use Bylaw 22-2010), which were previously exempt from development permit and business licence requirements. Enforcement appears to have only begun in earnest between 2012 and 2017, when Council took interest due to noise and nuisance issues (Junker 2017; Rocky Mountain Outlook 2012). Further, a Land Use Enforcement Position was added to the 2018 Budget in an effort to strengthen enforcement capacity in light of increasing neighbour complaints (Town of Canmore 2021f, 46).

A tourist home is “a dwelling unit operated as a temporary place to stay, with or without compensation, and includes all vacation rentals of a dwelling unit” (s. 13.2). This is the most flexible use, as it allows for the dwelling to be operated as either a permanent residence or for short-term stays. Tourist home characteristics may include the intent to offer accommodation for

short-term vacations, rather than to use the property as a residence; a commercial nature; advertisement on a site like Airbnb; and use of a system of electronic payments (s. 13.2).

Visitor accommodations refer to “a building or group of buildings not intended for residential use where sleeping facilities are provided for persons for periods of up to 30 days and which may also contain a variety of services and amenities for the benefit of guests” (s. 13.2). A unit zoned as visitor accommodation can only be operated as an STR: it cannot be used as a primary residence. Many (but not all) of the tourist resorts in Canmore are zoned as visitor accommodations.<sup>8</sup> Units zoned as visitor accommodation that are located in resorts and hotels can be either partially or wholly owned and managed by an individual (as opposed to by the resort or hotel). Units partially owned by individuals may or may not be part of a rental pool. Individuals who are full or partial owners of visitor accommodation can advertise and rent such units in the STR market, effectively managing them as one would an individual hotel business.

A B&B is “an ancillary commercial use operated by the permanent resident of the dwelling and providing a maximum accommodation of three guest rooms to a maximum of six persons for periods of 14 days or less” (s. 13.2). Though a B&B is typically considered to be a different operation than an STR, many Airbnb listings in Canmore are in fact licensed B&Bs, which range from traditional operations where the host cooks a full breakfast, to a private room in a home with very few amenities, no meal, and no host interaction.<sup>9</sup> It is interesting to note the extent to which STR platforms are contributing to a blurring of the line between B&Bs, many of which are longstanding small business operations that offer distinct amenities not found

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<sup>8</sup> Some of the newer complexes in Canmore are not zoned as visitor accommodations, but rather as a mix of tourist homes and residential (which cannot be STRs). For example, Spring Creek Vacations has 300 units (out of 1,200) zoned as tourist homes, while the remaining units are visitor accommodations or residential (Skapin 2018).

<sup>9</sup> Note that the regulations do not require B&B operators to provide breakfast.

elsewhere (such as home-cooked meals), and Airbnb units which may not offer any of the same hospitality and amenities. The implications of this merit consideration from a policy perspective.

### *Accepted Forms of Activity and Use*

**Tourist Homes.** As we note above, tourist home is a desirable zoning classification as it imposes few requirements on an STR operator. For instance, there is no requirement that a tourist home be operated as an ancillary purpose to the primary residence, meaning that the entire home or unit can be listed as an STR. In addition, the operator does not have to be a resident of Canmore, use the property themselves (whether as a permanent or vacation home), or be present when the unit is rented. However, zoning divisions in Canmore are such that very few single detached homes are eligible for operation as a tourist home: most tourist homes are located in multi-use and commercial buildings. Further, tourist homes are generally not permitted in accessory dwelling units such as garden suites, basement suites, guest suites, and garage suites (s. 8.4.1.1(b)), or in units designated as employee or perpetually affordable housing (s. 14.27.7).

**Visitor Accommodations.** Visitor accommodations have the same general regulations as tourist homes, save for the fact that visitor accommodation cannot be used as a permanent residence. Further, visitor accommodations are not as desirable as an investment property due to the potential to be locked into a rental pool agreement. As a result, individual owners have potentially less control over how their visitor accommodation is used.

**B&Bs.** Individuals wishing to operate a B&B in Canmore face regulations similar to those that exist in Banff and Jasper. First, the host must be a permanent resident of Canmore (though this is different from eligible residency under the *Canada National Parks Act*). Second, a B&B may only be operated as ancillary to the residential use of the dwelling, meaning that only

a portion of the residence may be listed as an STR. Here, it should be noted that tourist home operators who only list a portion of their unit must follow both the B&B regulations and the tourist home regulations (Town of Canmore 2021k). Third, a B&B can only be operated in the principal building (s. 8.3.0.4): it cannot be located in an attached or detached accessory dwelling unit (s. 8.4.1.1(b)).

### *Operation Standards*

**Tourist Homes.** Canmore requires tourist homes to comply with fewer standards relative to those in place for STR units in Banff and Jasper. With respect to space, at most four bedrooms are allowed per tourist home unit, with a maximum of two guests per room (s. 8.6.0.1(a)). Parking must be provided in accordance with the parking requirements for the zoned building type (s. 8.6.0.1(b)). Additional standards are intended to protect community characteristics, aesthetics, and liveability, and include stipulations regarding the right of neighbours to quiet enjoyment of their residential neighbourhood (s. 8.6.0.1(c)) and requirements regarding reasonable parking space and landscaping, in accordance with Development Authority standards (s. 8.6.0.1(e)(ii)). Tourist homes are also subject to both the Noise and Nuisance Bylaws.

The majority of tourist homes in Canmore are located in commercial or mixed-use zones and, as a result, are subject to regulations aimed at limiting negative impacts on commercial businesses. These provisions include that tourist homes must be located above the ground floor, except in districts where an exception has been made and if deemed appropriate by the Development Authority; have a separate and distinct entrance and circulation area from commercial components of the building, and a physical separation of use between the dwelling



and the business if on the same floor; and have private outdoor space, in accordance with requirements for multi-use buildings.

Additional rules apply to tourist homes located in buildings with mixed-use zoning. Tourist homes in such buildings must be separate from differently-zoned units: in a building zoned for visitor accommodation and tourist homes, for example, tourist homes must be contained to their own floor(s) (s. 8.5.0.4). Also, a tourist home can only be operated in a residential building if a Development Permit has been issued for the entire building or floor on which it is located (s. 8.6.0.2).

**Visitor Accommodations.** The Land Use Bylaw does not include specific operation standards for visitor accommodations. While hotels are regulated by various pieces of provincial legislation, including the *Tourism Levy Act*, the *Innkeepers Act*, and Minimum Housing and Health Standards (Alberta Hotel and Lodging Association 2016), it is unclear which authority is responsible for maintaining these standards in the case of individually-owned (partial and whole ownership) visitor accommodation units in Canmore.

**B&Bs.** B&Bs are subject to more extensive operation standards similar to those for STRs in Banff and Jasper. First, a B&B may only have three accommodation units, with a maximum of two guests per bedroom (s. 8.3.0.7). However, there do not appear to be any stipulations regarding unit size. As in Banff and Jasper, there is no cooking permitted in a B&B and ovens and stoves are not permitted in the unit (s. 8.3.0.11). Further, there can be no private entrance to the B&B: the entrance must be through the principal dwelling (s. 8.3.0.11). It is not permissible to operate a B&B in a basement suite, garage suite, or detached accessory building.

Additional Land Use Bylaw provisions are aimed at ensuring community livability. In particular, B&Bs cannot interfere with the rights of other residents to quiet enjoyment of their residential neighbourhood (s. 8.3.0.3). B&Bs must also be at least 50m apart (s. 8.3.0.9), which effectively places a limit on the number of operations in a given area. Canmore is the only jurisdiction in our study with such a requirement.

### *Zoning and Quotas*

**Tourist Homes.** Tourist homes are only permitted in specific districts, the large majority of which are zoned for commercial and mixed use. There are only three residential districts—two Silvertip residential districts and a sub-district of the Teepee Town district (Town of Canmore 2021k)—in which tourist homes can be operated.

While there is no general tourist home quota in Canmore, certain districts have limited the extent of such operations. For example, the Spring Creek Mountain Village district has a tourist home quota of 300 (s. 14.27.7). “Teepee Town, Area C,” a mixed-use area consisting of high-density residential and small-scale commercial developments, has rules stipulating that tourist homes may not occupy more than 50 percent of residential units in a building, except in select locations where all residential units can be tourist homes (s. 3.18.4.22). The Bow Valley Commercial Districts do not allow residential units and tourist homes to occupy more than 50 percent of the buildings on site.

**B&Bs.** Reflecting an approach similar to that taken in Jasper, zoning provisions in Canmore effectively limit B&Bs to single detached houses, duplexes, and townhouses. Specifically, B&Bs cannot be operated in commercial districts, in dwellings zoned for multi-family use or employee housing, or in areas where tourist homes are permitted. B&Bs are permitted as a discretionary

use in some residential neighbourhoods. In areas zoned for both single/detached and multi-family dwellings, B&Bs can only be operated in detached dwellings.

### *Permits, Licences, and Related Fees*

To operate an STR in Canmore, a host must acquire a development permit and business licence.<sup>10</sup> A development permit is obtained by submitting a completed application, a copy of the home's Certificate of Title, and plans showing the configuration of the STR (Town of Canmore 2021d). If not the property owner, the STR operator must also enclose a letter of authorization from the owner (Town of Canmore 2021d). The permit fee is \$315, plus \$1.35 per square meter of the STR (Town of Canmore 2021a). This renders the development permit considerably more expensive than in Jasper, but potentially lower than in Banff, depending on the unit size.

All districts that allow STRs stipulate whether operation constitutes either a permitted or discretionary use. In the event that STRs are deemed a permitted use, a development permit will be granted as long as the STR complies with the Land Use Bylaw (s. 1.10.0.1). In cases of discretionary use, however, the Development Authority has the authority to approve or reject the application (s. 1.10.0.2). B&Bs are a discretionary use in all districts in which they are allowed, while tourist homes are a discretionary use in the majority of districts in which they are allowed, save for the three residential districts, in which they are a permitted use.

Community members are given multiple opportunities to object to the presence of an STR in the neighbourhood. After an STR operator applies for a development permit, but prior to receiving approval, they are required to post in a visible spot on their property for 10 days a

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<sup>10</sup> It is unclear if a development permit is required in cases where visitor accommodation and tourist homes have been, prior to purchase, zoned for relevant use (i.e., where developers/complex owners have obtained the permit).

notice of application to allow any affected parties the opportunity to file concerns they may have about the application (s. 1. 10.2). If the application is successful, the notice of decision is published in the newspaper and posted on the property for 21 days to allow neighbours and affected parties to appeal the decision (s. 1.10.4). If an appeal is made, the Subdivision & Development Appeal Board must review it within 30 days (Town of Canmore 2021e).

