



Short-term rentals in Halifax

UPGo city spotlight

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November 2019



A report from the
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Executive summary

In March 2019, the government of Nova Scotia announced plans to modernize its laws governing tourist accommodations in order to regulate short-term rentals (STRs). STRs are currently unregulated in the province, but the incoming changes (due to take effect in 2020) would require commercial STR hosts to register with the Province and pay equivalent taxes to traditional hotels, while “home-sharers” renting their primary residence would remain unregulated. This report describes the current state of Halifax’s STR market using big-data spatial analysis, and develops two future scenarios to explore the implications of the proposed laws for further regulation of STRs at the municipal level.

- On August 31, 2019, there were **2,420 short-term rentals active in the Halifax Regional Municipality (HRM)**—a 19.2% year-over-year increase.
- The 1,980 STR hosts in the city earned **\$30.9 million in revenue** in the last twelve months.
- **Halifax has the most STR listings of any city in Atlantic Canada** (the provinces of Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador), and generates by far the most STR revenue.
- STR listings in the HRM are heavily concentrated in urban areas, with additional heavy concentrations along the coast.
- Urban and suburban parts of the HRM contain 77% of all active listings and generated about 78% of all revenue last year. **Downtown Halifax had the most active listings and generated the most revenue of any neighbourhood** in the municipality.
- Suburban areas such as Bedford had the highest year-over-year growth in active listings in the HRM, at 140%.
- **Halifax’s STR market is dominated by entire-home listings**, which make up almost three quarters (74%) of all active listings and earn 90% of all host revenue.
- Family-suitable **homes with two or more bedrooms make up 61% of entire-home listings** in the HRM.
- STR revenue in Halifax is distributed highly unequally: more than two fifths of all revenue last year was earned by just one in twenty hosts, and **the top ten percent of hosts earned 55% of all revenue**.
- **More than two fifths (41%) of active listings were commercial multilistings** (listings controlled by a host with two or more entire-home listings or three or more private-room listings), and **these listings earned 50% of total host revenue** last year.



- **STRs have removed 740 housing units from Halifax’s long-term housing market**—about 1% of the region’s entire rental housing stock. 670 of these were frequently rented entire-home listings, and 70 were “ghost hostel” units (clusters of private-room listings operating out of the same housing unit).
- **There has been a 37.9% increase in STR-induced housing loss in the HRM in the last twelve months**—twice the growth rate of total active listings (19.2%).
- **If commercial STRs were converted back to long-term housing, this would raise the vacancy rate from 1.6% to up to 2.8% in the short-term**, and bring down rents in the long-term. Central Halifax would see its rental vacancy rate nearly triple in the short term, from 1.0% or 1.1% to 3.0%.
- About 81% of housing units converted to commercial STRs are in the urban and suburban areas of the HRM; **Downtown Halifax experienced the most housing loss in absolute and proportional terms.**
- Suburban areas, such as Glenbourne and Rockingham, experienced the fastest growth in housing loss over the period examined, with a 62.5% year-over-year increase in housing units lost to STRs. Urban and rural areas of the HRM have seen lower growth rates, although the concentration of commercial listings is still higher in these areas.
- **Almost 50% of Halifax STR listings are likely not occupied by a permanent resident**, and thus would require registration under the proposed laws.

Short-term rentals in the Halifax Regional Municipality

HALIFAX'S STR REGULATORY LANDSCAPE

Short-term rentals are not currently regulated by the Halifax Regional Municipality or the Province of Nova Scotia. However, in March 2019, the Province announced plans to replace the current law governing tourist accommodation with two new laws that modernize its approach to regulating the hotel industry and include regulation of STRs. The new laws are still in the process of being written and many details have not yet been released, but according to the most recent publicly available news, the proposed laws are expected to come into force in early 2020.

The proposed short-term rental laws are summarized as follows, as per the Government of Nova Scotia's STR working group report (<https://beta.novascotia.ca/documents/short-term-rentals-working-group-report>):

1. Short-term rentals are required to be registered in an online database, unless they are operated out of a primary residence.
2. Amendments to the Nova Scotia Assessment Act are proposed to require large-scale short-term rentals to pay commercial taxes.
3. The terms "small-scale" and "large-scale" tourist accommodation establishment will be clearly defined by the number of rooms allowed.
4. The proposed changes will not affect current municipal zoning bylaws affecting STRs.

The 22 districts of the HRM are each governed by a separate land use bylaw (LUB), 19 of which regulate tourist accommodations and "bed and breakfasts" in some way. However, the definitions of these terms vary by region, and while "bed and breakfast" can often be interpreted as including digital home-sharing and commercial STRs, the

definitions are often insufficient to encompass these uses. However, if we assume that "bed and breakfast" is an appropriate umbrella term for STRs in the HRM, they are generally allowed in residential and mixed-use zones.

Evaluation of the Province of Nova Scotia's proposed laws requires an empirical understanding of the STR market in the HRM, Nova Scotia's largest urban region. Accordingly, in this report we present a brief overview of the status of STRs in the Municipality. The analysis is based on a comprehensive dataset of the daily activity of all Airbnb and HomeAway properties in the Halifax Regional Municipality from October 1, 2014 to August 31, 2019. In total we analyze 2.9 million data points. The data was provided by AirDNA, a firm that specializes in web-scraping STR data. AirDNA is one of the two primary sources for scholarly empirical analysis of STRs.

Findings are presented at four spatial scales: the entire HRM, four large sub-areas ("Halifax", "Dartmouth", "Suburban", and "Rural"), 45 neighbourhoods, and the 10 rental market zones defined by the Canada Mortgage and Housing Corporation for the HRM. The neighbourhoods are defined using the Municipality's open data "Pre-Amalgamation Boundaries", which provide a manageable scale for analysis. Sub areas and neighbourhoods are displayed visually in Figure 3, below.

In order to facilitate public understanding and scrutiny of our work, complete methodological details, along with the code necessary to reproduce this analysis, are freely available under an MIT license on the UPGo GitHub page at github.com/UPGo-McGill/halifax-analysis.

SPATIAL DISTRIBUTION OF LISTINGS

Figure 1 shows the location of active STR listings over the last four years in the Halifax Regional Municipality, with listings scaled in proportion to their annual revenue. It demonstrates that listings

are heavily concentrated in the downtown area, alongside an additional zone of high listing concentrations in coastal communities that has seen rapid growth in recent years.

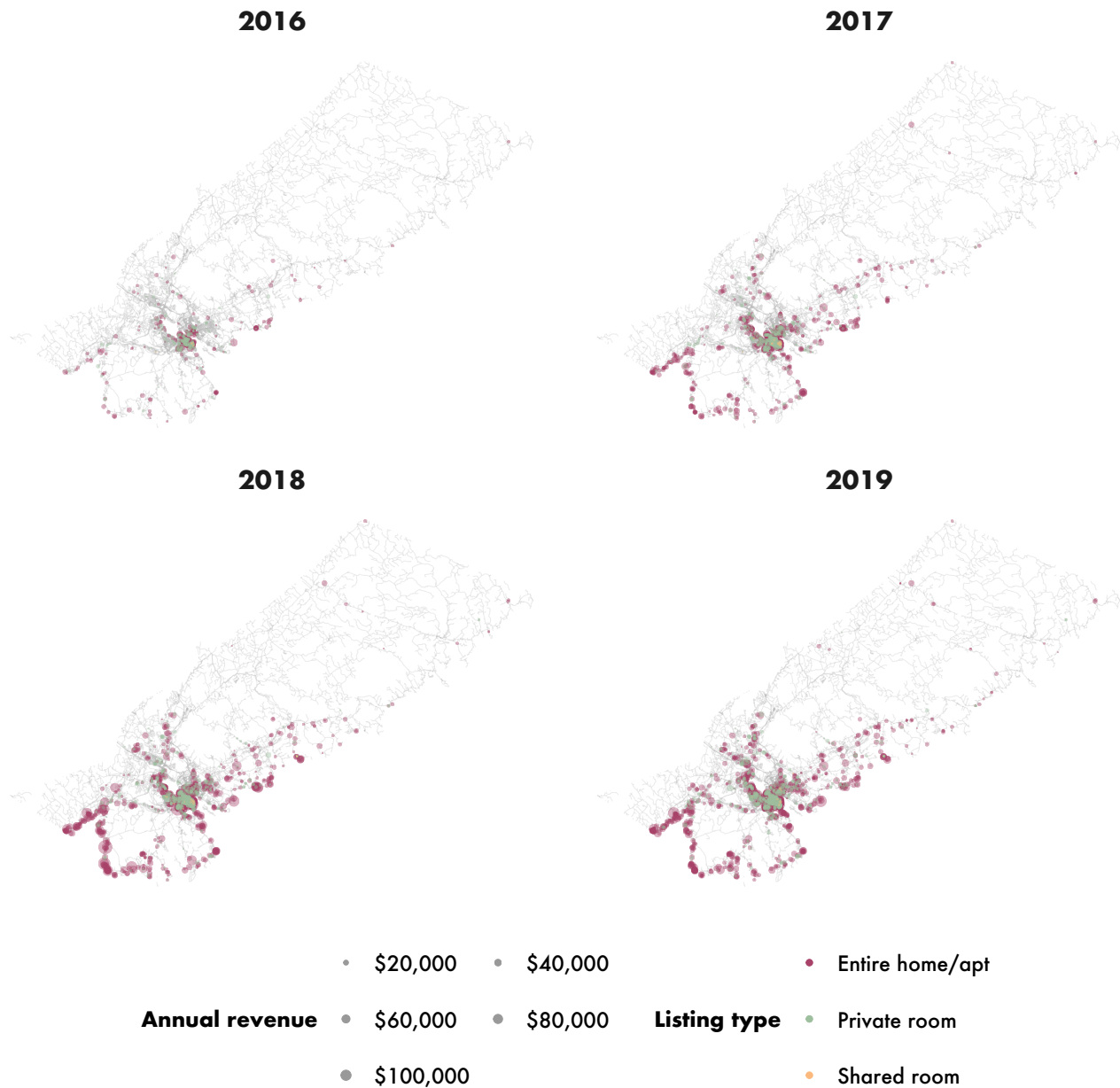


Figure 1. Spatial distribution of active STR listings in the Halifax Regional Municipality

