An Alberta Tourism Industry Workforce Housing Strategy:

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Towards Long-Term Labour Force Planning for a Growing Industry

Prepared by:

Verum Consulting

TOURISM INDUSTRY ASSOCIATION ALBERTA

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Executive Summary

Tourism Industry Housing Affordability Needs to be Prioritized

- In early 2024, the Alberta government released its long-term tourism strategy for the province, with a vison to grow visitor spending from $10.7 billion in 2022 to $25 billion by 2035. What hasn't been identified in detail are the workforce planning and housing accommodation requirements needed to achieve the $25 billion target.
- Alberta's visitor economy currently employs approximately 100,000 Albertans; however, it is forecast that to reach the $25B target by 2035 an additional 100,000 employees will be required.
  - From a sectoral perspective, over 32,000 new positions will be in food and beverage, 23,000 in transportation, 20,000 in accommodation, 14,000 in recreation and 10,000 in clothes, gifts and other.
  - Calgary and Edmonton are expected to need approximately 30,000 and 26,000 new employees respectively, while the Canadian Rockies will require 18,500 new employees.
- Housing affordability is an essential component in solving the industry's labour shortages. While this is a strategic challenge facing many sectors of the economy, it is a structural issue within the tourism sector.
  - Employees in tourism related industries such as accommodation, arts, entertainment and recreation have a housing price to income ratio of between 12 to 13. For food and beverage employees, the value is significantly higher at 19. This compared to the economy as a whole at 7.
  - That said, the tourism industry is unique in that it provides a significant proportion of compensation in the form of non- wage benefits, including non-market housing, discounted or free meals, employee discounts on products and gratuities for food service employees. Combined, these benefits – notably in mountain resort destinations - contribute an additional 20 to 30% to income which, while a substantial increase to the base wage, still leaves the industry in a structural disadvantage relative to other sectors.
  - In fact, there are various roles within the industry (such supervisors, managers, senior leaders) that command salaries that are well above those of entry-level employees. However, even these individuals struggle to find affordable housing in their communities. In effect, building tourism careers requires access to affordable accommodation.

Industry Workforce Housing Challenges

- The key workforce housing challenges confronting the tourism industry in Alberta are driven by a number of factors, including:
  - Market demand driving price appreciation due to strong population growth, a strong economy and high demand for primary and recreational housing.
  - Increased investment demand for short term rental accommodation which competes with full time residents for housing supply. Housing affordability is an essential component in solving the industry's labour shortages. While this is a strategic challenge facing many sectors of the economy, it is a structural issue within the tourism sector.
  - The seasonal nature of the industry, which creates demand for housing accommodation during peak seasons for travelling resort workers exploring resort destinations for an interim period. It is this segment that is best served by employee housing offerings provided by employers/ the municipality etc.
  - Limited supply of entry level housing/ housing to accommodate young individuals and families looking to build a career in the industry. This segment is perhaps the most poorly served in the housing market particularly in tourism communities, as these groups seek affordable higher quality offerings, and their needs are not generally met through employee housing.
  - Limited economics of purpose-built rental accommodation due to limitations on employer deductions for employee lodging and challenged project economics relative to condominium developments.
  - Zoning and community densification/ development limitations that prevent critical new housing supply for being brought to market.
  - Limited access to transportation, which is an essential requirement in well-planned resorts and in cities with successful tourism industries. Convenient and affordable transportation options are necessary for attracting and retaining tourism employees as well as visitors to tourism destinations.

EXECUTIVE SUMMARY

Housing Affordability Challenges Differ in Tourism Communities and Urban Centres.

- Established resort destinations such as Banff, Canmore and Jasper have significant land supply constraints and tend to attract a more mobile worker population (e.g. international workers arriving through the International Experience Canada (IEC) program) compared to major urban centres such as Calgary and Edmonton.
- Employers in tourism-based communities are or are more likely to provide some form of living accommodation for staff, often in conjunction with the direction of the municipality. Tourism is also a major industry in Alberta's urban centres. At $3 billion in expenditures, the Calgary area is the largest tourist region in the province, while Edmonton is second at $2.5 billion.
- Unlike tourism-based communities where employment is principally oriented around supporting the local tourism economy, tourism employers in economically diverse, urban centers do not offer staff accommodation housing to near the same extent as tourism-based communities, which leaves employees more exposed to tight housing market conditions.

Urban centres like Calgary and Edmonton with

$5.5 billion

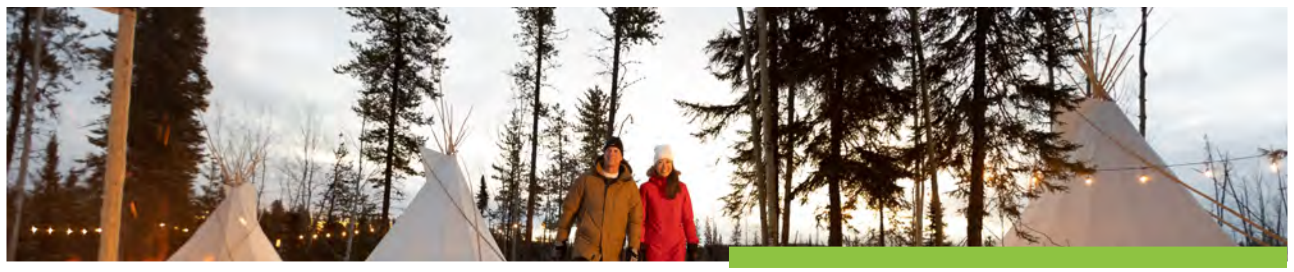
in tourism, offer less staff accommodation, leaving workers vulnerable to housing markets.

Jasper Housing Recovery Strategy

- The Town of Jasper was tragically devastated by wildfire this summer. Approximately one third of the Town was destroyed.
- Jasper draws between 22 to 25 per cent of tourism expenditures in the Canadian Rockies and contributed $523 million in visitor spending in 2019 – generating approximately $450 million in GDP, 5,100 jobs and $69 million in taxes.
- Through a TIAA survey, 37% of business' properties were either completely lost or partially lost, and nearly half will need some fore of staff accommodation support to resume operations.
- It is imperative that a comprehensive strategy involving the Town, the province, the federal government and industry be advanced to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its residential properties.

Governments at all Levels are Prioritizing Housing Affordability

- Alberta's tourism municipalities are already seeking to address housing affordability through a variety of tools including staff housing requirements, direct funding, purpose-built rental incentives, freezing new tourist home developments and applying differential taxes on vacant properties.
- Calgary, Edmonton and Banff have undertaken substantive efforts to strengthen housing supply through city-wide zoning reforms that permit higher density housing in residential areas.
- The federal government has significantly prioritized housing affordability in its 2024 Canada's Housing Plan and subsequent Federal Budget, and the province has several affordable housing programs and is advancing a 10-year affordable housing strategy that seeks to support 82,000 households in the province.