Upon receiving a development permit, operators must apply for a business licence.<sup>11</sup> The *Business Registry Licence Bylaw 2015-02* ("Canmore Licensing Bylaw", Town of Canmore 2021b) outlines several stipulations, including that a unique licence must be obtained for each STR property (s. 5.2); that licences are non-transferrable, even when ownership changes hands (s. 5.13); and that a licence expires on the same date as the development permit (s. 7.1(a)). The associated fee structure is more complex than in other jurisdictions. Residents of Canmore and the Municipal District of Bighorn pay an annual fee of \$130, while non-residents pay \$600. However, this fee is only charged if the STR earns over \$30,000 in annual gross revenue. If an STR of a Canmore resident earns gross revenue of less than \$30,000/year, the operation may be considered a "micro business" (s. 3.2), in which case the business licence fee is \$32.50 (s. 6.7). This does not apply to non-resident operators. Micro business declarations must be made on the development permit application.

### *Taxes*

Another factor that distinguishes Canmore from other municipalities is that tourist home operators pay a higher property tax rate than B&B operators and persons whose properties are

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<sup>11</sup> Individual owners of visitor accommodations must obtain a business licence to advertise their unit as an STR. Under the Canmore Licensing Bylaw, when two or more owners operate separate businesses from the same premises, each must obtain a business licence for their business (s. 5.4).

used solely as primary residences: the 2021 mill rate is 5.06 for a residential property and 9.39 for a tourist home (Town of Canmore 2021g). The difference in property tax rates is rooted in the fact that the Town considers tourist homes to constitute a flexible use, in the sense that the property can be used either quasi-commercially or as a permanent residence. Previously, a tourist home that had once been declared an STR could not revert back to the lower residential rate, even if there was a change in use. This rule was amended in 2017 to allow those with a tourist home to revert to the lower rate if they declared they were no longer using it as an STR (Town of Canmore 2021g). Now, if a tourist home operator has development permits for a tourist home yet intends to use the property year-long as a primary residence, they can ensure they are assessed at the lower (non-tourist) residential rate by declaring the property a “tourist home - personal use.” This declaration must be made by January 31 of each year (Town of Canmore 2021h).

### *Enforcement and Fines*

The Land Use Bylaw is enforced by the Development Officer and peace officers. The Development Officer may inspect an STR to ensure compliance (s. 8.6.0.1(d)) and issue an Order to stop the use of the property in the manner directed if they find it to be non-compliant with the Bylaw (s. 1.18.1.1). Peace officers who have reasonable and probable grounds to believe a person is operating a tourist home without a permit or in contravention of an Order can inspect and issue a “violation tag” (s. 1.18.4.1(a), s. 1.18.4.1(e)). Violations of the Bylaw are considered summary offences and may be prosecuted (s. 1.18.3). Upon conviction, individuals may be fined between \$100 and \$10,000 per violation and jailed for up to 30 days if they fail to pay the fine within a reasonable period; they may also have their development permit suspended or revoked (s. 1.18.3.4). Persons issued a violation tag may pay a penalty fee in lieu of prosecution. Fees for operating an STR without a development permit are \$2,500 for the first

offence within a calendar year and \$5,000 for each subsequent offence (s. 1.18.4.4(c))—both of which are much higher than those in all other jurisdictions in this study.

The Canmore Licensing Bylaw is enforced by peace officers, who may enter and inspect an STR for compliance at all reasonable times (s. 9.3). In the case that there is a violation, a peace officer may issue a violation ticket (s. 9.4). A person found in violation of the Bylaw may be prosecuted and, upon summary conviction, is liable for a fine of \$250 for the first offence, \$500 for the second offence, and \$1,000 for the third and subsequent offences, plus the licence fee (s. 9.1). Unlawful micro business declarations receive a minimum fine of \$1,500, plus the applicable licence fee amount (s. 9.2). In lieu of prosecution, the offender may pay the penalty specified on the violation tag (s. 9.8). Peace officers may also suspend or revoke a business licence if they determine the business was improperly licensed, is not compliant with bylaw requirements, or contravenes safety or fire codes, health regulations, or other federal, provincial, or municipal requirements (s. 9.11, s. 9.12).

#### **4. City of Calgary**

Calgary is the largest jurisdiction in our study with a population of 1.01 million (the CMA is 1.48 million). Considered to be Canada's energy capital, Calgary derives 30 percent of GDP from the agriculture, mining, quarrying, and oil and gas sectors (Calgary Economic Development 2021, 31). However, the city also has a large finance, insurance, and real estate sector (Calgary Economic Development 2021, 31), as well as budding tech (CBRE 2021) and arts, entertainment and recreation sectors (Calgary Economic Development 2021, 30). A gateway city to the Rocky Mountains with tourist draws of its own, including the annual Calgary Stampede, Calgary attracts over seven million tourists each year who generate more than \$2.5

billion annually (Tourism Calgary 2019). Further, the Calgary International Airport is the third busiest airport in Canada.

Though more expensive than Edmonton, Calgary has lower housing and rental costs relative to other Canadian cities of its size, as well as Banff, Jasper, and Canmore. As of March 2022, the benchmark home price in Calgary was \$518,600 (Calgary Real Estate Board 2022), while the October 2021 average rental cost and vacancy rate were \$1,195 and 4.9 percent, respectively (Canada Mortgage and Housing Corporation 2022). However, as is the case in other jurisdictions, ensuring an adequate supply of affordable housing has been an ongoing issue in Calgary, with 2016 estimates indicating that the city was short 15,000 affordable homes (White 2020).

Calgary's location, economy, and housing market all have implications for the STR market. First, Calgary attracts both tourists and business travellers throughout the year, suggesting that an STR could be operated either temporarily to take advantage of a sudden influx of visitors at a point in time (e.g., during the Calgary Stampede), or year-round as an accommodation alternative for those travelling for business or visiting the Rocky Mountains in both summer and winter seasons. Though housing and rental costs are moderate, the boom/bust nature of the energy sector means that operating an STR could support economic security and stability, enabling individuals to generate income and cover housing costs during a downturn in particular. However, it remains unclear whether and how these dynamics might affect both housing prices, as well as affordability and availability in the LTR market.

## ***Key Elements of Calgary's STR Regulation***

Calgary's STR regulations came into effect on February 1, 2020 through an amendment to the Business Licence Bylaw ("Calgary Licensing Bylaw", 2020). Prior to these rules being introduced, STR operators had to comply with general bylaws for residential properties. Under the Bylaw, a short-term rental is defined as the business of providing temporary accommodation for compensation in a dwelling unit or a portion of a dwelling unit lasting no more than 30 consecutive days (s. 58.1(1)). Here, "business" means an activity providing goods and services whether or not for profit and however organized or formed (s. 2(f)). A business for which a bed and breakfast development permit has been obtained is not considered an STR (s. 58.1(2)).

### *Accepted Forms of Activity and Use*

There are no limitations on forms of activity and use for STRs operated in Calgary: there are no eligible residency restrictions, no principal residence requirements, no requirement for the host to remain on site, and no stipulations as to the type of building in which an STR can be operated. So long as it is legal, a secondary suite (e.g., a basement or garden suite) may be operated as an STR (City of Calgary 2021). All of this implies that non-residents and residents alike can purchase residential property in Calgary for the sole purpose of operating an STR, and STR listings can be for an entire residence. Furthermore, unlike Banff, Jasper, and Canmore, Calgary has no zoning restrictions or quotas: STRs are permitted anywhere in the city.

### *Operation Standards*

Though the Licensing Bylaw does not restrict forms of activity and use, it does stipulate operational standards with which STRs must comply. With respect to the dwelling or unit, each rented room cannot accommodate more than two adults (s. 58.1(5)) and must have one or more



windows providing direct access to the exterior of the dwelling unit (s. 58.1(4)), unless the STR is located in an apartment or condo building (City of Calgary 2021). There are no provisions related to parking, aside from what would apply more generally under the zoning regulations.

Standards and limitations also exist with regard to business operations. These include the prohibition of overlapping bookings where separate bedrooms in the STR dwelling are rented out to separate guests (s. 58.1(6)), as well as the requirement that hosts keep records of names, email addresses, and length of stay of all their guests (s. 58.1(9)). Records must be in English and in a form deemed satisfactory to the Chief Licence Inspector, including by electronic means. With respect to signs, advertising, and guest information, all hosts are required to a valid business licence number in a readable manner on all STR advertisements (s. 58.1(7)), as well as post in a conspicuous location inside the STR dwelling unit the name, phone number, and email address of an emergency contact who can be reached at all hours during the rental period (s. 58.1(8)). The City provides templates for guest records and emergency contact information.

Two features of the Licensing Bylaw render Calgary's STR framework distinct: Calgary is the only jurisdiction in which STR units must provide direct access to the exterior and in which overlapping bookings are explicitly prohibited (all other jurisdictions are silent on this issue, implying that separate bedrooms may be rented out to separate guests). Also of note is the provision that requires hosts to include a valid business licence number on all advertisements, including postings made on online STR platforms.

### *Permits, Licences, and Related Fees*

All STR operators in Calgary must obtain a business licence (there is no development permit requirement). The Licensing Bylaw stipulates two classes of STR: Tier 1, which covers

listings of between one and four bedrooms, and Tier 2, which covers listings of five or more bedrooms (s. 58.1(3)). Each tier carries a different licence fee. First-time Tier 1 and Tier 2 fees are \$100 and \$172 respectively, while annual renewal fees are \$100 and \$131 (Schedule A). If an applicant is not a resident of Calgary, they must pay an additional \$768 per year for the licence (s. 6 and Schedule B). When applying for a licence, an STR operator must provide the STR address, either personal information or the information of their corporation (depending on the designated operator), and proof that the proposed business complies with land use and health and safety regulations (s. 4). First-time Tier 2 applicants must also obtain fire safety consultation and approval from the City (Schedule A, s. 58.1), for which the associated fee is \$104 (City of Calgary 2021). STR operators in Calgary pay the same residential property tax as other property owners. They must also pay the Alberta Tourism Levy and GST if applicable. These requirements and fees constitute a much smaller barrier to operating than those in place in Banff, Jasper, and Canmore, with the lack of development permit in particular reducing the administrative and cost burden.