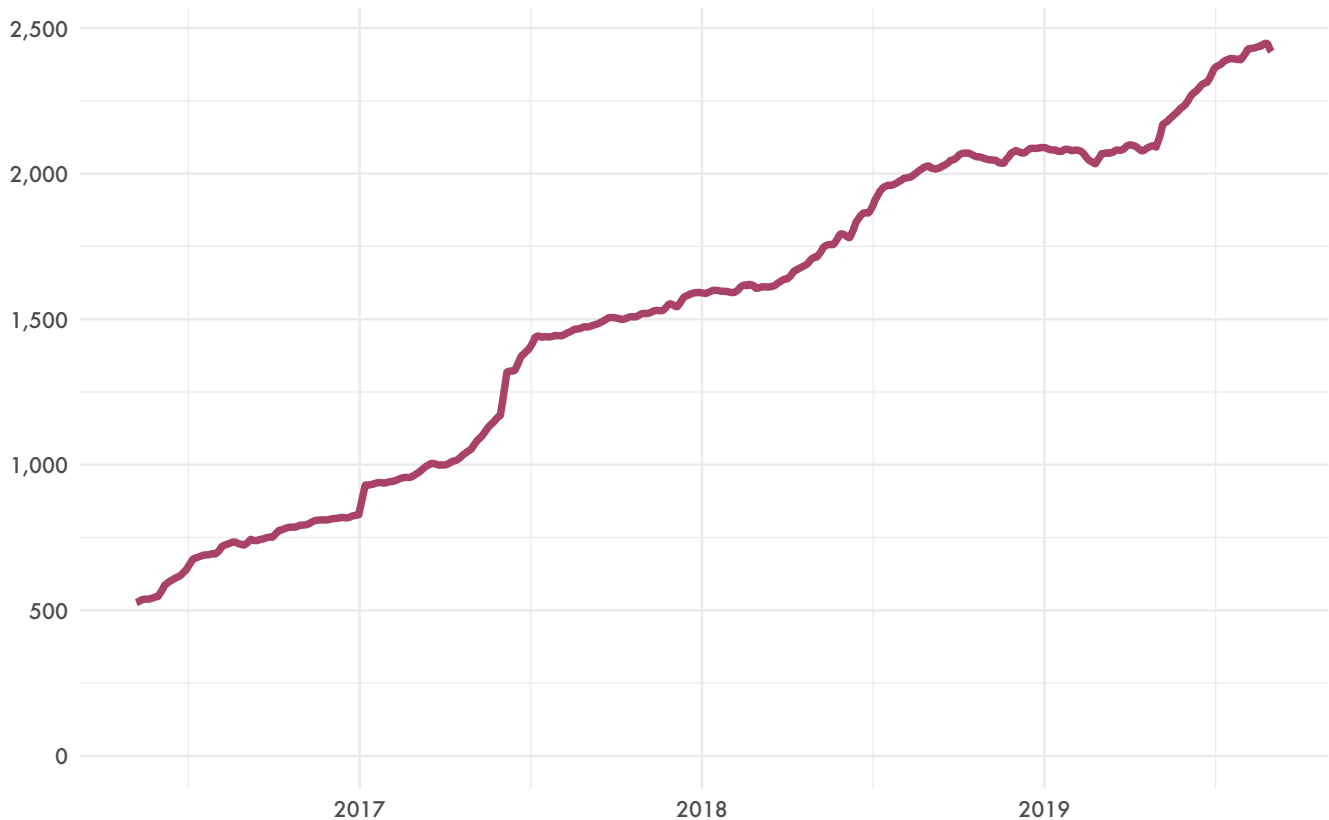


Figure 2. Active daily STR listings in the Halifax Regional Municipality

ACTIVE DAILY LISTINGS AND ANNUAL REVENUE

“Active daily listings” are those which were displayed on the Airbnb.ca, HomeAway.ca, or VRBO.ca website on a given day, regardless of their availability status (reserved, available, or blocked). It is the clearest and least ambiguous means of determining the overall size of the short-term rental market in a location, particularly with respect to change over time. On August 31, 2019, there were 2,540 active listings in Halifax. However, 120 of these were hotels or other traditional accommodation providers using the Airbnb platform for bookings. In all the analysis that follows, we exclude these listings, and focus on the 2,420 listings which were located in conventional housing units. These 2,420 listings were operated by 1,980 hosts.

STR listings located in housing units in Halifax earned \$30.9 million last year (September 2018 - August 2019). The number of active listings in Halifax increased 19.2% from the previous year. Figure 2 shows the growth rate of active daily listings in Halifax.

The HRM is a large administrative territory that contains both highly urban and more rural districts. To gain a more differentiated perspective on the distribution of STR listings within the territory, we break it down into four areas: “Halifax”, “Dartmouth”, “Suburban” (which refers to the suburban municipalities around the core urban area), and “Rural”. Moreover, given the high level of variation in listing density, urban form, and other

important characteristics across the region, we also analyze STR activity data by neighbourhood. Figure 3 shows the boundaries of the four sub-areas and 45 neighbourhoods.

Table 1 confirms the conclusions of Figure 1 that the large majority of STR listings in the HRM are located in its urban areas. Halifax and Dartmouth contain 1,670 of the total 2,420 active listings (69.2%). Urban areas also generated 73.2% of host revenue for the Municipality (\$22.6 out of \$30.9 million total).

Halifax city has the highest number of active listings—1,410—and generated the most revenue in the last twelve months. However, rural areas have both the highest number of listings and the most revenue when considered relative to their size: there are 30

STR listings per 1000 dwellings in rural areas, compared to 22.1 in Halifax and considerably fewer in Dartmouth and suburban areas. Meanwhile, suburban areas have experienced the highest listing growth rates—a 39.8% year-over-year increase—while Halifax, Dartmouth, and rural areas have all experienced very similar rates of approximately half that amount.

At the neighbourhood scale, Downtown Halifax has the most active listings (350) in absolute terms, followed by the South End (250) and West End South (180) neighbourhoods. All of these areas are in the most central parts of urban Halifax, and most of the remaining top ten neighbourhoods are also in the densest, most urbanized parts of the HRM (Table 2). (A complete list of STR figures by neighbourhood is provided on p. 22).

Sub-area

- Dartmouth
- Halifax
- Rural
- Suburban

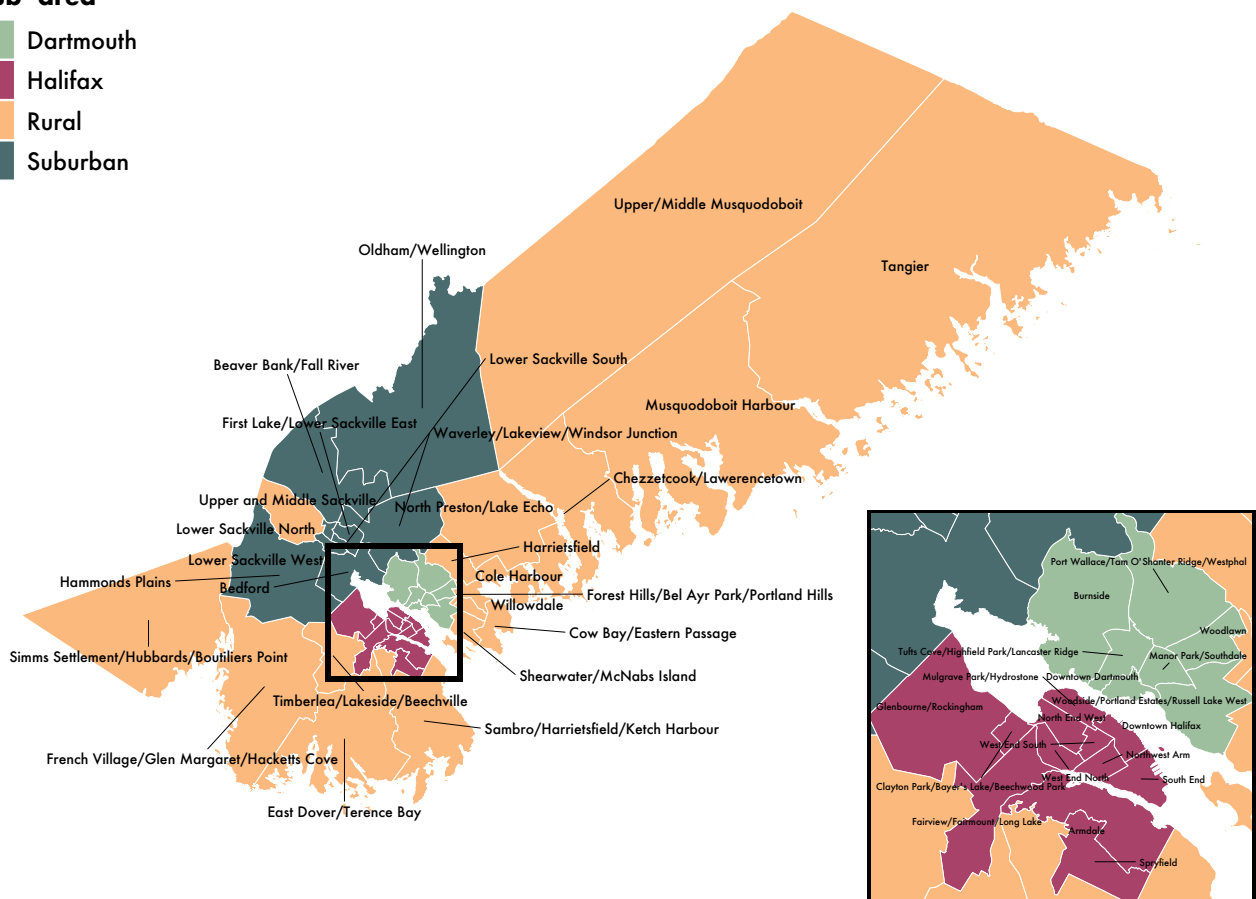


Figure 3. Sub-areas and neighbourhoods of the Halifax Regional Municipality

Sub-area	Active listings	Listings per 1000 households	Annual listing growth	Annual revenue
Halifax Regional Municipality	2,420	12.9	19.2%	\$31.3 million
Halifax	1,410	22.1	17.7%	\$19.2 million
Dartmouth	260	8.4	19.2%	\$3.4 million
Suburban	360	12.7	39.8%	\$1.6 million
Rural	560	30.0	17.2%	\$7.1 million