Best Practices

- The increased focus of tourism as a priority in urban centres creates an increased impetus for industry specific housing and labour solutions to be advanced in these centres. The industry faces similar structural challenges in urban centres as it does in tourism-based communities – albeit to a lesser degree. Key best practices that could be applied in tourism-based communities and urban centres include:
  - Municipal Housing Authority
  - Community Land Trust (CLT)/ Co-operatives
  - Land Use Policy
  - Tax/ Fiscal Policies
  - Industry Direct Housing Provision or
  - Combination of Tools
- The critical element from a tourism industry perspective is ensuring the industry, the province and the municipality co-invest to create the housing solutions needed to meet industry workforce needs.

An Alberta Tourism Industry Workforce Housing Strategy

- While governments at all levels are streamlining housing approval processes and providing funding/resources to support housing supply and affordability, tourism industry employees are disproportionately disadvantaged relative to other sectors of the economy as a higher percentage of take-home income goes toward securing housing needs.

- For the province to be successful in increasing tourism expenditures to $25 billion by 2035, it needs to develop a specific government housing support strategy for the industry that is aligned to the growth goals of legacy tourism destinations, tourism development zones, and resort development. This is a critical lynchpin in supporting the attraction, retention and career development of a deep and rich tourism industry labour force.

TIAA recommends that:

The Alberta government work with industry and municipalities to develop a province-wide tourism industry workforce housing strategy in support of its strategic efforts to increase tourism expenditures to $25 billion by 2035. This strategy should include a focus on partnering with industry to remove barriers and advance the development of employee housing in the industry. Key initiatives include:

- Set the board and lodging employee deduction limitations under Alberta's Employment Standards Code for industry lodging and accommodation to be closer to market price for the tourism industry to remove disincentives to investing in needed employee-provided housing supply.
- Explore having municipalities partner with industry through housing cooperatives, trusts and/or other mechanisms to support the provision of tourism employees housing, including through land donations, access to municipal finance rates, differential tax rates, transportation infrastructure investments and regulatory streamlining for industry housing projects.
- Develop best practices guide/ framework for the development of new resorts in Alberta, including workforce and transportation planning provisions and regulatory approval processes.
- Develop a policy and regulatory framework for short term rental accommodations that ensure they compete on a level playing field with traditional hotels, including establishing comparable tax rates, health and safety requirements, inspections, and licensing/ registration.
- Travel Alberta incorporate workforce planning and employee housing supply considerations in the development of tourism development zones (TDZs), resort development, and, in the implementation of the overarching provincial tourism strategy.
- Industry undertake strategic efforts to strengthen their workforce planning and retention policies with a focus on viewing labour as an investment rather than a cost and incorporating the long-term cost savings and reputational benefits associated with retaining employees into their business plans
- A comprehensive strategy be developed involving the Town, the province, the federal government and industry to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its residential properties.
  - This strategy would ideally include zoning and densification reforms to expedite building processes and incent densification, as well as grants, loans and other programs to support industry in returning to pre-disaster operations.

1 Introduction

In early 2024, the Alberta government released its much-anticipated long-term tourism strategy for the province, with a vison to grow visitor spending from $10.7 billion in 2022 to $25 billion by 2035[1]. This bold vision seeks to increase total visitor expenditures from all sources by 134%, and it is critical that government work with industry to ensure it can scale up to meet this challenge.

Perhaps the most significant challenge is stabilizing current and future labour force needs, with an additive focus on building a tourism careers pipeline within Alberta's education system to ensure that careers in tourism come to be seen as coveted career option. Alberta's visitor economy currently employs approximately 100,000 Albertans, and achieving the government's ambitious goal would require a forecasted 100,000 employees.[2]

Tourism is a sector that is unique from an employment perspective. It is a highly interpersonal labour-intensive sector and will continue to be so. Unlike other sectors of the provincial economy with a propensity to leverage technology advances to optimize their labour costs, tourism is a net jobs generator: as demand from visitors for tourism experiences increases, so too does employment. Tourism, perhaps more than any other industry, consistently helps to define and defend community brand values that can lead to improved socio-economic outcomes, added investment attraction potential, and community pride and livability.

The Canadian Mortgage and Housing Corporation has estimated that Canada will need to add approximately 3.5M houses to the current pace of construction by 2030 to nudge housing prices back to some level of affordability.[3]

Attracting and retaining a sustainable tourism workforce is essential to the sustained growth of Alberta's visitor economy. According to Tourism HR Canada, projections to 2025 show a growing shortage of workers across all tourism industries: accommodation; food and beverage services; recreation and entertainment, transportation and travel services.[4]

For members of the Tourism Industry Association of Alberta (TIAA) specifically, almost two-thirds (65%) of businesses report a shortage of suitable workers as one of the top five challenges they faced in 2023 – which is significantly more than the 57% identified in 2022.

Housing affordability is an essential component in solving the industry's labour shortages, as close to 3-in-5 businesses think it is important to have housing in their community to attract and retain workers.

However, housing markets across the province continue to tighten as Alberta population growth shows no signs of slowing. Average home prices increased 8 per cent in May 2024 relative to last year and have been on an upward trend in 2024[5]. Provincial population growth is a key driver in this regard, which increased 4.4 per cent between April 2023 and April 2024, which is the highest growth rate since 1981[6]. This represents nearly 205,000 people, which is the equivalent of adding another Red Deer and Lethbridge to the province. Tourism industry employees are disproportionately impacted by this hyper-growth due to their disproportionately lower incomes relative to other industries in the province.

This paper explores the housing affordability and accessibility challenges confronting the tourism industry in Alberta – looking at both tourism-based communities as well as mainstream markets – and identifies strategies and recommendations for strengthening industry employee housing affordability and attainability in support of the province's goal to more than double tourism expenditures by 2035.

[1] Government of Alberta. 2024. Higher Ground: A Tourism Sector Strategy. Amplifying the Alberta Advantage for the Visitor Economy. P. 4. Accessed at: https://open.alberta.ca/publications/higher-ground-tourism-sector-strategy#:~:text=The%20strategy%20focuses%20on%20five,visitor%20economy%20reaches%20new%20heights.

[2] Derived by Verum Consulting from Statistics Canada. 2022. Economic Input Output Multipliers, Provincial and Territorial, Detailed Level. 2018 version. Available at https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610059501

[3] Canada Mortgage and Housing Corporation (CMHC). 2034. Housing Shortages in Canada.: Updating How Much Housing we will need by 203. Available at: https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/housing-research/research-reports/2023/housing-shortages-canada-updating-how-much-we-need-by-2030-en.pdf

