

ALBERTA'S SHORT TERM ONLINE RENTAL MARKETPLACE (STORM)

The Alberta Hotel & Lodging Association (AHLA) is a non-profit industry association founded in 1919. With hotels, motels, inns, resorts, and lodges all over the province, our members own or operate approximately 95% of all the guest rooms in Alberta. The AHLA is committed to strengthening Alberta's tourism and hospitality industry.

ISSUE - THE SHORT TERM ONLINE RENTAL MARKETPLACE (STORM) IN ALBERTA

The sharing economy is adding inventory to Alberta's supply of guest accommodation without building a single new hotel. Home-sharing appeals to a certain segment of travellers and to homeowners wanting to augment their income; however unregulated rentals and the home-sharing platforms that promote them have created unintended consequences, such as:

- Loss of affordable housing due to the financial incentive to convert homes and condominiums to short term rentals,
- Impacts to property values:
 - Increasing values as investors seek to purchase property in prime areas that offer attractive returns on investment through commercial home-sharing activity, or
 - Lowering values as a result of noise, nuisance and safety impacts on neighbours.
- Lost hours of work for those employed in the regulated accommodation industry, and
- Lost tax revenues for government.

Toronto, Vancouver, and a number of American cities are already feeling the impact of these unintended consequences.

BACKGROUND

The sharing economy allows people to profit from the things that they own by sharing them for a profit. It is at work in a number of sectors, including accommodation. Short term rental websites such as [Airbnb](#) and [HomeAway](#) connect people looking for short term accommodation with others who want to rent their homes. These platforms earn a fee for hosting listings, and handling bookings and payment. Airbnb, with an estimated value of over \$25 billion, has more than 3 million listings in 34,000 cities around the world. Listings can include private or shared rooms, vacation rentals, or entire homes and apartments.

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While home-sharing may seem like an easy way for homeowners to make some extra money, recent studies of companies such as Airbnb suggest that a substantial portion of their revenues are generated by operators who operate multiple units and/or rent units 365 days per year¹. These are effectively illegal, unregulated hotels that operate outside of the Fire Code, Health Code, and *Innkeepers Act*. They do not contribute to Alberta's Tourism Levy. They may or may not claim their earnings as income on their provincial and federal tax returns.

ANALYSIS & KEY CONSIDERATIONS

- Alberta Culture and Tourism is working with industry to make tourism a \$10 billion industry by 2020.
- The benefits of home-sharing are even more attractive to Albertans during the economic downturn.
- Hoteliers are required to collect the Tourism Levy and comply with legislation and regulations to assure the safety and security of their guests.
- The absence of regulation creates an unfair advantage for the STORM over Alberta's accommodation industry, which employs thousands of Albertans and is heavily invested in the provincial economy.
- Like ride-sharing services, the STORM requires appropriate regulation and safeguards.

RECOMMENDATIONS

A provincial and municipal regulatory framework is needed to curb the unintended impacts of the STORM and to level the playing field for businesses that have made significant financial investments in Alberta's economy.

The Government of Alberta should:

- Review & modernize legislation including the *Condominium Property Act*, *Residential Tenancies Act*, *Innkeepers Act*, and *Tourism Levy Act* to reflect the new realities of the sharing economy.
- Permit a maximum of 30 room nights for short-term online rentals and home-sharing.
- Make home-sharing platforms legally responsible for:
 - Collecting and remitting the Tourism Levy on behalf of hosts, and
 - Sharing information related to host listings and rental activity
- Require all providers of short term accommodation to comply with cleanliness, health, and safety regulations.

The AHLA encourages Alberta municipalities to:

- Restrict home-sharing activity to principal residences only for a maximum of 30 nights.
- Require all providers of short term accommodation to hold a current business licence and occupancy permit and carry adequate property and liability insurance.
- Require all providers of short term accommodation to comply with municipal bylaws and zoning.
- Require Short Term Rental platforms like Airbnb to be licenced with the municipality.

¹ <https://www.ahla.ca/wp-content/uploads/2017/09/Hotel-Association-CBRE-Airbnb-Report-Final-received-Sep-26.pdf>

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OTHER JURISDICTIONS

QUEBEC

- Owners who frequently rent out properties must obtain the same provincial certification as a hotel or bed-&-breakfast operator, and charge travellers lodging taxes. Violators face fines between \$500 and \$50,000.
- The province has increased the number of inspectors to enforce the legislation.
- <http://www.assnat.qc.ca/en/travaux-parlementaires/projets-loi/projet-loi-67-41-1.html>

TORONTO

- Homeowners and tenants are allowed short term rentals in their principal residence only, and must register with the City and pay \$50. Short term rental platforms must be licenced by the city for a fee.
- <https://www.toronto.ca/city-government/public-notices-bylaws/bylaw-enforcement/short-term-rentals/>

VANCOUVER

- Vancouver allows owners & renters to rent part or all of their principal residence only for less than 30 days at a time if they have a business licence.
- <http://vancouver.ca/doing-business/short-term-rentals.aspx>

NEW YORK

- Prohibits rentals of less than 30 days in a multi-unit building unless the tenant is present.
- Although New York hosts generated around \$1 billion in revenue in 2015, 55% of listings were illegal.
- <http://www.ag.ny.gov/pdfs/Airbnb%20report.pdf>

SAN FRANCISCO

- Hosts must be the permanent resident of the unit they wish to rent, and must register with the city. The hosting platform must facilitate tax collection and licensing.
- <https://shorttermrentals.sfgov.org/about>