Table 1. STR activity in major sub-areas of the Halifax Regional Municipality

Neighbourhood	Active listings	Listings per 1000 households	Annual listing growth	Annual revenue
Halifax Regional Municipality	2,420	12.9	19.2%	\$31.3 million
Downtown Halifax	350	62.0	13.4%	\$6.2 million
South End	250	37.3	25.1%	\$3.6 million
West End South	180	45.4	21.1%	\$2.2 million
Northwest Arm	140	47.2	35.5%	\$1.5 million
Mulgrave Park/Hydrostone	120	36.9	10.8%	\$1.2 million
Downtown Dartmouth	120	40.8	31.8%	\$1.3 million
French Village/Glen Margaret/Hacketts Cove	110	28.4	10.2%	\$1.1 million
Simms Settlement/Hubbards/Boutilliers Point	100	37.5	26.3%	\$1.3 million
Glenbourne/Rockingham	90	5.9	4.4%	\$1.0 million
Armdale	90	15.0	19.5	\$1.2 million

Table 2. STR activity in the ten highest-activity neighbourhoods of the Halifax Regional Municipality

Downtown Halifax also has the highest number of listings per dwelling; approximately 6.2% of all dwellings in the area were listed as STRs on August 31, 2019. Northwest Arm and West End South had similarly high proportions of STRs (4.7% and 4.5%). In general, STR densities are highest in the urban areas of Halifax and Dartmouth, but several

rural districts also have high concentrations. Among the 14 neighbourhoods with at least 50 listings as of August 31, Bedford, Northwest Arm, and Downtown Dartmouth had the highest growth rates last year—between 32% and 40%, compared to a 19.2% listings growth rate for the Halifax Regional Municipality as a whole.

HALIFAX IN CONTEXT: NOVA SCOTIA AND ATLANTIC CANADA

The Halifax Regional Municipality has two fifths (43.6%) of Nova Scotia's population, and approximately the same share of its active short-term rentals: 2,420 out of a total 6,140. Figure 4 shows the distribution of these listings relative to the number of dwelling units, and demonstrates higher relative concentrations of STRs on the southeast coast from Halifax to Lockeport, and on Cape Breton Island.

The HRM has the most active STR listings of any city in Atlantic Canada, with nearly three times the number of second-place St. John's (Table 3). The high number of STRs in the HRM is partly

attributable to its comparatively large territory, which includes rural coastal towns popular with tourists. Correspondingly, however, the inclusion of a number of low-tourism suburban areas in the HRM means that the density of STR listings expressed as a proportion of total dwellings is lower in the HRM than in some other Atlantic Canada cities. With 12.9 listings per 1000 dwellings, Halifax has more relative listings than Charlottetown or Moncton, but considerably fewer than St. John's or Lunenburg. The HRM also leads Atlantic Canada in terms of revenue earned last year (September 2018 to August 2019), with over \$31 million. Average revenue per listing in the

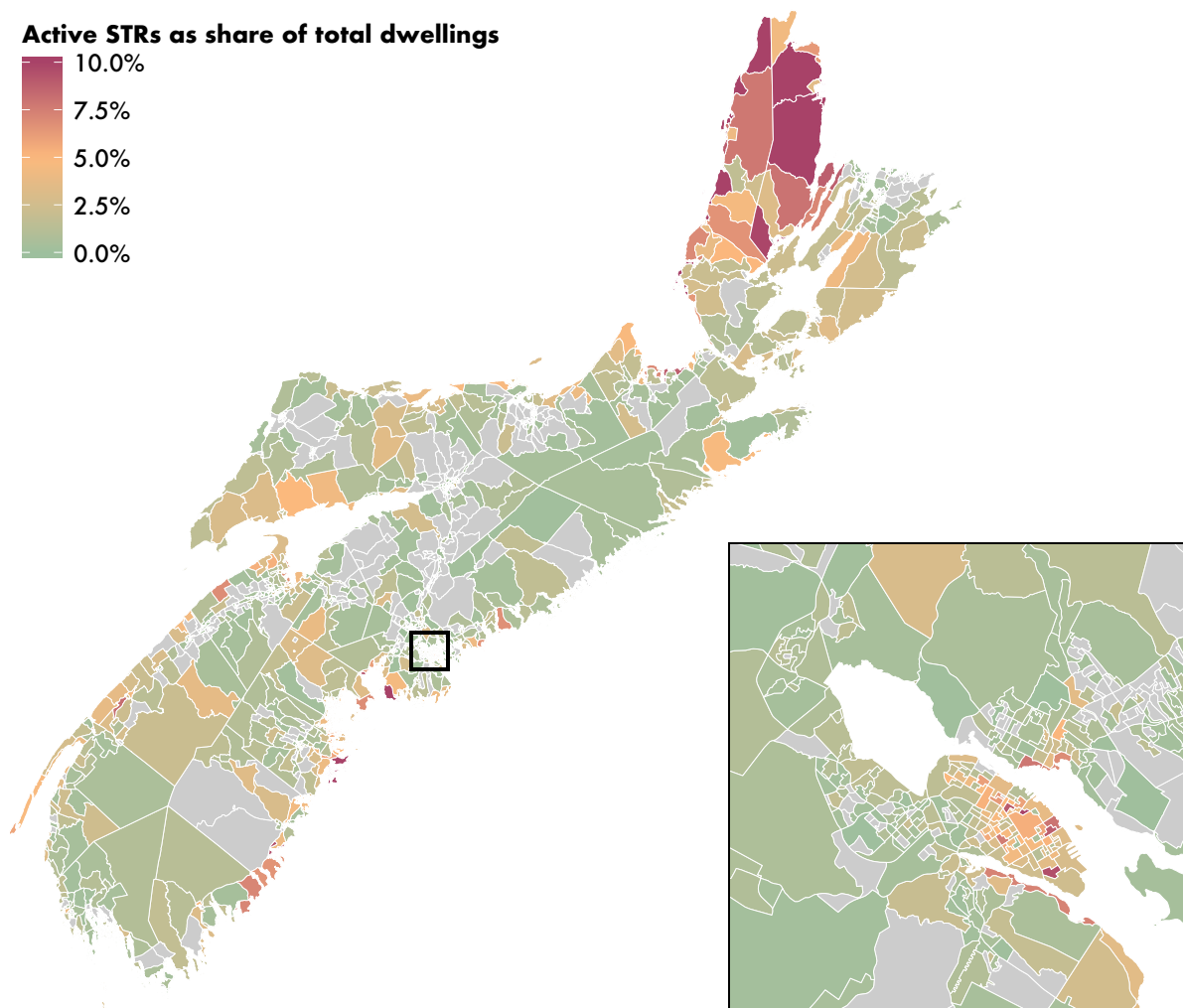


Figure 4: Active STRs as a share of all dwelling units in Nova Scotia, by dissemination area

City	Active listings	Listings per 1000 dwellings	Annual revenue	Revenue per listing
Halifax Regional Municipality	2,420	12.9	\$31.3 million	\$12,900
St. John's	890	17.0	\$9.6 million	\$10,900
Charlottetown	620	11.8	\$7.9 million	\$12,900
Moncton	360	10.2	\$3.2 million	\$8,800
Lunenburg	290	20.7	\$3.8 million	\$12,900

Table 3. STR activity in the top five Atlantic Canada cities

HRM is as high or higher than any of the other top STR cities in Atlantic Canada, at \$12,900 per year. Provincially, Nova Scotia also leads the pack in Atlantic Canada. Nova Scotia has 6,140 active

listings—nearly double the 3,260 of the second-place Prince Edward Island. Likewise, annual revenue in Nova Scotia, at \$75.6 million, was nearly double PEI's \$42.0 million.

WHICH STR PLATFORMS ARE USED IN HALIFAX?

Of the 3,480 STR listings active in the Halifax Regional Municipality at any point in the past twelve months (September 2018 to August 2019), 3,000 of them were listed exclusively on Airbnb, 280 were listed exclusively on

HomeAway or VRBO, and 200 were listed on both Airbnb and one of HomeAway or VRBO. This fact implies that attempts to estimate the extent of the STR market in Halifax using Airbnb data alone will be relatively accurate.

LISTING TYPE PREVALENCE

STR listings can be one of three types: entire homes, private rooms, or shared rooms. Most policy attention has focused on entire-home listings, under the theory that these listings are most likely to generate harmful negative externalities, including housing loss and

neighbourhood nuisance. Table 4 provides the breakdown of listing types in Halifax on August 31, 2019. It demonstrates that Halifax's STR market is dominated by entire-home listings, which make up almost three quarters of all active listings and earn 90% of all host revenue.

Listing type	Active listings	Annual revenue	% of all listings	% of annual revenue	Revenue per listing
Entire home/apt.	1,780	\$23.4 million	73.8%	89.8%	\$13,100
Private room	630	\$2.6 million	25.9%	10.2%	\$4,200
Shared room	10	\$0.0 million	0.3%	0.0%	\$900

Table 4. Listing type prevalence in the Halifax Regional Municipality

BEDROOM BREAKDOWN

Since a significant portion of STRs in Halifax are operated out of housing units which could otherwise be housing a long-term resident, the size of these units is an important factor in determining the impact of STRs on housing supply in the city. If most housing units listed as STRs are studios and one-bedroom apartments, the opportunity cost of not housing long-term residents in those units will be somewhat lower than if most of the units are family-sized.