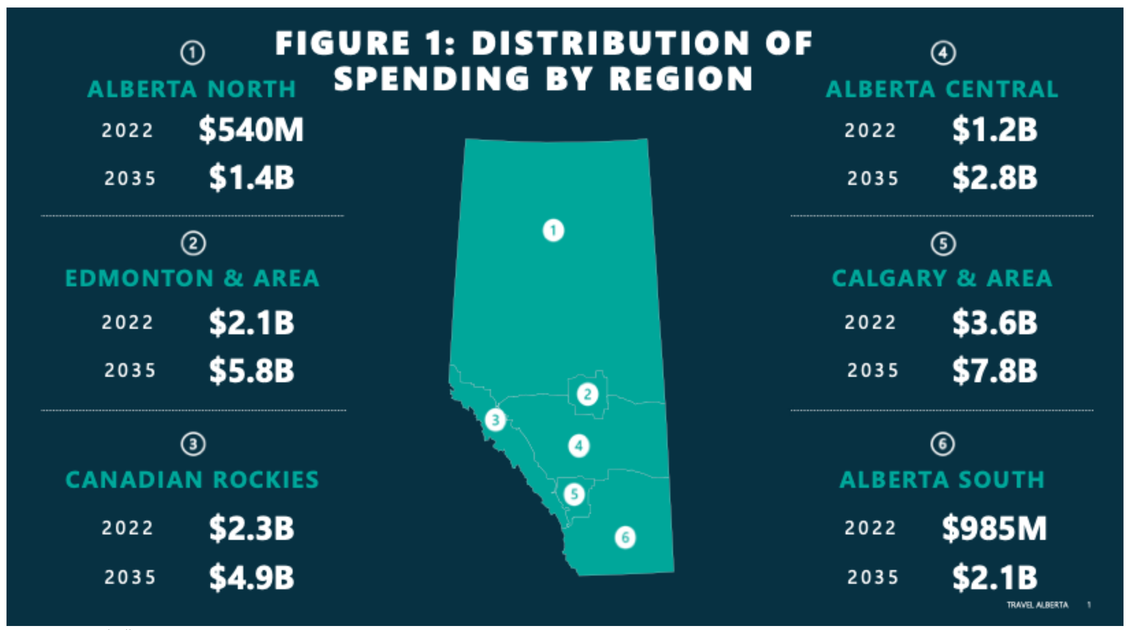
[4] Tourism HR Canada. 2022. Projections of Tourism Employment Demand in Canada 2019-2025. P 10. Available at: https://tourismhr.ca/labour-market-information/covid-impact-and-recovery/projections-of-tourism-employment-demand/

[5] Alberta Real Estate Association. 2024. Province of Alberta Monthly statistics. May. Available at: https://configio.blob.core.windows.net/media/em_AlbertaRE/Attachments/Stats/Public%20Files/Province%20of%20Alberta%20-%20ab%20-%20Public.pdf

[6] Government of Alberta. 2024. Current Provincial Population Estimates. Available at: https://www.alberta.ca/population-statistics

2 Tourism Industry Growth and Housing Affordability

Alberta's long-term tourism strategy has the potential to be transformational for the province. Tourism expenditures are expected to more than double in each of the province's six regions in order to grow to $25 billion by 2035 (Figure 1)..



Source: Travel Alberta

This growth will require strategic labour force planning in each of the regions (Table 1). Calgary and Edmonton are expected to need approximately 30,000 and 26,000 new employees respectively, while the Canadian Rockies will require 18,500 new employees.

Table 1: Incremental Tourism Spending and Labour Demand by Region

	Alberta North	Edmonton And Area	Canadian Rockies	Alberta Central	Calgary and Area	Alberta South	Total
2022 Tourism Expenditures	$540M	$2.1B	$2.3B	$1.2B	$3.6B	$985M	$11B
2035 Tourism Expenditures	$1.4B	$5.8B	$4.9B	$2.8B	$7.8B	$2.1B	$25B
Incremental Labour	6,121	26,335	18,505	11,388	29,893	7,936	100,178

Travel Alberta, Verum Consulting

From a sectoral perspective, over 32,000 new positions will be in food and beverage, 23,000 in transportation, 20,000 in accommodation, 14,000 in recreation and 10,000 in clothes, gifts and other (Table 2).

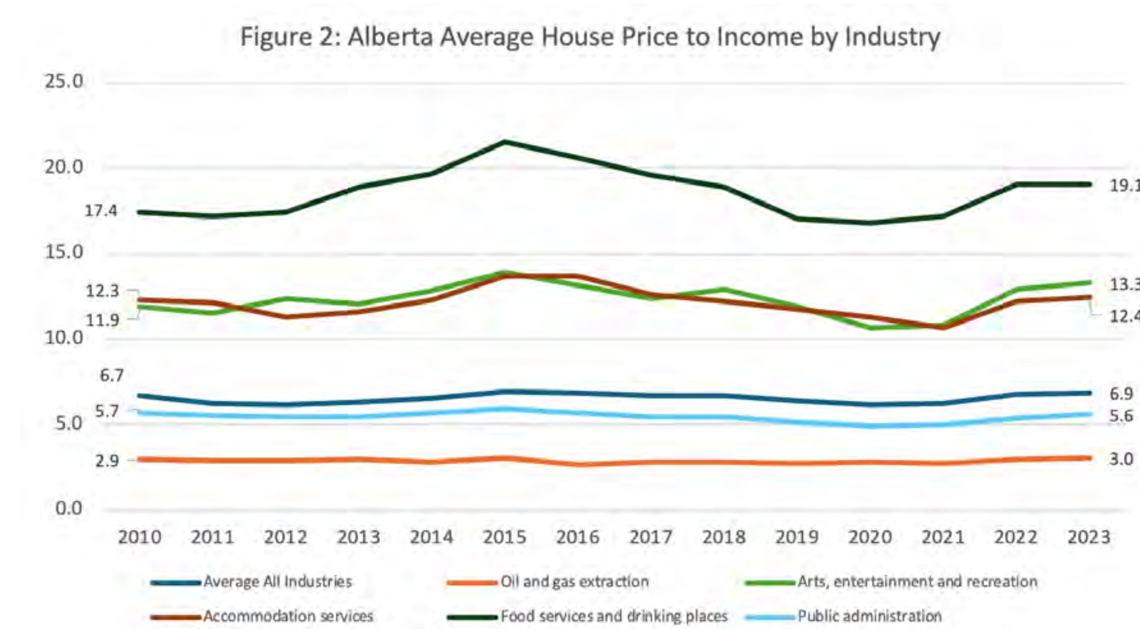
Table 2: Alberta Tourism Expenditures and Jobs by Category

	2022		2035		Difference	
	Expenditures (000)	Jobs	Expenditures (000)	Jobs	Expenditures (000)	Jobs
Accommodation	$2,370,000	20,200	$5,537,383	40,436	$3,167,383	20,236
Clothes Gifts and Other	$876,000	10,400	$2,046,729	20,819	$1,170,729	10,419
Food and Beverage	$2,570,000	32,200	$6,004,673	64,457	$3,434,673	32,257
Recreation and entertainment	$1,080,000	14,100	$2,523,364	28,225	$1,443,364	14,125
Transportation	$3,830,000	23,300	$8,948,598	46,641	$5,118,598	23,341
Total	$10,700,000	100,000	$25,000,000	200,178	$14,300,000	100,178

Derived by Verum Consulting from Statistics Canada Economic Input Output Multipliers

However, Alberta's tourism industry is disproportionately disadvantaged relative to other sectors in the economy, and purpose-built policies and incentives for this sector are essential to its success. Employees in tourism related industries such as accommodation, arts, entertainment and recreation have a housing price to income ratio of between 12 to 13. In other words, the average house price in Alberta is between 12 to 13 times greater than the average income in these industries. For food and beverage employees, the value is significantly higher at 19.