### *Enforcement and Fines*

The Licensing Bylaw is enforced by bylaw enforcement officers (pursuant to s. 555 of the Municipal Government Act (2021)). Further, the Chief Licence Inspector has particular enforcement powers regarding STR inspections (s. 9) and information requests (e.g., related to the guest logbook) (s. 58.1(9), s. 58.1(10)). Violations can result in fines and/or the revocation or suspension of a licence. The fine for operating without a licence is \$1,000 (s. 3(1) and Schedule C), which is higher than the fine for the same offence in Banff and Canmore but lower than the fine for operating without a development permit in Canmore (\$2,500). Most additional violations, listed in Schedule C of the Licensing Bylaw, incur a fine of \$1,000. Specific

violations include offering a room without a window (s. 58.1(4)(a)); allowing more than two adults per bedroom (s. 58.1(5)); offering overlapping bookings (s. 58.1(6)); failing to include the licence number on advertisements, such as online listings (s. 58.1(8)); failing to post emergency contact information in the unit (s. 58.1(8)); failing to keep guest records (s. 58.1(9)); and failing to provide guest records to the licence inspector (s. 58.1(10)).

## **5. City of Edmonton**

With a population of 1.01 million in 2021 (the CMA is 1.42 million), Edmonton is the second largest city in Alberta and the provincial capital (and thus the seat of the provincial government). While Edmonton is a commercial hub for the energy sector and serves as a staging point for both large oil sands projects in Alberta and diamond mining in the territories (Government of Alberta 2021b), the city has also gained a reputation as a research and educational hub, and is home to the University of Alberta—a top five Canadian university of 40,000 students—and key research centres. Though the city has a number of permanent tourist draws, including various sporting events and festivals, the city has a weaker tourism sector than other jurisdictions in our study: in 2017, Edmonton hosted only 3.3 million overnight visitors (Morris 2017), which is about half as many as Calgary and fewer than the mountain towns of Banff, Jasper, and Canmore. However, the city is home to Edmonton International Airport, Canada’s fifth-busiest airport.

When compared to Calgary, housing in Edmonton is affordable for both homeowners and renters. The benchmark home price in March 2022 was \$369,700 (Realtors Association of Edmonton 2022)—nearly \$150,000 less than the benchmark price in Calgary—and renters enjoyed both a higher vacancy rate (6.9 percent in October 2021) and slightly lower rental costs

(\$1,175/month in October 2021) (Canada Mortgage and Housing Corporation 2022). Housing is also significantly cheaper and more accessible than in the mountain towns. Regardless, affordable housing remains an issue. Despite efforts in recent years to encourage the construction of more units, the rate of new builds does not meet annual demand: as of February 2021, roughly 50,000 additional affordable housing units were needed (Chacon 2021; Edmonton Social Planning Council 2021).

Though Edmonton has lower levels of tourism, fewer visitors, and less pressing housing issues than Banff, Jasper, Canmore, and Calgary, the STR market has still provoked considerable tensions in the city in recent years. In particular, the hotel industry has been a vocal proponent of strengthening rules for the STR market, citing an unfair tax and regulatory advantage for STR operators (Mertz 2019). Residents have also expressed concern regarding community safety as a result of several violent incidents on or associated with STR properties (Johnston 2019), including those perceived to be “party houses” (Cook 2020).

### ***Key Elements of Edmonton STR Regulation***

In August 2019, Edmonton passed initial amendments to its Business Licence Bylaw to include licensing provisions for STRs; minor updates were made in March 2020 regarding advertisements (City of Edmonton 2020). In 2019, Edmonton also explored the idea of requiring development permits for STRs; however, Administration ultimately recommended against such a requirement, citing a low number of STR-related complaints and noting that the resources required for implementation outweighed the potential benefits (City of Edmonton 2020).

A new Business Licence Bylaw (Bylaw 20002) ("Edmonton Licensing Bylaw", 2022b) and fee schedule were approved in August 2021 and came into effect in January 2022. Key

changes include the introduction of one- or two-year licence options (with a two-year licence offered at a discount) and a new requirement for an approved operational plan. In the new Bylaw, STRs fall under the category of “Residential Rental Accommodation (Short-Term),” which refers to “a Business that provides temporary lodging on a Premises where persons may rent all, or part of a residential property for 30 consecutive days or less, including bed and breakfasts, and lodging arranged through home-sharing services” (Edmonton Licensing Bylaw, Schedule A).

#### *Accepted Forms of Activity and Use*

As is the case in Calgary, Edmonton’s regulatory framework for STRs places few restrictions on forms of activity and use. First, there are no limitations on the type of property, building, or dwelling unit that can be used as an STR, distinguishing Edmonton from Banff (which stipulates that STRs can only be operated in single detached structures), Jasper (which only allows STRs in single detached structures and duplexes), and Canmore (which prohibits STRs in secondary suites). Second, there are no restrictions with respect to a property having to be a primary residence, occupied by a host, or operated by a resident of Edmonton. This is the same as in Calgary and Canmore (for tourist homes and visitor accommodations) and different from Banff and Jasper, which both have primary residence and live-in-host requirements. Lastly, the STR host may be a renter. This is the case in all jurisdictions but Jasper, which stipulates that the STR operator must be the homeowner. As in Calgary, the only restriction appears to be that an STR rental cannot exceed 30 days.

## *Operation Standards*

There are very few STR-specific operation standards in Edmonton: there are no size limits, no requirements that a guest be able to access the outside, no special parking requirements (outside of the generally applicable regulations), and no stipulations regarding overlapping bookings. Further, a guest book is not mandated. STR operations are simply held to the same zoning, noise, and nuisance standards as other properties of their type, as well as any other details set out in the approved operational plan for guest management (Edmonton Licensing Bylaw, s. 60(a)), which is submitted by the operator when applying for the business licence (discussed below). Overall, Edmonton's regulations appear even more lenient than those in Calgary.

However, the Licensing Bylaw does outline STR-specific stipulations related to signs and the posting of business licence information, including that a copy of the City Manager-approved STR information guide be provided to guests (s. 60(c)); that the host's phone number be posted in the unit (s. 60(d)); and that the business licence number be displayed on all STR advertisements (s. 60(e)). The provision related to posting licence numbers on all advertisements was added in March 2020 (Bylaw 19143, Business Licence Bylaw Amendment No. 43), six months after the first set of STR regulations were adopted.

Individuals wishing to operate an STR in their primary residence (i.e., as a live-in host) may be subject to additional regulations that pertain to either major or minor home businesses, as set out in the Edmonton Zoning Bylaw. As per the Zoning Bylaw, an STR host who lives in the property being operated as an STR, but who does not possess a development permit to operate as a major home business, is not permitted to rent out more than two rooms (s. 74(c)). If they wish

to list more than two rooms in such a dwelling, they must first obtain a development permit. Further, sleeping units in such STRs cannot include cooking facilities (s. 74(c), s. 75(7)).

STRs with a live-in host must also comply with aspects of the Zoning Bylaw specific to home-based businesses. These provisions are aimed at protecting the character and peace of the neighbourhood, and include (but are not limited to) that the presence of the business must not change the principal character or external appearance of the dwelling or accessory buildings (s. 74(i), s. 75(6)) and that the business must not generate pedestrian or vehicular traffic, or parking, in excess of what is characteristic of the neighbourhood (s. 75(3)).

There are no guest parking limits, including on public streets (City of Edmonton 2021b). The only STR-specific requirements apply to live-in hosts renting more than two rooms. Deemed to be operating a major home-based business under the Zoning Bylaw, such hosts must provide one parking space in addition to that required for the primary dwelling (s. 54.2(8)).

### *Zoning and Quotas*

There is no STR quota in Edmonton. However, the Zoning Bylaw includes provisions that stipulate zones in which minor and major home-based businesses, and thus some STRs, are not permissible. While STRs with live-in hosts may be operated in the majority of zones in the city, including in all residential zones, commercial zones except for the highway corridor zone, community services zones owned by a school authority, and agricultural zones, except for commercial agricultural zones (s. 100 – 700), minor and major home business are not permitted in industrial zones (s. 400). STR operations that do not involve a live-in host are not subject to the Zoning Bylaw and thus the above regulation does not apply.

## *Permits, Licences, and Related Fees*

As we note above, only STR operators who wish to conduct business as a live-in host must obtain a development permit. Under the Zoning Bylaw, development permits are necessary for two types of STR operation: live-in host STRs with more than two bedrooms for rent (a major home-based business) and live-in host STRs with two or fewer bedrooms for rent (a minor home-based business), when the STR is located in an area where it is a zoned discretionary use.<sup>12</sup> A development permit is not required for an STR with a live-in host renting out two rooms or less in a permitted use zone (s. 12.2(z)) nor for an STR if the host is not a live-in host.

In Edmonton, the application process for a development permit is similar to processes in other municipalities, with a particular emphasis on parking. Development permits are obtained by submitting an application with information on the property, including the address and the site plan (s. 13.2), as well as a traffic impact assessment (s. 13.3). Major and minor home-based business applications must also include an indication of the number of business visits per week (s. 75(8)); for major home-based businesses with more than two bedrooms for rent, the application must also include provided parking (s. 75(8)). Prospective operators must provide written notice of permit approval by ordinary mail to properties within 60m of the STR property in question (s. 20.3), allowing direct neighbours to register objections. The fee for a development

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<sup>12</sup> A minor home-based business—and thus an STR of this nature—is a permitted use in all residential zones (s. 100-200), commercial mixed business zones (s. 370), and community service zones owned by a school authority (s. 570.2.3, s. 571.2.3, s. 572.2.3, s. 573.2.3). Such operations are a discretionary use in neighbourhood convenience commercial zones (s. 310), shopping centre zones (s. 320), low intensity business zones (s. 330), general business zones (s. 340), commercial office zones (s. 360), community services 3 and 4 zone owned by the city (s. 572.2.2, s. 573.2.2), agriculture zones (s. 610), and urban reserve zones (s. 620).



permit is \$327 (City of Edmonton 2021a), which is higher than in Calgary (which does not require one) and Jasper (\$0), similar to Canmore (\$315), and lower than in Banff (\$1,500).