Figure 5 shows the breakdown of bedroom types among active entire-home listings. (Private-room and shared-room listings are overwhelmingly listed as having one bedroom, but the actual size of the dwelling unit cannot be inferred from that fact.)

As the figure indicates, 39.1% of entire-home STR listings in Halifax are studio (6.2%) and one-bedroom (32.9%) units, while units with two bedrooms or three or more comprise 31.9% and 29.0% of the listings respectively (60.9% total).

Notably, units with two or more bedrooms are more likely to be considered suitable for families, according to the Canada Mortgage and Housing Corporation. These larger units are proportionately under-represented on STR platforms—they are 60.9% of entire-home listings, but 85.0% of total dwelling units in the HRM. However, they nevertheless represent a majority of the short-term rental market in Halifax, and thus a threat to the supply of family-appropriate housing in the municipality.

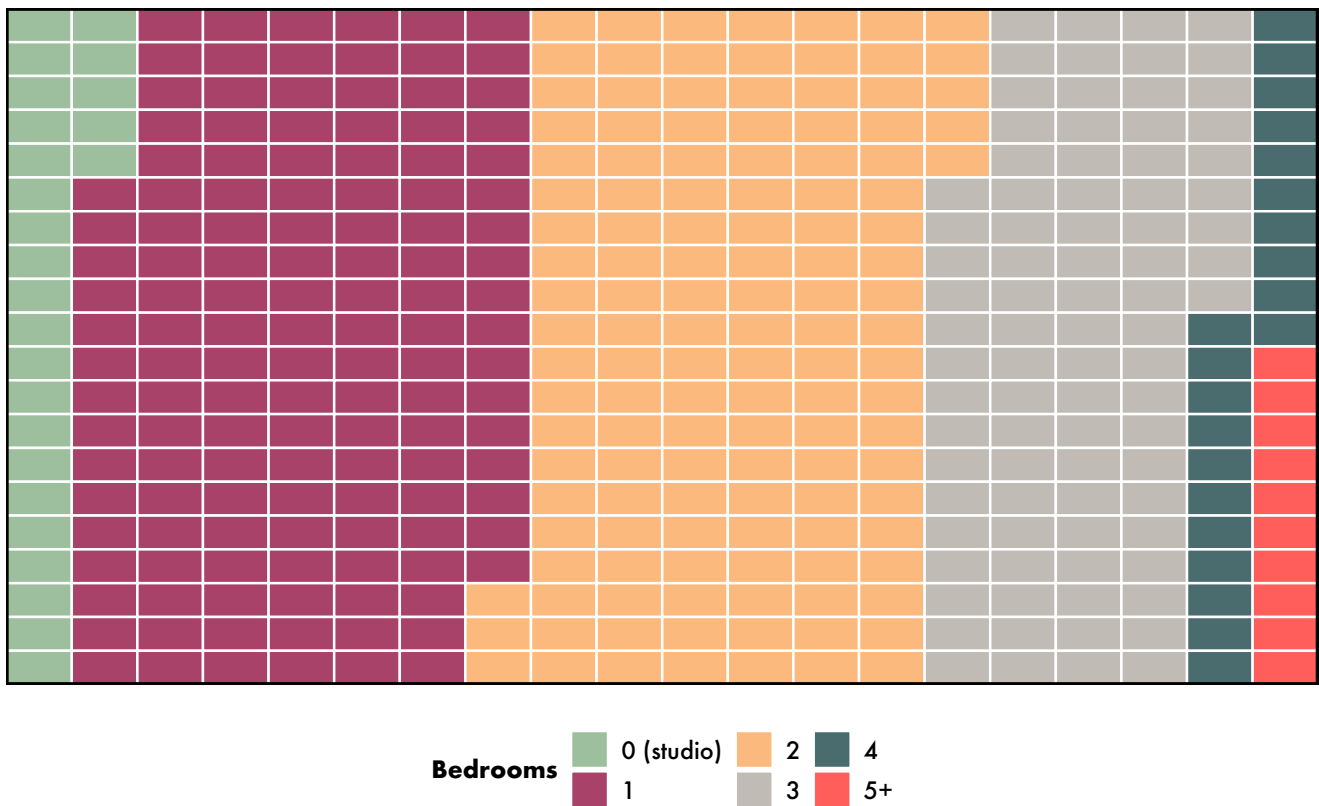


Figure 5. Bedroom sizes among Halifax entire-home STRs

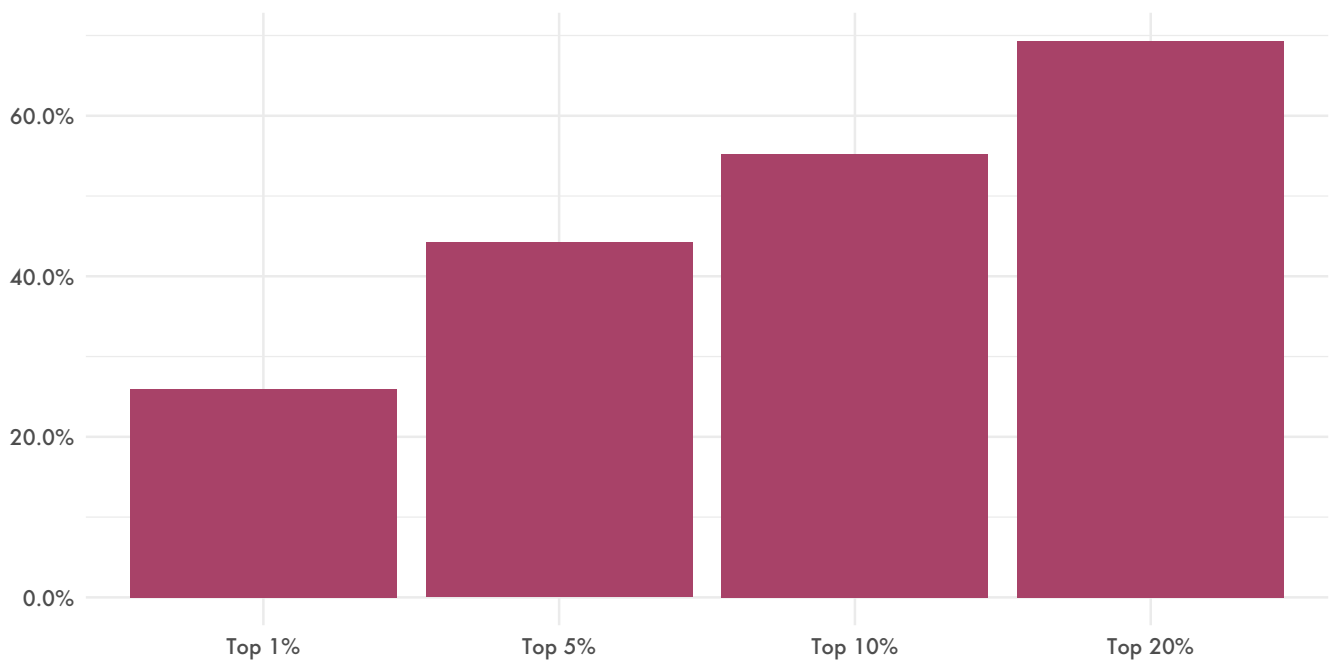


Figure 6. STR host revenue distribution in the Halifax Regional Municipality

REVENUE DISTRIBUTION AND COMMERCIAL OPERATORS

A crucial distinction for understanding the structure of an STR market is the distinction between casual STRs (“home-sharing”) and dedicated STRs (“commercial operations”). There are multiple ways to capture this distinction, but arguably the most straightforward is to examine the distribution of revenue among STR hosts. Figure 6 shows the percentage of the total \$30.9 million in STR revenue last year which accrued to the top ten percent, five percent and one percent of Halifax hosts. More than two fifths of all

revenue last year was earned by just one in twenty hosts, and the most successful ten percent of hosts earned fully 55% of all STR revenue.

This analysis suggests that STR regulations which targeted dedicated commercial operations would affect a relatively small number of STR hosts in absolute terms, since most hosts earn revenue which is consistent with them being casual, part-time home sharers operating out of their principal residence. As Table 5 shows, the median host revenue in Halifax last year was \$7,000, while the top earning host earned more than \$145,900. (In fact, the top earning hosts had listings in other cities in Canada, so their total earnings were higher than this.)

Host percentile	Annual revenue
25th percentile	\$2,600
50th percentile (median)	\$7,000
75th percentile	\$15,300
100th percentile	\$145,900

Table 5. Halifax STR host earnings

Another way to identify commercial operators is to look for hosts who operate multiple listings. To take the simplest case, by definition a host with two or more entire-home listings cannot be operating both listings out of their principal