Comparatively, the average price to income ratio for all industries in the province is 6.9 – which is approximately half that of accommodation, arts, entertainment and recreation industries. For the public sector the value is even lower at 5.9, and for oil and gas it is 3.0.



Source: Statistics Canada. Table 14-10-0204-01, Canadian Real Estate Association

That said, the tourism industry is unique in that it provides a significant proportion of compensation in the form of non- wage benefits, including non-market housing, discounted or free meals, employee discounts on products and gratuities (particularly for food services employees)[7]. Combined, these benefits contribute an additional 20% to 30% to income which, while a substantial increase to the base wage, still leaves the industry in a structural disadvantage relative to other sectors. In fact, there are various roles within the industry (such supervisors, managers, senior leaders) that command salaries that are well above those of entry-level employees. However, even these individuals struggle to find affordable housing in their communities.

Perhaps most concerning is that affordability has been eroding for tourism industries at a greater rate than most other industries since 2020 (Table 2). Employees in arts, entertainment and recreation have seen average house price to income levels increase by 25% since 2020, while employees in food and drink services saw a 14% increase. The average for all industries in the province was 11%.

Table 2: Alberta Average price to income ratio 2020-23 % Change	
Arts, entertainment and recreation	24.8%
Food services and drinking places	13.7%
Public administration	13.0%
Average All Industries	11.4%
Accommodation services	10.2%
Oil and gas extraction	9.0%

This represents a larger strategic policy challenge from a community economic development perspective. Many tourism jobs form the backbone of each community's service and experience economy. Without these, employers' larger sector investments and job creation efforts are undermined, creating an increased risk of capital and labour outflows, hindering economic growth, investment and overall economic prosperity in the province.

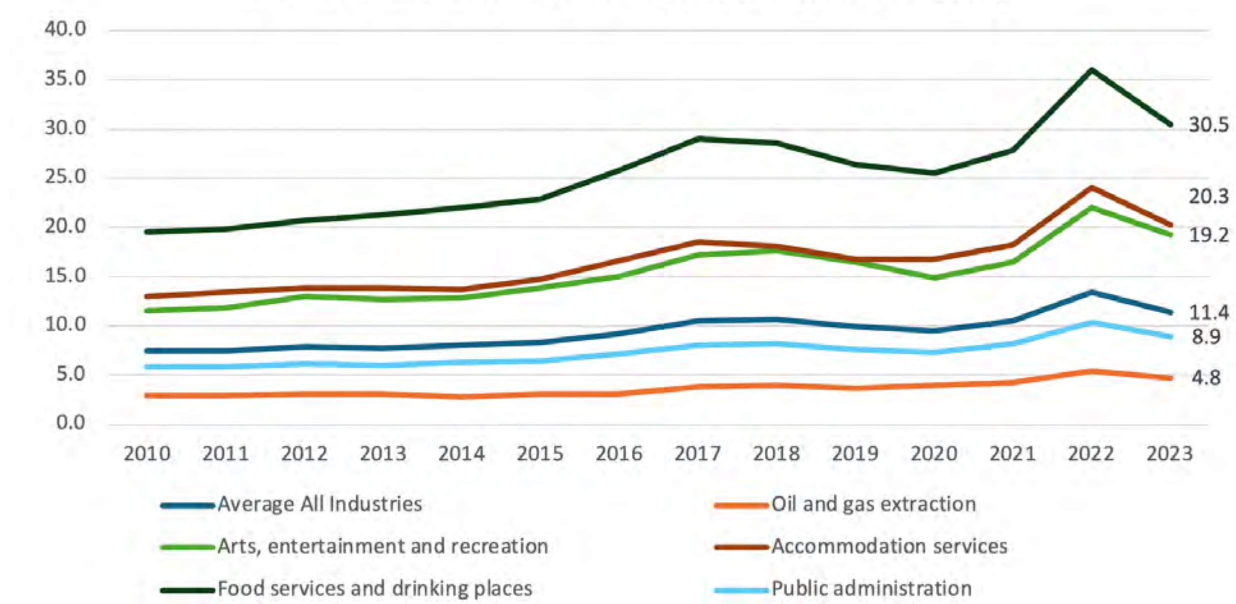
Any durable labour force solutions for the tourism sector require that industry approach labour as an investment. As TIAA notes, "Labour is traditionally seen as a cost rather than an investment, so the economics of operating margins consistently underestimates the ROI of having happy and well compensated staff."[8]

[7] Tourism HR Canada. 2017. Banff & Lake Louise Total Compensation Study. P 11.
[8] Tourism Industry Association of Alberta. 2023. Labour Market Study of Alberta's Tourism Sector. p.2. Available at: https://silkstart.s3.amazonaws.com/67835daa-b48d-419c-84f9-79aff9cf372d.pdf

Comparatively, Alberta is substantially more affordable relative to Canada as a whole for all industries (Figure 3). Employees in Alberta's tourism industry have significantly better housing affordability prospects than for the country as a whole.

While the industry remains structurally disadvantaged from a housing affordability perspective anywhere in Canada, Alberta clearly has a comparative affordability advantage that will help attract and retain a tourism labour force in support of provincial efforts to advance an industry housing strategy.

Figure 3: Canada Average House Price to Income by Industry



Source: Statistics Canada. Table 14-10-0204-01, Canadian Real Estate Association

3 Housing in Alberta Tourism Markets

The housing affordability challenges confronting Alberta's tourism industry differ depending on their location in the province. Established resort destinations such as Banff, Canmore and Jasper have significant land supply constraints and attract a more seasonal, international working population compared to major urban centres such as Calgary and Edmonton.

Workforce housing challenges in tourism-based communities tend to be more acute due to the limited land supply and heavy reliance of tourism as the central industry. However, these issues are also present in major urban centres but are less concentrated due more diverse housing options and industries present in these communities.

The key workforce housing challenges confronting the tourism industry in Alberta are driven by a number of factors, including:[9]

- Market demand driving price appreciation due to strong population growth, a strong economy and high demand for primary and recreational housing.
- Increased investment demand for short term rental accommodation which competes with full time residents for housing supply.
- The seasonal nature of the industry, which creates demand for housing accommodation during peak seasons for travelling resort workers exploring resort destinations for an interim period. It is this segment that is best served by employee housing offerings provided by employers/ the municipality etc.
- Limited supply of entry level housing/ housing to accommodate young individuals and families looking to build a career in the industry. This segment is perhaps the most poorly served in the housing market (particularly in tourism communities, as these groups seek affordable higher quality offerings, and their needs are not generally met through employee housing.

- Limited economics of purpose-built rental accommodation due to limitations on employer deductions for employee lodging and challenged project economics relative to condominium developments.
- Zoning and community densification/ development limitations that prevent critical new housing supply for being brought to market.
- Limited access to transportation, which is an essential requirement in well-planned resorts and in cities with successful tourism industries. Convenient and affordable transportation options are necessary for attracting and retaining tourism employees as well as visitors to tourism destinations.