As per the Licensing Bylaw, all STR hosts in Edmonton require a business licence (s. 4), which is obtained by submitting a completed application, the licence fee (plus any other applicable fees), proof of compliance with the Zoning Bylaw (i.e., a development permit), if applicable, and an operational plan for guest management (s. 6, Schedule B). The operational plan includes details about the property, owner, type of operation (i.e., whole- or shared-home rental), number of bedrooms and bathrooms available, check-in/out procedures, plans for care and control of the property (i.e., plans to ensure noise control and proper waste disposal), and attestations regarding knowledge of particular regulations (City of Edmonton 2022c). Upon issuing a business licence, the city also notifies Alberta Health Services, at which point the STR host may be contacted by an AHS official to ensure the STR meets provincial health regulations (City of Edmonton 2021b). As in other Alberta jurisdictions, an STR business licence is non-transferrable (s. 20) and expires either one or two years from the date it is issued, at the discretion of the applicant (s. 18(1)). If an individual wishes to operate multiple STR properties in the city, each must have a separate business licence (s. 5).

Beginning April 1, 2022, the one-year licence fee is \$95 (\$180 for two years) and one-year renewal is \$85 (\$165 for two years) (City of Edmonton 2022a). Non-resident operators must pay these licence and renewal fees, in addition to a non-resident fee (s. 14), the cost of which is \$460 for one year or \$920 for two years, starting April 1, 2022 (City of Edmonton 2022a). The fee amount for residents is similar to those in Calgary (\$100) and Canmore (\$130 – unless they are a microbusiness) and less than those in Jasper (\$165) and Banff (\$180). The approach to non-

resident operators is similar to that taken in Canmore, where a non-resident licence fee of \$600 exists. Overall, Edmonton's fee structure is closest to Canmore's.

### *Enforcement and Fines*

The Licensing Bylaw contains enforcement and penalty provisions for STRs. The City Manager is responsible for enforcement and inspections (s. 23(1)), but may also delegate powers, duties, or functions to a City employee (s. 23(m)), thus enabling a bylaw officer, as one example, to enter and inspect a business premises to assess compliance with the bylaw.

Any STR operation found to be in contravention of the Licensing Bylaw is guilty of an offence (s. 65), may be issued a municipal tag or a violation ticket (s. 60, 70) and is liable to a fine (s. 67(1)). General offences and penalties (Schedule C, Part A) include \$500 for conducting business without a valid licence (\$2,000 if a non-resident) and \$5,000 for conducting business with a suspended or cancelled licence. Fines for STR-specific offences (Schedule C, Part B) include \$250 for failing to comply with the approved operational plan, \$500 for failing to display a licence number on an advertisement, and \$1000 for conducting other business within a STR accommodation without a valid licence. Fines are doubled for subsequent offences (s. 67(3)) and each day an offence continues constitutes a subsequent offence (s. 66). For residents, many of these fines are similar or less punitive than those levied in Banff (\$500 for a first offence), Canmore (\$250 for a first offence) Jasper (\$250 for a first offence), and Calgary (\$1,000 for a first offence); however, Edmonton's fines for operating without a licence as a non-resident and for conducting business with a suspended or cancelled licence are considerably higher.

A unique feature of Edmonton's enforcement framework is that if an STR advertisement is found for a given property, the person registered as owner of the property under the Land

Titles Act is deemed to have posted the advertisement or consented to it (s. 62(1)), and further, the advertisement is taken to be prima facie evidence of an STR business being conducted by the registered owner (s. 62(2)). Effectively, any advertisement on an STR platform is considered evidence of an STR operation and the owner of a property listed on Airbnb may be held liable for STR violations under the Licensing Bylaw, regardless of whether they are the listing host. These sections were introduced in 2020, six months after initial STR regulations came into effect. In the context of our study, these provisions are notable, both because they are unique to Edmonton, and because they place the legal onus on the property owner to ensure the use of their rental property follows regulations (if being operated as an STR).

The Licensing Bylaw also makes it difficult for individuals who work in corporations and partnerships to escape prosecution. In particular, individuals working for a corporation or a business that manages STRs (e.g., a property management company) may also be prosecuted for violations, regardless of whether they are the property owner. As the bylaw states, “every principal, director, partner, manager, officer, Employee, or agent of the corporation or Corporate Applicant who authorized, assented to, acquiesced, or participated in the [...] offence is guilty of [it]...” (s. 77(1)). This is unique to Edmonton.

Under the Edmonton Zoning Bylaw additional enforcement and penalty provisions exist for live-in STR operators who are required to have a development permit. When STR-specific amendments to the Licensing Bylaw came into force in 2019, zoning provisions applicable in the STR context became enforceable through the business licensing framework. However, given no business licence was required prior to August 2019, it is difficult to say if the major and minor home-based business zoning provisions were enforced for STRs with live-in hosts before this.

Enforcement of the Zoning Bylaw is carried out by bylaw officers (s. 23.2(5)). If a person is found in violation of the Zoning Bylaw, they may be issued a “violation notice” (s. 23.2(1)). In contrast to the Licensing Bylaw, which holds the property owner *prima facie* responsible for violations, the Zoning Bylaw considers the appearance of a person, organization, corporation or other ownership’s name on an advertisement or sign to be *prima facie* proof of their responsibility for any contravention of the bylaw (s. 23.2(3))—that is, the person posting the STR advertisement (rather than the property owner) is *prima facie* responsible for violations.

Fines are imposed for various contraventions of the Zoning Bylaw (s. 23A). Operating an STR without a development permit where one is required results in a minimum fine of \$1,000 for the first offence, and \$2,500 for subsequent offences (s. 23.1(2)). Other penalties that may apply include \$500 (\$1,000 for subsequent offences) for failure to comply with a violation notice (s. 23.1(4)) and \$500 (\$1,000 for subsequent offences) for failure to post a development permit notification sign (s. 23.1(11)). These amounts are moderate in the context of our study. In Canmore, for example, the fine for operating without a development permit is \$2,500—\$1,500 higher than the fine in Edmonton. In Banff, however, the fine ranges from \$100 to \$2,500. Again, these fines only apply to live-in hosts required to obtain a development permit.

## **6. Regional Municipality of Wood Buffalo**

More commonly known as Fort McMurray, the Regional Municipality of Wood Buffalo is a mid-sized city of 73,837 people in northeastern Alberta. Created in 1995 through an Order in Council, which amalgamated the City of Fort McMurray and Improvement District No. 143, Wood Buffalo is classified as a specialized municipality (Province of Alberta 1994). It is best known as the home of Alberta’s Athabasca oil sands, the largest known deposit of crude bitumen

in the world. Wood Buffalo's reliance on oil and fly-in-fly-out (FIFO) workers, lack of tourism, and healthy housing market are all factors shaping the local STR market.

Like Calgary and Edmonton, Wood Buffalo's rise has been tied to the oil and gas boom, with the region producing 96 percent of all oil in Canada (Wood Buffalo Economic Development 2019, 3). Production at this scale is supported by a large non-resident workforce, to the extent that non-permanent residents account for one-third of Wood Buffalo's population (Regional Municipality of Wood Buffalo 2018). However, 90 percent of workers live in camps located at the oil sands (Walsh 2018), meaning that they have limited contact with the local community, and thus engage little in the local economy—a setup that has provoked a level of criticism among Wood Buffalo residents (Deacon, Papineau, and Lamanes 2017). In particular, residents feel that employers should encourage workers to become more involved in the local community.

With a negligible tourism industry (Travel Alberta 2021) and a high vacancy rate of 19.7 percent in 2021 (Canada Mortgage and Housing Corporation 2022) (Canada Housing and Mortgage Corporation 2021), Wood Buffalo experiences fewer tourism- and housing-related pressures than the other jurisdictions considered in this paper. That said, median rent in 2021 was \$1,300/month (Canada Mortgage and Housing Corporation 2022)—higher than median rents in Calgary and Edmonton—and housing affordability remains an issue for a portion of the population, particularly renters. In 2016, nearly one-fifth of renters (and nearly one in ten homeowners) were spending more than 30 percent of income on shelter costs, while eight percent of renters were spending over half of their income on rent and utilities (Urban Matters CCC 2019). In recent years, natural disasters, such as a wildfire in 2016 and flooding in 2020—have ravaged the region, destroying or damaging thousands of homes and displacing a large portion of the population (Warnica 2016; Canadian Red Cross 2021).

## ***STR Regulations in Wood Buffalo***

At present, the revised *2017 Consolidated Land Use Bylaw 99/059* regulates short-term accommodations in the forms of campgrounds and bed and breakfast operations, and general regulations exist pertaining to noise, garbage, nuisance, fire, and health safety (*Bylaw No. 21/010 Community Standards Bylaw*). However, this bylaw does not regulate rentals through online STR platforms. The above dynamics—a distanced temporary work force, low tourism, and high rental availability—suggest a low demand for STRs, explaining both the absence of a regulatory framework, as well as the current lack of interest in regulating STRs at this time (Beamish 2021; Regional Municipality of Wood Buffalo 2021).

## **7. Alberta Tourism Levy**

Recently, the Government of Alberta made amendments to the *Tourism Levy Act* (Government of Alberta 2000) to extend its application to STR market transactions. First introduced in 2005, the Act requires all temporary accommodation providers to register with the Alberta Tax and Revenue Administration (TRA) and pay a four percent tourism levy (s. 2(1)(b)). Since April 1, 2021, the levy has applied to short-term temporary (residential) rentals advertised through online marketplaces and rented out for fewer than 28 days to the same guest (Government of Alberta 2021c, 2021d).

The levy is imposed on the “purchaser,” meaning the guest is expected to pay (s. 2(1)), however, it is the operator who collects and remits the levy (s. 2(2)). Operators must file a return with the TRA either monthly, if they have available for rent 50 or more sleeping rooms, or quarterly, if they have available for rent fewer than 50 sleeping rooms (Government of Alberta 2021e). The Act also allows the Minister to authorize an online broker (i.e., a platform) to collect

and remit the levy on behalf of operators (s. 3.2(1))—a practice that is required in Saskatchewan, Quebec, and British Columbia. However, as of April 2021, the Minister had not yet authorized any online broker to collect and remit the levy on behalf of users in Alberta (Government of Alberta 2021d, 8). Thus, STR operators remain responsible for filing levy returns. Failure to pay is considered an offence, the fine for which is not more than 300 percent of the levy, in addition to any other penalty provisioned under the Act (s. 33).