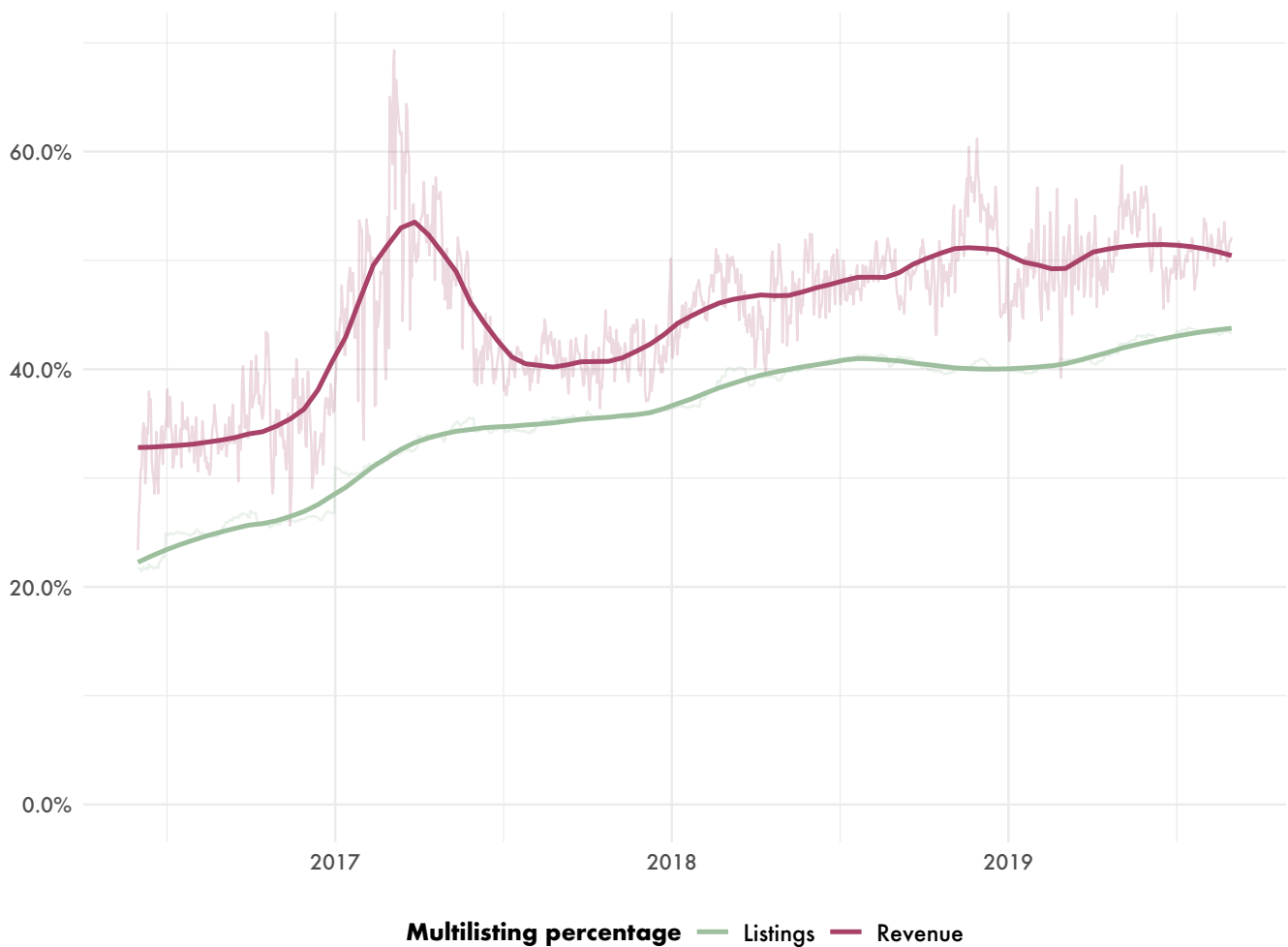
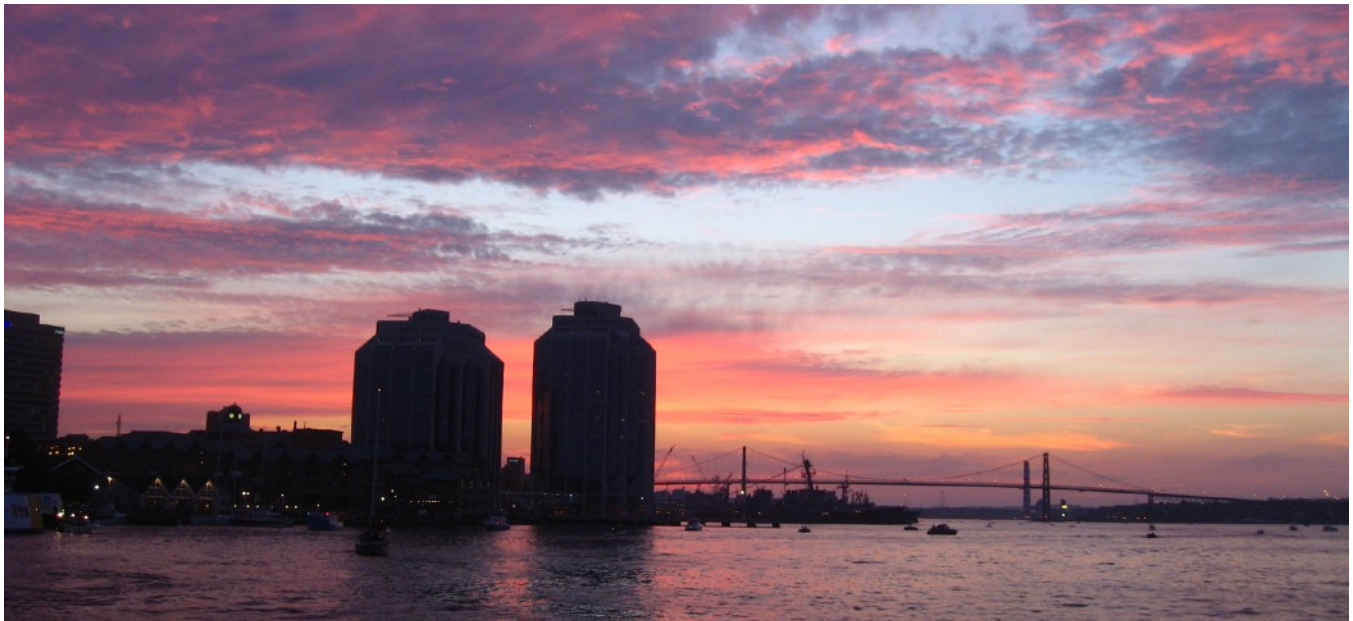


Figure 7. The percentage of total listings and revenue accounted for by multilistings in the HRM

residence. We define a “multilisting” as any listing operated by a host who is simultaneously operating other listings. If a host has two or more entire-home listings active on the same day, those are multilistings. We likewise identify private-room multilistings in cases where a host has three or more private-room listings operating on the same day. Since 92.1% of entire-home listings have three or fewer bedrooms, there will be extremely few cases where a host operating three private-room STR listings in a dwelling unit has not converted that unit into a dedicated STR operation. The results of Figure 7 demonstrate that a large and generally increasing share of both active listings and host revenue in Halifax belong to multilistings.

As of August 31, 2019, 40.7% of active listings were multilistings, and these listings earned 50.3% of total host revenue. Moreover, these figures should be taken as absolute minimums, since many commercial operators split their operations across several Airbnb or HomeAway accounts, and their listings would therefore be erroneously counted as non-commercial. Moreover, many—perhaps most—STR commercial operators only operate a single listing, but operate it on a full-time basis. A house owner with a secondary suite, or the owner of an investment condo who operates an STR in it, are clearly commercial operators running listings which are not their principal residences, but they would not be counted by this method of identifying multilistings.



HOUSING LOSS

One of the most important considerations when gauging the impacts of STRs on a city is the extent to which STRs are removing long-term housing from the market. This process can occur either directly, where tenants are evicted or not replaced at the end of a lease, or indirectly by absorbing new construction or existing investment properties which otherwise would have gone onto the long-term market. To obtain a precise number of such cases of housing loss, STR hosts would need to be individually surveyed, which is infeasible because hosts are anonymous on the Airbnb and HomeAway platforms.

One reasonable proxy for STR listings which represent long-term housing loss is multilistings, discussed in the previous section, since these are likely to be commercial operations and by definition cannot be operated out of a host's principal residence. Another method, arguably simpler, is to identify listings which are highly available throughout the year and which receive many bookings. Along these lines, we define frequently rented entire-home (FREH) listings as entire-home listings which were available on Airbnb or HomeAway a majority of the year (at

least 183 nights) and were booked a minimum of 90 nights. Except in rare cases of residents who travel most of the year, it would be very difficult for someone to rent their home as an STR for the majority of the year and still actually live there. As of August 31, 2019 there were 670 FREH listings in Halifax. These listings are what the advocacy group Fairbnb has called "ghost hotels"—entire homes converted to dedicated STR operations. Each of these dwelling units could be housing Halifax residents, but instead, are serving as de facto hotels.

These 670 FREH listings are a good starting point for estimating housing loss caused by conversions to STR. However, it is also possible that private-room listings are contributing to housing loss. To begin with, a full-time private-room STR might have otherwise been offered to a roommate on a long-term lease. But it is also possible that entire housing units have been subdivided into multiple private-room listings. We call these "ghost hostels", in analogy to the ghost hotels discussed above. We detect ghost hostels by finding clusters of three or more private-room listings operated by a single host, whose reported locations are close

enough to each other that they could have originated in the same actual housing unit. (Airbnb and HomeAway obfuscate listing locations by shifting them randomly up to 200 m.) In addition to the 670 FREH listings, we identified a further 70 housing units which had been converted into ghost hostels.