[9] This list draws from a breadth of sources, but perhaps the most concise is found here: N Barry Lyon Consultants Ltd. South Georgian Bay Tourism Industry Workforce Housing Research and Business Case. 2018. P 12. Available at: https://www.collingwood.ca/sites/default/files/docs/Economic-Development/final-bmva-tourism-workforce-attainable-housing-strategy-july-2018.pdf

3.1 Established Tourism-Based Communities

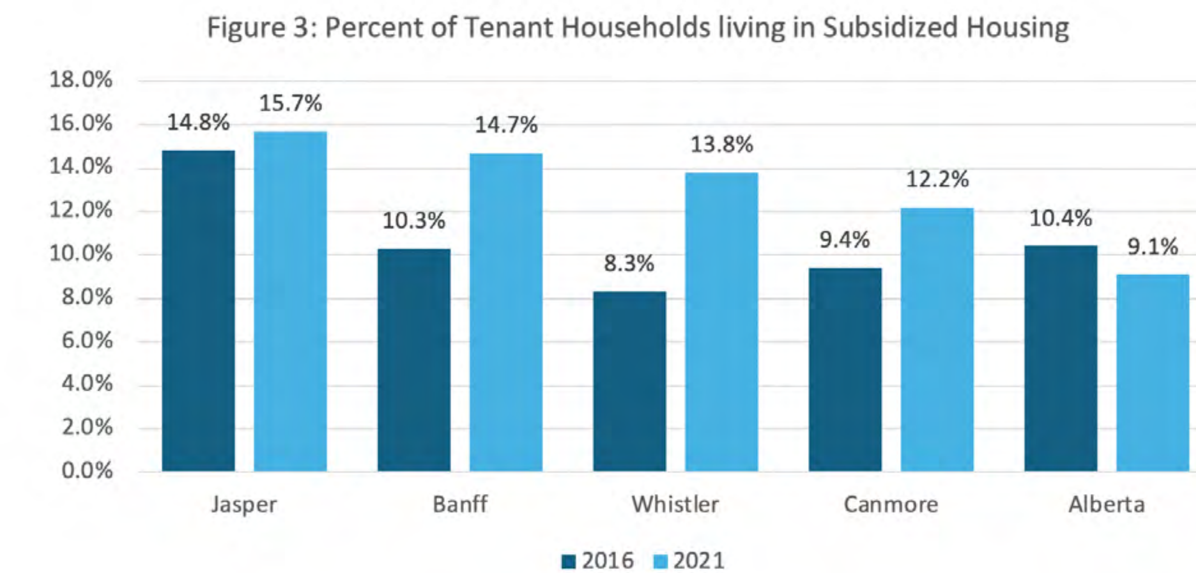
Alberta's established tourism communities, such as Banff, Jasper and Canmore, are unique in that the employers and municipalities need to integrate workforce accommodation planning into the development of the community. This is because in tourism communities the town itself is a visitor attraction - Banff's federal incorporation agreement, for example, defines "its primary function as a centre for visitors to the Park and to provide such visitors with accommodation and other goods and services."[10] If the community does not actively plan for its resident and workforce housing needs, visitors will crowd out the permanent residents and local workforce.

Moreover, Alberta's tourism communities are constrained in their growth and development ambitions. Banff has a requirement "to maintain a community character which is consistent with and reflects the surrounding environment."[11] Consequently, development and growth is tightly controlled, which limits the development and availability of housing in the community. These limitations are not unique to Banff, as similar (but less stringent) constraints also apply to Jasper. Canmore, while not in a national park, is also confronted with a housing shortage due to high visitor and second home demand combined with land supply constraints.

As a result, employers in tourism communities tend to provide some form of living accommodation for staff, often in conjunction with the direction of the municipality. This is illustrated by the fact that 40% of jobs posted in the Bow Valley Region in Spring 2024 were advertised as having staff housing.[12]

Banff, Jasper and Canmore have a significantly higher proportion of tenant households living in subsidized housing relative to the province as a whole, which is illustrative of the outsized role that employers and government's play in subsidizing/ providing employee housing in tourism communities (Figure 3).[13]

[10] Town of Banff. 2024. Incorporation Agreement. Available at: https://banff.ca/584/Incorporation-Agreement
[11] Ibid



Source: Statistics Canada, 2023 Banff Community Social Assessment

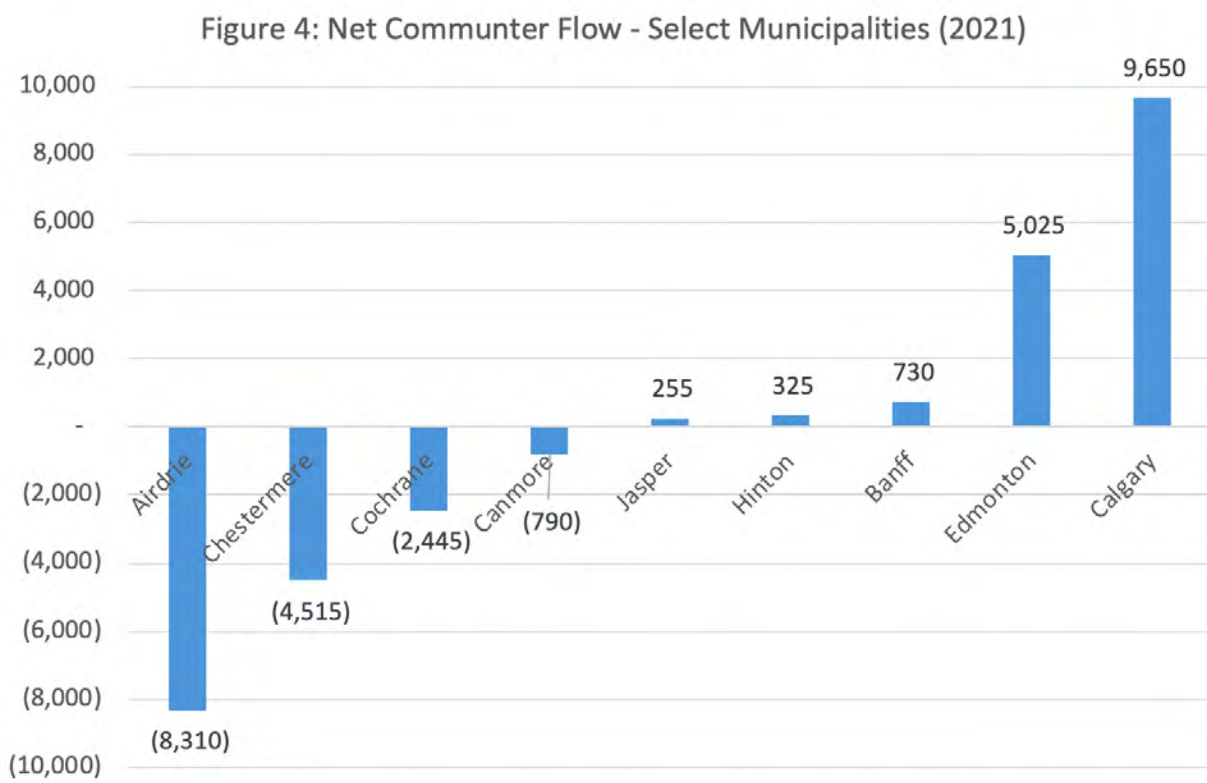
As industry and government seek to solve the housing challenges in tourism-based communities, they need to work towards solutions that reflect the unique constraints in each community. In Banff, existing commercial properties have a housing allocation based on the historical use.