**Table 1: Summary of Key Aspects of Regulatory Frameworks**

	Residency Required	Entire-Home STR Prohibited	Dwelling Type	Quota	Dev. Permit	Business Licence	Tax Distinction	Other Rules of Note
Banff	✓ operator must be an eligible resident  can be a renter	✓ must be operated by a live-in host (primary resident)	Must be: ▪ Room, suite, accessory in single detached home (host residence)  Cannot be furnished with a kitchen	✓	✓ first year: \$1,500 + \$100/room  renew \$300 + \$50/room	✓ \$180 + \$46.53/pillow	✗	
Jasper	✓ operator must be an eligible resident  cannot be a renter	✓ must be operated by a live-in host (primary resident)	Must be: ▪ room/suite/accessory in single detached home or duplex (host residence)  Cannot be: ▪ staff housing	✗	✓ no fee	✓ \$165	✓ commercial property tax paid on STR portion of dwelling	\$2 million insurance required
Canmore TH	✗ can be a renter	✗	Not usually permitted in: ▪ accessory units (e.g., basement, guest suites) ▪ employee + perpetually affordable housing	✓ in certain areas only	✓ \$325 + \$1.35/m2	✓ residents: \$130 (hosts earning <\$30,000 from STR pay \$32.50)  nonresidents: \$600	✓ hosts pay higher residential mill rate: 9.39 versus 5.06 for non-STR residences	
Canmore VA	✗	✗	Located in tourist resorts and hotels: not intended for residential use	✗				
Canmore B&B	✓ operator must be a resident; use as primary residence	✓ must be operated by a live-in host (primary resident)	Must be: ▪ Room in single detached (no private entrance)  Cannot be: ▪ staff housing ▪ furnished with a kitchen	✗				new B&B operation cannot be within 50m of another B&B
Edmonton	✗ can be a renter	✗	No limitations	✗	✓ \$327 (applies to live-in hosts renting >2 rooms, STR in area where home business is discr. use)	✓ residents: \$95/year or \$180/two years  nonresidents: \$555/year or \$1,085/two years	✗	in the case of bylaw violations, legal onus placed on property owner (not host)
Calgary	✗ can be a renter	✗	No limitations	✗	✗	✓ T1: \$100 T2: \$172 + \$104 fire insp. (\$131/year to renew)  nonresidents add \$768	✗	bookings which overlap are explicitly prohibited  all units must have access to exterior



## **Alberta STR Regulations in Comparative Analysis**

Having taken stock of STR regulations in six Alberta municipalities, we now turn to an analysis of these regulatory frameworks. For each jurisdiction, we provide an overview of context, key aspects of the approach, and what we identify the policy objective to be based on our reading of the regulations and the local policy context surrounding their development. We then use this information to consider the relative stringency of each framework, and to discern whether the regulations in question are both appropriate and effective. We conclude by offering potential next steps and recommending reforms. Note that given jurisdictional similarities, we have chosen to analyze the regulatory frameworks of Banff and Jasper at the same time; for the same reason, our considerations of Calgary and Edmonton are also done together.

In the context of our analysis, stringency means the extent to which operations are limited by the regulations. Appropriateness refers to the extent to which regulatory approaches are aligned with or reflect responsiveness to local STR market characteristics, real and perceived impacts of STRs, and dynamics in other markets, and whether the stringency of the framework is proportionate to the magnitude of local impacts. Effectiveness captures how well regulatory frameworks achieve their objectives and can be assessed by examining metrics such as compliance rates,<sup>13</sup> movement in other markets, and changes in local perceptions.

### **Banff and Jasper**

As we describe above, both Banff and Jasper face considerable issues in terms of housing availability and affordability, as well as mounting tensions and pressures related to over-tourism.

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<sup>13</sup> To assess compliance rates, we use Airbnb host listing data obtained from AirDNA. Further information on the data, including limitations and how it was assessed, can be retrieved in the Appendix.

Housing concerns are exacerbated by the fact that both jurisdictions are constrained in their development of new housing given strict boundary limits—a fact which renders available housing stock more or less finite. While high rates of tourism relative to population size in both jurisdictions signal fertile ground for a thriving STR market and suggest that STR hosting would be a lucrative venture for residents, STR proliferation is likely to place additional pressure on these issues, potentially removing long-term housing stock for residents and the local workforce. In addition to these housing issues, it is important to note the increased strain a growing STR market places on local infrastructure. Indeed, small tourist towns serve a much larger effective population—the resident population plus tourists and daily visitors—than the combination of the tax base and provincial infrastructure transfers (calculated based on the resident population) can account for (Grant Thornton 2016, 49), which results in tight budgets in the face of increased pressures on services and has a direct impact on quality of life for residents.

It is important to note that the principal aspects of the regulatory frameworks adopted for STRs in Banff and Jasper were introduced many years prior to the STR market boom, and the rise of Airbnb in particular. That said, these regulations were designed to address issues that remain pertinent today—and indeed have become more pressing given the rise of the STR market. The overarching objective of these frameworks appears to be ensuring tourist accommodation neither jeopardizes the already-scant housing supply for locals, nor worsens growing tensions and concerns regarding over-tourism, conservation, and pressure on services. For example, the initial Land Use Bylaw adopted in Banff contained a clause that enabled the Municipal Planning Commission to reject applications for B&B homes in cases where they would displace needed boarding and staff housing (Town of Banff 2019a).

### *Stringency*

Banff and Jasper have the most stringent STR regulations of the six municipalities examined in this paper. Regulations in both jurisdictions limit all aspects of STR operations, including who can operate an STR and in what type of space. Together, the eligible residency requirement, which stipulates that STR hosts must live and work within the municipalities, and the primary residence requirement, which limits STR operations to those that constitute a secondary use in a host's principal residence, prohibit individuals and corporations from purchasing property in Banff or Jasper for the sole purpose of operating an STR. Further, neither jurisdiction permits entire-unit STRs, though Banff makes exceptions for heritage houses. Banff also has an STR quota of 65 and does not permit STRs to have kitchens, while Jasper requires STR hosts to obtain \$2 million in liability insurance.

### *Appropriateness*

The nature and stringency of the regulations in Banff and Jasper appear generally appropriate and proportionate in the context of local dynamics. Provisions that restrict hosting privileges to residents and limit STR operations to partial-home rentals in primary residences make sense given development constraints and housing and tourism pressures in both jurisdictions. However, as tourism and housing pressures persist, there does appear to be appetite for further movement in this area, particularly in Jasper. For example, in 2019 Parks Canada led public consultations on ADUs and STRs in the context of updating Jasper's Zoning Regulations and addressing ongoing housing concerns. Nearly 60 percent of feedback on STR rules was supportive of strengthened measures; proposed reforms raised most frequently included better enforcement of parking rules and existing room limits, including through non-compliance penalties, as well as capping the number of licenced STRs and not allowing ADUs to be listed as STRs (Parks Canada 2019b, 10). The same report highlights the high percentage of STRs in

Jasper (10 percent of private dwellings) relative to the comparator communities of Banff and Nelson, both of which have larger populations and more private dwellings, but fewer STRs (two percent of private dwellings)—as well as a cap on the number of STRs (Parks Canada 2019b, 10)

### *Effectiveness*

There are indications that regulations in both Banff and Jasper have been successful in keeping ensuring local STR markets remain manageable, preventing commercialization, and ultimately, ensuring local housing issues are not exacerbated by the existence of the market. Data accessed through AirDNA indicate that, of the six jurisdictions in our review, Banff and Jasper have not only the smallest STR markets in terms of supply (number of Airbnb listings), demand (number of Airbnb nightly bookings), and total host revenue, but also low numbers of hosts with multiple Airbnb listings and no commercialized host types (e.g., property managers, corporations, etc.).

While it cannot be said with certainty, it is probable that keeping the STR market small and less commercialized through STR regulation in both Banff and Jasper has minimized the impact of STRs on local housing supply. STRs may contribute to reducing availability and increasing prices in LTR markets (Barron, Kung, and Proserpio 2018), particularly in areas where there is high tourism and low excess capacity, creating a large difference in returns between LTRs and STRs (García López et al. 2020).<sup>14</sup> Given these concerns, regulations in Banff and Jasper have likely been an important factor in ensuring the STR market does not have outsized impacts on the housing stock for those requiring long-term rental housing, such as

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<sup>14</sup> However, this is not always the case. For example, Wilkerson et al. (2016) find that in Portland, where STRs make up a very small percentage of the overall housing market and where LTRs were scarce and expensive prior to the growth of the STR market, the elimination of STRs is unlikely to unilaterally solve a rental crisis.

transient workers whose labour is vital to sustaining the local economies. That aspects of these regulatory frameworks extend back several decades (to the 1990s, in the case of Banff) suggests a degree of proactive regulation that has potentially mitigated against some of the STR market impacts (including the commercialization trend seen in Canmore, which we discuss next) that have caught off guard other jurisdictions without similar, pre-existing frameworks. Indeed, reports from Banff's Administration suggest that the regulatory framework provided by the Land Use Bylaw in particular enabled the Town to be proactive in addressing the STR market as it began to grow in 2014 (Town of Banff 2019a).

Without stringent regulations, STR markets in Banff and Jasper would likely be much more commercialized, due to high rates of tourism and high median nightly Airbnb rates, both of which render STR operation a lucrative opportunity. That said, STRs are still prevalent as a proportion of available housing—for example, as of 2019, the 158 approved STR operations in Jasper represented 10 percent of the total housing stock and 20 percent of eligible one- or two-unit dwellings (Toop 2019, 14) (p 14)—and housing pressures remain an issue in both jurisdictions. As a result, in recent years, Parks Canada and the Municipality of Jasper have considered how changes to STR rules might be adopted to support broader community strategies to improve the supply of affordable housing.