As of August 31, 2019, therefore, we believe there were 740 housing units in the Halifax Regional Municipality which were being used as dedicated short-term rentals and therefore not being offered

on the long-term rental market. 670 of these were frequently rented entire-home listings, and 70 were clusters of private-room listings operating out of the same housing unit. The equivalent figure one year ago (August 31, 2018) was 540, which means that there has been a 37.9% increase in STR-induced housing loss in the Halifax Regional Municipality in the last twelve months—double the growth rate of total active listings (19.2%). Figure 8 shows the growth rate in STR-caused housing loss in Halifax since 2016, and demonstrates the steep growth curve of this housing loss, suggesting

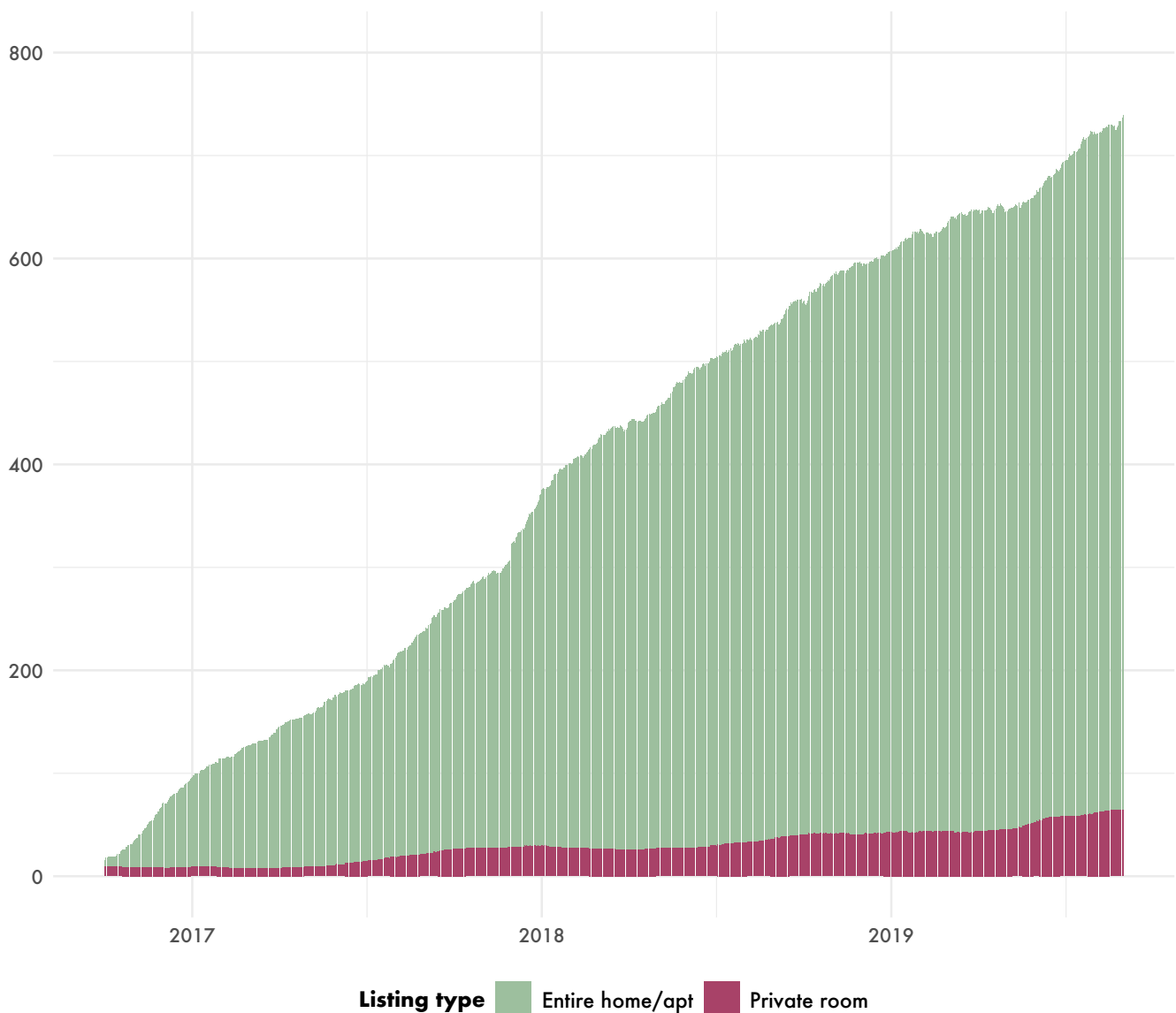


Figure 8: Housing units converted to dedicated STRs in the Halifax Regional Municipality

it will continue growing unless regulatory measures are taken to slow it.

One way to contextualize the magnitude of STR-caused housing loss in Halifax is to compare the number of housing units converted to STRs with the number of vacant rental units available for rent. Halifax currently has a record-low rental vacancy rate of 1.6%, according to the Canada Mortgage and Housing Corporation. This means that, at any given moment, there are approximately 800 apartments available for rent (plus condominium units being rented, which are not counted in vacancy rate calculations). There are nearly this many housing units which have been converted to dedicated STRs in the city. If

these units returned to the long-term housing market, the effect would be to nearly double the vacancy rate in the short term. These newly available units would be absorbed relatively quickly by new tenants, and the vacancy rate would decline again. But it would settle at a higher equilibrium than before, and rents would likewise be lower than they would have been if the STR units continued to act as hotels rather than housing.

Between urban and rural parts of the HRM, we see distinct differences in patterns of housing loss. Figure 9 and Table 6 show that Halifax city has lost the most housing units in absolute terms (480), and relative to the total rental housing stock

Percentage of housing lost to STRs

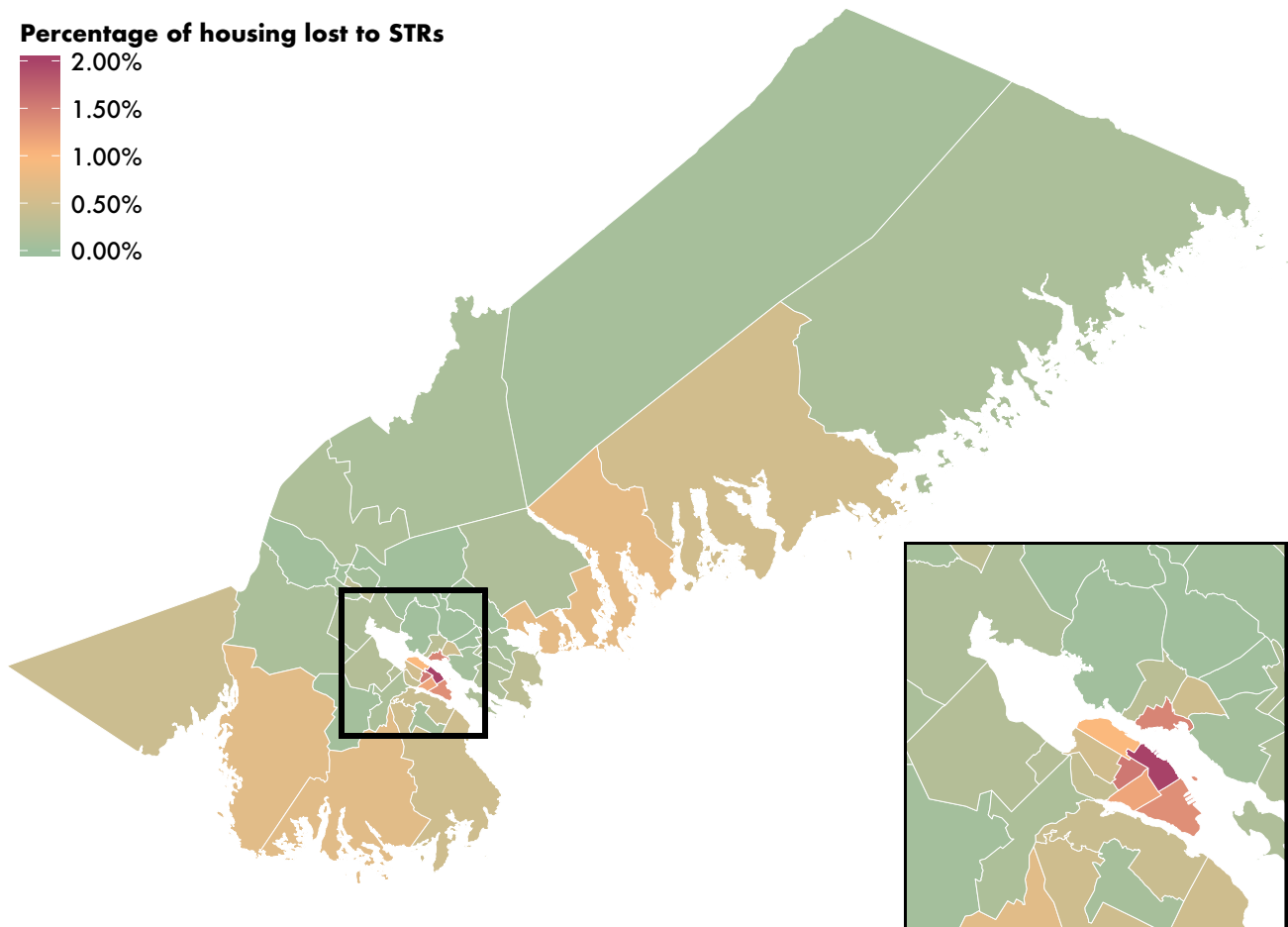
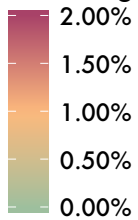


Figure 9: Housing units converted to dedicated STRs by neighbourhood in the HRM

(0.8%). Urban areas in general contain about 81% of the housing units converted to STRs, a figure proportional to the share of active listings in urban areas. It also shows that, of the four categories, all non-rural areas have experienced significantly higher rates of year-over-year housing loss than the rural ones. Much like growth in active listings, the year-over-year rate of increase for housing loss is highest for suburban areas.

At the neighbourhood scale, Downtown Halifax, South End, and West End South have experienced the most conversions of long-term housing to dedicated STRs: 150, 90, and 60 housing units lost in each neighbourhood respectively. Similarly,

Downtown Halifax also has the highest proportional housing loss, with 2.6% of its total housing stock converted to STRs; West End South and South End respectively have lost 1.6% and 1.4% of their housing stock to commercial STRs.

Out of neighbourhoods with at least 20 housing units converted to STRs, Glenbourne/Rockingham and Downtown Dartmouth are currently losing housing at the fastest rate: 94.1% and 78.3% increases in the last year, respectively. By contrast, Mulgrave Park/Hydrostone and French Village/Glen Margaret/Hacketts Cove were the only neighbourhoods to see declines in the amount of STR-induced housing loss in the last year.