If a new building is built or a use is changed then the applicant is responsible for providing additional units or pay cash in lieu to the Town of Banff, which goes into a housing reserve managed by the Banff Housing Corporation.[14] The challenge is that new units generally don't get built while demand for employee accommodation remains high.

In the absence of lifting federal development restrictions in the parks, the Town looks to neighbouring communities such as Canmore as a source of housing for park employees.

Figure 4 depicts the net commuter flow for select Alberta communities in 2021, which is defined as the difference between people stating the municipality is their place of work versus those saying it is their place of residence. A positive value suggests more people work than live in the community, while a negative value suggests more people live than work in that community.

[12] Bow Valley Labour Market Review. Spring 2024. Available at: https://static1.squarespace.com/static/5a285c22f14aa1c12b62ed30/t/665108860c983f7f5a2256fc/1716586631239/Spring+LMR+2024+FINAL.pdf
[13] Subsidized housing as defined by Statistics Canada, refers to "whether a tenant (renter) household lives in a dwelling that is participating in rent geared to income programs, living in social housing, public housing, government-assisted housing, nonprofit housing, or for individuals receiving formal rent supplements and housing allowances." Town of Banff. 2024. 2023 Community Social Assessment. P 60. Available at: https://banff.ca/243/Community-Social-Assessments
[14] Town of Banff Housing Policy. 2024. Available at: https://banff.ca/DocumentCenter/View/294/-Housing-Policy-C3002?bidId=



Source: Derived from the Statistics Canada census by the Government of Alberta.
Available At: https://open.alberta.ca/opendata/net-commuter-flow-by-municipality

As figure 4 depicts both Banff and Jasper have positive net commuter flows, which means more people work than live in these communities. Canmore has a negative commuter flow, which suggests that Banff and other communities are drawing employees from Canmore, which in turn creates housing scarcity for Canmore residents and employees.

Correspondingly, Canmore has seen an increase in commuters from neighbouring jurisdictions within the Bow Valley, as well as from as far away as Cochrane or Calgary. The Town has been very active in advancing solutions to its housing affordability challenges, including incenting purpose-built rental properties, freezing new tourist home developments, advancing incremental property taxes for vacant properties,[15] imposing staff accommodation/ employee housing requirements for visitor accommodation and food and beverage business[16] , and exploring potential changes to residential districts in the Land Use Bylaw to facilitate the provision of additional housing supply.[17]

With housing in short supply in tourism-based communities, businesses are also deploying strategic efforts to attract and retain employees in tourism communities, including conducting market research on industry trends and compensation, and focusing on overcoming challenges related to seasonality and employee career planning/ stability.[18]

[15] Town of Canmore. 2024. January 9 Regular Meeting of Council. Available at: https://www.canmore.ca/your-government/council/your-council/councilmeetings#:~:text=The%20following%20is%20council's%20regular,in%20the%20Rocky%20Mountain%20Outlook.&text=In%20January%202024%20the%20regular,9%20at%209%20a.m

ESTABLISHED TOURISM-BASED COMMUNITIES

In one of the more notable recent developments, the Town of Banff adopted sweeping land use bylaw changes to encourage new housing supply, including removing the minimum number of parking stalls, increasing building heights, removing setbacks, and increasing total floor area on sites.[19]

While the bylaw changes must still be approved by Parks Canada, these changes, in combination with the ability for employers to charge employees fair market value for lodging under the *Employment Standards Code,* are expected to be impactful in bringing much needed housing supply to the Banff market in the medium term.

[16] Town of Canmore Land Use Bylaw. 2024. Pp163-4, 398-9, 169-70. Available at: https://www.canmore.ca/your-community/planning/lub

[17] Town of Canmore. 2023. June 6, Regular Meeting of Council. Available at: https://www.canmore.ca/your-government/council/your-council/councilmeetings#:~:text=The%20following%20is%20council's%20regular,in%20the%20Rocky%20Mountain%20Outlook.&text=In%20January%202024%20the%20regular,9%20at%209%20a.m.

[18] The Classic Business Consulting Group. 2022. New Strategies for the Banff and Lake Louise Hospitality Industry: A Research Study to Support Workforce Recruitment and Retention in the Accommodation, Food and Beverage, and Tourism Sectors in Banff National Park. Not publicly available.

[19] Rocky Mountain Outlook. 2024. Banff makes sweeping bylaw changes to create more housing. June 7. Available at: https://www.rmoutlook.com/banff/banff-makes-sweeping-bylaw-changes-to-create-more-housing-9133344#:~:text=To%20increase%20the%20allowable%20size,site%20in%20all%20residential%20areas.

A Jasper Housing Recovery Strategy

The Town of Jasper was tragically devastated by wildfire this summer. Approximately one third of the Town was destroyed. TIAA conducted a survey of 82 businesses representing approximately 33% of the total number of businesses in the Town of Jasper, seeking to understand the impacts to industry.[20]

Wildfire Impact

- 37% of business' properties were either completely lost or partially lost. 26% didn't know.
- 26% of businesses didn't expect to return to normal operations for between 6 months to one year, while 22% didn't know.
- Only 12% of businesses expected to remain financially viable without debt for longer than 6 months. 53% can't last longer than 2 months.
- 66% of businesses didn't expect to return to previous seasonal revenue for at least 7 months or longer. 20% didn't know

Staff Support and Retention

- 68% of businesses provided some form of wages, benefits and living expenses since the evacuation.
- 26% of businesses had staff permanently leave their organization due to the wildfire.
- 60% of businesses provided staff accommodation before the fire.
- Nearly half of businesses will need some level of staff accommodation support to resume operations.

Jasper draws between 22 to 25 per cent of tourism expenditures in the Canadian Rockies and contributed $523 million in visitor spending in 2019 - generating approximately $450 million in GDP, 5,100 jobs and $69 million in taxes.[21]

Given the number of employee housing units and residential homes that were lost and the number of staff that will require temporary housing options until housing inventory can be rebuilt, there will be a disproportionate reliance on commercial accommodation inventory to support the need. Unfortunately, the longer those rooms remain unavailable to support the needs of a returning visitor base, the greater the risk of failure for many of the supporting businesses within Jasper's tourism-dependent economy.