Finally, STR regulations in Banff and Jasper appear to have high compliance rates, suggesting that enforcement efforts are also effective. Host compliance in Banff can be assessed in relation to three indicators: the STR quota of 65, the eligible residency requirement, and the requirement that STRs operations take place in single detached houses with a live-in host. As of June 1, 2021, there were 43 licensed STRs in Banff, and the data displayed in Table 1 indicates 45 Airbnb listings. Both numbers are both below the quota of 65, suggesting the majority of

listed STRs are likely licensed. Further, 58 percent of hosts live in Banff, 33 percent do not list their place of residence, and 9 percent live somewhere else; this suggests somewhat high (but not perfect) compliance with eligible resident restrictions. Further, three of the four “camping” listings are operated by a host who lives in Canada but not in Banff. Since camping listings are mobile (e.g., an RV), it is possible that these are camping units that a person in another municipality has put up for rent that are possible to use in a Banff campground.

**Table 1**  
*Compliance Indicators for Banff, June 2021*

	<b>Number of Listings</b>	<b>Percent of Listings</b>
<b>Host City</b>		
Banff	26	57.78%
Other, Canada	4	8.89%
Unspecified/Uncertain	15	33.33%
<b>Property and Listing Type</b>		
BNB		
Private Room	10	22.73%
Camping		
Entire accessory structure	4	9.09%
Guest House		
Entire accessory structure	7	15.91%
House		
Private Room	5	11.36%
Basement Suite	4	9.09%
Entire House/Apartment	4	9.09%
Guest Suite	9	20.45%
Townhouse		
Entire House/Apartment	1	2.27%

Compliance in Jasper can be gauged by assessing if the host is an eligible resident, whether the listing is in a detached single family home, townhouse, duplex, or guest house, and whether the listing is for a room or suite (rather than an entire house or apartment). Table 2 displays information on these indicators for June 2021. Of STR hosts operating in Jasper, 84 percent reside in the town and 16 percent do not list their place of residence. There are no entire

house/apartment listings, and all listings are in houses, townhouses (including duplexes), or guest houses. Our analysis suggests a high level of regulatory compliance in Jasper based on the indicators we were able to assess. However, it merits mention that Parks Canada has identified a number of instances in which STRs are operating in a manner that is inconsistent with the terms of their approved use (Municipality of Jasper 2021b).

**Table 2**  
*Compliance Indicators for Jasper, June 2021*

	<b>Number of Listings</b>	<b>Percent of Listings</b>
<b>Host City</b>		
Jasper	58	84.06%
Unspecified/Uncertain	11	15.94%
<b>Property and Listing Type</b>		
Guest House		
Entire accessory structure	1	1.47%
House		
Basement Suite	43	63.24%
Guest Suite	14	20.59%
Private Room	3	4.41%
Townhouse		
Basement Suite	7	10.29%

### ***Recommendations***

Regulatory frameworks in both Banff and Jasper are currently under review. Within this context, and in light of the above analysis, an additional provision Banff might consider is the imposition of a higher property tax rate on STR operators—a policy that already exists in Jasper and Canmore, where operators are charged a commercial rate. By charging a higher property tax rate, Banff would presumably see an increase in general revenues, which could provide the resources needed to address certain local issues, including the underfunding of local infrastructure. Such a change would also put STRs and hotels on a more level playing field, thereby addressing claims of anti-competitive behaviour. Moving to a higher property tax rate is

unlikely to cause undue hardship, as AirDNA data indicate that STR operators in Banff benefit from charging the highest median nightly rate of all municipalities in our study and hosts in all earnings quartiles, including the lowest quartile, have relatively high average monthly earnings. However, before making such a change, it would behoove policymakers to ensure that the tax increase would not have an outsized impact on operators who rely on STR income to bridge gaps in or sustain basic needs.

In Jasper, the Municipality will need to collaborate with Parks Canada to ensure approved ADU developments ultimately serve local housing needs, and are not simply operated to serve tourists the STR market. It is likely that such efforts will require strengthened enforcement capacity, which could be supported by introducing a fee structure for development permits. Additional recommendations, as presented to the Municipality and Parks Canada by Toop (2019), could include the introduction of STR business licence or development permit quotas, an increase to the annual business licence fee, an increase to non-compliance fines, and a waste and recycling fee level for STRs. The waste and recycling fee in particular would be an appropriate and targeted response to the cost pressures placed on local services and infrastructure by tourism, while the quota would be the most direct mechanism for ensuring housing stock is maintained for local residents and reducing the proportion of private dwellings in the municipality that are being operated as STRs.

## **Canmore**

Though Canmore is a mountain town like Jasper and Banff, and thus shares some characteristics, it is less restricted based on its location outside of national park boundaries. In particular, Canmore does not face the same development and residency restrictions, meaning its STR market has evolved in unique ways and the town is more vulnerable to commercialization.



While a high rate of tourism makes STRs a lucrative opportunity for prospective hosts and related businesses, as well as the local economy more broadly, a proliferation of STRs also threatens to aggravate local issues, such as persistent housing affordability and availability problems and concerns regarding non-permanent residents, over-crowding, and over-development. STR growth may also put pressure on already underfunded infrastructure, services, and facilities, which, as we have noted, is a state of affairs typical of smaller tourist towns.

Canmore's regulatory framework is comparatively complex. In particular, there are three accommodation categories that pertain to the STR market—tourist homes, visitor accommodations, and B&Bs—each with its own set of regulations and use restrictions (including with regard to the zones in which they can be operated). Further, caps on the number of tourist homes have been instituted in three districts. It appears that the objective of existing rules is to ensure competitive fairness among tourist accommodation operators in the Town (ensuring taxes and expenses are similar or fair across all types of operators), raise property tax revenues commensurate with the activity the STR operation generates, and ensure residential areas and housing are not impacted by growing tourism and non-resident investment in tourist rentals. It is likely that Canmore will soon see changes to its regulatory framework, as administration was directed by town council in 2021 to present by June 2022 an approach for regulating and managing STRs in residential neighbourhoods—an issue that has long been on the radar of both council and administration (Town of Canmore 2021f).

### ***Stringency***

Regulatory stringency varies depending on the accommodation type in question. Regulations governing tourist homes are the most flexible and permissive, in that they enable a

variety of use options and impose only minor constraints on STR operations: aside from zoning restrictions that limit tourist homes to commercial and mixed-use districts, and which require that STR units are kept separate from commercial operations, there are very few restrictions on who can operate a tourist home (assuming they obtain the required permits and licences) and how. That said, tourist home operators are charged higher property tax rates (compared to residential rates). Overall, tourist homes are in high demand for use as STRs. Visitor accommodations, by comparison, are subject to more restrictive regulations that are in line with operating constraints that apply to hotels. Like tourist homes, visitor accommodations are not permitted in residential districts and operators pay commercial property tax rates. Finally, while B&Bs are the only STR type permitted in residential districts, they are subject to the most stringent regulations. These include a requirement that the operator be a live-in host who is a permanent resident of Canmore, the prohibition of STRs in accessory suites, and the prohibition of STR units with kitchens.

### *Appropriateness and Effectiveness*

Data from AirDNA indicate that, of the jurisdictions considered in our study, Canmore has one of the largest and fastest growing STR markets in terms of supply (e.g., Airbnb listings), demand (e.g., number of nights booked in an Airbnb), and total host revenue, and has the highest rate of hosts with multiple listings and commercialized host types (e.g., property managers, vacation property managers, and time shares), which suggests that the market is also the most commercialized. Thus, despite its complexity, only certain aspects of Canmore's STR framework appear appropriate given local opportunities and dynamics, including persistent issues related to housing, overcrowding, and local infrastructure.

The Town's flexible and permissive regulations for tourist homes in particular are likely rooted in a recognition of the economic opportunities presented by STR market growth and constitute an appropriate approach to driving economic growth by encouraging the development, purchase, and operation of such properties. However, considering Canmore's growing and commercialized STR market against a backdrop of over-tourism, strained local infrastructure, and a housing crisis raises significant questions about the suitability of the regulatory framework. While some aspects—charging tourist home operators a higher rate of property tax, thereby enabling the town to capture some of the benefits of market growth and to use such revenue to support strained local services, for example—may attend to local issues, other features appear to ignore them. The broader regulatory framework for tourist homes is particularly problematic in light of growing concerns related to over-tourism and persistent housing pressures. Tourist home regulations encourage not only STR activity, but also STR-related development, while at the same time potentially dampening incentives regarding the development of much-needed residential housing stock. Indeed, the flexibility of tourist home regulation, combined with Canmore's location in the Rockies, drives high demand for tourist home units, incentivizing further development of this sort—perhaps at the expense of affordable and residential development. That said, B&B regulations limit the use of residential housing as STRs.

### ***Recommendations***

The introduction of a quota for tourist homes, similar to that which exists in Banff (and in the Spring Creek Mountain Village district in Canmore), could serve as part of a regulatory solution to ongoing housing issues. Further, the development of new regulations for STR operations should be undertaken with sensitivity to broader tourism and housing strategies and any new measures should be crafted to complement and advance these strategies.

## **Calgary and Edmonton**

Edmonton has a very low rate of tourism, as well as less pressing housing issues when compared to Calgary and the mountain towns. However, concerns about neighbourhood disturbances and the impact of STRs on community safety grew significantly in 2019 following several reports of violence and homicide linked to STR properties and “party houses” (Boothby 2020; Johnston 2019; Wyton 2019). Such issues provoked citizen campaigns in support of regulation (Mertz 2019) and the attention of local councillors (Cook 2020), and ultimately led to the adoption of rules for the market in 2019. Regulations are contained to general licensing provisions and impose very few operational limits. Only a subset of STR operators—those who are live-in hosts offering more than two rooms—must obtain a development permit.

In Calgary, regulations were developed in response to a sense of recent market growth, an understanding that existing frameworks did not fully capture STR operations, and overall concerns about the safety of residents and visitors—particularly in light of complaints regarding overcrowding in suites, unpermitted construction, and fire safety concerns (City of Calgary 2018). Against this backdrop, the intention was to ensure for STRs, B&Bs, and lodging houses an “appropriate level of safety and oversight (commensurate with their scale and purpose)” (City of Calgary 2017).

### ***Stringency***

Of the jurisdictions in our study (with the exception of Wood Buffalo, which has not introduced regulations for the STR market), Edmonton has the most lenient regulatory framework. There are no limits on who can be an STR host nor on STR operations. There are

also no zoning restrictions nor development permit requirements (with the exception of STRs with live in hosts who rent more than two rooms).