Sub-area or neighbourhood	Housing units lost	Annual housing loss growth	Units lost as % of all housing
<i>Halifax Regional Municipality</i>	740	37.9%	0.4%
<i>Halifax</i>	480	47.5%	0.8%
<i>Dartmouth</i>	80	45.5%	0.3%
<i>Suburban</i>	40	62.5%	0.1%
<i>Rural</i>	140	6.9%	0.3%
<i>Downtown Halifax</i>	150	43.7%	2.6%
<i>South End</i>	90	64.3%	1.4%
<i>West End South</i>	60	52.5%	1.6%
<i>Downtown Dartmouth</i>	40	78.3%	1.4%
<i>Northwest Arm</i>	40	63.6%	1.2%
<i>Glenbourne/Rockingham</i>	30	94.1%	0.2%
<i>Mulgrave Park/Hydrostone</i>	30	-18.2%	1.0%
<i>French Village/Glen Margaret/Hacketts Cove</i>	30	-26.9%	0.7%
<i>Armdale</i>	30	44.4%	0.4%
<i>Chezzetcook/Lawrencetown</i>	20	9.1%	0.7%

Table 8. STR-induced housing loss in selected areas of the Halifax Regional Municipality

LISTINGS LIKELY REQUIRED TO REGISTER UNDER THE NEW PROVINCIAL TOURISM LAWS

Nova Scotia's proposed tourism law requires that all STRs except those in individuals' primary residences be registered in an online database. This principal residence requirement implies that numerous currently existing STRs will become illegal unless they register and pay the appropriate taxes. Here we provide an estimate of the number of listings which will be required to register when the new law comes into effect.

We begin with the 2,420 STR listings active on August 31, 2019. Entire-home multilistings will, with one important exception, by definition violate the principal residence requirement, since a person cannot claim multiple homes as their principal residence. There were 820 entire-home multilistings. However, it is possible that a host rents out their own principal residence occasionally while also operating additional entire-home listings, so we conservatively assume that the least frequently rented entire-home multilisting is in fact the host's principal residence.

There are 170 such listings, which leaves 650 likely not operated in full-time residences.

To this number we add the FREH listings which were not already included in the list of multilistings. There are 320 such listings, which brings the total listings likely required to register to 980. Finally, we add the 200 private-room listings located in ghost hostels. This means, in total, that 1,170 of the 2,420 STR listings active in the Halifax Metropolitan Region are likely affected by the principal residence requirement of the Province's proposed laws, and will be required to register. This is 48.4% of active listings.

To be clear, there is a relatively high level of uncertainty in this estimate, since assumptions must be made at each step of the analysis. However, given that jurisdictions which have imposed principal residence requirements have seen drops in active listings in the realm of 30-50%, an estimate of 48.4% is plausible.



Two scenarios for municipal STR regulation



According to publicly released information, the priority of Nova Scotia's upcoming tourist accommodation law is to regulate STR hosts in a fashion which is consistent with other tourism providers. The law will enforce lodging taxes and standardize certain practices in order to "level the playing field" between STRs and hotels, many of which feel that Airbnb and HomeAway operators have an unfair advantage by avoiding the taxes and design rules that govern hotels. In contrast, reducing the harmful housing-market impacts of short-term rentals on Nova Scotia's urban areas has been a secondary priority, and the proposed law does not aim to limit STR activity per se, despite the concerns voiced by some community groups.

However, once the online database is established, if effective, it could be used by municipalities to amend zoning bylaws or put in place other regulations for STRs in line with local priorities. Other Canadian cities such as Montréal, Toronto and Vancouver have implemented bylaws that limit STRs to a host's principal residence or to certain land-use areas. This has been done partly with the intention of addressing dangerously low rental vacancy rates in these cities, and early results from Vancouver have seen an encouraging number of former STRs returned to the long-term housing market.

We now model the implications of a policy restricting STRs to principal residences in the

Halifax Regional Municipality, and compare this to a “business as usual” scenario where the provincial law is passed but no additional municipal action is taken. These two scenarios

are snapshots of the Halifax area STR market according to our most recent available data (August 31, 2019), rather than future projections of growth.

Listings needing to register

- FALSE
- TRUE

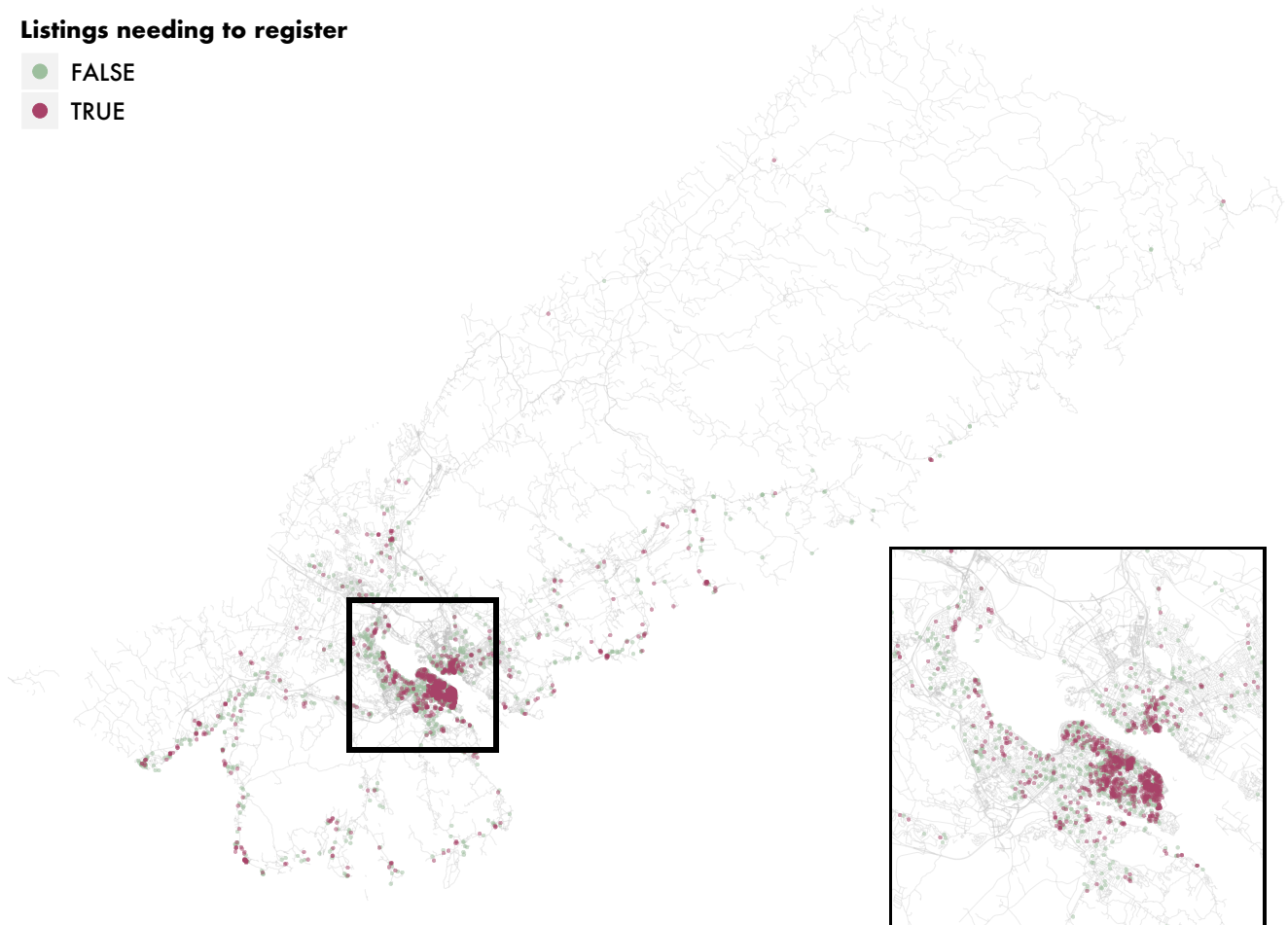


Figure 10. Listings which would need to register under proposed provincial legislation

SCENARIO 1: BUSINESS AS USUAL

In a “business as usual” scenario, the HRM would implement no additional restrictions on STRs beyond the Province’s proposed changes. As discussed above (p. 18), slightly fewer than half of properties would have to be registered in the new provincial database of tourist accommodations, but likely none would be required to close. The

only exception to this would be in cases where a commercial STR was found to have violated any existing operating standards for tourist accommodations, such as health and safety regulations. In Figure 10, we map the listings active on August 31, 2019 that we estimate would be required to register under the new law.

SCENARIO 2: ALL COMMERCIAL STRS RESTORED TO LONG-TERM HOUSING

In this scenario, we assume that the HRM uses the provincial STR registry to restrict STRs to a host's principal residence, and further assume that the municipality is successful in enforcing this restriction, so that former commercial STRs are returned to the long-term housing market. This implies a nearly 50% reduction in the number of STRs in the HRM, and effectively a complete removal of STRs which are operated commercially. While under this scenario new part-time listings would enter the market to meet the ongoing demand for tourist accommodation, full-time commercial STRs would be returned to the long-term housing market. Some of the units which return to the market would become rental apartments while others—particularly condominiums—would become owner-occupied housing. Fewer than ten percent of the STR listings in Halifax which we believe are responsible for long-term housing loss are identified by their host as being located in a condominium. But even if we generously assume that 20 percent of listings returning to the housing market return as condominiums and therefore do

not directly affect the rental vacancy rate, we are still left with the following conclusion: In the short term, the rental vacancy rate across the HRM would nearly double—from 1.6% to 2.8%. (It would rise again as units are absorbed by tenants or enter the home-ownership segment of the market, but the new equilibrium would be higher than before, and rents would be lower.)

The distribution of potential vacancy rate increase across the HRM is shown in Figure 11. Central Halifax would see by far the greatest proportional increase, since it has both the lowest existing vacancy rate and the highest concentration of commercial short-term rentals.

This outcome is a “best-case” scenario that assumes perfect rates of registration and enforcement. Any actual regulatory regime would likely only achieve some portion of these results. Nevertheless, the scenario serves to underscore the importance of the HRM effectively regulating its rapidly growing STR sector—and the potential gains to housing availability which would follow.