It is imperative that a comprehensive housing strategy involving the Town, the province, the federal government and industry be advanced on a priority basis to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its resident properties. A comprehensive housing strategy would ideally include zoning and densification reforms to expedite building processes and incent densification, as well as grants, loans and other programs to support industry in returning to

[20] TIAA. 2024. Jasper Tourism Businesses Face Re-Entry, Labour and Housing Challenges. August 7. Available at: https://www.tiaalberta.ca/down/eJwNx1EKgCAMANATOU1ljG4zNSnKlDYIOn2!v7erDlmtleM6RflRkADc!Os3vwK5N7sUdLghmexLNdGlaJjDLCJRYgxUPYxSf9KaF@0=/Jasper%20Wildfire%20Business%20Recovery%20Survey-Media%20Release%20FINAL%20%2808072024%29.pdf

[21] Verum Consulting. 2022. Economic Impact of Tourism in Alberta Rocky Mountain Communities. Available at www.verumconsulting.ca

3.2 Future Tourism-Based Communities

The province has ambitious goals to grow the tourism industry to $25 billion by 2035. The strategy envisions growth in established markets such as the mountain parks, Calgary and Edmonton, but also in communities with under-developed tourism industries across the province.

Travel Alberta has identified ten Tourism Development Zones (TDZs) and developed strategic plans and priorities for their successful growth and development.[22] Travel Alberta's priorities in each of the zones tend to focus on key tourism development assets, expanded product offerings, service bundling, and coordination amongst various tourism agencies and stakeholders.

What hasn't been identified in detail is the workforce planning and housing accommodation requirements that will be needed to achieve the $25B target. This is an important step, as not planning for future workforce housing at the onset will create structural deficiencies that will ultimately prevent the industry from successfully expanding to achieve the provincial objectives. It is critical that any new tourism development strategies contemplate planning for staff accommodation – particularly in the case of new resort destinations.

According to the Best Practices Guide for Resort Development in British Columbia: [23]

> *All parties need to realize that the supply of affordable employee housing will become a problem if the resort achieves success. The inclusion of a lifestyle community or significant second home real estate component in the resort accommodation product mix leads to additional employee generation (to build, maintain, sell, renovate) and increases housing affordability pressures on local residents in the vicinity of the resort. If employee housing is not provided at the resort, the resort's workforce requirements can impact the affordability of the surrounding communities and create demands on the transportation infrastructure.*

Correspondingly, developers need to "recognize the need for employee/resident housing and set aside sufficient land for it at the resort master plan stage (10% to 25% of the total bed base, depending on proximity to existing communities) and employee housing should be considered part of a resort's infrastructure and mechanisms to provide it should be entrenched in the resort master plan."

Related to this issue is the need for a transportation strategy, as "transportation and access to the resort is the single most important consideration in determining the market potential and economic feasibility of a resort", including transport to the resort and within the resort for both employes and visitors.[24]

[22] Travel Alberta. 2024. Tourism Development Zones. https://industry.travelalberta.com/development/destination-development-planning

[23] Government of British Columbia. 2005. Best Practices Guide for Resort Development in British Columbia. P 63. Available at: https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/natural-resource-use/all-seasons-resorts/bp_final.pdf

[24] Ibid 35

3.3 Alberta Urban Centres

Tourism is a major industry in Alberta's urban centres (Table 3). At $3 billion in expenditures, the Calgary area is the largest tourist region in the province, while Edmonton is second at $2.5 billion.

Table 3: 2022 Economic Impact by Region

Region	Expenditures (000)	GDP (000)
Calgary and Area	$3,030,000	$2,590,000
Edmonton and Area	$2,490,000	$2,140,000
Canadian Rockies	$2,240,000	$1,910,000
Alberta Central	$1,350,000	$1,160,000
Alberta North	$594,000	$508,000
Alberta South	$836,000	$717,000

Source: Verum Consulting

Unlike tourism-based communities, tourism employers in urban centers do not offer staff accommodation housing to the same extent as tourism-based communities, which leaves employees more exposed to tight housing market conditions.

While housing affordability and attainability has been identified as a challenge in both of these communities, municipal governments have undertaken substantive efforts to strengthen housing supply through land use policy reforms.

Edmonton's new zoning bylaw, which was approved in October 2023, removes single-home zoning, allows for three-story townhouses, rowhouses and duplexes, and enables small apartments in residential areas.[25] The bylaw also streamlines the regulatory approval process for bringing new housing to market. Other municipalities in the region are also reforming their zoning bylaws, often with a view to increase housing supply, including St. Albert, Strathcona County, Parkland County, Beaumont and Leduc.[26]

In Calgary, council approved city-wide rezoning in May 2024 to allow semi-detached, rowhouses and townhouses in new and established areas, and is enabling more secondary suite options across the city.[27] Additionally, the City of Calgary has developed downtown office conversion programs to encourage more residential development.[28]

The federal government has also significantly prioritized housing affordability in its 2024 Canada's Housing Plan and subsequent Federal Budget.[29][30]

Key provisions include: incenting purpose-built rental, advancing housing developments on public lands, funding the housing accelerator program to advance new supply, attaching housing conditions for transit funding, funding municipal infrastructure, creating a standardized housing design catalogue; incenting modular home building, and extending mortgage amortizations to 30 years. [31] The federal government recently announced that two properties, one in each of Calgary and Edmonton, will be used to develop new housing supply – each offering a proportion of the units for affordable housing. [32]

Provincially, Alberta has a number of affordable housing programs and is advancing a 10-year affordable housing strategy that seeks to support 82,000 households in the province.[32][33]

In effect, governments at all levels are mobilizing efforts to streamline housing approval processes and provide funding/ resources to support housing supply and affordability. While these are welcome efforts, they will take time to manifest in the market, all the while the industry will continue to struggle.

Despite these efforts, because tourism industry employees are structurally disadvantaged relative to other sectors of the economy, specific government housing support or funding targeted toward the industry is required.

[25] Krause, Laura. 2023. City News. What does Edmonton's New Zoning Bylaw Mean for You? Available at: https://edmonton.citynews.ca/2023/10/24/edmonton-new-zoning-bylaw/
[26] Dibben, Blaydon . Davis, Michaela. 2023. Why we need to update the blueprint for Edmonton's future. Available at: https://edmontonjournal.com/opinion/columnists/opinion-why-we-need-to-update-the-blueprint-for-edmontons-future
[27] City of Calgary. 2024. Rezoning For Housing. Available at: https://www.calgary.ca/planning/projects/rezoning-for-housing.html?redirect=/rezoningforhousing
[28] City of Calgary. 2023. Downtown Office Conversion Programs. Available at: https://www.calgary.ca/development/downtown-incentive.html
[29] Government of Canada. 2024. Canada Housing Plan. Available at: https://www.infrastructure.gc.ca/housing-logement/housing-plan-logement-eng.html
[30] Government of Canada. 2024. Federal Budget. Available at: https://budget.canada.ca/2024/report-rapport/toc-tdm-en.html
[31] Government of Canada. 2024. Canada Housing Plan. Available at: https://housing-infrastructure.canada.ca/housing-logement/housing-plan-logement-eng.html
[32] Government of Alberta. 2024. Stronger Foundations affordable housing strategy. Available at: https://www.alberta.ca/stronger-foundations-affordable-housing-strategy
[33] Government of Alberta. 2024. Affordable Housing Programs. Available at: https://www.alberta.ca/affordable-housing-programs

4 Best Practices to Support a Tourism Industry Workforce Strategy

The increased focus of tourism as a priority in tourism communities and urban centres creates an increased impetus for industry specific housing and labour solutions to be advanced in the province. The industry faces similar structural challenges in urban centres as it does in tourism-based communities – albeit to a lesser degree. Below is a summary of best practices applied in tourism-based communities that could also be applied in urban centres.