Calgary's regulatory framework for the STR market is also permissive relative to those of the mountain towns in our study, but contains safety provisions that are not present in the other frameworks: regulation has largely been contained to the institution of a licensing framework, the most stringent aspects of which are related to building and/or unit safety. There are no limitations on who can operate an STR (provided a business licence is obtained), and operation standards are not onerous, as they simply require the host to post their business licence number on listings and advertisements, keep a guest register, and refrain from offering overlapping bookings. Zoning requirements and development permits are not part of Calgary's regulatory framework, meaning that it is possible to operate an STR anywhere in the city and in any accommodation structure, provided it meets basic safety standards.

### *Appropriateness*

Though Edmonton's STR market has produced tensions regarding neighbourhood disturbance and safety issues, due especially to several instances of disruptive party houses and violence in STR units, the regulatory framework does not appear to contain mechanisms for addressing such issues. Indeed, the most onerous and stringent aspect of Edmonton's approach pertains only to live-in hosts: that is, hosts who are least likely to offer accommodation that produces the type of disturbances noted above. Specifically, live-in hosts offering more than two rooms must obtain a development permit—a stipulation that exists due to the fact that such listings constitute a home-based business, and must therefore comply with zoning regulations for such operations (which existed before the implementation of STR regulations). In a sense, this

requirement is improperly targeted, in the context of local dynamics. The recent requirement to provide an operational plan at the time of business licence application may constitute an attempt to address past issues with guest management.

Calgary's regulatory framework is appropriate, given the objectives noted at the outset of the policy exploration and development process. In particular, standards related to units having direct access to the exterior, requirements for fire inspections if more than four bedrooms are rented, and the explicit prohibition of overlapping bookings conform with policy objectives of guest and resident safety and consumer protection. Further, the leniency of Calgary's framework, to the extent that there are neither limitations on STR operators or unit types, nor zoning or development permit requirements, appears to accord with local dynamics, as rental vacancy rates are relatively high in the city, and tourism pressures a non-factor, even at peak times.

### *Effectiveness*

At this point, it is difficult to assess the effectiveness of STR regulations in Calgary and Edmonton, given the broader context within which they came into effect. While AirDNA data indicate that Calgary and Edmonton have historically had the largest and fastest growing Airbnb markets in Alberta, listing numbers began to experience a decline starting in summer 2019/early 2020, to the extent that Canmore's market has now overtaken that of Edmonton. Importantly, this decline coincides generally with the introduction of STR regulations in both jurisdictions, as well as the onset of the COVID-19 pandemic. Indeed, when considering local characteristics, it is evident that the pandemic and the associated reduction (or elimination) of non-essential business travel, as well as event-specific tourism, would have a pronounced impact on STR market dynamics. Calgary and Edmonton are corporate/commercial hubs and many STRs are

likely used for work-related visits, while some of the cities’ biggest tourist draws, such as the Calgary Stampede, were cancelled in 2020 and scaled back considerably in 2021. Further, Calgary and Edmonton have the greatest variance in host type, with the host pools containing large numbers of both commercial hosts and casual home-sharers. Thus, it is likely that COVID-19 has had a pronounced impact on host supply, and more specifically, the supply/host mix. For example, it is possible that many hosts who had previously offered STR accommodation solely during events like Stampede may have dropped out of the market entirely. Overall, it remains to be seen how the STR market will evolve as COVID-19 becomes less of a factor.

It is possible, however, to assess compliance with the requirement that hosts include business licence numbers on all advertisements, including online. Table 3 shows host compliance with this stipulation at a point in time (January 2022) using AirDNA listing data (for all Airbnb listings as of June 2021), and indicates low compliance rates in both Calgary and Edmonton.<sup>15</sup> Our analysis suggests that a business licence number is not present on the majority of active Airbnb listings in the two jurisdictions, and that compliance is particularly low in Edmonton, where less than five percent of hosts included their business licence number on the Airbnb listing.

**Table 3**  
*Compliance Indicators for Calgary and Edmonton, January 2021*

	<b>No BL on Listing</b>	<b>Has BL on Listing</b>
Calgary	76.56%	23.44%
Edmonton	95.71%	4.29%

<sup>15</sup> To examine compliance with this regulation, we manually inspected active Airbnb listings in June 2021 to determine whether they had included a business licence number on the Airbnb listing. Note that not all Airbnb listings in our data sample were available on the Airbnb website on the day we checked. Those listings that were no longer available were coded as “missing data” and are not included in the table.

The low rates noted above raise the question as to whether regulatory efforts, including fines of \$1,000 in Calgary and \$500 in Edmonton for failing to include the licence number on advertisements, are indeed effective and encouraging compliance, and further, whether there are active efforts on the part of Administration in both cities to enforce bylaws.

### ***Recommendations***

The opportunity exists to improve enforcement efforts in both Edmonton and Calgary, both given low compliance and considering past issues with guest and neighbourhood safety. Further, officials in both jurisdictions would benefit from access to comprehensive market data. As the pandemic becomes more manageable, and as the STR market recovers, it will be important for Administration to be able to track host and listing type, as well as location and density of listings, to ensure that trends in the market do not begin to cause pressures in the long-term rental market. This is particularly important in Calgary, which has a lower stock of purpose built rentals than other large cities in Canada. To this end, both jurisdictions might consider strengthened partnerships with online platforms, namely Airbnb, that involve data sharing agreements, as well as co-regulation supports. For example, platforms could be engaged to ensure an STR listing is only made public if a licence number is included. Such partnerships have been struck in other jurisdictions, such as Toronto (see Cameron, Khanal, and Tedds 2022).

### **Wood Buffalo**

Wood Buffalo has the smallest STR market of the six jurisdictions in our study, with very low levels of Airbnb supply and demand reflected in the AirDNA data. That Wood Buffalo has not introduced STR regulations is likely appropriate given the small STR market, limited tourism, and fewer housing issues. Fly-in fly-out workers who are the most frequent visitors to



Wood Buffalo are typically housed in work camps and are not expected to rent their own accommodation. Indeed, funds that would be spent on drafting and enforcing STR regulations are likely better spent elsewhere.

## **Government of Alberta**

The Government of Alberta has framed its extension of the Tourism Levy to STR operations in terms of an effort to level the playing field and ensure competitive fairness among temporary accommodation providers (Alberta Treasury Board and Finance 2020, 175)—likely in direct response to campaigns mounted by traditional accommodation providers and associated industry bodies (e.g., hotel associations).

### ***Stringency***

Alberta’s Tourism Levy is of a comparable size to similar taxes and levies imposed in Canadian jurisdictions, such as Toronto and Ottawa (which charge a Municipal Accommodation Tax of four percent); Quebec (3.5 percent); and Kelowna, Victoria, Vancouver, and Whistler (which all charge a three percent Municipal and Regional District Tax) (for an overview, see Cameron, Khanal, and Tedds 2022).

### ***Appropriateness***

Though the extension of the Alberta Tourism Levy to STR transactions may have satisfied groups concerned about a competitive advantage for STR operators, the levy does not address STR-related issues beyond this fact, particularly as there is no indication that revenues raised through the levy are applied to either tourism initiatives or efforts aimed at addressing STR-induced pressures. When introducing the levy in 2005, the government noted all generated

revenue would be used for tourism marketing and development (Alberta Hotel & Lodging Association 2016); however, it is unclear whether this is the practice today. The 2020 Alberta budget indicated that once the economic picture improved, the province would consider mechanisms to increase funding for tourism initiatives, including a full allocation of the tourism levy to the Ministry responsible for tourism (Alberta Treasury Board and Finance 2020, 35). There is no mention of a change in Budget 2022.

### ***Effectiveness***

The Government of Alberta has not, to date, seized the opportunity to partner with online STR platforms to facilitate levy implementation, as has been done in other jurisdictions, which could be undermining the effectiveness of the measure. However, the most recent provincial budget indicates that legislative amendments will be pursued in 2022 to require online marketplaces (i.e., platforms) to collect and remit the levy (Alberta Treasury Board and Finance 2022, 179). Further, at the outset of the pandemic, the province suspended the requirement to remit the levy.

### ***Recommendations***

The Government of Alberta would strengthen the impact and effectiveness of the Alberta Tourism Levy by implementing two changes. First, by forging partnerships with key STR platforms, the Alberta government could facilitate levy collection from all transactions mediated by platforms, thereby ensuring the levy is applied consistently and appropriately, while easing administrative burden for hosts. Such an approach has been taken in other Canadian provinces. Second, rather than continuing to add funds raised through the levy to general revenue, the Government of Alberta could instead invest such revenue with a purpose, using it to support

programs and initiatives aimed at addressing local issues exacerbated by the STR market, as well as tourism pressures more broadly. This could include support for affordable housing projects and initiatives to address the environmental impacts of over-tourism, as well as additional transfers to improve stressed and underfunded infrastructure in popular tourist towns.

## **Conclusions**

Confronted with a growing STR market, provincial and municipal authorities in Alberta have increasingly sought to adjust the regulatory landscape, either by introducing new frameworks or bolstering old rules. At present, regulatory approaches in the municipalities of Banff, Canmore, Calgary, Edmonton, Jasper, and Wood Buffalo vary considerably—from no regulatory response in Wood Buffalo, to stringent and longstanding frameworks in Jasper and Banff that address many aspects of STR operations. Further, the Alberta government has recently amended tax legislation pertaining to tourist accommodation providers to ensure that the rules now apply to individuals operating in the online STR market.

In this paper, we have undertaken a comprehensive review of these approaches, with the aim of uncovering trends, similarities, and differences. We have also analyzed regulatory efforts in the context of local dynamics and discernable policy objectives, assessing stringency, effectiveness, and appropriateness, and setting out potential next steps for each jurisdiction in question. We find that while some municipalities, such as Jasper, Banff, and Wood Buffalo, have adopted regulatory approaches that, overall, appear to address local market dynamics and their attendant issues, the same cannot be said for all jurisdictions in our analysis. In Canmore in particular, measures may have produced unintended consequences, spurring the growth and commercialization of the STR market to the possible detriment of housing for permanent

residents. In Calgary and Edmonton, compliance with and enforcement of particular licensing rules for hosts appears weak, while more time is needed to gauge the effectiveness and suitability of the broader regulatory approaches, making the STR market in both jurisdictions something to monitor as tourism and accommodation sectors look to rebound two years into the COVID-19 pandemic. Finally, the Alberta government could make significant improvements to the tourism levy framework by partnering with online platforms and by making more directly appropriate use of revenue generated by the levy.