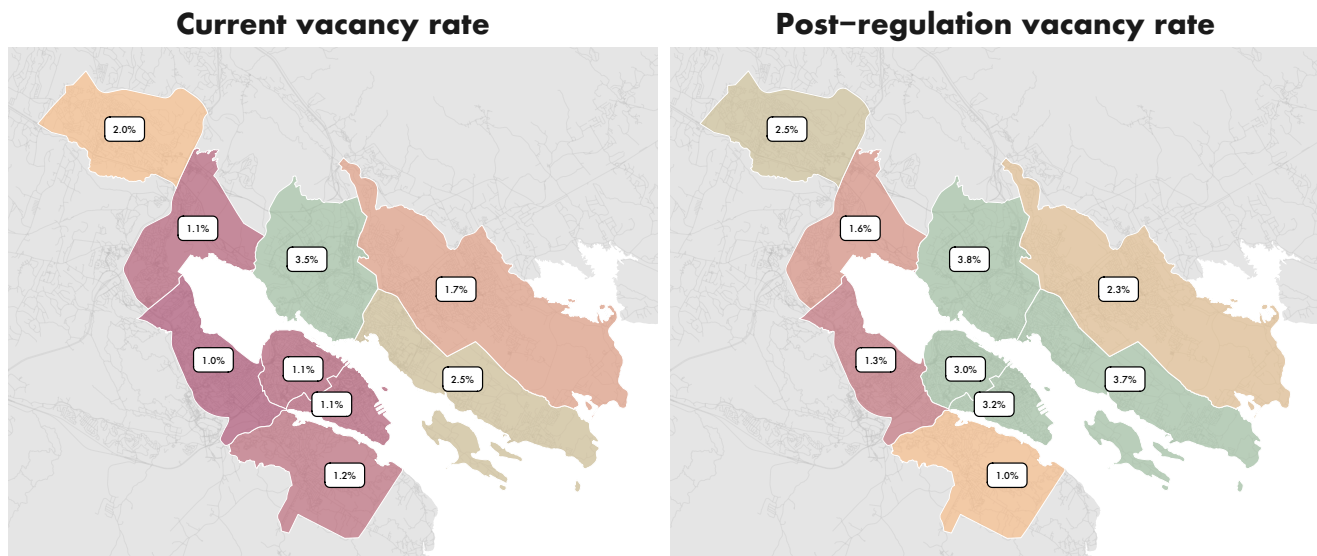
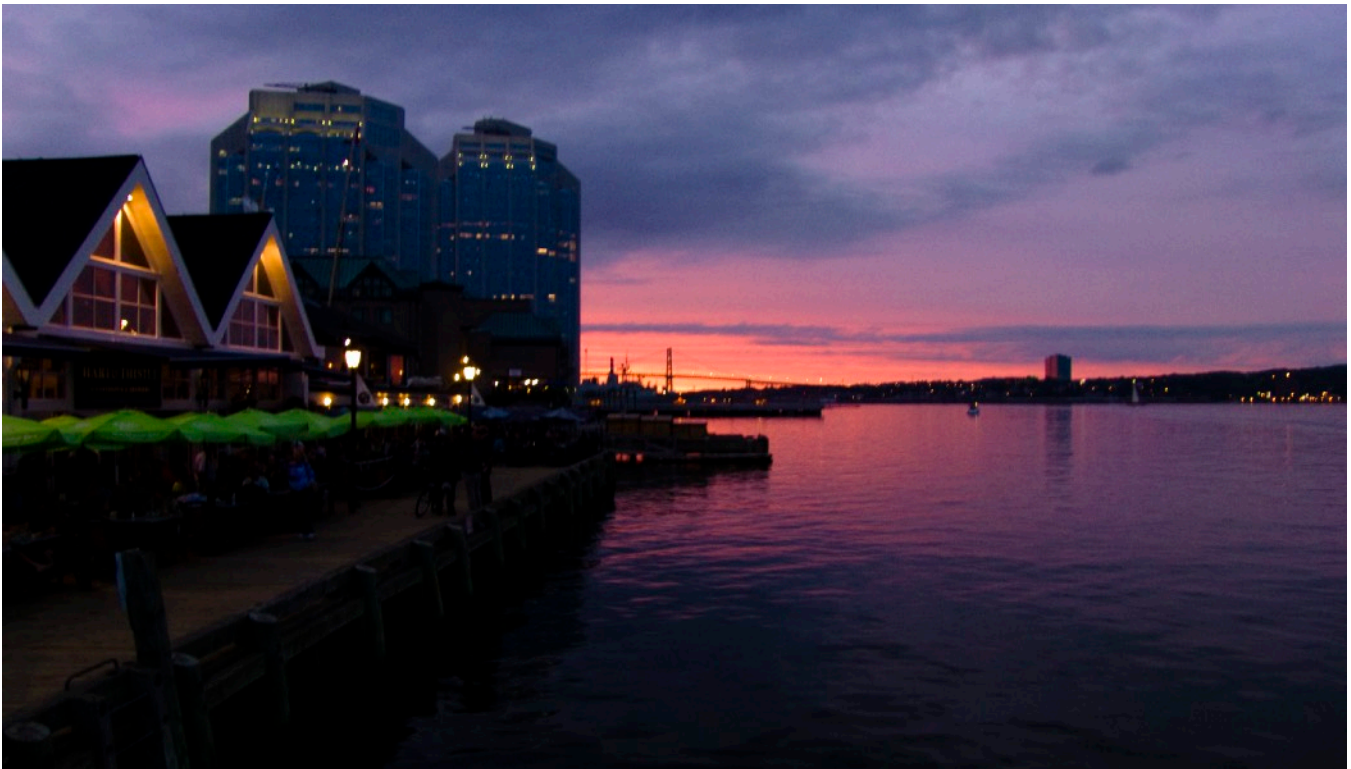


Figure 11. Short-term change in rental vacancy rate if commercial STRs returned to the rental market

Halifax neighbourhood STR fact sheet

Neighbourhood	Active listings (% growth)	Listings per 1000 households	Housing loss (% growth)
Halifax Regional Municipality	2,420 (19.2%)	12.9	740 (37.9%)
Armdale	90 (19.5%)	15.0	30 (44.4%)
Beaver Bank/Fall River	30 (70.0%)	8.5	6
Bedford	70 (39.6%)	8.5	10
Burnside	10	2.3	2
Chezzetcook/Lawrencetown	70 (19.4%)	22.7	20 (9.1%)
Clayton Park/Bayer's Lake/Beechwood Park	30 (0%)	8.0	7
Cole Harbour	10	1.9	3
Cow Bay/Eastern Passage	20 (66.7%)	7.4	8
Downtown Dartmouth	120 (31.8%)	40.8	40 (78.3%)
Downtown Halifax	350 (13.4%)	62.0	150 (43.7%)
East Dover/Terence Bay	60 (18.9%)	25.5	20 (70.0%)
Fairview/Fairmount/Long Lake	40 (75.0%)	7.0	7
First Lake/Lower Sackville East	10	2.8	2
Forest Hills/Bel Ayr Park/Portland Hills	10	6.7	3
French Village/Glen Margaret/Hacketts Cove	110 (10.2%)	28.4	30 (78.8%)
Glenbourne/Rockingham	90 (4.4%)	5.9	30 (94.1%)
Hammonds Plains	20 (50.0%)	6.0	5
Harrietsfield	10	3.2	1
Lower Sackville North	3	1.4	1
Lower Sackville South	10	4.8	5
Lower Sackville West	10	3.7	2
Manor Park/Southdale	40 (11.1%)	11.3	20 (54.5%)
Mulgrave Park/Hydrostone	120 (10.8%)	36.9	30 (-18.2%)
Musquodoboit Harbour	50 (26.3%)	27.4	9
North End West	60 (13.2%)	13.8	20 (46.7%)
North Preston/Lake Echo	20 (38.5%)	6.0	5
Northwest Arm	140 (35.5%)	47.2	40 (63.6%)
Oldham/Wellington	10	3.5	4
Port Wallace/Tam O'Shanter Ridge/Westphal	20 (61.5%)	4.0	2
Sambro/Harrietsfield/Ketch Harbour	50 (0%)	14.7	20 (76.2%)
Shearwater/McNabs Island	5	2.1	4
Simms Settlement/Hubbards/Boutilliers Point	100 (26.2%)	37.5	10 (92.3%)
South End	250 (25.1%)	37.3	90 (64.3%)
Spryfield	20 (50.0%)	7.2	3
Tangier	10	8.9	2
Timberlea/Lakeside/Beechville	10	4.3	2
Tufts Cove/Highfield Park/Lancaster Ridge	40 (21.9%)	8.8	10 (50.0%)
Upper and Middle Sackville	10	2.6	2
Upper/Middle Musquodoboit	6	2.7	2
Waverley/Lakeview/Windsor Junction	20 (14.3%)	7.5	1
West End North	40 (5.9%)	10.3	10 (160.0%)
West End South	180 (21.1%)	45.4	60 (52.5%)
Willowdale	10	4.1	4
Woodlawn	20 (14.3%)	3.6	2
Woodside/Portland Estates/Russell Lake West	20 (-22.2%)	3.1	4



ACKNOWLEDGMENTS

Funding for this research was provided through SSHRC Insight Grant #435-2019-0720. Photographs are by Robert Hickey (p. 1), unknown (p. 3; modified with permission), Ann Walsh (p. 14), E Cherries (p. 18), Vvy Toms (p. 19), Rachel Miller (p. 24), and Daniel Villar (p. 25) and are licensed under CC BY 2.0.

ABOUT UPGO

UPGo, the Urban Politics and Governance research group at McGill University, conducts rigorous, public-interest research into pressing urban governance problems—particularly those that exceed or challenge city boundaries. UPGo has published numerous peer-reviewed journal articles and policy reports on short-term rentals in cities in Canada and around the world, including “Short-term rentals in Canada: Uneven growth, uneven impacts” and “The high cost of short-term rentals in New York City”. UPGo is led by Prof. David Wachsmuth, the Canada Research Chair in Urban Governance at McGill University’s School of Urban Planning, and is online at upgo.lab.mcgill.ca.



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