Table 4: Tourism Industry Workforce Best Practices

Tool	Description	Key Considerations
Municipal Housing Authority	A separate corporation created by the municipality or province to develop and manage affordable housing in the community	The municipal housing authority has the ability to centrally coordinate and marshal municipal resources and funding. However, it is not a tool that is well-targeted toward a particular industry, and requires significant administrative and financial operational resources. Canmore, Whistler and Aspen are examples of communities with municipal housing authorities, but because the municipalities are all tourism focused, the housing authority agency is effective at targeting the industry. In larger centers the housing authorities tend to focus on a broader suite of clients in need of housing access and, as such, it is less targeted to industry.
Community Land Trust (CLT)/ Co-operatives	A non-profit organization that assembles and manages land for affordable/ attainable homes. A CLT acquires land with the intention of retaining the title in perpetuity, removing it from the speculative market.[34] A CLT/ Co-op is controlled by its membership – which owns the housing. Their primary goal is security of tenure for their residents, as opposed to equity growth.	Generally, land trusts and cooperatives rely on donations of property or some form of community or public support. Housing cooperatives tend to be focused on housing projects specifically, while land trusts include residential housing affordability, but can expand to commercial, agricultural, environmental and cultural spaces.[35]

Table 4: Tourism Industry Workforce Best Practices

Tool	Description	Key Considerations
Land Use Policy	Involves developing land use policies that encourage the development of new attainable housing. Policies could include: • Encouraging surplus municipal land be directed to affordable housing initiatives; • Enabling/ incenting secondary and other suites in all areas of a municipality; and • Increased densification and inclusionary zoning	Land use policies can be helpful but are not particularly expeditious or efficient at driving affordable/ attainable housing developments in and of themselves. They tend to be complimentary to additional tools and resources such as fiscal/ tax policies and the presence of housing agencies/ trusts. Alberta municipalities (notably Edmonton, Calgary, Banff and, to a lesser extent, Canmore) have all recently undertaken substantive efforts to reform land use policies to encourage housing affordability.
Tax/ Fiscal Policies	Strategic use of municipal tax authorities, including: • Differential tax rates on different sub-classes of residential properties • Grants in support of affordable housing projects (provincial/ municipal) • Tax relief for purpose built rental properties • Access to lower cost financing available to municipalities. • Relaxation of lodging deduction restrictions under the employment standard regulations, to incent industry to directly provide housing (provincial)	Tax/ fiscal policies can be effective tools to incent affordable/ attainable housing developments. However, these tools need to be targeted and tailored to specific circumstances. The Town of Canmore is creating of a differential residential tax sub-class to incent full time occupancy of dwellings. Additionally, the town is developing a purpose-built rental incentive program to encourage development of rental properties.
Industry Direct Housing Provision	Industry could provide and manage employee housing directly.	Helpful for targeting housing supply based on industry needs. However, this focus detracts from industry's core business, and is also an uneconomic venture given the board and lodging employee deduction limitation under Alberta's Employment Standards Code, which creates a structural disincentive to invest in tourism employee housing – particularly relative to market-based housing.
Combination of Tools	Any combination of these tools could be applied in communities across the province, with a specific structure and approach that is tailored to meet local community and industry needs. This is likely the most effective approach in any community	Perhaps the best example of these tools being applied in an Alberta tourism context is the *Rocky Mountain Cooperative Housing Association*. The Association was created by employers to pool their resources to provide employee housing in the Town of Banff. The Association operates 141 apartment units which provide accommodation for 18 community organizations and businesses. The land was donated by the municipality, which also provided access to lower interest financing in support of the association. The property will revert back to the Town of Banff by 2035.[36]

The critical element from a tourism industry perspective is ensuring the industry, the province and the municipality co-invest to create the housing solutions needed to meet industry workforce needs.

[34] N Barry Lyon Consultants Ltd. South Georgian Bay Tourism Industry Workforce Housing Research and Business Case. 2018. P 29. Available at: https://www.collingwood.ca/sites/default/files/docs/Economic-Development/final-bmva-tourism-workforce-attainable-housing-strategy-july-2018.pdf

[35] Canadian Network of Community Land Trusts. 2024. About Community Land Trusts. https://www.communityland.ca/faqs/#:~:text=In%20a%20housing%20co%2Dop,the%20CLT's%20area%20of%20operation.

[36] Town of Banff. Regular Meeting of Council. June 11, 2012. Available at: https://banff.ca/AgendaCenter/ViewFile/Agenda/_06112012-9

5 Recommendations

For Alberta to be successful in increasing tourism expenditures to $25 billion by 2035, the province, municipalities and industry need to develop an industry housing supply strategy, given its structural disadvantages relative to other sectors in the economy. This is a critical lynchpin in supporting the attraction, retention and career development of a deep and rich tourism industry labour force.

TIAA recommends that:

The Alberta government work with industry and municipalities to develop a province-wide tourism industry workforce housing strategy in support of its strategic efforts to increase tourism expenditures to $25 billion by 2035. This strategy should include a focus on partnering with industry to remove barriers and advance the development of employee housing in the industry. Key initiatives include:

- Set the board and lodging employee deduction limitations under Alberta's Employment Standards Code for industry lodging and accommodation to be closer to market price for the tourism industry to remove disincentives to investing in needed employee-provided housing supply.
- Explore having municipalities partner with industry through housing cooperatives, trusts and/or other mechanisms to support the provision of tourism employees housing, including through land donations, access to municipal finance rates, differential tax rates, transportation infrastructure investments and regulatory streamlining for industry housing projects.
- Develop best practices guide/ framework for the development of new resorts in Alberta, including workforce and transportation planning provisions and regulatory approval processes.

- Develop a policy and regulatory framework for short term rental accommodations that ensure they compete on a level playing field with traditional hotels, including establishing comparable tax rates, health and safety requirements, inspections, and licensing/ registration.
- Travel Alberta incorporate workforce planning and employee housing supply considerations in the development of tourism development zones (TDZs), resort development, and, in the implementation of the overarching provincial tourism strategy.
- Industry undertake strategic efforts to strengthen their workforce planning and retention policies with a focus on viewing labour as an investment rather than a cost and incorporating the long-term cost savings and reputational benefits associated with retaining employees into their business plans.
- A comprehensive strategy be developed involving the Town, the province, the federal government and industry to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its residential properties.
  - This strategy would ideally include zoning and densification reforms to expedite building processes and incent densification, as well as grants, loans and other programs to support industry in returning to pre-disaster operations.

TOURISM INDUSTRY ASSOCIATION ALBERTA