In the context of the global STR boom, Alberta's market appears to have caused less contention and fewer pressures, including when compared to other jurisdictions within Canada. Indeed, even those jurisdictions that face the biggest tourism pressures in the province, such as Banff and Jasper, appear to have been proactive in the face of STR market growth. However, it is clear from our analysis that regulatory efforts can be strengthened across the province, even in municipalities in which we generally observe effective management. Going forward, authorities might consider the following best practice recommendations:

1. When considering whether and how to regulate STRs, consideration should be given to community characteristics, the state of the local STR market, and dynamics and issues in adjacent and affected markets.
2. Regulations should be driven by clear and stated policy objectives and should align with broader community strategies related to housing, economic development, and tourism.
3. Regulations should be envisioned and drafted with an understanding of the broader regulatory landscape in question, and interactions between the new and existing regulations should be considered and clarified.

4. Efforts should be taken to outline how success will be measured (i.e., beyond licence and permit registrations and compliance and enforcement statistics).
5. As is the case with any regulatory framework, rules for the STR market can produce unintended consequences. Recognizing those consequences and adjusting for them to ensure objectives are met is part of the regulatory process. Further, flexibility and responsiveness should be embedded in regulatory frameworks, where possible.
6. Authorities should consider ways in which partnerships with short-term rental platforms can be leveraged to support enforcement and data access.

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## Appendix

### Summary Tables: Municipal STR Regulations in Alberta

	Terminology	Relevant Bylaws	Principal Residence Rule	Dwelling Type
Banff	Home B&B	<ul style="list-style-type: none"> <li>▪ Banff Land Use Bylaw</li> <li>▪ Banff Business Licensing Bylaw</li> </ul>	<p>Yes</p> <ul style="list-style-type: none"> <li>▪ Host must be eligible resident, live at property</li> <li>▪ Exception: heritage houses</li> </ul>	Single detached dwellings and associated attached/detached accessory structures
Jasper	Private Home Accommodation	<ul style="list-style-type: none"> <li>▪ Town of Jasper Zoning Regulations (Parks Act)</li> <li>▪ Town of Jasper Land Use Policy (Parks Act)</li> <li>▪ Town of Jasper Business Licensing Bylaw</li> </ul>	<p>Yes</p> <ul style="list-style-type: none"> <li>▪ Host must be eligible resident, live at property</li> </ul>	Single detached dwellings and duplexes (e.g., two-unit dwellings) and associated attached/detached accessory structures
Canmore	Tourist Home Visitor Accommodation	<ul style="list-style-type: none"> <li>▪ Canmore Land Use Bylaw</li> <li>▪ Canmore Business Registry License Bylaw</li> </ul>	No	No requirements
	B&B		<p>Yes</p> <ul style="list-style-type: none"> <li>▪ Host must be permanent resident, live at property</li> </ul>	Cannot be in employee or affordable housing, attached or detached accessory unit
Calgary	Short-term Rental	Calgary Licensing Bylaw	No	No requirements
Edmonton	Short-term Rental	Edmonton Licensing Bylaw	No	No requirements
Wood Buffalo	No regulation	No regulation	No regulation	No regulation

	<b>Development Permit</b>	<b>Fine: Lack of Permit</b>	<b>Business Licence</b>	<b>Fine: Lack of Licence</b>
B anff	Yes ▪ 1st year: \$1,500 + \$100/rented room ▪ Renewal: \$300 + \$50/rented room	\$100-\$2,500 + \$50 each day offence continues  6 months jail time if fine not paid	Yes ▪ \$180/year + \$46.53/rented pillow	\$500 + \$100 each day offence continues
asper	Yes ▪ No fee; \$2 million liability insurance	Unclear	Yes ▪ \$165/year	\$250 for first offence; \$500 for subsequent
C anmore	Yes ▪ \$315 + \$1.35/square meter	\$2,500 for first offence; \$5,000 for subsequent	Yes ▪ <u>Residents</u> : \$130/year *if earnings <\$30,000 cost is \$32.50/year ▪ <u>Non-residents</u> : \$600/year	\$250 for first offence; \$500 for second; \$1,000 for subsequent + licence fee
C algary	No	None	Yes ▪ <u>Tier 1</u> (≤4 rooms): \$100/year ▪ <u>Tier 2</u> (5+ rooms): \$172 + \$131 renew. + \$104 fire insp. ▪ <u>Non-residents</u> : + \$768/year	\$1,000/offence
E dmonton	No, in most cases ▪ Required for live-in hosts renting >2 rooms / where home businesses are discretionary use (\$327)	\$1,000 for first offence, \$2,500 for subsequent offences.	Yes ▪ <u>Residents</u> : \$94/year ▪ <u>Non-residents</u> : \$559/year	\$2,000/offence
ood	No regulation	No regulation	No regulation	No regulation
	<b>Zoning</b>	<b>Space Requirements</b>	<b>Parking Requirements</b>	<b>Administrative Requirements</b>
anff	▪ Residential districts only ▪ Quota: 65 allocated across districts	▪ Max 4 units; no guest limit ▪ No kitchens in units ▪ Below-grade units discouraged	▪ Limit # of parking spaces minus # of host vehicles ▪ No parking on public roadways	▪ Maintain a guest register ▪ Display permit/licence in unit ▪ Comply with health & safety regulations
Ja sper	▪ Permitted in res. 1&2 family dwelling, historic, Cabin Creek 1&2 unit dwelling districts ▪ Not permitted in zoned staff accommodation	▪ Max 2 bedrooms (3 if open before 2005) ▪ Max 6 guests if 1 bathroom; 8 guests if 2	1 stall required if more than 1 bedroom	None
Canm ore TH	▪ Permitted in mixed-use, commercial, 3 res. districts ▪ In apartment building, entire floor must be zoned for tourist homes ▪ Must be on separate floor from visitor accomm.	▪ Max 4 bedrooms ▪ Above the ground floor ▪ Separate & distinct entrance from any commercial aspects	In accordance with general zoning	None
C anmore VA	▪ Only permitted in commercial districts ▪ Must be on separate floor from tourist homes	In accordance with hotel regulations	In accordance with general hotel/zoning regulations	None
Can more B&B	▪ Permitted in res. districts zoned for single detached, duplexes, townhouses ▪ Not permitted in multi-family dwellings, staff housing	▪ Max 3 units ▪ Max guests/room ▪ Not permitted in detached/attached accessory suites ▪ No kitchens in units	In accordance with general zoning	None
C algary	None	Max 2 adults per bedroom	In accordance with general zoning	▪ No overlapping bookings ▪ Must maintain a guest register ▪ Licence number must be included on advertisements

<b>E</b> dumonton	None	<ul style="list-style-type: none"> <li>▪ Live-in host cannot rent &gt; 2 rooms without dev. permit</li> <li>▪ Cannot have a kitchen in sleeping unit</li> </ul>	Live-in host renting > 2 rooms (with dev. permit) must supply 1 dedicated parking stall	Licence number must be included on advertisements
<b>ood</b>	No regulation	No regulation	No regulation	No regulation

<b>Municipality</b>	<b>Property Tax Treatment</b>
Banff	Dwellings used as STRs are taxed at the same rate as comparable non-STR properties
Jasper	Dwellings used as STRs are taxed at the commercial rate on the assessed value of the portion of the residence that is used for the STR
Canmore	Tourist homes used as STRs are taxed at a higher residential mill rate of 9.39. Tourist homes that are not used as STRs pay the standard residential mill rate of 5.06
Calgary	Same as non-STR properties
Edmonton	Same as non-STR properties
Wood Buffalo	No regulation

## Details on Data Used for Compliance Analysis

In the compliance analysis, we use data on Airbnb rentals provided by AirDNA, a firm which collects data on short-term rentals for research purposes using machine learning algorithms. The dataset includes information on hosts; listing characteristics, including the property type (e.g., apartment), listing type (e.g., entire apartment, single room, etc.), number of bedrooms, and published nightly fee; as well as monthly activity, including number of bookings, number of days available, and listing revenue. For the six municipalities we examine, reliable monthly data spans a four year period from June 2017 until June 2021. For the entirety of this period, regulations were in place in Banff, Jasper, and Canmore, with very little change. Regulations were also introduced in Calgary (2020) and Edmonton (2019), and the Alberta Tourism Levy was extended to STRs. At no point during this period were STRs regulated in Fort McMurray.

While the data are extensive, there are important limitations. First, in some cases, traditional tourist accommodation providers, such as hotels, use the Airbnb platform to advertise accommodation. In order to ensure our analysis only captures STRs, we have manually checked each host to determine if they are a traditional tourist accommodation provider, and have excluded such hosts and their listings from the data. We have also excluded any Airbnb listing where the host has self-selected ‘hotel room’ as its listing type.<sup>16</sup> However, even after the above exclusions, many of the remaining listings were still hotel rooms, as some hosts are online property managers who use Airbnb to advertise hotel rooms, but use the terms “condo,” “guest suite,” and “apartment” to describe them. To address this issue, we again checked each listing and re-classified the property and listing type. It is important to note, however, that we could only do this for current listings. As a result, traditional accommodations have been removed from the June 2021 data (e.g., the point in time compliance statistics), but have *not* been omitted in the time trend data. Thus, the point in time statistics reflect different data than the time trends. Finally, for all jurisdictions, we have kept listings where the host self-identifies as a Bed & Breakfast (B&B). We did so because in some of the jurisdictions examined, STRs and B&Bs are seen as similar and subject to the same regulations. Furthermore, a B&B is similar to an STR, to the extent that it is typically located in a property that may be otherwise used as a residence.

The second limitation of the data is that some hosts may have multiple Airbnb listings within the same property. For example, an STR operator may have one Airbnb listing for an entire single detached house, plus separate Airbnb listings for rooms in the same house. In such a case, there can be no overlap between a booking of the entire house listing and a booking of a room listing. In addition, an STR operator may also list multiple rooms in the same house, and, in some jurisdictions, may overlap bookings in different rooms. However, in both of these examples, there is only one physical property. In this paper, we do not address this data issue thus it is likely that the data overstates the number of physical properties that are used as STRs and the number of units that are used as STRs.

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<sup>16</sup> There are four listing types a host can choose from. They are entire home/apartment, private room, shared room, and hotel room. Some hosts who list a hotel room choose not to select “hotel room”.